

Maintenance Assessment Districts

How to Read the Budget

This section of the budget document provides an overview of how to read the Maintenance Assessment District (MAD) budget.

Header

The header information provides basic information about the Maintenance Assessment District, including:

- City Council District
- Maintenance Assessment District Name
- Fund Number

Budget Summary Chart

The budget summary chart provides a brief overview of the expenditures of the District, including Fiscal Year 2003 estimated expenditures, Fiscal Year 2004 budgeted expenditures, and Fiscal Year 2005 budgeted expenditures. The Fiscal Year 2004 and Fiscal Year 2005 budgets include the contingency reserve or fund balance, which is why the totals for these fiscal years may be higher than the estimated expenditures in Fiscal Year 2003.

		FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
Positions	(1)			
Personnel Expense	(2)			
Non-Personnel Expense	(3)			
TOTAL				

“Positions” and “Personnel Expense” (1) (2)

If the City manages the District’s contracts for goods and services, there will be a Grounds Maintenance Manager (GMM) position and personnel expense in the budget. The GMM prepares contract specifications based on the scope of services adopted by the property owners; inspects contractors’ work for compliance with contract; reviews invoices and authorizes payment or deductions; meets with property owner advisory groups; and responds to property owner questions and issues. If the property owners voted to have a non-profit organization manage their MAD contracts for goods and services, there will be a zero on these lines, and the MAD will instead pay for these services as a non-personnel expense, through a contract with the non-profit organization.

“Non-Personnel Expense” (3)

This includes Contractual, Incidental and Utilities expenses, as shown in the budget format on the next page.

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Description

The text section beneath the budget summary provides a brief overview of the District’s scope of services and the date on which the budget was approved by the oversight group, if one exists. The overview information is based on the Assessment Engineer’s Report that established the District. Assessment Engineer’s Reports for Park and Recreation Department-managed MADs are available on the City’s Web Page at <http://www.sandiego.gov/park-and-recreation/general-info/mad.shtml>.

Where property owners have formed an advisory group, the Fiscal Year 2005 Proposed Budget is presented to them for review and approval. Approval is with the understanding that the Assessment Rate Per Unit will not change between the Proposed and Final Annual Budgets; however, other elements of the budget may change, including: Beginning Balance (as a result of carryover from Fiscal Year 2004 being projected closer to the end of the year), number of assessed units (from the Assessment Engineer’s review of the County’s most recent equalized tax rolls), Personnel Expense (after City Council adoption of the Fiscal Year 2005 salary and fringe benefit rates), and City Contributions (after update and verification of amounts for Fiscal Year 2005).

Revenue and Expense Statement

The Revenue and Expense Statement provides a detailed break down of the District’s revenues, expenditures, and fund balance.

<u>(NAME OF DISTRICT)</u>	<u>FY 2003 Budget</u>	<u>FY 2004 Budget</u>	<u>FY 2005 Final</u>
Beginning Balance			
Revenue:			
Assessments (1)			
Interest (2)			
City Contribution (3)			
Total Revenue:			
Expense			
Personnel (4)			
Contractual (5)			
Incidental (6)			
Utilities			
Total Expense			
Ending Balance (7)			
Assessment Rate per Unit (8)			

“Assessments” (1)

In most Districts, the Fiscal Year 2005 budgeted revenue for assessments is based on a single Assessment Rate per Unit multiplied by the number of units to the thousandth decimal place.

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Note: The budgeted assessment amount usually changes between Proposed and Final Annual Budgets, due to a change in the number of assessed units after the County Assessor equalizes the property tax rolls.

“Interest” (2)

The Fiscal Year 2005 budgeted amount is estimated using previous year’s experience.

“City Contribution” (3)

The City contributes the “general benefit” to MADs; that is, the amount the City spends for these maintenance services in similar areas throughout the City. Categories of City contribution for maintenance services provided by the MADs are listed below. For Fiscal Year 2005, both the contribution amounts per unit and the number of units (square feet or acres) are updated. Where the number of units used during the previous three fiscal years were found to be in error, corrective adjustments were made to the Fiscal Year 2005 City Contribution. For details on how these amounts are determined, refer to the Maintenance Assessment Districts Overview section.

- (a) **Landscaped medians:** The Gas Tax contribution is 18.60 cents per square foot in Fiscal Year 2005.
- (b) **Hardscaped medians:** The Gas Tax contribution is 1.34 cents per square foot in Fiscal Year 2005.
- (c) **Open space:** The Environmental Growth Fund contribution is \$26.63 per acre in Fiscal Year 2005.
- (d) **Parks within General Plan Standard:** The General Fund/Park and Recreation Department contributes \$4,356 per usable acre in Fiscal Year 2005.
- (e) **Grounds of public libraries:** The General Fund/Library Department contributes \$4,332 per acre in Fiscal Year 2005.
- (f) **Grounds of fire stations:** The General Fund/Fire Department contribution would be \$5,017 per acre per fire station in Fiscal Year 2005, but no fire stations are proposed to be maintained by Maintenance Assessment Districts.

“Personnel” (5)

The personnel line item is the cost of the Grounds Maintenance Manager (GMM), as discussed in the Budget Summary section above.

“Contractual” (6)

Includes amount spent on contract services, including landscape maintenance services.

“Incidental” (7)

For MADs managed by the Park and Recreation Department, the Incidental Expense includes:

- (a) Share of MAD Management Fund (up to 10.6 percent of the net Operating Budget) to pay for required annual Assessment Engineer’s Report; annual cost to enroll assessments on County Assessor’s property tax rolls; professional support by City Attorney’s Office, City Auditor’s

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Office, and City Purchasing Agent; computer access; Geographic Information Systems support; budgetary and analytical support; managerial and administrative support; and clerical support.

- (b) Overhead at 20 percent of Salaries and Wages for office support by other City departments and for office space.
- (c) Share of City vehicle used by GMM assigned to the District.
- (d) Printing, postage, as-needed City forces work, and miscellaneous supplies and services used by the District. If the property owners voted to have a non-profit organization manage its contracts for goods and services, Incidental Expense will only include paying for the required Assessment Engineer's Report, annual cost to enroll assessments with the County and managerial, analytical, and clerical support. The MAD will pay for all other services through a contract with the non-profit organization.

“Ending Balance (Reserve)” (8)

It is a goal of all MADs to have a prudent operating reserve between a minimum of 10 percent of the operating budget and a maximum of six months of operating expenses. If the reserve is less than 10 percent, there is an action plan to build it to 10 percent. If the Ending Balance is over 40 percent of the operating budget, an explanation is provided. Generally excess reserves are allocated for capital improvement projects or other similar expenditures.

“Assessment Rate per Unit” (9)

The unit of assessment is not the “parcel,” because parcels vary greatly in their size and use. As a result, different parcels receive differing benefit from the maintenance of assets in the District. Instead, the unit of assessment is determined on a case-by-case basis by an independent Assessment Engineer as a way to equitably allocate the expense of a District to benefiting property owners. The most common unit of assessment is the Equivalent Benefit Unit (EBU). Generally, one single-family detached dwelling is one EBU, an apartment or condominium unit is less than one EBU, and commercial/industrial properties are more than one EBU. Other units of assessment may include Linear Frontage Foot (LFF), Lot Square Footage (LSF), Building Square Footage (BSF), Acres, Net Acres, and Equivalent Dwelling Unit (EDU). For more information on assessment methodology, refer to the Maintenance Assessment Districts Overview section.