

Self-Managed Maintenance Assessment Districts

Overview

What are Self-Managed Maintenance Assessment Districts (MADs)?

The purpose of self-managed Maintenance Assessment District (MAD) is identical to other MADs in which property owners assess themselves to receive enhanced maintenance, landscaping, and lighting services. Self-managed MADs differ from the City's Park & Recreation Department managed MADs in that district property owners select, by ballot, a non-profit corporation to contract for the provision of enhanced goods and services. The San Diego Municipal Code allows non-profit corporations to administer MADs when an assessment weighted majority of district property owners support the selection of a particular non-profit corporation for their district. Selected non-profit corporations are typically managed by boards comprised of representative property owners who are interested in assuming responsibility for managing and providing for the delivery of enhanced goods and services to assessment district property owners.

The City of San Diego and the selected non-profit corporation annually enter into a service agreement whereby the non-profit corporation agrees to assume complete responsibility for the provision of enhanced goods and services to assessment district property owners in compliance with the district's Assessment Engineer's Report and State law. The Community and Economic Development (CED) Department's Economic Development Division administers all service agreements with selected non-profit corporations whose assessment districts are located in the City's older commercial corridors. These self-managed districts often are within areas targeted by the CED Department for community revitalization activity.

The Park and Recreation Department currently manages City MADs that are not administered by an independent non-profit corporation. In these MADs, Park and Recreation Department staff directly provides and/or contracts for the delivery of enhanced goods and services for district property owners. The State law authorizing MADs, the MAD formation process, and the process by which individual assessments are determined, is the same for Park and Recreation Department managed and self-managed MADs.

What Kind of special benefits do Self-Managed MADs fund?

Contemplated enhanced services for property owners are described in an Assessment Engineer's Report prior to district formation. The Assessment Engineer's Report estimates costs for enhanced services, reviews associated budgets and apportions costs to benefiting property owners in accordance with special benefit received. Property owners use this information to approve or oppose assessment district formation in a ballot process defined by State law. If approved, services are provided that are above citywide baseline service levels. These enhanced services often include, but are not limited to, landscape maintenance (irrigation, fertilization, weeding, pruning, pest control, dead tree removal, plant replacement and turf mowing/edging); hardscaped maintenance (sweeping and weeding of hardscaped medians and curbs/gutters, removal of graffiti, and maintenance of street benches); open space maintenance (safety tree trimming and removal, and litter removal); street light maintenance for light fixtures (energy

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costs, light bulb and damaged post replacement, and graffiti removal); litter removal; sidewalk steam cleaning; sign maintenance; banner installation/removal; and seasonal decoration installation/removal.

How are Self-Managed MADs formed?

The steps for forming a MAD are detailed in the Park and Recreation Maintenance Assessment Districts Overview. Although the formation process for self-managed MADs is the same as for Park and Recreation Department managed MADs, there is one additional step of acquiring property owner approval for a non-profit corporation to manage the MAD. This question is posed on the property owner ballot. If supported by a majority of the property owners, the responsibility for MAD management is assigned to the designated non-profit corporation by the City Council at the scheduled public hearing to consider district formation. A self-managed MAD may either be established at the time of formation or subsequently converted to from an existing MAD provided that a ballot process supports the requested change in management structure. If a majority of the property owners returning ballots, weighted by the dollar amount of their assessments, vote in favor of the non-profit corporation managing the MAD, then the non-profit corporation may assume the management role thirty days after the tabulation of the ballots. Property owners interested in forming a self-managed MAD should contact the Economic Development Division of the City's CED Department at (619) 533-4246.

What State Law or City Code authorize Self-Managed MADs?

Section 65.0212 of the City of San Diego Municipal Code provides guidance for the establishment of a Self-Managed MAD. All MADs are authorized by State Law, specifically by the "Landscape and Lighting Act of 1972" (Part 2 of Division 15 of the California Streets and Highways Code), and applicable provisions of "Proposition 218" (Article XIII D of the California Constitution). For more information, contact the Economic Development Division of the City's CED Department.

Does a Self-Managed MAD require additional property owner assessments?

No. Self-managed MADs, like Park and Recreation Department managed MADs, utilize a portion of the total assessment revenue to fund MAD administration and management. In a self-managed MAD, the City's CED Department charges an annual administration fee not to exceed four percent of total annual assessments. The selected non-profit corporation agrees to manage and procure all enhanced services for a budgeted fee which cannot exceed fifteen percent of total annual assessments. In Park and Recreation Department managed MADs, a portion of total assessment revenue pays City staff to administer, manage and procure enhanced services.

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What Is the CED MAD Management Fund?

The Economic Development Division of the CED Department is responsible for providing administrative oversight of the City's seven self-managed MADs. Administrative responsibilities include calculating and enrolling assessments with the County Assessor's Office; providing direct management support and advocacy; district budget input and review; analyzing and updating budgets; processing reimbursements; issuing manual billings; providing information technology and communication support; and providing professional support from the City Attorney's Office, City Auditor and Comptroller's Office, and City Purchasing Agent. Administration responsibilities may also include: assisting interested communities and community based non-profit organizations to understand the formation process for MADs; meeting with property owners to explain how assessments are calculated and expended; and responding to numerous other property owner/citizen inquiries each month.

In Fiscal Year 2006, each self-managed district will pay four percent of their annual assessments into the City's CED MAD Management Fund to fund the aforementioned administrative support services. Smaller self-managed MADs are required to pay the greater of either four percent of their annual assessments or a minimum administrative charge of \$3,500 to cover the required costs of the annual update of the Assessment Engineer's Report and services provided by the City Auditor. Annual assessments and the associated CED MAD Management Fee contributions for each district are provided in the table below for Fiscal Year 2006:

District	Annual Assessments	City Administration Fee	
Adams Avenue	\$50,198	\$3,500	Minimum
Central Commercial	\$218,507	\$8,740	4%
City Heights	\$302,095	\$12,084	4%
College Heights	\$274,122	\$10,965	4%
Downtown PBID	\$5,803,550	\$130,000	10 Yr. Contract
Little Italy	\$611,661	\$24,466	4%
Newport Avenue	\$52,089	\$3,500	Minimum
Total	\$7,312,222	\$193,255	