

Annual Report of the Santa Ynez Valley Hotel Association, Inc.

July 15, 2011

Submitted to the City of Buellton, City of Solvang and the County of Santa Barbara in accordance with Item 36650 of the TBID legislation

- a. The association began collecting a \$2.00/room night tourism bid assessment from the 32 member properties on July 1, 2010. Therefore, this first year report, in accordance with the TBID legislation, is prepared for submission to the jurisdictions on July 15, 2011, to report on the first year of activity. There are no changes of boundaries, basis and method of levying assessments, or classification of properties to report at the conclusion of the first year of operation.
- b. This report is that of the Santa Ynez Valley Hotel Association, Inc. and covers the period July 1, 2010 to July 15, 2011.
 1. There are no proposed changes in the boundaries of the business improvement district.
 2. Activities of the first year – see below
 3. Costs of providing the improvements. Statement of Revenues and Expenses and Statement of Assets, Liabilities and Equity - see below
 4. The method and basis of levying the assessment has been well established with the jurisdictions and the properties, being a flat \$2.00/room night for all qualified stays. There have been no issues raised by either the properties or the jurisdictions.
 5. The quarterly remittances from the City of Solvang, on behalf of the three jurisdictions, have occurred on a regular basis. The filed Statements of Revenues and Expenses and the Statement of Assets, Liabilities and Equity, show a net income of \$61,317.72, which is carried over into the next fiscal year.
 6. There are no contributions to the Santa Ynez Valley Hotel Association, Inc. from other sources other than the TBID assessments from the 32 member properties.
- c. The Santa Ynez Valley Hotel Association, Inc. hereby requests approval of the report of July 15, 2011, representing the first year of operation of the association.

2. Santa Ynez Valley Hotel Association, Inc. Activities

July 1, 2010 to July 15, 2011

Marketing –

Visitor Guides of Solvang/Santa Ynez Valley and Santa Barbara, purchased ¼ pages ads for all hotels, planned distribution in 2011 of 100,000 (Solvang/SYV) and 80,000 (SB) through multiple channels including direct mail, visitors on site, hotels, trade shows, overseas

Contracted with LA Times Travel Section for 4 full page advertisements, 2/27/11, 8/28, 12/4 planned, timed in collaboration with SYVVA advertising

Contracted with Expedia.com for 5 months of enhanced listings to draw visitors to the Santa Ynez Valley for hotel bookings. We ran a promotion with expedia.com and hotels.com for the period of November 2010 through March 2011 @ a cost of \$25,000. We placed a banner type ad on both sites during this period with the cost split evenly between the two. Range or scope of viewing was from Fresno south to LAX including SB county.

Entered into an agreement with Travel Media Group for presence in coupon book and on-line Training for management and front office staff offered by the TMG on April 12, 2011, attended by 25 people from 10 properties.

Entered into an agreement with Sunset Magazine for 5 months of ½ page advertisements and one sweepstakes offering (September), to begin May 2011 , timed in collaboration with SYVVA

Education for hotel personnel –

Front desk “upselling” training by Travel Media Group, in conjunction with their promotion, held April 12, 2011, 25 participated from 10 properties

Disaster preparedness, seminar conducted by Tom Walton, Community Cities of Buellton and Solvang, and Scott Martin, COO of On-Site Computers, held April 27, 2011, 20 participated from 8 properties.

ServSafe for food handling and manager training, to comply with SB 602 on safe food handling, held May 5, 2011, 41 registered from 14 properties

TIPS training for alcohol awareness, held May 12, 2011, 9 registrants in first of a series.

First familiarization tour of the Santa Ynez Valley for front desk staff, held May 25, 2011, 28 front desk and reservation personnel from 10 properties participated. The three hour tour visited all 6 valley communities, and the Chumash Casino. To be held at least 3 times per year.

Community Night at Solvang Festival Theatre, June 16, 2011, was attended by 20 hotel personnel from 6 properties, to familiarize them with the Festival Theatre and the PCPA summer offerings.

Education for future hotel personnel –

The SYV Hotel Association has funded two annual scholarships at the Allan Hancock College Culinary Arts and Management Program and the Santa Barbara City College Culinary and Hotel Management Program for current hotel employees or members of their families. \$2000 has been awarded to each program. Bill Phelps and Mary Harris attended award ceremonies at both colleges.

Grants –

The following grants were allocated at the board meeting of April 7, 2011, totalling \$56,000. The purpose of the grants is to assist with publicity and outreach for events which encourage overnight stays, and which ideally occur mid-week (Sunday through Thursday) and in off-season. The non-profits and activities include:

Buellton Rotary Club for 2nd annual Central Coaster Car Event

City of Solvang Centennial Committee for year long activities

City of Solvang Local Organizing Committee for 2011 Tour of California Time Trials

Danish Days Foundation for Danish Days 2011

PCPA Theatrefest for American Premier of My Fairytale

People Helping People for annual Vino de Suenos Event

Santa Ynez Valley Historical Museum and Carriage House for annual Vaquero Show

Santa Ynez Valley Visitors Association for June Wine Around, Trails Week, Vintage Week and Art Week

Solvang Conference and Visitors Bureau for annual Julefest

Wildling Museum of Art for annual SYV Artist Studio Tours.

Member services and community involvement–

The 32 member properties have exclusive access to a member section of the website, with news of current and future activities, a listing of all members, and other useful information. This member section is being developed to continue to meet the expressed needs of the members.

A membership reception was held on May 2, 2011, to allow owners and general managers to become better acquainted. The event was also attended by mayors and city managers of Solvang and Buellton and by 3rd District Supervisor Doreen Farr.

Board members and the executive director are involved in a variety of community organizations and tourism forums, both in the Santa Ynez Valley and in greater Santa Barbara county.

Organization –

As a new organization, the SYVHA has engaged in start up activities such as staffing (Mary Harris, Executive Director, began full time 1/1/11) and equipping an office (1511A Mission Drive, Solvang), mounting a web site (www.syvha.com or www.SantaBarbaraWineCountyHotels.com), working with Sherry Thore, CPA on financial and legal requirements. The board meets in open session monthly, the first Thursday at 9 a.m. at the Hadsten House in Solvang, and a general meeting is held every third month to encourage community involvement. The board consists of seven individuals, who represent a broad spectrum of the hotel industry and valley locations. Serving for a two year term which began 1 July 2010, the board members are:

President – Bill Phelps, General Manager, Hadsten House Inn, Solvang

Vice President – Paul Navratil, owner, Solvang Gardens Boutique Country Inn, Solvang

Secretary – Linda Johansen, co-owner, Pea Soup Andersen Inn, Buellton and King Frederik Inn, Solvang

Treasurer – Douglas Ziegler, owner, Santa Ynez Inn, Santa Ynez

Education Chair – Mike Hendrick, General Manager, SYV Marriott, Buellton

Bent Olsen, owner, Solvang Inn and Cottages, Solvang

Carol Clearwater, CFO, Santa Ynez Band of Chumash Indians, representing Hotel Corque, Solvang

3. Financials for June 1, 2009 to July 15, 2011

Santa Ynez Valley Hotel Assn., Inc
Statement of Assets, Liabilities & Equity - Income Tax Basis
As of December 31, 2010

	<u>Dec 31, 10</u>	<u>Dec 31, 09</u>
ASSETS		
Current Assets		
Checking/Savings		
Santa Ynez Valley Hotel Assn	60,720.36	14,100.00
Total Checking/Savings	<u>60,720.36</u>	<u>14,100.00</u>
Accounts Receivable		
Accounts Receivable	0.00	1,800.00
Total Accounts Receivable	<u>0.00</u>	<u>1,800.00</u>
Total Current Assets	<u>60,720.36</u>	<u>15,900.00</u>
TOTAL ASSETS	<u>60,720.36</u>	<u>15,900.00</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	17,962.50	787.95
Total Accounts Payable	<u>17,962.50</u>	<u>787.95</u>
Other Current Liabilities		
Loan Payable Solvang Gardens	0.00	2,500.00
Loan Payable Chumash	0.00	2,500.00
Loan Payable Doug Ziegler	0.00	2,500.00
Loan Payable Wine Valley Inn	0.00	2,500.00
Santa Ynez Valley Marriot	0.00	2,500.00
Total Other Current Liabilities	<u>0.00</u>	<u>12,500.00</u>
Total Current Liabilities	<u>17,962.50</u>	<u>13,287.95</u>
Total Liabilities	17,962.50	13,287.95
Equity		
Unrestricted Net Assets	2,612.05	0.00
Net Income	40,145.81	2,612.05
Total Equity	<u>42,757.86</u>	<u>2,612.05</u>
TOTAL LIABILITIES & EQUITY	<u>60,720.36</u>	<u>15,900.00</u>

Santa Ynez Valley Hotel Assn., Inc
Statement of Revenues & Expenses - Income Tax Basis
 January through December 2010

	<u>Jan - Dec 10</u>	<u>Jan - Dec 09</u>
Ordinary Income/Expense		
Income		
Direct Public Support		
Corporate Contributions	(3,400.00)	3,400.00
Total Direct Public Support	(3,400.00)	3,400.00
Other Types of Income		
BID Tax Revenue	159,972.16	0.00
Total Other Types of Income	159,972.16	0.00
Total Income	156,572.16	3,400.00
Gross Profit	156,572.16	3,400.00
Expense		
Advertising		
Ad Space	90,700.00	0.00
Design/Writing	600.00	0.00
Photography	50.00	0.00
Production	1,250.00	0.00
Web Site	4,500.00	0.00
Total Advertising	97,100.00	0.00
Business Expenses		
Business Registration Fees	0.00	787.95
Total Business Expenses	0.00	787.95
Contract Services		
Accounting Fees	1,995.45	0.00
Legal Fees	14,212.60	0.00
Total Contract Services	16,208.05	0.00
Facilities and Equipment		
Rent, Parking, Utilities	300.00	0.00
Total Facilities and Equipment	300.00	0.00
Operations		
License and Fees	20.00	0.00
Postage, Mailing Service	103.30	0.00
Total Operations	123.30	0.00
Other Types of Expenses		
Insurance - Liability, D and O	1,845.00	0.00
Other Costs	850.00	0.00
Total Other Types of Expenses	2,695.00	0.00
Total Expense	116,426.35	787.95
Net Ordinary Income	40,145.81	2,612.05
Net Income	<u>40,145.81</u>	<u>2,612.05</u>

Santa Ynez Valley Hotel Assn., Inc
Statement of Assets, Liabilities & Equity - Income Tax Basis
As of June 30, 2011

	<u>Jun 30, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
Santa Ynez Valley Hotel Assn	135,521.46
Total Checking/Savings	135,521.46
Total Current Assets	135,521.46
Fixed Assets	
Furniture and Equipment	1,054.12
Total Fixed Assets	1,054.12
TOTAL ASSETS	136,575.58
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	32,500.00
Total Accounts Payable	32,500.00
Total Current Liabilities	32,500.00
Total Liabilities	32,500.00
Equity	
Unrestricted Net Assets	42,757.86
Net Income	61,317.72
Total Equity	104,075.58
TOTAL LIABILITIES & EQUITY	136,575.58

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Santa Ynez Valley Hotel Assn., Inc
Statement of Revenues & Expenses - Income Tax Basis
 January through June 2011

	Jan - Jun 11
Ordinary Income/Expense	
Income	
Other Types of Income	
BID Tax Revenue	240,721.72
Total Other Types of Income	240,721.72
Total Income	240,721.72
Gross Profit	240,721.72
Expense	
Advertising	
Ad Space	68,575.00
Design/Writing	1,270.00
Photography	350.00
Production	140.00
Web Site	1,105.00
Total Advertising	71,440.00
Business Expenses	
Business Registration Fees	620.00
Total Business Expenses	620.00
Contract Services	
Accounting Fees	1,845.52
Total Contract Services	1,845.52
Education	2,699.02
Facilities and Equipment	
Rent, Parking, Utilities	1,200.00
Total Facilities and Equipment	1,200.00
Operations	
Dues & Subscriptions	62.00
License and Fees	35.00
Payroll Taxes	2,922.50
Postage, Mailing Service	333.20
Printing and Copying	407.81
Salaries and Wages	35,000.00
Supplies	354.41
Telephone, Telecommunications	402.21
Total Operations	39,517.13
Travel and Meetings	
Conference, Convention, Meeting	726.12
Meals	866.93
Travel	489.28
Total Travel and Meetings	2,082.33
Total Expense	119,404.00
Net Ordinary Income	121,317.72
Other Income/Expense	
Other Expense	
Scholarships	4,000.00
Grants	56,000.00
Total Other Expense	60,000.00
Net Other Income	(60,000.00)
Net Income	61,317.72

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Signed and submitted:

Bill Phelps, President

Mary Harris, Executive Director

Santa Ynez Valley Hotel Association, PO Box 633, Solvang, CA 93464