

Attachment

Downtown Organization of Santa Barbara, Inc.

2019 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. dba Downtown Santa Barbara was prepared for Santa Barbara 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 fiftieth year of operations for the two BIDs, managed under contract by Downtown Santa Barbara, a 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 calendar year for both BIDs, commencing January 1, 2019 and ending December 31, 2019.

EXECUTIVE SUMMARY: Downtown Santa Barbara's strong relationship with the City of Santa Barbara is as vital now as at any point in the organization's long history. We have a contractual relationship with the Plaza contract, a financial relationship through renewal and collection of BID fees, and a personal relationship through which we collaborate on ways to strengthen downtown Santa Barbara. We are poised this year to exceed expectations for this partnership as we welcome in new executive leadership to our organization. This process has reenergized our board and staff and positions Downtown Santa Barbara to work in tandem with the City in our shared efforts to plan strategically and creatively to reimagine and revitalize our downtown. In addition to its energetic new leadership, Downtown Santa Barbara's legacy as a strong City partner, close ties to diverse downtown stakeholders and commitment to open, solution-oriented communication with our partners make us ideally poised to excel in our efforts to support economic development, conduct business outreach, and host successful programs and events

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 2004. 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 2018-2019 Fiscal Year:

The following are Downtown Santa Barbara projects and programs that are planned for 2019. These activities are consistent with both BIDs' enabling legislation and the Board-approved 2018-2019 Budget and Work Plan priorities.

MARKETING, COMMUNICATIONS, AND ADVERTISING

2.1 Website and Communications – Conduct survey of business owners to determine priorities and needs to help Downtown Santa Barbara set priorities. Continue to promote and leverage the downtown website, with additional outreach to downtown businesses to build their own pages, content, and to feature and showcase the new businesses and attractions. Continue to engage customers, the general public, and business members through all social media outlets.

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 efforts designed to raise awareness of downtown’s history, events, and businesses.

2.3 Downtown Map & Guide – Expanded visibility for more than 100,000 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 State Street flag display program with over 40 non-profit community partners, with updated tiered system designed to include more new applicants and partners.

2.5 Cruise Ship Volunteer Program – Continued staffing for community-based volunteer program providing hospitality services for all cruise ship visits, in partnership with the Santa Barbara Waterfront, Visit Santa Barbara, and Chamber of the Santa Barbara Region. Expanded hours and more visibility for mobile bike host program on summer weekends.

2.6 1st Thursday, Art and Wine Tour events – Year-round monthly program showcasing culture, vitality of State Street, providing participation opportunities for retailers, galleries, wineries, and restaurants. 11 events scheduled for 2019. Merchant match well over \$250,000 for the 2018 year. Producing the yearly LIVE Art & Wine Tour in May, reinforcing arts and culture as part of our brand experience for Downtown Santa Barbara.

2.7 Annual Awards Breakfast – Design and produce our yearly annual celebration, program including Annual Downtown Awards: Business Champion of the Year, Volunteer of the Year, Richard Breza Award for Public Service, Harriet Miller Youth Leadership Scholarship, Citizen of the Year, and a new Entrepreneur of the Year award.

2.8 Marketing/Advertising for Major Festivals/Events – Provide marketing/social media support for other signature events (i.e. Solstice, Fiesta). Staging and production services on State Street in support of all community parade operations, and direct marketing to all downtown businesses.

2.9 Retail Promotions – Continuing to expand Small Business Saturday, building on our success in securing a corporate sponsor for the first time in 2018. Offer strategic retail-oriented events to drive sales and attendance at key times. Explore cross promotions with small businesses, provide support to new tenants. DSB's successful Retail Committee will continue its focused efforts in 2019. In response to operators' requests we will conduct a window merchandising

workshop in 2019. Collaborate with the City and property owner/broker group on Pop-up Workshops and Art in Windows project.

2.10 Safety Committee Initiatives – Continue engagement and support with Home for Good, on State Street initiative for chronically homeless. Continued collaboration with businesses/police/support from Ambassadors program, including education/awareness efforts.

2.11 Holiday Parade, Community Christmas Tree and Seasonal Programming – Secure sponsorship support to retain Christmas Tree tradition, expanded marketing and social media engagement in support of holiday shopping, explore feasibility of additional continued improvements to Parade operations. Past year included 85 entries. Collaborate with Summer Solstice for continued execution of the Santa float. Expansion of sponsorship program for annual parade with new Grand Marshal sponsor and new Prince & Fairy sponsor. TubaChristmas partnership will also continue.

2.12 Business District Holiday Décor Program – Provide planning, management, and operations support for décor program to include lighting on all palm and street trees; seasonal décor, window display contests among the merchants. Incorporate Christmas Tree production into Licensing Agreement with the City of Santa Barbara.

OUTREACH AND INVOLVEMENT

2.13 Annual Awards Meeting – Meeting for all members, associate members, partners, community recognition for volunteers and businesses.

2.14 Outreach Materials and Mailings – Monthly e-newsletter to all downtown ratepayers, annual mailing to all members for awareness.

2.15 Community Involvement and Engagement – Active participation in community, civic boards, Downtown Parking Committee, Events & Festival Grants, 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. Continued sponsorship of Pianos on State program. Support and promotion of Summer Movie Series at the Sunken Garden.

2.16. I Love Downtown Santa Barbara – New marketing campaign deuting in February involving giveaways, promotions, events, and art geared to bring locals downtown.

2.17 Our Common Table Community Event – Continue to work with organizers

to promote and support a communal dining event on State Street, including assisting with street closure, restaurant participation, table sponsorship, and social media support.

ADMINISTRATION

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

2.20 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 2018:

| Expenses | Downtown and Old Town BID | Other | Total |
|------------------------------|----------------------------------|-------------------------|-------------------------|
| Program Expenses | \$198,050 | | \$198,050 |
| Personnel and Benefits | | \$327,760 | \$327,760 |
| General and Admin | \$61,280 | \$16,180 | \$77,460 |
| Professional Services | | \$34,000 | \$34,000 |
| <u>Total Expenses</u> | <u>\$259,330</u> | <u>\$377,940</u> | <u>\$637,270</u> |

PROJECTED DOWNTOWN ORGANIZATION EARNED NON-ASSESSMENT REVENUES DERIVED:

| | | |
|----------------------|---|------------------|
| Revenues: | Plaza Management/Admin Support..... | \$59,000 |
| | Associate Membership Dues..... | \$35,000 |
| | Annual Meeting..... | \$12,000 |
| | Director Breakfast Reimbursements..... | \$9,500 |
| | Flag Admin Fees..... | \$29,000 |
| | Promotions Income (events, sponsorships)..... | \$190,500 |
| | 1 st Thursday Income..... | \$40,000 |
| | Interest Income..... | \$580 |
| Subtotal..... | | \$375,580 |

***Downtown Combined BIDs ASSESSMENT**

| | |
|-------------------------------------|-------------------------|
| (Anticipated 2018-2019 collections) | <u>\$263,000</u> |
| Total Revenues | \$638,580 |

NOTE: These financial summaries are limited to the operations and overhead of Downtown Santa Barbara. In addition to these sources of revenues and their related expenses, Downtown Santa Barbara also has a Contract for Services with the City of Santa Barbara Parking Department 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, Downtown Santa Barbara 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. Contracted with third party vendor, Block by Block, to manage the crew.

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 2018-2019 is \$655,902; as of November 30, 2018, a total of \$261,979 has been spent fulfilling this contract.

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 2018:

There is not a surplus of assessment dollar funds being carried over from the FY 2018 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, administration fees, associate membership dues, advertising sales, host and cruise ship volunteer contracts, and donations.

7. Prior Year Expenditures 2018:

The total assessed for the Old Town BID was \$63,856.50 (243 accounts), and the total assessed for the Downtown BID was \$223,227 (1240 accounts) for a total billing in 2018 of \$287,083.50. A total of \$257,304.10 had been collected and remitted to the Downtown Organization through December 31, 2018.

The following programs, services, and events were also provided as benefits to the ratepayers from January 2018 – December 2018:

MARKETING & OUTREACH:

New Downtown website launched early 2016, resulting in an overall annual 22% increase in website traffic

Social media: Facebook rose to 10,000 followers

Newsletter to members – provided monthly by staff, with enhanced content

Press releases – Produced by staff

E-blasts to members, as needed, regarding: traffic closures, marketing opportunities,

promotions and events, etc.

State Street Flag Program with 42 non-profit participants

EVENTS:

Annual Awards Breakfast

Mega Mixer

State Street Nationals Car Show

LIVE Art & Wine Tour

1st Thursday Series (12 events)

Downtown Trick or Treat

Halloween Window Decor Contest

Small Business Saturday

Holiday Window Decor Contest

Downtown Holiday Parade

COMMUNITY:

Convener for: Monthly Board and Committee meetings, 1st Thursday

“Brainstorming” workshop, Safety Committee, Events and Festivals

Committee, Retail Committee, Plaza Committee, Volunteer Program for

Hosts and Cruise Ship Hospitality

Active Participants: Downtown Parking Committee; Santa Barbara Chamber of Commerce Government Relations Committee; Community Arts Workshop; Old Spanish Days Fiesta; Hospitality Santa Barbara; Friends of the Santa Barbara Zoo; People’s Self-Help Housing.

Thomas Fire/Debris Flow Aftermath Support - Actively participated with civic partners (WEV, VSB, SB Chamber, others) in support of businesses following fire and debris flow, including "I Love Local Business" campaign; "Thanks to Our Locals" ad, "Open for Business" campaign; 1st Thursday Block Party event in March; Turquoise Solidarity Ribbon campaign (with SBIFF).

Professional Memberships:

Member: CDA

Member: International Downtown Association

Member: ICSC

Downtown Santa Barbara Map

