BACKGROUND
The Management Plan approved by the Santa Maria City Council to establish the Santa Maria Tourism Improvement District includes a provision for the appointment of an Advisory Committee. The appropriate section of the Management Plan reads as follows:

The Santa Maria City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners’ Association of the SMTID as defined in Streets and Highways Code §36614.5. The Santa Maria City Council has determined that Santa Maria Valley Chamber of Commerce Visitor and Convention Bureau will serve as the Owners’ Association for the SMTID. The Bureau’s Board will create an Advisory Committee including representatives from assessed lodging businesses, the Bureau and the City of Santa Maria to provide oversight, guidance and implementation of the SMTID.

In working with the local hotel representatives to develop this program, the Chamber has agreed that this Advisory Committee will consist of five voting members who must be owners or senior management of hotels assessed under this program. Additionally, the City and Chamber will each be represented by a non-voting member on this Committee.

RECOMMENDED APPOINTMENTS
Acting as the Board of Directors for the SMTID, we recommend that the board appoint the following individuals to serve as the initial members of the Advisory Committee. Terms for these individuals will be indefinite at this point and will begin immediately upon appointment.

The recommended voting members include:
- Jean-luc Garon, Historic Santa Maria Inn
- Ryan Swack, Radisson Hotel
- David Sosa, Travelodge Hotel
- JP Patel, Candlewood Suites and Fairfield Inn
- Jerry Patel, Economy Inn

Initially, the non-voting members of the committee will include:
- Jason Stillwell, City of Santa Maria
- Glenn Morris, Santa Maria Valley Chamber of Commerce
BACKGROUND
The Management Plan approved by the Santa Maria City Council to establish the Santa Maria Tourism Improvement District appoints the Santa Maria Valley Chamber of Commerce to be the management and fiscal agent for the program.

CONTRACT WITH CITY OF SANTA MARIA
The City Council approved at its meeting on 19 April, the attached contract between the City and the Chamber. This officially establishes the relationships associated with the SMTID and allows us to begin operation.

We recommend that the Board accept the contract and authorize the Chamber CEO to sign and execute the agreement as presented.
AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF SANTA MARIA AND THE SANTA MARIA VALLEY CHAMBER OF COMMERCE REGARDING THE SANTA MARIA TOURISM IMPROVEMENT DISTRICT

This Agreement is entered into the _____ day of ______, 2016 by and between the Santa Maria Valley Chamber of Commerce, a California nonprofit 501(c)6 corporation ("Chamber") and the City of Santa Maria, a California municipal corporation, in Santa Maria, California ("City") based on the following recitals:

WHEREAS, the California State Legislature has enacted the Property and Business Improvement District Law, Streets and Highways Code Sections 36600, et seq., effective January 1, 1995 (herein the "1994 Act"); and

WHEREAS, on October 1, 2015, Chamber released the Santa Maria Tourism Improvement District Management Plan which proposed the establishment of an assessment district formed under the 1994 Act; and

WHEREAS, on November 1, 2015, the lodging business owners (who would pay more than fifty percent (50%) of the proposed assessments) submitted a petition to the City requesting that the City initiate proceedings to establish the district; and

WHEREAS, on November 17, 2015, the City Council adopted a Resolution of Intention to establish the new Santa Maria Tourism Improvement District ("District") and set the time and place for the public meeting to hear testimony on establishing the District and levying assessments which occurred on January 5, 2016; and

WHEREAS, on January 19, 2016, the Santa Maria City Council adopted a Resolution of Formation that established the District. A map of the District is attached hereto as Exhibit "A"; and

WHEREAS, the City Council, pursuant to Streets and Highways Code §36651, identified the Santa Maria Valley Chamber of Commerce Visitor and Convention Bureau ("Chamber") as the Owners' Association of the District when it adopted the Resolution of Formation and approved the District Management Plan; and

WHEREAS, the Chamber has the special knowledge, expertise, skill and facilities for the promotional work required by the District Management Plan; and

WHEREAS, the City and Chamber wish to enter into this Agreement to set forth the roles and responsibilities of each party with respect to providing services to the District and administering the District.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. **Recitals true.** The above recitals are true.

2. **Chamber Obligations.** The Chamber's obligations under this Agreement shall be as follows:

   2.01. **Provide District Services.** Chamber shall provide services, manage, and administer the District according to the Management District Plan during the following time periods:
Year 1: February 1, 2016 through January 31, 2017
Year 2: February 1, 2017 through January 31, 2018
Year 3: February 1, 2018 through January 31, 2019
Year 4: February 1, 2019 through January 31, 2020
Year 5: February 1, 2020 through January 31, 2021

2.02. **Annual Service Plan.** Chamber shall submit to the City, for review, comment and approval by the City Council, an annual service plan budget for each year of operation. Said plan shall be submitted on or before May 15, 2016 for Year 1, and December 1, 2016 for Year 2 and December 1 for each year thereafter. The Plan will include any anticipated budget surplus from the prior year; the planned revenue and expenditures; and proposed goals and anticipated outcomes for the coming year.

2.03. **Annual Reports.** Chamber shall submit to the City, for review and comment by the City Council, a report describing the District services, activities, revenues, and expenditures for each year of operation. Starting in 2017, said report shall be submitted on or before April 1. The Reports for years 2-5 shall declare the budget surplus (or deficit) for the prior year. The Report shall include an audited financial statement every three years. The Budget Reports shall contain all the information required by Streets and Highways Code section 36650 as well as an evaluation of all events, conferences, activities, and services performed during the previous year and goals for the upcoming year. Each event shall have specific performance measures and outcomes detailed.

2.04. **Subcontracts.** Chamber shall let and administer all subcontracts necessary for providing the District services. In all subcontracting, Chamber shall be encouraged to follow competitive bidding procedures unless Chamber has determined that it is necessary or desirable to award a subcontract on a negotiated basis, in order, to assure the provisions of adequate services at the most advantageous cost.

2.05. **Indemnification.** To the fullest extent permitted by law, the Chamber shall indemnify, defend (with independent counsel approved by the City) and hold harmless the City, and its directors, officers, and employees from and against all liabilities (including without limitation all claims, losses, damages, penalties, fines, and judgments, associated investigation and administrative expenses, and defense costs, including but not limited to reasonable attorneys' fees, court costs and costs of alternative dispute resolution) regardless of nature
or type that arise out of, pertain to, or relate to the negligence, reckless, or willful misconduct of the Chamber or the acts or omissions of an employee, agent or subcontractor of the Chamber. The provisions of this paragraph survive completion of the services or the termination of this Agreement. The provisions of this Section are not limited by the provisions of the Section relating to insurance.

2.06. Insurance. Chamber shall provide insurance as listed in Exhibit "B."

3. City Obligations. The City's obligations under this Agreement shall be as follows:

3.01. District Administration. The City shall provide administration support for the annual reports and plans including preparation of the annual City Council reports, required noticing to those assessed and any changes to the District organization.

3.02. Collecting Assessments. The City will coordinate the annual levy and collecting of all assessments for the District with the lodging businesses located within the City.

3.03. Payments to Chamber. District assessments will be collected by the City for the District and will be paid directly to the Chamber not later than 45 days after the last day of the period received, minus a 2% administrative cost recovery.


4.01. Notices. All communication relating to the day-to-day activities of this Agreement shall be exchanged between a designated representative of the City and a representative of the Chamber, listed below. All notices shall be addressed as follows unless a written change is filed with the City:

<table>
<thead>
<tr>
<th>To: City</th>
<th>To: Chamber</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attn: City Manager</td>
<td>Attn: President/CEO</td>
</tr>
<tr>
<td>City of Santa Maria</td>
<td>Chamber of Commerce</td>
</tr>
<tr>
<td>110 East Cook Street, Room 1</td>
<td>614 South Broadway</td>
</tr>
<tr>
<td>Santa Maria, CA 93454</td>
<td>Santa Maria, CA 93454</td>
</tr>
</tbody>
</table>

If the designated representative or address of either party changes during the term of this Agreement, a written notice shall be given to the other party prior to the effective date of change. Any written notices required under this Agreement shall be effective five (5) days after deposit into the United States mail, postage prepaid, addressed
to the designated representative, or upon confirmation of receipt of delivery if another notification process is used.

4.02 Term and Termination. The term of this Agreement shall be from February 1, 2016 through January 31, 2021. The Chamber may recommend to the City Council an extension of the termination date in order to allow Chamber expenditure of remaining District funds for District services in the event all District funds are not received and spent by January 31, 2021. Said extension if any, shall be at the sole discretion of the City Council.

4.03 Compliance With Laws. The Chamber shall comply with all laws including but not limited to the rules and policies of the City, in performing this Agreement.

4.04 Integration. This Agreement constitutes the entire Agreement of the parties with respect to the subject matter. All modifications, amendments, or waivers of the terms of this Agreement must be in writing and signed by the appropriate representatives of the parties.

4.05 Interpretation. This Agreement shall be interpreted in accordance with the laws of the State of California.

4.06 Jurisdiction. Jurisdiction and venue of all disputes over the terms of this Agreement shall be in northern Santa Barbara County, State of California.

4.07 Warranty of Parties. Each person signing this Agreement on behalf of a party warrants that he or she has authority to do so.

4.08 No Waiver. Failure to enforce with respect to a default shall not be construed as a waiver.

4.09 Severability. The provisions of this Agreement are severable. If any part of this Agreement is held invalid by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect unless amended or modified by mutual written consent of the parties.

4.10 Tools, Equipment, Material. Except as otherwise stated in this Agreement, the Chamber will supply all tools, equipment, and materials necessary to perform the services stated in this Agreement.

4.11 Status. The Chamber (including its employees) is an independent contractor. No employer/employee relationship exists between the
Chamber and the City. The Chamber's assigned personnel shall not be entitled to any benefits payable to employees of the City. The City is not required to make any deductions or withholdings from the compensation payable to the Chamber under this Agreement.

IN WITNESS WHEREOF, this Agreement is executed by the parties on the date first written above.

CITY OF SANTA MARIA

Alice M. Patino, Mayor  
Print or Type Name, Title

CHAMBER

Print or Type Name

Signature Date  
Signature Date
EXHIBIT B

INSURANCE REQUIREMENTS

Chamber shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Chamber, his/her agents, representatives, or employees.

A. Minimum Scope of Insurance
   Coverage shall be at least as broad as:
   1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
   2. Insurance Services Office Business Auto Coverage Form Number CA 0001, Code 1 (any auto).
   3. Workers’ compensation insurance as required by the State of California and Employer’s Liability Insurance.
   4. Errors and Omissions liability insurance appropriate to the Chamber’s profession. Architects’ and engineers’ coverage is to be endorsed to include contractual liability.

B. Minimum Limits of Insurance
   Chamber shall maintain limits no less than:
   1. General Liability - $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
   2. Automobile Liability - $1,000,000 per accident for bodily injury and property damage.
   3. Employee's Liability - $1,000,000 per accident for bodily injury or disease.
   4. Errors and Omissions Liability - $1,000,000 per occurrence.

C. Deductibles and Self-insured Retentions
   Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its trustees, officers, employees and volunteers; or the Chamber shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions
   The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:
1. The City, its trustees, officers, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Chamber; or automobiles owned, leased, hired or borrowed by the Chamber.

2. For any claims related to this project, the Chamber's insurance coverage shall be primary insurance as respects the City, its trustees, officers, employees and volunteers. Any insurance or self-insurance maintained by the City, its trustees, officers, employees or volunteers shall be excess of the Chamber's insurance and shall not contribute with it.

3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice stating the title of this Agreement has been given to the City. **All notices provided pursuant to this Agreement shall be given to the City representative listed for notice in this Agreement and shall specify the title of this Agreement.** Notice may be given by overnight mail, facsimile with confirmation of receipt, or certified mail with return-receipt requested. In the case of a reduction in coverage, the Chamber shall provide thirty (30) days' prior written notice as provided in this subparagraph.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A:\VII, unless otherwise acceptable to the City.

F. Verification of Coverage

The Chamber shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the City or on other than the City’s forms provided those endorsements conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.
BACKGROUND

The Management Plan approved by the Santa Maria City Council to establish the Santa Maria Tourism Improvement District includes general guidelines for how the funds generated by the program can be allocated and used. Additionally, the contract approved by the City to govern the work of the Chamber as the Owners Association requires that an initial budget be developed and submitted to the City by 15 May 2016.

The relevant language from the Management Plan reads as follows:

A. Annual Service Plan
SMTID assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of Santa Maria of conferring the benefits or granting the privileges. The privileges and services provided with the SMTID funds are sales and destination marketing programs available only to assessed businesses.

A service plan budget has been developed to deliver services that benefit the assessed businesses. A detailed annual budget will be developed and approved by the Bureau. The table below illustrates the initial annual budget allocations. The total initial budget is $600,000.

Initial Annual Budget - $600,000

Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City of Santa Maria and the Bureau board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the SMTID, any and all assessment funds may be used for the costs of defending the SMTID. In the first year of operation, the costs of creating the SMTID may be repaid by deducting repayment funds proportionally from the budget categories. Repayment costs shall not exceed $20,000.
Each budget category includes all costs related to providing that service, in accordance with Generally Accepted Accounting Procedures (GAAP). For example, the sales and destination marketing budget includes the cost of staff time dedicated to overseeing and implementing the sales and destination marketing program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories, as appropriate in accordance with GAAP. The staffing levels necessary to provide the services below will be determined by the Bureau on an as-needed basis.

If there are funds remaining at the end of the District term and lodging businesses choose to renew the District, these remaining funds will be transferred to the renewed District. If there are funds remaining at the end of the District and lodging businesses choose not to renew, any remaining funds will be spent consistent with this Plan or returned to assessed businesses in equal proportion to the assessment paid by each business.

Sales and Destination Marketing

A sales and destination marketing program will promote assessed businesses as tourist, meeting, and event destinations. The sales and destination marketing program will have a central theme of promoting Santa Maria as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed businesses, and may include, but is not limited to the following activities:

- Development of a destination marketing plan designed to drive overnight visitation and room sales to assessed businesses;
- Internet destination marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed businesses;
- Print ads in magazines and newspapers targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Television ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance of trade shows to promote assessed businesses;
- Cooperative marketing efforts with regional attractions designed to drive overnight visitation and room sales to assessed businesses;
- Intensive sales campaigns (sales blitzes) for assessed businesses;
- Familiarization tours of assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Professional website development or improvement designed to drive overnight visitation and room sales to assessed businesses;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits to assessed businesses; and
- Education of lodging business management and the owners' association on destination marketing strategies best suited to meet assessed business's needs.

Administration and Operations

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees. The administration and operations
portion of the budget shall also include costs associated with industry research, data collection and tracking, and Return on Investment (ROI) calculation and reporting.

Contingency/Renewal

A prudent portion of the SMTID budget will be set aside in a contingency fund, to be used for unforeseeable costs in carrying out the sales and destination marketing programs. If at the expiration of the district there are contingency funds remaining, and business owners wish to renew the district, the remaining contingency funds may be used for renewal costs.

The four percent (4%) annual budget allocation to the contingency fund will continue until the fund reaches a balance of $60,000. If/when the contingency fund reaches the $60,000 threshold, the contingency portion of the budget will be redirected to the sales and destination marketing portion of the budget.

City Administration Fee

The City of Santa Maria shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

B. Annual Budget

The total five (5) year improvement and service plan budget is projected at approximately $600,000 annually, or $3,000,000 through 2020. This amount may fluctuate as sales and revenue increase at assessed businesses, but is not expected to change significantly over the term.

RECOMMENDED BUDGET

Since the Management Plan was drafted, we have been able to refine our projected revenues and have received input and guidance about target allocation levels within the major categories from local hotel representatives and from the consultants we retained to develop a strategic foundation for our marketing program.

Based on those refinements, we recommend that the Board approve the following budget for the remainder of this program year (ends January 31, 2017) and the next full program year (February 1, 2017 – January 31, 2018). The budget is intentionally broad in its categories at this stage as we are still developing the final marketing plan. Once that plan is approved by the Advisory Committee, any needed adjustments or amendments to the budget will be brought back to the Board for approval.

SMTID Operating Budget / February 2016 – January 2018

| REVENUES | $1,179,000 |
| EXPENSES | $1,179,000 |
| Contingency (4%) | 47,160 |
| Administration (14%) | 165,060 |
| City Fee (2%) | 23,580 |
| Reimburse Pre-spent | 35,000 |
| Marketing | |
| Branding | 30,000 |
| Website Development | 55,000 |
| Destination Marketing | 725,000 |
| Education & Training | 30,000 |
| Research & ROI Tracking | 30,000 |
| Unallocated | 38,200 |