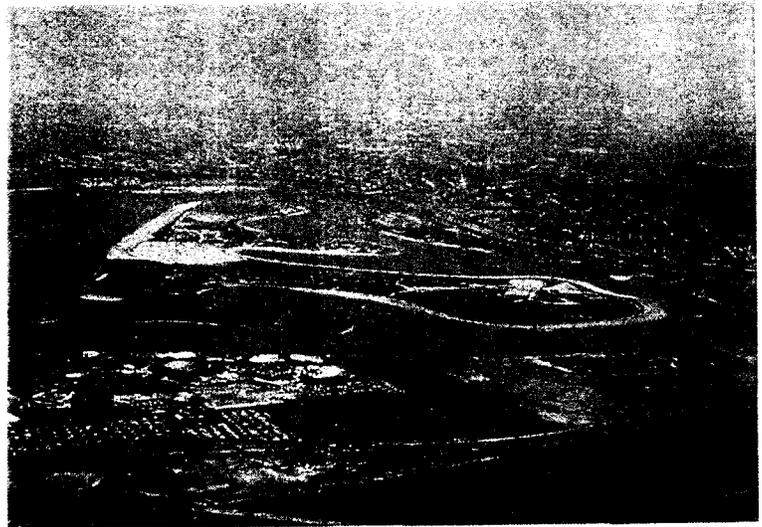


---

## VIII. SOUTH SHORES AND FIESTA ISLAND



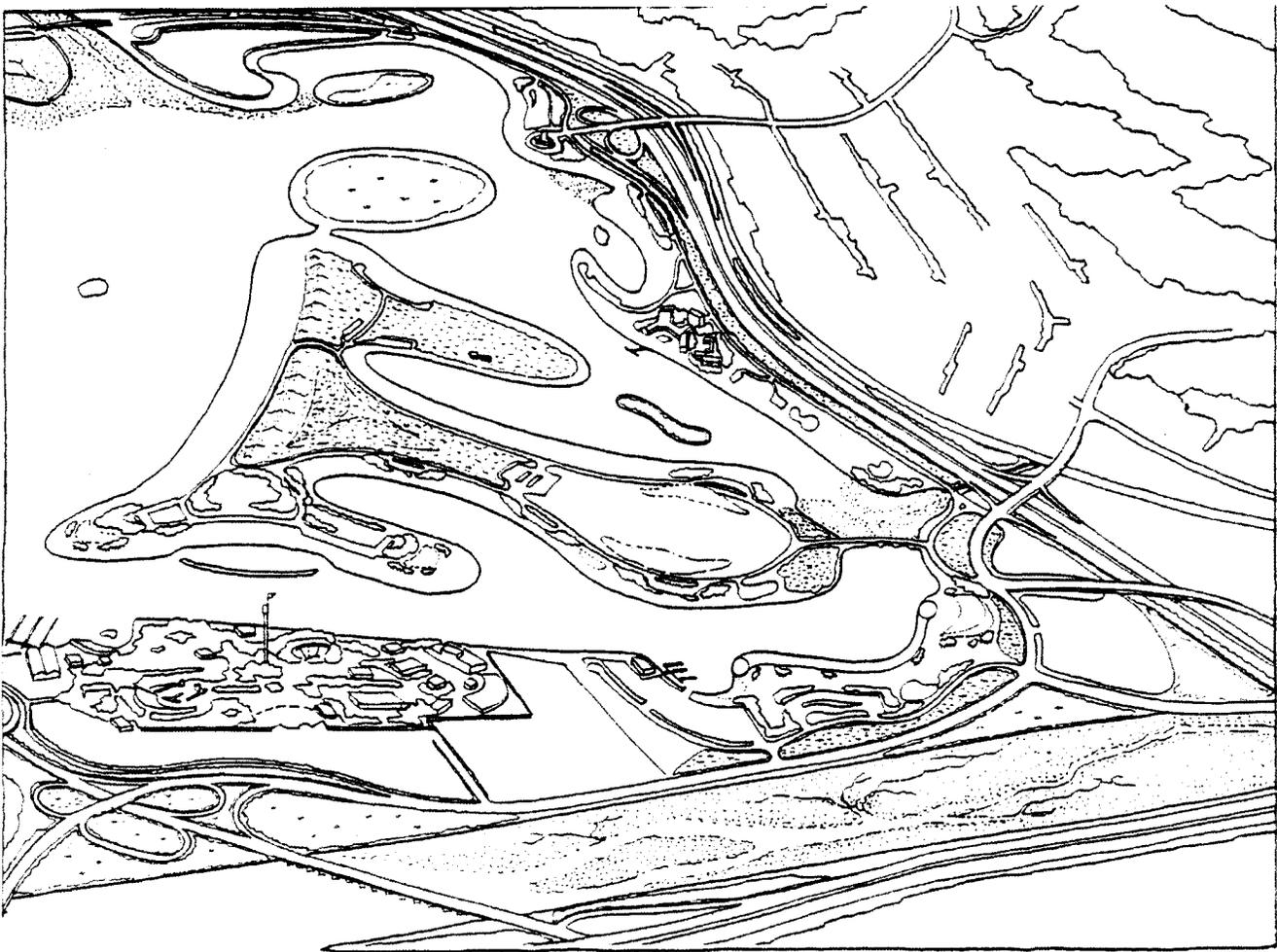
Encompassing over 600 acres of land area, South Shores and Fiesta Island represent a significant part of the future of Mission Bay Park. One third of regional-oriented recreation, the largest naturally landscaped upland areas, major sport and cultural event venues, and the Park's parking and transportation hub will be located in these areas of the Park. Other, more contained facilities, will also be included, such as a boat ramp, potential commercial leases, new swimming areas and primitive camping. As a goal...

*...South Shores should be intensively used park area that attracts visitors to a variety of public and commercial recreation venues yielding, in aggregate, a summary view of the Park's grand aquatic identity. For its part, Fiesta Island should remain essentially open yet supportive of a diversity of regional-serving public land and low-key, for-profit recreation and natural enhancement functions.*

The key to meeting these goals is the dedication of the Island's southern peninsula, the current site of sewage treatment sludge beds, as a regional parkland area. This site enjoys unequaled access to clean Bay waters, outstanding Bay views, and is conveniently served by Park and regional roadways.

This area of the Island also faces South Shores, which achieves the concentration of regional parkland uses to the benefit of transit, public facilities, and commercial services.

Still, much of the success of South Shores and Fiesta Island will depend on more fine-grain design detail that captures the essence of the place and maximizes its recreation, commercial, and environmental potential. This Section describes in more detail the principal design criteria and recommendations that should guide the development of these areas of the Park towards this objective.



*Aerial View of  
South Shores and Fiesta Island*

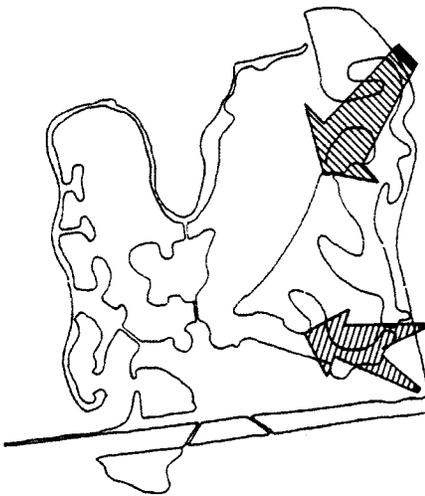
## SOUTH SHORES

More Park visitors are likely to be exposed to South Shores, if only from Sea World Drive, than any other area of the Park. For this reason, South Shores is envisioned as a landscape “overture” or summary view of the Park’s grand aquatic identity. To meet this vision, the site must contain a variety of features, from natural landscapes to parkland, and from more active play areas to passive waterfront settings.

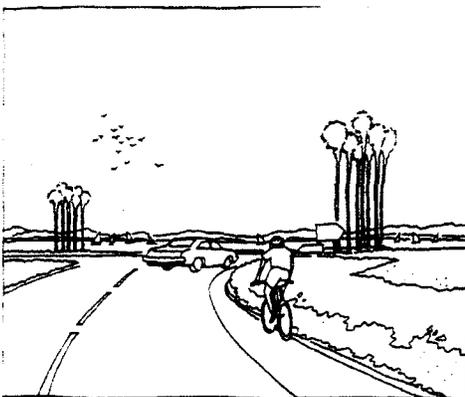
### *Recommendations*

**104. Gateways/Views:** As a “landscape overture,” South Shores should afford wide and open views of the Park from the entrance roadways - namely Tecolote Road, Pacific Highway, Friars Road, and Sea World Drive. To meet this objective, two design concepts are essential:

- The “gateways” into the Park should be defined by the Bay views themselves, rather than by “designed” entrance features. Signage and vegetation that detract from the Bay views should be discouraged.
- Commercial development and parking (excluding the overflow parking) should be located toward the western end of South Shores. This location is the farthest from the entrance roadways and, therefore, can afford to be more intensively developed without affecting the views into the Park.



*Major Views into Park*



*Gateways*

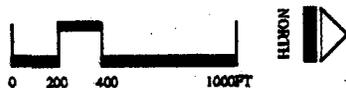
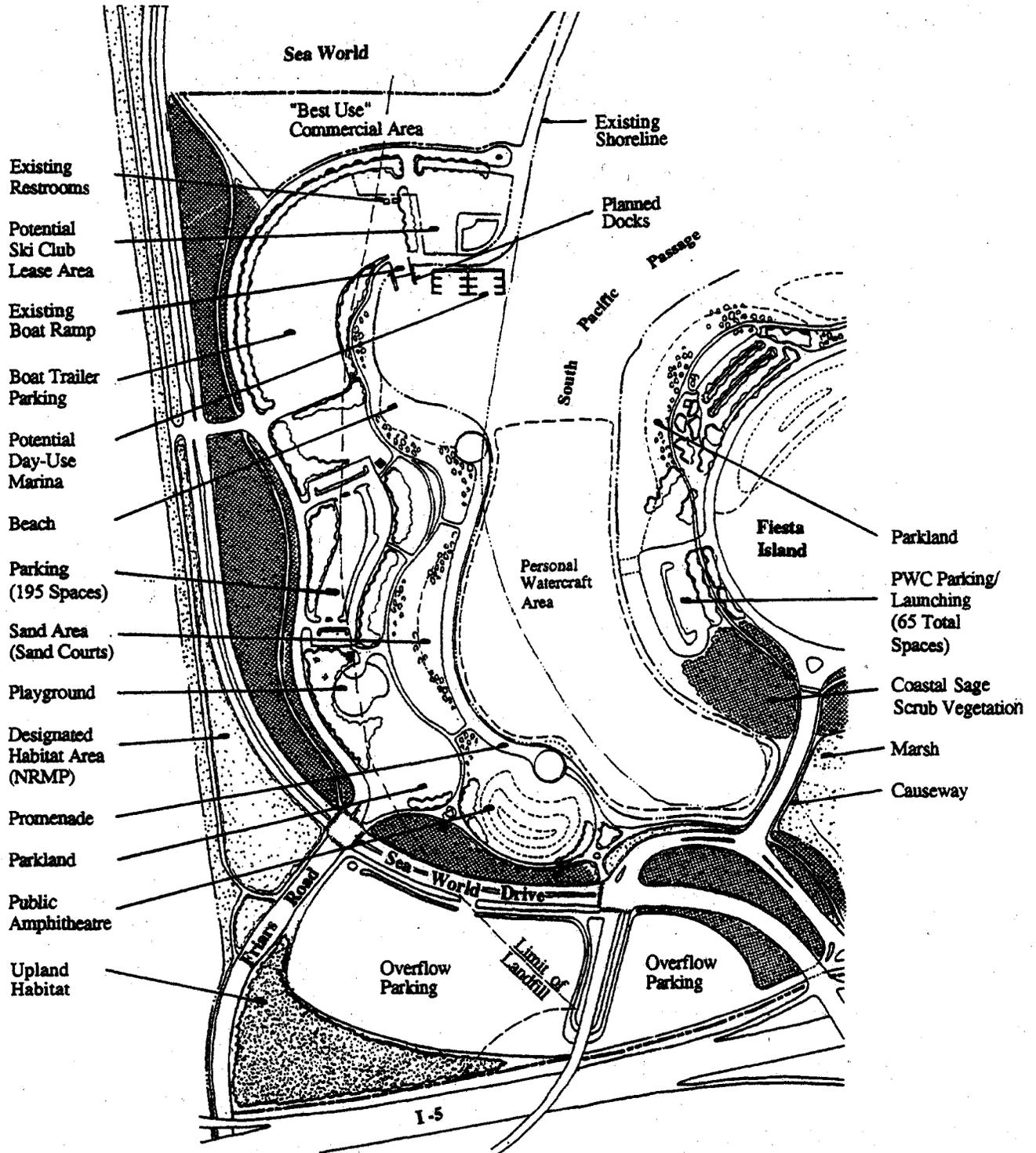
**105. Coastal Landscape Boundary:** The Design Guidelines call for the Park to be bounded by a more natural, coastal-oriented landscape. The intent is to clearly “mark” the passage from the urban to the Bay environment. As in East Shores, the boundary zone corresponds to the area between the Park road and other roadways such as I-5 and Sea World Drive. These boundary areas should be predominantly landscaped with natural coastal sage scrub species. The landscape treatment within and around the overflow parking, therefore, should be of this type. While the width of these boundary areas may vary, they should be sufficiently wide to be credible landscapes, not merely buffer strips.

**106. Shoreline Modifications:** Being nearly one quarter of a mile in depth, South Shores can afford partial dredging of its shore to enhance views of the water from the entrance roadways, add interest to the shoreline for recreation purposes, and, more importantly, to expand the personal watercraft use area in South Pacific Passage. A total of 8 acres are proposed to be dredged, which will be up to 250 feet in depth from the current shoreline. All of the dredge areas are proposed outside the limits of the existing landfill.

**107. Parkland:** 300 feet from shore has been established as the primary waterfront influence zone. Accordingly, roadways, parking areas, restroom buildings, and other non-recreational facilities should be placed outside this zone to the extent possible, leaving the area open for parkland. To further magnify the presence of the water within the parkland area, the grade should be gently sloped towards it, to the closest grade possible from the high-water line. Run-off containment measures should be included to prevent the loading of the Bay waters with fertilizer and other chemicals.

**108. Active Play Areas:** Within the parkland area of South Shores, two sites are proposed as flat, open areas suitable for informal active sports such as soccer or softball; one being south and east of the planned embayment, and the other directly across from the Frairs Road/Sea World Drive intersection. Both of these sites face embayments, which, coupled with their openness, allow for wider and closer proximate view of the water from major Park access roads.

**109. Beach Areas:** Due to the dedication of the east end of South Pacific Passage for Personal Watercraft (PWC) use, which imposes a safety hazard with bathers, the shore facing the PWC zone should be stabilized with rip-rap rather than sloped and covered with sand to form a beach. However, the recently completed beach in the South Shores embayment will provide water access for bathers and sand for shore recreation.



**South Shores Concept Plan**

*figure 31*

**LEGEND**

- Proposed Restrooms

**110. Sand Courts:** In addition to the beach in the embayment, patches of “upland beaches” or sand courts should be provided for volleyball play and other sand games, including playgrounds. Such areas will also help reduce the amount of turf maintenance chemicals that would otherwise need to be contained.

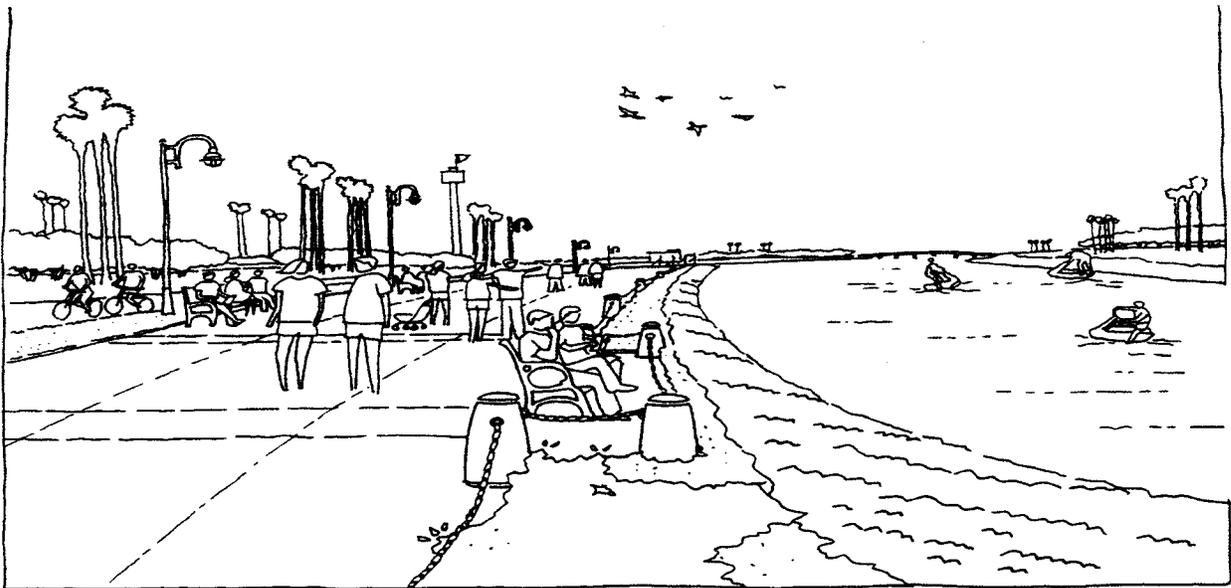
**111. Public Amphitheater:** This facility is envisioned as a turfed, gently sloping mound capable of informally seating several thousand people. Its location should be directly at the east end of South Pacific Passage. From this location a full view of the Passage is obtained, which would act as a backdrop to any performance, including potential water-sport events in the PWC designated area.

A flat, paved apron should serve as a stage area for the temporary installation of platforms, sound, and other equipment. Temporary gates and fences could be erected during performances for security and access purposes. Otherwise, the amphitheater area should remain open and available for general public recreation.

**112. Waterfront Promenade:** There are no places in the Park where large crowds can gather alongside the water to parade, stroll, watch water sports, or participate in staged cultural events like arts and crafts fairs. Accordingly, a one-quarter-mile promenade is proposed along the shore; spanning from the proposed amphitheater to the planned embayment opposite Hidden Anchorage. The promenade should be about 40 or 50 feet in width to allow flexible use of its surface. This width should not include the Park’s bikeway. As with the amphitheater, special cultural events could be scheduled during evening hours and in the fall and spring months to expand the use of the Park during non-peak periods. A narrower extension of the promenade should continue along the planned embayment and beyond for the remainder of the public shoreline.

**113. Commercial Parcel:** The proposed 16.5+/-acre “best-use” commercial parcel is configured to take maximum advantage of the waterfront while still allowing the relocation of the Ski Club to the planned embayment. Its configuration also permits the retention of the existing restrooms. The actual boundary of the lease parcel should depend on the Ski Club area and shore public access requirements, but should not be less than 300 feet; this depth is the minimum necessary for a guest-housing, motel-type development as an optional commercial use. Any development of this parcel shall provide a minimum 50 ft. setback from the edge of rip rap to accommodate a public pedestrian promenade as an extension of the waterfront promenade planned for South Shores Park. All access improvements shall be oriented and designed to encourage public use of the waterfront. Buildings shall be setback an average of 25 feet from the 50 foot access setback line as defined in Appendix G, Design Guidelines, of the Mission Bay Park Master Plan Update.

**114. Boat Ramp and Trailer Parking:** To implement the relocation of the Ski Club and commercial parcel as described above, the currently planned trailer parking should be shifted eastward along the embayment and southward toward Sea World Drive. Sufficient distance from Sea World Drive should be maintained to permit the replacement of the Park road, bikeway, and a coastal landscape buffer area between the trailer parking and Sea World Drive.



*Promenade in South Shores*

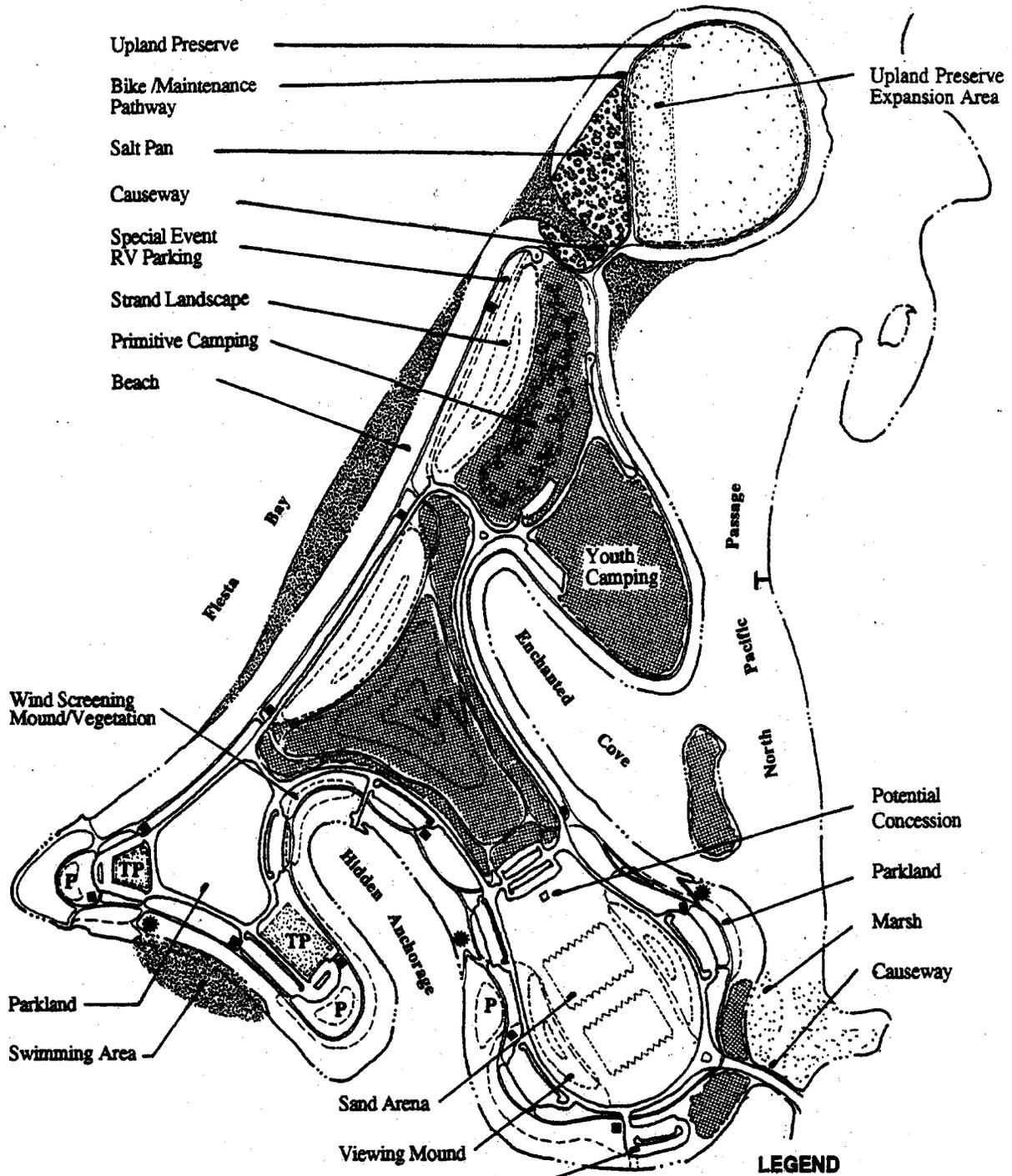
## **FIESTA ISLAND**

As an open landscape, Fiesta Island should be the place where City residents and visitors alike find the ultimate refuge from urban congestion, noise and visual clutter. Fitting its namesake, the Island should also be a place for celebrations: of holidays, of sports, of sunshine, of nature, and most importantly, of the special meaning of the Bay - its aquatic empathy. To meet the specific objectives imposed on it, the Island's land use has been graded in intensity from highly developed parkland to the south to more natural and open areas to the north. This will allow visitors to sense coherence and order in the landscape while preserving its environmental integrity.

### ***Recommendations***

**115. Island Causeway:** In accordance with the circulation objectives, Recommendation 97, the Island's causeway should be expanded to three lanes from its current two. Upon crossing the causeway, the open sand arena will come into view, framing more distant views of the Island and Bay beyond. Coastal sage scrub and sand dune vegetation should be planted at both ends of the causeway to reinforce the coastal qualities of the Island, much like the "rustic" boundary reinforces the coastal qualities of the entire Park.

**116. Park Road:** As in South Shores, and in keeping with the Design Guidelines, the Park road should maintain a 300-foot clearance from the shore (Mean High Water), with the exception as noted in Recommendation 124 below. The 300-foot clearance is intended to preserve the primary waterfront influence zone for parkland purposes to the greatest extent possible.



Upland Preserve  
 Bike /Maintenance  
 Pathway  
 Salt Pan  
 Causeway  
 Special Event  
 RV Parking  
 Strand Landscape  
 Primitive Camping  
 Beach

Upland Preserve  
 Expansion Area

Wind Screening  
 Mound/Vegetation

Parkland

Swimming Area

Sand Arena

Viewing Mound

PWC Trailer  
 Parking

Passage  
 Pacific  
 North

Youth  
 Camping

Enchanted  
 Cove

Hidden  
 Anchorage

Potential  
 Concession

Parkland

Marsh

Causeway

**LEGEND**

- P Playground
- TP Turf Parking  
(Special Event Overflow)
- Coastal Landscape
- Proposed Eelgrass  
Expansion
- \* Shore Access for  
Persons with Disabilities
- Proposed Restrooms

Note: Refer to "Optional South Fiesta Island  
 Development Plan" on page 130



**Fiesta Island Concept Plan**  
*figure 32*

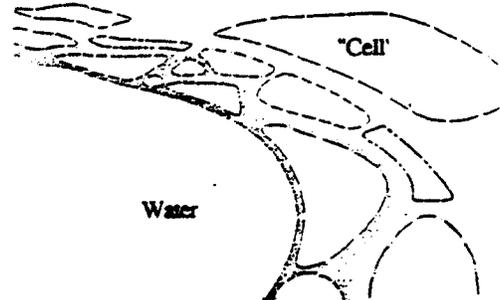
**117. Shore Integrity:** From a design standpoint, the Island should maintain the integrity of its shores; that is, if a person were to stand on any given stretch of shore, there should be visual and landscape continuity from end to end. The intent is to preserve the integrity of different types of recreational experiences as a person travels about the Island. Accordingly, four distinctive shore areas are envisioned:

- The southern shores - beach backed by ornamental turf and trees;
- The central shores - beach backed by coastal vegetation;
- The northern shores - beach backed by and upland preserve

Linking these shore areas will be the Island pathways. As they are part of the landscape, the paths should also be “tuned” to the distinctive quality of the landscape, performing, in the words of poet and artist David Antin, “terrain drama.” The “Art of the Park” Section of this Plan discusses this concept in more detail.

**118. Parkland, or “Islands within an Island”:** Consisting predominantly of sandy shores backed by ornamental turf and trees, southern Fiesta Island will ultimately contain about 100 acres of new parkland within the primary waterfront influence zone, mostly in the current sludge beds site. Because of the lower grade elevation that will result from the abandonment of the sludge beds, this part of the Island should be a repository for fill material resulting from shoreline dredging operations. The dredging of the 4-acre embayment along South Pacific Passage, and the “shaving” of the Island’s western shore are two likely nearby sources of fill material.

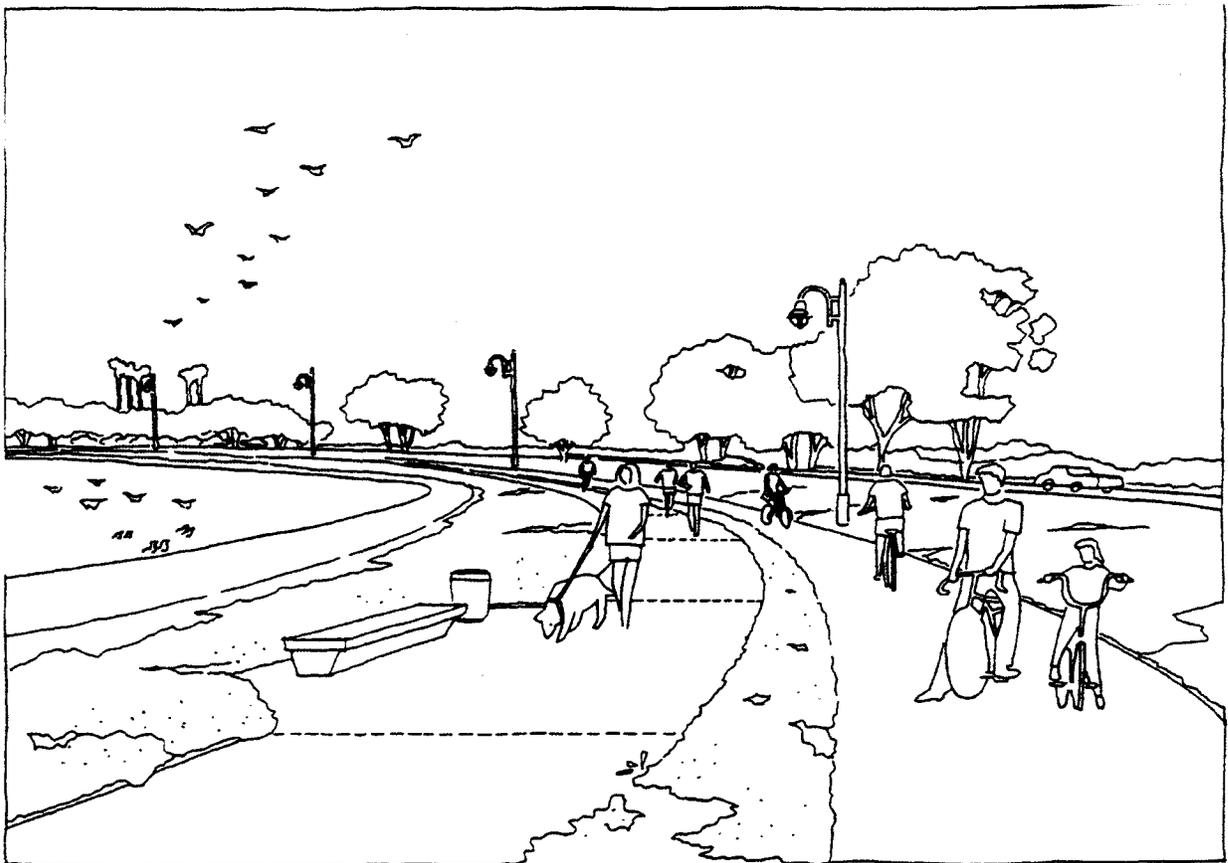
In accordance with the Design Guidelines, new parkland areas should be designed as “cells,” or distinctively defined areas emphasizing different functions, such as intimate picnicking or active sand play. In Fiesta Island, this concept should be stretched further, defining the turf areas as “Islands within the Island.”



*Parkland*

The intent is to maximize the variety of recreational landscapes within a single, continuous environment while reducing the amount of turf needing water and maintenance. This approach also reinforces the intrinsic "Island" qualities of the place.

**119. Pathways:** Of all of the Island's recreation facilities, the pedestrian and bicycle/skating paths stand to be the most used and enjoyed. Over 5.5 miles of minimally interrupted paths facing the waterfront are proposed, encircling the entire Island. In addition, more rustic foot-paths are proposed within the upland habitat areas for hiking and jogging. As described further in the "Art in the Park" Section, these paths constitute a major opportunity for art to be integrated into the Park's overall recreation experience.

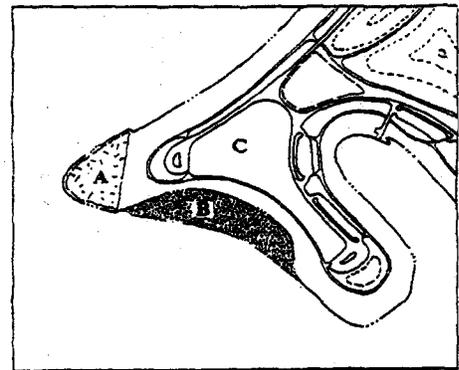


*Fiesta Island Development*

**120. Swimming Embayment:** A 4-acre embayment for swimming and wading is proposed in the Island's southern peninsula. The embayment is also intended to serve as an eelgrass mitigation area. Should it prove mandatory to increase the mitigation area, the embayment could be enlarged to about 9 acres, as shown on the diagram to the right. This option also allows the retention of Stony Point as a Least Tern preserve, should any or all of the replacement sites prove unsatisfactory. This option, however, reduces the area of the peninsula available for active recreation by about 14 acres, contrary to the development objectives of the Plan.

**121. Large Group Picnic/Overflow Parking:** A central area of turf and two smaller ones toward the western and eastern points of the southern peninsula are proposed for large group picnic functions. Lying mostly outside the primary waterfront influence zone, these areas are large enough to hold related soccer, softball, multiple volleyball or touch football games. During special events, however, all or part of these areas, particularly the two smaller sites, could be used for temporary overflow parking and staging.

**122. Potential Concession:** A potential concession for food and refreshments (150+/- square feet) should be considered at the western end of the Island's sand arena. Because of its accessible and central location, a concession could serve the entire Island, as well as special sporting events held at the arena. This concession would also add security to the more natural recreation areas in the Island's main peninsula.



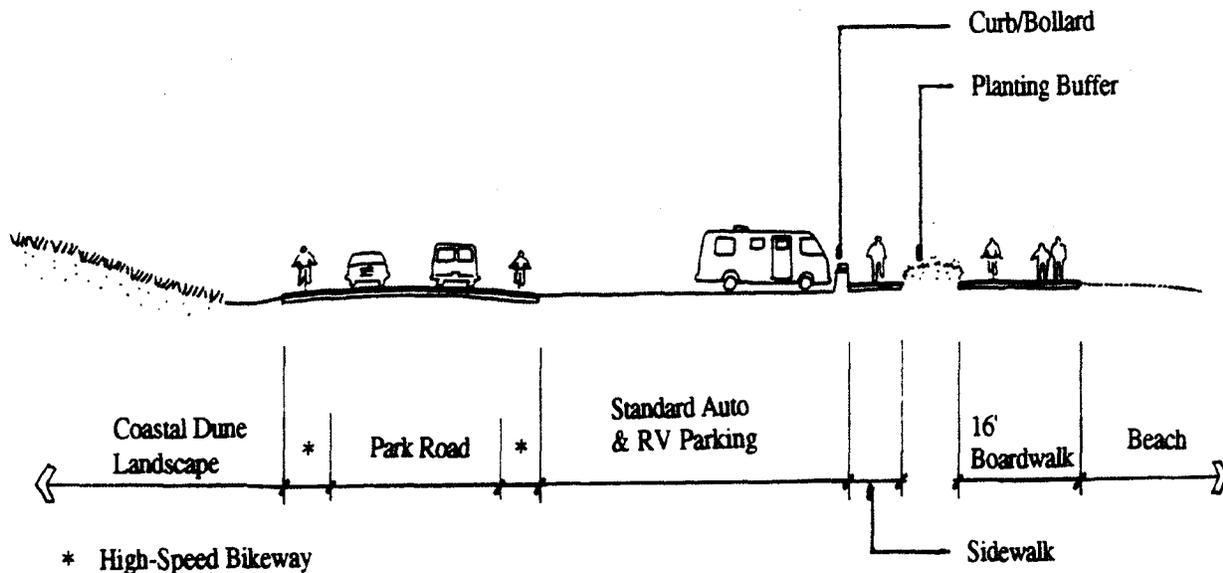
***Optional South Fiesta  
Island Development***

- A: Stony Point  
Least Tern Preserve
- B: 9-Acre Swimming  
Embayment/Eelgrass
- C: Play Area

**123. Beachfront Parking:** Most of the new parking proposed on the Island is in contained lots spaced along the Park road. This arrangement satisfies the need to access the parkland areas safely and conveniently. However, some visitors also desire parking in closer proximity to the shore to recreate as near to their vehicle as possible. Two sites are proposed for this purpose:

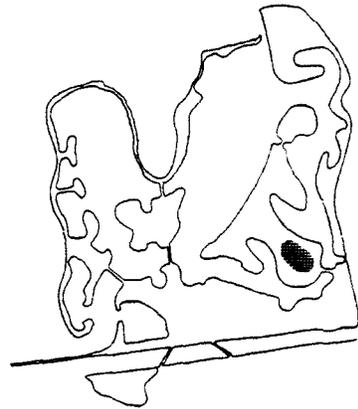
- Enchanted Cove, south shore - The Park road should be within 200 feet of the shore at this location, allowing for head-in parking in marked, curbed, gravel-surfaced stalls.
- Northern Cove, south shore - A small parking area, with head-in stalls facing the water should be placed here. The lot could be placed within 100 feet of the shore, which would also facilitate the launching of sailboards.

Additional beachfront parking would be available in the Island's west shore. These head-in spaces, marked and curbed, should be 50 feet deep to accommodate recreational vehicles. At this location, however, the Park road should remain outside of the 300-foot mean high water line.

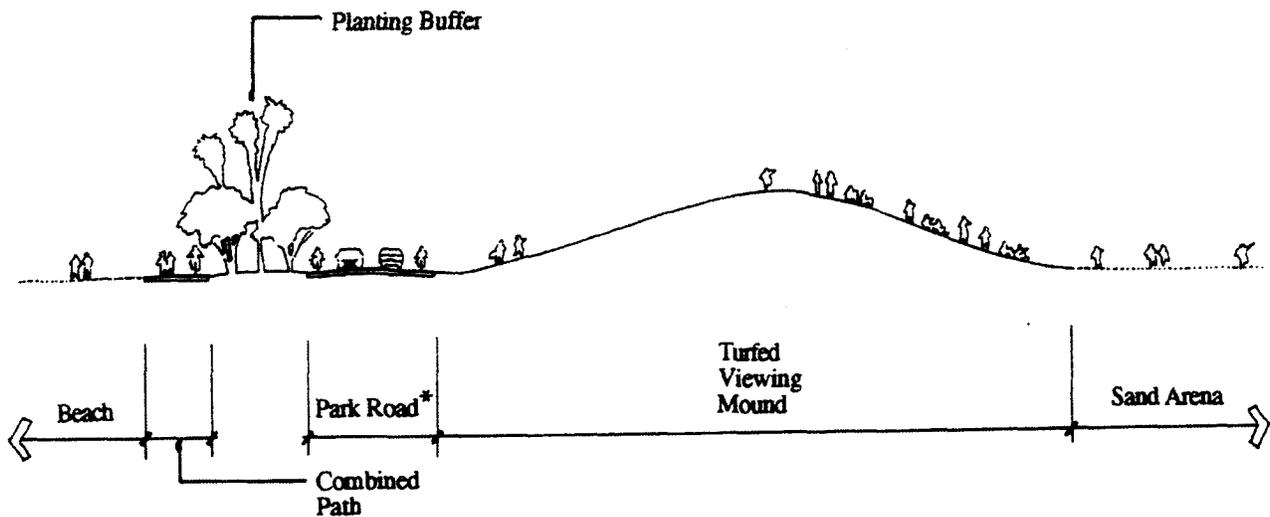


*Fiesta Island West Shore  
Development*

**124. Sand Arena, Volleyball, and Over-the-Line:** The sand arena is proposed to be relocated to the eastern end of the Island's main peninsula to afford more convenient access, expanded play area, and better spectator facilities. (See Recommendation 29). Turfed mounds framing the north and south sides of the arena should be provided: the inward face of the mounds would serve event spectators, while the out-ward face, facing the water from a higher vantage point, would be suitable for picnicking and other passive recreation activities. These improvements would make the arena a potential venue for nationally-televised events, bringing further attention to San Diego as a national recreation destination.



*Sand Arena*

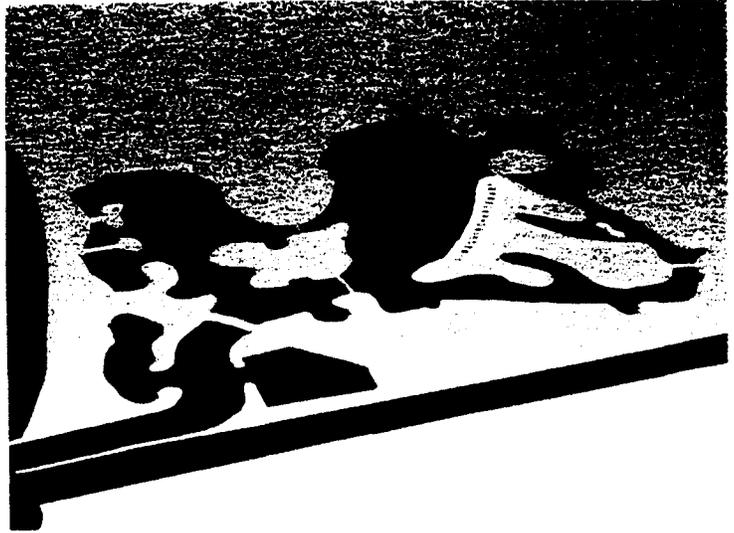


\* Including High-Speed Bikeway

*Sand Arena/Parkland  
Cross Section*

---

## IX. ART IN THE PARK



### WHY ART?

The role of art in life is an elusive issue that remains captive to subjective perceptions and beliefs. Nevertheless, it is difficult not to accept the idea that art can, at a minimum, enrich our experience of the world, add meaning to our understanding of it, and possibly lead us to see “reality” in ways we had not conceived or imagined. It can also be fun. One thing is certain, however, since the first paintings in cave dwellings, art has always been part of the public environment. Accordingly...

*...As a preeminent public place, Mission Bay Park should be the recipient of a comprehensive art program which can reveal the special qualities, physical, historical, environmental, and cultural, of the Bay and its environs.*

One of the more traditional forms for art in public places has been the placement of sculptures in a prominent public place, such as a civic plaza. More recently, however, the definition of art in public places has been expanded to include “site-specific” works of art, or art works that are conceived with a specific site and user in mind. Artist Robert Irwin’s “Fences at the University of California, San Diego, is a prominent local example of site-specific art.

To explore the full range of possibilities for art in Mission Bay Park, artist and poet David Antin was retained as an integral member of the consultant team. His contribution addresses the development of a comprehensive program for “Art in the Park,” the identification of a Park-wide feature to be targeted for art, and the conceptualization of art for a specific feature in Fiesta Island.

## **ART PROGRAM**

The following is an approach to the development of a comprehensive art program for Mission Bay Park, as envisioned by David Antin.

*“Taking into account the diversity of environments of Mission Bay Park and the diversity of its uses and users, the art program for the Park should encompass a diversity of art work. The Park offers an opportunity for two fundamentally different and complementary approaches: permanent installations and temporary presentation. Permanent installations would be most reasonably some kind of sculpture, while the temporary presentations might include transient, sculptural installations, but, even more commonly, various forms of art performances, events or spectacles.”*

### **Permanent Installations:**

*“The term sculpture has come to embrace a wide variety of standing, floating, flying, or acoustically resounding or luminous things that can range in scale from the architectural scale of small bridges to the micro scale of jewelry. If the permanent installations are to help make sense of the Park’s variety, it will be appropriate to consider the full range of sculptural scales and styles.*

*A flamboyant scale and an appropriately playful style might be employed for a bridge or causeway leading from east shores to Fiesta Island.*

*More modestly sized art works might include a flying piece marking an area set aside for kite flying, artist-designed buoys marking variations in preferred water usage, concrete poems resembling signage and consisting of simple sequences of words, or emblems incised in paving to encourage foot traffic. Artists might design light works that could be both aesthetically interesting and functional for nighttime visitors. Sonic pieces could similarly be employed.*

### **Temporary Presentations:**

*“The temporary works, in some ways, are even more appropriate for an aquatic park, since the beach is, by its very definition as the eroded meeting place of land, air, and water, in a state of constant change. The openness to air and light and water make it a poetically rich environment for presentation and spectacles of all sorts. Moreover, the very variable pattern of seasonal and daily uses suggest many opportunities for art presentations during less intense use periods. This would bring a certain liveliness to the Park during periods when it is nearly deserted. Reasonable agreement could provide space for a wide variety of lively presentations.”*

### **“TERRAIN DRAMA”**

The preceding discussion of permanent installations and temporary presentations are general ways in which art can be introduced in the Park. But, as with the landscape itself, a unifying, more specific feature is necessary in the Park to establish a strong sense of identity and continuity around the Bay. Being the only improvement common to all of the Park’s landscapes, as well as one of the most used, this unifying feature should be the Park’s pathways. To David Antin the pathways afford the opportunity for “terrain drama.” He further suggests:

*“Since the nature of Mission Bay Park is a great diversity of land uses and terrains unified by the water itself, it seems a good idea to make this experience of diversity and unity available by providing a pathway that circles the entire Bay. To ensure the comfort and safety of the prospective users, the pathway should be divided into two separate courses, one for pedestrians, the other for cyclists, to allow each group to enjoy the theater of shifting terrains that the Bay provides at their own pace and pleasure.*

*Since the walking and strolling visitors will be making a slower and more reflective use of the pathway, it seems attractive to enhance their aesthetics pleasure by making use of variations in the paving material, color and texture that would correspond to transitions of terrain, helping articulate the progress from marshland habitat to beachfront to commercial or light industrial regions of the Park (e.g., the Quivira Basin boat-yards). So the paving materials could shift from a corduroy road effect of sequences of cut railroad ties or rough timber, evoking waterfront or rural industry, to Mexican tile evoking a garden walk, or patterned brick or crushed granite gravel suggesting in its sound and feel the decorous French park walks or Japanese gardens.*

*Even more playfully, it is possible to employ in small sections of the paving, transparent tile sandwiches enclosing liquid crystals that change color under pressure and would shift their color range from reddish through blues and greens as people walked over them. Bollards bounding the paths could also be made of suitably variable materials. Rock boulders along the gravel sections, wooden posts along the timber sections, colored iron posts along the brick sections, molded concrete along the ceramic tile section: some of these course boundaries or dividers might be de-signed to act as light or sound sculptures and periodically emit sequences of soft or mysterious sounds or murmuring voices or rhythmic pulses of light. The sound and light levels of such works would naturally fall within limits that would enhance the pleasures of the pathways - and the Bay.*

**“WORD WALK”**

FOEHN

*Fiesta Island will contain nearly six miles of waterfront pathways. In accordance with the above, the opportunity of art in these paths should not be wasted. As an example, David Antin suggests that the Island's crescent path facing Fiesta Bay be designed as a "boardwalk," connecting the Island's "suburban" or turf-oriented parkland in the southern end, to the more natural areas and preserves at the northern end. Carefully selected words could be imprinted in the pavement of the boardwalk, calling attention to the Bay's special aquatic character. Hence the name: "Word Walk":*

SIMOON

*The promenade should be composed of a somewhat rougher, textured, and slightly darker concrete that emphasizes the materiality of the constituents in slabs 16 feet long and about 8 feet wide. For a path that is about 1 mile long, that would require about 330 slabs, each slab being conceived as a page.*

SIROCCO

*My proposal would run two sequences of words - no more than a word to a page with occasional skipped pages - one sequence along the eastern edge, running from south to north, and one along the western edge, running north to south. The words along the eastern edge, composed of characters approximately 3 inches in size, would be positioned for easy reading by pedestrians walking from south to north, while the words along the western edge would be positioned for north to south reading. The words would be cast into concrete and in form would resemble the kind of inscriptions sometimes encountered in sidewalks marking the construction company and date of a building.*

SANTA ANA

MARLINE

*The words would be somewhat more enigmatic and would be drawn from vocabularies of the flora and fauna of Mission Bay, from vocabularies of sailing and oceanography, of weather and of terrain, words describing the movements of birds and fish and people and qualities of air and water and light. As sequences the words would imply movements from serenity to excitement and back, from winter to summer and from morning to night. Because the letters would be no more than 3 inches in size, the words will not have a coercive effect on pedestrians, one word every 16 feet and not every 16 feet, because I propose to make the progressions more erratic, with occasional blank pages, using maximally 165 words in each direction (one word every two slabs on concrete).*

SHEEPS SHANKS

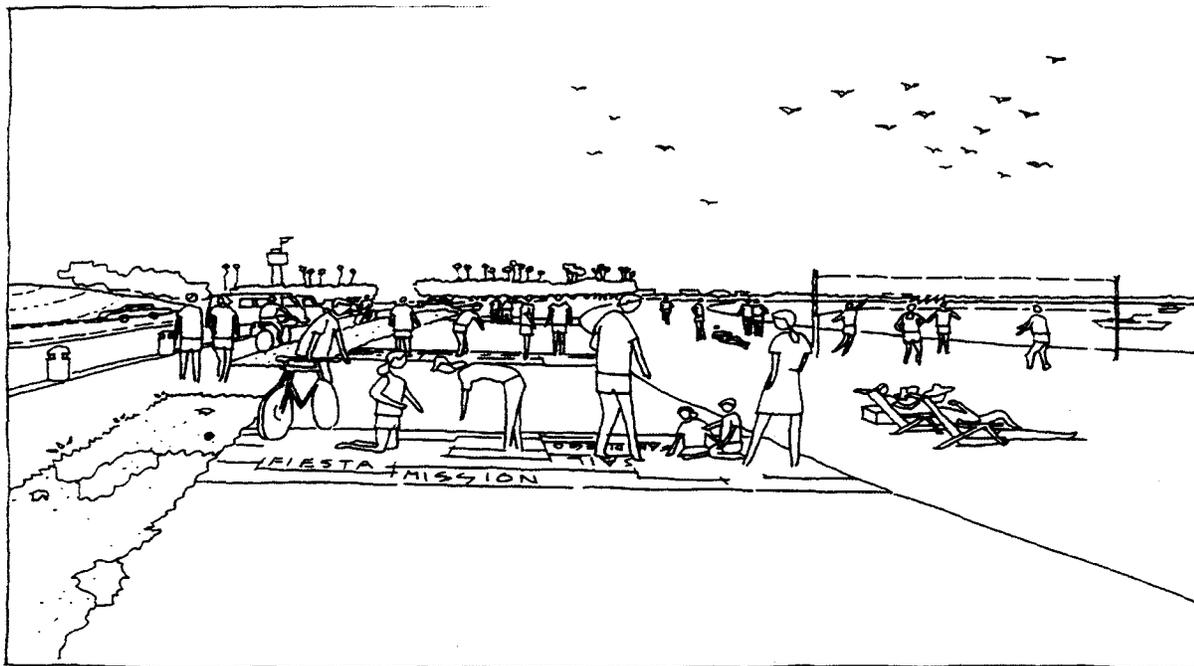
BOWLINE

*This should allow common single words like “wing” or “bank” to invite speculation and occasionally more obscure words like “yaw,” “marline,” or “hyaline” to stand out for meditative attention and to form parts of sequences. Only a walker-reader wants to bring words that are perhaps 16 to 32 feet apart into close conceptual connection. (The precise words and word sequences will take considerable time and experiment to work out). But the basic strategy will be to use words that are pregnant with meaning somewhat enigmatic in their reference but interest to think about, which taken together form sequences that playfully engage the mind.”*

**HITCH**

**GLIDE**

The preceding description is an example of the kind of project that could be done to bring art to the Park. In this case, the words imprinted on the pavement add very little cost to what otherwise is a necessary, functional feature of the Park. Art, therefore, need not be expensive if planned concurrently with the development of specific recreation improvements.



**Word Walk on Fiesta Island**

---

## X. ECONOMICS



Mission Bay Park is at present the result of a very successful public/private partnership which has invested well over \$100 million in actual physical improvements. In 1992 dollars this figure would be substantially higher. To ensure the continued success and vitality of the Park, this partnership must remain solid and active. As a Goal...

*...Mission Bay Park should continue to encourage successful recreation-oriented commercial ventures, within appropriate designated areas, in the interest of generating revenues for the City to cover public operations and maintenance costs, and to help finance improvements within the Park. Of equal importance, the Park should maintain an appropriate and economically sound level of public investment as a means to attract visitors and tourists in support of the private sector investments.*

By provisions of the City Charter, not more than 25 percent of the Park's land and 6.5 percent of its water can be used for lease purposes, commercial and non-profit.

In pursuit of a balanced approach to the future development of the Park, this Plan increases the overall lease area by a possible maximum of nine acres, raising the percentage from 21.4 to 22 percent. This Section evaluates the economic impact of the proposed commercial leases, as well as suggests means to fund and finance the cost of the proposed public improvements as defined in the previous sections.

**Note:** All figures, unless indicated otherwise, represent a 1992 dollar value.

### **ESTIMATE OF PUBLIC IMPROVEMENT COSTS**

The following table describes the estimated costs for the Park's proposed public improvements. The figures represent 1992 construction and administration costs as derived from industry standards. The overall capital cost may vary, depending on the ultimate disposition of the De Anza Special Study Area.

**Table 5****ESTIMATE OF PUBLIC IMPROVEMENT COSTS**

| <b>ITEM</b>                                | <b>COST<br/>(millions)</b> | <b>REMARKS</b>   |
|--|----------------------------|--|
| <b>NORTH END</b>                           |                            |  |
| 1. Rose Creek Bridge                       | 2.0                        | 500 Linear Feet (L.F.).  |
| 2. Wetland Expansion                       | 12.5                       | 100-acre (Ac.) overall area; includes \$1.5 million allowance for hydrologic improvements. |
| 3. De Anza Cove Channel                    | 1.5                        | Includes 300 Feet (Ft.) pedestrian bridge.   |
| 4. Nature Center                           | 1.5                        | 2,000 Maximum Square Feet (S.F.) + interpretive displays.                                  |
| 5. Pacific Beach Athletic Fields expansion | 0.5                        | Potential addition of soccer & softball fields, game courts & parking.                     |
| <b>FIESTA ISLAND &amp; BAY</b>             |                            |  |
| 6. West Shore Dredging                     | 2.0                        | 18 Ac. Crescent dredge area; suitable for eel grass bed.                                   |
| 7. E.F.B. Island Dredging                  | 1.0                        | 10 Ac. dredge area.  |
| 8. Upland Habitat Preserve                 | 0.75                       | Expands Least Tern preserve per NRMP recommendations.                                      |
| 9. Fiesta Island Channel                   | 1.5                        | Optional.  |
| 10. Regional Parkland                      | 15.0                       | 100 Ac. development area; includes parking.  |
| 11. Playground Areas                       | 1.5                        | Three play areas.  |
| 12. Coastal Landscape                      | 3.0                        | 40 Ac. area.   |
| 13. Sand Area Relocation                   | 3.0                        | 55 Ac. area and viewing mounds.  |
| 14. Entrance Causeway                      | 2.0                        | Three-lane, raised causeway.   |

Table 5, Continued

| ITEM  | COST<br>(millions) | REMARKS   |
|---|--------------------|---|
| 15. PWC Launch & Service                      | 0.75               | Includes 45 trailer parking spaces + 20 std. spaces & clean-up station. |
| 16. South Beach Jetty <sup>(1)</sup>          | 1.0                | 1,000 L.F. rip-rap or possibly floating wave attenuation device.        |
| <b>EAST &amp; TECOLOTE SHORES</b>             |                    |   |
| 17. Wetland Expansion South of Visitor Center | 0.5                | 5 Ac. area.   |
| 18. Wetland Expansion at Tecolote Creek       | 1.0                | 10 Ac. area.  |
| 19. Path Widening @ Creek                     | 0.25               | Boardwalk next to existing bridge.                                      |
| 20. Shore Dredging                            | 1.0                | 9 Ac. dredge area.  |
| <b>SOUTH SHORES</b>                           |                    |   |
| 21. Regional Parkland                         | 7.5                | 34 Ac. area; includes parking.  |
| 22. Waterfront Promenade                      | 1.5                | 1,800 L.F., 50-60 Ft. wide.   |
| 23. Playground Area                           | 0.5                | One play area.  |
| 24. Coastal Landscape                         | 3.2                | 15 Ac. area.  |
| 25. Public Amphitheater                       | 1.0                | Mounded turf & lighting; 3,000 - 5,000 person capacity.                 |
| 26. Ski-Club Relocation                       | 1.0                | Site improvements.  |
| 27. Overflow Parking                          | 6.0                | 3,000 spaces + landscaping and lighting.                                |
| 28. Bike Overpass @ Sea World Entrance Road   | 1.2                |   |

1. References to the protective jetty were deleted per California Coastal Commission's suggested modifications, accepted by the City Council on 5/13/97, Resolution R-288657, but was not actually removed from this section of the plan.

Table 5, Continued

| ITEM                                       | COST<br>(millions) | REMARKS  |
|--|--------------------|--|
| <b>PARK-WIDE IMPROVEMENTS</b>              |                    |  |
| 29. General Landscape Rehabilitation       | 23.5               | (See Following Table 6).   |
| 30. New Restrooms                          | 7.0                | 20 restrooms.  |
| 31. Traffic & Transportation Improvements  | 15.5               | (millions)   |
|  |                    | Tram 0.75  |
|  |                    | Tram Stations 1.5  |
|  |                    | F.I. Park road 2.5   |
|  |                    | S.S. Park road 1.0   |
|  |                    | Lane Widening 0.75   |
|  |                    | S.W.D. Underpass 6.0   |
|  |                    | P. Hwy. Underpass 2.5  |
|  |                    | Traffic Controls 0.5   |
| 32. General Signage & Information Displays | 0.75               | Includes interactive video displays at main access points.                                 |
| 33. Bike & Pedestrian Pathways             | 12.0               | Includes South Shores and Fiesta Island Paths, lighting, and Crown Point Shores boardwalk. |
| 34. Parking Lot Lighting                   | 1.5                | New lights in portions of existing parking lots.   |
| 35. Art Program                            | 2.5                | (20-year period allowance).  |
| <b>SUBTOTAL</b>                            | <b>136.9</b>       |  |
| Design & Administration<br>(25 percent)    | <u>34.22</u>       |  |
| <b>TOTAL</b>                               | <b>171.12</b>      |  |

**Table 6****COST ESTIMATE FOR GENERAL REHABILITATION**

| <b>ITEM</b>                          | <b>COST<br/>(millions)</b> | <b>REMARKS</b>  |
|--------------------------------------|----------------------------|---|
| Landscape Retrofit                   | 3.5                        | 45 acres, turf to coastal plants.                           |
| Ingraham Street Landscaping          | 0.75                       | Coastal landscape along the roadway.                        |
| Ski Beach Pier                       | 0.75                       |   |
| Sail Bay Landscaping                 | 1.5                        | Coastal Strand planting<br>behind path.                     |
| I-5 Buffer Landscape                 | 1.0                        | Coastal landscape between<br>Park Road and I-5.             |
| Restroom Repairs                     | 1.5                        |   |
| New Furnishings                      | 0.5                        |   |
| Parking Improvements                 | 1.5                        | Retrofitting of selected<br>parking to accommodate<br>RV's. |
| Existing Path Widening<br>& Lighting | 2.5                        |   |
| Contingency                          | <u>10.0</u>                |   |
| <b>TOTAL</b>                         | <b>23.5</b>                |   |

## REVENUE AND COST PROJECTIONS

In order to assess the City's ability to fund the \$171 million of proposed public improvements, a four-step analytical process was followed.

### Step 1: Forecast Baseline Lease Revenue

**Assumptions:** Based on existing lease terms and 1991 actual lease payments to the City, lease revenue for each year from 1992 to 2012 (the planning period) was projected. Given the current recession, the overbuilt hotel market, and the Park lessees' cautious view of near and mid-term market trends, a relatively stagnant growth rate for revenue was assumed until 1996, after which revenues were projected to grow with inflation during the balance of the planning period. Leases that expire during the planning period were assumed to be renewed under current terms (mostly minimums versus specified percentages of sales). Two land leases, the City Water Utilities Department and the De Anza Harbor Trailer Resort, were assumed to expire without renewing their current land use. This baseline analysis also assumes a status quo without the impact of major expansions or redevelopment of existing leases.

**Forecast:** An estimated \$215 million in baseline land lease revenues would be collected during the twenty year planning period. This analysis is presented in Table 7.

### Step 2: Forecast Incremental Lease Revenue

**Assumptions:** Next, incremental lease revenue from redeveloping, expanding existing leaseholds, or relocating exist-in leaseholds, and new lease revenue from new commercial development as proposed in this Plan were projected. In the case of redevelopments and expansions of existing leaseholds, total lease revenue from the redeveloped projects was estimated and projected lease payments from the existing status quo use were subtracted to estimate the net lease revenue gained or lost. Given expected difficult near-term market conditions, most of the redevelopment of existing leaseholds is projected to occur during the first half of the planning period while new development requiring new leaseholds is projected to occur during the second half of the planning period.

The expansions of existing leaseholds only include the amount of hotel rooms existing lessees have already proposed, namely the redevelopment of the Dana Inn, the Bahia Hotel, and a new hotel proposed at Marina Village. The new leaseholds include the “best-use” commercial parcel on South Shores, and 350 additional “site-unspecified” hotel rooms. These “site-unspecified” rooms are uncommitted to a specific site since they may be achieved by intensifying existing leaseholds beyond current plans or by redeveloping the De Anza Special Study Area. The amount of hotel rooms presented by the end of the planning period should be sufficient to accommodate demand generated by an average annual growth rate of 2 percent in occupied room-nights, and an average occupancy rate of 70 percent.

While the more focused future planning of the De Anza SSA may lead to a higher number of hotel rooms beyond that assumed in this analysis, the market may not support all of the hotel rooms allowed. Some of these hotel rooms might not be built until after the planning period, depending on market conditions. Prudently, the lease revenue projections for new leaseholds do not assume that all of the hotel rooms potentially allowed by the Master Plan would be built during the planning period.

**Forecast:** Overall, an estimated \$28 million in incremental lease revenue from expansions and new leases is projected during the planning period. This amount may be less than expected if many of the new leases and some of the expansions of existing leaseholds, occur towards the end of the planning period. This analysis is summarized in Table 8.

### **Step 3: Forecast Net Lease Revenue**

**Assumptions:** The projected baseline lease revenue and the net incremental lease revenue were added to estimate total lease revenue resulting from the implementation of the Master Plan Update. Direct Mission Bay Park operating expenses associated with the City’s Property Department, Park and Recreation Coastal Division, and the Park and Recreation Central Division were also projected for the planning period.

The operating cost projections were based on estimated 1991 operating costs, (based on the City of San Diego's 1988 estimate of Mission Bay operations and maintenance costs, plus an overhead cost factor), increased by 10 percent to provide a higher level of service than currently provided, an annual adjustment for inflation, and an assumed 1.5 percent annual increase above inflation to account for additional maintenance resulting from the increase in improved parkland recommended to accommodate greater usage attributed to regional population and tourism growth overtime. The projected operating costs were subtracted from projected total revenue to estimate net lease revenue for each year during the planning period.

Fire, police, and general services costs were not included in the operating cost projections. It was assumed that existing possessory interest tax, sales tax, and transient occupancy tax (TOT) revenue collected from Mission Bay Park that go into the City's general would fund and support these operating expenses.

**Forecast:** Overall, an estimated \$178 million in operations and maintenance costs are projected for the twenty year planning period. Subtracting these operating costs from projected land lease revenue results in an estimated \$66 million surplus during the planning period. This analysis is presented in Table 9.

#### **Step 4: Compare Net Lease Revenues With Forecasted Capital Costs**

The following revenue sources are potentially available for funding the new capital improvements proposed in this Master Plan Update:

- The projected net land lease revenue after operations and maintenance costs;
- The estimated incremental land lease revenue from expansions and new leaseholds;
- Mission Bay Park's dedicated share of Transient Occupancy Taxes;

- City Water Utilities Department's Sludge Mitigation Funds; and
- Tax increment from Transient Occupancy Taxes (TOT), sales taxes, and possessory interest taxes generated by expansions and new development in Mission Bay Park.

Various combinations of these sources were added to estimate total capital financing funds available each year during the planning period. The estimated public improvement costs (Table 5) were distributed over the planning period and adjusted for inflation. These capital costs were subtracted from total net revenue funds to estimate the cash flow for each year during the planning period. Different scenarios were assumed regarding the availability of the above funds. This analysis is presented in Tables 10A, 10B and 10C.

## **FORECAST RESULTS**

Baseline land lease revenues are projected to increase from approximately \$12.02 million in 1993 to \$21.60 million in year 2012 (in inflated dollars). The baseline projection is premised on existing occupancy levels. Almost all of the increase in revenues is attributed to inflation. The 1992 present value of this income stream is \$215 million.

Incremental land lease revenue is projected to increase from \$10,000 in 1994 to approximately \$6.06 million in 2012 (in inflated dollars). Most of the incremental increase comes from expansion or redevelopment of existing leaseholds. The 1992 present value of this income stream is \$28 million.

### **Scenario A: Full Enterprise Fund**

Scenario A assumes that 100 percent of the land lease revenue from existing and new leases, (including baseline and incremental lease revenue), after funding operations and maintenance costs, would be available to fund capital improvements in Mission Bay Park. This scenario is most closely associated with operating Mission Bay Park as an enterprise fund.

This scenario also assumes that, by 1999, Mission Bay would begin to receive an allocation of uncommitted Transient Occupancy Tax (TOT) revenue dedicated to Mission Bay and Balboa Parks.

Under this and the other scenarios, Mission Bay Park would receive \$2 million from the Water Utilities Department Sludge Mitigation Funds per year through 1998.

Finally, the Park would receive estimated tax increment from TOT, sales tax, and the City of San Diego's share of possessory interest tax generated in Mission Bay Park by expansions and new leases during the planning period. This dedication of tax increment funds would have to be authorized by Council Policy or a change in City Code.

Under this scenario, total land use revenue from net lease revenue after operations and maintenance costs, dedicated TOT, Water Utilities Department Sludge Mitigation Funds and tax increment are projected to range from a low of \$6.03 million (in inflated dollars) in 1995 to \$15.87 million in 2012. Capital improvement costs are projected to total almost \$265 million after inflation, and would range from \$8.90 million in 1993 to \$18.75 million in 2012. Each year, the funds earned during the year would not be able to cover all of the capital costs incurred during the same year if the costs are evenly distributed during the planning period. Annual deficits range from a low of \$1.57 million in 1993 to a high of \$6.51 million in 2007 (in inflated dollars).

Overall, it is estimated that approximately \$52.14 million of the estimated \$171.12 million in capital improvement costs (in 1992 dollar adjusted for inflation), or 30 percent, would have to be funded from other sources under this scenario.

### **Scenario B: Partial Enterprise Fund**

Scenario B is similar to Scenario A except that only 100 percent of the incremental land lease revenue from expanded and new leases would be available to fund capital improvements in Mission Bay Park. Operations and maintenance costs would continue to be funded from existing baseline leasehold revenue; however, the surplus would revert back to the City's General Fund.

Again, it is assumed that Mission Bay Park would receive a portion of the uncommitted TOT revenue dedicated to Mission Bay and Balboa Parks by 1999. It is also assumed that the Park continues to receive \$2 million per year of Water Utilities Department Sludge Mitigation Funds through 1998.

Again, Mission Bay Park would receive tax increment from TOT, sales tax, and the City of San Diego's share of possessory interest tax generated in Mission Bay by expansions and new leases in the Park during the planning period, if so authorized by City Council proposed under this scenario.

Under this scenario, total revenue from incremental lease revenue, dedicated TOT, Sludge Mitigation Funds, and tax increment are projected to range from \$2.12 million (in inflated dollars) in 1993 to \$16.67 million in 2012. As with Scenario A, the fund earned during any year would not be enough to cover all of the capital costs incurred during the same year if the costs are evenly distributed during the planning period. Estimated annual deficits range from a high of \$8.06 million in 1997 to a low of \$2.08 million in 2012 (in inflated dollars). The deficit fluctuates due to the phasing of expansions and new private development and the lost revenue incurred during the reconstruction phase.

Overall, it is estimated that approximately \$84.84 million of the estimated \$171.12 million in capital improvements costs (in 1992 dollars adjusted for inflation), or 49 percent, would have to be funded from other sources under this scenario.

### **Scenario C: No Enterprise Fund; No TOT Revenues**

Scenario C presents the worst case scenario: no land lease revenue, dedicated TOT revenue, or tax increment revenue would be available for the Park. Any surplus revenue generated at the Park would go into the City's general fund. This also assumes that all of the TOT revenue dedicated to Mission Bay Park has already been committed to capital improvements already approved for Mission Bay Park and new projects in Balboa Park. The City would continue to fund operations and maintenance costs using general fund monies.

Under this scenario, revenue from Sludge Mitigation Funds would be the only funds committed to Park improvements. Funds earned during any year would not be enough to cover all of the capital costs incurred during the same year if the costs are evenly distributed during the planning period. Estimated annual deficits range from \$6.90 million in 1993 to \$18.75 million in 2012 (in inflated dollars) during the planning period.

Overall, it is estimated that approximately \$154.45 million of the estimated \$171.12 million in capital improvement costs (in 1992 dollars adjusted for inflation), or 90 percent, would have to be funded from other sources under this scenario.

### **FORECAST SUMMARY**

Given the estimate \$171.12 million in public improvements, the three funding scenarios presented above generated the following deficits (1992 dollars)

|            |                  |
|------------|------------------|
| Scenario A | \$52.14 million  |
| Scenario B | \$84.84 million  |
| Scenario C | \$154.45 million |

Clearly, other funding sources will be needed to fund these estimated deficits and to implement the Mission Bay Park Master Plan Update.

### **CAPITAL FINANCING CONSIDERATIONS**

The projected land lease revenue, TOT and Sludge Mitigation Funds dedicated to Mission Bay Park, and tax increment generated by expansions and new leases allowed under the Mission Bay Park Master Plan Update, appear sufficient to fund from a high of 70 percent to a low of 10 percent of proposed public capital improvement costs, depending on how much of each funding source is dedicated to the Park.

The actual amount that would have to be funded from other sources (\$52 to \$154 million) depends on the extent to which the City chooses to make the funds identified above available to new Mission Bay Park capital improvements.

The greatest potential source of fund is land lease revenue from Mission Bay Park leaseholds. Currently, lease revenue from the Park goes directly into the general fund, enabling the City to choose to fund capital improvements in the Park using these funds. This approach provides the City with the greatest flexibility regarding the use of its funds and allows it to use the revenue generated at Mission Bay Park for other public needs in the City instead. It does not guarantee that the City will spend an equivalent amount of its general funds on maintenance of and improvements to Mission Bay Park. If the City does not use the land lease revenue generated at Mission Bay Park directly, or its equivalent amount from the general fund, the City will have to find another source that generates new revenue for funding improvements to the Park. Almost all other sources would require a tax, assessment, or impact fee, and would likely require voter approval. The telephone survey indicated that residents are unlikely to vote for an additional tax to fund improvements to Mission Bay Park.

Capital improvements could be phased over the 20-year planning period to minimize the need for debt financing. The financing scenarios presented here are based on a pay-as-you-go approach. Since almost all of the capital improvements can be phased, there is less need to incur the additional debt service costs associated with debt financing. Debt financing would eventually cost the City more than twice the original capital improvement cost and if serviced by Mission Bay land lease revenues, could place a long-term burden on the net cash flow the Park leases generate.

However, given that interest rates are at their lowest level in decades, financing some capital costs using another source of funds could be preferable to deferring capital improvements and risking higher future costs due to unanticipated inflation. Debt financing would be required under three situations: 1) if the City wants to expedite the implementation process using revenue bonds or certificates of participation supported by Mission Bay lease revenues or other sources; 2) if the City uses general public debt financed by non-park sources, such as general obligation bonds, assessment bonds, or tax anticipation bonds to finance improvements; 3) or if the City chooses to finance the deficit by committing future lease revenue earned beyond the planning period. Given that a shortfall is projected, some sort of debt financing may be required.

## FINANCING THE BALANCE WITH EXISTING SOURCES

It is estimated that \$52.14 to \$154.45 million, would need to be funded using other sources than the funds identified in the above three scenarios. This deficit amounts from \$2.61 to \$7.72 million per year during the twenty year planning period.

### *Recommendations*

Six approaches are suggested to fund this deficit without increasing taxes:

1. User and permit fees for certain activities;
2. Grants;
3. Wetland Mitigation Funds;
4. Lease Revenue Bonds;
5. Certificates of Participation;
6. Extend implementation period; and
7. Developer Fees.

**125. User and Permit Fees:** The telephone survey indicated a general acceptance of user fees for Mission Bay Park if the funds generated would be used for the Park. User and permit fees do not only raise revenue, they can also help control overcrowding during peak periods. User or permit fees for most water use activities, for-profit special events, space-consuming amenities for group picnics, and parking in selected, congested locations would generate additional revenue. While the revenue might not be sufficient to finance capital costs, user fees could help fund operating and maintenance costs, enabling more land lease and other revenues to be used for capital improvements.

**126. Grants:** State and Federal grants may be obtained for improvements associated with shoreline restoration, coastal public access, and habitat restoration. Although grant funding is not readily available during this period of government fiscal constraints, funds should be available in the future, especially if statewide bond measures pass. The State of California Coastal Conservancy and the Environmental Protection Agency's Wetlands Protection Program and Near Coastal Waters Grant Program are possible sources in the future.

**127. Wetland Mitigation Funds:** As coastal California continues to face development pressure, monies become available for wetland mitigation. Southern California Edison's recent funding of wetland restoration in the San Dieguito River Valley and the Port of Long Beach's funding of a restoration project at Batiquitos Lagoon in Carlsbad are recent examples. Wetland mitigation funds could be a source of financing for a portion of wetland enhancement costs in Mission Bay. Mission Bay wetland restoration would be a strong candidate for grant funds.

**128. Revenue Bonds:** Revenue bonds supported by land leases at the Park could be issued toward the end of the planning period to fund the balance of capital costs that had not yet been implemented on a pay-as-you-go basis. This would essentially use a portion of land lease revenue generated after the planning period to fund improvements during the planning period.

**129. Certificates of Participation:** Certificates of Participation could be issued to raise funds up-front during the planning period. Since many of the lessees are proposing expansions and redevelopments on their site, and new development is proposed, property tax revenue from TOT, sales tax, and the City's share of possessory interest tax and personal property tax should increase substantially as these properties are redeveloped and reassessed. Approximately 21 percent of the increase in possessory interest taxes will go to the City's General Fund. All, or a portion, of this tax increment could be used to replenish general funds used to service Certificates of Participation debt service. Certificates of Participation supported indirectly by future TOT revenue could also be issued towards the later half of the planning period. Like revenue bond financing, this would use a portion of TOT revenue collected beyond the planning period to fund Master Plan improvements during the planning period. Since Certificates of Participation are often serviced by the general fund (which can be replenished by other funds). It is considered a more secure source of funds than projected lease revenue and, therefore, usually has lower financing costs than revenue bonds.

**130. Extend Implementation Period:** Finally, the balance of the Master Plan Update's improvements that had not yet been funded and implemented by the end of the planning period could be implemented after the planning period on a pay-as-you-go basis. This approach defers implementation of the Master Plan, but avoids incurring debt and financing costs.

**130a. Developer Fees:** The City recognizes that Mission Bay Park is, first and foremost, a public recreational facility. As commercial leaseholds come forward to redevelop, intensify and expand, areas and facilities affordable to the general public will be further impacted by increased traffic, noise, and runoff. Moreover, existing views may be impaired and the quiet enjoyment of parklands when adjacent to more active uses may be diminished. New public recreational improvements and necessary traffic improvements must be provided and are not adequately funded. Therefore, the use of developer fees as an option to provide funding necessary to mitigate the increasing public burdens brought about by commercial redevelopment, intensification and expansion shall be considered. Any such fees shall be used to construct planned public amenities throughout Mission Bay Park and identified traffic and circulation improvements within the park and on the surrounding road system.

The City agrees to prepare and complete, no later than 2 years from the effective certification of this LCP amendment, a capital improvement program for the development of significant public recreational facilities, including but not limited to, necessary infrastructure improvements at Fiesta Island and South Shores. This program will identify strategies for funding in addition to the mitigation funds (\$3.8 million) currently available for the recreational improvements. The capital improvement program will include a phasing component in order to ensure that the recreational improvements will be developed commensurate with new commercial development approved in the Park. The City agrees to make recreational improvements on Fiesta Island and South Shores the highest priority.

### **FINANCING THE BALANCE WITH NEW SOURCES**

The approaches described above, especially land lease revenue, TOT revenue, and future possessory interest and property tax revenue are existing revenue sources. Although there is a direct relationship between these funds and Mission Bay Park, their use for Mission Bay Park improvements would be at the expense of other public purposes for which these general fund revenues are used, as City budgeting is currently practiced.

***Recommendations***

**131. New Funding Sources:** If the City would like to raise new additional revenues to enable it to fund Mission Bay Park improvements, it should consider the following alternatives within the context to the City's other funding priorities:

- TOT increase (Mission Bay should receive a fair share of any TOT increase)
- General Obligation Bond (two-thirds public vote required)
- Park impact fees on new development
- Citywide or targeted benefit assessment district
- Proposition A transportation funds
- Sewer or storm drain fee revenue increase
- Utility users tax increase
- Parcel tax (two-thirds public vote required)
- Admission excise tax
- Citywide Community Facilities District (two-thirds public vote required)
- Increase in property transfer tax
- Open Space and Park Bond (simple majority voter approval required)

**ENTERPRISE FUND**

One way to secure land lease revenue to fund Park improvements is to designate Mission Bay Park as an enterprise fund. An enterprise fund has two purposes:

1. To secure dedicated revenue collected at the facility (in this case Mission Bay Park) to fund improvements to the facility; and

2. To build in incentives for more efficient management by accounting for operating revenues and costs and making the facility dependent on surplus net revenues for capital improvements and future programming, (similar to business incentives in the private sector).

Operating almost like a non-profit corporation within the City, revenue generated at the Park would only be used for maintenance, operations, and capital costs incurred to manage Mission Bay Park. Since there is a direct relationship between revenue earned at the Park and the ability of the enterprise organization to fund operations and capital improvements, a close accounting of revenues and expenses in the Park would have to be established, providing a useful management information tool. Given the relationship between revenue and operating costs, there would be incentive to enhance revenue and operate efficiently. Capital expenditures would also be evaluated in terms of the return the expenditures generate.

The argument against an enterprise fund is that it reduces the City's flexibility to use the revenues for other needed City services, including funding public park improvements and maintenance at parks that cannot generate revenue. Also, if surplus revenue is generated after all needed maintenance and capital costs are funded, it might be inefficient to use the money for Mission Bay Park instead of another public use. Finally, the incentive to generate revenue - a key advantage of an enterprise fund - could become a higher priority than general public benefit, especially regarding expenditures that do not enhance revenue generating capacity.

One consideration regarding whether or not to establish an enterprise fund, and the use of land lease revenues to support the fund, is the relative ability to raise new revenue to replace the revenue that is lost. For example, if an enterprise fund is established using land lease revenue that otherwise would have gone into the City's general fund, the City would have to increase general tax revenue to replace the funds lost. If the City chooses not to form an enterprise fund and dedicate land lease revenue to Mission Bay Park, the City would have to increase taxes or assessments through some other source (most likely a bond measure dedicated to Mission Bay Park improvements) to raise the money needed to implement the Master Plan. A bond measure for a specific purpose may be more likely to receive voter support than a general tax increase, although there are some general tax sources which the City could increase without requiring a ballot measure, such as TOT and others listed under Recommendation 131.

### *Recommendations*

As discussed under the forecast scenarios, essentially two options are available for the creation of an Enterprise Fund.

**132. Full Enterprise Fund:** One option is to create an enterprise fund supported by lease revenues, permit fees, and other user fees at the Park. Selected City services associated with the Park could be combined as the Mission Bay Park Corporation (a City agency), funded by the enterprise fund. The amount of lease revenue that would go into the fund should have a limit. Funds earned in excess of an amount needed to fund operations, maintenance, and approved capital improvements, plus a contingency, should revert back to the general fund. It is projected, however, that the equivalent of 100% of the land lease revenue collected would be needed to fund Mission Bay Park capital improvements during the planing period. If an enterprise fund is established, the land lease revenue distribution (between the City general fund and the enterprise fund) should be re-evaluated periodically.

**133. Partial Enterprise Fund:** Another option is to create an enterprise fund primarily for operations in order to build-in efficiency incentives. Under this scenario, a portion of land lease revenue equivalent to a budgeted amount for maintenance and operations, plus a small amount for minor capital improvements, and all user and permit fees would be dedicated to the fund. Any surplus revenue generated through efficient operations would be retained by the enterprise fund for additional minor capital improvements and new programming. Major capital improvements would still be funded by another source or sources.

The City should consider establishing an enterprise fund for Mission Bay Park, particularly after the recession when the City's general fund is more stable. Regardless of whether or not an enterprise fund is pursued, the location of new leaseholds should carefully be considered regarding State Tidelands since any surplus revenue collected within the tidelands must be returned to the State, while surplus revenue collected outside the tidelands are retained by the City or enterprise fund. If the City were to buy out the State, this concern would be invalidated, of course. This course of action has not been assumed in the cost projections.

## **OTHER FUNDING REQUIREMENTS**

Two other funding requirements require attention. One requirement is marketing, which could be supported by a business improvement district. The other funding requirement is shuttle service within the Park.

### **Business Improvement District**

The City should consider working with lessees to form a Business Improvement District, funded by a business license surcharge, with the funds used by Mission Bay Park businesses to market Mission Bay amenities and facilities (especially elsewhere in Southern California) and hold special events, particularly during the off-season. This joint marketing would enhance revenue for all businesses by drawing additional patronage during the off-season, which, in turn, would enhance revenue for the City.

### **Tram Service**

The tram service would be needed only during peak days, holidays, and special events. During the day, visitation to the Park also has peaking characteristics. Therefore, the number of tram vehicles needed during the day is not constant, but varies with demand. A tram service that responds well to these fluctuations, without costing the City, would be a private jitney system. Private vans could operate within Mission Bay Park, after paying a license fee, and could provide the service needed in response to demand characteristics. The vans would respond to demand rather than provide a continuing service even when very little demand exists during the off-season and weekdays. This approach creates a business opportunity, a source of part-time summer work, and a flexible public service, at less cost to the City.

## SUMMARY FUNDING RECOMMENDATIONS

The \$171.12 million capital improvement plan recommended by the Mission Bay Park Master Plan Update can be implemented and funded using a combination of the following nine sources of funds:

- 1A. Incremental land lease revenue from leasehold expansions and new commercial development in Mission Bay Park; or
- 1B. All land lease revenue generated by Mission Bay Park leases after operating costs;
2. A fair share of TOT already dedicated to Mission Bay and Balboa Parks;
3. City Water Utilities Sludge Mitigation Funds;
4. Tax increment from TOT, sales tax, and the City's share of possessory interest taxes generated at Mission Bay Park from expansions and new leases;
5. State and Federal Grants
6. Wetland Mitigation Funds;
7. Certificates of Participation serviced by the General Fund, by replenished by an increase in Citywide TOT;
8. Open Space Financing District Bond;
9. General Obligation Bonds.

Maintenance costs should continue to be funded by general funds (replenished by land lease revenue), or land lease revenue directly if an enterprise fund is established, and user and permit fees.

Joint marketing should be funded by a business improvement district with the cooperation of the Mission Bay lessees.

Tram service should be provided privately under license with the City.

**Table 7: BASELINE LEASE REVENUE PROJECTIONS**

| LAND USE   | PROJECTED FISCAL YEAR REVENUE |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 1982                          | 1983           | 1984           | 1985           | 1986           | 1987           | 1988           | 1989           | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           |                |
| Revenue Inflation Factor                                   | 1.00                          | 0.95           | 1.00           | 1.00           | 1.02           | 1.06           | 1.10           | 1.15           | 1.18           | 1.24           | 1.28           | 1.34           | 1.40           | 1.45           | 1.51           | 1.57           | 1.63           | 1.70           | 1.77           | 1.84           | 1.91           | 1.98           |
| BASELINE REVENUE (1):<br>(in thousand dollars)             | \$772                         | \$733          | \$772          | \$772          | \$787          | \$818          | \$851          | \$885          | \$921          | \$957          | \$1,008        | \$1,077        | \$1,120        | \$1,165        | \$1,211        | \$1,260        | \$1,310        | \$1,363        | \$1,417        | \$1,474        | \$1,533        |                |
| M. B. Campland (2)   | 0                             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| M. B. Aquatics Ctr.  | 0                             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Bahia Belle  | 100                           | 95             | 100            | 100            | 102            | 108            | 110            | 115            | 119            | 124            | 128            | 134            | 139            | 145            | 151            | 157            | 163            | 170            | 176            | 183            | 191            | 198            |
| Dana Inn   | 337                           | 320            | 337            | 337            | 344            | 357            | 372            | 386            | 402            | 418            | 435            | 452            | 470            | 488            | 509            | 529            | 550            | 572            | 595            | 619            | 644            | 668            |
| Boy Scouts   | 0                             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Catamaran Pier   | 21                            | 20             | 21             | 21             | 22             | 23             | 24             | 25             | 26             | 27             | 28             | 29             | 30             | 31             | 32             | 34             | 35             | 36             | 36             | 36             | 36             | 41             |
| Sportsman's Seafood  | 21                            | 20             | 21             | 21             | 21             | 22             | 23             | 24             | 25             | 26             | 27             | 28             | 29             | 30             | 31             | 33             | 34             | 35             | 37             | 36             | 40             | 41             |
| City/Water Utilities                                       | 500                           | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            | 500            |
| Mission Bay Golf Ctr.                                      | 101                           | 96             | 101            | 101            | 103            | 107            | 111            | 115            | 120            | 125            | 130            | 135            | 140            | 148            | 152            | 158            | 164            | 171            | 178            | 185            | 192            | 200            |
| De Anza Trailer Resort                                     | 878                           | 833            | 878            | 878            | 894            | 930            | 967            | 1,008          | 1,048          | 1,088          | 1,131          | 1,176          | 1,224          | 1,272          | 1,320          | 1,368          | 1,416          | 1,464          | 1,512          | 1,560          | 1,608          | 1,656          |
| Bahia Hotel  | 445                           | 423            | 445            | 445            | 454            | 473            | 491            | 511            | 532            | 553            | 575            | 598            | 622            | 647            | 673            | 699            | 727            | 757            | 787            | 818            | 851            | 885            |
| Everingham Bros. Bait Co.                                  | 18                            | 18             | 19             | 19             | 20             | 20             | 21             | 22             | 23             | 24             | 25             | 26             | 27             | 28             | 29             | 30             | 31             | 33             | 34             | 35             | 37             | 38             |
| Mission Bay Sports Ctr.                                    | 68                            | 64             | 68             | 68             | 69             | 72             | 75             | 78             | 81             | 84             | 88             | 91             | 95             | 99             | 102            | 107            | 111            | 115            | 120            | 125            | 130            | 135            |
| San Diego Hilton Resort                                    | 1,300                         | 1,235          | 1,300          | 1,300          | 1,328          | 1,378          | 1,434          | 1,491          | 1,551          | 1,613          | 1,678          | 1,745          | 1,814          | 1,887          | 1,962          | 2,041          | 2,123          | 2,208          | 2,298          | 2,398          | 2,483          | 2,563          |
| Hyatt Islandia (3)   | 1,184                         | 1,125          | 1,207          | 1,207          | 1,283          | 1,344          | 1,398          | 1,454          | 1,512          | 1,573          | 1,638          | 1,701          | 1,769          | 1,840          | 1,913          | 1,990          | 2,069          | 2,152          | 2,238          | 2,326          | 2,421          | 2,518          |
| Mission Bay Marina (4)                                     | 316                           | 436            | 348            | 348            | 355            | 369            | 384            | 398            | 415            | 431            | 449            | 467            | 485            | 505            | 525            | 546            | 568            | 590            | 614            | 639            | 664            | 691            |
| Marina Village (5)   | 513                           | 488            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            | 513            |
| Mission Bay Yacht Club                                     | 81                            | 77             | 81             | 81             | 82             | 86             | 89             | 93             | 98             | 100            | 104            | 108            | 113            | 117            | 122            | 127            | 132            | 137            | 143            | 148            | 154            | 160            |
| Ocean Boards Inter. (6)                                    | 26                            | 25             | 26             | 26             | 27             | 28             | 29             | 30             | 31             | 33             | 34             | 35             | 37             | 38             | 40             | 41             | 43             | 45             | 46             | 46             | 50             | 52             |
| Mallo's Hot Dogs   | 6                             | 6              | 6              | 6              | 6              | 6              | 6              | 6              | 9              | 10             | 10             | 11             | 11             | 12             | 12             | 13             | 13             | 14             | 14             | 15             | 15             | 16             |
| S.D./M.B. Boat & Ski Club                                  | 26                            | 26             | 26             | 26             | 30             | 31             | 32             | 33             | 35             | 36             | 38             | 39             | 41             | 42             | 44             | 46             | 47             | 49             | 51             | 53             | 56             | 58             |
| S.D. Princess Resort                                       | 1,239                         | 1,177          | 1,239          | 1,239          | 1,283          | 1,314          | 1,368          | 1,421          | 1,478          | 1,537          | 1,598          | 1,662          | 1,728          | 1,798          | 1,870          | 1,945          | 2,023          | 2,104          | 2,188          | 2,275          | 2,368          | 2,461          |
| S.D. Rowing Club (7)                                       | 9                             | 9              | 9              | 9              | 9              | 10             | 10             | 10             | 11             | 11             | 12             | 12             | 13             | 13             | 14             | 14             | 15             | 15             | 16             | 17             | 17             | 18             |
| S.D. Visitor Info. Ctr.                                    | 23                            | 22             | 23             | 23             | 23             | 24             | 25             | 26             | 27             | 28             | 29             | 30             | 32             | 33             | 34             | 36             | 37             | 38             | 40             | 42             | 43             | 45             |
| Sea World of San Diego                                     | 3,943                         | 3,746          | 3,943          | 3,943          | 4,022          | 4,183          | 4,350          | 4,524          | 4,705          | 4,893          | 5,089          | 5,293          | 5,504          | 5,726          | 5,964          | 6,192          | 6,439          | 6,697          | 6,965          | 7,243          | 7,533          | 7,834          |
| Sea World of San Diego (8)                                 | 91                            | 87             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             | 91             |
| Seaford Sportfishing                                       | 292                           | 277            | 292            | 292            | 298            | 310            | 322            | 335            | 348            | 362            | 377            | 392            | 408            | 424            | 441            | 458            | 477            | 496            | 516            | 536            | 556            | 580            |
| Dana Landing (9)   | 156                           | 155            | 163            | 163            | 167            | 173            | 180            | 187            | 195            | 203            | 211            | 219            | 228            | 237            | 247            | 257            | 267            | 277            | 289            | 300            | 312            | 325            |
| <b>TOTAL BASELINE REVENUE (10)</b><br>(in million dollars) | <b>\$12.47</b>                | <b>\$12.02</b> | <b>\$12.09</b> | <b>\$12.60</b> | <b>\$12.73</b> | <b>\$13.20</b> | <b>\$13.69</b> | <b>\$14.19</b> | <b>\$14.72</b> | <b>\$15.34</b> | <b>\$15.93</b> | <b>\$16.55</b> | <b>\$17.18</b> | <b>\$17.84</b> | <b>\$18.54</b> | <b>\$19.28</b> | <b>\$19.99</b> | <b>\$20.76</b> | <b>\$21.53</b> | <b>\$22.36</b> | <b>\$23.24</b> | <b>\$24.16</b> |

Net 1982 Present Value @ 4% Discount Rate \$215.11

- (1) Assumes leases that expire during planning period will be renewed under the same terms, except for De Anza Trailer Resort and City Water Utilities which will revert to the City at end of lease term.
- (2) Campland revenue projection could be less during transition if it is relocated.
- (3) Assumes increase of 7% in 1983 due to rental percentage adjustment under current lease contract.
- (4) Assumes a one year increase in 1982 due to America's Cup subleases and an increase of 10% over 1981 rate in 1983 due to rental percentage adjustment under current lease contract.
- (5) Assumes constant lease revenue due to poor performance of this use.
- (6) Ocean Boards International is not located within Mission Bay Park, but pays lease to have access to Mission Bay Park.
- (7) San Diego Rowing Club includes former Rowing Council of San Diego.
- (8) Temporary lease scheduled to expire in 1994.
- (9) Assumes increase of 5% in 1982 due to rental percentage adjustment under current lease contract.
- (10) Sums may not add due to rounding.

**Table 8: INCREMENTAL LEASE REVENUE PROJECTIONS**

| LAND USE  | PROJECTED FISCAL YEAR REVENUE |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
|---|-------------------------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | BEGIN. FY 1991                | 1992   | 1993   | 1994   | 1995   | 1996   | 1997   | 1998    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    |         |
| Revenue Inflation Factor  | 1.00                          | 1.00   | 1.00   | 1.02   | 1.08   | 1.10   | 1.15   | 1.19    | 1.24    | 1.29    | 1.34    | 1.40    | 1.45    | 1.51    | 1.57    | 1.63    | 1.70    | 1.77    | 1.84    | 1.91    | 1.99    |         |
| <b>INCREMENTAL REVENUE:</b><br><i>(in thousand dollars)</i>                     |                               |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>REDEVELOPMENTS PROPOSED BY LESSEES</b>                                       |                               |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| S.D. Princess Mgmt. Resort (2)  | 1992                          |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Revenue Gain  |                               | 116    | 124    | 126    | 131    | 137    | 142    | 146     | 154     | 160     | 166     | 173     | 180     | 187     | 195     | 202     | 210     | 218     | 226     | 237     | 246     | 0       |
| Revenue Loss  |                               | 0      | 0      | 0      | 0      | 0      | 0      | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| Net Revenue Gain or <Loss>  |                               | 116    | 124    | 126    | 131    | 137    | 142    | 146     | 154     | 160     | 166     | 173     | 180     | 187     | 195     | 202     | 210     | 218     | 226     | 237     | 246     | 0       |
| Dana Inn (3)  | 1994 & 2003                   |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Revenue Gain  |                               |        |        | 86     | 86     | 102    | 107    | 111     | 115     | 120     | 125     | 314     | 759     | 851     | 895     | 920     | 957     | 995     | 1,035   | 1,078   | 1,119   |         |
| Revenue Loss  |                               |        |        | 0      | 0      | 0      | 0      | 0       | 0       | 0       | 0       | 470     | 499     | 509     | 529     | 550     | 572     | 595     | 619     | 644     | 669     |         |
| Net Revenue Gain or <Loss>  |                               |        |        | 86     | 86     | 102    | 107    | 111     | 115     | 120     | 125     | (156)   | 270     | 342     | 368     | 370     | 385     | 400     | 416     | 432     | 450     |         |
| Bahia Hotel (4)   | 1998                          |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Revenue Gain  |                               |        |        | 0      | 149    | 334    | 521    | 1,014   | 1,136   | 1,182   | 1,229   | 1,278   | 1,329   | 1,392   | 1,438   | 1,495   | 1,617   | 1,692   | 1,748   | 1,818   | 1,892   |         |
| Revenue Loss  |                               |        |        | 111    | 227    | 355    | 491    | 511     | 532     | 553     | 575     | 598     | 622     | 647     | 673     | 699     | 727     | 757     | 787     | 818     | 851     |         |
| Net Revenue Gain or <Loss>  |                               |        |        | (111)  | (78)   | (21)   | 30     | 503     | 604     | 629     | 654     | 680     | 707     | 735     | 765     | 796     | 860     | 895     | 931     | 968     | 1,041   |         |
| Marina Village (5)  | 1998                          |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Revenue Gain  |                               |        |        |        |        | 346    | 362    | 1,046   | 1,339   | 1,362   | 1,448   | 1,508   | 1,568   | 1,629   | 1,694   | 1,761   | 1,832   | 1,905   | 1,981   | 2,061   | 2,143   | 2,229   |
| Revenue Loss  |                               |        |        |        |        | 513    | 513    | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     | 513     |
| Net Revenue Gain or <Loss>  |                               |        |        |        |        | (167)  | (151)  | 533     | 826     | 879     | 935     | 995     | 1,055   | 1,116   | 1,181   | 1,248   | 1,319   | 1,392   | 1,468   | 1,546   | 1,630   | 1,716   |
| Sub-total Revenue Gain or <Loss>  |                               | \$116  | \$124  | \$89   | \$143  | \$43   | \$118  | \$1,285 | \$1,777 | \$1,689 | \$1,864 | \$1,777 | \$2,301 | \$2,475 | \$2,585 | \$2,719 | \$2,847 | \$2,982 | \$3,123 | \$3,267 | \$3,419 |         |
| <b>RELOCATIONS</b>  |                               |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| S.D./M.B. Boat & Ski Club   | 1994                          |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Revenue Gain  |                               |        |        | 32     | 33     | 34     | 35     | 36      | 38      | 40      | 42      | 43      | 45      | 46      | 48      | 51      | 52      | 54      | 56      | 58      | 62      | 64      |
| Revenue Loss  |                               |        |        | 29     | 30     | 31     | 32     | 33      | 35      | 36      | 38      | 41      | 42      | 44      | 46      | 47      | 49      | 51      | 53      | 56      | 59      | 59      |
| Net Revenue Gain or <Loss>  |                               |        |        | 3      | 3      | 3      | 3      | 3       | 3       | 4       | 4       | 4       | 4       | 4       | 4       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Sub-total Revenue Gain or <Loss>  |                               | \$0    | \$0    | \$3    | \$3    | \$3    | \$3    | \$3     | \$4     | \$4     | \$4     | \$4     | \$4     | \$4     | \$4     | \$5     | \$5     | \$5     | \$5     | \$5     | \$5     | \$6     |
| <b>NEW LEASEHOLD REVENUE GAIN</b>   |                               |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Bahia Marina  | 1995                          |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| S.D. Princess Marina  | 1995                          |        |        |        | 15     | 15     | 16     | 17      | 18      | 19      | 20      | 20      | 21      | 22      | 23      | 24      | 25      | 26      | 27      | 28      | 29      |         |
| South Shores Comm. Lease  | 2001                          |        |        |        | 50     | 52     | 54     | 57      | 59      | 61      | 64      | 66      | 72      | 74      | 77      | 81      | 84      | 87      | 91      | 94      | 98      |         |
| South Shores Marina   | 2002                          |        |        |        |        |        |        |         | 184     | 201     | 209     | 218     | 228     | 236     | 245     | 255     | 265     | 278     | 287     | 298     |         |         |
| Uncommitted 350 Hotel Rooms (6)   | 2008                          |        |        |        |        |        |        |         |         | 78      | 81      | 85      | 88      | 92      | 95      | 99      | 103     | 107     | 111     | 116     |         |         |
| Sub-total Revenue Gain  |                               | \$0    | \$0    | \$65   | \$67   | \$70   | \$74   | \$78    | \$79    | \$277   | \$395   | \$379   | \$398   | \$410   | \$428   | \$445   | \$462   | \$482   | \$502   | \$528   | \$559   | \$630   |
| <b>TOTAL INCREMENTAL REVENUE OR &lt;LOSS&gt;</b><br><i>(in million dollars)</i> |                               | \$0.12 | \$0.12 | \$0.10 | \$0.21 | \$0.11 | \$0.19 | \$1.36  | \$1.77  | \$1.86  | \$2.15  | \$2.16  | \$2.70  | \$2.89  | \$3.03  | \$3.17  | \$4.97  | \$5.33  | \$5.56  | \$5.80  | \$6.06  |         |
| Net Present Value @ 4% Discount Rate  |                               |        |        |        |        |        |        |         |         |         |         |         |         |         |         |         |         |         |         |         |         | \$28.49 |

(1) Revenue gain assumes 1.1 times current lease payment due to remodel. Revenue loss is existing lease payment before remodel.  
 (2) Revenue gain assumes 10% increase in existing lease payment due to added banquet/conference facilities.  
 (3) Revenue gain assumes 70 new rooms in 1994, then redevelopment of rest of site, replacing existing rooms and adding more new rooms, in 2003. Revenue loss is existing lease revenue.  
 (4) Revenue gain assumes replacement of 80 rooms per year for 3 years, then replacement of balance and addition of new rooms in 4th year, for a total of 425 rooms. Revenue loss is portion of existing lease revenue loss during phased construction and current lease revenue foregone due to remodel.  
 (5) Revenue gain is new 350 room hotel. Revenue loss is current lease revenue from Marina Village. Includes expansion of existing leasehold area by approximately 5 acres.  
 (6) Uncommitted 350 Hotel Rooms may be supplied by intensification of existing leasehold expansion proposals or hotel development on De Arza Point.

**Table 9: NET LEASE REVENUE PROJECTIONS**

(amounts in current million dollars)

| LAND USE                                 | FY 1991<br>COST | PROJECTED FISCAL YEAR NET REVENUE |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
|--|-----------------|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  |                 | 1992                              | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    |
| Operating Cost Inflation Factor @ 4%/yr. | 1.00            | 1.00                              | 1.04    | 1.08    | 1.12    | 1.17    | 1.22    | 1.27    | 1.32    | 1.37    | 1.42    | 1.46    | 1.54    | 1.60    | 1.67    | 1.73    | 1.80    | 1.87    | 1.95    | 2.03    | 2.11    | 2.19    |
| REVENUE                                  |                 |                                   |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Total Baseline Revenue                   |                 | \$12.02                           | \$12.59 | \$12.80 | \$12.73 | \$13.20 | \$13.88 | \$14.18 | \$14.22 | \$14.77 | \$15.34 | \$15.83 | \$16.55 | \$16.82 | \$16.54 | \$17.15 | \$17.84 | \$18.53 | \$19.26 | \$20.00 | \$20.79 | \$21.60 |
| Total Incremental Revenue or <Loss>      |                 | 0.12                              | 0.12    | 0.10    | 0.21    | 0.11    | 0.19    | 1.36    | 1.77    | 1.86    | 2.15    | 2.33    | 2.16    | 2.70    | 2.89    | 3.03    | 3.17    | 4.87    | 5.33    | 5.56    | 5.80    | 6.06    |
| TOTAL LEASE REVENUE                      |                 | \$12.14                           | \$12.72 | \$12.80 | \$12.94 | \$13.31 | \$13.88 | \$15.55 | \$15.99 | \$16.63 | \$17.49 | \$18.27 | \$18.71 | \$18.62 | \$19.42 | \$20.20 | \$21.01 | \$23.51 | \$24.58 | \$25.56 | \$26.59 | \$27.65 |
| DIRECT OPERATING EXPENSES (1)            | \$7.00          | \$7.00                            | \$7.39  | \$8.56  | \$8.08  | \$9.42  | \$9.84  | \$10.60 | \$11.08 | \$11.70 | \$12.35 | \$13.03 | \$13.76 | \$14.52 | \$15.33 | \$16.18 | \$17.08 | \$18.03 | \$19.03 | \$20.09 | \$21.21 | \$22.39 |

Net 1992 Present Value @ 4% Discount Rate \$177.89

NET LEASE REVENUE \$5.14 \$5.33 \$4.02 \$3.89 \$3.69 \$3.83 \$5.08 \$4.91 \$4.83 \$5.15 \$5.23 \$4.95 \$4.10 \$4.10 \$4.10 \$4.02 \$3.93 \$5.49 \$5.55 \$5.47 \$5.36 \$5.28

Net 1992 Present Value @ 4% Discount Rate \$98.01

Notes:

(1) Includes Property Dept., Parks and Recreation Coastal Division, and Parks and Recreation Central Division expenses, plus overhead allocations, plus 10% for increased levels of service beginning in 1994, inflation adjustment, and 1.5% real increase per year due to increase in parkland to accommodate increase usage. Does not include Fire, Police, or General Services. No inflation assumed from 1991 to 1992 due to budget cutbacks. Costs attributed to operating marsh levees, if built, could be extra.

**Table 10A: CAPITAL IMPROVEMENTS FINANCING - ASSUMING 100% OF LAND LEASE REVENUE AFTER OPERATING COSTS ARE DEDICATED TO NEW PARK IMPROVEMENTS**

(amounts in current million dollars)

|   | 1992   | 1993     | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2010     | 2011     | 2012     |          |
|---|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>LAND USE</b>                                 | 1.00   | 1.04     | 1.08     | 1.12     | 1.17     | 1.22     | 1.27     | 1.32     | 1.37     | 1.42     | 1.48     | 1.54     | 1.60     | 1.67     | 1.73     | 1.80     | 1.87     | 1.95     | 2.03     | 2.11     | 2.19     |
| <b>FINANCING SOURCES</b>                        |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| 100% of Net Lease Revenue After Operating Costs | -      | \$5.33   | \$4.02   | \$3.89   | \$3.83   | \$3.83   | \$5.08   | \$4.81   | \$4.93   | \$5.15   | \$5.23   | \$4.95   | \$4.10   | \$4.10   | \$4.02   | \$3.93   | \$5.48   | \$5.55   | \$5.47   | \$5.38   | \$5.26   |
| TOT Share (1)                                   | -      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.17     | 0.71     | 1.01     | 1.32     | 1.66     | 2.01     | 2.37     | 2.76     | 3.16     | 3.58     | 5.49     | 6.55     | 7.05     | 7.56     |
| Water Utility Funds                             | -      | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| Transient Occupancy Tax Increment               | -      | -        | 0.12     | 0.13     | 0.14     | 0.14     | 1.33     | 1.44     | 1.48     | 1.48     | 1.50     | 1.35     | 1.55     | 1.58     | 1.61     | 1.63     | 2.56     | 2.66     | 2.68     | 2.72     | 2.76     |
| Sales Tax Increment                             | -      | -        | 0.00     | 0.00     | 0.01     | 0.01     | 0.04     | 0.05     | 0.05     | 0.05     | 0.05     | 0.04     | 0.05     | 0.05     | 0.05     | 0.05     | 0.09     | 0.08     | 0.09     | 0.09     | 0.09     |
| Possessory Interest Tax Increment               | -      | -        | 0.00     | 0.00     | 0.01     | 0.01     | 0.01     | 0.11     | 0.11     | 0.11     | 0.11     | 0.10     | 0.12     | 0.12     | 0.12     | 0.12     | 0.18     | 0.20     | 0.20     | 0.20     | 0.20     |
| Total Financing Funds                           | \$0.00 | \$7.33   | \$6.15   | \$6.03   | \$6.04   | \$6.09   | \$6.53   | \$6.67   | \$7.25   | \$7.80   | \$8.22   | \$8.11   | \$7.83   | \$9.22   | \$8.56   | \$8.90   | \$11.90  | \$13.98  | \$15.01  | \$15.44  | \$15.87  |
| <b>PROJECTED CAPITAL COSTS</b>                  |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Total Capital Costs in 1992\$                   |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| North End Improvements                          |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Fiesta Island & Bay Improvements                |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| South Shores Improvements                       |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Park-Wide Improvements                          |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Design & Administration @ 25%                   |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Total Capital Costs in Inflated \$ (2)(3)       | \$0.00 | \$6.80   | \$9.25   | \$9.62   | \$10.01  | \$10.41  | \$10.83  | \$11.28  | \$11.71  | \$12.18  | \$12.68  | \$13.17  | \$13.70  | \$14.25  | \$14.82  | \$15.41  | \$16.02  | \$16.67  | \$17.33  | \$18.03  | \$18.75  |
| <b>CASH FLOW BALANCE IN INFLATED \$</b>         | \$0.00 | (\$1.87) | (\$3.10) | (\$3.59) | (\$3.98) | (\$4.32) | (\$2.30) | (\$4.59) | (\$4.45) | (\$4.36) | (\$4.44) | (\$5.06) | (\$5.87) | (\$6.09) | (\$6.25) | (\$6.51) | (\$4.13) | (\$2.69) | (\$2.33) | (\$2.56) | (\$2.87) |
| <b>SURPLUS &lt;DEFICIT&gt; (3)</b>              |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Net 1992 Present Value @ 4% Discount Rate       |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Surplus <Deficit> (4)                           |        |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |

(1) Based on Dept. of Finance projections of TOT not yet committed to existing and planned Balboa Park and Mission Bay projects. Mission Bay capital costs already funded or approved in the CIP include shoreline reclamation, selected restrooms, Salt Bay development, and miscellaneous projects. Distribution will depend on future City policy.

(2) Amount would be less if a hotel is built on the De Anza site. In total, capital costs and the deficit would be approximately \$3.13 million less in 1992\$.

(3) Assumes that capital costs are evenly distributed over the planning period.

(4) Discounted at 4% inflation rate per year.

**Table 10B: CAPITAL IMPROVEMENTS FINANCING - ASSUMING ONLY LAND LEASE INCREMENT FROM REDEVELOPING EXISTING LEASES AND NEW LEASES ARE DEDICATED TO NEW PARK IMPROVEMENTS**

|   | 1992      | 1993     | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     |  |
|---|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--|
| (amounts in current million dollars)      |           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| LAND USE                                  | 1.00      | 1.04     | 1.08     | 1.12     | 1.17     | 1.22     | 1.27     | 1.32     | 1.37     | 1.42     | 1.48     | 1.54     | 1.60     | 1.67     | 1.73     | 1.80     | 1.87     | 1.95     | 2.03     | 2.11     | 2.19     |  |
| TOTAL '92S                                | 1.00      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| FINANCING SOURCES                         |           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| 100% of Incremental Lease Revenue         | -         | \$0.12   | \$0.10   | \$0.21   | \$0.11   | \$0.19   | \$1.36   | \$1.77   | \$1.86   | \$2.15   | \$2.33   | \$2.16   | \$2.70   | \$2.89   | \$3.03   | \$3.17   | \$4.97   | \$5.33   | \$5.56   | \$5.80   | \$6.06   |  |
| TOT Share (1)                             | -         | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.17     | 0.71     | 1.01     | 1.32     | 1.66     | 2.01     | 2.37     | 2.76     | 3.16     | 3.56     | 5.48     | 6.55     | 7.05     | 7.56     |  |
| Water Utility Funds                       | -         | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |  |
| Transient Occupancy Tax Increment         | -         | -        | 0.12     | 0.13     | 0.14     | 0.14     | 1.33     | 1.44     | 1.48     | 1.48     | 1.50     | 1.35     | 1.55     | 1.56     | 1.61     | 1.63     | 2.56     | 2.66     | 2.69     | 2.72     | 2.76     |  |
| Sales Tax Increment                       | -         | -        | 0.00     | 0.00     | 0.01     | 0.01     | 0.04     | 0.05     | 0.05     | 0.05     | 0.05     | 0.04     | 0.05     | 0.05     | 0.05     | 0.05     | 0.08     | 0.08     | 0.08     | 0.08     | 0.08     |  |
| Possessory Interest Tax Increment         | -         | -        | 0.01     | 0.01     | 0.01     | 0.01     | 0.10     | 0.11     | 0.11     | 0.11     | 0.11     | 0.10     | 0.12     | 0.12     | 0.12     | 0.12     | 0.19     | 0.20     | 0.20     | 0.20     | 0.20     |  |
| Total Financing Funds                     | \$0.00    | \$2.12   | \$2.23   | \$2.35   | \$2.28   | \$2.35   | \$4.83   | \$3.53   | \$4.18   | \$4.80   | \$5.32   | \$5.31   | \$6.43   | \$7.01   | \$7.57   | \$8.14   | \$11.39  | \$13.78  | \$15.08  | \$15.88  | \$16.67  |  |
| PROJECTED CAPITAL COSTS                   |           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Total Capital Costs In 1992S              | \$171.12  |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| North End Improvements                    | 18.00     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Fiesta Island & Bay Improvements          | 33.25     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| South Shores Improvements                 | 21.90     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Park-Wide Improvements                    | 63.75     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Design & Administration @ 25%             | 34.22     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Total Capital Costs in Inflated \$ (2)(3) | \$264.86  | \$0.00   | \$8.90   | \$9.25   | \$9.62   | \$10.01  | \$10.41  | \$11.71  | \$11.71  | \$12.16  | \$12.66  | \$13.17  | \$13.70  | \$14.25  | \$14.82  | \$15.41  | \$16.02  | \$16.67  | \$17.33  | \$18.03  | \$18.75  |  |
| CASH FLOW BALANCE IN INFLATED \$          | \$0.00    | (\$6.77) | (\$7.02) | (\$7.27) | (\$7.75) | (\$8.06) | (\$6.00) | (\$7.73) | (\$7.53) | (\$7.36) | (\$7.34) | (\$7.86) | (\$7.27) | (\$7.24) | (\$7.25) | (\$7.27) | (\$4.63) | (\$2.91) | (\$2.24) | (\$2.16) | (\$2.08) |  |
| SURPLUS <DEFICIT> (3)                     |           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Net 1992 Present Value @ 4% Discount Rate | (\$84.84) |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |
| Surplus <Deficit> (4)                     |           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |  |

(1) Based on Dept. of Finance projections of TOT not yet committed to existing and planned Balboa Park and Mission Bay projects. Mission Bay capital costs already funded or approved in the CIP include shoreline reclamation, selected restrooms, Sail Bay development, and miscellaneous projects. Assumes 50% of uncommitted TOT funds are available for Mission Bay Park (with the balance available for Balboa Park's East Mesa projects). The actual distribution will depend on future City policy.

(2) Amount would be less if a hotel is built on the De Anza site. In total, capital costs and the deficit would be approximately \$3.13 million less in 1992 \$.

(3) Assumes that capital costs are evenly distributed over the planning period.

(4) Discounted at 4% inflation rate per year.

**Table 10C: CAPITAL IMPROVEMENTS FINANCING - ASSUMING ONLY WATER UTILITY FUNDS ARE DEDICATED TO NEW PARK IMPROVEMENTS**

|  | 1992     | 1993   | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      |           |
|--|----------|--------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (amounts in current million dollars)       |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| LAND USE                                   |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| TOTAL 1925                                 | 1.00     | 1.04   | 1.06     | 1.12     | 1.17     | 1.22     | 1.27     | 1.32     | 1.37      | 1.42      | 1.48      | 1.54      | 1.60      | 1.67      | 1.73      | 1.80      | 1.87      | 1.95      | 2.03      | 2.11      | 2.19      |           |
| Inflation Factor @ 4%/Yr.                  |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| FINANCING SOURCES                          |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 100% of Incremental Lease Revenue          | -        | \$0.00 | \$0.00   | \$0.00   | \$0.00   | \$0.00   | \$0.00   | \$0.00   | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    | \$0.00    |           |
| TOT Share (1)                              | -        | 0.00   | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |           |
| Water Utility Funds                        | -        | 2.00   | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |           |
| Transient/Occupancy Tax Increment          | -        | -      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |           |
| Sales Tax Increment                        | -        | -      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |           |
| Possessory Interest Tax Increment          | -        | -      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |           |
| Total Financing Funds                      | \$0.00   | \$2.00 | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    | \$2.00    |           |
| PROJECTED CAPITAL COSTS                    |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Total Capital Costs in 1992\$              | \$171.12 |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| North End Improvements                     | 18.00    |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Fiesta Island & Bay Improvements           | 33.25    |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| South Shores Improvements                  | 21.90    |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Park-Wide Improvements                     | 63.75    |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Design & Administration @ 25%              | 34.22    |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Total Capital Costs in Inflated \$ (2)/(3) | \$284.86 | \$0.00 | \$8.80   | \$9.25   | \$9.62   | \$10.01  | \$10.41  | \$10.83  | \$11.28   | \$11.71   | \$12.18   | \$12.68   | \$13.17   | \$13.70   | \$14.25   | \$14.82   | \$15.41   | \$16.02   | \$16.67   | \$17.33   | \$18.03   | \$18.75   |
| CASH FLOW BALANCE IN INFLATED \$           | \$284.86 | \$0.00 | \$8.80   | \$7.25   | \$7.62   | \$8.01   | \$8.41   | \$8.83   | \$9.28    | \$9.71    | \$10.18   | \$10.68   | \$11.17   | \$11.70   | \$12.25   | \$12.82   | \$13.41   | \$14.02   | \$14.67   | \$15.33   | \$16.03   | \$16.75   |
| SURPLUS <DEFICIT> (3)                      |          | \$0.00 | (\$0.80) | (\$7.25) | (\$7.62) | (\$8.01) | (\$8.41) | (\$8.83) | (\$11.28) | (\$11.71) | (\$12.18) | (\$12.68) | (\$13.17) | (\$13.70) | (\$14.25) | (\$14.82) | (\$15.41) | (\$16.02) | (\$16.67) | (\$17.33) | (\$18.03) | (\$18.75) |
| Net 1992 Present Value @ 4% Discount Rate  |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Surplus <Deficit> (4)                      |          |        |          |          |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |

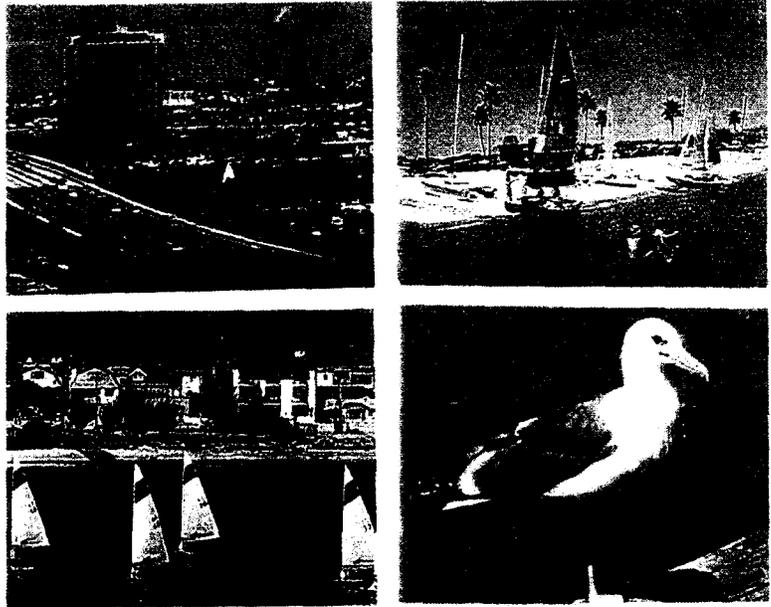
(1) Based on Dept. of Finance projections of TOT not yet committed to existing and planned Balboa Park and Mission Bay projects. Mission Bay capital costs already funded or approved in the CIP include shoreline reclamation, selected restrooms, Sail Bay development, and miscellaneous projects. Assumes 50% of uncommitted TOT funds are available for Mission Bay Park (with the balance available for Balboa Park's East Mesa projects). The actual distribution will depend on future City policy.

(2) Amount would be less if a hotel is built on the De Anza site. In total, capital costs and the deficit would be approximately \$3.13 million less in 1992 \$.

(3) Assumes that capital costs are evenly distributed over the planning period.

(4) Discounted at 4% inflation rate per year.

## XI. IMPLEMENTATION



The continuing development of Mission Bay Park requires a course that acknowledges the realities of funding, leasehold terms, recreational priorities, and new investment opportunities. As these “realities” are engaged over the next 20 years, it will be necessary to adjust and fine tune this Plan’s recommendations. Such “mid-course” corrections, however, should sustain the collective vision for the Park of “Parks Within a Park,” which has been crafted through intensive public scrutiny and participation. Below are described the potential constraints and priorities that should guide the development of the Park towards this collective vision.

### IMPLEMENTATION CONSTRAINTS

Over the years the City has negotiated long-term leases with various individuals, organizations and institutions in the interest of gaining revenue and providing additional recreational opportunities. Of these, the following affect the implementation of this Plan:

**1. De Anza Trailer Resort; 2003 Lease Termination Date.**

The Trailer Resort contains over 500 separate leases with mobile home tenants. Prior to the start of the Master Plan Update, the De Anza Corporation was considering the redevelopment of the site into a hotel resort, which would have included the relocation of the tenants, as well as the creation of a 40-acre public park. However, a formal development proposal was not submitted. When and if the De Anza Corporation, or any other interested party, submits plans for part or all of the Study Area site, the City would review such proposals in accordance with the goals and objectives of this Plan, and the development criteria set forth for the De Anza Special Study Area, contained in the Land Use Section of this Plan.

**2. Campland on the Bay; 2017 Lease Termination Date.**

The De Anza Corporation also holds the Campland on the Bay lease. To meet overriding environmental and recreational objectives, this Plan suggests that "Campland" be relocated to the east side of Rose Creek as part of the De Anza Special Study Area.

Given the constraint imposed by the Trailer Resort lease termination date, it is not likely that the relocation of Campland to the De Anza Special Study Area site will occur prior to 2003, unless, of course, the lessee submits new redevelopment plans abiding by the SSA development criteria prior to this date.

A second possibility is for the lessee to effectuate Campland's relocation in 2003, following the abandonment of the Trailer Resort. At this time the lessee might have the impetus to renegotiate a new long-term lease, possibly east of Rose Creek, within the SSA.

The opposite scenario would be that the lessee chooses to remain in its present location through its lease termination date, at which time the property would revert to public use under the terms of the Kapiloff Bill (AB 447-1981). This would represent a 14-year delay in the implementation of the proposed wetland at the outfall of Rose Creek.

### **3. Sludge Beds; 1998 Estimated Abandonment.**

The City's Water Utilities Department estimates that the sludge bed operations in Fiesta Island will remain active through 1998, possibly a few years beyond. Therefore, the development of the Island's southern peninsula into regional parkland, representing about 100 acres, cannot be implemented prior to this date. It would be of significant benefit to the Park, obviously, to secure the abandonment of the sludge beds at the earliest possible date. Abandoning the sludge beds also means the removal of the odor associated with them that affects East Shores and will affect the South Shores new development areas.

### **PRIORITIES**

With a \$170 million total implementation cost, of which only about \$90 million can be financed under the recommended incremental land lease revenue scenario (see Section X, Economics, Forecast Scenario B), a clear set of priorities should be established to guide the continuing development of the Park. Such priorities should seek to maximize short-term benefit for the least possible cost. The City agrees to prepare and complete, no later than 2 years from the effective certification of this LCP amendment, a capital improvement program for the development of significant public recreational facilities, including but not limited to, necessary infrastructure improvements at Fiesta Island and South Shores. This program will identify strategies for funding in addition to the mitigation funds (\$3.8 million) currently available for the recreational improvements. The capital improvement program will include a phasing component in order to ensure that the recreational improvements will be developed commensurate with new commercial development approved in the Park. The City agrees to make recreational improvements on Fiesta Island and South Shores the highest priority.

### ***Recommendations***

The recommendations below represent a course of implementation based on what can be accomplished to the immediate benefit of the public, without incurring excessive "up-front" costs nor causing undue environmental impacts. Dollar amounts are approximate 1992 development costs.

**134. South Shores Development:** The proposed parkland areas of South Shores, totaling about \$13.5 million in costs (not including the embayment costs), can proceed immediately following the adoption of the Master Plan Update and certification of its Environmental Impact Report (EIR). Comprising over 40 acres of parkland, this area can accommodate over 2,000 people, plus bring nighttime and increased seasonal visitors to the Park (amphitheater and waterfront promenade). Accordingly, the development of South Shores should be a high priority.

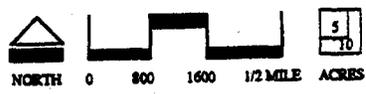
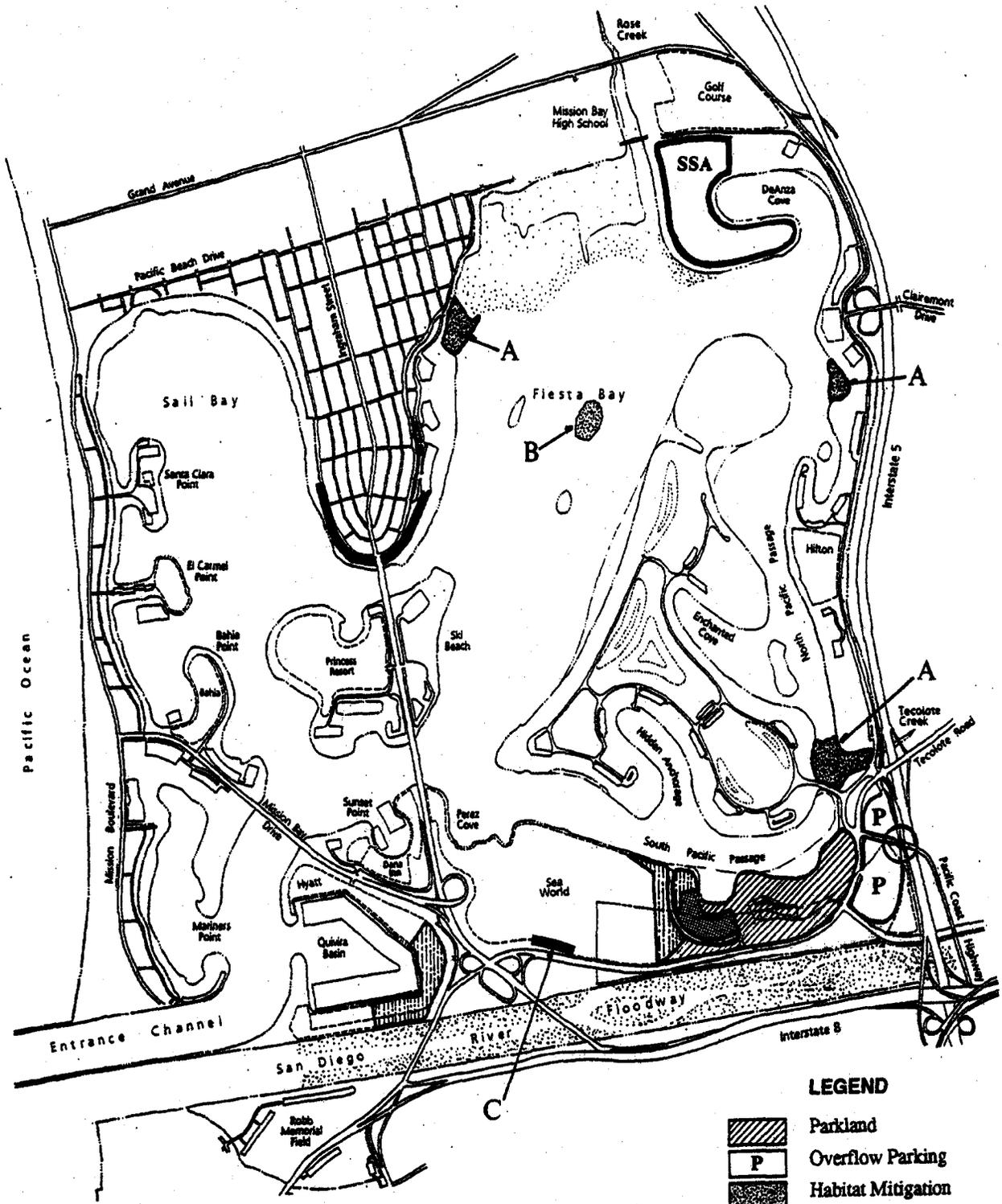
In addition to the development of parkland areas, the planned boat ramp and trailer parking should proceed in accordance with the site development adjustments as described in Recommendation 114. Along with the ramp, relocation of the Ski Club should be pursued.

**135. De Anza Ramp:** Regulated use of the De Anza boat ramp should proceed immediately following the approval of the Master Plan Update.

**136. Overflow Parking:** Nearly three quarters of the overflow parking (2,000 spaces) are targeted for special event (Over-the-Line, Thunderboats) and will become “due” when the parkland areas of Fiesta Island are developed following the abandonment of the sludge beds. Until then, this parking can remain in Fiesta Island as currently provided and managed. Therefore, to service the new parkland areas of South Shores, 500 or so spaces should be developed in the southern portion of the overflow parking area, which could remain unpaved. For evening amphitheater events, the South Shores boat ramp parking could also be pressed into service.

Because such parking would be within convenient walking distance from the South Shores parkland, a tram service would not be required in this initial phase of implementation.

**137. Mitigation Areas:** Initial park improvements may require mitigation prior to the development of the main habitat area in the northeast quadrant of the Park. However, the following sites would be available for the development of natural habitats immediately following adoption of the Master Plan Update and certification of its EIR:



**Priority Development Areas**  
*figure 33*

- LEGEND**
-  Parkland
  -  Overflow Parking
  -  Habitat Mitigation
  -  Commercial Leases
  -  Special Study Area
  -  Pathway Improvement
  -  Pacific Highway Underpass
  -  Boat Ramp & Trailer Parking
- A** Marsh  
**B** Eelgrass  
**C** Overpass

- Tecolote Creek Marsh: 12 acres, \$1.2 million
- Potential marsh expansion at north end of Crown Point Shores: 5 acres, \$0.5 million
- Marsh area south of Visitor and Information Center: 4 acres, \$0.4 million

**138. Bicycle and Pedestrian Paths:** New bike and pedestrian paths will be developed as part of the South Shores implementation. Other path improvements receiving priority should be:

- Sea World Drive overpass: \$1.2 million. This improvement will allow visitors uninterrupted movement from South Shores to Ingraham Boulevard.
- Crown Point Shores boardwalk: 1,000 linear feet, \$0.5 million.
- Tecolote Creek path widening: 500 linear feet, \$0.5 million.

These improvements would leave the Rose Creek bridge, a \$2 million cost, as the only remaining link towards completing a pathway system around the Park.

**139. Commercial Development:** From a revenue stand-point, it would be of clear benefit to the City to facilitate the early redevelopment of as many new commercial leases as possible.

Three lease areas are subject to specific development criteria: De Anza Point, Bahia Point, and Dana Inn at Sunset Point/ Dana Landing. The City should pursue negotiations with these lessees to intensify their leaseholds and achieve this Plan's environmental, recreational, and commercial objectives for these areas.

Other proposed commercial lease areas only require adherence to the Design Guidelines. Of these, the following commercial recreation sites would potentially yield high revenue and could be redeveloped immediately following adoption of the Master Plan Update and certification of its EIR:

- Marina Village: 500-room hotel and conference center.
- South Shores: 16.5-acre "best-use" development.

[Blank Page]