

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 Towne 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 whose purpose is to promote and protect the vitality and continued revitalization 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. The two original ordinances establishing these assessment districts are attached as Exhibit A and Exhibit B respectively.

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., which was founded by downtown stakeholders in 1965. The Downtown Organization then merged with the Old Towne Business Association in 1995. The two underlying BIDs have continued to operate separately in compliance with their respective ordinances; however, their combined revenues support the operations and programs managed by the Downtown Santa Barbara organization, under the contract for services with the City of Santa Barbara.

DOWNTOWN BID BOUNDARIES: All businesses and property owners in the area bounded by Anacapa, Chapala, Micheltorena and Ortega streets and businesses fronting on each street within or bounding the area are part of the Downtown BID and are subject to the annual assessment.

OLD TOWNE BID BOUNDARIES: All businesses in the area bounded by Anacapa, Chapala, Gutierrez, and Ortega streets and businesses fronting on each street within or bounding the area (except for the north side of Ortega Street) are part of the Old Town BID and are subject to this annual assessment.

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

2. Planned Improvements and Activities for the 2015 Fiscal Year

The following are revitalization 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 and District Promotion –expanded visibility for more than 200,000 full color brochures. Year-round flag program with 36 different non-profit community partners.

2.4 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

2.5 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

2.6 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.

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

2.7 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

2.8 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

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

OUTREACH

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

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

ADMINISTRATION

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

2.14 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
<u>Total Expenses</u>	<u>\$261,500</u>	<u>446,420</u>	<u>707,920</u>

IV. **PROJECTED DOWNTOWN ORGANIZATION EARNED 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
	1 st 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. 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

A total of \$212,172 was assessed and billed by the City of Santa Barbara for the Downtown BID in February 2014. A total of \$_____ was assessed and billed by the City of Santa Barbara for the Old Town BID in February 2014. A total of \$247,164 had been collected and remitted to the Downtown Organization as of October 31, 2014.

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
- Downtown Holiday Parade
- Hometown Holiday NITES
- Small Business Saturday
- Holiday Street Performers
- Epicure.sb

COMMUNITY:

- Monthly Board and Committee meetings
- Marketing “Brainstorming” meetings
- Partner with VSB – I AM Santa Barbara program
- Downtown Parking Committee
- Events & Festivals Committee
- SB Chamber GRC Committee
- Solstice Board
- Performing Arts League Board
- SBTHP Restoration Committee
- Cruise Ship Hospitality
- Downtown Host Program