

## Downtown Organization of Santa Barbara, Inc.

### Fiscal Year 2016 Annual Report for the Downtown Business Improvement District and the Old Town 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-eighth 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, 2016 and ending December 31, 2016.

**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 2016 Fiscal Year:**

The following are Downtown Santa Barbara projects and programs that are planned for 2016. These activities are consistent with both BIDs' enabling legislation and the Board-approved 2015-2016 Budget and Work Plan priorities.

**MARKETING, COMMUNICATIONS, AND ADVERTISING**

2.1 Website and Communications – promote the launch of the redesigned website, with new content, with new member features and more membership engagement and involvement.

2.2 Marketing/Media Campaigns – Provide year-round leadership and management services for advertising partnerships and trades with partner organizations, media outlets and community service venues to leverage year-round promotions and retail activities. Strong social media campaign planned to compliment newly launched website.

2.3 BID Map – expanded visibility for more than 200,000 full color brochures, delivered year-round to hotels, destinations, cruise ship patrons, California Visitor Center locations, and other visitor-oriented outlets.

2.4 District and Community Promotion - Year-round flag display program with 36 different non-profit community partners, introducing new system for prioritization and rotation among participants. Plan to introduce new district holiday flags in 2016.

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, in partnership with the Waterfront, Visit Santa Barbara, and the Greater Santa Barbara Chamber of Commerce. Exploring feasibility and costs to introduce new mobile bike host program in 2016.

2.6 1<sup>st</sup> Thursdays, Art and Wine Tour events – year round monthly program showcasing culture, vitality of State Street, providing participation opportunities for retailers, galleries, wineries, and restaurants. Planning on bringing back the Art and Wine Tour in May 2016, reinforcing arts and culture as part of our brand experience for Downtown Santa Barbara.

2.7 Marketing/Advertising for Major Festivals/Events – provide marketing/social media support for other signature events, ie. Solstice, Fiesta. Staging and production services on State Street in support of all community parade operations.

2.8 Retail Promotions – Continuing to expand Small Business Saturday, strategic retail oriented events to drive sales and attendance at key times. Explore feasibility and develop pro forma for new fundraising event designed to showcase food and beverage offerings.

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

2.10 Holiday Parade, Community Christmas Tree and Seasonal Programming – secure sponsorship support to retain Christmas Tree tradition, expanded retail programming on Thursday evenings throughout December, explore feasibility of additional 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. Plan to update/change the seasonal holiday art sculptures that are installed every other year. Incorporate Christmas Tree production into Licensing Agreement with the City of Santa Barbara, along with the kinetic art installation.

## **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. Provide strong representation and active involvement on other Boards and civic organizations from both staff and other board members.

**ADMINISTRATION**

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

2.16 Accounting Services– continuing to staff and administer all accounting, finance responsibilities for accounts payable, receivable, reports, etc.

**3. Estimated Costs of BID-Related Improvements and Activities Proposed for FY 2016:**

Expenses	Downtown and Old Town BID	Other	Total
Program Expenses	\$265,450		\$265,450
Personnel and Benefits		\$392,000	\$392,000
General and Admin	\$67,350	\$18,500	\$85,850
Professional Services		\$45,605	\$45,605
<b><u>Total Expenses</u></b>	<b><u>\$332,800</u></b>	<b><u>\$456,105</u></b>	<b><u>\$788,905</u></b>

**PROJECTED DOWNTOWN ORGANIZATION EARNED NON-ASSESSMENT REVENUES DERIVED:**

<b>Revenues:</b>	Management Fee for Plaza .....	\$78,576
	Admin support from contract services .....	\$20,000
	Associate Membership Dues .....	\$34,000
	Advertising revenues .....	\$8,400
	Annual Lunch Ticket Sales .....	\$6,000
	Director Breakfast Reimbursements.....	\$8,000
	Flag Admin fees .....	\$28,200
	Promotions Income (events, sponsorships, activities).....	\$235,050
	1 <sup>st</sup> Thursday Income.....	\$47,500
	Interest Income .....	\$960
	<b>Subtotal.....</b>	<b>\$466,686</b>

**\*Downtown Combined BIDs ASSESSMENT (Anticipated 2015-2016 collections)..... \$ 282,000**

**Total Revenues..... \$ 748,686**

3. **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 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 cover the indirect costs to administer the contract for services.

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 2015-2016 is \$636,798; as of October 31, 2015, a total of \$224,194 has been spent fulfilling this contract. A total of \$599,303 was spent in FY 2014-2015 on fulfilling the Plaza contract services, against an approved budget of \$618,212.

4. **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.

**5. Surplus Carryover from FY 2015:**

There is not a surplus of assessment dollar funds being carried over from the 2015 budget; assessment dollars are spent first on services and program before non-assessment dollars are spent, to benefit the ratepayers for the BIDs.

**6. 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.

**7. Prior Year Expenditures 2015:**

The total assessed for the Old Town BID was \$56,383, and the total assessed for the Downtown BID was \$220,948, for a total billing in 2015 of \$277,331. A total of \$270,499 had been collected and remitted to the Downtown Organization as of October 31, 2015.

The following programs, services and events were also provided, or are scheduled to be provided, as benefits to the ratepayers from January 2015 – December 2015.

**MARKETING & OUTREACH:**

- Social media: Facebook followers went up 20%
- Newsletter to members – provided monthly, with enhanced content
- Press releases – at least 3 per month
- E-blasts to members, as needed, regarding: traffic closures, marketing opportunities, promotions and events, etc.
- Epicure.sb co-op Independent ad for participating members
- State Street Flag Program

## EVENTS:

- Annual Retreat
- Annual Luncheon
- Film Feast
- Spring and Fall Members Mixers
- Blues Cruise BBQ and Car Show
- Epicure.sb
- Downtown Holiday Parade
- Hometown Holiday NITES
- Small Business Saturday

## COMMUNITY:

- Convener for: Monthly Board and Committee meetings, Marketing “Brainstorming” meetings, Safety Committee, Development Task Force, Events and Festivals Committee, Volunteer Program for Hosts and Cruise Ship Hospitality
- Active Participants: Partner with VSB – I AM Santa Barbara program, Downtown Parking Committee, Santa Barbara Chamber of Commerce, Government Relations Committee, Solstice Board of Directors, Performing Arts League Board, Santa Barbara Trust for Historic Preservation, Restoration Committee; Santa Barbara Beautiful, Community Arts Workshop, Fiesta, Greater Santa Barbara Restaurant and Lodging Association, Friends of the Santa Barbara Zoo, Santa Barbara YMCA, Girls Inc., People’s Self-Help Housing, .
- Professional Memberships:
  - Member, Board of Directors, California Downtown Association
  - Member, Urban Land Institute
  - Member, International Downtown Association