Presentation to the Mission Bay Park Improvement Fund Oversight Committee
July 9, 2019
In 2002, a City Council ordinance established two special funds:
- Mission Bay Improvement Fund
- Regional Park Improvement Fund

These funds received revenue from the Mission Bay leases in excess of $20 million.

Proposition C passed in 2008, bringing new City Charter requirements.

Measure J passed in 2016, amending Charter Section 55.2 requirements.
Audit Objectives

- The City Charter requires an annual audit. Each audit report must contain:
  - a complete accounting of all revenues received,
  - the amount and nature of all expenditures, and
  - whether expenditures were consistent and compliant with City Charter requirements.

- Audit objectives include verification that the Fiscal Year 2018:
  - collection,
  - allocation, and
  - use of Mission Bay Park lease revenues are in compliance with City Charter requirements.
The adjusted Mission Bay lease revenue totaled $32,636,552.

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Allocation Breakdown in excess of the threshold</th>
<th>FY 2018 Allocation Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Regional Parks Improvement Fund</td>
<td>35% or $3.5 million, whichever is greater, in excess of the $20 million threshold</td>
<td>$4,422,793</td>
</tr>
<tr>
<td>Mission Bay Park Improvement Fund</td>
<td>65% of the excess over the $20 million threshold, if less than the 65% then, the remainder after the San Diego Regional Parks allocation</td>
<td>$8,213,759</td>
</tr>
</tbody>
</table>
## FY 2018 Financial Activity

<table>
<thead>
<tr>
<th>Description</th>
<th>Mission Bay Improvement Fund</th>
<th>Regional Parks Improvement Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter 55.2 revenues exceeding expenditures as of June 30, 2017</td>
<td>$ 35,817,495</td>
<td>$ 15,411,372</td>
</tr>
<tr>
<td>Revenue, excluding unrealized gains and losses</td>
<td>$ 8,654,483</td>
<td>$ 4,604,146</td>
</tr>
<tr>
<td>Expenses, net of depreciation</td>
<td>$ &lt;6,266,591&gt;</td>
<td>$ &lt;2,756,468&gt;</td>
</tr>
<tr>
<td>Revenue exceeding expenditures as of June 30, 2018</td>
<td>$ 38,205,387</td>
<td>$ 17,259,050</td>
</tr>
</tbody>
</table>
Other Pertinent Information:
Mission Bay Park Committee Members with Terms exceeding 8 consecutive years

Based on information available during audit:

<table>
<thead>
<tr>
<th>Appointment Date</th>
<th>Last Meeting Attended</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee Member A</td>
<td>12/17/2009</td>
<td>3/5/2019</td>
</tr>
<tr>
<td>Committee Member B</td>
<td>12/17/2009</td>
<td>3/5/2019</td>
</tr>
</tbody>
</table>

- The Municipal Code states the maximum term for this committee is 8-years.
- The City Attorney’s Office advised that the Municipal Code and State Law allow for Advisory Board members whose terms have expired to continue serving until a replacement is appointed.
- However, we wanted to bring this issue to the attention of the Office of the Board and Commission since Municipal Code Section 26.30 (C)(4) specifically states members shall serve a maximum of eight consecutive years and an interval of four years must pass before being reappointed.
• During the audit, we noted that there were 127 (24%) Citywide holdover agreements out of the City’s 520 active agreements. There are eight holdovers within the Mission Bay area and subject to this audit. We decided not to address the issue within this report. Instead we decided to add the agreement holdover process to our FY 2020 workplan and conduct an audit that will allow us to address all the 127 Citywide holdover agreements.
Conclusion

- Mission Bay Rents was accounted for and appropriately allocated to the respective Improvement Funds.

- We found that the FY 2018 Mission Bay Improvement Fund post charter expenditures of $6,266,591, and Regional Parks Improvement Fund post charter expenditures of $2,756,468 were allowable, appropriate and complied with Charter requirements.

- Prior recommendation to have the City Treasurer routinely audit De Anza RV Park management company has been implemented. The first audit was completed in December 2018.

- We found 2 Mission Bay Park Committee members have exceeded the maximum term limits pursuant to the Municipal Code.

- We found 8 holdover agreements within the Mission Bay, and this issue will be addressed by a future audit of Citywide holdovers.
We request that the Mission Bay Park Improvement Fund Oversight Committee accept the audit report.