



THE CITY OF SAN DIEGO

**CITY OF SAN DIEGO**

**HILLCREST COMMERCIAL CORE  
MAINTENANCE ASSESSMENT DISTRICT  
ANNUAL UPDATE ENGINEER'S REPORT**

**JUNE 2010**

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

**KOPPEL & GRUBER**  
PUBLIC FINANCE

334 VIA VERA CRUZ, SUITE 256  
SAN MARCOS  
CALIFORNIA 92078

T. 760.510.0290  
F. 760.510.0288

# City of San Diego

## Mayor

Jerry Sanders

## City Council Members

Sherrri Lightner  
District 1

Carl DeMaio  
District 5

Kevin Faulconer  
District 2 (Council President Pro Tem)

Donna Frye  
District 6

Todd Gloria  
District 3

Marti Emerald  
District 7

Anthony Young  
District 4

Ben Hueso  
District 8 (Council President)

## City Attorney

Jan Goldsmith

## Chief Operation Officer

Jay M. Goldstone

## City Clerk

Elizabeth Maland

## Independent Budget Analyst

Andrea Tevlin

## City Engineer

Afshin Oskoui

# TABLE OF CONTENTS

<b>SECTION I. EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>SECTION II. BACKGROUND .....</b>	<b>3</b>
<b>SECTION III. PLANS AND SPECIFICATION.....</b>	<b>4</b>
<b>A. GENERAL DESCRIPTION OF THE DISTRICT .....</b>	<b>4</b>
<b>B. DESCRIPTION OF IMPROVEMENTS TO BE MAINTAINED AND SERVICES .....</b>	<b>4</b>
<b>C. DESCRIPTION OF MAINTENANCE AND SERVICES.....</b>	<b>5</b>
<b>SECTION IV. ESTIMATE OF COSTS .....</b>	<b>6</b>
<b>A. ESTIMATE OF COSTS TABLE.....</b>	<b>6</b>
<b>SECTION V. METHOD OF APPORTIONMENT.....</b>	<b>7</b>
<b>A. GENERAL.....</b>	<b>7</b>
<b>B. SPECIAL BENEFIT ANALYSIS .....</b>	<b>7</b>
<b>C. ASSESSMENT METHODOLOGY.....</b>	<b>8</b>
<b>D. ASSESSMENT RANGE FORMULA.....</b>	<b>10</b>
<b>SECTION VI. ASSESSMENT DIAGRAM.....</b>	<b>11</b>
<b>SECTION VII. ASSESSMENT ROLL.....</b>	<b>12</b>

## SECTION I. EXECUTIVE SUMMARY

**Project:** Hillcrest Commercial Core Maintenance Assessment District (“District”)

**Apportionment Method:** Linear Front Foot (“LFF”)  
Building Square Footage (“BSF”)

**Table 1 – Summary Information – Zone A  
(Parcels with Street Trees)**

	<b>FY 2010</b>	<b>FY 2011 (1)</b>	<b>Maximum Authorized</b>
Total Parcels Assessed:	8	8	
Total Estimated Assessment:	\$19,999.50	\$19,999.50	
Total Number of Units:			
LFF	1,191.00	1,191.00	
BSF	117,597.00	117,597.00	
Unit Assessment Rate			
\$/LFF	\$7.18744800	\$7.18744800	\$7.93733206
\$/BSF	\$0.09727500	\$0.09727500	\$0.10742394
Estimated Assessment Revenue			
\$/LFF	\$8,560.25	\$8,560.25	
\$/BSF	\$11,439.25	\$11,439.25	

1. FY 2011 is the City’s Fiscal Year 2011, which begins July 1, 2010 and ends June 30, 2011. Total Parcels Assessed, Total Estimated Assessment, and Total Estimated Factors may vary from prior year due to parcel changes.

**Table 2 – Summary Information Zone B  
(Parcels without Street Trees)**

	<b>FY 2010</b>	<b>FY 2011 (2)</b>	<b>Maximum Authorized</b>
Total Parcels Assessed:	69	69	
Total Estimated Assessment:	\$69,950.54	\$70,183.43	
Total Number of Units:			
LFF	5,729.00	5,729.00	
BSF	377,413.00	380,034.00	
Unit Assessment Rate			
\$/LFF	\$6.35621400	\$6.35621400	\$7.01937338
\$/BSF	\$0.08885700	\$0.08885700	\$0.09812767
Estimated Assessment Revenue			
\$/LFF	\$36,414.75	\$36,414.75	
\$/BSF	\$33,535.79	\$33,768.68	

2. FY 2011 is the City’s Fiscal Year 2011, which begins July 1, 2010 and ends June 30, 2011. Total Parcels Assessed, Total Estimated Assessment, and Total Estimated Factors may vary from prior year due to parcel changes.

**District History:** The District was formed in 2006 in compliance with Proposition 218. A property owner ballot proceeding was conducted and a weighted majority of property owners, based on assessment amount, approved the assessments and the annual cost indexing provisions.

**Annual Cost Indexing:** The assessments are authorized to increase by the annual change in the San Diego Area Consumer Price Index (the SDCPI-U) not to exceed 5% of the previous year’s rate. However, if SDCPI-U is higher than 5%, the excess can be cumulatively reserved and can be added to the SDCPI-U in years in which the SDCPI-U is less than 5%.

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

## **SECTION II. BACKGROUND**

### **A. Introduction**

The Hillcrest Commercial Core Maintenance Assessment District was established during FY 2006. The District was formed in compliance with the provision of Proposition 218. An assessment ballot proceeding was conducted and a weighted majority of property owners, based on assessment amount, were in support of the continuation of the assessments and services and improvements the assessments fund.

This report constitutes the Engineer's Report for the City of San Diego ("City") Hillcrest Commercial Core Maintenance Assessment District for Fiscal Year ("FY") 2011. 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, 2010 and ending June 30, 2011 to pay for the operation, maintenance and servicing of landscaping, lighting, drainage and all appurtenant facilities. The assessment rates set for the 2010/2011 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 2010/2011 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 Assessor 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 2011.

## **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 “Assessment Diagram of the City of San Diego Hillcrest Commercial Core Maintenance Assessment District” contained within this report in Section VI.

The District generally located along University Avenue from 1<sup>st</sup> Avenue to 6<sup>th</sup> Avenue and encompassing Washington to Pennsylvania Streets, and 4<sup>th</sup> Avenue to 6<sup>th</sup> Avenue. The non-profit Hillcrest Business Improvement Association Inc. manages the District. Two Zones were created based on the level of special benefit received by the properties. Zone A includes the trimming of street trees and Zone B does not include street trees; the Boundary Diagram outlines the location of the Zones.

### **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. 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:

- Increased security services;
- Debris and litter removal;
- Enhanced litter containers;
- Leaf sweeping and debris removal;
- Steam cleaning of sidewalks;
- Increased trash pick-up;
- Tree trimming;
- Operation of enhanced street lighting;
- Special Projects – Acquisition of litter containers.
- Administration/Corporate Operations/Outreach including;
  - District management
  - Overseeing of contract
  - Relations with City and Council office
  - Relations with property owners
  - Relations with Redevelopment Agency, and Community Planning Groups
  - Insurance
  - Legal and account
  - Office related expenses

**Table 3 - Service Frequency by Benefit Zone**

<b>Service</b>	<b>Zone A Frequency</b>	<b>Zone B Frequency</b>
Janitorial services	5 days per week	5 days per week
Tree trimming (18 Ficus trees)	Annual	N/A
Security services	5 – 7 days per week	5 – 7 days per week
Sidewalk Steam cleaning	3 times per year	3 times per year
Special projects: Acquisition of litter containers	As determined, costs expended equally between each Zone	As determined, costs expended equally between each Zone
Administration/Corporate Operations	Monday – Friday	Monday – Friday

Plans and specifications for these improvements to be maintained by the District are on file with the City Engineer’s office and by reference are made part of this Report. The specifications for the maintenance to be performed are contained in a City contract with the Hillcrest Business Improvement Association which is incorporated herein by reference. These documents are on file with the City Clerk and the City Planning and Community Investment Department and are available for public inspection during normal business hours.

**C. Description of Maintenance and Services**

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of improvements, services and appurtenant facilities, including repair, removal or replacement of all or part of any of the improvements, services or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping 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 lighting improvements. 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; or providing security and homeless patrols and other activities related to maintaining security.

## 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 4 – Estimate of Costs**

	FY 2009	FY 2010	FY 2011
<b>Hillcrest Commercial Core MAD</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>PROPOSED</b>
<b>BALANCE</b>	\$63,647	\$90,000	<b>\$49,090</b>
<b>Revenue</b>			
Assessments	\$89,950	\$89,950	<b>\$90,183</b>
Other Revenues	\$0	\$0	<b>\$0</b>
<b>TOTAL OPERATING REVENUE</b>	<b>\$89,950</b>	<b>\$89,950</b>	<b>\$90,183</b>
<b>TOTAL REVENUE AND BALANCE</b>	<b>\$153,597</b>	<b>\$179,950</b>	<b>\$139,273</b>
<b>Expense</b>			
Personnel	\$0	\$0	<b>\$0</b>
Contractual	\$97,054	\$79,578	<b>\$80,778</b>
Special Projects	\$30,000	\$72,000	<b>\$32,176</b>
Incidentals / Administration <sup>1</sup>	\$17,548	\$18,291	<b>\$17,091</b>
Contingency Reserve <sup>2</sup>	\$8,995	\$10,081	<b>\$9,228</b>
<b>TOTAL EXPENSE</b>	<b>\$153,597</b>	<b>\$179,950</b>	<b>\$139,273</b>
<b>BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Notes:

1. Includes City Administration Fee of 4% of the Assessment.
2. The contingency builds a reserve for the District for funding emergency needs and provides a source of funds to operate from July through August 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 values 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 and improved lighting.
- 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.

### **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.

The City provides the District with services, resources and contributions including, but not limited to street sweeping, landscape/tree maintenance (from the Gas Tax Fund, roadway and stormdrain improvement and maintenance, regular trash removal, graffiti removal, park maintenance and improvement, basic street lighting, traffic controls and public signage, street median, public safety (through the Police Department) and other public services and improvements. These City services are considered to be basic in nature, and subject to the City's budget and can be provided at a reduced level. The services provided by the District are enhanced over and above this basic service level. The general benefit from the services are determined to be minimal and are more than offset by the contributions the City provide to property in the District.

### **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 special benefit.

The method of assessment established at the time of the District's formation is based on a combination of two factors; Linear Front Footage ("LFF"), and the building size/parcel area (BSF). BSF and LFF are directly correlated with the population density and current or potential use of the property. These factors are both good determinates of relative benefit to property, and since the population density in the Hillcrest area (and height of buildings) is average for an urbanized area a 50/50 split of the assessments was deemed to be reasonable.

The total assessment for each parcel is the sum of the assessment calculated by the application of each factor.

### **Lot Size Factor**

The Lot Size Factor (LSF) is a measure of a parcel's proportionate area of ownership or stakeholder interest relative to the total area of the District, which is receiving enhanced and increased maintenance, beautification, and other property related services provided by the District. This factor has been weighted to provide a "target component" of 50% of the total assessment.

### **Building Size/Parcel Area Factor**

The Building Size/Parcel Area Factor (BSF) is a measure of a parcel's proportionate contribution to the intensity of use of the public right-of-way. Improved parcels are levied based on building square footage, while unimproved parcels are levied on 1/3rd of the parcel area.

### **SAMPLE CALCULATIONS**

As described above, assessments have been calculated for each parcel based the LFF of the property along the improvement/service corridor and the BSF of building square footage for improved property and 1/3<sup>rd</sup> of parcel area of unimproved property.

LFF = Linear Front Footage
BSF = Building Size Factor

Shown below are calculations for various sample parcels.

- **Improved Commercial Property with 50-foot frontage, 5,000 square feet of building on .10 acres**  
LFF = 50.00 LFF  
BSF= 5,000 BSF
- **Unimproved Property with 75-foot frontage, on .10 acres**  
LFF = 75.00 LFF  
BSF= 4,356 sq ft of parcel area/3=1,452 BSF

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

$\text{Total Assessment} = \text{Total LFF} \times \text{LFF Assessment Rate} + \text{Total BSF} \times \text{BSF Assessment Rate}$
---

#### **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 authorized assessment established in the Fiscal Year 2011 proceedings are authorized to be indexed (increased or decreased) annually by the factor published in the SDCPI-U not to exceed 5% of the previous year's rate. In the event that the annual change in SDCPI-U exceeds 5%, a percentage change in excess of 5% can be cumulatively reserved and can be added to the annual change in the SDCPI-U for years in which the SDCPI-U is less than 5%. The annual change in second half SDCPI-U values, as compiled by the U.S. Bureau of Labor Statistics (see [www.bls.gov](http://www.bls.gov)), for the prior year period was from 242.185 to 243.655 (a 0.61% increase). However, to be consistent with the City's Parks & Recreation Department Maintenance Assessment Districts the annual SDCPI-U increase for FY 2011 will be a .55% increase (242.313 to 243.655). In accordance with the approved cost-indexing provisions, the maximum authorized assessment rates contained within this Assessment Engineer's Report have been increased by 0.55%.

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. ASSESSMENT DIAGRAM**

The parcels within the Hillcrest Commercial Core 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 and the Zones of benefit is on file with the City Clerk.

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, CALIFORNIA, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_

CITY CLERK \_\_\_\_\_  
RECORDED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, CALIFORNIA, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_

CITY CLERK \_\_\_\_\_  
AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE CITY COUNCIL OF THE CITY OF SAN DIEGO ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_ FOR FISCAL YEAR 20\_\_ AND SAID ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL FOR SAID FISCAL YEAR WERE FILED IN THE OFFICE OF THE COUNTY AUDITOR OF THE COUNTY OF SAN DIEGO ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_ REFERENCE IS HEREBY MADE TO SAID RECORDED ASSESSMENT ROLL FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND

CITY CLERK \_\_\_\_\_  
FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_ AT \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M. IN THE OFFICE OF THE COUNTY AUDITOR OF THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AT THE REQUEST OF THE CITY OF SAN DIEGO CITY COUNCIL

COUNTY AUDITOR, COUNTY OF SAN DIEGO  
NOTE: REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS ON RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF SAN DIEGO FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.



**Legend**

	Benefit Zone A
	Benefit Zone B

## **SECTION VII. ASSESSMENT ROLL**

The assessment roll is a listing the Fiscal Year 2011 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. Though the maximum amount is shown below, it is not anticipated that the maximum assessment will be assessed for many years. A listing of parcels proposed to be assessed within this District is shown on the following table.

CITY OF SAN DIEGO

Hillcrest Commercial Core Maintenance Assessment District

Engineer's Report  
Fiscal Year 2011

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 \_\_\_\_\_, 2010.

---

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 \_\_\_\_\_, 2010.

---

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 \_\_\_\_\_, 2010.

---

Afshin Oskoui, City Engineer  
City of San Diego  
State of California