

# Hillcrest East MAD District Management Plan

Presented by the Hillcrest Business Association  
3737 Fifth Ave. #202  
San Diego, CA 92103  
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**1. Overview**

Over the last several years the business and property owners on the east end of Hillcrest have sought additional services beyond those baseline services provided by the City of San Diego. The Hillcrest East Maintenance Assessment District will be formed to provide those services pursuant to the Landscape and Lighting Act of 1972, California Highways Code, and the City of San Diego Maintenance Assessment District Ordinance.

Location

The district shall generally include parcels on University Ave. between SR 163 and Park Blvd.; properties on Park Blvd. between University Ave. and Robinson Ave.; properties on Normal Street between University Ave. and Lincoln Street; properties on Center Street south of Harvey Milk Street including 3909 Centre Street; and properties on Harvey Milk Street between Cleveland Ave. and Centre Streets.

Purpose:

The purpose of the district is to provide additional services to the property owner beyond what are currently provided by the City of San Diego and the Hillcrest Business Improvement District. These services constitute a special benefit.

Budget:

The annual assessment for the EHMAD will be \$187,312.42. The annual budget may be subject to an increase in assessment rates of no more than three percent (3%) per year. The assessment funds will be augmented by nonassessment funds, including funds from the local Community Parking District. The total budget for the district will be <total>.

Cost:

The assessment rate (cost to parcel owner) is based on parcel linear front footage (LFF), building lot square footage (BSF), and benefit zone (Zone A or B). The initial annual rate to each parcel is shown in the table below. The rate may be subject to a (3%) three percent increase each year.

	Total parcels	Parcel assessment rate per LFF	Parcel assessment rate per BSF
Benefit zone A	99	\$8.59402	\$0.12296
Benefit zone B	136	\$8.59402	\$0.08044
Benefit zone C			
Total:	235		

Formation:

The “Rite to Vote on Taxes Act” (Proposition 218) requires a ballot vote in which more than 50% of the ballots received, weighted by assessment, are in support of the EHMAD.

Management:

The Hillcrest Business Improvement Association (HBA), an existing community based nonprofit, will manage the district and will serve as the owners association. Representatives of the property owners will be eligible to serve on the board of the HBA.

Duration:

The HEMAD will continue until it is disestablished pursuant to San Diego Municipal Code.

**2. Boundaries**

The HEMAD includes properties on University Avenue between State Route 163 and Park Boulevard; properties on Park Boulevard between University Avenue and Robinson Avenue; properties on Normal Street between University Avenue and Lincoln Street; properties on Centre Street south of Harvey Milk Street; and properties on Harvey Milk Street between Cleveland Avenue and Centre Street. The properties within the HEMAD include single-family residential, multi-family residential, commercial, recreational, and public parcels. Each parcel has been categorized into one of two zones based upon the type of improvements and activities needed.

Zone A generally the area included within the existing Hillcrest Maintenance Assessment District plus additional properties and includes landscaping Improvements and Activities along with other services similar to Zone B. Zone A will generally include properties on University Avenue between SR 163 and Herbert Street and properties on Normal Street between University Avenue and Lincoln Street.

Zone B generally includes properties east of Normal Street on University Ave and on Park Boulevard between University Avenue and Robinson Avenue.

Zone C generally includes properties on Normal Street between University Ave and Washington Street.



**Program Manager: 0.0% 0.0% of District Budget.**

This item is \$0.00 and reflects that all program manager services will be provided by the Management Nonprofit Corporation as an in kind contribution to the district and property owners.

*Services and costs:* \$0.

**Formation Repayment: \$20,000 9.5% of District Budget**

The formation repayment will occur as a one time payment to HBA as a repayment for eligible costs incurred to establish the district. Once these costs have been paid, this item will have no activity.

**Special Projects: \$20,000 9.5% of District Budget**

Special Projects will include the installation or replacement of sidewalk or open space fixtures such as trashcans, public art, flower baskets, streetlights or other amenities.

In the initial year of the district, this item will have no costs to the district. However, once the Formation Repayment costs have been paid to HBA, the funds allocated to Formation Repayment will be applied to special projects.

**Dumpsters: \$4,000 1.9% of District Budget**

Dumpsters will be provided throughout the district to provide disposal of recycling, green waste and trash as required for the district.

**Zone A: Specific Improvements and Activities:**

**Security Services: \$59,375.00 28.2% of District Budget.**

This will include Zone A's share of the of two contracted full time security ambassadors and their equipment. The patrol area would include sidewalks, open spaces such as parks and plazas and other public spaces. The contract will include outline post orders including patrol route, engagement directions, and supervision; all the required equipment; and expertise and information that can be provided to homeless people and visitors in need of assistance. This will occur seven days a week, eight hours a day. The HBA will competitively bid out security services and provide contract management. The specific patrol hours will be set by the HBA.

*Services and costs:*

Includes 2 guards at patrolling seven days a week a rate of \$4,947.91 per month = \$59,375.00 annually.

**Street Cleaning and Pressure Washing:**

**\$18,750 8.9% of District Budget**

This includes litter pickup on the sidewalk and other public spaces five times a week, pressure washing once a month, graffiti removal as required. It will also provide a recycling dumpster that will serve both zones.

*Services and costs:*

Litter pickup and pressure washing crew providing services five times per week at a monthly rate of \$1,562.47 = \$18,750 annually.

(\$18.02/ hour) of two spending 2 hours a day (\$72.12 per day), 5 times per week (\$360.57), 52 weeks annually = \$18,750

**Landscaping Services: \$45,000 21.4% of District Budget**

This will include landscaping services for the four existing medians on University Ave. and Normal Street, three pop-out gardens on University Ave., maintenance of street trees in the area, and maintaining landscaping in other public spaces within the zone.

*Services and costs:*

Landscaping crew providing services one time weekly at \$3,750 monthly = \$45,000 annually.

**Zone B: Specific Improvements and Activities**

**Security Services: \$35,625.00 16.9% of District Budget**

This will include Zone B's share of the of two contracted full time security ambassadors and their equipment. The patrol area would include sidewalks, open spaces such as parks and plazas and other public spaces. The contract will include outline post orders including patrol route, engagement directions, and supervision; all the required equipment; and expertise and information that can be provided to homeless people and visitors in need of assistance. This will occur seven days a week, eight hours a day. The HBA will competitively bid out security services and provide contract management. The specific patrol hours will be set by the HBA.

*Services and costs:*

Includes 2 guards at patrolling seven days a week a rate of \$2,968.75 per month = \$35,625.00 annually. 16.9% of District Budget.

8 hours a day x 7 days a week x 52 weeks in a year = 2912 hours x 2 guards = 5824 work hours a year x .625 for zone A = 3640 hours for zone A x \$16.31 per hour

8 hours a day x 7 days a week x 50 weeks in a year = 2800 hours x 2 guards = 5600 work hours a year x .625 for zone A = 3640 hours for zone A x \$16.31 per hour

**Street Cleaning and Pressure Washing:**

**\$11,250 5.4% of District Budget.**

This includes litter pickup on the sidewalk and other public spaces five times a week, pressure washing once a month, graffiti removal as required. It will also provide a recycling dumpster that will serve both zones.

*Services and costs:*

Litter pickup and pressure washing crew providing services five times per week at a monthly rate of \$937 per month = \$11,250 annually. 5.4% of District Budget.

(\$18.02/ hour) of two spending .95 hours a day (\$34.26 per day), 5 times per week (\$216.34), 52 weeks annually = \$11,250

**Zone C: Specific Improvements and Activities**





<b>Administration</b>			
Accounting	\$3,000.00	\$1,263.83.00	\$1,736.17.00
Audit	\$1,000.00	\$421.00	\$578.72
Program Manager	0	0	0
Formation repayment	\$20,000.00	\$12,500.00	\$7,500.00
<b>Total Administration</b>	<b>\$24,000.00</b>	<b>\$15,000.00</b>	<b>\$9,000.00</b>
<b>Physical Improvements</b>			
Security	\$95,000.00	\$59,375.00	\$35,625.00
Street Cleaning and Pressure Washing	\$30,000.00	\$18,750.00	\$11,250.00
Landscaping	\$45,000.00	\$45,000.00	\$-
Dumpsters	\$4,000.00	\$2,500.00	\$1,500.00
Special Projects	\$0.00	\$0.00	\$0.00
<b>Total Physical Improvements</b>	<b>\$174,000.00</b>	<b>\$125,625.00</b>	<b>\$48,375.00</b>
Contingency	\$12,180.00	\$8,793.75.50	\$3,386.25
<b>Total Expense</b>	<b>\$210,180.00</b>	<b>\$144,529.39</b>	<b>\$65,650.61</b>
<b>Net Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>

**Proposed budget Year 2:**

	<b>HEMAD</b>	<b>Zone A</b>	<b>Zone B</b>
<b>Income</b>			
MAD Assessments	\$187,312.42.00	\$128,804.59	\$58,507.83
Gas Tax Funds	\$3,900.00	\$2,681.82	\$1,218.18
Uptown Community Parking District Contribution	\$1,000	\$687.65	\$312.35
General Benefit Portion	\$17,967.58	\$12,355	\$5,612.25
<b>Total Income</b>	<b>\$210,180.00</b>	<b>\$144,529.39</b>	<b>\$65,650.61</b>
<b>Administration</b>			
Accounting	\$3,000.00	\$1,263.83.00	\$1,736.17.00
Audit	\$1,000.00	\$421.00	\$578.72
Program Manager	\$0.00	\$0.00	\$0.00
Formation repayment	\$0.00	\$0.00	\$0.00
<b>Total Administration</b>	<b>\$4,000.00</b>	<b>\$2,500.00</b>	<b>\$1,500.00</b>
<b>Physical Improvements</b>			
Security	\$95,000.00	\$59,375.00	\$35,625.00
Street Cleaning and Pressure Washing	\$30,000.00	\$18,750.00	\$11,250.00

Landscaping	\$45,000.00	\$45,000.00	\$-
Dumpsters	\$4,000.00	\$2,500.00	\$1,500.00
Special Projects	\$20,000.00	\$12,500.00	\$7,500.00
<b>Total Physical Improvements</b>	<b>\$194,000.00</b>	<b>\$138,125.00</b>	<b>\$55,875.00</b>
Contingency	\$12,180.00	\$8,793.75.50	\$3,386.25
<b>Total Expense</b>	<b>\$210,180.00</b>	<b>\$144,529.39</b>	<b>\$65,650.61</b>
<b>Net Income</b>	\$-	\$-	\$-

Budget notes:

The cost estimates in the budget are based on the budgeting process for the adjacent HCMAD. The budget is also based on discussions with property owners and their anecdotal reports of what fee amounts they believe to be reasonable.

The HBA anticipates hiring private contractors to conduct the work described rather than hiring staff directly to implement these projects. Contractors would be selected by the HBA after a competitive bidding process. Opportunities to leverage with existing programs of the HBA, the HCMAD and the BID would be sought.

The budget above describes the annual budget for the proposed expanded district. It also shows the budgets of the different zones.

There is a line item for “Formation repayment” that is \$20,000. In year one of the district, these funds would be used to repay the HBA formation costs that it expended in forming the district. Formation costs shall generally include preparation of the Management Plan, Assessment Engineer’s Report, ballot preparation, mailing and tabulation. In subsequent years it is envisioned that these funds would be applied to the special projects fund. Special projects may include hardscape improvements, lighting, signage, or significant landscaping improvements as approved during the annual budget.

**5. General Benefit and Special Benefit**

The EHMAD will provide enhanced services in addition to the services that are being provided by the variety of special districts that already exist in this area. So as not to duplicate services the table below describes the services provided by the City of San Diego and the existing Business Improvement District in this area. The table also shows the proposed new services offered by the EHMAD.

	City of San Diego	Hillcrest BID	Proposed EHMAD
<b>Security</b>		<ul style="list-style-type: none"> <li>No security services provided.</li> </ul>	<ul style="list-style-type: none"> <li>Teams of two patrols provided seven days a week, eight hours a day in Zones A &amp; B.</li> </ul>
<b>Street Cleaning and Pressure Washing</b>		<ul style="list-style-type: none"> <li>Sidewalk litter pickup and emptying HBA owned trashcans</li> </ul>	<ul style="list-style-type: none"> <li>Litter pickup on the sidewalk and other public spaces five</li> </ul>

		twice a week. <ul style="list-style-type: none"> <li>No pressure washing services provided.</li> </ul>	times a week <ul style="list-style-type: none"> <li>Sidewalk pressure washing once a month</li> <li>graffiti removal</li> </ul>
<b>Landscaping</b>		<ul style="list-style-type: none"> <li>Flower baskets maintained weekly.</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of the four existing medians on University Ave. and Normal Street, three pop-out gardens on University Ave., maintenance of street trees in Zone A only.</li> </ul>
<b>Dumpsters</b>		<ul style="list-style-type: none"> <li>Dumpsters provided work sidewalk cleaning twice a week.</li> </ul>	<ul style="list-style-type: none"> <li>Dumpsters provided work sidewalk cleaning five times a week.</li> </ul>

## 6. Benefits Zones and Assessment Methodology

The Improvements and Activities have been reviewed and a formula has been established to apportion the costs based on benefit. Due to the nature of the Improvements and Activities, the method of assessment is based on a combination of two factors; Linear Front Footage (“LFF”), and the Building Square Footage/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.

### Linear Front Footage Factor

The Linear Front Footage Factor is a measure of a parcel’s proportionate share of the LFF of the total LFF length of the public right-of-way for which the District is providing enhanced and increased Improvements, Activities, maintenance, beautification, and other property related services provided by the District. Fifty percent (50%) of the total amount assessed is apportioned to each parcel within a zone based on LFF. For a condominium unit the front footage is divided by the number of units to determine the LFF per condominium. For a multi-use project such as commercial on the bottom and condominiums above the LFF is allocated between the two based on building square footage and then the condominium portion is divided by the number of condominium units.

### Building/ Lot Square Footage

The Building Square Footage is a measure of a parcel’s proportionate contribution to the intensity of use of the public right-of-way. Fifty percent (50%) of the total amount assessed is apportioned to each parcel within a zone based on BSF. Improved parcels are levied based on building square footage, while unimproved parcels are levied on 1/3rd of the parcel area.

### Zones

The District was divided into two zones based on the specific types of the Improvements and Activities and thus the intensity of services that the parcels require. Specifically properties located adjacent to the landscape areas of the District receive additional Improvements and Services and thus a greater special benefit as compared to other parcels throughout the District. In order to calculate this into the assessment the landscape budget is applied to Zone A properties only.

Zone A Properties – Zone A generally the area included within the existing Hillcrest Maintenance Assessment District plus additional properties and includes landscaping Improvements and Activities along with other services similar to Zone B. Zone A will generally include properties on University Avenue between State Route 163 and Herbert Street and properties on Normal Street between University Avenue and Lincoln Street.

Zone B Properties – Zone B generally includes properties east of Normal Street on University Avenue and on Park Boulevard between University Avenue and Robinson Avenue or street sections that do not require landscape Improvements and Activities.

Zone C generally includes properties on Normal Street between University Ave and Washington Street.

New Residential Construction/Redevelopment

The Uptown Community Plan (UCP) was recently approved by the City of San Diego. The UCP calls for substantial development and redevelopment within the District. As new development occurs the demands on the Improvement and Services throughout the District will also increase. Therefore, the new development will be subject to the same assessment calculation and rates as set forth in this report.

If the ownership, parcel size or type of parcel changes during the term of the District, the assessment calculation may be modified accordingly as described above.

Summary of Assessment Rates by Zones Allocation Factors

The table below provides a summary of the assessment rates based on the zones and allocation factors.

Assessment Rates by Zone and Allocation Factors

Allocation Factor	Zone A Rate	Zone B Rate
Linear Front Footage	\$11.7652	\$10.1016
Building/Lot Square Footage	\$0.1683	\$0.0982

### Sample Calculations

As described above, assessments have been calculated for each parcel based on the LFF of the property along the Improvement and Activity corridor and the BSF of building square footage for improved property and 1/3 of parcel area of unimproved property by Zone.

LFF = Linear Front Footage  
BSF = Building Square Factor/Parcel Area

Shown below are calculations for various sample parcels.

§ Improved Commercial Property with 25-foot frontage, 2,500 square feet of building on .08 acres located in Zone B

LFF =  $25 * \$10.1016 = \$252,54$       BSF =  $2,500 * \$0.098210 = \$245.42$   
Total Assessment = \$497.96

§ Unimproved Property with 75-front footage, on .25 acres located in Zone A

LFF =  $75 * \$11.7652 = \$882.39$       BFF =  $43,560 * .25 * .333 * \$0.1683 = \$611.03$   
Total Assessment = \$1,493.43

§ One Condominium in a building that contains 14 condominium units with 100-foot frontage, 1,025 square feet of building on .32 acres located in Zone A

LFF =  $100/14 * \$11.7652 = \$84.04$       BFF =  $1,025 * \$0.1683 = \$172.54$   
Total Assessment = \$256.58

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

Total Assessment Zone A= Total LFF x Zone A LFF Assessment Rate + Total BSF x Zone A BSF Assessment Rate  
Total Assessment Zone B= Total LFF x Zone B LFF Assessment Rate + Total BSF x Zone B BSF Assessment Rate

### 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 along with the assessment rates will be subject to property owner approval as part of the HEMAD formation process. The Assessment Rate Formula will be applied during the FY 2018 levy process. If the budget and assessments calculated at that time 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 FY 2018 formation are authorized to be indexed (increased or decreased) annually, starting in FY 2019, by the Annual factor published in the San Diego Consumer Price Index – All Urban Consumers (“SDCPI-U”) not to exceed 3%. In the event that the annual change in SDCPI-U exceeds 3%, a percentage change in excess of 3% 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 3%.

The Maximum Assessment is adjusted annually and is calculated independent of the HEMAD'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.

## 7. Governance

### District Management Owner's Association

It is proposed that the Hillcrest Business Association shall serve as the owner's association and manage teemed district. The Hillcrest Business Association is a 501c6 organization with a successful track record of managing similar existing contracts with the City of San Diego. The HBA currently manages a similar MAD in Hillcrest and the HBA has a provision in its bylaws to consider contributors to MADs that it administers to be members or the organization, vote in its annual elections and serve on its board of directors. The contributors to this MAD would be eligible for the same benefits.

The HBA currently manages a wide variety of committees. A committee of the HBA will be established within the organization made up of property owners from the district. This committee will set the budget, select contractors and will generally oversee contract adherence. The committee will be staffed by the HBA. The HBA board currently is open to property owners who contribute to the HCMAD. Property owners who contribute to the HEMAD will be eligible to run for the HBA Board.

If a different Owners Association is designated then all references to HBA shall be deemed to refer to that designated Owners Association. If the EHMAD is administered by the City of San Diego, the City shall administer the district in accordance with applicable law.

### Brown Act and Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association must act as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the HBA Board of Directors and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act.

## 8. Questions and Answers

The expansion of the MAD is a complicated process and there are many questions. The HBA has taken the most common questions and answered them here. The answers also reference the section of the management plan (or other public document) where the answers can be found.

### **How much will property owners pay?**

*It depends on where the property is and how large it is. Contributions are based on a formula that takes into account linear foot frontage, apartment units and location. In short, the wider the property is, the more sidewalk there is to provide services for and the higher share of the budget that owner would pay.*

*There are two zones in the district. Zone A includes an additional fee for maintaining the existing landscaping in the medians on University Ave. and Normal Street. Properties within that zone will contribute to maintaining those plated areas, while owners in Zone B would not pay for those services because they wouldn't be benefitting from those services.*

### **Do business owners or residents pay?**

*This MAD would be an assessment on property owners, so if a property (residential or commercial) is within the area, the owner would be assessed their share based on the formula. For the most part, this is an assessment on commercial properties but there are some residential properties included.*

### **What services will be included?**

*It depends on where. There are two service areas, Zone A will include where security, sidewalk cleaning and landscaping services, while Zone B will include security and sidewalk cleaning.*

### **How do I know if my property is included?**

*There is a map that indicates which properties are included in which zone.*

### **Why are the lines drawn where they are?**

*In 2016 the HBA conducted a survey to see what property owners would be interested in participating in a district such as this. There were many property owners who requested to be kept out of the district. The HBA is proposing expanding the district to areas where there is the most support.*

### **Why are landscaping services only offered in some areas?**

*In 2016 the HBA surveyed property owners in the district and the feedback provided indicated that landscaping services were not as much of a priority as security and cleaning. The existing MAD does provide excellent landscaping services on the medians on University Ave. and Normal Street (which could be why the respondents ranked the landscaping as a low priority) and the expansion of the district wouldn't curtail those services. The district envisions that landscaping will be provided in areas where they are currently being provided, but not into the new areas of the district.*

**What would the security services provide?**

*Security services would primarily be homeless engagement teams. Teams of two full time security officers, trained in engaging with homeless people, would patrol the MAD and either abate criminal or anti-social behavior or connect homeless to services. Opportunities to collaborate with the HBA's existing security service, private security firms and the San Diego Police Department will be sought.*

**How often would security patrol my property?**

The security program includes a full time patrol of two officers every day for eight hours a day of both zones. The service would also include an on call number that business and property owners could call for issues that needed immediate attention.

**Why do we need this district, don't my property taxes pay for these services?**

*Though we all wish our taxes would go further, often the baseline level of services that the City of San Diego provides doesn't meet the expectations of our business community and customers. The City does simply not provide tree trimming, sidewalk cleaning, security and a variety of other services. The HBA can and does provide these services in the heart of Hillcrest through a MAD and this district would enable the HBA to provide an equal level of service to the east end of Hillcrest.*

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Parcels to be assessed

**HILLCREST EAST MAINTENANCE ASSESSMENT DISTRICT  
Assessment Roll**

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