

## 5. The Open Space Fund

- In FY 2005-2006, the Open Space Fund budget is \$27,746,427, which equals 23.8 percent of the Department's total FY 2005-2006 budget of \$116,630,020. During the last ten years, there has been an upward trend in Open Space Fund support for the Department's personnel costs in terms of (a) actual dollars budgeted for personnel each year, (b) the percentage of the Department's total personnel budget, and (c) the percentage of the Open Space Fund itself. During the four years from FY 2002-2003 to FY 2005-2006, while there has also been a significant upward trend in the Open Space Fund support for the Department's overhead costs, the Open Space Fund support for non-personnel and capital projects trended significantly downwards.
- The Department was not able to provide documentation on the Department's compliance with the Charter's Open Space Fund requirements during the 13 years of Proposition J (FY 1975-1976 through FY 1987-1988) or during the first seven years of Proposition E (FY 1988-1989 through FY 1994-1995). However, the Department did provide evidence of its compliance with the Open Space Fund allocation requirements during the last five years of Proposition E (FY 1995-1996 - FY 1999-2000).
- The Department has also complied with the Open Space Fund allocation requirements under Proposition C (FY 2000-2001 to date), with the exception that the Department has failed to routinely budget 3 percent of the total fund for an undesignated contingency reserve, as required by Proposition C. This needs to be rectified to ensure compliance with Charter requirements. Such a reserve would improve the financial condition of the Open Space Fund and would ensure that funding for unanticipated needs is available. The FY 2005-2006 shortfall for the undesignated contingency reserve is \$52,585.
- In the 30 years since 1975 that the Open Space Fund has operated, the City has spent \$25,313,955 and accepted gifts, bequests, and inter-agency jurisdictional transfers to acquire 91.67 acres of land at 56 sites in nine of the 11 Supervisorial districts.
- The Department is developing a much needed property acquisitions policy to guide future Open Space Fund property acquisitions. A formal property acquisitions policy will enable the Department to identify properties that it wants to acquire in order to achieve its long-term recreation and park policy goals.

## **History**

In 1975, the Open Space Acquisition and Park Renovation Program ("Open Space Program") was established under Proposition J to set aside a portion of the City's property tax revenue (\$0.025 of each \$100 assessed valuation) for 15 years, through FY 1989-1990, to enhance the City's ability to purchase open space, acquire property for recreation facilities, and develop and maintain those facilities. The program funded over 35 acquisition and development projects and over 250 renovation projects.

In November of 1988, voters approved Proposition E which amended Charter Section 6.413 to (a) extend the Open Space Program by 15 years through FY 2004-2005, and (b) expand the program to include funding for children's services such as the after school program, maintenance of existing parks and open spaces, other recreational programs, and program administration.

The expanded Proposition E program was administered by the Recreation and Park Department within the parameters of an annually updated Five Year Plan approved by the Recreation and Park Commission, the Planning Commission, and the Board of Supervisors. Open Space Program funds had to be allocated consistent with the Recreation and Open Space Element of the City's General Plan. The Recreation and Park Department received advice from a 23 member Park and Open Space Citizens Advisory Committee which held public hearings from September through February each year to consider residents' requests for use of Open Space Program funds.

Monies collected under the Open Space Program were set aside for the following functions:

- Property acquisition and development (a minimum of 24 percent of the total fund).
- Property renovation (a minimum of 9 percent of the total fund).
- Maintenance of properties acquired and renovated under the program (a maximum of 40 percent of the total fund).
- The establishment and operation of after school programs at both Recreation and Park Department and San Francisco Unified School District facilities (a minimum of 12 percent of the total fund).
- Administration (a maximum of 15 percent of the total fund).

One-time revenues, such as reallocations, interest earnings, or special deposits, were allocated for expenditure on specific acquisition and development projects in future years.

## **Proposition C (March of 2000)**

San Francisco voters approved Proposition C on March 7, 2000 which:

- Extends the Open Space Program's property tax funding sources through FY 2030-2031. Charter Section 16.107 specifically states that "Revenues obtained thereby shall be in addition to, and not in place of, any sums normally budgeted for the Department and, together with interest, shall be deposited into the Park, Recreation and Open Space Fund." Under Proposition C, the Park, Recreation and Open Space Fund ("Open Space Fund") replaced the former Park and Open Space Fund.
- Requires that (a) net increases in Department-generated revenues be dedicated to capital and/or facility maintenance improvements to park and recreational facilities, and (b) new revenues from outside sources be used only for enhancement of park and recreation programs including capital and/or facility maintenance improvements. Departmental savings are to be retained by the Department for one-time expenditures. Therefore, funds which might otherwise be subsumed by the General Fund must stay in the recreation and park system.<sup>1</sup>
- Reorganizes how the funding can be used, how projects are prioritized, and how the program is implemented, by removing pre-determined percentages for the Open Space Fund's allocation, and requiring annually updated five-year strategic, capital, and operational plans. The budget must include a minimum 5 percent allocation for property acquisitions, a 3 percent allocation for a reserve, and continuation of the allocations for after-school recreation programs, urban forestry, community gardens, volunteer programs, and the natural areas management program at FY 1999-2000 levels, unless such programs are funded elsewhere.
- Requires that capital projects must be completed within three years of the budget allocation for design and construction, except when the Recreation and Park Commission waives the three year requirement by a two-thirds vote.
- Renamed the 23 member Park and Open Space Citizens Advisory Committee as the Park, Recreation and Open Space Advisory Committee (PROSAC).
- Permits the Board of Supervisors to authorize the issuance of revenue bonds for capital improvements, secured by the Open Space Fund, and allowed the Recreation and Park Commission to manage all aspects of those improvements.
- Authorizes the Department to manage its own capital projects, rather than relying exclusively on the Department of Public Works.

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<sup>1</sup> The City is permitted to increase revenues only in a manner consistent with its policy of charging City residents a lower fee than charged non-residents for the use and enjoyment of Department property.

## Expenditure Summary

### Open Space Fund Contribution to Department's Total Budget

As shown below in the Table 5.1 summary of the City's *Consolidated Budget and Annual Appropriation Ordinances* for the last ten years, the Open Space Fund has comprised a significant portion of the Department's total budget. During that time, the Open Space Fund only dropped below 19.0 percent of total funding in FY 2000-2001 and FY 2001-2002, the Department's two peak funding years due to the Capital Program Phase I ramp up immediately following the March 7, 2000 voter approval of Proposition C, the 2000 Neighborhood Parks Improvement Bonds.

During the last ten years, there has been an upward trend in Open Space Fund support for the Department's personnel costs in terms of:

- Actual dollars budgeted for personnel each year: \$7,140,623 of the Department's FY 1996-1997 personnel budget of \$42,368,599 was funded by the Open Space Fund compared to \$15,923,982 of the Department's FY 2005-2006 personnel budget of \$54,559,421. This is an increase of \$8,783,359 or approximately 123.0 percent. Over the same period, the Open Space Fund's contribution to the Department's total budget increased from \$16,034,059 to \$27,746,427, an increase of \$11,712,368 or approximately 73.0 percent. This indicates that the Open Space Fund's contribution to the Department's personnel budget is growing at a significantly faster rate than its contribution to the Department's overall budget. This indication is further confirmed by that fact that the Open Space Fund's \$8,783,359 contribution to the increase in the personnel budget is approximately 75.0 percent of the Open Space Fund's \$11,712,368 contribution to the increase in the Department's total budget.
- The percentage of the Department's total personnel budget: 16.9 percent of the FY 1996-1997 total personnel budget was funded by the Open Space Fund compared to 29.2 percent in FY 2005-2006. This is an increase of 12.3 percent.
- The percentage of the Open Space Fund itself: 44.5 percent of the FY 1996-1997 Open Space Fund was expended on personnel compared to 57.4 percent in FY 2005-2006. This is an increase of 12.9 percent.

As noted above, the Open Space Fund is created by Charter Section 16.107 which specifically states that "Revenues obtained thereby shall be in addition to, and not in place of, any sums normally budgeted for the Department and, together with interest, shall be deposited into the Park, Recreation and Open Space Fund." The Budget Analyst questioned how the Open Space Fund's increasing percentage contributions to the Department's total budget and personnel costs fit within that Charter requirement. In response, the Department stated that it "is in full compliance with the Charter mandates regarding the use of Open Space revenue" and that Proposition C allows the Department to retain expenditure savings to be dedicated to one-time expenditure needs in the forthcoming fiscal year. Expenditure savings in the amount of \$600,000 in FY 2001-

2002 were appropriated in the Department's FY 2002-2003 budget for technology enhancements. During FY 2002-2003 and FY 2003-2004 there was a required expenditure savings from every General Fund department to revert back to support the City's General Fund at year-end. However, because of the Recreation and Park Department's ability to retain savings via Proposition C, the Department was allowed to transfer savings in the amounts of \$3.5 million (FY 2002-2003) and \$1.8 million (FY 2003-2004) back into its own budget to supplement its General Fund support in both fiscal years.

Please note that the figures contained in Table 5.1 below are based on the Department's budgeted figures, as approved by the Board of Supervisors at the beginning of each fiscal year. These figures indicate the intent of the Board of Supervisors.

**Table 5.1**  
**Open Space Fund Contribution to the Department's Total**  
**Budget and the Department's Personnel Budget,**  
**FY 1996-1997 Through FY 2005-2006**

<b>Fiscal Year</b>	<b>Total Budget</b>	<b>Open Space Fund</b>	<b>Open Space Fund as % of Total Budget</b>	<b>Total Personnel</b>	<b>Personnel Funded by the Open Space Fund</b>	<b>% of Total Personnel Funded by the Open Space Fund</b>	<b>% of Open Space Fund Expended on Personnel</b>
1996-1997	74,218,771	16,034,059	21.6	42,368,599	7,140,623	16.9	44.5
1997-1998	78,918,943	16,064,200	20.4	47,057,727	7,316,869	15.5	45.5
1998-1999	84,249,636	16,026,467	19.0	51,024,985	8,209,086	16.1	51.2
1999-2000	89,297,805	17,975,983	20.1	52,480,777	9,422,607	18.0	52.4
2000-2001	125,465,545	19,761,967	15.8	53,908,807	9,998,324	18.5	50.6
2001-2002	142,403,626	21,151,745	14.9	57,564,536	10,968,284	19.1	51.9
2002-2003	112,315,444	25,992,454	23.1	55,968,427	12,301,977	22.0	47.3
2003-2004	106,489,982	28,123,456	26.4	52,509,515	13,475,671	25.7	47.9
2004-2005	104,465,111	24,466,992	23.7	52,610,528	11,698,740 <sup>2</sup>	22.2	47.8
2005-2006	116,630,020	27,746,427	23.8	54,559,421	15,923,982 <sup>3</sup>	29.2	57.4

Source: City and County of San Francisco, *Consolidated Budget and Annual Appropriation Ordinance*, FY 1996-1997 through FY 2005-2006

<sup>2</sup> In anticipation of a revenue bond sale for the Capital Program, a \$2 million debt service allocation was budgeted in the Open Space Fund for FY 2004-2005. To allow for this allocation, the Department moved 26 full time equivalent recreation staff positions from the Open Space Fund to the General Fund, thereby reducing the total personnel funded by the Open Space Fund. At that time, there were not enough funds in the Open Space Fund balance to afford both the debt service and the 26 full time equivalent recreation staff positions.

<sup>3</sup> In FY 2005-2006, the 26 full time equivalent recreation staff positions were moved back to the Open Space Fund because the revenue bond sale did not proceed.

## **Open Space Fund Expenditures by Category**

Since its inception in 1975, the Open Space Fund has been controlled by three separate pieces of legislation, Propositions J, E, and C. Each piece of controlling legislation has required the Department to allocate funding according to certain expenditure categories. Table 5.2 below illustrates how the Department's expenditures complied with the Charter requirements of (a) Proposition E between FY 1995-1996 and FY 1999-2000, and (b) Proposition C between FY 2000-2001 and FY 2005-2006.

The Department was able to derive the expenditure information in Table 5.2 from the City's Financial and Management Information System (FAMIS) which commenced in FY 1995-1996. The Department was not able to provide equivalent information for the first 19 years of the Open Space Fund (FY 1975-1976 through FY 1994-1995) because such expenditure information, if it exists within the Department, would be held in manual ledgers and there is no institutional knowledge within the Department about Open Space Fund expenditures during that period. Therefore, due to this lack of historic data, the Budget Analyst is unable to comment on the Department's compliance with the Charter's Open Space Fund requirements during the 13 years of Proposition J (FY 1975-1976 through FY 1987-1988) or during the first seven years of Proposition E (FY 1988-1989 through FY 1994-1995).

### Proposition E

As noted above, under Proposition E, monies collected under the Open Space Program between FY 1988-1989 and FY 1999-2000 were intended for the following functions:

- Property acquisition and development (a minimum of 24 percent of the total fund). As shown in Table 5.2 below, between FY 1995-1996 and FY 1999-2000, the Department complied by expending \$23,227,886 or approximately 27.9 percent of the monies collected on property acquisition and development.
- Property renovation (a minimum of 9 percent of the total fund) and maintenance of properties previously acquired and renovated under Proposition J (a maximum of 40 percent of the total fund). As shown in Table 5.2 below, between FY 1995-1996 and FY 1999-2000, the Department complied by expending \$37,626,489 or approximately 45.3 percent of the monies collected on property renovation and maintenance of Proposition J sites.
- The establishment and operation of after school programs at both Recreation and Park Department and San Francisco Unified School District facilities (a minimum of 12 percent of the total fund). As shown in Table 5.2 below, between FY 1995-1996 and FY 1999-2000, the Department almost complied by expending \$12,591,175 or approximately 15.1 percent of the monies collected on after school programs.
- Administration (a maximum of 15 percent of the total fund). As shown in Table 5.2 below, between FY 1995-1996 and FY 1999-2000, the Department complied by

expending \$7,642,856 or approximately 9.2 percent of the monies collected on administration and planning, plus an additional \$2,048,869 or approximately 2.5 percent on City overhead, for a total of \$9,691,725 or approximately 11.7 percent.

### Proposition C

As noted above, since FY 2000-2001 Proposition C has reorganized how Open Space Fund funding can be used, how projects are prioritized, and how the program is implemented, by removing pre-determined percentages for the Open Space Fund's allocation, with the following exceptions:

- A minimum 5 percent allocation for property acquisitions. Although Table 5.2 below shows that, during the life of Proposition J to date, the Department has only expended \$6,168,495 or approximately 4.3 percent of the monies collected on property acquisition, the Department advises that the 2001 acquisition of Esprit Park, which had an appraised value of \$9,780,000, more than met the 5 percent requirement for FY 2001-2002. The Department advises that the cost impact was outside the Recreation and Park Department budget because the Esprit Park property was exchanged for a development fee waiver at the Mission Bay Project in the amount of \$7,600,000. Therefore, no acquisition cost for Esprit Park is included in Tables 5.2 and 5.4.
- A 3 percent allocation for an undesignated contingency reserve. Table 5.2 below shows that, during the life of Proposition J to date, the Department has not routinely complied with this requirement. In FY 2005-2006, the \$779,808 budget for the undesignated contingency reserve is \$52,585 less than full 3 percent required (\$832,393). The Department advises that, each year, the figure budgeted for the undesignated contingency reserve is calculated as 3 percent of the Open Space Fund revenue estimate developed early in the budget development process. If the Open Space Fund revenue estimate subsequently increases during the budget development process, but the 3 percent figure is not recalculated, then the final undesignated contingency reserve amount budgeted can be less than required by Proposition J. The Department needs to ensure that the final undesignated contingency reserve appropriation calculation is based on the final Open Space Fund revenue estimate prepared by the Controller's Office for the annual appropriation ordinance. Fulfilling the requirement for a full 3 percent undesignated contingency reserve would improve the Open Space Fund's financial condition and ensure that funding for unanticipated needs is available.
- Continuation of the FY 1999-2000 base year allocations totaling \$3,610,034 for after school programs (\$2,383,015), urban forestry (\$475,000), community gardens (\$151,605), volunteer programs (200,414), and the natural areas management program (\$400,000), unless such programs are funded elsewhere. Table 5.2 below shows that, during the life of Proposition J to date, the Department has consistently expended more than the \$3,610,034 baseline each year.



Please note that the figures contained in Table 5.2 below are based on the Department's actual expenditure figures at the end of each fiscal year. Therefore, there is some difference in the figures for each year's annual Open Space Fund budgeted appropriations, as shown in Table 5.1 above, and actual expenditures, as shown in Table 5.2 below.

**Table 5.2**  
**Open Space Fund Expenditures By Category, 1995 - 2005**

Year	Acquisition and Development <sup>4</sup>		Renovation, and Maintenance of Proposition J Sites		City Overhead		After School Programs		Administration & Planning		Total
	\$	%	\$	%	\$	%	\$	%	\$	%	
<b><u>Proposition E</u></b>											
1995-96	\$6,822,633	36.8	\$7,439,088	40.1	388,055	2.1	\$2,878,857	15.5	\$1,016,337	5.5	<b>\$18,544,970</b>
1996-97	3,840,000	24.5	7,346,438	47.0	399,697	2.6	2,413,969	15.4	1,638,152	10.5	<b>15,637,983</b>
1997-98	3,848,000	24.7	7,294,522	46.9	399,697	2.6	2,760,894	17.7	1,263,000	8.1	<b>15,566,113</b>
1998-99	4,040,000	25.2	7,634,638	47.6	410,304	2.6	2,349,318	14.6	1,613,000	10.0	<b>16,047,260</b>
1999-00	4,677,253	27.0	7,911,803	45.6	451,116	2.6	2,188,410	12.6	2,112,367	12.2	<b>17,340,949</b>
<b>Prop E Total:</b>	<b>\$23,227,886</b>	<b>27.9</b>	<b>\$37,626,489</b>	<b>45.3</b>	<b>\$2,048,869</b>	<b>2.5</b>	<b>\$12,591,175</b>	<b>15.1</b>	<b>\$7,642,856</b>	<b>9.2</b>	<b>\$83,137,275</b>

<sup>4</sup> The Acquisition and Development amounts from FY 1995-1996 to FY 2000-2001 are budget amounts because they are continuing appropriations.

	Acquisition		3% Contingency		COWCAP <sup>5</sup>		Natural Areas, Urban Forestry, Community Gardens, After School, Volunteer Programs		Other Operating		Capital		Total
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
<b><u>Proposition C</u></b>													
2000-01	\$1,366,000	6.9	0	0.0	\$535,274	2.7	\$3,912,076	19.8	\$7,237,285	36.7	\$6,686,383	33.9	<b>\$19,737,018</b>
2001-02	0 <sup>6</sup>	0.0	633,582	3.0	524,175	2.5	3,712,568	17.8	8,627,302	41.4	7,330,350	35.2	<b>20,827,977</b>
2002-03	1,089,315	4.2	653,589	2.5	491,998	1.9	5,253,864	20.1	9,807,306	37.6	8,800,235	33.7	<b>26,096,307</b>
2003-04	1,200,000	4.7	725,000	2.8	700,743	2.7	4,750,123	18.6	10,530,796	41.2	7,650,000 <sup>7</sup>	29.9	<b>25,556,662</b>
2004-05	1,213,500	5.0	728,100	3.0	1,063,051	4.4	5,788,371	23.8	11,489,312	47.2	4,058,491	16.7	<b>24,340,825</b>
2005-06 (Budget)	1,299,680	4.7	779,808	2.8	1,350,360	4.9	5,743,084	20.7	15,998,449	57.7	2,575,047 <sup>8</sup>	9.3	<b>27,746,428</b>
<b>Prop C Total:</b>	<b>\$6,168,495</b>	<b>4.3</b>	<b>\$3,520,079</b>	<b>2.4</b>	<b>\$4,665,601</b>	<b>3.2</b>	<b>\$29,160,086</b>	<b>20.2</b>	<b>\$63,690,450</b>	<b>44.1</b>	<b>\$37,100,506</b>	<b>25.7</b>	<b>\$144,305,217</b>

Source: Recreation and Park Department

<sup>5</sup> The Department has consistently applied overhead costs to the Open Space Fund since FY 2003-2004. Prior to that, the Department was less consistent in its application of Department administrative costs to the Open Space Fund.

<sup>6</sup> The 2001 acquisition of Esprit Park, which had an appraised value of \$9,780,000, fulfilled the Proposition C 5 percent requirement, but the cost impact was outside the Recreation and Park Department budget.

<sup>7</sup> In FY 2003-2004, 28 full time equivalent employees associated with the Natural Areas and Urban Forestry Programs, and Open Space Program Management, were moved from capital to operating to more accurately reflect those employees' work product. At the same time, overall personnel costs were reduced due to employee pick-up of retirements costs in FY 2003-2004 and FY 2004-2005.

<sup>8</sup> In FY 2005-2006, 16 full time equivalent structural maintenance employees were transferred from capital to operating to more accurately reflect those employees' work product.

## Recent Open Space Fund Sources and Uses

Table 5.3 below shows that during the four years from FY 2002-2003 to FY 2005-2006:

- While the Open Space Fund trended upwards, from \$22,468,780 in FY 2002-2003 to \$26,399,467 in FY 2005-2006, total expenditures trended downwards in the three years between FY 2002-2003 (\$26,096,307) and FY 2004-2005 (\$24,340,825). The Department advises that this trend is explained by a variety of factors which differed from year to year. For example, employees picked up their retirement costs in FY 2003-2004 and FY 2004-2005, but the City picked up 5 percent of those costs in FY 2005-2006. Over this same period, certain positions were moved in and out of the Open Space Fund. For example, in FY 2003-2004, as part of the Department's implementation of its cost allocation plan, nine administrative positions were moved out of the Open Space Fund and into the Overhead Fund.
- Each year ended with an unspent fund balance, and this is projected to continue in FY 2005-2006. The largest unspent balance was \$3,159,613 in FY 2004-2005. The Department advises that it maintains such unspent fund balances in order to be fiscally prudent, and would prefer to maintain at least a 10 percent fund balance. Unspent fund balances buffer the Department and the Open Space Fund against unforeseen occurrences such as the assessment appeal reserve placed by the Controller's Office in FY 2002-2003 (\$2.3 million) and FY 2003-2004 (\$3.1 million) against revenue in all funds supported by property taxes. The unspent fund balances are completely separate from the Proposition C requirement that the Department fund a 3 percent contingency reserve.
- In line with Table 5.1 above, personnel, in terms of both dollars and as a percentage of total expenditures, has trended upwards significantly, from \$12,467,331 or 47.8 percent in FY 2002-2003<sup>9</sup> to \$15,923,982 or 57.4 percent in the FY 2005-2006 budget. This is an increase of \$3,456,651 or 9.6 percent, and reflects (a) cost of living increases for existing positions, (b) 12 full time equivalent new positions,<sup>10</sup> and (c) the transfer of approximately 50 full time equivalent positions from capital project budgets to operating budgets.
- Overhead, in terms of both dollars and as a percentage of total expenditures, has trended upwards since the Department commenced applying its cost allocation plan to the Open Space Fund, from \$4,617,610 or 18.1 percent in FY 2003-2004 to \$6,253,106 or 22.5 percent in the FY 2005-2006 budget. This is an increase of \$1,635,496 or 4.4 percent.

<sup>9</sup> These figures vary slightly from those shown in Table 5.1 above because Table 5.1 derives its budgeted expenditures from the City's *Consolidated Budget and Annual Appropriation Ordinances* while Table 5.2 uses actual expenditure figures for FY 2002-2003 through FY 2004-2005.

<sup>10</sup> In FY 2001-2002, 12 new positions were approved comprising (a) four gardeners for the Natural Areas Program, (b) four aquatics staff for the Martin Luther King, Jr. Swimming Pool reopening, (c) two custodians, (d) one gardener, and (e) one recreation director.

- Meanwhile, in terms of both dollars and as a percentage of total expenditures, non-personnel and capital expenditures have trended downwards significantly, from \$13,136,978 or 50.3 percent in FY 2002-2003 to \$5,569,339 or 20.1 percent in the FY 2005-2006 budget. This is a decrease of \$7,567,639 or 30.2 percent.

**Table 5.3**  
**Open Space Fund Sources and Uses, FY 2002-2003 Through FY 2005-2006**

	FY 2002-2003 Actual		FY 2003-2004 Actual		FY 2004-2005 Actual		FY 2005-2006 Budget	
	\$	%	\$	%	\$	%	\$	%
<b><u>Sources:</u></b>								
<b>Total Sources:</b>	<b>\$22,468,780</b>		<b>\$24,153,178</b>		<b>\$26,918,583</b>		<b>\$26,399,467</b>	
<b><u>Uses:</u></b>								
Personnel	12,467,331	47.8	11,585,016	45.3	12,862,449	52.8	15,923,982	57.4
Non-personnel	2,293,839	8.8	385,036	1.5	379,071	1.6	764,904	2.8
Overhead	491,998	1.9	4,617,610	18.1	4,949,214	20.3	6,253,106	22.5
Capital	<u>10,843,139</u>	<u>41.5</u>	<u>8,969,000</u>	<u>35.1</u>	<u>6,150,091</u>	<u>25.3</u>	<u>4,804,435</u>	<u>17.3</u>
<b>Total Uses:</b>	<b>26,096,307</b>	<b>100.0</b>	<b>25,556,662</b>	<b>100.0</b>	<b>24,340,825</b>	<b>100.0</b>	<b>27,746,427</b>	<b>100.0</b>
<b>Net Sources:</b>	<b>(3,627,527)</b>		<b>(1,403,484)</b>		<b>2,577,758</b>		<b>(1,346,960)</b>	
Beginning Fund Balance:	5,830,959		2,024,159		595,875		3,159,613	
Year End Adjustments:	(179,273)		(24,800)		(14,020)		0	
<b>End Fund Balance:</b>	<b>\$2,024,159</b>		<b>\$595,875</b>		<b>\$3,159,613</b>		<b>\$1,812,653</b>	

Source: Recreation and Park Department

## **Open Space Fund Property Acquisitions**

While the Department can acquire land through gifts, bequests, and inter-agency jurisdictional transfers,<sup>11</sup> the Department's only dedicated funding source for acquiring land is the 5 percent minimum set aside within the Open Space Fund, as specified by Proposition C.

As shown in Table 5.4 below, in the 30 years since 1975 that the Open Space Fund has operated, the City has spent \$25,313,955 and accepted land gifts, bequests, and inter-agency jurisdictional transfers to acquire 91.67 acres of land at 56 sites. Of the land acquired:

- 51.45 acres and \$8,911,000 (approximately 35.2 percent of the total expenditures) are for undeveloped open spaces.
- 36.75 acres and \$8,154,674 (approximately 32.2 percent of the total expenditures) are for parks, playgrounds, community gardens, plazas, and greenscaped stairways.
- 3.47 acres and \$8,248,281 (approximately 32.6 percent of the total expenditures) are for recreation centers.

Therefore, while the majority of acres acquired have been for undeveloped open spaces, the total expenditures for the acquisition of undeveloped open spaces are roughly similar to the total expenditures for (a) the acquisition of parks, playgrounds, community gardens, plazas, and greenscaped stairways, and (b) the acquisition of land for recreation centers.

There have been land acquisitions in nine of the 11 Supervisorial districts. The two exceptions are District 4 (the Sunset neighborhood adjacent to Golden Gate Park which incorporates Stern Grove/Pine Lake Park) and District 2 (the Marina, Cow Hollow, and Pacific Heights neighborhoods adjacent to the Presidio and the Golden Gate National Recreation Area).

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<sup>11</sup> For example, the San Francisco Redevelopment Agency has created 41.3 acres of open space, the majority of which is maintained by the Recreation and Park Department.

**Table 5.4**  
**Open Space Fund Property Acquisitions, 1976 - 2005**

Acquisition Date(s)	Property	Acres	Acquisition Price	Eminent Domain
<b>1976, 1979, 1997-98</b>	<b>Bay View Park Open Space</b>	<b>26.11</b>	<b>\$130,000</b>	
1976	Potrero Del Sol Park	4.58	700,000	
1976	Christopher Playground	6.72	219,624	
<b>1976</b>	<b>Diamond Heights Lots Open Space</b>	<b>3.50</b>	<b>400</b>	
<b>1976</b>	<b>Valencia and Cunningham Open Space</b>	<b>0.24</b>	<b>136,500</b>	
1977	Lakeview / Ashton Mini Park	0.26	37,550	
1977	Kelloch / Velasco Park	1.78	225,000	
<b>1977</b>	<b>Billy Goat Hill Open Space</b>	<b>3.04</b>	<b>129,600</b>	
<b>1977</b>	<b>Kite Hill Open Space</b>	<b>2.19</b>	<b>68,000</b>	
<b>1977, 1979</b>	<b>14<sup>th</sup> and 15<sup>th</sup> Avenues Open Space</b>	<b>2.60</b>	<b>1,127,500</b>	
1977, 1985	South of Market Recreation Center	1.02	1,814,281	
<b>1977</b>	<b>Tank Hill Open Space</b>	<b>2.90</b>	<b>650,000</b>	
1978, 1996-97	Brewster Community Garden	0.20	15,000	
1978, 1994-95	Mission Recreation Center	0.63	590,000	
1978	Dorothy Erskine Park	0.79	15,000	
1978, 1985	Boeddeker Neighborhood Park	0.97	1,453,125	Yes
1978	Joseph Conrad Mini Park	0.07	97,500	
1979	Juri Commons Park	0.24	62,400	
<b>1979</b>	<b>Duncan / Castro Streets Open Space</b>	<b>0.34</b>	<b>126,000</b>	
1979	Seward Mini Park	0.41	274,500	
<b>1980</b>	<b>Monterey Conservatories Open Space</b>	<b>0.19</b>	<b>68,000</b>	
1980	Sgt. John Macaulay Park	0.20	310,800	
1981	Grand View Park	0.61	520,000	
1982	No acquisitions at new sites			
1983	Noe / Beaver Mini Park	0.06	165,000	Yes
1983	Saturn Street Steps	0.10	140,000	
1983, 1984	Washington / Hyde Mini Park	0.15	71,300	
<b>1984</b>	<b>Edgehill Mountain Open Space</b>	<b>0.62</b>	<b>506,500</b>	<b>Yes</b>
1985	Coleridge Mini Park	0.21	150,000	
1986	No acquisitions at new sites			
1987	No acquisitions at new sites			
1988	No acquisitions at new sites			
1989	Richmond Recreation Center <sup>12</sup>	0.83	144,000	
1989, 1990	Japanese Peace Plaza	0.72	0	
1990, 1991	India Basin Park	5.41	0	Yes
1990, 1991	Tenderloin Recreation Center	0.61	0	
<b>1991, 1992, 1993</b>	<b>Rock Outcropping Open Space</b>	<b>1.33</b>	<b>924,000</b>	<b>Yes</b>
<b>1991</b>	<b>Great Highway / Balboa Natural Area Open Space<sup>13</sup></b>	<b>0.83</b>	<b>1,494,500</b>	<b>Yes</b>

<sup>12</sup> This 99-year lease is administered by the San Francisco Unified School District.

<sup>13</sup> Co-administered by the Public Utilities Commission.



Acquisition Date(s)	Property	Acres	Acquisition Price	Eminent Domain
1992	No acquisitions at new sites			
1993	Who Hei Yuen Park and Recreation Center	0.38	5,700,000	Yes
1994	Brooks Park <sup>14</sup>	0.80	49,000	
<b>1995, 1996</b>	<b>Bocana Street Open Space</b>	<b>0.49</b>	<b>685,000</b>	
1995, 1996	Mullen Peralta Mini Park	0.04	95,000	
<b>1995</b>	<b>O'Shaughnessy Hollow Open Space</b>	<b>2.45</b>	<b>525,000</b>	<b>Yes</b>
1996	No acquisitions at new sites			
<b>1997, 2001</b>	<b>Hawk Hill Open Space</b>	<b>3.96</b>	<b>2,340,000</b>	<b>Yes</b>
1997	Hyde / Turk Mini Park	0.11	0	
1998	Lessing / Sears Mini Park <sup>15</sup>	0.06	0	
1998, 2001	Palou / Phelps Mini Park	0.86	234,375	
1998	Parque de los Ninos Unidos	0.55	1,075,000	
1998	15 <sup>th</sup> Avenue Steps	0.62	506,500	
1999	No acquisitions at new sites			
2000	No acquisitions at new sites			
2001	Esprit Park	1.84	0	
<b>2001</b>	<b>Edgehill Mountain Open Space</b>	<b>0.32</b>	<b>0</b>	
2001	Bessie Carmichael Park	2.53	385,000	
2002	McLaren Park extension	0.11	0	
2002	Ferry Park	1.70	0	
2003	Page Street Gardens	0.15	675,000	
2004	Portola Park	0.60	0	
2004	Page Street Community Garden	0.08	678,000	
2004	Geneva Office and Car barn	2.77	0	
2005	Hayes Green Park	0.45	0	
<b>2005</b>	<b>Roosevelt and Henry Open Space</b>	<b>0.34</b>	<b>0</b>	
<b>TOTALS:</b>		<b>91.67</b>	<b>\$25,313,955</b>	
<b>Summary by Category:</b>		<b>Acres</b>	<b>Acquisition Price</b>	<b>% of Total Expenditures</b>
Undeveloped Open Spaces		51.45	\$8,911,000	35.2
Parks, Playgrounds, Community Gardens, Plazas, and Greenscaped Stairways		36.75	8,154,674	32.2
Recreation Centers		<u>3.47</u>	<u>8,248,281</u>	<u>32.6</u>
<b>Totals:</b>		<b>91.67</b>	<b>\$25,313,955</b>	<b>100.0</b>

Source: Recreation and Park Department

<sup>14</sup> Co-administered by the San Francisco Unified School District.

<sup>15</sup> This is a lease which expires in 2094.

Table 5.5 below shows the five property acquisitions currently in negotiation which, if successfully concluded, will result in an additional 3.71 acres of undeveloped open space (1.40 acres), and parks and community gardens (2.31 acres).

**Table 5.5**  
**Open Space Fund Property Acquisitions Currently in Negotiation**

Property	Acres	Acquisition Price	Status	Eminent Domain
701 Lombard Street	0.09	In litigation	Ongoing	Yes
<b>Edgehill Mountain Phase I Extension Open Space</b>	<b>1.40</b>	<b>\$3,200,000</b>	<b>Ongoing</b>	
Visitation Valley Greenway (REIS tracts)	1.91	Owned by PUC which has agreed to transfer to RPD at future date	Ongoing	
Le Conte Mini Park	0.16	Gift	Ongoing	
Dearborn Community Garden	<u>0.15</u>	Gift	Ongoing	
<b>Total Acres:</b>	<b>3.71</b>			

Source: Recreation and Park Department

## Property Acquisitions Policy

Unlike the land holdings of other City departments, Recreation and Park Department land can only be sold with voter approval, as happened with the sale of the land parcel surrounding the Mt. Davidson cross. Therefore, open space advocates regard the Recreation and Park Department as a safe repository for publicly held land holdings.

Inevitably, in a City as densely populated as San Francisco, with a paucity of open space, the purchase of expensive properties for recreation and park purposes is a highly political process. Due to the ongoing acquisition expenses related to 701 Lombard Street and the Edgehill Mountain Phase I Extension open space, both adjacent to existing Recreation and Park Department land holdings, the Open Space Fund will be unable to fund new land acquisitions until 2008. The Park, Recreation and Open Space Advisory Committee, which is responsible for establishing a list of land for acquisition, has expressed concern that neither of these acquisitions increase the number of people in the City who can now walk to open space which is useable for recreational purposes. The Park, Recreation and Open Space Advisory Committee also questions whether sufficient space is being added for population growth, particularly on the eastern side of the City. Consideration needs to be given to connectivity between existing parks and open spaces, given the public's expressed preference for hiking and biking trails. To date, the Department has not created explicit criteria or prioritization for the use of Open Space Fund monies, focusing instead on purchasing available properties.

In order to provide itself with useful analytical tools during the property acquisition process, the Department, with input from the Park, Recreation and Open Space Advisory

Committee, is currently developing a property acquisitions policy. As stated in the draft *Recreation and Park Acquisition Policy* (November 1, 2005), "The intent of this policy is to ensure the Department acquires open space showing evidence of its usability for active and passive recreation, filling the most severe gaps in service, and avoiding acquisitions that create an unsupportable fiscal burden to the system as a whole." To this end, the draft acquisitions policy is based on the following principals:

- High Need Areas: Acquisitions requiring expenditure of Open Space Fund monies should be in high-need areas, for example where there is poverty, high population density, a high proportion of children and seniors, or lack of existing open space. The goal should be distributional equity. There is a need for the Recreation and Park Department and the City Planning Department to align their "high needs area map" methodologies. Currently, the Recreation and Park Department generates high needs area maps based on 2000 census data which do not align with the General Plan's high needs area maps which were based on 1980 census data.
- Minimum site suitability and park development criteria: Sites under consideration for acquisition should meet basic suitability criteria for recreation purposes such as minimum size, slope, accessibility, shade, views, and environmental safety (absence of hazardous materials, safety risks, or seismic risks). Sites should not create liability issues. Special features would be taken into consideration, such as (a) the site is threatened by private sector development, (b) the site is contiguous with existing open space, thereby creating habitat, recreational, or trail benefits, and (c) the presence of a landmark building, sensitive habitat, waterfront access, or native trees.
- Financial feasibility: Prior to acquisition, sufficient funding should be identified for the future operation and maintenance of the site. Sites need to be affordable to maintain. Funding should come from alternative funding sources wherever possible. The transfer of dedicated operational funds along with properties transferred to the Department from other agencies would ensure that the Department is not burdened by those transferred properties' ongoing staffing and maintenance costs. The Department wishes to avoid negative impacts on the operation and maintenance of existing recreation and park facilities, even when a new property would be transferred from another agency or bequeathed by a private citizen with no purchase cost to the City.

A formal property acquisitions policy will enable the Department to identify properties that it wants to acquire in order to achieve its long term recreation and park policy goals. This would reduce community and Department staff concern that the land acquisition process can be driven by property sellers or particular neighborhoods' desire to preserve their green views. As an alternative to property acquisitions, the draft property acquisitions policy proposes committing the Department to expanding recreational opportunities through collaborative partnerships with the San Francisco Unified School District (for athletic facilities and play structures), the Port (for water-based recreation), the Department of Public Works (where vacant right of way properties could fill neighborhood recreation and park facility gaps), and the owners of public and private properties (to improve access to existing parks and recreational facilities).

The Department is currently undertaking a consultation process on the draft acquisitions policy with the public and the Park, Recreation and Open Space Committee, with a view to adoption of a finalized acquisitions policy by the Recreation and Park Commission in February of 2006.

## **Conclusions**

The Department could not provide documentation to the Budget Analyst as to whether the Department fully complied with the Charter's Open Space Fund requirements between FY 1975-1976 and FY 1994-1995. However, the Department complied with the Open Space Fund allocation requirements during the last five years of Proposition E (FY 1995-1996 - FY 1999-2000). The Department has also complied with the Open Space Fund allocation requirements under Proposition C (FY 2000-2001 to date), with the exception that the Department has failed to routinely budget 3 percent of the total fund for an undesignated contingency reserve, as required by Proposition C. This needs to be rectified to ensure compliance with Charter requirements.

The Department is developing a much needed property acquisitions policy to guide future Open Space Fund property acquisitions. A formal property acquisitions policy will enable the Department to identify properties that it wants to acquire in order to achieve its long term recreation and park policy goals.

## **Recommendations**

The Recreation and Park Department General Manager should:

- 5.1 Ensure that the Department complies with the Proposition C requirement for a 3 percent undesignated contingency reserve.
- 5.2 Ensure that the property acquisitions policy is formally adopted by the Recreation and Park Commission in 2006.

## **Costs and Benefits**

The Department needs to budget 3 percent for its undesignated contingency reserve in the Open Space Fund in order to comply with the governing legislation. The reserve would improve the financial condition of the Open Space Fund and would ensure that funding for unanticipated needs is available. In FY 2005-2006, the \$779,808 budget for the undesignated contingency reserve is \$52,585 less than full 3 percent required (\$832,393).

A formal property acquisitions policy will enable the Department to identify proactively properties that it wants to acquire in order to achieve its recreation and park policy goals, rather than relying on a property acquisition process driven by property sellers or particular neighborhoods' desire to preserve their green views.