



JERRY SANDERS
MAYOR

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SAN DIEGO
COUNTY GRAND JURY

July 15, 2010

Honorable Kevin A. Enright
Presiding Judge
San Diego County Superior Court
Hall of Justice
330 West Broadway, Suite 477
San Diego, CA 92101-3830

Subject: 2009/2010 Grand Jury Report entitled "Management of the Uptown Community Parking District"

Dear Judge Enright:

Pursuant to California Penal Code Section 933.05(a), (b) and (c), the City of San Diego provides the following responses to the findings and recommendations in the above entitled Grand Jury Report:

Finding 01: The City contracts with the Uptown Partnership to act in the best interest of the communities it serves.

Agree. The Uptown Partnership serves as the advisory board for the Uptown Community Parking District for the purpose of implementing and managing improvements that address parking impacts in the Uptown community. Pursuant to City Council Policy 100-18, each Community Parking District Advisory Board is required to develop, through community input, an annual improvement/implementation plan and budget for the next year. The Community Parking District plan must include the following components: community input strategy and incorporation; a budget to include sources and amounts of District revenues and proposed use; and proposed improvements to address the District's parking impacts.

Finding 02: From FY 1999 to FY 2009 the Uptown Partnership spent three times more on salaries and other overhead expenses than on projects.

Partially Disagree. City staff was unable to confirm the expense ratios stated in the report based on a preliminary review of summary tax return information. It is important to note that staff costs related to the provision of a direct service, such as selling parking cards, are not considered overhead. Also, an analysis of expenses from FY 1999 to FY 2009, based on tax returns or audits, would not include the project costs incurred by the City in implementing parking projects. It would however include as overhead the Uptown Partnership staff costs associated with providing additional project support, thus increasing the ratio. Further, Uptown staff expenses, in support of a specific project, are not treated as overhead. An example of such

a project is the Normal Street median project. This project was contracted by the City and overseen by a City Project Manager. Uptown Partnership staff provided Community Relations services, public meeting coordination and information dissemination.

City staff acknowledges that Uptown Community Parking District management could be more efficient. Therefore, the City will propose that Community Parking Districts' administrative costs be capped at a level consistent with the administrative caps on State and Federal programs.

Finding 03: City of San Diego elected officials and staff has a favorable opinion of the Partnership's management of the Uptown Community Parking District. However, this opinion is not shared by all of the stakeholders in the community.

Partially Disagree. The relationship between the City and the Uptown Partnership is governed by a contract. City of San Diego staff has no "opinion" on the management of the Uptown Partnership other than to determine compliance with the provisions outlined in the contract between the City and Partnership. In order to determine compliance with City requirements, staff reviews annual Implementation Plans and Budgets, and requests adjustments to eliminate ineligible expenses or to clarify expenses. Staff has questioned the description of certain activities to draw out detail or gain a greater understanding of the program or project. Staff then submits the revised documents to Council for approval.

Finding 04: The Uptown Partnership has implemented changes recommended by City officials to enhance transparency of management activities.

Agree. In spring 2009, questions were raised regarding the governance, transparency, and management of the Community Parking Districts. These issues were summarized in a letter from Councilmembers Faulconer and Gloria sent to the Uptown Partnership Board in May 2009. The letter suggested several improvements to the Uptown Partnership Board and committee structure.

Uptown Partnership addressed the governance and transparency issues. The Uptown Partnership added information to its website to facilitate review of Uptown finances and activities; conducted meetings to gather input on community issues; and ultimately modified its governance structure and procedures to be more representative of affected communities. The Uptown Partnership increased its Board of Directors from nine (9) directors to 12 directors, set term limits, and added procedures for electing directors that do not rely solely on self-selection, as is customary for nonprofit corporations that have no members. The changes are noted on page 6 of the FY2011 Uptown CPD Implementation Plan and Budget (Attached).

Since the FY2011 Uptown CPD Implementation Plan and Budget was issued, a business representative from Bankers Hill – Park West has been seated on the Board along with a resident representative recommended by the Hillcrest Town Council.

RECOMMENDATIONS

10-52: Analyze the contract between Uptown Partnership, Inc. and the City of San Diego to determine its impact on the City's general fund revenues.

Response: This recommendation has not yet been implemented. Pursuant to Council Policy 100-18 and Municipal Code Sections 82.08 and 82.09, revenue collected from parking meters may be expended towards the costs involved in the regulation, control, and management of the parking of vehicles and the control and management of traffic (including pedestrian and vehicle safety, comfort, and convenience) which may affect or be affected by the parking of vehicles in the parking meter zones. City staff will analyze existing expenses to determine the amount funded with parking meter revenues and the amount subsidized by the General Fund. If Uptown Community Parking District revenues currently allocated to Uptown Partnership could be used to defray parking-related expenses currently being subsidized by the General Fund then this could have a positive effect on the City's General Fund. The review and analysis will be conducted during the course of this fiscal year.

10-53: Consider redirecting the Uptown Community Parking District revenues to the City's General Fund.

Response: This recommendation has not yet been implemented. The City Attorney provided a Memorandum on April 29, 2009 to the Budget and Finance Committee on the subject of the "Use of Parking Meter Funds for Traffic-Related Issues". As part of the analysis, it was noted that the City's parking meter fees are regulatory fees which must comply with state law and that the general standard of what constitutes a proper regulatory fee is set forth in California Government Code section 50076 which states: *"As used in this article, "special tax" shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged and which is not levied for general revenue purposes."* Therefore, parking meter revenue may only be applied to eligible/appropriate General Fund expenses. The analysis referenced in response to Recommendation 10-52 is required to determine the feasibility of this recommendation.

10-54: Review and consider the need for the Uptown Community Parking District.

Response: This recommendation has not yet been implemented.

Given some restrictions on the use of the Parking Meter revenue and the interest and local knowledge of community members in developing projects to address local parking impacts, further review and analysis is required to determine the benefits and efficiencies of maintaining the Uptown Community Parking District. Such review and analysis will be conducted during the course of this fiscal year.

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Please contact William Anderson, City Planning & Community Investment Department Director at 619-236-6361 if you any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'JS', is written over the printed name 'JERRY SANDERS'.

JERRY SANDERS
Mayor

cc: San Diego County Grand Jury
Chief Operating Officer
City Council
Department Director
City Clerk
Administration Department Director