

ANNUAL REPORT FY 22

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq.



OVERVIEW

Developed by a growing coalition of property owners, the North Park Property and Business Improvement District (NPPBID) is a benefit assessment district formed to provide improvements, maintenance, and activities which constitute and confer a special benefit to assessed parcels.

Location: The NPPBID boundaries generally include all parcels fronting 30th Street from Polk Avenue to Upas Street, along with all parcels fronting University Avenue from Arizona Street to 32nd Street. Blocks bound by University Avenue, Granada Avenue, North Park Way, and Herman Avenue are also included in the boundaries. The block bound by Lincoln Avenue, Ohio Street, University Avenue, and 30th Street is included along with the block bound by Lincoln Avenue, 32nd Street, University Avenue, and Iowa Street.

Purpose: The purpose of the NPPBID is to provide improvements, maintenance, and activities which constitute and confer a special benefit to assessed parcels. The NPPBID will provide Sanitation, Landscaping, Improvements, and Economic Development services directly and only to assessed parcels within its boundaries.

Budget: The NPPBID annual budget for the initial year of its five (5) year operation was anticipated to be \$309,413.42. The annual budget is subject to an increase in assessment rates of no more than five (5%) percent per year. However, the Board of Directors voted to not implement the increased assessment at the FY 2021 Board of Directors NPPBID budget meeting in April 2021. For FY22, the assessment amount will be supplemented by non-assessment funds of \$51,771.19, gas tax funding of \$4,760, and prior year available funds of \$16,000 so that the annual service budget is \$381,944.61.

Cost: The annual cost to commercial parcels is \$0.08 per parcel square foot, plus \$0.11 per above-ground building square foot. The annual cost to private tax-exempt parcels is \$0.05 per parcel square foot, plus \$0.07 per above-ground building square foot. Building square footage that is below ground will not be assessed. Based on the benefit received, residential condominiums will be assessed a fixed rate of \$180.00 per condominium per year; commercial condominiums will be assessed the commercial parcel rate. Parcels that are used exclusively for single-family purposes with four units or fewer will not be assessed, these parcels have a use code of 07 through 13. Assessment rates may be subject to an increase of no more than five (5%) percent per year.

Duration: The time for implementation and completion of this plan and levy of the NPPBID assessment is a five (5) year term starting January 1, 2018 and ending December 31, 2022. After five (5) years, the petition, ballot, and City Council hearing process must be repeated for the NPPBID to be renewed.

Management: The North Park Organization of Businesses, doing business as North Park Main Street (NPMS) will serve as the Owners' Association

SERVICE PLAN & BUDGET

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. A draft Fiscal Year 2022 budget was approved by the North Park Main Street Executive Committee and referred to the full board at the April 2021 Board of Directors meeting. The motion to approve the draft budget passed unanimously.

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 VI.

During Fiscal Year 2022, 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 within the same category but vary depending upon specific projects.

Improvements, Maintenance, and Activities

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, graffiti removal, litter removal, alley cleaning, and emptying of common area garbage cans adjacent to assessed parcels to improve sanitation and access to parcels.

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, including seasonal plantings in the street right of way. Landscaping services will create and maintain planting areas, which will include trimming trees, and seasonal plantings. Funds have been set aside for this purpose. These services will be provided on a regular basis, with the service frequency adjusted seasonally as needed.

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. North Park Main Street will purchase additional holiday decorations to continue the beautification of the district thus increasing attendance to North Park's many shops and restaurants spurring retail retention and growth (new wreaths for the North Park sign were purchased for this purpose last year). Our lighting program will continue to provide decorative tree lighting in the district. Funds for placemaking programs will further activate North Park as a vibrant economic center for the City of San Diego.

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. To further our retail retention efforts, North Park Main Street will conduct concierge events in FY 2022.

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.

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.

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.

Annual Budget: The Fiscal Year 2021 budget for the NPPBID is provided below. The overall budget shall remain consistent with this plan. The annual budget is based on the following assumptions:

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.

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. For Fiscal Year 2022, the assessment rate will remain the same as Fiscal Year 2021 and therefore will not be increased.

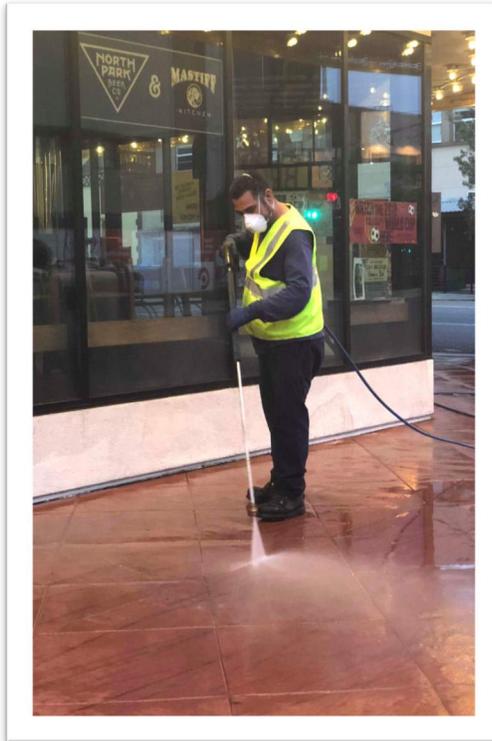
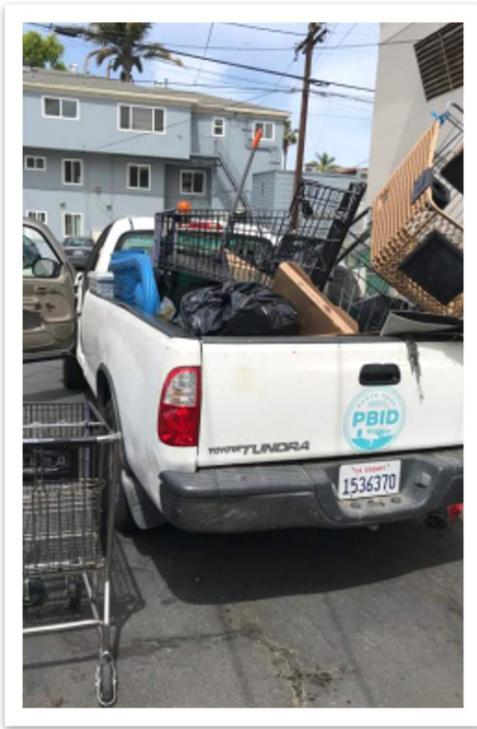
NPMS shall annually have the ability to re-allocate up to fifteen percent (15%) of the budget allocation by line item within the budgeted categories. Any change will be submitted with the Annual Report.

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.

Revenues: The special benefit assessment budget, which will be funded by assessment dollars, for the initial year of the District's 5-year term is \$309,413.42. For FY22, the assessment amount will be supplemented by revenue from gas tax funds of \$4,760 and prior year available funds of \$16,000 for a revenue total of \$330,173.42.

NPPBID BUDGET REVIEW: FISCAL YEAR 2022

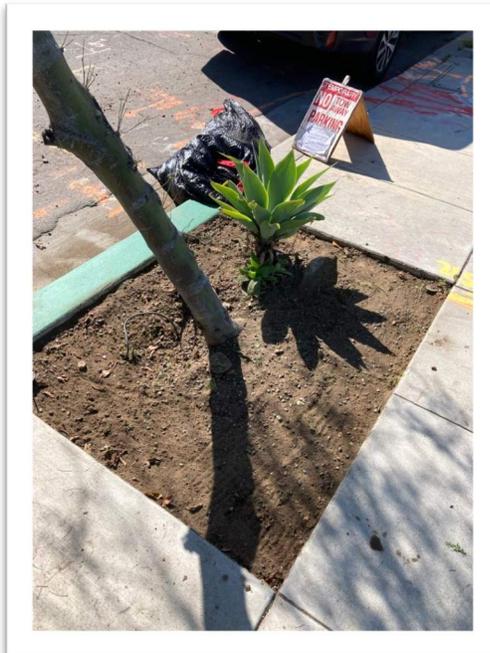
SANITATION AND LANDSCAPING



**SANITATION:
\$193,486.00**

Day porter, trash can emptying, dumpster, litter removal, sidewalk pressure washing, supplies and storage, program management.

Enhanced Trash Removal & Pressure Washing on University Avenue for FY 2022



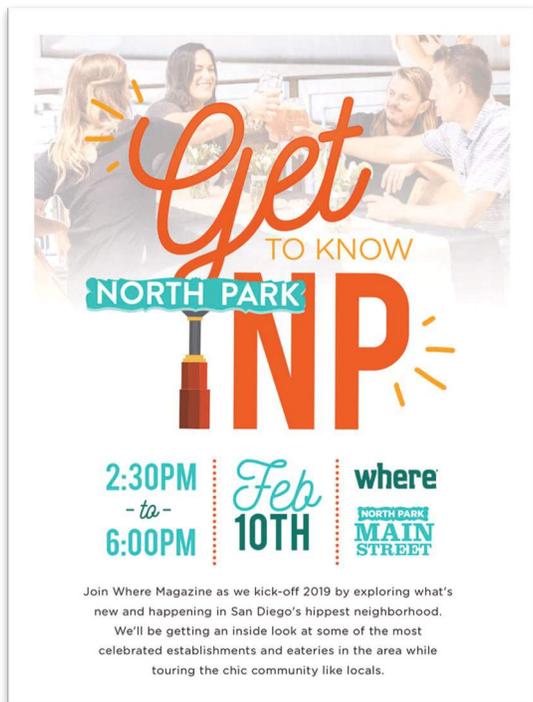
**LANDSCAPING:
\$20,989.00**

The landscaping program will work to create and maintain an attractive, safe District for the purpose of conferring special benefit upon assessed parcels.

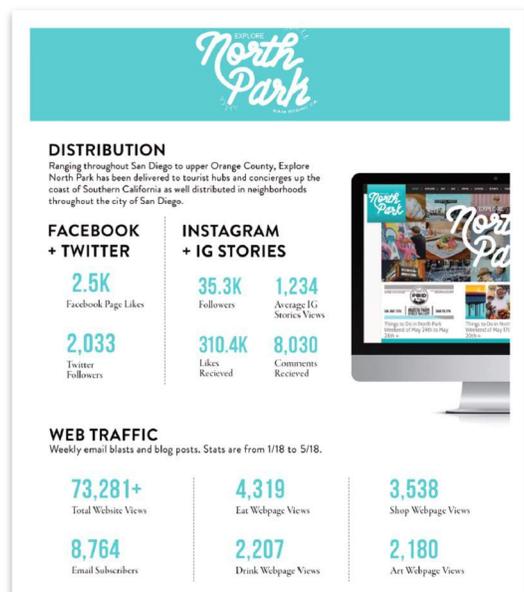
Landscaping and Grounds Maintenance are a Part of the FY 2022 Landscaping Plan

NPPBID BUDGET REVIEW: FISCAL YEAR 2022

IMPROVEMENTS AND ECONOMIC DEVELOPMENT, ADMINISTRATION, AND OTHER EXPENSES



Concierge Event Program to be repeated in FY 2022



Explore North Park Social Campaign in FY 2022

IMPROVEMENTS AND ECONOMIC DEVELOPMENT: \$39,914.00

Decorations, lighting facilities, marketing and tourism promotion, retail retention and recruitment



North Park Holiday Decorations Program to be repeated in FY 2022

ADMINISTRATION: \$41,368.00

Auditing & accounting, general liability insurance, office supplies, postage & mailing, rent, salaries and wages.

**Administration budget remains with no increase in FY 2022.*

OTHER: \$34,416.42

City fee, contingency, and general benefit of \$51,771.19

REVENUE AND EXPENSE STATEMENT: FY 21 / FY22 (PROPOSED)

REVENUE

	Actuals	Proposed
	FY 2021	FY 2022
Assessments	\$217,111.00	\$309,413.42
Gas Tax		\$4,760.00
Prior Year Available Funds		\$16,000.00
TOTAL REVENUE	\$217,111.00	\$330,173.42

OPERATING EXPENSE

Sanitation	\$107,679.00	\$193,486.00
Landscaping	\$22,175.00	\$20,989.00
Improvements & Economic Development	\$16,286.00	\$39,914.00
Administration	\$70,971.00	\$41,368.00

OTHER

Formation Costs	\$0.00	\$16,000.00
City Fee	\$0.00	\$12,355.03
Contingency	\$0.00	\$6,061.39
Carryforward (line items to accumulate)		
Subtotal (Other)	\$0.00	\$34,416.42
TOTAL EXPENSES	\$217,111.00	\$330,173.42

General Benefit Portion of Budget: 15.68%

	\$34,043.00	\$51,771.19
TOTAL NET	\$0.00	\$0.00

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.

** The below tables are based on an annual increase of 5%, which our Board of Directors elected not to implement in FY 2022.*

Table 1 – Maximum Cost of Improvements and Activities

Service	%	2018	2019	2020	2021	2022
Sanitation	55%	\$201,489.01	\$211,563.46	\$222,141.63	\$233,248.71	\$244,911.15
Landscaping	10%	\$36,634.37	\$38,466.08	\$40,389.39	\$42,408.86	\$44,529.30
Improvements & Econ. Dev.	20%	\$73,268.73	\$76,932.17	\$80,778.77	\$84,817.71	\$89,058.60
Administration & City Fee	13%	\$47,624.67	\$50,005.91	\$52,506.20	\$55,131.51	\$57,888.09
Contingency	2%	\$7,326.87	\$7,693.22	\$8,077.88	\$8,481.77	\$8,905.86
TOTAL	100%	\$366,343.65	\$384,660.83	\$403,893.87	\$424,088.57	\$445,293.00

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%	\$201,489.01	\$211,563.46	\$222,141.63	\$233,248.71	\$244,911.15
Landscaping	10%	\$36,634.37	\$38,466.08	\$40,389.39	\$42,408.86	\$44,529.30
Improvements & Econ. Dev.	20%	\$73,268.73	\$76,932.17	\$80,778.77	\$84,817.71	\$89,058.60
Administration & City Fee	13%	\$47,624.67	\$50,005.91	\$52,506.20	\$55,131.51	\$57,888.09
Contingency	2%	\$7,326.87	\$7,693.22	\$8,077.88	\$8,481.77	\$8,905.86
TOTAL	100%	\$366,343.65	\$384,660.83	\$403,893.87	\$424,088.57	\$445,293.00

Assessment Budget by Parcel Use and Characteristics

Service Provided	Special Benefit to Parcels	Budget	Budget	Budget
		Allocated to Parcel Size	Allocated to Building Size	Allocated to No. of Condos
Inside Commercial	\$246,207.14	\$120,702.64	\$125,504.50	\$0.00
Inside Private Tax Exempt	\$15,352.32	\$7,705.10	\$7,647.22	\$0.00
Inside Condominiums	\$47,340.00	\$0.00	\$0.00	\$47,340.00
TOTAL	\$308,899.46	\$128,407.74	\$133,151.72	\$47,340.00

Initial Parcel Size Assessment Rate Determination

Service Provided	Initial Parcel Size Budget		Parcel Square Footage		Initial Parcel Assessment Rate (\$/sqft/yr)
Inside Commercial	\$120,702.64	÷	1,508,783	=	\$0.08
Inside Private Tax Exempt	\$7,705.10	÷	154,102	=	\$0.05

Initial Building Square Footage Assessment Rate Determination

Service Provided	Initial Above- Ground Building Size Budget		Above-Ground Building Square Footage		Initial Above-Ground Building Assessment Rate (\$/sqft/yr)
Inside Commercial	\$125,504.50	÷	1,140,950	=	\$0.11
Inside Private Tax Exempt	\$7,647.22	÷	109,246	=	\$0.07

Sample Commercial Parcel Calculation

500 above-ground building square feet	x	\$0.11	=	\$ 55.00
500 below-ground building square feet	x	\$0.00	=	\$ 0.00
1,000 parcel square feet	x	\$0.08	=	\$ 80.00
Total Annual Assessment				\$135.00

Sample Private Tax-Exempt Parcel Calculation

500 above-ground building square feet	x	\$0.07	=	\$ 35.00
500 below-ground building square feet	x	\$0.00	=	\$ 0.00
1,000 parcel square feet	x	\$0.05	=	\$ 50.00
Total Annual Assessment				\$ 85.00