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

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<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tr>
<td>REVENUES</td>
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<tr>
<td>EXPENSES</td>
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<tr>
<td>Contingency (4%)</td>
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<tr>
<td>Administration (14%)</td>
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<td>City Fee (2%)</td>
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<td>Reimburse Pre-spent</td>
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<td>Marketing</td>
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<td>Unallocated</td>
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BACKGROUND
The City of Santa Maria has identified the Chamber of Commerce as the “Owners Association” for the recently adopted Santa Maria Tourism Improvement District (SMTID). As such, the Chamber will contract with the City to manage the day-to-day operations of the marketing program associated with the District.

As the Board of Directors for the Chamber, this body will also serve as the final authority for the SMTID. However, the Management Plan adopted by the City as part of their authorizing ordinance includes a provision for the appointment of a five-voting-member Advisory Committee, made up of representatives from the assessed properties. This committee will be given operational authority to guide the development, implementation, and evaluation of the actual marketing plan funded by the assessment. In order to ensure maximum impact and minimum overlap, we also recommend that the Advisory Committee be asked to provide oversight of the marketing portion of the VCB’s annual budget as well.

Having delegated the marketing plan authority to the Advisory Committee, the Board will retain responsibility for contract monitoring and compliance, annual budget approval, and any decisions related to policy and/or personnel, including membership on the Advisory Committee.

OWNERS ASSOCIATION DEFINITION AND PUBLIC RECORDS IMPLICATIONS
The following language is taken directly from the Management Plan adopted by the City Council:

An Owners’ Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners’ Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners’ Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the Bureau board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners’ Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners’ Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

Based on our current understanding of being subject to these transparency and public records requirements, we believe the implications include:

- Meetings of the Chamber Board of Directors which include elements where the Board is acting in its official capacity as the Board of the SMTID will need to be noticed, with agendas posted in advance of the meeting on our website and in the lobby of the Chamber office.
- Minutes of meetings where the Board acts in its capacity as the Board of the SMTID will also need to be posted and publicly available. In the event that a vote is taken, each member’s vote or abstention will need to be recorded in the minutes.
- All meetings of the Advisory Committee will fall under the posting and recording requirements.
- Agendas, minutes, and associated documents used during these meetings, along with financial records directly associated with the SMTID will need to be stored.
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