Downtown Organization of Santa Barbara, Inc.

Fiscal Year 2015 Annual Report for the Downtown Business Improvement District and the Old Towne Business Improvement District.

This Annual Report from the Downtown Organization of Santa Barbara, Inc. was prepared for City Council to review for the annual reauthorization of both the Downtown Santa Barbara Business Improvement District (Downtown BID) and the Old Town Business Improvement District (OTBID). This is the forty-seventh year of operations for the two BIDs, managed under contract by the Downtown Organization of Santa Barbara, a private, non-profit membership organization incorporated in 1966 whose purpose is to promote and protect the vitality of Downtown Santa Barbara. This report is required by Section 36533 of the California Streets and Highways Code. This report is for the proposed calendar year for both BIDs, commencing January 1, 2015 and ending December 31, 2015.

BACKGROUND: These two Downtown BIDs were established separately by ordinance, at different times and for different purposes, and therefore have slightly different formulas for their respective assessments.

MANAGEMENT SERVICES: Once the BIDs were established, the City of Santa Barbara contracted for their management and the provision of services with the Downtown Organization of Santa Barbara, Inc. The Downtown Organization then merged with the Old Town Business Association in 1995. The two BIDs have continued to operate separately in compliance with their respective ordinances. Their combined revenues support the operations and programs managed by the Downtown Santa Barbara organization, under the contract for BID services with the City of Santa Barbara.

DOWNTOWN BID BOUNDARIES: The Improvement Area is defined as follows in the original ordinance establishing the district: *The business improvement area is the area within the areas bounded by Anacapa, Chapala, Micheltorena, and Cota Streets.* (See attached map).

OLD TOWN BID BOUNDARIES: The Improvement Area is defined as follows in the original ordinance establishing the district: *The Business Improvement Area is the area within the area bounded by Anacapa, Chapala, Gutierrez and Ortega streets and businesses fronting on the area bounded by said streets and businesses fronting the intersections of said streets, except that the area north of the centerline of Ortega Street is not included.* (See attached map.)

As required by California law, this combined Annual BID Report for the Downtown BID and the Old Town BID contains the following information:

1. **Proposed Changes to the District Boundary:**

   There are no changes proposed to either the Downtown BID or the Old Town BID boundaries.

2. **Planned Improvements and Activities for the 2015 Fiscal Year:**

   The following are Downtown Santa Barbara projects and programs that are planned for 2015. These activities are consistent with both BIDs' enabling legislation and the Board-approved 2015 Budget.

   MARKETING, COMMUNICATIONS, AND ADVERTISING

   2.1 Website and Communications – redesign and new content, adding blogging and more membership engagement and involvement

   2.2 Marketing/Media Campaigns – quarterly ad buys in support of community marketing, attracting local residents back downtown. Strong social media campaign planned to compliment newly launched website.

   2.3 BID Map – expanded visibility for more than 200,000 full color brochures.

   2.4 District Promotion - Year-round flag display program with 36 different non-profit community partners.

   2.5 Host and Cruise Volunteer Program – continued staffing/training for community based volunteer program providing hospitality services for all cruise ship visits, summer weekend visitors in Downtown Santa Barbara

   2.6 1st Thursdays, Musical Wine Tour events – year round monthly program showcasing culture, vitality of State Street, reassessment of May event to align with live music theme and to showcase more venues

   2.7 Marketing/Advertising for Major Festivals/Events – more meaningful partnerships/support for other signature events, ie. Solstice, Fiesta. Staging and production services on State Street in support of parade operations.

   2.8 Retail Promotions – Adding and expanding Small Business Saturday, strategic retail oriented events to drive sales and attendance at key times

2.9 Safety Committee Initiatives – plans to work with C3H, on State Street initiative for chronically homeless. Continued collaboration with businesses/police/support from new CSO program, including education/awareness efforts.

2.10 Holiday Parade, Community Holiday Tree and Seasonal Programming – secure funding/support to retain Holiday Tree tradition, expanded retail programming on Thursday evenings throughout December, continued improvements to Parade operations.

2.11 Business District Holiday Décor Program – décor program to include lighting on all palm and street trees, seasonal décor, window display contests.

OUTREACH AND INVOLVEMENT

2.12 Annual Meeting – meeting for all members, associate members, partners, community recognition for volunteers, Citizen of the Year.

2.13 Outreach Materials and Mailings – monthly e-newsletter to all downtown ratepayers, annual mailing to all members for nominations/elections/awareness.

2.14 Community Involvement and Engagement – active participation in community, civic boards, City Parking Committee, partnerships with other community and civic groups year-round.

ADMINISTRATION

2.14 Administrative Services – continuing to provide administrative services for all programs, services, events, rentals, and marketing services provided to members.

2.15 Accounting Services – continuing to staff and administer all accounting, finance responsibilities for accounts payable, receivable, reports, etc. Plan to make major accounting services changes in 2015 including converting from cash to accrual basis or accounting, and aligning the DO FY (currently on calendar) with the City's FY calendar and Plaza contract.

3. Estimated Costs of BID-Related Improvements and Activities Proposed for FY 2015:

Expenses	Downtown and Old Town BID	Other	Total
Program Expenses	$195,540		$195,540
Personnel and Benefits		$392,000	$392,000
General and Admin	$65,960	$18,200	$84,160
Professional Services		$36,220	$36,220
Total Expenses	**$261,500**	**446,420**	**707,920**

PROJECTED DOWNTOWN ORGANIZATION EARNED NON-ASSESSMENT REVENUES DERIVED:

Revenues:

Management Fee for Plaza	$73,588
Admin support from contract services	$20,000
Associate Membership Dues	$33,275
Advertising revenues	$4,320
Annual Lunch Ticket Sales	$4,800
Director Breakfast Reimbursements	$7,190
Flag Admin fees	$27,200
Promotions Income (events, sponsorships, activities)	$176,000
1st Thursday Income	$43,000
Interest Income	$1,200
Subtotal	**$390,573**

***Downtown Combined BIDs ASSESSMENT** (Anticipated **2014-2015** collections)..... **$ 261.500**

Total Revenues..... $ 652,073.00

4. **NOTE:** These financial summaries are limited to the operations and overhead of the Downtown Organization. In addition to these sources of revenues and their related expenses, the Downtown Organization also has a Contract for Services with the City of Santa Barbara Department of Parks and Recreation to provide certain maintenance, landscaping and operational services related to State Street. Payment for these services, and all related expenses, are approved and paid annually by the City of Santa Barbara, separate from the BIDs administration. In addition to being directly reimbursed for all direct and indirect costs associated with the annual Contract for Services, the Downtown Organization earns an annual fee which is represented in the above table as an additional source of earned revenue which is used by the organization to help balance its annual operating budget.

   All other income generated by the Plaza Contract is offset by the expenses associated with performing the services. The annual budget for the Plaza contract in FY 2014-2015 is $618,250; as of October 31, 2014, a total of $202,264 has been spent fulfilling this contract. A total of $607,234 was spent in FY 2013-2014 on fulfilling the Plaza contract services, against an approved budget of $606,870.

5. **Method and Basis of Levying the Assessment Shall Continue as Follows:**

The benefit assessments will be collected by the City in one installment. There are no proposed changes to the formulas or rates for the two Downtown BIDs as outlined in the original establishment of the BIDs.

Old Town BID assessment formula:

Category	Charge
Businesses located on State Street	Equal to 100% of business license. Minimum of $100.00
Businesses not located on State Street	Equal to 75% of business license. Minimum of $100.00
Automobile Sales and Service Businesses	Businesses in Classification "B" of Section 5.04.390 shall pay a maximum charge of $600.00 per year
Other Businesses: Wholesale, Professional, and Real Estate business as shown in Category 5.04.400	$100.00

Downtown BID assessment formula:

Category	Charge
Professionals	Equal to 15% of business tax paid. Minimum of $50.00
All Others	Equal to 100% of business license.

6. Surplus Carryover from FY 2014:

There is not a surplus of assessment dollar funds being carried over from the 2014 budget; assessment dollars are spent first on services and program before non-assessment dollars are spent, to benefit the ratepayers for the BIDs.

7. Sources of Contributions From Other than Levied Assessments:

Downtown Santa Barbara generates other sources of funds and earned revenues through a variety of programs and third-party contracts for services. These include earned revenues from maintenance contract services, ticket sales for events, sponsorships, admin fees, associate membership dues, advertising sales, host and cruise ship volunteer contracts, and donations.

8. Prior Year Expenditures 2014:

The total assessed for the Old Town BID was $52,180, and the total assessed for the Downtown BID was $212, 172, for a total billing in 2014 of $264,352. A total of $247,164 had been collected and remitted to the Downtown Organization as of October 31, 2014. Historically, the organization budgets flat, based on the most prior year billings, less 9% for uncollected billings.

2014 was an important and transitional year for the Downtown Organization, as the organization went through a leadership change and conducted a search for a new Executive Director. Additional board engagement, new advertising initiatives, and transitional costs were part of the program of work.

Prior Year Expenditures 2014 (cont.)

The following programs, services and events were also provided, or are scheduled to be provided, as benefits to the ratepayers from January 2014 – December 2014.

MARKETING & OUTREACH:

- Social media: Facebook followers went up 20%
- Newsletter to members – from every other month to monthly
- Press releases – at least 3 per month
- E-blasts to members, as needed, regarding: traffic closures, marketing opportunities, promotions and events, etc.
- KSBY "We Are Downtown Santa Barbara" ad opportunity
- Epicure.sb co-op Independent ad for participating members
- Co-op Ad opportunity for members in April USAirways magazine
- Co-op Ad opportunity for members in 2015 Visitors Magazine
- State Street Flag Program

EVENTS:

- Annual Retreat
- Annual Luncheon
- Film Feast
- Spring and Fall Members Mixers
- Art & Wine Tour
- Epicure.sb
- Downtown Holiday Parade
- Hometown Holiday NITES
- Small Business Saturday

COMMUNITY:

- Convener for: Monthly Board and Committee meetings, Marketing "Brainstorming" meetings, Events and Festivals Committee, Volunteer Program for Hosts and Cruise Ship Hospitality

- Board and Staff are Active Participants: Partner with VSB – I AM Santa Barbara program, Downtown Parking Committee, Santa Barbara Chamber of Commerce, Government Relations Committee, Solstice Board, Performing Arts League Board, Santa Barbara Trust for Historic Preservation, Restoration Committee

DOWNTOWN
SANTA BARBARA
W. ARRELLAGA ST.
W. MICHELTORENA ST.
W. SOLA ST.
W. VICTORIA ST.
W. ANAPAMU ST.
W. FIGUEROA ST.
W. CARRILLO ST.
W. CANON PERDIDO ST.
W. DE LA GUERRA ST.
W. ORTEGA ST.
E. CARRILLO ST.
E. COTA ST.
E. HALEY ST.
E. GUTIERREZ ST.
E. MONTECITO ST.
ARLINGTON AVE.
NATOMA AVE.
YANONALI ST.
MASON ST.
CABRILLO BLVD.
STATE STREET
CHAPALA ST.
ANACAPA ST.
CASTILLO ST.
BATH ST.
DE LA VINA ST.
FIG ST.
SANTA BARBARA ST.
GARDEN ST.
OLDTOWN BID
Business Improvement District
DOWNTOWN BID
Business Improvement District
1400
1300
1200
1100
1000
900
800
700
600
500
400
0
Miles
.25
N
To San Francisco >
< To Harbor
To Los Angeles >
101
Simpson House Inn
Alice Keck Park
Alameda Park
< Old Mission 1 mile
Arlington Plaza
Santa Barbara Public Market
Victoria Court
Jardín de las Granadas
La Arcada
S.B. Courthouse
MTD Transit Center
Canary Hotel
El Presidio State Park
Spanish Garden Inn
El Paseo
Paseo Nuevo
De la Guerra Plaza
Hotel Santa Barbara
Vera Cruz Park
Holiday Inn Express
Old Town District
Brisas Del Mar Inn at the Beach
Pershing Park
Greyhound Bus Station
Amtrak Station
Santa Barbara City College
Ambassador Park
SEA Landing
Hot Spots (Visitor Services)
Inn at East Beach
Hyatt Santa Barbara
1/2 Mile
Chase Palm Park
Visitors Information Center
Stearns Wharf
Public Restrooms
Public Parking
Downtown–Waterfront Electric Shuttle Bus Route
Freeway On/Off Ramps