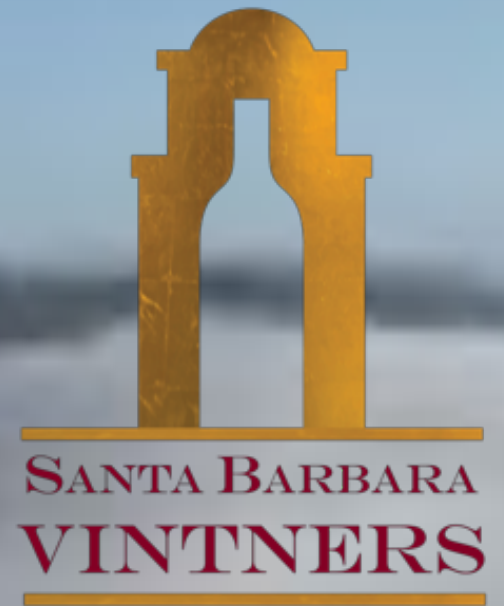


FUNDING YOUR FUTURE

Santa Barbara County Board of Supervisors

August 18, 2020



A scenic view of a vineyard in California. The foreground shows rows of grapevines in a field. In the middle ground, there are several palm trees and a white house with a blue roof. The background features rolling hills under a blue sky with some clouds.

In 2016, nearly 23.6 million tourist visits to California's wine regions generated \$7.2 billion in visitor spending.

Source: Wine Institute

A photograph of a group of people at a wine event, with several hands holding wine glasses filled with red wine. The image is overlaid with a semi-transparent blue filter. The text is centered in the middle of the image.

In 2017, Santa Barbara County generated \$167 million in direct to consumer (DTC) sales revenue in California, and had an estimated economic impact of just under \$2 billion in the County.

Source: Santa Barbara County

[@kelsoknight](#)

What Do Vintners Want...

More advertising, more articles, more tastings, more critics, more reviews, more exposure in LA, more events, different events; they want advocacy, political relationships, agricultural protections, and water issues addressed.

They want educational programs, philanthropy, seminars and conferences. They want conjunctive labeling and a Grape Commission.

They want a legal fund, an email campaign, a media tool kit, a permanent PR firm, an expanded website, advertising on trains and planes, and a welcome center.

Other Wine Regions - Annual Budgets

Current Annual Operational Budgets of California Wine Associations

Region	2013	2014	2015	2016	2017	BID FUNDS
NAPA	\$7,525,000	\$8,049,000	\$6,821,000	\$5,753,000	\$7,276,000	
PASO	\$1,338,000	\$1,321,000	\$1,509,000	\$1,525,000	\$1,568,000	
SONOMA COUNTY	\$1,496,000	\$1,569,000	\$1,490,000	\$1,760,000	\$1,613,000	
SBC	\$311,000	\$340,000	\$236,000	\$414,000	\$552,000	\$1,200,000

Funding Sufficiency vs. Funding Stability

Sufficiency

Do you have enough to adequately market your destination?

Stability

How reliable are your funding streams? Can they be diverted?

Funding Options

- **Increase membership** ✓
- **Increase sponsorship** ✓
- **Create profitable events** ✓
- **Create new events** ✓
- **Win grants** ✓
- **Establish Wine Preserve (BID)**
- **Grape Commission**



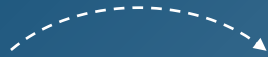
Wine & Ag Heritage Districts

What are they?

Wine & Ag Heritage Districts



Wineries pay an assessment



Collected by the local government



And managed by the Santa Barbara Vintners

Pros

- Level playing field—no free riders
- Transparency
- Reliability
- Pass-through to guests more compelling

Cons

- Government involved
- May have regulatory requirements
- Government collection costs

Evolution of Dedicated Funding (Based on Benefit)



Agricultural industry discovered the concept
Agricultural marketing orders (dairy, fruits, vegetables, pistachios)
Similarities: Perishable, like our hotel products



Downtown property owners discovered the concept
Marketing efforts to increase commerce in distinct area of the community



Lodging industry discovered the concept
Marketing efforts to increase "heads in beds"




Industry specific district growth (RBIDs, WMDs, TIDs)
Focused activity districts (sports, meeting space, BID fees)



Specific Benefit to the Wineries

BIDs provide services directly to assessed businesses which are not provided to those not paying. These services could constitute a "specific benefit to the payor that is not provided to those not charged."



A close-up photograph of a person's hands holding a large bunch of dark purple grapes. The person is wearing a light blue long-sleeved shirt. The background is blurred, showing more of the person's shirt and some greenery. The lighting is soft, highlighting the texture of the grapes and the skin of the hands.

Santa Barbara County Wine Preserve

Our Proposed District

Proposed Santa Barbara County Wine Preserve

LOCATION	All wineries located within the boundaries of the Santa Barbara County
SERVICES	Marketing, special projects, community organization, destination product development programs, and advocacy to promote the Santa Barbara County wine region as a desirable area to visit and purchase wines.
ASSESSMENT RATE	1.5% of gross sales revenue from the Tasting Room only
EST ANNUAL BUDGET	\$1,000,000 – 1,200,000
TERM	5 years
MANAGEMENT	Santa Barbara Vintners (SBV) – SBV to create a SBCWP Management Committee



Santa Barbara County Wine Preserve Assessment

- 1.5% of On-Site Direct-to-Consumer (DTC) Sales
- Resulting budget: Approximately \$1,000,000 - \$1,200,000
- What does the assessment include?
 - All items (wine, tasting fees, merchandise, food) sold to a customer in the tasting room or for an on-site event (but not tickets).
- What does the assessment not include?
 - All wine club shipments and pickups.
 - All event tickets or other private event sales.
 - All purchases made by phone or internet.
 - Any wine sold through wholesale channels.



Santa Barbara County Wine Preserve Assessment

- Survey of Wineries to learn more about Tasting Room DTC business levels
 - Survey being conducted by third-party Civitas
- Work with County Staff to determine assessment collection process
 - In-house vs external options – plan to use external collector
 - Cost to facilitate collection of assessment (cost will be built into the Wine Preserve budget)
- Businesses ability to pass-thru the assessment to the consumer
- Elimination of membership dues for businesses in the SBC Wine Preserve



Santa Barbara County Wine Preserve Services

- I. PROMOTION: Sales, Marketing & Communications
 - Professional Marketing and PR firm
 - Visitors/Welcome Center
 - Visitors Wine Tasting App to navigate the County
 - Advertising initiatives and campaigns
 - Digital, Social, Print
 - Consumer & Trade communications campaign



Santa Barbara County Wine Preserve Services

- II: PROTECTION

- Full-time Director of Advocacy to engage on policy and protection issues:
 - Water
 - Short Term Rentals
 - Farm Stays
 - Winery Ordinance
 - Good Neighbor Policy
 - Cannabis relationship



Santa Barbara County Wine Preserve Services

- III: EDUCATION & EVENTS
 - Business improvement programs
 - Hospitality & Sales Training programs
 - Events
 - Vintners Festival, Futures Tasting, Mission SB, and more
 - Wine education events and programs



Santa Barbara County Wine Preserve Governance

- Managed by the Santa Barbara Vintners (SBV)
 - SBV to create SBC Wine Preserve Management Committee.
 - SBC Wine Preserve Management Committee comprised entirely of business owners, or their representatives, who pay the Wine Preserve assessment.
 - SBC Wine Preserve Management Committee responsible for the management of the Wine Preserve assessment, funds, and programs.



Timeline



Discussion



Alison Laslett
Chief Executive Officer,
Santa Barbara Vintners
alison@sbcountywines.com
310.463.0262



Katy Rogers
Marketing Manager,
Jackson Family Wines
katy.rogers@jfwmail.com



Nichole Farley
Director of Business Development,
Civitas
nfarley@civitasadvisors.com
916.436.5043



- ✓ Generated **1.7 Billion** for clients globally.
- ✓ Completed over **125 BID & TID** formation projects throughout the world.
- ✓ Drafted BID/TID legislation in **16 states**.
- ✓ Passionate about raising stable, dependable funding for DMOs.





CIVITAS

PARTNERSHIPS • PROGRESS • PROSPERITY