



2016

ANNUAL REPORT

For the period January 1,
to December 31, 2016

WATT AVENUE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT

Submitted to the County of Sacramento pursuant
to Streets and Highways Code section 36650

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The Watt Avenue Partnership

In 2015, a coalition of property and business owners approved and formed the Watt Avenue Property and Business Improvement District (PBID) to provide services that specially benefit parcels in the business district of the Watt Avenue corridor. The purpose of the PBID is to provide services and activities through clean, safe and economic enhancements that are above and beyond what the City and County currently provides. The Watt Avenue Partnership (Partnership) is designed to improve the cleanliness and safety of each individual properties within the Partnership, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services for properties within the PBID.

PBIDs have been proven to work by providing services that improve the overall viability of commercial districts, resulting in higher property values, lease rates, occupancy rates, and sales volumes. Property owners in the Partnership have long been concerned about issues of crime, homelessness, graffiti and other nuisance behaviors. After a series of meetings, property owners determined that creating the Partnership was the best way to mitigate the instances and effects of these issues. The purpose of the Partnership is to specially benefit assessed parcels via increased commercial activity throughout the Partnership, by making it a cleaner, safer, more attractive area for tenants and customers.

The Watt Avenue Partnership Boundaries

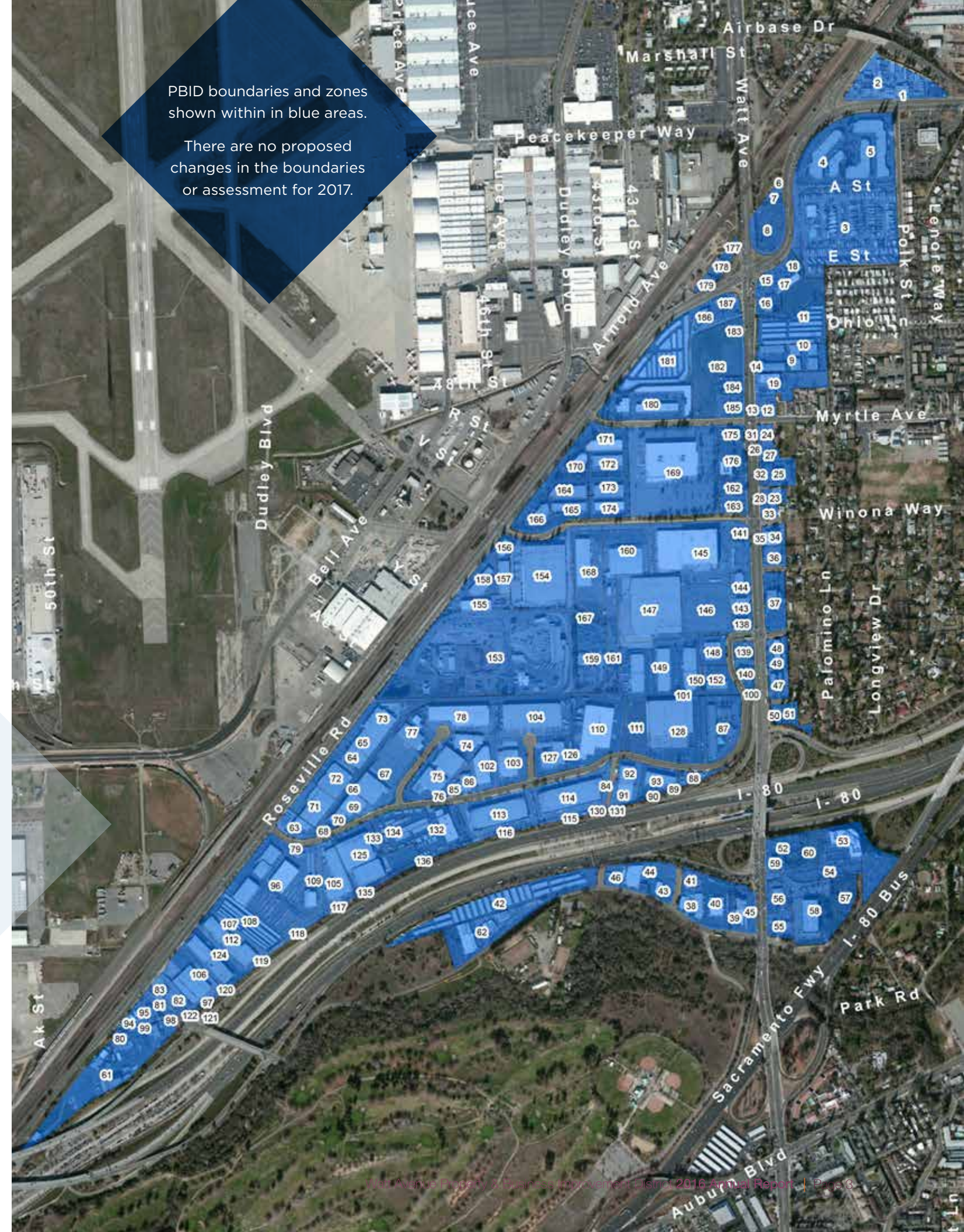
The Watt Avenue Partnership is a private, non-profit organization dedicated to the improvement of the Watt Avenue Corridor. The Partnership oversees maintenance which includes street sweeping, graffiti removal and litter pickup, events and promotions, advocacy and security services.

The Watt Avenue Partnership includes parcels primarily in the unincorporated area of Sacramento County, with a few in the City of Sacramento. The boundary

generally includes parcels fronting Longview Drive between Watt Avenue and Roseville Road, parcels fronting the east side of Roseville Road between Interstate 80 and Airbase Drive, parcels fronting Watt Avenue between Longview Drive and Roseville Road, and parcels located within the area bordered by Watt Avenue, Roseville Road, and Longview Drive. The PBID area includes approximately 174 properties with 113 property owners.



PBID boundaries and zones shown within in blue areas. There are no proposed changes in the boundaries or assessment for 2017.



Improvements & Activities

The improvements and activities to be provided for 2017 are consistent with the Management District Plan. There are no proposed changes.

Maintenance

To effectively and consistently deal with increased street maintenance issues, the clean team provides services throughout the Partnership. The Partnership contracts with a provider to clean up litter, remove illegal signs/posters/stickers, remove graffiti, street sweep and remove illegal dumping.

Enhanced Security

The Safety Program provides security services for the individual properties located within the Partnership in the form of car patrols. The purpose of the Safe Team Program is to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and public alleys. The presence of the Safe Team is intended to deter such illegal activities as vandalism, graffiti, blocked sidewalks, encampments, narcotic use or sales, public urination, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping. The Program supplements, not replaces, other ongoing police, security and patrol efforts within the PBID. The Safe Team Program maintains communication with the Sacramento County Sheriff's Department area patrols and reports illegal activities. The Safe Team also reports quality-of-life violations to the appropriate government agencies. The Partnership is currently providing 7-day a week security services.

Advocacy & Image Enhancement

As part of this program the Watt Avenue Partnership represents the district's best interests at local government agencies, and promotes the area as a desirable place to live, work, and do business. In 2016, PBID staff represented the Partnership in front of public bodies and on supporting coalitions. Advocacy included efforts to secure additional funding for the area, work to



expedite permit and development projects beneficial to the Partnership, additional security presence and other services vital to the well-being of the Partnership.

In 2017, a strong emphasis will be placed on branding the Partnership which will include logo development, website creation and marketing materials. Additionally, owners have expressed interest in providing better communication opportunities such as electronic newsletters.

Capital Improvements

Property owners envisioned this category as an opportunity to help fund projects to make the area more accessible, inviting, and useable. Small-scale improvements may include bus benches, landscaping features, art installations, and trash receptacles. Capital improvement funds will also be leveraged to seek additional money for large-scale projects. To pay for large-scale improvements, this portion of the budget may be held in reserve until the balance is sufficient to pay for the improvement.

Management

Like any business, the PBID requires a professional staff to properly manage programs, communicate with stakeholders and provide leadership. The PBID supports a professional staff that delivers programs and advocates on behalf of the properties in the Watt Avenue Partnership.

The management team is responsible for providing the day-to-day operations of the PBID. Additional administrative costs include; accounting and annual financial reviews, insurance, program support costs including

supplies, equipment and rent, and other administration costs associated with the overhead and administrative support of programs.

Contingency & Renewal

The budget includes a contingency reserve. Changes in data and other issues may change the revenue and expenses. The contingency budget provides stability to buffer the organization from unexpected changes in revenue. If there are contingency funds remaining near the end of the PBID's term, those funds may be used for the costs of renewing the PBID.



2016 Litter, Graffiti and Illegal Dumping Removal Totals

Cost

2016 Actuals

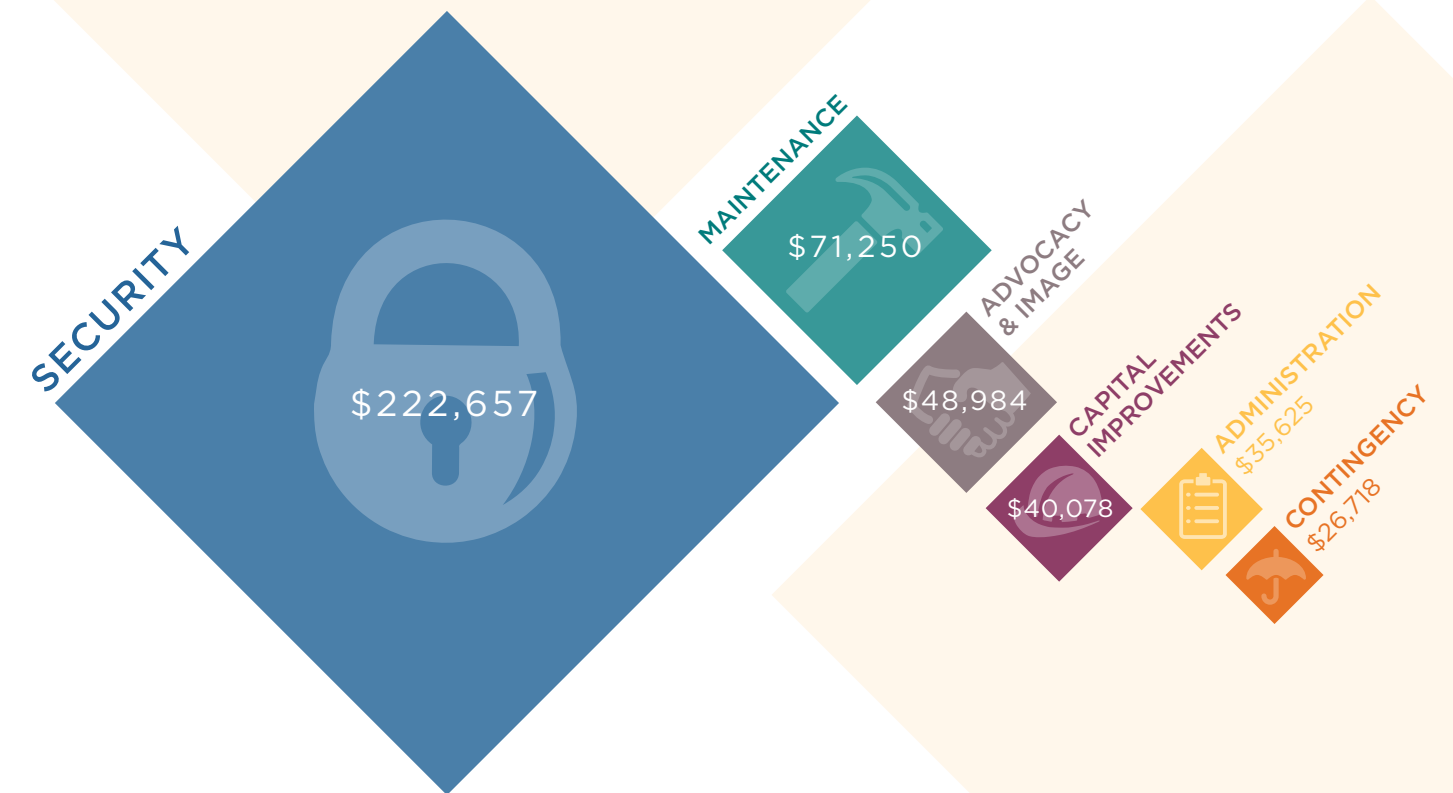
2016 expenses* were consistent with the Management District Plan. Budgeted and actual 2016 expenses are shown below.

** Per the approved Management District Plan, the Board unanimously voted to shift funds from Advocacy & Image, Administration and Contingency to Security. This was done to augment the level of security based on the needs of the property owners within the Watt Avenue Partnership.*

2016		BUDGETED	ACTUAL RECEIVED	ACTUAL SPENT	ROLLOVER
SECURITY	50%	\$243,576	\$256,155	\$253,257	\$2,898
MAINTENANCE	16%	\$71,249	\$60,139	\$45,377	\$14,762
ADVOCACY & IMAGE	11%	\$43,925	\$42,104	\$21,288	\$20,816
CAPITAL IMPROVEMENTS	9%	\$33,869	\$33,828	\$10,588	\$23,239
ADMINISTRATION	8%	\$30,1106	\$30,069	\$25,872	\$4,197
CONTINGENCY	6%	\$22,579	\$22,552	\$19,338	\$3,213
TOTAL	100%	\$445,307	\$444,850	\$375,722	\$69,128

2017 Projections

The cost of providing improvements and activities for 2017 is consistent with the Management District Plan. There will be no increase in assessment for 2017/2018. The categorical breakdown is below.







Assessment

There is no change in the method and basis of levying the assessment.

Base Formula

The cost to the parcel owner is based on parcel size, parcel use, and frontage along Watt Avenue. The initial annual rate charged to each parcel is shown in the table below.

Annual Lot Rate per Square Foot	Parcel Use	Annual Frontage Rate per Linear Foot Frontage on Watt Avenue
.80¢	 <ul style="list-style-type: none"> • Fast Food • Gas Station 	\$12
.05¢	 <ul style="list-style-type: none"> • Hotel • Restaurant • Retail 	\$12
.025¢	 <ul style="list-style-type: none"> • Other Commercial • Office 	\$12
.0175¢	 <ul style="list-style-type: none"> • Industrial • Vacant • Military 	\$12



Surplus & Other Funding

Surplus

The amount of money to be carried over from 2016 is \$68,128.39.

Other Funding

The Watt Avenue Partnership worked diligently in 2016 to identify opportunities to bring non-assessed dollars into the PBID. This took the form of in-kind donations, loan forgiveness and sponsorships. In total the Partnership was able to utilize \$31,122.30 of non-assessed funds. A breakdown of these funds includes \$2,742.30 of excess sponsorships from the Inaugural Luncheon, \$7,980 of formation debt forgiveness and \$20,400 of in-kind office, meeting room and furniture use. A goal of the PBID is to try to maximize the use of assessed dollars by pursuing other mechanisms. In 2017, the Partnership hopes to also look toward grant funding opportunities.

Why the Partnership was Formed

Property owners along the Watt Avenue corridor formed the Property and Business Improvement District in 2015 for several very compelling reasons.

The Watt Avenue PBID was formed to:

Be Proactive in Determining the Future of Watt Avenue

To protect their investment, property owners wanted to be partners in the process that determines how new development projects are implemented. The PBID allows these owners to lead and shape future developments.

Attract New Business and Investment Throughout the Watt Avenue Corridor

If Watt Avenue is to compete as a successful commercial district it must develop its own well-financed, proactive strategy to retain businesses and tenants as well as attract new business and investment. The PBID provides the financial resources to develop and implement a focused strategy that will work to fill vacancies and attract new businesses to all areas of Watt Avenue.

Create a Private/Public Partnership with a Unified Voice for Watt Avenue

Because property owners chose to invest financial resources through the PBID, they are looked upon as strong partners in negotiations. This partnership will leverage the parcel owners' investment with additional public investment on Watt Avenue. Property and business owners united under the PBID umbrella, can approach the public sector with a viable and unified private sector voice.

Establish Private Sector Management and Accountability

A non-profit, private-sector business organization board manages the services provided and the PBID. Annual PBID work plans and budgets are developed by the board composed of District members that own businesses and property in the Watt Avenue area. Services are subject to performance standards, controls, and accountability.

2016 Board of Directors

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Vice Chair
Seth Astle
 The Gun Range

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Treasurer
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 Member Allen Warren

Leslie Watson
 Watson Companies



