



America's Finest City

THE CITY OF SAN DIEGO



Assessment Engineer's Report

STONECREST VILLAGE MAINTENANCE ASSESSMENT DISTRICT

Annual Update for Fiscal Year 2015

under the provisions of the

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

and

**Landscaping & Lighting Act of 1972
of the California Streets & Highways Code**

Prepared For

City of San Diego, California

Prepared By

EFS Engineering, Inc.

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June 2014

CITY OF SAN DIEGO

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Assessment Engineer's Report Stonecrest Village 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 "Landscaping 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 STONECREST VILLAGE MAINTENANCE ASSESSMENT DISTRICT (hereinafter referred to as "District"), EFS ENGINEERING, INC., 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 _____, 2014.

Elizabeth Maland, CITY CLERK
CITY OF SAN DIEGO
STATE OF CALIFORNIA



Executive Summary

Project: Stonecrest Village
 Maintenance Assessment District

Apportionment Method: Equivalent Dwelling Unit (EDU)

	FY 2014	FY 2015 ⁽¹⁾	Maximum ⁽²⁾ Authorized
Total Parcels Assessed:	592	592	--
Total Estimated Assessment:	\$564,342	\$564,342	--
Total Number of EDUs:	1,689.65	1,689.65	--
Assessment per EDU:	\$334.00	\$334.00	\$509.48 ⁽³⁾

⁽¹⁾ FY 2015 is the City's Fiscal Year 2015, which begins July 1, 2014 and ends June 30, 2015. Total Parcels Assessed, Total Estimated Assessment, and Total Number of EBUs may vary from prior fiscal year values due to parcel changes and/or land use re-classifications.

⁽²⁾ Maximum Authorized annual amounts subject to cost-indexing provisions set forth in this Assessment Engineer's Report.

⁽³⁾ Prior fiscal year's maximum authorized annual assessment increased by cost-indexing factor of 1.71%.

Proposition 218 Compliance: The District was engineered in Fiscal Year 1998 in compliance with Proposition 218. By a ballot proceeding, the single property owner unanimously approved Fiscal Year 1998 assessments, maximum authorized assessments for subsequent years, and provisions for annual cost-indexing.

Annual Cost-Indexing: The maximum authorized assessment rate has been increased based on the approved annual cost-indexing provisions.

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



Background

The Stonecrest Specific Plan (adopted in 1988) proposed development of 318 acres located in the Kearny Mesa Planning Area for office, light industrial, and hotel uses. In 1993, the plan was amended to allow commercial/retail use within the northeastern portion and a golf driving range (under a conditional use permit). Development of these areas has been implemented. The plan was again amended in January 1996 to allow residential development on a portion of the project with a maximum of 1,235 attached and detached residential dwelling units.

In March 1996, Tentative Map 95-0204 was approved. The development plan and map allow for attached and detached residential dwellings in 11 planning areas or lots, open space, and a balance of major streets dedicated to the public. Final Subdivision Map Number 13348 for Phase I was approved in August 1996.

At the request of the developer, enhanced streetscape and landscape improvements (above standard development requirements) were constructed throughout the development. The development includes extra wide parkways, planted medians, mid-block streetlights, community entry monuments, etc.

The City of San Diego (City) conditionally approved of Tentative Map 95-0204 (contained in Resolution Number R-286862), and set terms in an agreement (contained in Resolution Number R-287761 adopted on August 6, 1996) that required the developer to enter into a bonded maintenance agreement, assuring maintenance of all landscaping and appurtenances within the City right-of-way, until such time when a landscape maintenance district, property owners association, or other such mechanism is established for maintenance of all landscaping and appurtenances.

The developer was responsible for the construction and installation of all landscape, lighting, and appurtenances and for the maintenance of all landscaping for a two-year establishment period beginning from the date of acceptance by the City's Park and Recreation Department. At the end of the two-year establishment period, the landscape maintenance shall be turned over to the Stonecrest Village Maintenance Assessment District (District).



California Pacific Homes (original owner of 100% of the parcels within the District boundary) petitioned the City to form the District on May 24, 1996. The City retained Boyle Engineering Corporation to prepare an Assessment Engineer's Report for the formation of the District. The District was engineered in Fiscal Year 1998 in compliance with Proposition 218. By a unanimous, single property owner vote, the District was approved.

The Assessment Engineer's Report, preliminarily accepted by Resolution Number R-288402 on March 4, 1998, proposed Fiscal Year 1998 assessments, maximum authorized assessments for subsequent years, and provisions for annual cost-indexing of the maximum authorized assessments.

District Proceedings for Fiscal Year 2015

This District is authorized and administered under 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 "Landscaping 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"). This report has been prepared in compliance with 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 2015. The Fiscal Year 2015 assessments proposed within this Assessment Engineer's Report are equal to or less than the maximum authorized assessment. 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 Boundary Map and Assessment Diagram for the District are on file in the Maintenance Assessment Districts section of the Park and Recreation Department of the City of San Diego and by reference are made a part of this report. The Boundary Map and Assessment Diagram for the District are available for public inspection during normal business hours. A reduced copy of the Boundary Map is included as **Exhibit A**.

Project Description

The project to be funded by the proposed assessments consists of landscape maintenance and lighting associated with the Stonecrest Village residential development. **Figure 1** provides a map of the areas and a description of the elements to be maintained. All improvements and lighting to be maintained fall within the dedicated public right-of-way (medians, parkway rights of way, decorative street lights, entry monuments, paseo, and streetscapes), open space areas, or landscape easements (slopes, riparian trail) dedicated to the City.

The maintenance tasks associated with each area can be found in the legend on **Figure 1**. The two open space/recreational areas (Lots A & B), and the two associated Paseos will be maintained by the homeowners association and are not a part of this District.

The engineering drawings for the improvements to be maintained by the District are on file at Maps and Records in the Development Services Department and are incorporated herein by reference. The improvements and services provided by the District will be maintained in accordance with specifications and contracts on file with the Park and Recreation Department. These documents are available for public inspection during normal business hours.

Separation of General and Special Benefits

The identified improvements/services provide benefits to the parcels located within the District. Some of these benefits are “special benefits,” benefits that are above and beyond the City’s standard level of service, and exclusive of those “general benefits” provided to the public at large or properties located outside the District. Under



Assessment Law, only “special benefits” are assessable. As such, isolation and quantification of the “special benefits” associated with the improvements/services are paramount, and illustrated in the following equations:

$$\text{Special Benefits} = \text{Total Benefits} - \text{General Benefits}$$

$$\text{General Benefits} = \text{City Standard} + \text{External Benefits}$$

$$\text{Special Benefits} = \text{Total Benefits} - [\text{City Standard} + \text{External Benefits}]$$

In these equations, “Total Benefits” refers to the cost of providing the total benefits of the improvements/services; “City Standard” represents the cost of providing the City’s standard level of service; and “External Benefits” refers to the cost of those additional benefits accruing to the public at large or properties located outside the District. In order to isolate the “Special Benefits,” it is necessary to quantify the amount of “General Benefits” associated with the improvements/services.

City Standard

As a “general benefit” (not funded by assessments), the District will continue to receive the standard level of service provided to the public at large under City-funded and administered programs for maintenance and servicing of public facilities and improvements (e.g., medians, open space, street lights, street trees, sidewalks, parks, etc.), including street sweeping and graffiti removal on public property. Consistent with City policy for the public at large, the City will provide the District with standard service levels and annual contributions from the Gas Tax Fund for median maintenance (28.03¢ per square foot of landscaped median and 4.43¢ per square foot of hardscaped median) and from the Environmental Growth Fund for open space maintenance (\$68.32 per acre). In addition, the City will contribute for lighting maintenance and energy costs an amount equivalent to that used for City minimum required streetlights (see *City Council Policy 200-18* for lighting standards). These levels of service and cost allocations, reviewed and adjusted annually by the City, are “general benefits” administered by the District.



External Benefits

Assessment Law prohibits levying assessments to pay for “general benefits” conferred to the public at large or properties located outside the District. Based on a review of the spatial limits of the District and the proposed improvements/services, it has been determined that the maintenance and servicing of the improvements has the potential to confer benefits to others outside the District.

It is estimated as much as 1.9% of the total benefit (in excess of the City standard) may accrue to the public at large or properties located outside the District (with an estimated 0.0% accruing directly to properties located outside the District, and the remaining 1.9% accruing to the general public as indirect/incidental beneficiaries passing through the District or utilizing District-provided amenities). The estimated costs associated with these “general benefits” have been quantified and will not be funded by assessments.

Cost Estimate

Due to phasing of development and the two-year establishment period, costs incurred by the District are anticipated to escalate in three or four distinct incremental steps over the period from Fiscal Year 1998 to Fiscal Year 2015. The estimated cost at ultimate buildout served as the basis for the maximum estimated assessment. Estimated Fiscal Year 2015 annual expenses, revenues, reserves, and assessments (provided by the City) are included as **Exhibit B** hereto.

Annual Cost-Indexing

With the passage of Proposition 218, any proposed increase in assessments must be placed for approval before the property owners by a mail ballot and a public hearing process, similar to these proceedings. A majority of ballots received 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 the San Diego Consumer Price Index for Urban Consumers (SDCPI-U), as approved by the District property owners in Fiscal Year 1998, allows for minor increases for normal maintenance and operating cost escalation without incurring the costs of the Proposition 218 ballot proceedings. Any significant change in the assessment initiated by an increase in service provided or other significant changes to the District would still require the Proposition 218 proceedings and property owner approval.

The maximum authorized assessment established in the Fiscal Year 1998 proceedings are authorized to be indexed (increased or decreased) annually by the factor published in the SDCPI-U. 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 257.285 to 261.679 (a 1.71% increase). In accordance with the approved cost-indexing provisions, the maximum authorized assessment rates contained within this Assessment Engineer's Report have been increased by 1.71%.

Future Subdivision & Development Phasing

The Stonecrest Village Master Plan was approved for a maximum 1,235 dwelling units. Due to the nature of the housing market, master-planned developments (such as Stonecrest Village) need flexibility to accommodate market demands. The Tentative Map set maximum densities and dwelling units allowed per planning area or lot. However, the conditions of approval allow for transfer of densities from one planning area or lot to another as development occurs.

At the time of District formation, the number of dwelling units and the type of dwelling units (i.e., apartments, condominiums, townhomes, detached single family homes) was not fixed. This flexibility affected the apportionment of the assessments in two ways: (1) the actual dwelling units to be assessed could only be estimated, and (2) the estimate of benefit to be received was limited to a macro planning area level analysis rather than a micro individual unit level analysis.

Although a maximum of 1,235 dwelling units were approved, the developer estimated that 940 to 1,050 dwelling units would be built. As such, the Assessment Engineer's Report and calculation of the maximum authorized assessment was based on 940 dwelling units.



Phasing of development will cause the annual maintenance cost to the District to increase in several incremental steps as responsibility for maintenance shifts from the developer to the District. Upon completion of the two-year establishment period for the Phase I improvements, the annual cost to the District were estimated to increase to approximately \$145,000. At ultimate buildout, costs were originally estimated at \$341,350. The exact assessment to be levied each fiscal year will be established annually through a process defined by City ordinance, including a public hearing and a City Council action.

The Assessment Engineer's Report established a methodology that accommodates the variable nature of development and enables annual assessments to be calculated for any combination of dwelling units constructed or any annual maintenance cost incurred. However, if the maximum authorized assessment per equivalent dwelling unit (EDU) established in the Assessment Engineer's Report is exceeded, a ballot of the owners will be required in accordance with Proposition 218.

Method of Apportionment

The benefits associated with the various improvements were defined and classified as either *uniformly* (equally) beneficial to *all* parcels or *uniquely* beneficial to *specific* parcels (see **Table 1**). The commonly used Equivalent Dwelling Unit (EDU) method of proportioning costs has been utilized. This method establishes one classification of parcels at a base value of 1.0 and relates other classifications as a fractional ratio to the base classification.

A factor has been calculated for each planning area to account for and apportion benefits uniquely received by parcels within a specific planning area. This factor, combined with the EDU factor based on land use classification, is utilized to apportion the costs of both uniform and unique benefits in proportion to the estimated benefit received.

The number of Equivalent Dwelling Units (EDUs) assigned to each parcel in the District has been calculated based on each parcel's land use and the identified apportionment factors, as shown in the following equation:

$$\text{EDUs} = (\text{Acres or Units}) \times \text{Land Use Factor} \times \text{Planning Area Factor}$$



Estimated Benefit of the Improvements

All benefits from the improvements are special to this District and are distinct from other parcels in the Kearny Mesa Planning Area and the City of San Diego. As experienced by Carmel Valley, Rancho Bernardo, and other communities, enhanced landscape and lighting have proven to benefit parcels by increasing land values in the communities and creating a sense of community identity and pride. These benefits are experienced by all parcels. However, other benefits can be more directly related to specific parcels. The benefits of District improvements have been defined and summarized in **Table 1**. The improvements estimated to *uniquely benefit specific parcels* and the respective proportionate costs have been used to calculate a Planning Area Factor.

Planning Area Factor

The Planning Area Factors were determined from a weighted average of all of the uniquely distributed benefits (i.e., those elements estimated to uniquely benefit specific planning areas as shown in **Table 1**). The resulting factors and a sample calculation can be found on **Table 2**.

As previously mentioned, development patterns were still in a state of flux at the time the District was formed. As such, the original Planning Area layout may change as development occurs. In the event that one or more of the original Planning Areas are combined with one another, a resultant (weighted) Planning Area Factor will be calculated and employed for assessment apportionment purposes.

Land Use Factor

Land Use Classification Factors were determined by setting a single family detached dwelling at 1.0 EDU and relating other dwelling unit classifications by dwelling unit density, traffic trip generation, population per unit, square footage of floor space per unit, and other considerations. These considerations yield the equivalency factors as shown in **Table 3**.



TABLE 3: Land Use Factors

Land Use/Zoning	Code	Land Use Factor
Residential – Single Family (detached)	SFD	1.0 per dwelling unit
Residential – Townhouse	TWN	0.8 per dwelling unit
Residential – Condominium	CND	0.7 per dwelling unit
Residential – Multi-Family & Apartment	MFR	0.6 per dwelling unit
Open Space (designated)	OSP	0.0 per acre
Street/Roadway	STR	0.0 per acre

Detached single family dwelling units may be sold through a condominium map process rather than through subdivision into individual lots via a final subdivision map process. This event will not cause detached single family dwellings to be classified as a condominium for Land Use Factor purposes.

Converting apartments to condominiums will initiate a change in land use classification, increasing the assessment per unit by the respective Land Use Factors (i.e., from 0.6 EDUs to 0.7 EDUs). The sale of any such apartment unit prior to July 1 of a given year will trigger a change in land use classification for the entire building for the following fiscal year assessment.



Sample Calculations

As described above, the number of Equivalent Dwelling Units (EDUs) assigned to each parcel in the District has been calculated based on each parcel's land use and the identified apportionment factors, as shown in the following equation:

$$\text{EDUs} = (\text{Acres or Units}) \times \text{Land Use Factor} \times \text{Planning Area Factor}$$

Shown below are sample EDU calculations for several common land uses found in the District.

- **1 Single-Family Residence in Planning Area 7**

$$\text{EDUs} = 1 \text{ unit} \times 1.00 \times 1.05 = 1.05 \text{ EDUs}$$

- **1 Townhouse in Planning Area 2C**

$$\text{EDUs} = 1 \text{ unit} \times 0.80 \times 1.06 = 0.85 \text{ EDUs}$$

- **10-unit Apartment Complex in Planning Area 2A**

$$\text{EDUs} = 10 \text{ units} \times 0.60 \times 1.02 = 6.12 \text{ EDUs}$$

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

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



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.

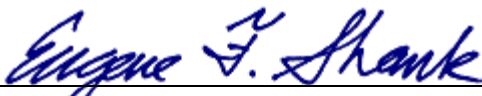
The assessment methodology utilized is as described in the text of this report. Based on this methodology, the EDUs and Fiscal Year 2015 District assessment for each parcel were calculated and are shown in the Assessment Roll (**Exhibit C**).

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 2015 can be found on the Assessment Roll.

This report has been prepared and respectfully submitted by:

EFS ENGINEERING, INC.




Eugene F. Shank, PE C 52792


Sharon F. Risse



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 _____, 2014.

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, together with the Assessment Diagram incorporated into this report, was approved and confirmed by the CITY COUNCIL of said City on the ____ day of _____, 2014.

Elizabeth Maland, CITY CLERK
CITY OF SAN DIEGO
STATE OF CALIFORNIA

EXHIBIT A

EXHIBIT B

EXHIBIT C

ASSESSMENT ENGINEER'S REPORT
ASSESSMENT ROLL

The undersigned, pursuant to the "Maintenance Assessment Districts Ordinance" (Division 2, Article 5, Chapter VI beginning at Section 65.0201 of the San Diego Municipal Code), the "Landscaping and Lighting Act of 1972" (Part 2, Division 15 of the California Streets and Highways Code), applicable provisions of "Proposition 218" (Article XIII D of the California Constitution), and the "Proposition 218 Omnibus Implementation Act" (California Senate Bill 919) (the aforementioned provisions are hereinafter referred to collectively as "Assessment Law"), does hereby submit the following:

1. Pursuant to the provisions of Assessment Law and the Resolution of Intention, we have assessed the costs and expenses of the works of improvement (maintenance) to be performed in the Assessment District upon the parcels of land in the Assessment District benefited thereby in direct proportion and relation to the estimated benefits to be received by each of said parcels. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram and Boundary Map on file in the Maintenance Assessment Districts section of the Park and Recreation Department of the City of San Diego. A copy of the Boundary Map is included in the Assessment Engineer's Report as **Exhibit A**.
2. The Assessment Diagram included in this report shows the Assessment District, as well as the boundaries and dimensions of the respective parcels and subdivisions of land within the Assessment District, the same as existed at the time of the passage of the Resolution of Intention, each of which subdivisions of land or parcels or lots respectively have been given a separate number upon the Assessment Diagram and in the Assessment Roll (**Exhibit C**).
3. By virtue of the authority contained in said Assessment Law, and by further direction and order of the legislative body, we hereby make the following assessment to cover the costs and expenses of the works of improvement (maintenance) for the Assessment District based on the costs and expenses as set forth in the Assessment Engineer's Report.

For particulars as to the individual assessments and their descriptions, reference is made to the Assessment Roll (**Exhibit C**) attached hereto.

DATED: June 13, 2014

EFS ENGINEERING, INC.



By: Eugene F. Shank
Eugene F. Shank, PE C 52792

By: Sharon F. Risse
Sharon F. Risse