

# Exhibit A

## Downtown Organization of Santa Barbara, Inc.

### 2021 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 the 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 fifty-fifth 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 both BIDs, commencing January 1, 2021 and ending December 31, 2021.

**EXECUTIVE SUMMARY:** Downtown Santa Barbara's 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 City through a Promotions 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. Over the past year, Downtown Santa Barbara's board and staff have been responsive to the needs of businesses who have been faced with the challenges of the pandemic. Our organization's priority areas are the following: economic vitality; business retention, marketing and promotion; advocacy; activations and special events, and maintaining a clean, green, and safe downtown. Staff and committees have been reorganized based on the priority areas to promote and support businesses with the challenges of the pandemic. In 2021 we hope to bring economic recovery and revitalization of our downtown and continue advancing relationships and our strategic plan.

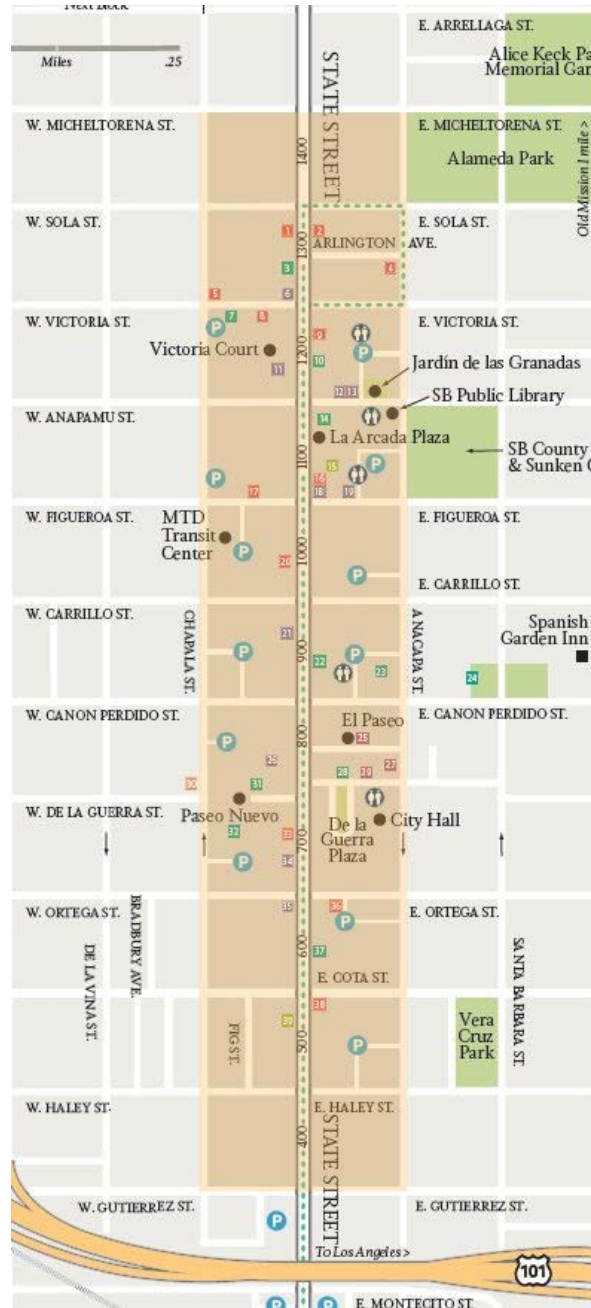
**BACKGROUND:** These two Downtown BIDs were established separately by ordinance, at different times and for different purposes, and therefore have slightly different formulas for their respective assessments.

**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.*

**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.*



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 2020-2021 Fiscal Year:**

The following Downtown Santa Barbara projects and programs are planned for 2021. These activities are consistent with both BIDs' enabling legislation and the Board-approved 2020-2021 Budget and Work Plan priorities.

### **2020-2025 STRATEGIC PLAN**

- 2.1 Strategic Plan – Update the strategic plan and implementation plan to meet the needs of businesses in the face of recovering from the pandemic.
- 2.2 Committee Structure for DSB – Work to increase engagement of business owners and community members in the work of DSB through committee working groups.
- 2.3 Metrics for Success – Develop metrics for success for each priority area and track progress quarterly.
- 2.4 Downtown Visioning Process - DSB will work with partners and the City to complete a visioning process and plan for downtown Santa Barbara and the re-envisioning of State Street.
- 2.5 Focus on Storytelling – Focus on telling the story of our changing downtown - new businesses opening, old favorites thriving, food offerings for every palate, entertainment for young and old, buildings wearing the vibrant color of SB, and events inviting locals and tourists alike to experience anew our downtown.

### **MARKETING, COMMUNICATIONS, AND ADVERTISING**

- 2.6 Website and Communications – Develop and execute marketing plan for Downtown Santa Barbara. Continue to conduct an annual survey of business owners to determine priorities and needs, to help Downtown Santa Barbara set priorities. Continuous updating of Downtown Santa Barbara website to include business member pages, event calendars, neighborhood shopping guide, business directory, video shopping tours and more. 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. New features include:
- 2.7 Downtown Santa Barbara IGTV Business Live Series: In response to the pandemic conditions, we added an Instagram live digital live series, where we interview different business owners live for extra individualized promotion to our 22,000 Instagram followers which we will continue into 2021.
- 2.8 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. Created in 2020 and to be continued in 2021 is the "Downtown Business Spotlight" a weekly interview series with downtown business owners in diverse industries in partnership with the Santa Barbara Independent marketed and distributed in print, *Santa Barbara Independent* e-newsletters,

Downtown SB e-newsletters and social media and recorded for businesses to use as well.

- 2.9 Downtown Map & Guide – Expand visibility for more than 100,000 full color brochures, delivered year-round to hotels, destinations, cruise ship patrons, downtown events, California Visitor Center locations, and other visitor-oriented outlets.
- 2.10 Cruise Ship Volunteer Program and Visitor Outreach – (Continue when conditions allow) 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. Redevelop host program for outreach through the summer.
- 2.11 Marketing/Advertising for Major Festivals/Events — (Continue when conditions allow) 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.
- 2.12 Retail Promotions – Continue to expand Small Business Saturday, building on our prior success and planning in 2020. Offer strategic retail-oriented events to drive sales and attendance at key times.

## **PROGRAMMING AND SPECIAL EVENTS**

2.14 District and Community Promotion – Develop plan to promote districts within our downtown. Year-round State Street flag display program with over 40 non-profit community partners. Develop new opportunities for entry into the program through reduced cost measures.

2.15 1<sup>st</sup> Thursday, Art and Wine Tour events – (Continue when conditions allow) Year-round monthly program showcasing culture, vitality of State Street, providing participation opportunities for retailers, galleries, wineries, and restaurants. Merchant match well over \$250,000 for the 2019 year. Continue to assist the Art District and bring together cultural partners to develop district marketing program.

2.16 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.

2.17 Holiday Parade, Community Holiday Tree and Seasonal Programming – (continue as conditions allow) Secure sponsorship support to retain Holiday Tree tradition, expanded marketing and social media engagement in support of holiday shopping, explore feasibility of additional continued improvements to Parade operations. 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. Tuba Christmas partnership will also continue. Continued plan for expanded holiday tree lighting.

2.18 Business District Holiday Décor Program – Partner with the city to implement the holiday décor program to include lighting on all palm and street trees; seasonal décor, window display contests among the merchants.

2.19 Downtown Networking Meetings (Online & In person) – Continue to host downtown networking meetings to engage business owners and community leaders and provide opportunities to increase communication.

2.20 State Street Promenade Market– a weekly Thursday market from 3-7:30 PM designed to promote downtown businesses and create vibrancy downtown. This is anticipated to expand over time to include entertainment, feature local restaurants and family-oriented activities and more as Covid-19 conditions improve. Participation is free for businesses in the BID area as an extra promotion for businesses, online and in person.

2.21 Activations/Placemaking – Create list of programmatic activation sites in downtown and host pop-up events at key times to increase activity in the downtown.

### **BUSINESS RETENTION, OUTREACH, INVOLVEMENT, AND ADVOCACY**

2.22 Outreach Materials and Mailings – Weekly e-newsletter highlighting downtown happenings and downtown businesses.

2.23 Online Calendar of Events: Businesses add happenings directly to the calendar. These are featured on our website and populates our e-newsletter and social media calendars.

2.24 Membership Portal: Businesses update their listings on the DSB website, and include different photos, descriptions, and contact info at any time. This is an important way to have locals and visitors and locals find downtown businesses. Tutorials and trainings offered.

2.25 Free Business 1 x 1 Strategy Calls by appointment are available with Downtown Santa Barbara staff and our partner organization business strategy specialists to support downtown businesses.

2.26 Business resources and trainings: Each month DSB offers free webinars on current issues affecting downtown businesses as well as educational resources to grow your business and navigate these unique times.

2.27 Community Involvement and Engagement – Active participation in community, civic boards, and civic groups year-round. Provide strong representation and active involvement on other Boards and civic organizations from both staff and other board members.

2.28 Facilitation of Committees: Downtown Santa Barbara hosts a number of committees to support our downtown business community they are accessible to all BID businesses including: Business Support & Retention, Marketing & Promotion, Fundraising & Development, Government Relations, Business Mentorship and other Adhoc Committees as needed

2.29 Support of Downtown Events & Initiatives – Continue to work with organizers as conditions allow to promote and support downtown events and activations including: SBIFF, CycleMAYnia, State Street Nationals, Santa Barbara Art Museum Van Gogh exhibit celebration, and the Summer Movie Series at the Santa Barbara Courthouse. Continue sponsorship of Pianos on State program and other arts programming on downtown art pads.

2.30 Coordination with South Coast Chamber – Explore more coordinated and collaborative efforts with the newly created South Coast Chamber to produce support business retention, recovery, revitalization and economic development.

2.31 Safety Initiatives – Continue engagement and support with partners. Serve on the SB Act steering committee. Continued collaboration with businesses/police/support from Ambassadors program, including education/awareness efforts.

**ADMINISTRATION**

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

2.33 Accounting Services – Continue 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 2020-2021:**

**PROJECTED BID ASSESSMENT EXPENSES**

<b>Expense Type</b>	<b>BID</b>	<b>Other</b>	<b>Total</b>
Program Expenses	\$3,800	\$49,493	\$53,293
Promotion Expenses	35,180	75,993	111,173
Salaries and Benefits	56,704	223,000	279,704
Professional Services	18,000	37,500	55,500
General and Administrative	56,316	23,144	79,460
<b>Total</b>	<b>\$170,000</b>	<b>\$409,130</b>	<b>\$579,130</b>

**PROJECTED DOWNTOWN ORGANIZATION EARNED NON-ASSESSMENT REVENUES DERIVED for FY 2020-2021 (July 1, 2020 -June 30, 2021)**

City Promotions Funding	\$310,000
Associate Membership Dues	\$10,350
Flag Admin Fees	\$20,000
Programs and Sponsorship	\$44,500
Map and Brochure	\$19,080
Board Contributions	\$5,000
Interest Income	\$200
<b>TOTAL NON ASSESSED INCOME</b>	<b>\$409,130</b>

**\*Downtown Combined BIDs ASSESSMENT**

(Assessment Billing 2020-2021 (July 1, 2020 to June 30, 2021))

	<u>\$170,000</u>
<b>Total Projected Revenues</b>	<b>\$579,130</b>

**NOTE:** These financial summaries are limited to the operations and overhead of Downtown Santa Barbara.

**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
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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 2020:**

There is not a surplus of assessment dollar funds being carried over from the FY 2020 budget; assessment dollars are spent first on services and programs to benefit the ratepayers for the BIDs before non-assessment dollars are spent.

**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 Assessed Income Expenditures 2020**

The total collected for the Old Town BID was \$54,762.67 and the total assessed for the Downtown BID was \$176,311.65 for a total collected by the city and remitted to the Downtown Organization in 2020 is 231,074.32

The following services were provided as benefits to the ratepayers from January 2020 – December 2020.

**Downtown website**

- Launched early 2016 and continually updated with event highlights, new events, shopping directory of businesses, business features via video, photos etc.
- Average 40,000 visitors per quarter.

**Earned Media Features** Over 70 features in regional newspapers, tv stations, magazines etc.

**Print Marketing**

- Produced and distributed Map & Guide.
- Advertisement buys in various local and regional publications.
- Cruise ship visitor outreach with marketing opportunities for members, marketing

**Social Media:**

- Instagram Live Business Highlight Series highlighting 12 businesses per week
- More than 200 businesses featured per quarter via Instagram followers (22,000) and Facebook (11,000)

**Video Production**

- Developed and produced videos for Downtown Santa Barbara
- 1<sup>st</sup> Thursda
- Virtual Shopping Tours

**E-Newsletters** - Weekly e-newsletters to community and businesses including business

highlights, programs, events, webinars, resources and more  
(average of 49% open rate)

**State Street Flag Program** – Full year of flags with 3 new non-profit participants

**Business Outreach & Support** – Business outreach, new Executive Director held hundreds of meetings with business leaders, property owners, and community leaders, educational webinars, pandemic relief and recovery efforts, business strategy sessions and more.

**Community Outreach** – provided presentations to community groups about downtown issues

**Holiday Lighting** – Provided shooting star holiday lights throughout State Street and Holiday tree, and extended the holiday tree lighting through spring

**Support of downtown events** – provided support, marketing, programming, and staff to downtown events such as Culinary Experience, Common Table, Experiment Weekend, CycleMAYnia, ART Santa Barbara, Tiny Libraries, Innovation Workshop

#### **DSB Produced Events**

- Annual Awards Breakfast February
- 1<sup>st</sup> Thursday Series - February and March
- Small Business Saturday, November 28
- State Street Promenade Market, Thursdays November 5-December 17
- Business Spotlight Series: Weekly Interview series featuring different business owners in collaboration with the *Santa Barbara Independent*

**Advocacy** – Provided public testimony and/or comments and advocated for businesses on issues affecting downtown Santa Barbara such as homelessness, youth bicycling, outdoor dining and the future of state street.

**Convener** Monthly Board meetings with city and business leaders, Committee meetings including

- Business Support & Retention,
- Marketing & Promotion
- Fundraising & Development
- Government Relations
- Business Mentorship
- Adhoc Committees as needed

**Active Participants:** Santa Barbara Business Task Force Team, Government Relations Committee; Community Arts Workshop; Old Spanish Days Fiesta; Hospitality Santa Barbara; International Downtown Association; California Downtown Association; Visit Santa Barbara; Summer Solstice; SB Act; de la Guerra Plaza and Farmer's Market conversations.

#### **Professional Memberships:**

Member: CDA

Member: International Downtown Association

Member: ICSC