A proposal to build a park in City Heights’ Fox Canyon is dead after months of debate, and questions are swirling about whether public money was misused because of false representations by city staff.

The park proposal seemed simple: Turn a trash-strewn canyon into a small playground for a poor, multi-ethnic San Diego neighborhood where children now play in the street.

The controversy erupted over plans to build a two-lane road that would connect streets on either end of the greenbelt, creating 2,000 daily car trips there.

The fight has split City Heights, with some community groups supporting the Ontario Avenue extension and others opposing it.

The Public Integrity Unit of the City Attorney's Office is reviewing a complaint from the Park and Recreation Board over the city's use of money for the proposed park.

Among the objections:

* The city has spent $375,000 planning a park on land it didn't own.

* The city offered $475,000 for property that an appraisal says is worth $52,500.

* The Real Estate Assets Department and the City Manager's Office may have misled the City Council in a June 2005 memo that said the city had negotiated a sale and had the land in escrow.

Believing that claim, the City Council voted that June to spend $480,000 for the 1.9-acre parcel.

The landowner, Larry Zajonc, said he never agreed to a sale.

"Our clients were not pleased with the public comments stating that they had agreed to sell their property," Zajonc's attorney, Rebecca Michael, wrote in a letter to the city in May.

The city's new real estate director rejects some of these claims.

Jim Barwick said a city official had a "handshake deal" with the landowner and on that basis opened escrow.
"It's something I wouldn't do, but apparently you can do that and it was done," Barwick said. "I think the key there was they were trying to expedite the transaction."

The city was willing to pay $475,000 -- though the appraisal later showed the land's value to be much lower -- because it was necessary for the park, he said.

Barwick said it is reasonable to offer a price without first getting an appraisal, but the transaction could not have closed without one.

Deputy Parks Director April Penera said it is common for her department to start preliminary work without a deed in hand because waiting could delay projects for a year or more.

The ill-fated land deal began just before January 2004, when the city sent a grant application to the state Parks and Recreation Department for $2.3 million.

The city wrote that negotiations were proceeding and the land was expected to be acquired by August 2004. It also wrote that it was budgeting $800,000 for the purchase. The state approved the grant in December 2004.

The deal didn't progress that way.

Deputy City Attorney Alex Sachs has told the city Park and Recreation Board that the first formal offer of $475,000 was made in April 2005. Sachs said the offer was not based on an appraisal of the land but on negotiations with the owner and the city's estimates of what the plot was worth.

The landowner wouldn't take the deal, and the city says that is what killed the park. The city can't take the land by eminent domain, as the state grant requires a willing seller.

Other points of contention are when and why the city included the road in the project.

San Diego Park and Recreation Board member Bob Ottlie has questioned whether the city tried to mislead the state when it applied for the grant.

The application does not mention the extension of Ontario Avenue. A conceptual drawing of the proposed park shows it only as an unpaved service road.

A city planner told the council in March that when she helped prepare the application, the assumption was that the easement for a road would be scratched. It was only after the state awarded the grant, Myra Herrmann said, that she learned the road extension was going forward.

State officials don't know whether they would have approved the addition of a two-lane road because they were waiting for an amended proposal, said Patti Keating, chief of
the park department's grants office. The state has advanced $236,000 from the grant, but none of that has been spent, city officials said.

A group called Friends of Fox Canyon sued the city in April after the city approved an environmental report that allowed the road. A proposed settlement in that case throws out the existing permits and would force the city back to the drawing board.

Why a road? Some say Councilman Jim Madaffer has been the major force behind it.

Madaffer, who represents City Heights, said he started looking into it in 2000. The connection is expected to ease traffic on busy Euclid Avenue as part of the Euclid revitalization plan approved that year.

At a March council meeting, Madaffer said he believed the road might aid redevelopment of old, flood-prone apartments in the Fox Canyon area. He expressed concern that if the road were killed, it might block future redevelopment.

"One of the things we wanted to do with Crossroads (redevelopment area) is to give economic incentive to people who own apartments in the area to perhaps build new housing that would be outside or above the flood plain," Madaffer said in March.

In a recent interview, he said there were no specific projects in the pipeline that would require the road extension.

With the plan blocked, the city hopes to use the $2.3 million state grant to build a park a couple of blocks away on Wightman Street. That property consists of old bungalows and apartments.

The city bought the Wightman property during the summer as the result of a lawsuit. The former owner sued because drainage work upstream caused flood damage to his units.

The city allocated $3.5 million to buy the site and demolish the buildings. City officials said they would fund the Wightman park with the state grant, plus $686,000 left over from city money allocated for the original Fox Canyon proposal.

The proposed grant transfer will go to the City Council for approval either next month or in December. The state also will consider whether the transfer is acceptable to it.

More questions and criticisms are emerging about the Wightman site.

Continued flooding is one concern. Auburn Creek runs along one side of the parcel. The park department has said it will have to hire a hydrologist to assess the lay of the land.

Park and Recreation Board member Ottilie has questioned whether fixing the flooding would make the Wightman property the higher-cost site in the long run.
Abandoned park deal

The city secured a $2.36 million state grant for a park in City Heights even though it didn’t own the land. Now, the city wants to shift the money to build a similar park nearby. The matter has been referred to the City Attorney’s Office because of possible misrepresentations.

Where the money is coming from

* State grant from Proposition 40: $2.36 million
* Mid-City special park fees: $900,000
* Community Development Block Grant, $30,000

The city already has spent $375,000 of its money on pre-development work.

Caption: 1 CHART 1 MAP
1. Abandoned park deal 2. A deal to create a park in Fox Canyon has apparently fallen through, and the city wants to switch a $2.36 million state park grant to another City Heights property for a park. -- Original local of proposed park -- New proposed park location 2. AARON STECKLEBERG / Union-Tribune, SOURCE: SanGIS

***Reproduced with permission granted by San Diego Union-Tribune***

Full-text obtained via NewsBank