**2020 BUDGET MESSAGE**

**HAVANA BUSINESS IMPROVEMENT DISTRICT**

**DISTRICT SERVICES:**

The Havana Business Improvement District (the District) provides programming and benefits to business and commercial property owners located in the District boundaries. Programming includes economic development activities such as keeping an available properties list for the District, working with the city on redevelopment projects and urban renewal within the District, regular stakeholder communication and a monthly meeting to keep everyone informed, and being the liaison between the District, its businesses and the City and other agencies. Programming also includes District identity, image, annual public art program, marketing, advertising and branding efforts. The District organizes and hosts monthly events to promote a sense of community and involvement, publishes a monthly e-newsletter, and markets/advertises the District and its monthly events through social media, print ads, TV and hotel key card marketing.

**BASIS OF ACCOUNTING:**

The basis of accounting utilized in the preparation of the 2020 budget for the District is a **cash basis** method. The District’s 2020 budget includes projected revenues and expenditures for its general operating fund. The District has no debt service fund, capital projects fund, or any other fund.

**IMPORTANT FEATURES OF THE BUDGET:**

The 2020 budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitations. Emergency reserves have been provided in 2020 (3% of the District’s fiscal year spending per TABOR).

**GENERAL OPERATING EXPENDITURES:**

1. **Marketing Budget Expenditures:** Paid out of the District’s General Fund, the Marketing budget includes both business attraction and support accounting **code 65040** and consumer marketing accounting **code 65050**. Consumer marketing includes all TV, digital and print marketing for the Havana Motor Mile, our monthly events, and as well as the Havana Motor Mile Tool Incentive Workforce program (see below). The marketing budget for 2020 is $180,000. This is $23,000 more than the previous year budget because the board decided to add $4000 more to the automotive technician tool incentive program and increased the Havana Motor Mile budget $9,000 The Havana Motor Mile marketing budget increased from $152,000 to $161,000 to allow for more marketing and ads for the Havana Motor Mile brand and signature/NEW On Havana Street events. We increased the workforce tool incentive program from $15,000 in 2019 to $19,000 to include more students in the Pickens Technical College Havana Motor Mile Auto Tech Tool Incentive Program. The tool incentive scholarship program is a part of the total marketing total budget of $180,000 budget ($161,000 for marketing + $19,000 for workforce program). Due to the success of the workforce program, the District will set aside $19,000 out of the General Fund for a scholarship to attract qualified auto technicians to come to work in the dealerships and repair shops in the District and Havana Motor Mile. The Havana Motor Mile is challenged with finding quality workforce and this program’s success has helped our auto industry stakeholders. We increased this budget to support the demand of workforce growth in our automotive industry businesses. The service managers in the Havana Motor Mile worked with the instructors at Pickens Technical College to place qualified auto technicians who successfully completed the Pickens program in careers in the Havana Motor Mile. The increase in the program’s budget will allow for six to eight students to be hired/placed in Havana Motor Mile shops. A requirement to work in the auto industry is that auto technicians need to provide their own set of tools on the job. Most students cannot afford to purchase their own set of tools right out of school. The number of students sponsored by our program depends on the cost of the tool cabinets and tools every year. Typically, through a collaborative partnership with Pickens Technical College, Gary’s Automotive Repair, and Snap-On Tools the District’s receives each set of tools and the tool cabinet for each student from Snap-On at cost – about $2,000-$3,000 each. The cost of the tool package changes yearly due to the increased costs of tools every year. With the successful completion of 2 years of employment with the shop, the student will get to keep the tool package. If the student leaves the job before completion of the 2 years of employment, the tools go back to Pickens Tech to be awarded to a future student who is placed on the job in a Havana Motor Mile shop. There is a severe shortage of qualified auto technicians in the area and we are hoping that this tool incentive program will continue to attract and retain some qualified technicians to work in our dealerships and shops in the Havana Motor Mile. 2019 was the 1st year that the program delivered the ownership keys to each student that completed the 2-year employment and commitment to the Havana Motor Mile. Due to the huge success of this tool incentive program, we have budgeted $19,000 in the 2020 budget for six to eight more tool incentive packages for auto tech students to come to work in Havana Motor Mile shops.
2. **Special Events Budget Expenditures:** Paid out of the District’s General Fund, the special events budget includes all print ads, event related printing and flyers, entertainment expenses, prizes associated with event drawings, porta potties, trash removal, temp events staffing, and other event expenses like signage, stages, barricades, cones, etc. The special events heading includes accounting **codes 47430, 47440, 47450, 47460, 47470, 47490 and 47400.**

The District board, founder and executive director reviewed the 2020 events budget and decided to add additional events, replace current ones with updated events in 2020, and increase the concert budget to accommodate for the cost increases for a stagecoach rental. The Special Events budget will increase from $100,000 in 2019 to $115,000 in 2020 due to cost increases, changing up the events, budgeting for the hotel key card marketing and exploring other avenues for marketing exposure. In 2020, we plan to add a Military/Veteran/Buckley Air Force base event instead of the Super Bowl Party in February. In addition to the event, we want to promote the Military Monday’s campaign for veterans and active duty service members. We will update the March 2020 Mom and Pop event to host a vote for the “Best of On Havana Street Businesses...” online with giveaways and a Snowl networking event instead of the featuring small businesses and hosting a $500 giveaway on social media. We will also increase the Mom & Pop/Small Business Month event budget from $1000 to $2000 in 2020 to allow for more marketing to promote the community to vote for the “Best of On Havana Street Businesses” and cover the cost of website development needed to add in the voting feature on our website. Everyone that votes in the “Best of On Havana Street” would be entered to win a giveaway for voting. There would be no cost to participate or to win.

In 2020, we will host three concerts in the rose garden during the summer months of June, July, & August and one at the Stampede in September. Typically, we host all four concerts at the rose garden, but in the past few years due to weather half of them were delayed, shortened or cancelled due to extreme weather. We increased the budget for concerts to accommodate price increases from vendors. Also, we will need to find another vendor for the stagecoach rental in 2020. Unfortunately, after 11 years The City of Aurora’s PROS, Parks Recreation and Open Space informed us that we will no longer be able to use their stagecoach show-wagon. We rented the show-wagon at a very affordable cost, under $1,000 a concert, for years and now will have to find a new vendor. Show-wagons are difficult to rent and typically cost $1,300-2,300 for each concert. Due to the increased expense in renting a stagecoach show-wagon in 2020 the board has decided to increase the events budget to accommodate for the cost of each concert from $7,000 to $9,000 for the June, July, & August concerts and increase the September concert from $3,200 to $5,000 to account for venue costs and AV at the Stampede event center.

We also brought back Restaurant Week in 2018 and saw a great increase in food and sales tax during and after the promotions. We plan to do another Restaurant Week in May of 2020. The May 2020 event may be rebranded to “Eat On Havana Street” due to the confusion of 5280’s Restaurant Week discounts. We will host giveaways in Havana Street establishments and online/social media. We may also host an online voting for Best Restaurant awards in various categories like the “Best of On Havana Street” for Mom & Pop/Small Business Month in March. We decreased the Restaurant Week/Eat On Havana Street budget from $8,500 to $3,500 to allow for more money for the other new events and the cost increase of the concerts. We will be partnering with the City of Aurora’s Yum Guide, YELP, Westword, local Chambers, Visit Aurora, local food bloggers, local hotels in the metro area, retirement communities, residential complexes and neighborhoods and the community colleges in the Eastern Metro Area.

Due to popular demand the board decided to budget $1,000 for a pet event during National Ice Cream Month in July. In 2018, we hosted a - Yappy Hour - Pets On Havana Street Event with multiple pet businesses with FREE GoodTimes Pawbenders, pet frozen treats, pet treats, Bowser Beer and many giveaways in place of the Last Days of Summer Concert at The Salvage Restaurant. It was a huge success in 2018 and many requested pet friendly events in 2019, but we did not budget or add the event back into the 2019 budget. In 2020, we will be hosting a Yappy Hour Ice Cream Social in July to celebrate Pets On Havana Street with promotions and giveaways. This event will attract shoppers to pet friendly shops, businesses and services along the District.

The Trick or Treat On Havana Street - Halloween event in the District is one of our most popular and well attended events. Due to its increased popularity, cost increases of candy and decorations the board decided to increase the budget from $3,500 to $5,000. This increase will allow the District to purchase more candy for the 30+ shops and to accommodate for the increased attendance to the event. This event attracts more than 800 families from the metro area, and we want to be able to give each shop more than 3 bags of candy for a four-hour event.

The Annual Stakeholders Meeting at the Stampede has an attendance of about 60-80 businesses so the board increased the budget for this event from $1,800-2,000 to accommodate or the cost of lunch for 60-80 people plus to cover the costs of marketing, printing, flyers, postage and mailing the invitations to each stakeholder and lease in the District. This budget also includes the rental costs of the event equipment for the projector screen.

The Secret Santa Gift Card Giveaway event is when we purchase gift cards and support the businesses in the District. We then distribute the giveaways to shoppers in the corridor during the winter and holiday season as a “Thank you for shopping and supporting an On Havana Street business.” The budget was decreased from $5,500 to $4,000 in 2020 to allow for the budget increases of the other events, but also every year we have a significant amount of monies left over from the other events. The excess monies from the other events roll into this last event of the year. In 2018, we had about $2,500 in excess from the previous events and spent about $8,000 in giveaways. We felt that $4,000 for this event in 2020 was more than enough to accomplish the holiday giving and thank you to shoppers On Havana Street.

In addition to the scheduled events in 2020, we plan to add a few other NEW events to the line up to attract and support a new audience of shoppers to the District. The board would like to add events to support our major workforce engines closely located near the District. We would like to collaborate with the 30,000+ workers at the Anshutz Medical Campus, which includes the VA Eastern Colorado Health Care System, UCHealth University of Colorado Hospital (UCH), Children’s Hospital of Colorado and the 184-acre Fitzsimons Life Science District. We budgeted $1,000 to host a community event for this market.

The board has decided to budget $800 to add an event and host the Defense Council/Military/Veterans/Buckley AFB Leadership Social. We understand that Buckley AFB has a workforce of 15,000, contributes over $1 Billion to our economy in Colorado and that Team Buckley shops On Havana Street. We would like to establish a better relationship with Buckley AFB and understand that their future growth will truly be a positive impact on the growth of On Havana Street’s success. These primary incomes are shoppers in our District.

The board also budgeted to create an event to host a community event for $1,500. We would like to host another partner that supports the District. We would like this community event to showcase the businesses and economic development in the area. The board would like to host partners like the Downtown Colorado Inc., which would allow us to host other BID’s or special districts to show the growth of our District this past decade and showcase the new developments coming to On Havana Street. There may be other opportunities to work with other partners like the Aurora South Metro SBDC, local chambers, food bloggers, Progressive Dining, OR use this budget to promote other District businesses’ events. This event’s details will be determined by the board of directors and the board Event & Marketing Committee.

Due to the changes in the events schedule we increased the budget for print, digital ads and marketing. We increased this budget from $20,040 in 2019 to $33,290 for 2020. This $33,290 is included in the overall $115,000 events budget. We increased the ads budget to market the events to accommodate for the current annual contracts for $2180 with the Glendale Cherry Creek Chronicle, $10,000 with the Aurora Sentinel/Aurora Media Group, $1560 for the storage locker and the costs increases in the current and future ads we purchase. We budgeted for $2075 for Visit Aurora’s Visitors Guide which was once $1600, $200 for the Aurora Chamber ad which was $175, and $3000 to include the purchasing ads with Buckley AFB, and $12,375 to include the three runs a year of the three hotel KEY CARD ADS at $4125 each, plus $2000 in OTHER ads we want to explore ie: RTD Bus Stops for signature events like Cruzin' Havana. The additional $2000 will also be our cushion for increased costs in the annual contracts. Note that we did spend $12,469 on the hotel key card marketing in 2019, but this spending was not allocated in this budget, but spent from board approval out of the general fund and board reserves.

The events budget for 2020 is $115,000 and we will host about 20+ events throughout the year. A detailed listing of the expenses for each individual event can be found on the separate **Events Schedule.**

The board is aware of the $710 in reserves. They decided that the District does not need high reserves in this budget because historically we budgeted for $5,000 every year in HOLD for RESERVES & often have over $5,000 in extra monies that end up cushioning the last event of the year event - Secret Santa (gift card purchases). The board also noted that if we really needed additional funds in 2020 for the events that there was over $155,000 in board reserves. The board could conduct a board vote during the year for more funds for the events and marketing budget if necessary. The board also felt that it was a disservice to the stakeholders that we reserved over $5,000 in unused monies and it would be best to be allocated to specific event costs and spent.

1. **Program Management Budget Expenditures:** Paid out of the District’s General Fund, the program management budget includes overhead including meeting room rental fees, cell phone, business meeting expenses by the ED and directors, copies of backup for board meetings, as well as office supplies. Expenses from the District’s Business Watch Program and Professional fees are also included. This budget category included renewal of the trademarks. Accounting codes included in the program management budget are **61090, 61080 and 61040.** This budget for 2020 is $15,000 and decreased due to never using the $10,000 for emergency snow removal or never exceeding budget for overhead expenses/board room rental meetings over the $20,000 budget in past years.
2. **District Identity Budget Expenditures:** Paid out of the District’s General Fund, the district identity budget includes ratepayer communication expenses, district banners, district identity markers, newspaper condo racks and maintenance thereof, district marker fees paid to property owners, and expenses for our Art 2C on Havana public art program. The District Identity budget includes **accounting codes 65070, 67060, 67090 and 67050.**

In 2020, we do not anticipate any increase in the $11,000 newspaper rack maintenance expenses. The board allocated a little more money in the 2017 budget so we could replace half of the aging condo newsracks in the District in the summer of 2017. The second half of the aging condo newsracks were replaced using 2018 budget money. Since the newsracks have been replaces in recent years we did not allocated a large amount to the newsracks.

Instead, we have budgeted to increase this budget to accommodate for the growth of the Art2C program, add additional mile markers, increase the support for each mile marker from $8000 to $10,000, and have a budget cushion to repair/replace current dated mile markers from about ten years ago. We increased the Art2C budget from $24,000 to $39,000 to accommodate for cost increases of the program, maintenance and cleaning of the existing concrete pads, increased costs of adding another site and sculpture, increased stipends for the 14 sculptures, increased the hotel room budget, gala event. In 2020, we will go from 13 sculptures to 14 sculptures and locations. The board decided to increase the stipends to $1500 each to be competitive with other programs and attract artists to submit more quality art sculptures to our program. This increased the stipend budget from $13,000 with $1000 stipends for 13 sculptures and locations to $21,000 with $1500 stipends for 14 sculptures and locations. We decreased the gala budget from $6,650 to $6,150 due accommodate for the increase in other costs for the program. In past years, we have also spent most of the budget on catering and learned that we did not need to order as many servings for the crowd. The significant costs increase to this budget was the $8,000 for the maintenance, deep cleaning and repairs/replace of the existing concrete art pads at the 13 locations in the District.

In addition to the newsracks and Art 2C program, we also allocated $10,000 for other district identity projects for 2020. The $10,000 can be used to add an On Havana Street District Marker at sites in the district as new projects are approved by the city or explore the opportunity with electric box canvas wraps that the City of Aurora traffic department offered in 2019.

1. **Audit & Accounting Budget Expenditures:** Paid out of the District’s General Fund, this budget includes all monthly accounting fees and the annual government audit. This budget is **accounting code 61030.**  The Board and Executive Director decided to increase our $9,000 budget to $12,000 in 2020 due to the board’s request to update our current account codes, update the format of financials/ledger and track signature event budgets with codes per event. Our accountant has not increased their rates in ten years, and we paid under $4,000/year ($330/month) for accounting. Also, under this budget we spend about $4400 to Simmons and Wheeler for our annual audit.
2. **Website/Branding Budget Expenditures:** Paid out of the District’s General Fund, this budget includes all of the website hosting, maintenance, mobile website, SEO on all pages and the business directory listings for all of the District’s businesses, new pages, press releases, social media including our Facebook Page, Twitter Account and Instagram account. This budget also includes monthly marketing/branding/website development with Webolutions or a new contractor to uphold our brand, help with event planning and marketing strategy. The board increased this line item from $20,000 in 2018 to $30,000 in 2019 to increase social media exposure and presence for the District. The board is not happy with our current level of service and wants to explore another alternative option for the website hosting/branding assistance. The board would still like to budget for $30,000 in 2020 but explore other branding and website management companies that can offer more day to day support of the Executive Director. $25,000 of the $30,000 budget in 2020 will be designated to the Webolutions contract or another company to manage and create campaigns and the other $5,000 will be spent on social media ad purchases, event boosts and other digital marketing online.
3. **Insurance Budget Expenditures:** Paid out of the District’s General Fund, this includes Colorado Special District Association Membership, Special District Pool Insurance including general liability coverage for all District events and activities, public officials’ liability, excess liability, comprehensive crime and fraud coverage, cyber liability, fiduciary liability, property coverage on our district markers and condo newspaper racks. This budget also includes retention of T. Charles Wilson Insurance as our agent working the Special District Pool. This budget includes **accounting code 61050** and the budget for 2020 will remain the same $10,000 budgeted in 2019.
4. **Legal Budget Expenditures:** Paid out of the District’s General Fund, this budget includes legal consult by Spencer Fane, LLP, a Colorado Special District Attorney Firm. This budget includes **accounting code 61035** and the budget for 2020 will remain the same $5,000 budgeted in 2019.
5. **Salaries/Staff Consulting:** Paid out of the General Fund, this budget covers payroll and the 2020 budget will be $93,350. The District Board decided to update the Executive Director’s salary and add a consulting staff budget. The current Executive Director’s salary was set in the 2018 Budget and was based on the transitionary status to Executive Director. In the 2019 Budget Year a 3% raise was issued for the Executive Director at the time of the transition from “in training” to Executive Director. However; there was no adjustment in the Executive Director’s salary to reflect the increased duties as Executive Director in the 2019 Budget Year beyond a 3% COLA increase. The board decided that in 2020, the Executive Director salary would get a 5% raise from the 2019 Budget Year salary instead of the standard 3% raise. In addition to the increase, the board decided to "gross-up" the salary to $73,350 to include the cost of health insurance, since the BID would no longer qualify as a "Group" for health insurance purposes. The 2019 Budget Year included a line item for Employee Health insurance at $8,000 per year, actual costs were $424.39 per month or $5,092.68 per year. The board decided that he Executive Director base salary be adjusted up 5% to $68,250 and be grossed-up by $5,100 to cover health insurance costs directly. The total 2020 Budget Year salary will be $73,350. All other dependent payroll costs (Worker's Compensation, Retirement Savings Match, ADP, and Payroll Taxes) shall adjust automatically to the new salary amount.

The board voted to allow the founder to retire at the end of the current 2019 Budget Year and that her status as a part-time employee of the District would expire on December 31, 2019 with the current 2019 Budget Year. The board set aside $20,000 for the district to use to hire temporary event labor/staff, consulting and/or Gayle Jetchick, former executive director and founder, for consulting as needed in 2020.

1. **Medical Insurance for employees:** The district will no longer have a group medical plan with one employee and will no longer provide a medical insurance benefit of up to $8000 in 2020 for the Executive Director or staff. It was not legal for the District to offer Group Health Insurance for a group of 1 employee, and the District was advised by the health insurance broker that health insurance premium reimbursement was not allowed under the law, so grossing-up an employee’s salary would be the appropriate method of compensation for one employee’s health insurance premiums.
2. **Retirement Savings options:** Paid out of the District’s General Fund. The board will provide an optional 3% retirement savings match for employees. $2201 is allocated for the Executive Director’s retirement savings match in 2020.
3. **ADP Fees:** In 2018, the board voted to switch payroll functions to ADP. The estimated ADP fees for 2019 were $1,200 and were underbudgeted. In 2020, we budgeted for $1700 due to the rising costs of ADP and estimated the ADP fee cost for less than 5 FTE’s is about the same as the 2FTE or 1FTE that we have been budgeting for.
4. **Staff Petty Cash and Staff Professional Development/Training**: The board voted to allocate $1000 in 2019 to a petty cash fund for the Executive Director to spend as required to support day-to-day BID business. The board also voted to allocate $1500 in 2020 for Staff professional development and training. The board increased the budget from $500 to $1500 to allow for the Executive Director to attend special district conferences, training, workshops and networking in 2020.
5. **Staff Mileage:** Paid out of the District’s General Fund. This is the standard federal mileage allowance for businesses for employees, estimated to be $6,400 in 2020, based upon past years.
6. **Stakeholder Relations/Board Development/Strategic Planning**: This is paid out of the District’s General Fund. The board has budgeted for $3000 in 2020 to account for any board training and development.
7. **Board Reserves**: Typically, $56,000 was set a side every year for the board reserves, but this year the board decided to allocate $155,687 for 2020. This is the unallocated money in the bank account that can be reallocated by the board throughout the year as the need arises.
8. **Reserves Fund (3%):** The emergency fund for fiscal year 2020 will be equal to 3% of the District’s fiscal year spending.

**DEBT SERVICES FUND/EXPENDITURES: None. N/A.** The District currently does not anticipate seeking the approval of the District’s electors for the authorization and issuance of additional debt.

**ANTICIPATED PROJECTS:**

The board budgeted for the cost of construction of a few District Markets in 2020, as the projects are approved by the City of Aurora. The board continued to fund the Art 2C on Havana public art program, and we anticipate doing a call for entries in May of 2020 to trade out 13 sculptures and add one new sculpture on the street in October of 2020. The board plans to continue the Havana Motor Mile Auto Technician Tool Incentive program in May of 2020, as described above. See the 2020 Operational Plan for additional details.