

# Self-Managed Maintenance Assessment Districts

## Overview

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

The purpose of self-managed Maintenance Assessment District is identical to other Maintenance Assessment Districts 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 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 Department for community revitalization activity.

The Park and Recreation Department manages all of the City's MADs that are not administered by an independent non-profit corporation. In these MADs, Park and Recreation Department staff manages, directly provides and/or contracts for the delivery of enhanced goods and services for district property owners. State law authorizing MADs, their formation process, and the process by which assessment amounts are determined, is the same for Park and Recreation Department 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 estimated costs for these services are budgeted for and apportioned among benefiting property owners in accordance with special benefit received within the Report. Property owners use this information to approve or oppose assessment district formation in a State law prescribed ballot process. 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);

# **Self-Managed Maintenance Assessment Districts**

## **Overview**

street light maintenance for light fixtures (energy 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 be either formed at the time of formation or subsequently converted to with another ballot process requesting a 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 of older commercial areas interested in forming a self-managed MAD should contact the Economic Development Division of the City's Community and Economic Development Department.

## **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 in the State are authorized by the State of California and provided for in 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 XIID of the California Constitution). For more information, contact the Economic Development Division of the City's Community and Economic Development Department.

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

No. Self-managed MADs, like Park and Recreation Department administered MADs, utilize a portion of the total assessment revenue to fund MAD management. In a self-managed MAD, the selected non-profit corporation agrees to manage and procure all enhanced services for a budgeted fee which cannot exceed fifteen percent (15%) of total annual assessments. In Park and Recreation Department administered MADs, MAD funds are used to pay City staff to manage and procure enhanced services.

# Self-Managed Maintenance Assessment Districts

## Overview

### What Is the Community and Economic Development (CED) MAD Administrative Fund?

The Economic Development Division of the Community and Economic Development Department (Management) is responsible for providing the City’s administrative oversight of the seven self-managed Maintenance Assessment Districts. Management 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. In addition, Management responsibilities may include assisting communities and interested community based non-profit organizations in the formation of new Maintenance Assessment Districts; meeting with property owners to explain how assessments are calculated and expended; and responding to numerous citizen inquiries each month.

Beginning in Fiscal Year 2005, each self-managed district pays four percent of their annual assessments into the Community and Economic Development (CED) MAD Administrative 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 MAD Administrative Fee contributions for each district are provided in the table below for Fiscal Year 2005:

District	Annual Assessments	City Administration Fee	
Adams Avenue	\$50,168	\$3,500	Minimum
Central Commercial	\$218,439	\$8,737	4%
City Heights	285,935	\$11,437	4%
College Heights	\$265,551	\$10,622	4%
Downtown PBID*	\$2,910,990	\$26,500	5yr. Cont.
Little Italy	\$526,934	\$20,971	4%
Newport Avenue	\$50,263	\$3,500	Minimum
<b>Total</b>	<b>\$4,308,280</b>	<b>\$85,267</b>	

\* Downtown PBID: An existing five-year contract that was negotiated and approved in Fiscal Year 2000 stipulated a fixed administrative charge of \$26,500. It is expected that this charge will be increased beginning in Fiscal Year 2006 to be in alignment with the administrative charges assessed to the other self-managed MADs.