

City of San Diego

Maintenance Assessment Districts

Introduction

Maintenance Assessment Districts (MADs) are managed by two City of San Diego departments: City Planning and Community Investment Department and Park and Recreation Department. Generally, the City Planning and Community Investment Department manages commercial or mixed-use MADs and the Park and Recreation Department manages residential or mixed-use MADs. Below are commonly asked questions about Maintenance Assessment Districts. If the response does not pertain to both Departments then information for each Department is described separately.

Commonly Asked Questions about Maintenance Assessment Districts

This document answers the following questions:

1. What is a Maintenance Assessment District?
2. What kinds of special benefits do MADs pay for?
3. How are MADs Formed?
4. What is the Law concerning MADs?
5. How long can it take to set up a MAD?
6. What are the steps to form a MAD?
7. What are the criteria to form a MAD?
8. What is a MAD Citizen Advisory Committee?
9. How are assessment amounts determined?
10. How are Special and General Benefits Determined?
11. What does the City contribute to a MAD?
12. What is the MAD Management Fund?
13. Who is the Grounds Maintenance Manager (Contract Inspector)?
14. What are Self-Managed Maintenance Assessment Districts (MADs)?
15. What is a prudent operating reserve?

1. What is a Maintenance Assessment District (MAD)?

A MAD is legal mechanism by which property owners can vote to assess themselves to pay for and receive services above-and-beyond what the City normally provides. This above-and-beyond service level is called a “**special benefit**.” What the City normally provides is called the “**general benefit**.” In the past, MADs were also known as Landscape Maintenance Districts (LMDs) or Lighting and Landscape Maintenance Districts (LLMDs). Because many districts include more than landscaping and lighting, the name was changed to better represent the nature of the districts.

The purpose of a MAD is to finance special benefit services, including installation or maintenance of open space, street medians, rights-of-way, mini-parks, street lighting, security, flood control, and/or drainage. These special benefit services are provided at a level over and above the standard City general benefit level.

2. What kinds of special benefits do MADs pay for?

MADs usually pay for maintenance services but can also pay for construction/installation in limited circumstances.

Maintenance Services

MADs are usually used to provide funding for higher levels of maintenance services in the public right-of-way, including:

- Landscape Maintenance (medians, rights of way, slopes, green belts, mini-parks)
 - Irrigation
 - Fertilization
 - Weeding
 - Pruning
 - Pest control
 - Dead tree removal
 - Replacement and planting of trees
 - Plant replacement
 - Turf mowing/edging
- Hardscape Maintenance
 - Sweeping and weeding of hardscape medians
 - Cleaning of curbs/gutters
 - Removal of graffiti on public rights of way or City property
 - Maintenance of street benches
- Open Space Maintenance (safety tree trimming and removal, and litter removal)
- Street Sweeping services for medians or rights of way that exceed what the City provides (in addition to once per month on rights of way only)
- Street Light Maintenance for light fixtures which exceed what the City provides (refer to the City's Street Design Manual for more information)
 - Energy Costs
 - Light Bulb and Damaged Post Replacement
 - Graffiti Removal

- Uplighting on median and right of way landscaping
- Litter Removal
- Sidewalk Steam Cleaning
- Sign Maintenance
- Banner Installation/Removal
- Seasonal decoration installation/removal
- Security Services

Some of the services MADs do not pay for include:

- Retaining walls
- Landscaping along private property without an easement
- Brush Management Services

Construction Projects

A MAD may be used to provide funding for construction/installation on a limited basis. A few existing MADs currently fund constructing or installing improvements in a District. Most of the assets maintained by MADs are installed by developers or with Community Development Block Grant (CDBG), Redevelopment, Facilities Benefit Assessment (FBA) or other City capital improvement funds. Assessments to fund construction/installation are limited to five years for landscaping, statues, fountains and lighting; and to 30 years for acquisition of parkland or open space land and park and recreation improvements and maintenance.

3. How are MADs Formed?

By Developer

A MAD may be formed at the time a new subdivision is built. The developer is usually the only property owner, so the developer determines the scope of services to be provided. Sometimes, the developer is required to install certain assets as part of the Development Permit. Other times, the developer wants to install certain assets in order to make the development more marketable. Either way, the City requires the developer to sign a Landscape Maintenance Agreement guaranteeing to maintain the assets until maintenance responsibility can be turned over to a Homeowners' Association, MAD, or other entity. The developer pays the required District Formation costs (independent Assessment Engineer's Report and balloting) and constructs all of the assets. The scope of services of the MAD is limited to maintaining the assets. An Assessment Engineer determines which properties benefit from maintenance of the assets, and

apportions a share of the cost of maintenance to each parcel based on the benefit it receives. Prospective buyers of the property are informed of the existence of the MAD as a line-item on their property tax bill.

Developers should have the following items to engineer the formation of a new Maintenance Assessment District (MAD):

1. Map showing the proposed boundary of the proposed district.
2. Community Plan.
3. Latest approved planning or final development documents.
 - a. Specific Plan or PRD document
 - b. Tentative Subdivision Map
 - c. Final Subdivision Map
4. Current development plan if other than approved plans, including:
 - a. Density shifts
 - b. Anticipated plan amendments
 - c. Reduction of density
5. Development phasing plans.
6. Inventory of landscape or lighting assets to be maintained by the MAD.
 - a. Map showing location and types of assets to be maintained
 - b. Quantity of assets, by type, to be maintained (square foot or acre areas, number of lights, etc.)
 - c. Construction plans for specific improvements

By Community

If the community is already developed when the MAD is proposed to be formed, District Formation costs are funded by contributions from some of the benefiting property owners or developers, usually with the provision that if the ballot passes, the front-money is returned to the originator from the first year's assessments. Community members advocating the MAD usually meet frequently with City staff and the Assessment Engineer to identify a scope of services and resulting assessment amount, which the community members believe will get a favorable result in a ballot of all assessable property owners.

A second mechanism to fund MAD formation costs is the **MAD Formation Fund (Council Policy 100-21.)** The fund will pay for initial formation costs; it will be repaid once the assessments begin.

Community members advocating for the MAD usually meet with the Park and Recreation Department or the City Planning and Community Investment Department staff and the Assessment Engineer to identify the scope of services and resulting assessment amount that will be assessed to property owners who will vote for or against MAD formation. City staff do not take a position on the outcome of a MAD formation vote.

4. What is the Law concerning MADs?

MADs are authorized by the State of California and provided for in the “**Landscape and Lighting Act of 1972**” (Part 2 of Division 15 of the California Streets and Highways Code), applicable provisions of “**Proposition 218**” (Article XIID of the California Constitution) and provisions of the “**San Diego Maintenance Assessment District Ordinance**” (Division 2, Article 5, Chapter VI beginning at **Section 65.0201** of the San Diego Municipal Code). In addition, specific MAD balloting procedures are codified under **State Senate Bill 919** and **State Senate Bill 1477**. Finally, **City Council Resolution R-288830** identifies that the City will vote in favor of any MAD ballot process. Under the provisions of these laws, the City can assess properties based on the amount of benefit each property will receive. The authority to levy assessments is obtained by City Council resolution each year as part of the annual update process.

Balloting

A ballot process is required to form all MADs. This is not part of an Election Day ballot. Every affected property owner receives a ballot in the mail, at the address on record with the County Assessor, and the property owner returns the ballot by mail. City Council authorizes going to ballot, and if a weighted majority of the ballots received by the City Clerk favor District formation, City Council authorizes the levy and the District is formed with the scope of services identified in the ballot. The scope of services is memorialized in the Assessment Engineer’s Report. A “weighted” vote is one where the vote of a property owner whose assessment will be \$2 counts twice as much as the vote of a property owner whose assessment will be \$1. No matter how many or few property owners vote, if over 50% of the weighted votes received are in favor, the District can be formed.

5. How long can it take to set up a MAD?

The length of time needed to establish and ballot a MAD varies from less than one year to several years. The City has an annual August 10th deadline with San Diego County to include MAD assessments on the annual property tax enrollments. To meet this deadline, the district’s Assessment Engineer’s Report must be ready for City Council review by March 15th each year, and the City Council must approve that report by April 15th. All MAD ballot processes should be completed by July 1st of each year to allow for the inclusion of the MAD on the coming year’s property tax enrollment.

6. What are the steps to form a MAD?

1. The developer or interested community representatives/property owners (“community contacts”) initiate contact with the City of San Diego staff (“City staff”) to express interest in learning how to form a MAD. Park and Recreation Department/Open Space Division/Maintenance Assessment Districts Program may be contacted at (619) 533-6778 and City Planning and Community Investment at (619) 236-6475. Developer or community contacts meet with City staff to discuss potential district boundaries, maintenance areas, services that can and cannot be included, engineering information, costs of forming a district, and assessment amount.
2. Developer or community contacts meet with City staff to discuss potential district boundaries, maintenance areas, services that can and cannot be included, engineering information, costs of forming a district, and range of potential assessment amounts.
3. For communities that would like to use the Maintenance Assessment District Formation Fund, per Council Policy 100-21, a petition, signed by at least 30% of the property owners in the proposed district indicating the area owners would be willing to pay an estimated assessment amount for specified benefits, is required. The 30% signature requirement is achieved through the number of actual parcels, not by the potential weight of one parcel against another. Since MAD formation costs can range between \$10,000 and \$65,000, community support for the creation of such a district is paramount. Community advocates may wish to publicize a certain assessment amount in the petition but the actual assessment amount is not calculated by the Assessment Engineer until Step #7.
4. City staff coordinates a meeting with the developer or community contacts, City staff, and an Assessment Engineering Consultant to discuss details of the proposed district.
5. Assessment Engineer provides a cost estimate for district engineering and balloting for approval by the developer or community contacts. Upon approval, City staff request a deposit from developer or community contacts to cover formation costs so that the Assessment Engineer can begin work. Without a deposit, the assessment district formation process cannot proceed. Aside from the MAD Formation Fund, there are not sufficient funds available for the City’s General Fund to finance MAD formations.
6. Developer or community contacts inform City staff when they secure funds to pay for required report by Assessment Engineer and balloting (usually \$10,000 to \$65,000).
7. Developer or community contacts provide detailed information about the location and scope of services being requested. City staff, in consultation with formation advocates and developers (if applicable), calculates the annual cost estimates. The Assessment Engineer allocates cost to parcels based on benefits received and prepares proposed boundaries and corresponding area of benefit based on the extent of the improvements. An estimate of the cost per benefiting unit (i.e., assessment rate per household) would be calculated by the Assessment Engineer at this time.

8. City staff coordinates a meeting with the developer or community contacts and the Assessment Engineer to review preliminary Assessment Engineer's Report. Various iterations of the report, community meetings, and discussions about the levels of service, extent of improvements, proposed boundaries, and assessment amounts occur at this time.
9. Assessment Engineer delivers final Assessment Engineer's Report to City staff for distribution to developer or community contacts and for inclusion with the Request for City Council Action to set a hearing date to hold a public hearing, authorize mailing the ballots, and set a final hearing date.
10. If the City Council approves the MAD formation process, City staff mails a ballot to each assessable property owner, as listed in the most recent certified County Property Tax Roll, a minimum of 45 calendar days prior to the final hearing date.
11. City Clerk's Office receives ballots, which are kept sealed until after the close of the final public hearing. Then City Clerk presents district balloting result to the City Council, which may be at the next scheduled City Council meeting. City Council receives the ballot results and takes action to either approve the district, Assessment Engineer's Report and the assessment levy or abandon the district based on the ballot results. The earliest a failed ballot can be reballoted is one year.
12. City staff prepares annual enrollment and delivers it the County Assessor to be included on annual Property Tax statements to property owners beginning with the December property tax bill after the August 10th enrollment.

For more information, visit the City's web page at <http://www.sandiego.gov/park-and-recreation/general-info/mad.shtml>.

7. What are the criteria to form a MAD?

The following criteria must be addressed prior to consideration for inclusion into the Maintenance Assessment District:

- Improvements to be maintained by the MAD should meet "City standards," which includes adherence to the following documents prior to installation:
 - Standard Specifications for Public Works Construction
 - City of San Diego Standard Drawings and the Consultant's Guide to Park Design, Landscape Technical Manual
 - Open Space Landscaping Standards

City standards are required to ensure that plant material, infrastructure, and systems will last for the longest period possible.

- If applicable, the Developer will provide a two-year extended maintenance period following the initial inspection and approval of the landscaping and irrigation by the City of San Diego Park and Recreation Department/Open Space Division/Maintenance Assessment District staff.
- All landscape maintenance easements must be recorded prior to the commencement of the extended maintenance period.
- A permanent delineation, such as a mow curb, between private and public improvements must be installed.
- The Boundary Map and Assessment Diagram for the District are to be on file in the Maintenance Assessment Districts/Open Space Division of the Park and Recreation Department.
- Maintenance Assessment District improvements as identified and included in the Assessment Engineer's Report submitted to the City in compliance with the requirements set forth in Proposition 218 will show the Separation of General and Special Benefits.
- The engineering construction drawings which detail the location and nature of the improvements will be on file in the Maps and Records Division of the City Engineering and Capital Projects Department – Field Engineering Division.

8. What is a MAD Citizen Advisory Committee?

Property owners within each MAD are entitled to meet with Park and Recreation Department staff to discuss the operations of the MAD and finances of the MAD. Normally these meetings are conducted by a citizen advisory committee, which may be a subcommittee under a Town Council, Community Council, Planning Committee, or Recreation Committee. The advisory committee may also be independent, depending upon the nature of the community in which it is located. At least one meeting a year is dedicated to discussing the upcoming year's budget, and those MADs that encompass an entire community planning area for the most part report to that community's officially recognized planning committee. Park and Recreation staff generally attends each citizen advisory committee meeting.

9. How are Assessment Amounts Determined?

Each Maintenance Assessment District is governed by the maximum authorized assessment and cost indexing provisions contained within the Assessment Engineer's Report. The maximum authorized assessment is determined individually for each district as a result of an analysis by an independent assessment engineer based on the scope of maintenance amenities desired. The Assessment Engineer's Reports for Park and Recreation Department-managed MADs are available for each district on the City's web page, <http://www.sandiego.gov/park-and-recreation/general-info/mad.shtml>.

Assessment Methodology

For the purpose of determining assessment amounts, identifying the general and special benefits associated with the improvements and/or services is essential since only special benefits are assessable. Special benefits are those particular and distinct benefits “over and above general benefits” provided to the public at-large. A more detailed discussion of the general benefits provided by the City is provided in the “What Does the City Contribute to a MAD?” section.

Assessments are to be apportioned to properties based on “the reasonable cost of the proportional special benefit conferred” to the property per the California Constitution Article XIID (Proposition 218). The allocation of Maintenance Assessment District costs are determined by a certified engineer using an apportionment methodology along with estimated maintenance and administration cost as determined by the Park and Recreation Department’s Maintenance Assessment District staff. The method used for measuring special benefit should consider measurable factors which describe and reflect the features of the property. These factors may include usable parcel area, number of residential units, building square footage, parcel front footage, property trip generation, current land use and location of benefit improvements, etc.

The method of apportionment used in determining benefit is prepared by a certified engineering consultant. Apportionment methodologies are commonly based on one or more property-related attributes, such as:

- *Parcel Area*: benefits apportioned based on relative parcel size (acreage or net usable acreage).
- *Land Use*: land use-based apportionment factors reflective of relative intensity, usage, or other benefit aspect.
- *Dwelling Units*: residential-based (dwelling unit) measure for residential and non-residential land uses.
- *Parcel Frontage*: linear measure of property frontage along improvement and/or maintenance corridor (linear front feet).
- *Building Area*: benefits apportioned based on total building square footage (useful for vertical, multistory development areas).
- *Other*: any other suitable means of quantifying proportional special benefit.

Selection of an appropriate apportionment methodology is done on a case-by-case basis by a certified Assessment Engineer who considers the improvements, services, and other characteristics of the proposed district. Most of the districts managed by the City of San Diego are based on Equivalent Benefit Unit (EBU), which provides for a baseline of 1.00 EBU for each single family dwelling unit. In the EBU methodology, an apartment or condominium unit is less than one EBU, and commercial/industrial properties are more than one EBU. Districts that have linearly spaced improvements (such as street lights, sidewalk cleaning, and litter removal) may have been engineered using a Linear Front Foot (LFF) methodology. Other units of assessment may include Lot Square Footage (LSF), Building Square Footage (BSF), Acres, Net Acres, and Equivalent Dwelling Unit (EDU).

To determine the type of methodology used in a particular district, refer to the Assessment Engineer’s Report at <http://www.sandiego.gov/park-and-recreation/general-info/mad.shtml>.

Cost Indexing Factors

Certain districts are entitled to a cost-indexing factor related to the San Diego Consumer Price Index – Urban (SD-CPI-U) as reflected in the Assessment Engineer’s Report. A **cost-indexing factor** allows a district to raise its assessments in order to keep pace with inflation and the rising cost of living without a formal ballot process. Since 1998, the City has used the SD-CPI-U for calculating cost indexed assessments. The SD-CPI-U is prepared by the U.S. Bureau of Labor Statistics (<http://www.bls.gov/>), which tracks various local and regional consumer indices.

The calculation is based on an annual comparison of the latest SD-CPI-U figures available before preparing the proposed budget and annual updates to the Assessment Engineer’s Report. Second half values are the most representative of the fiscal year cycle (July 1st to June 30th), as opposed to the calendar year cycle. The figures representing the fiscal year cost indexing amounts since Fiscal Year 1998 are shaded in the following table:

Calendar Year	Fiscal Year	First Half	Second Half	Annual Increase
1996	FY 1998	2.24%	2.92%	2.61%
1997	FY 1999	2.44%	1.11%	1.74%
1998	FY 2000	1.41%	2.50%	1.95%
1999	FY 2001	3.43%	3.64%	3.54%
2000	FY 2002	4.72%	6.84%	5.79%
2001	FY 2003	5.73%	3.55%	5.03%
2002	FY 2004	2.95%	3.95%	3.07%
2003	FY 2005	4.14%	3.35%	3.74%
2004	FY 2006	3.73%	3.68%	3.65%
2005	FY 2007	3.26%	4.01%	3.67%
2006	FY 2008	3.85%	3.01%	3.40%
2007	FY 2009	2.28%	2.25%	2.29%

In some recently formed Maintenance Assessment Districts (such as Black Mountain Ranch South, Linda Vista Community, Park Village, and Torrey Highlands), the cost indexing factor has been the San Diego Urban Consumer Price Index plus a percentage not to exceed a certain amount (usually between two and five percent). This allows each community to raise its assessments by the regular Consumer Price Index percentage plus an additional two to five percentage points. For example, a district with the authority to raise assessments by the San Diego Urban Consumer Price Index plus 3% in Fiscal Year 2005 would be authorized to raise assessments by 3.35% plus 3% for a total of 6.35%. This increase may be made upon consultation between City staff and the Citizens Advisory Committee.

10. How are Special and General Benefits Determined?

The State Assessment Acts require that the costs of maintaining the improvements to be apportioned to the lands in the district in proportion to the benefits received. In establishing benefit and apportioning maintenance costs, certain general guidelines may be used to assure

conformity between similar districts and between similarly benefited properties within a district. These guidelines apply to the areas of benefit, allocation of costs and apportionment of assessments.

Areas of Benefit

The area of benefit is delineated by the District’s boundaries and includes properties which benefit from the maintenance of improvements in the district. Areas of benefit may be either considered “**general benefit**” or “**special benefit**” depending on the level of services provided to the community at large.

General benefit is defined as the common standard of services provided to the community such as safety lighting, street median maintenance, open space maintenance, regional park maintenance, trash pickup and street cleaning. The City pays for these services either through direct charges or contributes funds to a district using a common formula such as an amount per square foot in the case of street medians or amount per acres in the case of open space.

Special benefit means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. Special benefits conferred to the property owners of a district may include services for landscape and streetscape maintenance, slope maintenance, community park maintenance, sidewalk cleaning and repair, plant and tree irrigation, flood control and drainage systems, and mid-block and decorative lighting. Service levels and frequency of standard services may be increased at the wishes of the community to confer a special benefit or higher level service than to the public at large.

If a Maintenance Assessment District is not approved, the enhanced level of services will not be provided. The City Council has resolved that no General Fund revenues will be used to provide service levels beyond the standard level of services provided in all areas of the City.

11. What Does the City Contribute to a MAD?

Under the guidelines of California Constitution Article XIID (Proposition 218), the City is obligated to contribute funds for services that would have otherwise been rendered if the district were not in place, known as the **general benefit**. This is the amount the City spends for these maintenance services in similar areas throughout the City. In accordance with this standard, the City contributes a general benefit for certain kinds of maintenance activities:

Type of Maintenance Activity	Maintenance Funding Source
Median Maintenance	Gas Tax
Open Space Maintenance	Environmental Growth Fund
Population-Based Park Acreage	General Fund
Library Grounds	General Fund
Fire Station Grounds	General Fund

Street Sweeping	Street Division Operating Fund (in-kind contribution)
Street Light Maintenance	Street Division Operating Fund (in-kind contribution)

Median Maintenance

The Park and Recreation Department maintains 92 street medians as part of the Gas Tax Median Program. These medians are scattered throughout the City, and are generally not located within a Maintenance Assessment District. The program provides for the landscape maintenance of median improvements along City streets within the public rights of way, in order to keep the streets and facilities in a safe and operable condition. The required maintenance includes cleaning, sweeping, repairs to curbs and gutters, litter and weed removal, tree maintenance, irrigation installations and repairs, planting, mowing, and edging of curbs and sidewalks. This activity is funded by Gas Tax, and for Fiscal Year 2009, \$1,326,785 was allocated to this program.

Each Maintenance Assessment District that maintains medians is entitled to a contribution of Gas Tax funds according to the following schedule based on the total cost of the Gas Tax Median Program divided by the total square footage of hardscape and landscape.

	FY 2008	FY 2009
Hardscape	\$0.1239 per square foot	\$0.1304 per square foot
Landscape	\$0.3270 per square foot	\$0.3189 per square foot

Open Space Maintenance

Those Maintenance Assessment Districts that maintain open space are entitled to a contribution from the Environmental Growth Fund. This allocation is based upon the previous year's actual expenditures for open space and brush management within the Park and Recreation Department Open Space Division.

	FY 2008	FY 2009
Open Space	\$39.98 per acre	\$40.05 per acre

Population-Based Parks Maintenance

Maintenance Assessments Districts are typically used to provide funding for higher levels of maintenance services in public rights-of-way and on public property. In some cases, MADs provide for landscape and hardscape maintenance of City parkland, including irrigation, fertilization, weeding, pruning, pest control, dead tree removal, plant replacement, litter removal, turf mowing/edging/fertilizing, sweeping, weeding, removal of graffiti, and other park area maintenance.

If the parkland is determined to be a population-based park in accordance with the City's *Progress Guide and General Plan*, the MAD must be reimbursed by the General Fund for the cost of maintenance. These parks may have additional funds allocated to them from MAD assessments if authorized by the Assessment Engineer's Report pursuant to the separation of general and special benefits identified within the report.

Calculation of Actual Expenditures for Cost per Park Acre

The General Fund reimbursement amount is based on the previous year's actual expenditures for parkland maintenance, excluding overhead, utilities, and capital improvements. It is calculated every September upon release of the prior year accounting reports. This actual expenditure is divided by the total number of parkland acres managed by the Park and Recreation Department, thus creating a cost per acre figure that may be used to determine reimbursements. The actual expenditures per park acre are:

Fiscal Year 2008	\$5,359
Fiscal Year 2009	\$5,721

These figures provide the foundation for the determination of the actual General Fund reimbursement.

Procedure to Identify Actual Park Expenditures

At the end of each fiscal year, the Park and Recreation Department reviews actual expenditures in each of its activities to determine the appropriate level of reimbursement required to Maintenance Assessment Districts for their oversight of any General Fund parks. To do this, City staff identifies all costs associated with park maintenance, including adjustments to acreage and inventory, to determine the average maintenance cost per acre for general fund maintained parks.

Certain items are generally excluded in the calculations, including indirect or support costs; maintenance of the regional downtown and open space parks; water, sewer, gas, electric, data processing and phones; and encumbrances for prior year contracts. These charges are omitted from the reimbursement calculation because of the nature of costs incurred by the Maintenance Assessment District. The General Fund reimbursement covers the cost of the landscape contractor and Grounds Maintenance Manager to maintain parkland. Since the other costs are directly billed to the City, they are not included in the calculation.

City staff documents any exceptions in the calculation of the cost per acre of parkland. For activities that include both direct turf maintenance costs and other functions, each Park and Recreation Department Division develops and documents the criteria for extracting the appropriate expenses. For example, building maintenance costs must be extracted from the landscape maintenance activities if those building costs include sites other than outdoor restrooms.

Retroactive Reimbursement

The City provides for reimbursements of up to three years in arrears for parkland acreage that has been maintained by a Maintenance Assessment District when errors in previous calculations are discovered.

Library Grounds Maintenance

For those Maintenance Assessment Districts that maintain library grounds, the General Fund contributes an amount based on the previous year's actual expenditures for the Library Department's grounds maintenance activities, excluding overhead, utilities, and capital improvements. At the end of each fiscal year, the Library Department in conjunction with Park and Recreation reviews actual expenditures in its grounds maintenance activities to determine the appropriate level of reimbursement required to Maintenance Assessment Districts for their oversight of any library facility grounds maintenance. The General Fund/Library Department contributes \$4,626 per acre in Fiscal Year 2009.

Fire Station Grounds Maintenance

For those Maintenance Assessment Districts that maintain fire station grounds, the General Fund contributes an amount based on the previous year's actual expenditures for the Fire-Rescue Department's grounds maintenance activities, excluding overhead, utilities, and capital improvements. At the end of each fiscal year, the Fire-Rescue Department in conjunction with Park and Recreation reviews actual expenditures in its grounds maintenance activities to determine the appropriate level of reimbursement required to Maintenance Assessment Districts for their oversight of any fire station facility grounds maintenance. The General Fund/Fire-Rescue Department contribution is calculated by averaging the contracted requirements at each fire station. The General Fund/Fire Department contributes \$7,767 per acre in Fiscal Year 2009.

Street Lighting

In accordance with the City's Street Design Manual, the Street Division General Fund provides the general benefit for safety street lights at intersections and spaced at 300-foot intervals on residential, collector, and major streets. The Street Division General Fund also provides for street lights spaced at 150-foot intervals for those streets located within 1,320 feet of a transit stop or located within high-crime Census tracts. Since the Street Division General Fund provides in-kind services to the district, the budget does not reflect the costs of the general benefit street lights.

The standard City street lighting fixture is full cutoff, Type III fixtures (commonly referred to as "cobra overhead" lights). Any other type of lighting fixture or pole is a special benefit. Page 94 of the City's Street Design Manual states, "Supplemental street lighting, for: a) ornamental, b) continuous street lighting, or c) pedestrian-scale lighting purposes, shall be installed in street lighting assessment districts."

Street Sweeping

The Street Division provides monthly street sweeping services Citywide. Any additional frequencies of street sweeping services (including any median street sweeping) are considered a special benefit. Since the Street Division General Fund provides in-kind services to the district, the budget does not reflect the costs of the general benefit street sweeping.

12. What Is the MAD Management Fund?

Park and Recreation Department Assessment District Management (Management) provides the City with a cost-effective and fiscally responsible process for managing the needs of 48 of the City's Maintenance Assessment Districts. City Planning and Community Investment also has a management fund for their 10 districts. Management responsibilities include calculating and enrolling assessments with the County Assessor's Office; providing direct management support; overseeing contracts, inspections, and district budgeting; analyzing and updating budgets; processing reimbursements; issuing manual billings; providing information technology and communication support; and providing professional support from the City Attorney's Office, City Auditor and Comptroller's Office, and City Purchasing Agent.

In addition, MAD administrative staff (from both departments) assist communities and developers in the formation of new Maintenance Assessment Districts; meet regularly with property owners to explain how assessments are calculated and expended; and respond to hundreds of citizen inquiries each month. These activities are undertaken while adhering to all legal and City policy guidelines.

To ensure that all districts are paying a fair share of the Management Fund, the total expenditures allocation method was used. This approach applies an equal percentage based on each district's actual expenditures less the cost of management, capital improvement projects and appropriated fund balance to each district's landscape maintenance contract plus personnel, utilities, and incidental costs on the basis of total expenditures to pay for the Management Fund costs.

13. Who is the Grounds Maintenance Manager (Contract Inspector)?

In addition to oversight functions provided by the Maintenance Assessment District Management Fund, 44 of the 48 Park and Recreation Department-managed districts (excluding Black Mountain Ranch North, Del Mar Terrace, Liberty Station/Naval Training Center, and Street Lighting District #1) are administered by a Grounds Maintenance Manager. This position, or portion of a position, is not funded by the Management Fund, but rather by each individual district. This position oversees, coordinates, and supervises the work of the crews of landscape contractors that maintain rights of way, medians, slopes, parks, and other areas as provided by the Assessment Engineer's Report. The Grounds Maintenance Manager inspects the work of the landscape contractor to ensure that all areas are maintained at an appropriate level.

As the primary point of contact between the City and the community, the Grounds Maintenance Manager liaises with community representatives, who are most commonly part of a Maintenance Assessment District citizen oversight committee. These committees are often a subcommittee of the Community Planning Group or the Town Council depending upon the relative boundaries of the District and the Community Planning Area and/or Town Council jurisdiction. The

committee members direct any concerns, issues, and/or complaints to the Grounds Maintenance Manager. To solve these kinds of issues, the Grounds Maintenance Manager interacts with a variety of City departments.

The Grounds Maintenance Manager also provides budget oversight to ensure that sufficient funds are available to cover all areas of work to be performed in the upcoming years. This includes the development of cost estimates for maintenance of areas, management of the contract (including bidding for new contracts), and preparing the upcoming fiscal year budget in consultation with the Supervising Management Analyst.

Historically, the amount of Grounds Maintenance Manager support allocated to a specific district is based upon the amount of the landscape maintenance contract. That proportion sets a base line for the amount of contract oversight that is required. However, many Maintenance Assessment District community oversight committees have opted for either more or less Grounds Maintenance Manager support for several reasons, including relative level of community involvement, complexity of the contract and/or landscape areas, capital improvement projects, and any number of issues that need to be resolved within that district.

Each year, the 48 Park and Recreation Department-managed Maintenance Assessment District community oversight committees approve the annual budget, which includes the cost of the District-specific expenses such as the Grounds Maintenance Manager to provide oversight and contract inspection services, as well as the costs of the Management Fund.

14. What are “Self-Managed” Maintenance Assessment Districts (MADs)?

The purpose of “self-managed” Maintenance Assessment District (MAD) is identical to other MADs in which property owners assess themselves to receive enhanced maintenance, landscaping, and lighting services. “Self-managed” MADs may differ from City-managed MADs in that district property owners select, by ballot, a non-profit corporation to contract for the provision of enhanced goods and services while the City provides administrative oversight. The San Diego Municipal Code allows non-profit corporations to administer MADs when an assessment weighted majority of district property owners support the selection of a particular non-profit corporation for their district. Selected non-profit corporations are typically managed by boards comprised of representative property owners who are interested in assuming responsibility for managing and providing for the delivery of enhanced goods and services to assessment district property owners.

The City of San Diego and the selected non-profit corporation annually enter into a service agreement whereby the non-profit corporation agrees to assume complete responsibility for the provision of enhanced goods and services to assessment district property owners in compliance with the district’s Assessment Engineer’s Report and State law. The City Planning and Community Investment (CPCI) Economic Development Division administers the majority of service agreements with selected non-profit corporations whose assessment districts are located in commercial and mixed-use corridors. These “self-managed” districts often are within areas targeted by the CPCI Department for community revitalization activity. Park and Recreation Department also oversees contracts of this nature in residential and other mixed-use areas.

15. What is a Prudent Operating Reserve?

It is a goal of all MADs to have a prudent operating reserve between a minimum of 10 percent of the operating budget and a maximum of six months of operating expenses. If the reserve is less than 10 percent, Park and Recreation-MAD staff will assist the community in developing an action plan to build it back to 10 percent. When the reserve is less than ten percent, expenditures may be curtailed at any time, especially if the cash balance cannot cover costs.

If reserves exceed 50 percent of the operating budget and there is no specific purpose for that reserve, then the assessments should be lowered, suspended for a period of time, or refunded back to property owners.