

SANTA BARBARA

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Board of Directors Meeting

Thursday, December 10, 2020 from 8:30am - 9:30am

Zoom Meeting ID: 952 8990 9537

Zoom Passcode: VSB2020

MISSION

We inspire overnight travel to the Santa Barbara South Coast in order to enhance the community's economy and quality of life.

DESTINATION VISION

Santa Barbara is a distinctly beautiful place, where travelers come for a personal experience that relaxes, delights and inspires.

AGENDA

Action Items

1. Call to Order- *Roll Call* Warren Nocon
2. Antitrust Compliance Warren Nocon
3. Public Comment- Includes items on the agenda and not on the agenda (3 minutes per member of the public) Members of the Public
4. Approval of Agenda Warren Nocon
Recommended Action: Approve Agenda as presented. -*Roll Call*
5. Approval of Minutes of November 19, 2020 Meeting Warren Nocon
Recommended Action: Approve Minutes as presented. -*Roll Call*
6. Approval of October 2020 Financial Reports Dan Glaeser
Recommended Action: Approve October 2020 Financial Reports as presented. -*Roll Call*
7. VSB January through March Business Plan Highlights James Minton
Recommended Action: Review highlights from the Visit Santa Barbara Quarterly Business Plan. To be discussed and considered for approval. -*Roll Call*
8. Air Service Development Sponsorship Warren Nocon/Deanna Zachrisson
Recommended Action: Receive a briefing by airport staff on an air service opportunity.
9. Approval of Q3 FY 2020-2021 Budget Janet Ames/Dan Glaeser
Recommended Action: Approve Q3 FY 2020-2021 Budget for October through December. -*Roll Call*

Discussion Items

10. Community Reports
Recommended Action: This portion of the meeting is reserved for each entity listed below to provide a brief update.
 - Santa Barbara South Coast Chamber Hospitality Committee Tom Patton
 - Santa Barbara South Coast Chamber of Commerce Kristen Miller
 - City of Santa Barbara Councilmember Gutierrez
11. President's Report Kathy Janega-Dykes
Recommended Action: The President/ CEO will provide updates on Visit Santa Barbara's Operations and Marketing items that are not included on the agenda.

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12. Good of the Order

Warren Nocon

Recommended Action: This portion of the meeting is reserved for the Executive Committee to make recommendations for future Executive Committee agenda items.

13. Adjourn

Next Board Meeting: THURSDAY, 01/21/2020 8:30am – 9:30am **Location:** Virtual - Zoom

NOTICE TO PUBLIC: You are welcomed and encouraged to participate in this meeting. Public comment is taken (3 minutes maximum per person) on items listed on the agenda when they are called. Public Comment on items not listed on the agenda will be heard at the meeting as noted on the agenda. Comments on controversial items may be limited and large groups are encouraged to select one or two speakers to represent the opinion of the group. The order of Agenda items is listed for reference and may be taken in any order deemed appropriate by the Committee. The Agenda provides a general description and staff recommendations; however, the Committee may take action other than what is recommended.

BROWN ACT NOTICE: Government Code 54950 (The Brown Act) requires that a brief description of each item to be transacted or discussed be posted at least 72 hours prior to a regular meeting. Action may not be taken on items not posted on the agenda. Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify Shantel Rowe at 805-966-9222 at least 48 hours prior to the meeting.

ANTITRUST COMPLIANCE POLICY

It is the policy of Visit Santa Barbara to fully comply with the antitrust laws of the United States and the State of California. In order to assure full compliance, the following policies and procedures are to be followed by all employees and members of the Bureau and by representatives of any members of the Bureau.

At any meeting of the membership of VSB or any committees of VSB, or at any meeting where any employee of VSB is present or where VSB is in any way involved, there shall be no discussion of the following:

- A. Prices or rates for hotel or motel rooms, food and beverage, transportation, sightseeing, or other services or facilities of members, including but not limited to prices or rates to be charged to convention groups, tour groups or tour operators, including off-season prices or discounts;*
- B. Changes or proposed changes in the prices or rates of hotel or motel rooms, food and beverage, transportation, sightseeing, or other services offered to customers of the hotel and motel industry;*
- C. Formulas, procedures, or means for the establishment and determination of prices, rates, discounts, terms, and conditions or rental;*
- D. Plans of individual members covering increases or reductions in capacity or distribution or marketing of particular products or services.*
- E. Restrictions on legal advertising or promotional activities.*
- F. Matters relating to actual or potential suppliers or customers that might have the effect of excluding them from any market or of influencing others not to deal with them.*

Visit Santa Barbara Committees

TBID Committee- Barry Dorsey, Chair

Audit Committee- Dan Glaeser, Chair

Marketing Committee- Dr. Robin Gose, Chair

Sales Advisory Committee- Chris Inman, Chair

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Meeting Minutes FY 2020- 2021 Board of Directors Meeting Thursday, December 10, 2020

Attending: Aaron Ide, Andrew Firestone, Barry Dorsey, Chris Inman, Dan Glaeser, Dr. Robin Gose, Greg Gorga, Katie Grassini, Kristen Miller, Kristen Weidemann, Kyle Oliver, Luke Swetland, Michael Cohen, Mitchell Sjerven, Sarah York Rubin, Steven Janicek, Steve Windhager, Terri Bowman, Tom Patton, Warren Nocon, Deanna Zachrisson, Councilman Oscar Gutierrez

Absent: Dean Noble

Staff: Kathy Janega-Dykes, James Minton, Beth Olson, JessyLynn Perkins, Karna Hughes, Noelle Buben, Shantel Rowe, Janet Ames

Location: Zoom Meeting ID: 952 8990 9537

1. Call to Order

Warren Nocon called the meeting to order at 8:31am.

2. Antitrust Compliance

It is the policy of Visit Santa Barbara to fully comply with the laws of the United States and the State of California.

3. Public Comment

N/A

4. Approval of Agenda

Warren Nocon called for a motion to approve the agenda of the December 10, 2020 Board meeting; Dan Glaeser moved to approve; Barry Dorsey seconded; and the motion was passed unanimously.

5. Approval of Minutes of the November 19, 2020 Board Meeting

Warren Nocon called for a motion to approve the minutes of the November 19, 2020 Board meeting; Luke Swetland moved to approve; Barry Dorsey seconded; Sarah York Rubin abstained; the motion was passed unanimously.

6. Approval of the October 2020 VSB Financial Reports

Dan Glaeser reviewed the October 2020 Financial reports. He reported that cash was up, while accounts receivable and accounts payable were down. Equity was also down. Revenue for October was slightly higher than anticipated. Employee and operations costs are slightly below budget. Additional funds were allocated to advertising due to increased revenue. Dan noted that Visit Santa Barbara is doing a great job at pivoting when revenue available, and is also acting quickly to pull back funds towards advertising as hotel occupancy decreases. Dan reported that all covenants are in compliance.

Warren Nocon called for a motion to approve the October 2020 VSB financials; Dr. Robin Gose moved to approve; Kristen Weidemann seconded; and the motion was passed unanimously.

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7. **Approval of VSB January through March Business Plan**

James Minton briefly overviewed the January through March 2021 Business Plan, highlighting areas of change from the previous quarter's plan. James shared that the plan was written during the weeks leading up to the Governor's announcements of the 3-week Stay At Home order that has the potential to extend into January. He noted that the VSB team is prepared to make adjustments as necessary in response to future conditions surrounding travel. Next, James reviewed weekly hotel occupancy and noted that this time of year we typically see a drop in occupancy. Current occupancy is at 35%, which is significantly higher than the lowest occupancy in April at 10%. James also reported that we experienced a rebound in travel even before the end of the Stay At Home order in June. Looking at plan objectives, the goals for this upcoming quarter will be the same, focusing on short-term results of driving travelers to Santa Barbara immediately. Currently, we are seeing similar patterns for travelers from last quarter, including a majority of travel for leisure purposes and travelers driven towards beach destinations. The Santa Barbara Effect campaign will still be in place, inspiring travelers to come relax in a special place not too far from home that provides fresh air, wide-open spaces and small luxuries. Through November 2020, this campaign delivered 135 million impressions, causing 790k clicks and 9.3 million video views. By utilizing digital advertising, this allows the flexibility to increase, decrease or halt advertising as necessary due to performance measures or changing restrictions on travel. Next, James reviewed our target market, highlighting their interests and demographics. In regards to the target market's demographics, in the next quarter, we will look to bring the average per capita income down slightly which gives us a fresh audience to market towards that will likely bring business to mid-tier properties. Looking outside of California, we are still monitoring our flight markets as well as national sentiment regarding air travel. Images and messages will continue to focusing on our four passion pillars: Food & Libations, Arts & Culture, Lifestyle & Wellness, and Outdoor Recreation. James shared that new photo and video production will launch in February. These fresh creative assets will feature the State Street Promenade, outdoor dining/wine tasting, and socially distanced activities, and include travelers with and without masks to ensure longevity for assets generated. Safe travel practices continue to be a key part of our message as well. James shared that there will be influencer marketing opportunities as well as cooperative marketing opportunities for VSB members. Paid advertising for the Third Night Free campaign is currently paused due to the Stay At Home order, but once leisure travel is permitted once again, this promotion will continue and be extended through March 2021. Hotels participating in this campaign are permitted to advertise this promotion on their own, however, and the webpage on the VSB website dedicated to these promotions is still live so that those searching for future travel are exposed to this campaign. James reviewed the recent success of the Public Relations department, and noted that once travel restrictions are lifted, LA- and California-based journalists will continue to be the primary focus for proactive pitching, outreach and hosting. Outreach to fly markets and national media based on the East Coast and out-of-state will begin once travel restrictions are lifted as well. James reviewed that the PR team will participate in virtual IMM New York media tradeshow in January, and continue to participate in virtual opportunities as they arise. Group Sales will continue to maintain strong relationships with planners, and attend both virtual and in-person trade shows. VSB has a comprehensive Clean & Safe Guidance for Meetings and Events document ready for publication as soon as gatherings are permitted. Travel Trade similarly is continuing to maintain strong relationships and bringing in domestic travelers. Due to a number of postponed weddings in 2020, we anticipate a large demand in the upcoming year so the Sales team will focus on plans to support the wedding industry and promote pre- and post-stays for wedding guests.

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Andrew Firestone noted the importance of not just looking at occupancy, but considering rates as well. Luxury hotels are now competing in rate with medium-tier hotels as they try to offer deals to increase business. He stressed the importance of being mindful of how this shift will affect revenue for Visit Santa Barbara going forward. He then addressed the recently added restrictions for the hospitality industry and shared his frustration on how the hospitality industry is being negatively impacted when there was been no data provided linking these businesses to higher COVID-19 cases. He stressed the importance of managing and promoting our clean and safe procedures to make a stronger argument to relax these restrictions. Kathy Janega-Dykes agreed with Andrew's sentiment and reported that the community is lobbying for the State to allow Santa Barbara, Ventura and San Luis Obispo to be in their own separate region when considering restrictions due to ICU capacity. James agreed that ADR is substantially worse than occupancy and acknowledged that some hotels are doing worse and some are performing better than the destination average. He reported that some hotels near the beach have been able to push higher rate, while those properties away from the beach have been having a harder time with ADR. Warren Nocon agreed with Kathy and Andrew's sentiment and pointed out how our county has been successful at keeping a lower ICU occupancy rate and there has not been a case directly tied to the restaurants or hotels. He stressed the importance of sharing our message with the County, Governor and State Department of Health.

Kathy Janega-Dykes reminded the committee that using the CHLA guidelines for meetings as a template, a document has been created with guidelines specific to contained groups in the Santa Barbara South Coast. When the time is right, this document will be shared with the County and Public Health for approval and they will hopefully advocate on behalf of our County of the State to allow for small meetings.

Aaron Ide asked James how low he thinks we will see occupancy during this current Stay At Home order. James responded likely around 30%, based on numbers from the first few days after the order was placed.

Terri Bowman asked if the new photo and video will be produced or available in February. James stated they will be produced in January, and a majority of the assets will be launched starting in February. Photo assets will likely be released first.

Warren Nocon called for a motion to approve the VSB January through March Business Plan; Terri Bowman moved to approve; Michael Cohen seconded; and the motion was passed unanimously.

8. Approval of Air Service Development Sponsorship

Deanna Zachrisson discussed an opportunity with Southwest Airlines. She shared that about a month ago, Visit Santa Barbara, the City of Santa Barbara, Santa Barbara South Coast Chamber, and the Santa Barbara Airport hosted a group of Southwest Airline executives in Santa Barbara. Southwest Airlines has been looking to capitalize on new market opportunities during the pandemic and have shown interest in Santa Barbara. The opportunity would be for potential new service to start with 6-8 daily roundtrips in around March or April 2021. With this opportunity Southwest would utilize 143-seat Boeing 737-700 or 175-seat Boeing 737-800. California is a huge

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market for them and they already have numerous flights in California. With this opportunity, initial service would focus on Southwest focus cities, and Southwest will likely confirm a schedule within one month after the service announcement. A conservative estimate suggests 600 to 825 departing and arriving passengers per day (450,000 to 600,000 annually). A proposed marketing plan was presented to Southwest Airlines the prior week which was shared with their CEO. The Santa Barbara Airport is working on a few more deliverables for Southwest Airlines, but they reported that they could be making an announcement for intent to serve as early as next week, followed by an announcement a few weeks later of which cities they would serve. Deanna reviewed potential nonstop markets and potential connecting markets. A graph showed data that Southwest service could reduce fares significantly, reporting that the weighted average fare declined 28% after Southwest service was added. When prices are driven down, demand increases, causing a weighted average passenger increase of 79% after Southwest service was added. Adding Southwest service could also positively impact employment in the County, adding an estimated 1,256 jobs, estimating an economic impact \$309,329,000. Kathy Janega-Dykes added that this is an opportunity that Santa Barbara has been looking forward to for quite some time. Southwest Airlines has recently changed their business model and are looking for markets that are very strong in leisure travel and recently launched service in Palm Springs. Southwest is also focused on a community approach and wants to make sure there is a collective effort to support this service. In the marketing plan that was presented to them, it outlined different services our community could provide. The Santa Barbara Airport would provide marketing to the local community, the Santa Barbara South Coast Chamber would focus on the business community, the City of Santa Barbara would give added value and push for Southwest to be the airline of choice for big events, and Visit Santa Barbara would commit \$50,000 of marketing towards each new market added, which would be part of the overall budget. Kathy explained that the Board of Directors are being asked to approve an offer of \$100,000 towards start-up costs, which would be split into four increments of \$25,000 spread over a period of time. This would be part of an operations incentive package valued at \$200,000 - 250,000 that would be presented to Southwest Airlines. Kathy expressed that this would not only be short-term investment with immediate benefits, but long-term investment as well.

Steve Windhager asked if there was any risk in alienating other carriers if we partner with Southwest. Deanna responded that the services the Airport will provide are offered to all new carriers that come into the marketplace.

Andrew Firestone shared his excitement about the opportunity with Southwest. He asked in regards to the \$50,000 commitment per new market, if there is a guarantee on how long they would provide service in those markets. Kathy stated unfortunately they can't provide those guarantees but it is their goal to find markets that are sustainable long-term as well. Warren stated that even through the pandemic, Southwest has not pulled out from any of any cities. Deanna confirmed. She also added they did reduce the number of flights to meet demand, similar to other airlines; however, they will still be moving forward with plans to obtain additional aircrafts.

Andrew asked if the \$50,000 commitment to each new market added was an ongoing or one-time expense. James answered that it will be a one-time expense. He explained that the advertisements will be designed, purchased and placed by Visit Santa Barbara and will be marketing the destination as a whole. Kathy clarified that this amount is already included in the budget, and what the Board of Directors are being asked is to approve the \$100,000 for start-up costs.

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Steven Janicek asked if there would be an opportunity for co-op advertising and James responded there could potentially be opportunities.

Deanna added that Southwest Airlines stated they have more than 150,000 Rapid Rewards travelers in the Santa Barbara area.

Aaron Ide asked about United Airlines' recent decrease in flights and questioned if this was due to COVID-19 or if this would be a long-term change. Deanna stated it was due to COVID-19 and nationwide United has pulled back capacity than most carriers.

Warren Nocon called for a motion to approve Air Service Development Sponsorship; Barry Dorsey moved to approve; Mitchel Sjerven seconded; and the motion was passed unanimously.

9. **Approval of Q3 FY 2020–2021 Budget**

Janet Ames reviewed the proposed Q3 FY 2020-2021 Budget. In operations, expenses are similar to the previous quarter, with addition to audit expenses. Advertising is also similar to the previous quarter, and will fluctuate as needed in response to the COVID-19 related restrictions. PR and Sales are relatively similar to last quarter as well. Air Service Development has been added for the approved \$100,000 toward start-up costs with Southwest Airlines. Starting in March, \$25,000 will be budgeted towards this expense for four months. Janet highlighted the large expense under Visual Assets which will be used towards the new photo and video assets produced in January as discussed in the January through March Business Plan. Net Income is -\$212,746 which Janet pointed out, puts us in a better position than this time last year. Dan Glaeser shared that he feels very comfortable and confident in the budget considering the \$550,000 of borrowing capacity on the loan obtained at the beginning of the pandemic, as well as a line of credit.

Warren Nocon called for a motion to approve the Q3 FY 2020-2021 Budget; Sarah York Rubin moved to approve; Barry Dorsey seconded; and the motion was passed unanimously.

10. **Community Reports**

- **Santa Barbara South Coast Chamber Hospitality Committee**

Tom Patton recognized Kristen Miller for her outstanding work along with Kathy Janega-Dykes in regards to their leadership in resolving recent issues. Petitions have been submitted to the State to recategorize the Central Coast region of San Luis Obispo, Santa Barbara and Ventura as it pertains to managing and mitigating the COVID-19 crisis. In addition, the homelessness issue is still being tackled, and the first call with SB ACT and West Beach properties took place the previous day. Tom encouraged all businesses to be part of the call as this is a community-wide issue. California Hotel and Lodging Association will send out an email to the industry outlining restrictions related to COVID-19, as well as include new Cal/OSHA guidelines.

- **Santa Barbara South Coast Chamber of Commerce**

N/A

- **City of Santa Barbara**

N/A

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11. President's Report

Kathy Janega-Dykes reported that an email was sent for all TBID hotels to declare their 2021 TBID Assessment Rates to their appropriate jurisdictions. Rates are determined based on ADR from two-years prior. Kathy also noted she is working closely with SB ACT and City Net to focus on homeless issues along West Beach. She encouraged committee members to support a regional action plan during the Santa Barbara City Council Meeting on December 15th. If committee members cannot attend to speak in support of this during the meeting, they can also submit letters to the City Council showing their support.

12. Other business

N/A

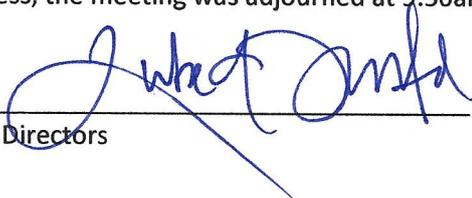
13. Adjourn

With no other business, the meeting was adjourned at 9:50am.

Minutes approved by:

Luke J. Swetland, Secretary

Visit Santa Barbara Board of Directors



Date 1/27/2021