

IV. SERVICE PLAN & BUDGET

A. Establishment

The district will provide particular and distinct improvements, maintenance and activities based on the priorities identified by property owners through group meetings and an owner survey. Group meetings were held with property owners and NPMS to determine services on November 19, 2013; February 19, 2014; April 16, 2014, and September 22, 2014. Between meetings, NPMS worked to distribute information on the PBID to property owners via mailings and individual meetings. Individual property owner meetings, spearheaded by the steering committee and NPMS, continued throughout 2015 and 2016.

Each and every service is unique to the NPPBID. These improvements, maintenance, and activities constitute and confer a special benefit to assessed parcels. All of the improvements, maintenance, and activities are above and beyond those provided by local government agencies, are aimed to constitute and confer special benefits directly and only to assessed parcels, and will not be provided directly to the public at large or non-assessed parcels inside or adjacent to the district boundaries. The services will generate some general benefit to the public at large and non-assessed parcels within and adjacent to the district boundaries, as detailed in the Engineer's Report in Section V.

A service plan to provide special benefits to assessed properties was developed using several methods. A series of property owner meetings conducted by the steering committee, a survey of property owners conducted by NPMS and Civitas, a review of the area's current strength and opportunities, and a review of existing services within the area were all conducted. The primary needs identified were: cleanliness, landscaping, and improvements. To meet those needs, the NPPBID will provide Sanitation, Landscaping, and Improvements and Economic Development to assessed parcels within its boundaries. The improvements, maintenance and activities proposed for each year of operation are the same.

B. Improvements, Maintenance, and Activities

1. Sanitation

The sanitation program will provide services throughout the District. The program will maintain a sanitary environment for tenants, property owners, and customers of assessed parcels. The program will include sanitation services such as street and sidewalk cleaning, street sweeping, litter removal, alley cleaning, and emptying of common area garbage cans adjacent to assessed parcels to improve sanitation and access to parcels.

2. Landscaping

The landscaping program will work to create and maintain an attractive, safe District for the purpose of conferring special benefit upon assessed parcels. Landscaping services will be provided throughout the District. Landscaping efforts will be supplemental to and coordinated with existing efforts by the City and North Park Maintenance Assessment District to ensure effective and efficient service provision. Landscaping services will create and maintain planting areas, which will include trimming trees, seasonal plantings, and planting and maintaining new medians that are not serviced otherwise. These services will be provided on a regular basis, with the service frequency adjusted seasonally as needed.

3. Improvements & Economic Development

Improvements will be installed throughout the District in an effort to beautify and improve access to parcels, for the purpose of conferring special benefit upon assessed parcels.

Improvements must have a useful life of five years or more and may be acquired, constructed, installed, or maintained. Improvements may include lighting facilities, signs, benches, booths, kiosks, display cases, pedestrian shelters, decorations, and fountains.

Economic development efforts, including retail retention and recruitment efforts exclusively aimed at attracting business prospects looking to locate and/or grow in North Park, marketing, and promotion of tourism within the district will also be conducted. To facilitate retail retention and recruitment, comprehensive market research will be developed and packaged for current and prospective tenants, and NPMS will work collaboratively with agencies to coordinate and leverage retail retention and recruitment efforts. Promotion of public events designed to retain and recruit tenants, for the purpose of conferring special benefit upon assessed parcels, will be conducted.

4. Administration

The administration portion of the budget will be utilized for administrative costs associated with providing the services. Those costs may include rent, telephone charges, legal fees (for ongoing compliance as needed, not legal fees related to lawsuits), accounting fees, postage, administrative staff, insurance, and other general office expenses.

5. City Fee

The City of San Diego will retain a portion of the assessment to cover its actual costs in collecting and administering the assessment. In the initial year the City's fee shall not exceed four percent (4%) of the amount collected. Over the five-year term of the District, the City's costs of collection may be subject to an increase up to an additional one-and-one-half-percent (1.5%) of the amount collected. Any such increase must be approved by the Owners' Association and City Council.

6. Contingency

The budget includes a prudent fiscal reserve to account for delinquent collections and unpaid assessments. The City shall retain a minimum of three percent (3%) of the assessment collected as a contingency. At the end of each year, the City shall make available to the Owners' Association any contingency funds remaining in accordance with procedures described in the Operating Agreement. The utilization of these funds will be at the discretion of the Owners' Association Board of Directors but within the approved scope of services to be provided according to this Plan and the Annual Report.

As the District nears the end of its five-year term, if there are contingency funds remaining and property owners desire to renew the District, the remaining contingency funds may be used for renewal costs. Assessment funds may only be spent on the costs of renewing the District that pertain to parcels assessed under this Plan. If additional parcels are included in the renewed District, that portion of the cost shall be paid for separately. If parcels are removed in the renewed district, and there are remaining unspent funds attributable to those parcels, those parcels' portion of the contingency fund that would otherwise be used for renewal costs shall be refunded in proportion to the amount paid by each parcel.

C. Annual Budget

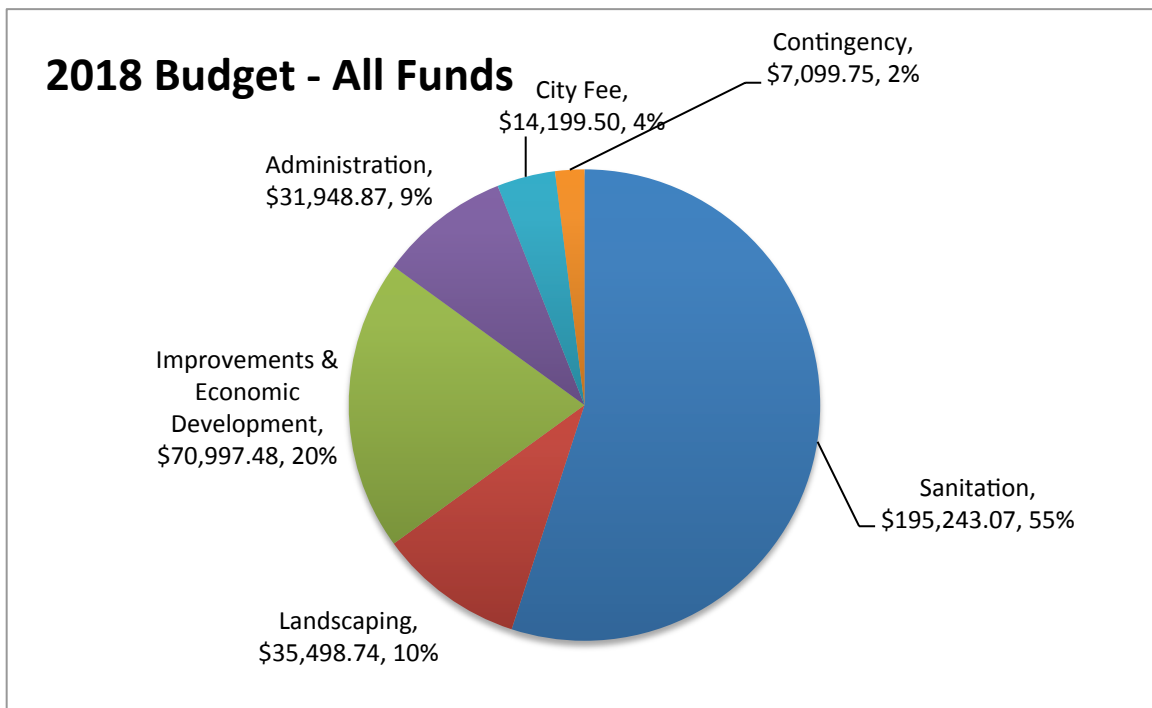
A projected five (5) year budget for the NPPBID is provided below. The overall budget shall remain consistent with this Plan. In the event of a legal challenge against the District or the Owners' Association related to the District, up to one-third of the assessment funds may be used to defend the District or the Owners' Association (not withstanding legal fees covered in Administration).

Any litigation costs over one-third of the assessment funds must be approved by City Council. The annual budget is based on the following assumptions:

1. The cost of providing improvements and activities may vary depending upon the market cost for those improvements and activities. Expenditures may require adjustment up or down to continue the intended level of improvements and activities. Funds not spent in any given year may be rolled over to the next year.
2. The assessment rate may be subject to annual increases that will not exceed five (5%) per year. Increases will be recommended by NPMS to the City Council in the annual report, and will vary each year. The projections below illustrate the maximum annual five (5%) percent increase for all budget items.
3. NPMS shall annually have the ability to re-allocate up to fifteen percent (15%) of the budget allocation by line item within the budgeted categories. Any change will be submitted with the Annual Report.
4. The annual budget includes a contingency reserve. Changes in data and other issues may change the revenue and expenses. In order to buffer the organization for unexpected changes in revenue the reserve is included as a budget item. If there are contingency funds remaining at the end of the NPPBID's term, and the District is renewed, those funds may be used for the eligible costs of renewing the NPPBID.

D. Expenditures

The special benefit assessment budget, which will be funded by assessment dollars, for the initial year of the District's 5-year term is \$312,816.40. The assessment budget will be supplemented by non-assessment funds of \$42,171.00, per the general benefit analysis conducted by the Engineer. The total program budget, including assessment and non-assessment funds, is \$354,987.40.



E. Maximum Cost of Improvements, Maintenance and Activities

The estimated maximum cost of improvements, maintenance and activities, funded by both assessment and non-assessment funds, for each year of the District is shown below.

Table 1 – Maximum Cost of Improvements and Activities

Service	%	2018	2019	2020	2021	2022
Sanitation	55%	\$195,243.07	\$205,005.22	\$215,255.48	\$226,018.26	\$237,319.17
Landscaping	10%	\$35,498.74	\$37,273.68	\$39,137.36	\$41,094.23	\$43,148.94
Improvements & Econ. Dev.	20%	\$70,997.48	\$74,547.35	\$78,274.72	\$82,188.46	\$86,297.88
Administration	9%	\$31,948.87	\$33,546.31	\$35,223.63	\$36,984.81	\$38,834.05
City Fee	4%	\$14,199.50	\$14,909.48	\$15,654.95	\$16,437.70	\$17,259.58
Contingency	2%	\$7,099.75	\$7,454.74	\$7,827.47	\$8,218.85	\$8,629.79
TOTAL		\$354,987.41	\$372,736.78	\$391,373.61	\$410,942.31	\$431,489.41

F. Total Annual Amount Proposed to be Expended

The following table shows the estimated total amount proposed to be expended in each year of the District’s operation. The improvements, maintenance, and activities to be provided in the first year are described in Section IV. The same improvements, maintenance, and activities are proposed for subsequent years.

Table 2 – Total Annual Amount Proposed to be Expended

Service	%	2018	2019	2020	2021	2022
Sanitation	55%	\$195,243.07	\$205,005.22	\$215,255.48	\$226,018.26	\$237,319.17
Landscaping	10%	\$35,498.74	\$37,273.68	\$39,137.36	\$41,094.23	\$43,148.94
Improvements & Econ. Dev.	20%	\$70,997.48	\$74,547.35	\$78,274.72	\$82,188.46	\$86,297.88
Administration	9%	\$31,948.87	\$33,546.31	\$35,223.63	\$36,984.81	\$38,834.05
City Fee	4%	\$14,199.50	\$14,909.48	\$15,654.95	\$16,437.70	\$17,259.58
Contingency	2%	\$7,099.75	\$7,454.74	\$7,827.47	\$8,218.85	\$8,629.79
TOTAL		\$354,987.41	\$372,736.78	\$391,373.61	\$410,942.31	\$431,489.41