

BANKERS HILL

COMMUNITY BENEFIT DISTRICT NEWSLETTER

MAY 2022



District Property Owners Demonstrate Strong Support for the Creation of a new Special Benefits District formed under the City of San Diego's Maintenance Assessment District Ordinance

Last August, a survey was mailed out to over 700 property owners in the Bankers Hill / South Hillcrest / Park West communities to ascertain their support for a new Maintenance Assessment District, which we call, a "Community Benefit District". The survey was in response to all three areas' needing services in the public rights of way that the City of San Diego does not currently provide. This newsletter summarizes the work that has taken place since that survey was sent out.

Proposed Community Benefit District

The name of this proposed Maintenance Assessment District or Commu-

nity Benefit District (CBD) will be the Bankers Hill/South Hillcrest/Park West Community Benefit District; or either the "The District" or the BHCBD is formed under San Diego Municipal Code Section 65.0201.

This newsletter will update The District's property owners on the results of the survey, will give a progress report on the formation of The District based on the survey's priorities, and will lay out a timeline for consideration, petitioning, and balloting for the creation of this new special benefits district. The services to be funded are considered special because they are over and above the general benefit currently being provided to

these communities from the City of San Diego and the County of San Diego.

The largest District similar to the one being proposed here is the Downtown Clean and Safe Program, operated since 2000 by the Downtown San Diego Partnership. The second largest special benefits district is the Little Italy Community Benefit District, which has also been in place since 2000. Both districts were created by a mail-balloting procedure of their respective property owners and though this area is NOT Downtown or Little Italy, the principles and services are the same for all three.



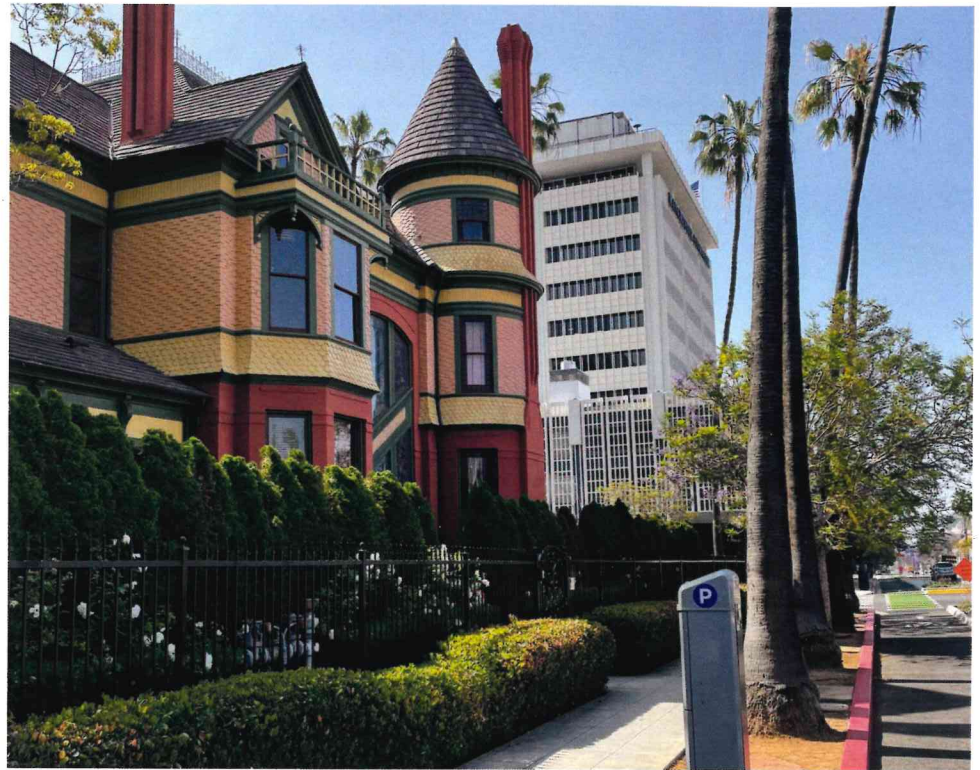
Survey of the Community / August – November 2021

In the summer of 2021, a number of property owners came together to discuss how to manage the rapid and dynamic growth and issues related to that growth, for the Bankers Hill, South Hillcrest, and Park West communities. Surveys were sent to 1,200 property owners in the proposed study area and 298 property owners responded to the survey. That represented a 25% return from The District property owners - a very strong figure considering that property owners had never been surveyed about anything in their community.

The survey was sent out by New City America, - a San Diego-based management company specializing in the creation of similar special benefit districts - intending to determine if there was preliminary support for the formation of a new Community Benefit District, allowable under the City's Maintenance Assessment District ordinance. One of the best examples of a similar, successful district can be found in the neighboring Little Italy neighborhood.

Since assessed valuation cannot be used as determining factor of support or opposition (due to Proposition 13's impact of assessed valuation being set at the time of purpose), we looked at the factors that each parcel had in common, namely building square footage, lot size, and linear frontage. The information used to determine the support or opposition to the proposed district included the following property data:

- 1,494,538 in residential condominium building unit square footage (per condo)
- 3,966,242 in total, (non-residential condominium) gross building square footage
- 3,560,948 in total parcel or lot size square footage



The charm of mixed use growth in Bankers Hill

- 56,161 linear frontages (including the frontage along Balboa Park from Upas to 7th Avenue and southward to the interstate 5 freeway)

In forming many similar districts nationwide, New City America advised the CBD Steering Committee that in order to move forward with the formation process, experience has shown that a mixed average of 30% of the total lot size, linear frontage and building square footage, should show positive support for the concept of the property assessment district. The results were very strong in showing support for the CBD concept, including:

- 40% of the responding building square footage (not including residential condominium building square footage)
- 31% of the responding property owner lot size
- 27% of the responding property owner linear frontage
- The residential condo owners'

responses had a 20% response rate with 55% of the residential condo owners responding as supportive

The primary responses relative to supporting the proposed special benefits district were as follows: (out of 298 respondents).

1. 171 of the respondents stated they supported property owner-funded services to respond to the homeless, panhandling, and loitering issues in The District
2. 159 of the respondents stated they believe that The District is relatively safe, however many suffer from an unsafe image
3. 150 of the respondents stated that they supported sidewalk and gutter sweeping as well as regular pressure-washing of the sidewalks

Compared to other property owner surveys sent in similar districts, the District garnered a great response. Keep in mind that property owners in The District had never been asked

what they thought about these issues of community safety, cleanliness, and district identity.

Based on these strong responses, the BHCBD Steering Committee (consisting of property owners residential condo, institutional and commercial, and various community groups), voted to move forward with the formation process and look at five options of services and costs. We are sending out this newsletter now because property owners tend to ask these four questions:

I. What services will this new CBD be funding?

The proposed “bundles” of special benefit services are listed below. All services listed below are special benefits and “supplemental” to current City services.

Civil Sidewalks

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

- Local programs or case workers to respond to the unhoused population, homeless issues, aggressive panhandling, and mentally-ill people behaving poorly in the public rights of way, in addition to working with SDPD Bike patrols and/or a community camera system installed on private prop-

erties throughout The District

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- 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
- Installation of and maintenance of hanging plants, planting flowers throughout the District
- Personnel to manage in-house or contracted maintenance and/or security teams

District Identity & Placemaking

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

- Website development and updating
- Hiring a social media and public relations firm
- Holiday and seasonal decorations
- Branding of the Bankers Hill/South Hillcrest/Park West CBD properties so a positive image is promoted to the public, including the development of a new logo for The District
- Banner programs
- Public art displays



New trash cans on 5th Avenue. The District needs at least 100 of these. 50 were recently purchased by Uptown Parking District

- Public space design and improvements, management of those public spaces
- Developing a plan for a new Balboa Park Promenade which will create a 20-foot walkable zone running from Upas on the north to Interstate 5 on the south on the east side of Sixth Avenue
- Personnel to manage in-house or contracted public relations, web site maintenance, or social media contractors

Parking & Mobility

Examples of this category of special benefit services and costs may include, but are not limited to: (Not funded by assessments; rather working with the Uptown Parking District Board and possibly using Parking Meter revenues as well as grants)

- 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



Instances of unhoused people living in Bankers Hill and no system for sidewalk cleaning



mobility in the District

- Sidewalk repair where applicable
- Enhanced lighting in the District
- EV charging stations throughout The District

Administration & Program Management

Examples of this category of special benefit services and costs may include,

but is not limited to:

- Staff and administrative costs, contracted or in-house
- Directors, Officers, and General Liability Insurance
- Office-related expenses
- Rent
- Financial reporting and accounting
- Legal work

Contingency, City and County Fees & Reserve

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

- Delinquencies, City/County fees, reserves
- Reserves

Category of Service	1st Year Budget	% of Budget (Rounded)
Civil Sidewalks	\$1,146,000	70%
District Identity & Placemaking	\$164,000	10%
Administration & Program Management	\$245,600	15%
Contingency, City and County Fees & Reserve	\$78,993	5%
Total	\$1,634,593	100%

2. What are the boundaries of the proposed district?

Please see the boundary map on the last two pages of this newsletter. In

general, the district includes all of the parcels on 4th, 5th, 6th and 7th Avenue from Brookes Street on the north to Interstate 5 on the south, with Balboa

Park on the east and blocks on both sides of Fourth Avenue expanding west of Fourth Avenue south of Grape Street and along Laurel Street.

3. What will it cost per parcel to fund the CBD special benefit services?

Property Variable	Annual Amount
Building Square Footage	\$0.16
Lot Size	\$0.08
Linear Frontage	\$8.00
Residential Condo (Building Square Footage)	\$0.16
Total	\$1,634,593

The assessments above for all non-residential condominiums in the District shall be a combination of the building square footage plus the lot size plus the linear frontage assessments. The combined total of the sum of the three property assessments will constitute the "weight" of each parcel, which will be used in both the petition drive as well as the mail balloting procedure. Residential condominiums will be assessed for their actual parcel building square footage only.

4. Who will manage The District's day-to-day services?

A new public benefit, charitable, non-profit corporation will be created once the District was approved by a vote of the property owners. Property owners, including commercial owners

and residential condos, business owners and community organizations, will have representation seats on the new Board. The Board will hire staff, service providers, and others needed to operate The District and the meetings of the Board will be subject to the open

meetings and records provision of the Brown Act and Government Code.

The levy of assessments on real property within the proposed District will fund physical improvements to individual properties, attract new

customers, and increase businesses' sales. The assessments will fund maintenance, special events and activities, and other special benefits within The District, revitalizing Bankers Hill/South Hillcrest/Park West area and creating jobs, responding to homeless issues, attracting and retaining businesses, and reducing crime.

Method of Financing

The financing of the BHCBD is based upon the special assessments levied on real properties that receive special benefits from the improvements and activities in their Benefit Zone. There are four factors used to determine the proportional costs to the parcels in The District. These four factors are:

- Linear frontage (all sides, excluding alleys)
- Lot size or the footprint of the parcel.
- Building square footage.
- Current and future residential condominiums within the District

Costs per Parcel and Benefit Zone

The costs per parcel are based on the four factors listed above. There will be two Benefit Zones in the proposed CBD.

- Benefit Zone 1 includes all parcels in the proposed boundaries of the District (see attached map)
- Benefit Zone 2 will be funded by the City of San Diego and will include the proposed Balboa Park Promenade, which will be financed by linear frontage cost to the City of San Diego, approximately 6,100 linear feet on east side of Sixth Avenue. All assessments must be proportional to the special benefits received

Term

Under the local enabling ordinance, San Diego Municipal Code Section 65.0201, The District may be established in perpetuity, based on the will

of the property owners. Acting through The District Management Corporation, The District's property owners will determine the duration of The District. The local enabling ordinance permits an annual disestablishment of The District upon petition and vote of the property owners. The threshold needed to trigger the balloting for the formation of The District is the same as the process for disestablishment of The District.

Time and Manner for Collecting Assessments

The BHCBD assessments will appear as a separate line item on annual property tax bills prepared by the County of San Diego Tax Assessor. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County of San Diego. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes. Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The "property owner" means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

Exemptions or Reductions in Rates

Under this Management District Plan and consistent with Proposition 218 and Article XIII (D) of the State Constitution, no parcel receiving special benefits from the establishment of a property assessment district is exempt from payment of the assessment.

Reduction for Structured Private Parking

Residential apartment buildings, offices and other commercial high-rise buildings may have that portion of their building square footage reduced

based upon any parking structure that is internal to the building and is not open to the public. The responsibility to ensure that reduction in building square footage is made from the annual assessment amount is subject to the property owner informing the CBD consultant (or the new district management corporation staff) to make those adjustments based on the evidence provided. This reduction is not applicable to residential condominium projects due to the fact that only single unit residential condo building square footage is to be assessed to each parcel in the building.

Residential Condominiums

Residential condominium parcels shall include current and future residential condominiums. Consistent with Benefit Zone 1, these parcels shall be assessed with Benefit Zone 1 building square footage costs. Residential condominium parcels shall be assessed for their actual building square footage only and will not include assessments for linear frontage and lot size, lobbies, stairwells, etc. Unless an HOA owns a parcel in the building, only the actual building square footage of each residential condo parcel will be assessed.

Benefit Zone 2 / Balboa Park

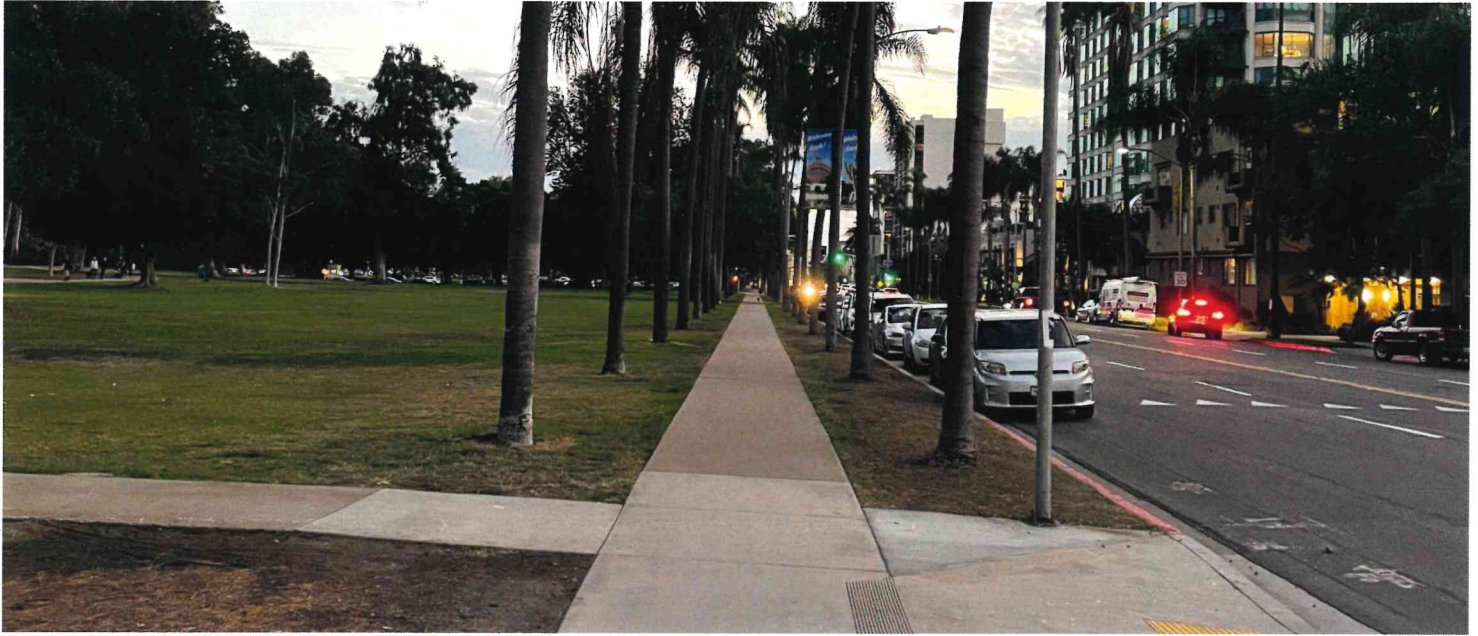
Each of the options above assume that the City of San Diego will contribute to the BHCBD based upon:

1. Their ownership of the Marston House parcel on Seventh Avenue (The property will pay the same rate as all other property owners in Benefit Zone 1)
2. The linear frontage of Balboa Park (6,100 linear feet) from Upas and Seventh Avenue and then down the east side of Sixth Avenue from Upas to Interstate 5

Sample Assessment District scenario:
First Year (2022) Parcel Assessment Calculation



- The annual assessment method to calculate all parcels for Benefit Zone 1 will be:
 - Total Linear Frontage x \$8.00, plus
 - Total Building Square footage x \$0.16, plus
 - Total Lot size square cost x \$0.08, equals
 - The annual assessment method to calculate all parcels in Benefit Zone 2 will be:
 - Total Linear frontage X \$15.00 per linear foot (Balboa Park frontage on the east side of Sixth Avenue)
 - The annual assessment method to calculate the residential condominiums
 - Total Single Unit Building Square footage X . \$0.16 per square foot per year
- TOTAL PARCEL ASSESSMENT



Concept for the Balboa Park Promenade

Timeline for Formation

Task	Anticipated Date(s)
Finalizing BH Community Benefit District Plan	End of March
Submittal of plan to the Mayor's office	1st week of April (the plan will need to be approved by the Mayor's office and City Attorney's office)
Newsletter Updating Community	Second week of May
Initiation of petition drive to show property owner support for the CBD Plan	Early June
Submitting 30% weighted petitions to the City	July – August
Ballots mailed out to every property owner in the proposed district	September
Ballots due, ballots counted. If ballots by weight (dollar amount) in support exceed those in opposition the City Council may adopt a Resolution of Formation and levy the assessments on the benefiting property owners	Late October – Early November
New Interim Board of Directors self- appointed	November
First revenues to the new CBD	January – February
Operations begin	March – April 2023



April 2022

For more information on the proposed BHCBD, please stay tuned for our upcoming, in-person community meetings and Zoom meetings. Proposed community meetings (in-person) will be at New City America, Inc. Office – 2210 Columbia Street on:

- Thursday, May 23rd, at 9:00 a.m.
- Thursday May 23rd, at 12 noon
- Thursday, May 23rd, at 5 p.m.

If you are unable to attend a meeting, please feel free to contact the New City America office at (619) 233-5009 or e-mail us: mail@newcityamerica.com. We are also willing to attend you HOA meetings or arrange one on one meetings via zoom or in person.

Thank you for your support to improve the Bankers Hill/South Hillcrest/Park West Community Benefit District.

Written and produced by:

New City America, Inc.

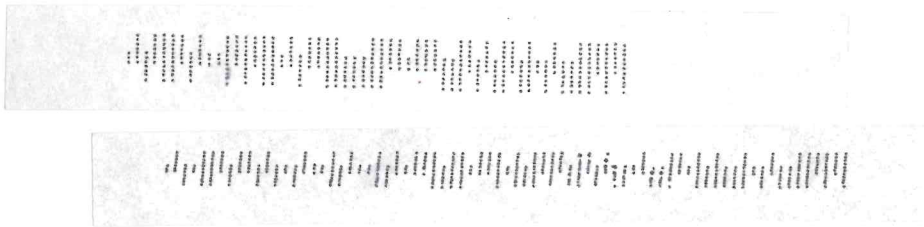
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