



THE CITY OF SAN DIEGO

CITY OF SAN DIEGO

CITY HEIGHTS
MAINTENANCE ASSESSMENT DISTRICT
ANNUAL UPDATE ENGINEER'S REPORT

JUNE 2012

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972, CALIFORNIA
STREETS & HIGHWAYS CODE

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PUBLIC FINANCE

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SECTION I. EXECUTIVE SUMMARY

Project: City Heights Maintenance Assessment District (“District”)

Apportionment Method: Linear Front Foot (“LFF”)

Table 1 – Summary Information

	FY 2012 Applied Assessment	FY 2013 ⁽¹⁾	Maximum Authorized
Total Parcels Assessed:	311	311	
Total Estimated Assessment:	\$302,095	\$302,095	\$411,951
Total Estimated LFF:	26,292	26,292	
Assessment per LFF:	\$11.49	\$11.49	\$15.6683

1. FY 2013 is the City’s Fiscal Year 2013, which begins July 1, 2012 and ends June 30, 2013. Total Parcels Assessed, Total Estimated Assessment, and Total Estimated LFF may vary from prior year due to parcel changes.

District History: The District was established in July 2004 by the City after an assessment ballot proceeding was conducted and a weighted majority of property owners based on assessment amount approved the District, improvements, and proposed assessments. The District was established in compliance with Proposition 218.

Annual Cost Indexing: The assessments are authorized to increase by the annual change in the San Diego Area Consumer Price Index (the SDCPI-U) plus 2%.

Bonds: No bonds will be issued in connection with this District.

SECTION II. BACKGROUND

A. Introduction

The City of San Diego (“City”) was petitioned by property owners within the Mid-City Maintenance Assessment District in 2004 requesting the formation of a new assessment district to fund the improvement, maintenance and servicing of landscaping, sidewalk and gutter sweeping, enhanced lighting, sidewalk washing, regular security patrols, trash removal and graffiti abatement along portions of University Avenue, 37th Street, Central Avenue, 43rd Street and Fairmont Avenue.

The City Heights Maintenance Assessment District was established in July 2004 after an assessment ballot proceeding was conducted and a weighted majority of property owners based on assessment amount were in support of the proposed assessments and services and improvements the assessments would fund. Once the District was formed, properties that were previously in the Mid-City Maintenance Assessment District, Sub-District #1 and Sub-District #2 were no longer subject to the assessments levied by the Mid-City Maintenance Assessment District.

This report constitutes the Engineer’s Report for the City of San Diego City Heights Maintenance Assessment District for Fiscal Year (“FY”) 2013. The City Council pursuant to the provisions of the San Diego Maintenance Assessment District Procedural Ordinance of 1986 (the “Ordinance”) “Landscaping and Lighting Act of 1972”, Being Division 15, Part 2 of the Streets and Highways Code of the State of California, beginning with Section 22500 (the “1972 Act”), Article XIID of the Constitution of the State of California (“Article XIID”), the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following) (the “Implementation Act”), and (the Ordinance, 1972 Act, Article XIID and the Implementation Act are referred to collectively as the “Assessment Law”) desires to levy and collect annual assessments against lots and parcels within the District in the fiscal year commencing July 1, 2012 and ending June 30, 2013 to pay for the operation, maintenance and servicing of landscaping, lighting, drainage and all appurtenant facilities. The assessment rates set for 2012/2013 as set forth in this Engineer’s Report do not exceed the maximum rates established at the time the District was formed, therefore, the City and the District are not required to go through a property owner ballot protest procedure in order to establish the 2012/2013 assessment rates.

Each lot or parcel within the District is assessed proportionately for only the improvements and services that are determined to be special benefit. For this report, each lot or parcel to be assessed, refers to an individual property assigned its own Assessment Parcel Number by the San Diego County (“County”) Assessor’s Office as shown on the last equalized roll of the assessor.

A Public Hearing will be scheduled where public testimony will be heard by the City Council. Following the conclusion of the Public Hearing, the City Council will confirm the Engineer’s Report as submitted or amended and may order the collection of assessments for FY 2013.

SECTION III. PLANS AND SPECIFICATION

A. General Description of the District

The territory within the District consists of all lots, parcels and subdivisions of land as shown on the Boundary Diagram titled “Map of Proposed Boundaries of the City of San Diego City Heights Maintenance Assessment District” contained within this report in Section VI.

The District generally includes the parcels that front University Avenue between I-805 and 50th Street. The District also includes parcels that front Fairmount Avenue between Orange Street and Dwight Street and 43rd Street between Landis Street and Polk Avenue.

B. Description of Improvements to be Maintained and Services

The District, through the levy of special assessments, provides funding for ongoing maintenance, operation and servicing of landscaping, lighting, and other improvements or appurtenant facilities located within the public rights-of-ways and dedicated easements located within the District. These improvements may include, but are not limited to, all materials, equipment, utilities, labor, and appurtenant facilities related to the ongoing maintenance of the improvements.

Maintenance services will be provided by City personnel and/or private contractors. The improvements maintained and services provided by the District are generally described as follows:

Maintenance and servicing of improvements, include but are not limited to landscaping, sprinkler systems, shrubbery, trees, irrigation and drainage systems, street lighting, ornamental lighting structures, and other appurtenant items located in right of ways and any incidental costs thereto, and located within the boundaries the District or adjacent to the District.

Plans and specifications for these improvements to be maintained by the District are on file with the Project Manager of the City of San Diego City Planning and Community Investment Department and by reference are made part of this Report.

C. Description of Maintenance and Services

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any improvements and appurtenant facilities, including repair, removal or replacement of all or part of any of the improvements or appurtenant facilities; providing for the life, growth, health and beauty of the improvements including cultivation, drainage, irrigation, trimming, mowing, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning and sweeping of the sidewalk and gutter, collection and disposal of

fallen branches and trees, tree and bush trimming, placement of street furniture, banner installation, security services, including homeless patrolling and reporting of security and safety problems to governmental agencies and the cleaning, sandblasting, and painting of walls, and other improvements to remove or cover graffiti.

Servicing means the furnishing of water and electricity for the irrigation of the improvements or appurtenant facilities including any decorative lighting and the furnishing of electric current or energy, gas or other illuminating agent for the improvements. The improvements shall be serviced to provide adequate illumination. Servicing also allows for the replacement of the facilities in order to maintain them in proper working order and to provide specific benefit to the District.

SECTION IV. ESTIMATE OF COSTS

A. Estimate of Costs Table

Below are the estimated costs of maintenance and services for the District including incidental costs and expenses, revenue and reserves.

Table 2– Estimate of Costs

CITY HEIGHTS MAD	FY 2010/11 BUDGET	FY 2011/12 BUDGET	FY 2012/13 PROPOSED
BEGINNING BALANCE	\$109,217	\$0	\$0
Revenue			
Assessments	\$302,095	\$302,095	\$302,094
TOTAL OPERATING REVENUE	\$302,095	\$302,095	\$302,094
TOTAL REVENUE AND BALANCE	\$411,312	\$302,095	\$302,094
Expense			
Personnel	\$0	\$0	\$0
Contractual	\$316,954	\$209,185	\$209,185
Incidentals / Administration ¹	\$61,448	\$60,000	\$60,000
Utilities	\$2,700	\$2,700	\$2,700
Contingency Reserve ²	\$30,210	\$30,210	\$30,209
TOTAL EXPENSE	\$411,312	\$302,095	\$302,094
BALANCE	\$0	\$0	\$0

Notes:

1. Includes City Administration Fee of 4%.
2. The contingency builds a reserve for the District for funding emergency needs and provides a source of funds to operate from July through December while waiting for County property tax distributions that typically occur in January and May.

SECTION V. METHOD OF APPORTIONMENT

A. General

The Implementation Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, maintenance, and servicing of street lights, traffic signals, landscaping and drainage facilities.

Streets and Highways Code Section 22573 requires that maintenance assessments be levied according to benefit rather than the assessed value.

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

In addition, Article XIID and the Implementation Act require that a parcel’s assessment may not exceed the reasonable cost for the proportional special benefit conferred to that parcel. Article XIID and the Implementation Act further provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. They also require that publicly owned properties which specifically benefit from the improvements be assessed.

B. Special Benefit Analysis

Each of the proposed improvements and the associated costs and assessments within the District has been reviewed, identified and allocated based on special benefit pursuant to the provisions of the Assessment Law.

Proper maintenance and operation of landscaping, street trees and streetlights provides special benefit to adjacent properties by providing community character, security, safety and vitality. In addition, the improvements will enhance the ability of property owners to attract and maintain customers as well as increase the viability of commercial development.

Special Benefit

Parcels within the District receive a special benefit resulting from the maintenance and services and improvement provided with the assessments. Specifically the special benefits are summarized as follows:

- Improved cleanliness and maintenance of sidewalks used to access property in the District.
- Enhanced cleanliness and desirability of the area, including removal of litter and debris from sidewalks and other public facilities for the direct advantage of property in the District Protection and improvement of views, scenery and other permanent

public facility resources value for property in the District and preservation of public assets maintained by the District.

- Enhanced safety of property in the District and reduced liability risk.
- Improved illumination of property in the District.
- Improved access to property in the District due to cleaner and safer sidewalks.
- Improved nighttime visibility for the local access of emergency vehicles.
- Improved safety and traffic circulation to and from parcels.
- Increased deterrence of crime and aid to police and emergency vehicles.

In addition, only parcels that front the streets on which services are provided are included in the District, this provides a direct and special benefit to the properties that are not enjoyed by the public at large or property outside of the District.

General Benefit

The proceeds from the assessment will be used to fund enhanced improvements, services and activities within the District that, in absence of the assessment, otherwise would not be provided at an enhanced level or frequency of service. The District will continue to receive the same level of general services provided to the public at large under City-funded and administered programs, as determined annually, for maintenance of public facilities and improvements (e.g., street trees, sidewalks, street lights, etc.), including street sweeping and graffiti removal on public property.

C. Assessment Methodology

To establish the special benefit to the individual lots and parcels within the District a formula that spreads the costs of the maintenance based on the special benefit must be established. The Improvements have been reviewed and a formula has been established to apportion the maintenance costs based on benefit.

The method of assessment established at the time of the District's formation is based on the Linear Front Footage ("LFF") for each parcel located within the District. The improvements and services provided by the District are within the public right of way along the street, therefore utilizing the LFF to calculate the assessment is directly proportional to the benefit received. The parcel's LFF was determined based on Assessor's Parcel maps or other sources.

SAMPLE CALCULATIONS

As described above, assessments have been calculated for each parcel based the linear front footage (LFF) of the property along the improvement/service corridor.

$\text{LFF} = \text{Linear Front Footage}$
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Shown below are LFF calculations for various sample parcels.

- **Property with 50-foot frontage**
LFF = 50.00 LFF
- **Property with 125-foot frontage**
LFF = 125.00 LFF
- **7-unit Condominium Property with 49-foot frontage**
LFF (per condo unit) = 49.00 LFF / 7 units = 7.00 LFF

The total assessment for each parcel in the District is based on the calculated LFF for the parcel and the applicable unit assessment rate, as shown in the following equation:

$\text{Total Assessment} = \text{Total LFF} \times \text{Unit Assessment Rate}$

D. Assessment Range Formula

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring the District to go through the requirements of Proposition 218 in order to get a small increase. This Assessment Range Formula was approved by the property owners at the time the District was formed. If the budget and assessments calculated requires an increase greater than the adjusted Maximum Assessment, then the assessment is considered an increased assessment and would be subject to Proposition 218 balloting.

The Maximum Assessment Rate established in the Fiscal Year 2005 proceedings are authorized to be indexed (increased or decreased) annually by the factor published in the San Diego Consumer Price Index for Urban Consumers (SDCPI-U) plus 2%. The annual change in second half SDCPI-U values, as compiled by the U.S. Bureau of Labor Statistics (see www.bls.gov), for the prior year period was from 246.686 to 253.368 (a 2.71% increase) plus 2% for a total increase of 4.71%. In accordance with the approved cost-indexing provisions, the maximum authorized assessment rates contained within this Assessment Engineer's Report have been increased by 4.71%.

The Maximum Assessment is adjusted annually and is calculated independent of the District's annual budget and proposed annual assessment. Any proposed annual assessment is not considered an increased assessment, even if the proposed assessment is greater than the assessment applied in the prior fiscal year.

SECTION VI. DISTRICT DIAGRAM

The parcels within the City Heights Maintenance Assessment District consist of all lots, parcels depicted within the boundaries of the District. The District diagram reflecting the exterior boundaries of the District is on file with the City Clerk.

SECTION VII. ASSESSMENT ROLL

The assessment roll is a listing of the Fiscal Year 2013 Assessment apportioned to each lot or parcel, as shown on the San Diego County last equalized roll of the assessor and reflective of the Assessor's Parcel Map(s) associated with the equalized roll. A listing of parcels proposed to be assessed within this District is shown on the following table.

CITY OF SAN DIEGO

City Heights Maintenance Assessment District

**Engineer's Report
Fiscal Year 2013**

This report has been prepared and submitted by:

C. Stephen Bucknam Jr. C 20903

Koppel & Gruber Public Finance

I, _____, as City Clerk of the City of San Diego, County of San Diego, California, do hereby certify that the Assessment as shown on the Assessment Roll, together with the Assessment Diagram, both of which are incorporated into this report, were filed in my office on the ____ day of _____, 2012.

Elizabeth Maland, City Clerk
City of San Diego
State of California

I, _____, as City Clerk of the City of San Diego, County of San Diego, California, do hereby certify that the foregoing Assessment as shown together with the Assessment Diagram incorporated into this report, was approved and confirmed by the City Council of said City on the ____ day of _____, 2012.

Elizabeth Maland, City Clerk
City of San Diego
State of California

I, _____, as City Engineer of the City of San Diego, County of San Diego, California, do hereby certify that the foregoing Assessment as shown together with the Assessment Diagram incorporated into this report, was recorded in my office on the ____ day of _____, 2012.

James Naglevoort, City Engineer
City of San Diego
State of California