



General Questions about the Proposed West End/Central Park Blvd/Normal St. Promenade Community Benefit District (CBD) – April 2020

Dear Property Owner,

In light of the COVID-19 crisis, our ability to hold public meetings through the end of April and May has been greatly curtailed. We have been instructed to not conduct any public gatherings exceeding 10 people. In response to this directive, we are offering to call you, visit your place of business/home, or respond to specific inquiries that you might have about this effort via e-mail for long-term stability and dynamic growth of this district. Please email us at mail@newcityamerica.com, or call us at (619) 233-5009 and we will do our best to answer your questions.

Some might ask is this the right time to discuss formation of a new property assessment district. Consider that the proposed Community Benefit District for this area can serve as "District insurance" to deal with cleaning, managing, promotion and branding of this rapidly developing area. As the City of San Diego confronts strained budgets for the foreseeable future, the level of City Services (already low), will be reduced by necessity to meet a balanced budget. The best way to ensure that the district remains competitive is to have a common revenue source to fund the services from curb to property line.

It is due to this need, that the establishment of this new special benefits district is being pursued. This district is not going away and will need improvements for the years to come.

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Background:

In late 2018, a group of property owners on the West End of El Cajon Blvd. came together to fund and investigate the formation of a new "Community Benefit District" for this rapidly growing district in San Diego. The study, implemented via a mailed survey to all property owners, included the following areas:

- *El Cajon Blvd, from Texas Street on the east to Park Blvd. on the west*
- *Park Blvd. from Meade on the north to Robinson on the south*
- *University Avenue from Park Blvd on the east to Richmond on the west*
- *Normal Street from Washington on the north to University Avenue on the south*

In the initial study, the survey sent to property owners asked if they were willing to support property owner assessments to fund special benefit services over and above what the City of San Diego is currently providing. The results of the survey asked property owners to prioritize the following special benefit services:

- *Increase the frequency of trash pickup, beyond the current City services. As new residents come into the district, this will ensure that the sidewalks and gutters remain clean and that there are adequate trash receptacles to deal with this increased trash in the neighborhood*
- *Daily sidewalk and gutter sweeping*
- *Responding to people demonstrating poor behavior on the sidewalks of the district*
- *Systematic pressure washing sidewalks throughout the district*
- *Supporting existing stores and attracting new high-quality retail and restaurants to this growing community*
- *Removing graffiti within 24 hours on both private and public properties along the sidewalk*
- *Planting trees and landscaping, installing and maintaining ornamental landscaping*
- *Establishing the brand of "West End/Central Park Blvd/Normal Street Promenade" district and celebrating its rich history through funding public relations, social media, marketing programs and events that build district identity and strengthen the image of the new district*
- *Advocating on behalf of a new CBD to public agencies such as the City of San Diego, Planning Department, the Metropolitan Transit Agency, Cal Trans and SANDAG, etc.*

In late 2019, we were approached by property owners on Normal Street who are currently in the process of working on a new *Normal Street Promenade* which will radically alter the wide road on Normal Street from University to Washington Street. They requested to be included in this West End/Central Park Blvd. Community Benefit District formation effort.

The construction and management of the new SANDAG funded Normal Street Promenade, scheduled to be built between 2020 and 2022, was added to the list of priorities for the emerging CBD. The Normal Street Promenade, when implemented will be a phenomenal public space for all three business districts in the area – if properly maintained and managed.

The West End/Central Park Blvd/Normal Street Promenade CBD formation process allows property owners to create the district plan document and decide the resulting costs to each parcel. The property owners will then petition the Mayor's office to consider adopting a CBD resolution of intent, by which the City Council will authorize a mailed-ballot procedure according to State law. *Each property owner within the proposed district will be eligible to vote in support or opposition to the CBD through this mail ballot procedure.*

Final approval of the district requires a majority weighted supportive vote of the property owners through the mail ballot. "Weight" is defined as the proportion of the assessment paid into the district by each owner, relative to the overall budget. According to the State constitution, ALL property owners, whether public, ecumenical, non-profit/tax-exempt, or residential, pay into the district if they are receiving benefit.

Special Benefit Services/Final Plan:

The CBD property assessments will fund special benefit services throughout the entire district for the West End/Central Park Blvd/Normal Street Promenade CBD. These services will be as follows:

CIVIL SIDEWALKS:

Examples of this category of special benefit services and costs may include, but are not limited to:

- *Regular sidewalk and gutter sweeping*
- *Regular sidewalk steam cleaning and sanitizing services*
- *Beautification of the District*
- *Enhanced trash emptying (over and above city services)*
- *Timely graffiti removal (within 24 hours as necessary)*
- *Tree and vegetation maintenance (over and above city services)*
- *Maintenance of existing and new public spaces*
- *Planting flowers, installation and maintenance of landscaping plants throughout the District*
- *Hiring Case workers to address homeless issues, aggressive panhandling, and mentally ill persons, or installation of a district camera system*
- *Paying for maintenance and lighting of the Boulevard sign near El Cajon Blvd. and Park Blvd.*
- *Maintenance of the landscaped medians along Park Blvd and El Cajon Blvd within the boundaries of the proposed district*

DISTRICT IDENTITY AND PLACEMAKING:

Examples of this category of special benefit services and costs may include, but are not limited to:

- *Web site development and updating*
- *Management and coordination of special events*
- *Social media, public relations*
- *Holiday and seasonal decorations*
- *Branding of District properties as to promote positive public image*
- *Banner programs*

- *Public art displays*
- *Logo development*
- *Public space design and improvements*
- *Business and new development attraction*
- *Management of the planned Normal Street Promenade*
- *Participation in the design and planning (and eventual maintenance) of a new public square on the School District property new Park Blvd and El Cajon Blvd.*

PARKING AND MOBILITY:

Examples of this category of special benefit services and costs may include, but are not limited to: (Not funded by assessments; rather, from Parking Meter revenues)

- *Wayfinding sign system*
- *Installation of shared parking spaces with the City*
- *Possible community valet operated by the Management Corporation*
- *Bike racks, ride-sharing spaces and other items that increase mobility in the district*
- *Sidewalk repair where applicable*
- *Enhanced lighting in the district*

ADMINISTRATION/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but are not limited to:

- *Staff and administrative costs*
- *General liability and Directors and Officers Insurance*
- *Office related expenses, rent*
- *Financial reporting and accounting and Legal services*

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but are not limited to:

- *Property tax/assessment delinquencies, City/County fees, reserves*
- *\$3,500 flat fee to the City for the collection process*

The primary funding sources for the new, proposed West End/Central Park Blvd/Normal Street Promenade CBD will be:

- *Property assessments approved by the property owners*
- *Parking meter revenues*
- *Grants and activities*

Proposed Price Structure for Special Benefit Assessments, Years 1 – 3

It is proposed that the CBD have a three-year building square footage assessment increase to step up funding based upon new development in the district. This increase in building square foot assessments will apply to all building square footage including the actual building square footage for residential condominiums within the district.

- *The first-year cost of \$0.10 per square foot for building*
- Linear frontage is set at \$10.00 per linear feet per year for the first three years
- Lot size or parcel costs are set at \$0.12 per year per square foot for the first three years
- During the *second year, building square footage costs* will rise to \$0.15 per square foot
- During the *third year, building square footage cost* will rise to \$0.20 per square foot per year

The actual annual assessment will be an accumulation of all three property variables including building square footage, lot size and linear frontage. Residential condominium costs will be assessed for the actual building square foot of the specific condo parcel, with no additional costs for linear frontage or lot size, HOA related space or grounds.

First Year Proposed Assessments: (Fiscal Year 2021)

- Building Square footage costs/first year: \$0.10 per square foot per year
- Lot size costs: \$0.12 per square foot
- Linear Frontage costs: \$10.00 per linear foot per year
- Residential Condo costs: \$0.10 per square foot of the actual building square footage

Special Benefit Services	First Year Budget (Rounded off)	First Year % of budget
Civil Sidewalks	\$400,000	60%
District Identity and Placemaking	\$120,000	18%
Mobility and Parking	\$0	To be determined
Administration/Management	\$120,000	18%
Contingency/Reserve	\$24,075	4%
Total	\$ 664,075	100%

Second Year Proposed Assessments:

- Building Square footage costs/first year: \$0.15 per square foot per year
- Lot size costs: \$0.12 per square foot
- Linear Frontage costs: \$10.00 per linear foot per year
- Residential Condo costs: \$0.15 per square foot of the actual building square footage

Special Benefit Services	Second Year Budget (Rounded off)	Second Year % of budget
Civil Sidewalks	\$435,000	60%
District Identity and Placemaking	\$133,000	18%
Mobility and Parking	\$0	To be determined
Administration/Management	\$133,000	18%
Contingency/Reserve	\$38,090	4%
Total	\$739,090	100%

Third Year Proposed Assessments:

- Building Square footage costs/first year: \$0.20 per square foot per year
- Lot size costs: \$0.12 per square foot
- Linear Frontage costs: \$10.00 per linear foot per year
- Residential Condo costs: \$0.20 per square foot of the actual building square footage

Special Benefit Services	Third Year Budget (Rounded off)	Third Year % of budget
Civil Sidewalks	\$485,000	60%
District Identity and Placemaking	\$146,000	18%
Mobility and Parking	\$0	To be determined
Administration/Management	\$146,000	18%
Contingency/Reserve	\$37,103	4%
Total	\$ 814,103	100%

All of the assessments do not go into the City's general fund. They are collected with the property tax bills, sent to the City and earmarked for the allocation within the boundaries of the proposed district and managed by a newly formed non-profit corporation made up of property owners and business owners in the area. That management corporation will have full authority to use the revenues generated by the CBD to improve the district as a whole.

**General Questions about the proposed Community Benefit District
April 2020**

This new Community Benefit District (CBD) will be formed under the City of San Diego's Maintenance Assessment District ordinance and the property assessments collected will be controlled and dispersed by a new, yet-to-be established local non-profit corporation dedicated to the improvement and betterment of West End/Central Park Blvd/Normal Street Promenade.

Why would I want to pay more on my property taxes than I am currently paying?

An assessment, by law, cannot be spent on general services, nor can it be spent outside the boundaries of the district. The purpose of the CBD is to improve and promote your key assets, whether they be your home, your business, your parking lot or your rental units. Furthermore, the funds collected are controlled at the community level, NOT by the City of

San Diego. The best example of a district functioning with a CBD in San Diego today is to be found in the Little Italy neighborhood which has been in place since 2000.

Can the City reduce services in West End/Central Park Blvd/Normal Street Promenade after formation of the special benefits district?

By law (Article XIII(d) of the state constitution), property assessments can only fund special, not general, benefits. General benefits are those allocated to all parcels in the City and funded out of public or general fund revenues. Cities throughout the state normally adopt "baseline services agreements", which restrict the City from withdrawing services once the special benefits district has been formed. It is anticipated that due to the COVID 19 impact to sales taxes and hotel taxes due the City, the City will enter Fiscal year 2020-21 with a major deficit. It is anticipated that this revenue reduction will have a negative impact on the City's ability to provide basic services. The current level of City services will in fact, be reduced due to this long term downward revenue loss.

Experience has shown that once the assessment district management corporation has been formed, the private property owners in the district can normally leverage a greater amount of general benefits than before the establishment of the district.

How will the West End/Central Park Blvd/Normal Street Promenade CBD assessments be collected?

As provided by local ordinance, the CBD assessments will appear as a separate line item on the annual property tax bills prepared by San Diego County. Property tax bills are distributed in the Fall and payment is expected by lump sum or in two installments. The County will distribute the assessments collected from the West End/Central Park Blvd/Normal Street Promenade CBD, to the City of San Diego who will then forward them to the designated Management Corporation, pursuant to the authorization of the plan. Existing laws for enforcement and appeal of property taxes apply to the CBD assessments.

As of December 2021, the CBD assessments will appear on the annual property tax bills. In the Fall of 2020, the assessments may be billed to the property owners directly by the City of San Diego and those assessments will be due on or around January 1st, 2021- if the district is established in September or October of this year.

Once established, must every parcel in the district pay?

Unless specifically mentioned in the plan, every single parcel owner deriving special benefit must pay into the district. This includes local, county, state, school district and federal properties. In addition, parcels owned by tax-exempt designated organizations may be exempt from paying property taxes but will not necessarily be exempted from the assessment district.

Who controls the assessment funds once the district is established?

The West End/Central Park Blvd/Normal Street Promenade CBD stakeholders will form a new non-profit corporation, to administer the district on behalf of the property owners. The non-profit CBD management corporation will then enter into a contract with the City, to administer the district on behalf of the stakeholders. Bylaws are normally written to ensure that the property owners can be freely nominated to the Board. By law, the assessments

generated within the district must be allocated to fund special services within the boundaries of the district. Furthermore, the management corporation will be subject to the open meetings and open records provisions of the Brown Act.

Once established, can the City increase the assessments?

By law, the only increases in the annual assessments must be pre-determined and placed in the CBD plan for the district. The City cannot arbitrarily increase the assessments because these are not funds created by or controlled by the City. The assessments may be increased only through a pre-designated, "not-to-exceed" factor, or changes in land use such as parking lots being converted to commercial buildings or condos. The property owners themselves, through their designated management corporation, determine if and when the annual increase will be triggered on an annual basis. This plan allows for a maximum 5% annual increase in assessments, based upon a decision of the Board of Directors of the management corporation.

How can the West End/Central Park Blvd/Normal Street Promenade CBD be disestablished if it is not functioning as envisioned?

The ordinance provides for the disestablishment of the CBD pursuant to an annual review process. Each year that the district is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. Within that 30-day period, if the owners of real property who pay 30% or more of the assessments levied may submit a written petition, the CBD district disestablishment procedure may be initiated. The City Council will hold a public hearing on disestablishing the CBD prior to actually doing so.

How do I get involved in this process?

The West End/Central Park Blvd/Normal Street Promenade CBD Steering Committee, working with the consultant, New City America, Inc., will lead the effort for the West End/Central Park Blvd/Normal Street Promenade CBD in the next six months. After the *Shelter in Place* and *Social Distancing* provisions of the Governor's mandate has been lifted, special CBD public meetings and forums may be held and will be open to all affected business and property owners.

Please contact Monica Montes at (619) 233-5009 in the New City America office if you would like to attend the upcoming Steering Committee meetings. If you are not able to attend proposed meetings, please call the New City America office or e-mail us at mail@newcityamerica.com and we will update you on the results of the meeting. Thank you

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