



REPORT

THE CITY OF SAN DIEGO TO THE PARK AND RECREATION BOARD

DATE ISSUED: September 13, 2012

REPORT NO. 101

ATTENTION: San Diego Regional Park Improvement Fund Oversight Committee
Agenda of September 20, 2012

SUBJECT: Approval of FY 2011 Regional Park Improvement Funds for the Los Peñasquitos Ranger Station, Mission Trails/Cowles Mountain Trail and Mission Trails Regional Trail Alignments.

SUMMARY

Issue – Should the San Diego Regional Park Improvement Fund Oversight Committee approve the recommendation to allocate \$777, 000 in FY 2011 Regional Park Improvement Funds to the following three (3) Capital Improvement Projects: 1) Los Peñasquitos Canyon Ranger Station (\$200,000), 2) Mission Trails/Cowles Mountain Trail (\$377,000), and 3) Mission Trails Regional Trail Alignments (\$200,000) to correct a deficit in FY 2009 Regional Park Fund funding availability.

Director's Recommendation – Approve the recommendation to allocate \$777, 000 in FY 2011 Regional Park Improvement Funds to the following three (3) Capital Improvement Projects: 1) Los Penasquitos Canyon Ranger Station (\$200,000), 2) Mission Trails/Cowles Mountain Trail (\$377,000), and 3) Mission Trails Regional Trail Alignments (\$200,000) to correct a deficit in FY 2009 Regional Park Fund funding effecting these previous approved active projects.

Other Recommendations – None

Fiscal Impact – Funds are available in the unallocated balance of the Regional Park Improvement Fund, Fund No. 200391, for these purposes.

Water and Energy Conservation Status – Not applicable.

Environmental – This activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c) (2).

BACKGROUND

The San Diego Regional Parks Improvement Fund (Regional Park Fund) is one of two capital improvement project funds to receive Mission Bay Park lease revenues from leaseholds in Mission Bay Park. The other fund is the Mission Bay Park Improvement Fund. The two funds were established effective July 1, 2009 by City Charter Article V, Section 55.2 as approved by the voters of the City of San Diego.

The funding for the Regional Park Fund is derived from the first \$2.5 million in Mission Bay leasehold revenues received over the threshold amount set in the Charter, currently \$23 million. Funding for the Regional Park Fund can reach as much as 25% of the total Mission Bay Park lease revenue in excess of the threshold.

The purpose of the Regional Park Fund is to support the development of capital projects in San Diego Regional Parks, as those parks are defined in the City Charter or by City Council Ordinance. San Diego Regional Parks include Chollas Lake Park, Balboa Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks and coastal beaches along with contiguous coastal parks, and the Torrey Pines City Park. The Oversight Committee is responsible for reviewing proposals for the use of Regional Park Funds. The Park and Recreation Board serves as the Oversight Committee.

In April 2012, the Oversight Committee received and reviewed a March 2012 Performance Audit of the Mission Bay Improvement Fund from the Office of the City Auditor for Fiscal Year 2010. In July 2012, the Committee received and reviewed an Audit of the Mission Bay Improvement Fund for Fiscal Year 2011. Page 15 of the March 2012 document indicated that there was an overestimated Fiscal Year 2009 accrual of approximately \$640,000 that reduced the 2010 distribution amount. The \$640,000 overestimated accrual overstated the Fiscal Year 2009 Distribution by that amount which were funds not subject to Charter section 55.2. In addition, in the FY 2010 Audit the Office of the Auditor found that the amount of revenues calculated to be collected by the Real Estate Asset Department were more than actually collected. As a result the Auditor concluded that as of June 30, 2010 the San Diego Regional Parks Fund had overcommitted funding to projects. "This means that the approved budgeted expenditures for projects exceed current funds available."

Subsequently, based upon these findings, and after engaging the Comptroller's Office, the Facilities Finance Division of the Development Services Department, and the Financial Management staff, it was determined and agreed that there was a need to reduce funding for Regional Park Fund projects approved prior to July 1, 2009 by approximately \$777,000 to reconcile the over accrual and the under estimate collection of revenues so as to balance the pre-Charter section 55.2 Regional Park Fund account. Therefore, to complete these ongoing projects there is a need to authorize \$777,000 in FY 2011 funding of the \$1,695,825 received. Simply stated this action amounts to a fund swap of existing Charter section 55.2 Regional Park Improvement FY 2011 Funds for non-existent, non-Charter section 55.2 pre-FY 2010 funds. In doing so these expenditures must be made in compliance with Charter section 55.2.

DISCUSSION

There are sixteen active Pre FY 2010 projects and approximately \$1,955,000 remains in project accounts. Park and Recreation Department staff identified three projects (with a total balance in Pre FY2010 funding (sufficient to correct the deficiency thereby simplifying the accounting associated with the action) and which met the Charter section 55.2 criteria (as set forth below): 1) Los Peñasquitos Canyon Ranger Station, 2) Mission Trails, and 3) Mission Trails Regional Trail Alignments. These three projects have been previously approved and are currently active. The balances in these accounts have been verified by the Comptroller and Facilities Finance Division and the cumulative amount available was approximately \$825,500 at the time of the close of the FY 2012 budget year.

Staff is proposing to cure the funding deficit created by the over accrual error and the under collection in FY 2010 Regional Park Funds with available post FY 2009 funds to assure completion of the previous approved projects. Without this funding the projects would not be able to be completed.

Specifically, the charter requires projects funded from excess Mission Bay Lease Revenue from FY 2010 forward to meet the following criteria:

Section 55.2 (a) (1) defines as capital project to mean “physical assets, constructed or purchased, or the restoration of some aspect of a physical or natural asset that will increase its useful life by one year or more or which constitutes an environmental improvement”

Section 55.2 (d) says “Funds in the Regional Park Fund may be expended only for non-commercial public capital improvements...and only for park uses.” In addition, “[p]riority for Capital Improvements hereunder shall be recommended by the San Diego Regional Parks Improvement Fund Oversight Committee, in accordance with the master plans for each of the San Diego Regional Parks, and approved by the City Council.”

The projects recommended by the Department to receive FY 2011 funds are described below:

Los Peñasquitos Ranger Station (Remaining balance \$216,455)

Design, engineering and construction of improvements including, utilities, drainage infrastructure, foundations, parking and landscaping associated with the purchase and installation of a 20' x 40' to prefabricated building that will serve as a Ranger Station. Project includes the purchase of the building. The estimated cost of the building is \$1.2 million.

Mission Trails / Cowles Mountain Trail (Remaining balance \$394,200)

Design, engineering, construction, and installation of structures, as well as the rehabilitation and installation of appropriate material to re-establish approximately 2,000 linear feet of existing trail. This project will supplement the existing and increase recreational activities of hikers. This trail project will improve safety and reduce or eliminate loss of sensitive natural resources due to visitor use and erosion. Improvements will include vegetation pruning and removal, water bar and erosion control structures, signage and trail markers, relocation and construction of new trails to meet City Trail Standards (safety and sustainability). The project will also provide improvements to comply with Americans with Disabilities Act (ADA) requirements.

Mission Trails Regional Trail Alignments (Remaining balance \$214,800)

Design, engineering and construction of approximately 5,000 linear feet of new (realignment) trail and restoration of approximately 3,500 linear feet of existing trail. The work will increase recreational activity opportunities of all visitor user groups (hikers, bikes, equestrian) and stabilize and protect sensitive habitat and natural resources currently impacted by poor trail alignment. This trail project will improve safety and reduce or eliminate loss of sensitive natural resources due to visitor use and erosion. Improvements will include vegetation pruning and removal, water bar and erosion control structures, signage and trail markers, relocation and construction of new trails to meet City Trail Standards (safety and sustainability).
these project consists entirely of bricks and mortar capital construction work.

The amount of FY 2011 Funding required for each project is as follows:

- Los Peñasquitos Canyon Ranger Station - B00619 (\$200,000),
- Mission Trails / Cowles Mountain Trail - S10065 (\$377,000), and
- Mission Trails Regional Trails Alignments - S10066 (\$200,000)

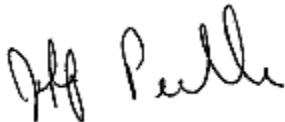
ALTERNATIVES

1. Approve the allocation of \$777,000 of FY 2011 Regional Park Improvement Funds for the following three (3) Capital Improvement Projects: 1) Los Peñasquitos Canyon Ranger Station (\$200,000), 2) Mission Trails/Cowles Mountain Trail (\$377,000), and 3) Mission Trails Regional Trail Alignments (\$200,000)
2. Do not approve the appropriation of the Regional Park Improvement Funds for these projects.

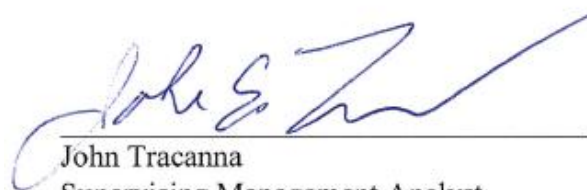
Respectfully submitted,



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