



March 10, 2016

Mr. Paul Casey
City Administrator
City of Santa Barbara
P.O. Box 1990
Santa Barbara, CA 93102-1990

Dear Paul,

Thank you for your ongoing support of Visit Santa Barbara and the tourism industry. We appreciate and benefit from our partnership.

The role of Visit Santa Barbara has evolved in the last five years. While our primary responsibility is to market Santa Barbara, it is equally important that our customers have a positive experience during their travels here. As such, some of our funding is now spent on events and developing or supporting tourism-related infrastructure. While these activities boost our tourism marketing efforts, they are equally valuable to the community at large. With those goals in mind, we are respectfully requesting an additional \$150,000 in funds for the coming fiscal year, bringing the total to \$1,530,000.

In support of this request we would like to point out the following:

Proportion of VSB Funding to TOT Collections

As you are aware, the City of Santa Barbara has been generating significant increases in TOT revenues since 2010. In that year, the funding to Visit Santa Barbara was 10.9% of the total TOT collections. Yet, while TOT revenues climbed, the percentage of our funding proportional to the collections has consistently declined. In the last two years, we have only been receiving 6.6% of the total TOT collections.

Evolving Role of VSB

As referenced previously, Visit Santa has frequently been asked to fund programs outside of our traditional advertising campaigns. Here are some examples:

1. **Marketing commitments for airlines servicing Santa Barbara**

We are committing \$25K, this spring and another \$25K next fiscal year to promote the new Dallas service to SB to ensure that it remains successful and long term. Obviously this will benefit the whole community as well as our hospitality industry.

2. **Guaranteed Revenue Funds**

Visit Santa Barbara has stepped up and lead efforts to build an air service revenue guarantee fund, which will be used as a resource to pitch new air service to Santa Barbara. At this time, VSB has committed \$75K.

3. **Research**

Several years ago, Visit Santa Barbara funded a research campaign to demonstrate the benefits of the cruise ship industry. This research has been used by city staff to help communicate the benefits of the cruise ship industry to the local community. We plan to renew that study again this year.

4. **Events**

Visit Santa Barbara has sponsored numerous events in concert with other local organizations, including the Amgen TOC which is well received by the cycling community here and elsewhere.

5. **Visitor Services**

Visit Santa Barbara sponsors a wide range of visitor services programs such as the Downtown Host programs, weekly transportation to the Santa Ynez Valley, Visitor Centers, and our *I Am Santa Barbara* training program.

Visitor Research

We would not be submitting a funding increase request unless we knew that our marketing is effective and generates additional tax dollars for the city of Santa Barbara. In 2015, Visit Santa Barbara contracted a research company, Destination Analysts, to develop an understanding of the efficiency of our programs. The research objectives were two fold. First, to evaluate the advertising's reach and second, to calculate the return on investment.

We are happy to report that the results were more impactful than we initially expected them to be:

- \$94.7M in visitor spending was generated by our advertising campaigns
- The ROI per dollar invested was 83.8 : 1
- \$4.4M in taxes were generated by our advertising
- 71.9% report advertising is effective at portraying an attractive destination
- 45% of the advertising respondents were more likely to visit SB in the next 12 months as a result of advertising.

Competition

To maintain or even increase business and ultimately TOT and sales tax revenues, we must remain competitive. Currently, our major competitors have larger marketing budgets than we do.

- Palm Springs: \$13.1M (receives \$1.4 from various cities)
- Santa Monica: \$7M (receives \$2.6M from the City of Santa Monica)
- Newport Beach: \$6.9M (receives 18% of the total TOT collections which amounted to \$4.2M this year from the City of Newport Beach)
- Monterey \$6.9 (receives \$2.78M from local jurisdictions)

In closing, our \$1.5B tourism industry is still doing well, but there are always opportunities for improvement and new marketing avenues for us to pursue. Enhancing our marketing efforts now is more important than ever as travel economy trends begin to flatten and numerous new hotels are being developed in our community. Our added efforts today will help to stabilize and hopefully improve Santa Barbara's RevPAR and TOT growth over the upcoming years. We appreciate your consideration of our request and for your continued investment in Santa Barbara's economy.

Best,

Kathy Janega-Dykes
President & CEO
Visit Santa Barbara