

ASSESSMENT ENGINEER'S REPORT

Prepared for the

CITY OF SAN DIEGO

**Bay Terraces
Maintenance Assessment District**

Annual Update for Fiscal Year 2005

under the provisions of the

**San Diego Maintenance Assessment District Ordinance
of the San Diego Municipal Code**

and

**Landscape and Lighting Act of 1972
of the California Streets and Highways Code**

Prepared by

**BOYLE ENGINEERING CORPORATION
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May 2004

CITY OF SAN DIEGO

Mayor

Dick Murphy

City Council Members

| | |
|-------------------------------|----------------------------------|
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| Michael Zucchet District 2 | Donna Frye District 6 |
| Toni Atkins District 3 | Jim Madaffer District 7 |
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City Attorney

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City Clerk

Charles G. Abdelnour

City Engineer

Frank Belock

Assessment Engineer

Boyle Engineering Corporation

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Assessment Engineer's Report

Bay Terraces

Maintenance Assessment District

Preamble

Pursuant to the provisions of the "San Diego Maintenance Assessment District Ordinance" (being Division 2, Article 5, Chapter VI beginning at Section 65.0201 of the San Diego Municipal Code), provisions of the "Landscape and Lighting Act of 1972" (being Part 2 of Division 15 of the California Streets and Highways Code), applicable provisions of "Proposition 218" (being Article XIID of the California Constitution), and provisions of the "Proposition 218 Omnibus Implementation Act" (being California Senate Bill 919) (the aforementioned provisions are hereinafter referred to collectively as "Assessment Law"), in connection with the proceedings for the BAY TERRACES MAINTENANCE ASSESSMENT DISTRICT (hereinafter referred to as "District"), BOYLE ENGINEERING CORPORATION, as Assessment Engineer to the City of San Diego for these proceedings, submits herewith this report for the District as required by California Streets and Highways Code Section 22565.

FINAL APPROVAL, BY RESOLUTION NO. _____ ,
ADOPTED BY THE CITY COUNCIL OF THE CITY OF SAN
DIEGO, COUNTY OF SAN DIEGO, CALIFORNIA, ON THE
_____ DAY OF _____, 2004.

Charles G. Abdelnour, CITY CLERK
CITY OF SAN DIEGO
STATE OF CALIFORNIA

Executive Summary

Project: Bay Terraces
 Maintenance Assessment District

Apportionment Methods: Equivalent Benefit Unit (EBU) – Zone 1
 Equivalent Dwelling Unit (EDU) – Zone 5

| | FY 2004 | FY 2005 ⁽¹⁾ | Maximum ⁽²⁾ Authorized |
|------------------------------------|----------------|-------------------------------|--|
| Total Parcels Assessed: | 369 | 369 | -- |
| <i>Zone 1</i> | 319 | 319 | -- |
| <i>Zone 5</i> | 50 | 50 | -- |
| Total Estimated Assessment: | \$40,930 | \$41,957 | -- |
| <i>Zone 1</i> | \$30,788 | \$31,815 | -- |
| <i>Zone 5</i> | \$10,142 | \$10,142 | -- |
| Total Number of Units: | | | -- |
| <i>Zone 1 (EBUs)</i> | 329.35 | 329.35 | -- |
| <i>Zone 5 (EDUs)</i> | 96.03 | 96.03 | -- |
| Unit Assessment Rate: | | | |
| <i>Zone 1 (\$/EBU)</i> | \$93.47 | \$96.60 ⁽³⁾ | \$96.60 ⁽³⁾ |
| <i>Zone 5 (\$/EDU)</i> | \$105.62 | \$105.62 | \$105.62 |

⁽¹⁾ FY 2005 is the City's Fiscal Year 2005, which begins July 1, 2004 and ends June 30, 2005. Total Parcels Assessed, Total Estimated Assessment, and Total Number of EBUs/EDUs may vary from prior fiscal year values due to parcel changes and/or land use re-classifications.

⁽²⁾ Maximum Authorized annual assessment for Zone 1 subject to cost indexing provisions set forth in this Assessment Engineer's Report.

⁽³⁾ Fiscal Year 2004 maximum authorized annual assessment increased by cost indexing factor of 3.35%.

District History: The District was established in December 1982. Zone 1 was re-engineered in Fiscal Year 2003 to permit an increase in assessments and annual cost indexing.

Annual Cost Indexing: An increase in Zone 1 assessments, under authority of annual cost indexing provisions, is required for Fiscal Year 2005. Indexing of Zone 5 assessments is not permitted under the current apportionment methodology.

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

Background

The Bay Terraces Maintenance Assessment District (District) was established in December 1982. The District is comprised of two separate zones, each of which provides for maintenance of specified open space areas within the zone. The general purpose of the assessments is to provide for the maintenance of these dedicated open space areas.

The City of San Diego (City) retained Boyle Engineering Corporation (Boyle) to prepare an Assessment Engineer's Report for the reformation of Zone 1 of the District in May 2002. The purpose of the reformation of Zone 1 was to allow for an increase in the overall assessment (with additional provisions for annual cost-indexing) in accordance with Proposition 218 requirements. The effort also involved modification of the apportionment methodology and determination of benefiting parcels.

District Proceedings for Fiscal Year 2005

This District is authorized and administered under the provisions of the "San Diego Maintenance Assessment District Procedural Ordinance of 1986" (being Division 2, Article 5, Chapter VI beginning at Section 65.0201 of the San Diego Municipal Code), provisions of the "Landscape and Lighting Act of 1972" (being Part 2 of Division 15 of the California Streets and Highways Code), applicable provisions of "Proposition 218" (being Article XIID of the California Constitution), and provisions of the "Proposition 218 Omnibus Implementation Act" (being California Senate Bill 919) (the aforementioned provisions are hereinafter referred to collectively as "Assessment Law").

The purpose of the proposed proceedings and this Assessment Engineer's Report is to update the District budget and assessments for Fiscal Year 2005. The Fiscal Year 2005 assessments for Zone 1 proposed within this Assessment Engineer's Report represent a 3.35% increase over the previous year's assessments. This increase is under the authority of annual cost indexing provisions approved by property owners. Therefore, the vote requirements of Section 4 of Article XIID do not apply to these proceedings.

A public hearing will be scheduled where public testimony will be

heard by the Council, and the Council may, at its discretion, adopt a resolution ordering the levying of the proposed assessments.

Bond Declaration

No bonds will be issued in connection with this District.

District Boundary

The District is comprised of two separate zones. Zone 1 is located just north of Highway 54 in the Paradise Hills community of the City. Zone 5 is located just south of Paradise Valley Road in the South Bay Terraces community of the City. The Boundary Map & Assessment Diagram for the District is on file in the Maintenance Assessment Districts Section of the Park and Recreation Department of the City of San Diego and by reference is made a part of this report. The Boundary Map & Assessment Diagram is available for public inspection during normal business hours. The District boundary is depicted in Exhibit A.

Project Description

The project to be funded by the proposed assessments is the maintenance of approximately 2 acres of open space in Zone 1, and approximately 2 acres of open space in Zone 5. Maps of the improvements maintained by the District are on file at Map Records in the City Engineer's office and are incorporated herein. The specifications for maintenance to be performed are contained in City contracts on file with the City Clerk and the Park and Recreation Department. The specifications are available for public inspection during normal business hours.

Separation of General and Special Benefits

Consistent with City policy for the public at large, the City will provide the District with annual contributions from the Gas Tax Fund for median maintenance (18.6¢ per square foot of landscaped median and 1.34¢ per square foot of hardscaped median) and from the Environmental Growth Fund for open space maintenance (\$26.63 per acre). These contributions, reviewed and adjusted annually by the City, are considered to be "general benefit" allocated to the District. All other maintenance, operations, and administration costs associated

with the District, which exceed the City's contribution to the public at large, are accordingly considered to be "special benefit" funded by the District.

Cost Estimate

Estimated Costs

Estimated Fiscal Year 2005 annual expenses, revenues, reserves, and assessments (provided by the City) for the District are included as Exhibit B hereto.

Annual Cost Indexing

With the passage of Proposition 218, any proposed increase in assessments must be approved by property owners via a mail ballot and public hearing process, similar to these proceedings. A majority of ballots received (weighted according to each parcel's proportionate assessment) must be affirmative for the City Council to confirm and levy the increased assessments. For small assessment districts or districts with relatively low dollar assessments, the cost of an engineer's report, balloting, and the public hearing process can potentially exceed the total cost of the increase. These incidental costs of the proceedings can be added to the assessments, resulting in even higher assessments.

Indexing assessments annually to a factor equal to the San Diego Consumer Price Index for Urban Consumers (SDCPI-U) allows for minor increases in normal maintenance and operating costs, without incurring the costs of ballot proceedings required by Proposition 218. Any significant change in the assessment initiated by an increase in service provided or other significant changes to the District would still require Proposition 218 proceedings and property owner approval.

The maximum authorized assessment for Zone 1 is authorized to be indexed (increased or decreased) annually by the factor equal to the published SDCPI-U. Fiscal Year 2004 was the first year authorized for such indexing. It has been determined that an increase of Zone 1 assessments, as authorized by the cost indexing provisions, is required for Fiscal Year 2005.

The maximum authorized assessments for Zone 5 are not authorized to be indexed (increased or decreased) without a vote of the affected property owners.

Method of Apportionment

Estimated Benefit of the Improvements

Creation of open space is consistent with the goals contained in the City's General Plan. Open space provides benefit through preserving natural resources, controlling urban form, providing for outdoor recreation, providing for the public health and safety, serving as drainage corridors, and view corridors. Open space also produces lower development density, which benefits the community's residents by not further increasing traffic congestion, noise levels, and storm water runoff pollutants. These open space assets, generally dedicated to the public during the development process, require ongoing management and maintenance to maintain their functionality, aesthetics, and continued contribution to the quality of life in the community. All parcels within the District benefit from these enhanced open space areas being maintained by the District.

The maintenance for these enhanced assets, since installation, has been funded through the District. The City's General Plan also supports the establishment of community landscape improvement and maintenance districts, such as this District, to serve these maintenance needs.

Apportionment Methodology (Zone 1)

The total cost for maintenance of the improvements in Zone 1 will be assessed to the various parcels within Zone 1 in proportion to the estimated Equivalent Benefit Units (EBUs) assigned to a parcel in relationship to the total EBUs of all the parcels in Zone 1.

EBUs for each parcel in Zone 1 have been determined as a function of two factors, a Land Use Factor and a Benefit Factor, related as shown in the following equation and discussed below:

$$\text{EBUs} = (\text{Acres or Units}) \times \text{Land Use Factor} \times \text{Benefit Factor}$$

Each of these factors is discussed below. Parcels determined to receive

no benefit from maintenance of Zone 1 improvements have been assigned zero (0) EBUs. The EBUs calculated for each property in Zone 1 can be found in the Assessment Roll (Exhibit C).

Land Use Factor

Since the improvements to be maintained by Zone 1 are primarily associated with the Transportation Element of the General and Community Plans, trip generation rates for various land use categories (as previously established by the City’s Transportation Planning Section) have been used as the primary basis for the development of Land Use Factors. While these trip generation rates strictly address only vehicular trips, they are also considered to approximately reflect relative trip generation for other modes of transportation (e.g., pedestrian trips, bicycle trips, etc.), and are considered the best available information for these other transportation modes.

The special benefits of the open space areas maintained by Zone 1 are linked to trip generation primarily by the public safety, aesthetic, and recreational enhancements enjoyed by travelers through Zone 1. Trip generation rates provide the required nexus and basis for assigning ratios of maximum potential benefit to the various land use/zoning classifications as defined by the City’s Municipal Code.

Land use/zoning classifications have been grouped with averaged trip generation rates assigned to establish the Land Use Factors as shown in Table 1.

TABLE 1: Land Use Factors

| Land Use/Zoning | Code | Land Use Factor |
|--------------------------------------|-------------|------------------------|
| Residential – Detached Single Family | SFD | 1.0 per dwelling unit |
| Educational – Primary & Secondary | EPS | 5.0 per acre |
| Open Space (designated) | OSP | 0 per acre |
| Park – Undeveloped | PKU | 0.5 per acre |

Designated Open Space serves primarily to preserve natural landscape and habitat. While access for study and passive recreation is sometimes permitted, these activities are usually

allowed only to the limited extent consistent with the primary purpose of natural preservation. Since this land is essentially “unused” in the customary terms of land use (which relate to human use, not use by nature), the trip generation rate is zero. Therefore, the designated Open Space receives no benefit from the Transportation Element and has been assigned a Land Use Factor of zero.

Benefit Factor

The Land Use Factor described above reflects the relative intensity of use (or potential use) of the various parcels of land to be assessed. It does not address the relationship of this use to the specific improvements to be maintained by Zone 1. This relationship is reflected in the Benefit Factor utilized in the assessment methodology.

In determining the Benefit Factor for each land use category, the subcomponents of the benefits of Zone 1 improvements considered may include some or all of the following: public safety, view corridors and aesthetics, enhancement of community identity, drainage corridors, and recreational potential. The components used for Zone 1 are: public safety, aesthetics, and recreation.

As Benefit Factors and their subcomponents are intended to reflect the particular relationships between specific land uses within a district and the specific improvements maintained by the district, Benefit Factors will generally vary from one district to another, based on the specific character and nature of the applicable land uses and improvements maintained.

For a given land use, the composite Benefit Factor is equal to the sum of the subcomponent values. If a land use category receives no benefit from a subcomponent, then a value of zero is assigned to that subcomponent. A composite Benefit Factor of 1.0 indicates that full benefit is received. A decimal fraction indicates that less than full benefit is received.

The applicable benefit subcomponents and resultant composite Benefit Factors determined for the various Land Use/Zoning categories within Zone 1 are as shown in Table 2.

TABLE 2: Benefit Factors by Land Use

| Land Use/Zoning | Public Safety (Max. 0.2) | Aesthetics (Max. 0.4) | Recreation (Max. 0.4) | Composite Benefit Factor (Max. 1.0) |
|-----------------------------------|-------------------------------------|----------------------------------|----------------------------------|--|
| All Residential | 0.2 | 0.4 | 0.4 | 1.0 |
| Educational – Primary & Secondary | 0.2 | 0.2 | 0 | 0.4 |
| Open Space (designated) | 0.2 | 0 | 0 | 0.2 |
| Park – Undeveloped | 0.2 | 0 | 0 | 0.2 |

Public Safety. All land uses are considered to receive the maximum available benefit from the public safety element of Zone 1 improvements. Public safety is essential to all land uses, and even to lands, such as designated Open Space, held in stewardship with only incidental human use.

Aesthetics. The degree of benefit received from the aesthetic qualities of the open space areas maintained by Zone 1 varies among land use categories. Generally, by nature of their use, residential lands receive the greatest benefit from the reduced traffic congestion, reduced noise levels, greater separation from traffic and generally more tranquil environment provided by open spaces. Institutional uses, on the other hand, often thrive on higher densities, greater traffic access, and a higher level of activity in the vicinity of their enterprises. These uses, accordingly, receive a lesser degree of benefit from the general insulation and separation provided by the aesthetic elements of Zone 1 improvements.

Lands in the Open Space and Park categories are considered to receive no significant benefit from the aesthetic elements of Zone 1 improvements, as enhanced aesthetic quality of other lands in their vicinity does not affect their function, use, or value.

Recreation. Lands in all Residential categories are considered to receive the maximum available benefit from the recreation elements of Zone 1 improvements, through the regular enjoyment of these elements by their residents. Lands in all other categories are considered to receive no significant enjoyment or benefit from these elements of Zone 1 improvements.

Apportionment Methodology (Zone 5)

The total cost for maintenance of Zone 5 improvements will be assessed to the various parcels within Zone 5 in proportion to the estimated Equivalent Dwelling Units (EDUs) assigned to a parcel in relationship to the total EDUs of all the parcels in Zone 5.

EDUs for each parcel have been determined based on a Density Factor applicable to the subject land use as shown in the following equation:

| |
|--|
| $\text{EDUs} = (\text{Acres or Units}) \times \text{Density Factor}$ |
|--|

Table 3 below summarizes the Density Factors for land uses within Zone 5.

TABLE 3: Density Factors

| Land Use/Zoning | Code | Density Factor |
|---|-------------|-----------------------|
| Residential – Single Family (developed) | DSFD | 1.0 per dwelling unit |
| Retail & Commercial (developed) | DRET | 6.49 per acre |

The EDUs calculated for each property in Zone 5 can be found in the Assessment Roll (Exhibit C).

Summary Results

The District boundary is presented in Exhibit A.

An estimate of the costs of the improvements provided by the District is included as Exhibit B to this report.

The assessment methodology utilized is as described in the text of this report. Based on this methodology, the Fiscal Year 2005 District assessment for each parcel was calculated and is shown in the Assessment Roll (Exhibit C).

Each lot or parcel of land within the District has been identified by unique County Assessor's Parcel Number on the Assessment Roll and the Boundary Map and Assessment Diagram referenced herein. The net assessment for each parcel for Fiscal Year 2005 can be found on the Assessment Roll.

This report has been prepared and respectfully submitted by:

BOYLE ENGINEERING CORPORATION

Eugene F. Shank, PE

C 52792

David R. Spencer, EIT

CA 109078

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 _____, 2004.

Charles G. Abdelnour, CITY CLERK
CITY OF SAN DIEGO
STATE OF CALIFORNIA

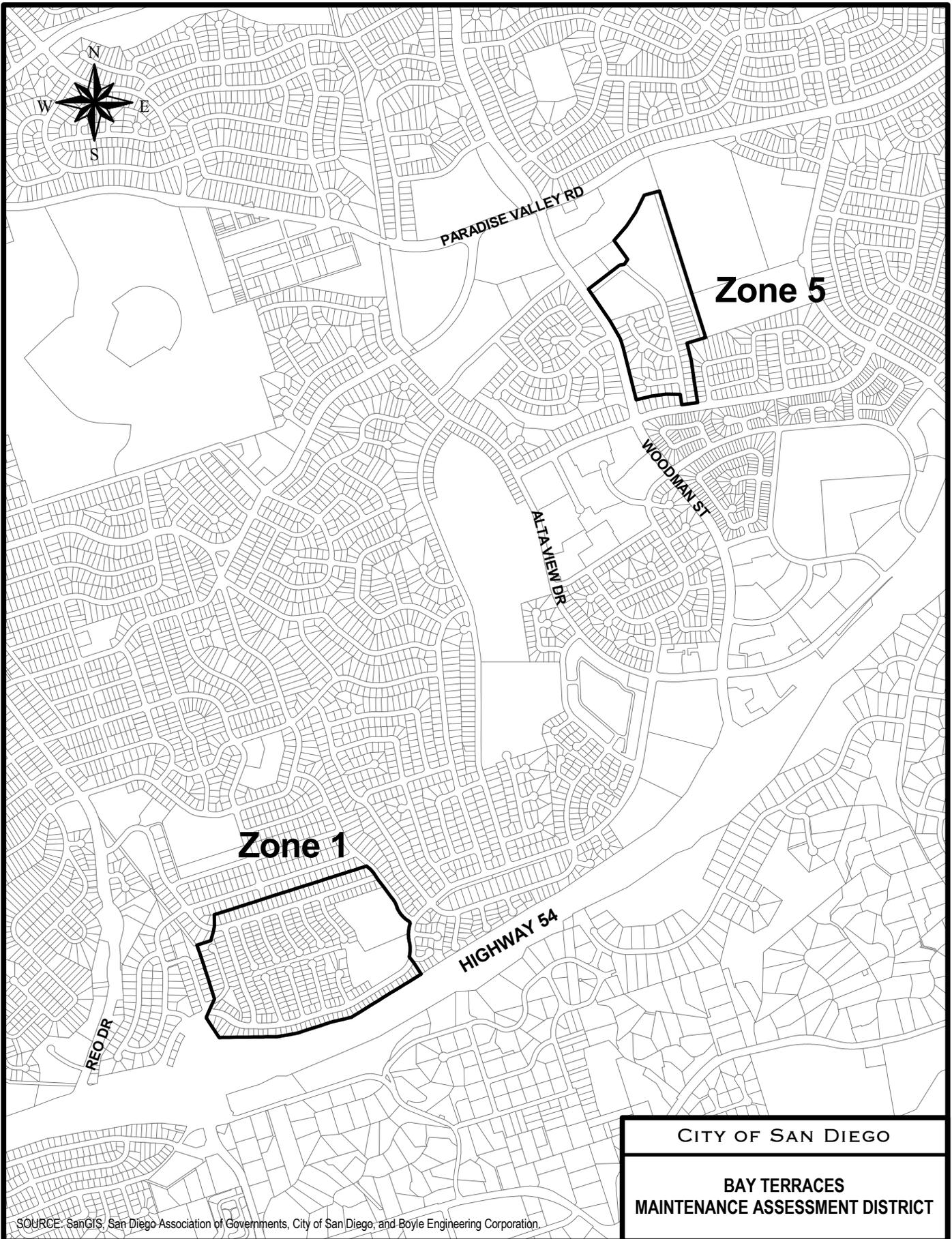
I, _____, as CITY CLERK of the CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, CALIFORNIA, do hereby certify that the foregoing Assessment, together with the assessment diagram incorporated into this report, was approved and confirmed by the CITY COUNCIL of said City on the ____ day of _____, 2004.

Charles G. Abdelnour, CITY CLERK
CITY OF SAN DIEGO
STATE OF CALIFORNIA

I, _____, as SUPERINTENDENT OF STREETS of the CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, CALIFORNIA, do hereby certify that the foregoing Assessment, together with the assessment diagram was recorded in my office on the ____ day of _____, 2004.

SUPERINTENDENT OF STREETS
CITY OF SAN DIEGO
STATE OF CALIFORNIA

EXHIBIT A



CITY OF SAN DIEGO

BAY TERRACES
MAINTENANCE ASSESSMENT DISTRICT

SOURCE: SanGIS, San Diego Association of Governments, City of San Diego, and Boyle Engineering Corporation.

EXHIBIT A

EXHIBIT B

**EXHIBIT B - Estimated Annual Expenses, Revenues & Reserves
Bay Terraces Maintenance Assessment District**

| | FY 2003 ESTIMATE | FY 2004 ESTIMATE | FY 2005 PROPOSED |
|---|---------------------|---------------------|---------------------|
| BEGINNING BALANCE AND RESERVE | | | |
| Beginning Balance | \$ 12,342 | \$ 24,230 | \$ 33,554 |
| Prior Year Encumbrances | \$ 1,285 | \$ - | \$ - |
| TOTAL BALANCE | \$ 13,627 | \$ 24,230 | \$ 33,554 |
| REVENUE | | | |
| Assessments | \$ 39,877 | \$ 40,930 | \$ 41,957 |
| Interest | \$ 481 | \$ 437 | \$ 446 |
| Environmental Growth Fund | \$ 107 | \$ 107 | \$ 107 |
| Gas Tax Fund | \$ - | \$ - | \$ - |
| General Fund | \$ 2,222 | \$ 2,962 | \$ 741 |
| Miscellaneous | \$ - | \$ - | \$ - |
| TOTAL REVENUE | \$ 42,687 | \$ 44,436 | \$ 43,251 |
| TOTAL BALANCE AND REVENUE | \$ 56,314 | \$ 68,666 | \$ 76,805 |
| EXPENSE | | | |
| CAPITAL IMPROVEMENTS PROGRAM | \$ - | \$ - | \$ - |
| OPERATING EXPENSE | | | |
| Personnel | \$ 2,203 | \$ 2,940 | \$ 3,190 |
| Contractual | \$ 13,323 | \$ 19,389 | \$ 20,359 |
| Incidental | \$ 11,210 | \$ 4,577 | \$ 4,221 |
| Utilities | \$ 5,348 | \$ 8,206 | \$ 8,700 |
| TOTAL OPERATING EXPENSE | \$ 32,084 | \$ 35,112 | \$ 36,470 |
| TOTAL EXPENSE | \$ 32,084 | \$ 35,112 | \$ 36,470 |
| RESERVE | | | |
| Contingency Reserve | \$ - | \$ - | \$ 40,335 |
| TOTAL RESERVE | \$ - | \$ - | \$ 40,335 |
| BALANCE | \$ 24,230 | \$ 33,554 | \$ - |
| TOTAL EXPENSE, RESERVE AND BALANCE | \$ 56,314 | \$ 68,666 | \$ 76,805 |

EXHIBIT C

Due to the size of the Assessment Roll (Exhibit C), only limited copies are available. Please contact the City of San Diego, Park & Recreation Department, Open Space Division, Maintenance Assessment Districts Program at (619) 685-1350 to review the Assessment Roll.