

# Office of the City Auditor

## Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds for Fiscal Year 2020

Presentation to the Mission Bay  
Improvement Fund Oversight Committee  
November 2, 2021





# Background

- 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 2020:
  - collection,
  - allocation, and
  - use of Mission Bay Park lease revenues are in compliance with City Charter requirements.



## The City of San Diego continues to be in compliance with the requirements of Charter Section 55.2.

We found that:

- All Revenue received in FY2020 was properly recorded.
- All Expenditures charged to the improvement funds were consistent and in compliance with the City Charter.
- Both Improvement Fund oversight committees are being provided the necessary information to carry out their charge and they are meeting regularly in compliance with the City Charter.



## FY 2020 Mission Bay Park Lease Revenue

The adjusted Mission Bay lease revenue totaled \$25,879,922.

Fund Name	Allocation Breakdown in excess of the threshold	FY 2020 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or \$3.5 million, whichever is greater, in excess of the \$20 million threshold	\$3,500,000
Mission Bay Park Improvement Fund	65% of the excess over the \$20 million threshold, if less than the 65% then, the remainder after the San Diego Regional Parks allocation	\$2,379,922

## FY 2020 Financial Activity

	Mission Bay Improvement Fund	Regional Parks Improvement Fund
Charter 55.2 revenues exceeding expenditures as of June 30, 2019	\$ 42,785,955	\$ 18,210,149
Revenue, excluding unrealized gains and losses	\$ 3,333,430	\$ 3,831,994
Expenses, net of depreciation	\$ <7,346,290>	\$ <7,488,806>
Revenue exceeding expenditures as of June 30, 2020	\$ 38,773,095	\$ 14,553,337



## Finding 1: Real Estate Assets Department is not properly staffed for managing Mission Bay Park Leaseholds

- A full-time position that used to manage this area was eliminated from the FY2021 Budget
- No site visits were completed during the audit period.
- Additional review requirements have been added by the State when leases come up for renewal.

### **RECOMMENDATION:**

- The department put a plan together to ensure this area is properly staffed to effectively manage the leaseholds.
  - **Department Response:**
    - A program manager was hired to oversee the portfolio and supervise staff.
    - The department received approval to fill an additional agent position to assist and is currently working to fill it.



## Finding 2: Mission Bay Park Committee Member with Term exceeding 8 consecutive years

Based on information available during audit:

	Appointment Date	Last Meeting Attended	Duration
District 6 Member	12/17/2009	4/6/2021	11.3 Years

- The Municipal Code states the maximum term for this committee is 8 consecutive 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.
- **RECOMMENDATION:**
  - The Office of the Boards and Commissions either request revision to Municipal Code Section 26.30 (C)(4) which specifically states members shall serve a maximum of eight consecutive years and an interval of four years must pass before being reappointed, or replace the committee member.





## Conclusion

- Mission Bay Rents were accounted for and appropriately allocated \$5,879,922 to the respective Improvement Funds.
- We found that the FY 2020 Mission Bay Improvement Fund charter expenditures of \$7,346,290 and Regional Parks Improvement Fund charter expenditures of \$7,488,806 were allowable, appropriate and complied with Charter requirements.
- We found that Real Estate Assets was not properly staffed to effectively manage the leaseholds on Mission Bay Park lands.
- We found 1 Mission Bay Park Committee member currently serving has exceeded the maximum term limit pursuant to the Municipal Code.



We request that the Committee  
accept the audit report.