

**City of San Diego**  
**Park and Recreation Department – Open Space Division**  
Maintenance Assessment Districts Management Fund  
November 18, 2014  
Fiscal Year 2015

**Overview of the MAD Management Fund**

The Maintenance Assessment Districts (MAD) Management Fund provides for the general administration, management, and shared costs between the 55 districts administered by the Park and Recreation Department. This includes the following items, sorted into groups:

**Assessment Levy**

- preparing annual updates to assessment engineers reports for all districts, including review of changes to land use, parcel splits, etc.
- updating parcel enrollment for all MADs
- researching uncollectible and errant parcel information
- submitting parcel enrollment to County of San Diego
- invoicing non-taxable property owners through OneSD system
- discussing MAD line item on property tax bills
- evaluating requests for a change to the assessment calculation

**Financial**

- preparing and presenting district budgets
- monitoring of current year expenditures and revenues
- reviewing and paying invoices from non-profit corporations that administer contracts for goods and services on behalf of certain MADs
- paying invoices on-time within terms specified in service contract
- accounting expenditures, revenues, and fund balances for each MAD

**Community Outreach/Customer Service**

- meeting with advisory committees to discuss issues and obtain advice to address problems or issues within the MAD
- responding to district requests

**Property Management**

- preparing and researching maps that show property ownership, easements, permit conditions, etc. for areas maintained by the MAD or located adjacent to the MAD
- reporting code violations and street right of way issues to the appropriate City department

**Supervision**

- supervising and training 16 Grounds Maintenance Managers

**Procurement**

- managing a competitive procurement process for service contracts
- ensuring contractors paid for services received by the MAD

## MAD Management Fund Explanation

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### Legal

- obtaining legal advice
- ensuring equal opportunity contracting and living wage ordinance compliance

### Shared Costs

- providing office space, copiers, computers, cellular telephones, etc.

### Capital Improvements Program

- coordinating capital improvement projects (CIPs) funded by MAD or impacting MAD areas
- coordinating with resident engineers on various permitted construction projects in or adjacent to MAD areas

### New MAD Formation and Reballot of Existing MADs

- assisting with new district formations

### Special Benefit Street Lighting

- preparing and maintaining special benefit street lighting inventory and determining costs of energy and maintenance of special street lights

### Vehicles

- prorated cost of operating, maintaining, and replacing City vehicle assigned to the MAD

### Other

- assisting with other administrative functions as needed

A separate management fund exists for those business-oriented MADs managed by the Economic Development Division of the Development Services Department.

## **Budget Overview**

Attached is a budget summary sheet for the Park and Recreation MAD Management Fund that outlines the current year, proposed upcoming year, and prior year actual expenditures, revenues, and fund balance.

## **MAD Management Fund Cost Allocation Method**

The costs of the Management Fund are charged to each MAD under the “Special Districts Administration” line item in each year’s budget.

Management Fund cost is allocated proportionate to the amount expended by each MAD. This assumes that the relative cost to manage each MAD is directly related to the amount of expenditures made within that MAD. Costs are allocated in rough proportion to prior year actual expenditures with adjustments to smooth the impact of the cost from year to year. In years in which there are no changes to the required contribution from various MADs to the Management Fund, the contribution is unchanged.

The allocation formula begins with the calculation of three years of actual expenditures, less the following items:

- Reimbursements for prior expenditures
- Allocations to Capital Improvements Program (CIP) projects
- Contingency reserve (fund balance)
- Prior year Special Districts Administration (transfers from a MAD to the Management Fund)
- Overhead billed
- Portions of any G/L accounts that were used for district-funded Capital Improvement Projects
- Portions of any G/L accounts that were used for disaster recovery, such as fires, floods, and mudslides that are eligible for FEMA/CalEMA reimbursement and would have been performed by the City had the MAD not been in place
- Onetime, non-recurring/non-routine expenditures
- Reballoting costs

Removing these items will leave the direct cost of providing MAD services, which can be calculated by subtracting the above expenditures from the total actual expenditures. Direct costs include landscape contracts, tree trimming contracts, other service contracts, utilities, Grounds Maintenance Manager inspection, miscellaneous supplies and services, charges from other supporting departments for services rendered, and other related expenses. By removing administrative costs (overhead and management fund transfer), onetime costs (such as reimbursements and capital projects), emergency expenditures, and reballoting costs, the direct cost of service provision can be compared between districts. This allows for a reasonably fair, baseline methodology to allocate administrative costs that considers the amount of direct output for the previous three years.

The minimum cost to manage a district is considered to be \$3,500. Three districts (Bay Terraces-Honey Drive, Kings Row/Village at Euclid, and Hillcrest-University Avenue) are unable to afford even this amount, and are therefore charged a lower amount.

In Bird Rock MAD, the Bird Rock Community Council (a 501c3 non-profit organization) administers the contracts for goods and services. This is performed under agreement between the City and BRCC. As a result, the Special Districts Administration allocation is set forth within the contract, with a minimum cost of \$3,500.

In street lighting districts and the Del Mar Terrace Road Repair MAD, the Special Districts Administration allocation is fixed and is not based on prior year expenditures.

### **Grounds Maintenance Manager**

In addition to oversight functions provided by the Maintenance Assessment District Management Fund, the majority of Park and Recreation MADs 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 MAD. This position inspects, 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. To ensure no cost overruns, the Grounds Maintenance Manager verifies that only necessary work is completed. In MADs with agreements with non-profit corporation for administration of contracts for goods and services, the function of the Grounds Maintenance Manager is replaced by a non-profit organization.

The Grounds Maintenance Manager has the following responsibilities:

- Respond to property owners with concerns about upkeep, maintenance, and activities of the MAD
- Monitor and inspect the work of the contract vendor
- Prioritize services and projects
- Inspect City-owned property and open space lands for encroachments and illegal uses
- Liaise with designated representatives (MAD citizen's advisory committee) that may be a subcommittee of the Community Planning Group or the Town Council depending upon the relative boundaries of the MAD vis-à-vis the Community Planning Area jurisdiction
- Interact with a variety of City departments for MAD and non-MAD issues
- Provide budgetary oversight to ensure that sufficient funds are available to cover all areas of work to be performed in the current and upcoming years
- Develop cost estimates for maintaining areas
- Manage the primary landscape maintenance contract
- Handle the bid process for new contracts
- Prepare the upcoming fiscal year budget in consultation with the MAD analytical team

The amount of Grounds Maintenance Manager support may vary from MAD to MAD due to the following factors:

- Cost of the primary landscape contract
- Relative level of community involvement
- Complexity of the contract and/or landscape areas
- Amount of capital improvement project coordination
- Number of issues that need to be resolved within that MAD
- Number of special projects (replanting, new irrigation, etc.) in the MAD
- Number of "edge" open space interface issues, such as encroachments, trails, brush management, tree liability, etc.

Each year, each MAD citizen advisory committee reviews the annual budget, which includes the cost of the district-specific expenses such as the Grounds Maintenance Manager to provide advisory and contract inspection services, as well as the costs of the Management Fund.