

2021 BUDGET MESSAGE
2021 PRELIM. BUDGET
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, corridor image, the annual public art program, marketing, advertising, and branding efforts. The District organizes and hosts monthly events and promotions to stimulate a sense of community and involvement, publishes a monthly e-newsletter, and markets/advertises the District and its monthly events through social media, digital/print ads, TV and hotel key card marketing.

In addition to the promotion of the district and its businesses in the corridor the District provides advocacy, communication, connections to opportunities, resources, and relief funding during the Covid-19 recovery. In 2021, we will be hosting virtual events and collaborating more with the industries in the District, non-profits, and the community. Our focus will be on stimulating the economy and supporting our businesses in every way possible through the Covid-19 pandemic. Our programming will switch from promoting large community gathering events to advocacy and workforce development/training workshops, outreach efforts to help understand the changing regulations and mandates, lobbying for resources and support services for our business community and connecting our stakeholders to city, state, federal, public health and community leaders that can impact change during the uncertain times of Covid-19.

BASIS OF ACCOUNTING:

The basis of accounting utilized in the preparation of the 2021 budget for the District is a **cash basis** method. The District's 2021 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 2021 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 2021 (3% of the District's fiscal year spending per TABOR).

GENERAL OPERATING EXPENDITURES:

1. **Marketing Budget Expenditures - \$124,000:** 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 promotions, and as well as the Havana Motor Mile Tool Incentive Workforce program (see more below).

The board is reserving our funds in 2021 to prepare for the deficit in revenues for future years due to the Covid-19 pandemic. We expect our Accessed Valuations for the District to decline from 2021 and on due to the pandemic and closures of businesses. The marketing budget for 2021 is \$124,000. This is \$56,000 less than the previous year's budget of \$180,000 because the board decided to continue the \$19,000 automotive technician tool incentive workforce initiative program and continue to allocate \$105,000 to the Havana Motor Mile marketing budget.

We budgeted the same \$19,000 we allocated for the tool incentive workforce program in 2020 because the Havana Motor Mile needs this program and especially during the Covid-19 recovery. We want to stimulate the economy and create jobs in our corridor. Our 20+ auto dealerships and 100+ auto service and parts businesses in the District are in constant need for automotive technician jobs. 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 on the Havana Motor Mile. The Havana Motor Mile is challenged with finding quality workforce and this program's success has helped our auto industry stakeholders immensely.

We continued 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. The \$19,000 will allow the District to sponsor the students to be hired/placed in Havana Motor Mile shops or dealerships. One of the requirements 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 \$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 on the Havana Motor Mile, the student is awarded the ownership of the tool package. If the student leaves the job before the completion of the 2 years of employment on the Havana Motor Mile, then the tools go back to Pickens Tech to be awarded to a future student who is placed on the Havana Motor Mile. 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 qualified technicians to work in our dealerships and shops. 2020 was the 2nd 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 2021 budget for at least six students to be awarded the tool incentive packages and job placements at Havana Motor Mile businesses.**

We did decrease the Havana Motor Mile marketing budget by \$56,000 in 2021 to save funds for future years. The Havana Motor Mile marketing budget is \$105,000 in 2021 vs the \$161,000 in

2020. We understand that even though we need to reserve funds for future years the marketing of the corridor's Havana Motor Mile is vital to our branding and support of the automotive industry stakeholders.

- 2. Special Events Budget Expenditures - \$61,000:** 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 and executive director reviewed the 2021 events budget and decided to add additional events to support the on-going Havana Street Corridor Multi-Modal Study and Covid-19 recovery efforts, replace signature events with updated virtual events, and remove any events with large gatherings due to the uncertainty of gathering sizes in 2021.

The Special Events budget will decrease from \$115,000 in 2020 to \$61,000 in 2021 due to reserving funds for future years. In 2021, we will spend \$36,000 on event and promotions with local and diverse publications and \$25,000 on events. We will be exploring other avenues for marketing exposure and increase our presence in publications that reflect more of the diversity of the District's stakeholders and community. We will also host more virtual events and other promotions online to attract shoppers safely to the area. We will not host large gatherings due to the state and public health mandates. Many of our past signature events in the District draw audiences from 50 to 10,000 attendees. Unfortunately, with the uncertainty of Covid-19, the board and executive director decided it would be best to host virtual events until public health mandates allow large gatherings.

In 2021, we will allocate \$1,500 to support the hosting of public meetings and outreach of the on-going Havana Street Corridor Multi-Modal Study. The study began in 2020 and is expected to be finalized by June 2021. The 2021 budget allocates \$500 for each of the three public meetings. The monies can be spent on hosting small groups of stakeholders for outreach, updates, surveys, and feedback. We also budgeted \$500 for each outreach to allow for the costs of catering, event space, audio visuals, online virtual hosting platform costs, and other unexpected expenses.

In 2021, we budgeted \$500 to host a Date Night On Havana Street Giveaway in February. This event will be in collaboration with our marketing and social media campaigns. We will do online and social media promotions showcasing date night spots and highlights in the corridor. The Board allocated \$500 to cover the expense of the giveaway. The giveaway package will include gift cards to dinner at an On Havana Street restaurant, spa, manicure/pedicure nail spa, barber shop, dessert business, and a florist. We will also highlight great places to shop for Valentine's gifts at shops in the corridor. We plan to feature places like Colpar HobbyTown USA, Heirloom Antiques, and the Havana Spa & Sauna. We will also advertise this giveaway with ongoing Valentine's Day promotions, discounts, and marketing that our stakeholders are offering.

In March 2021, we budgeted \$1,600 to continue to host the Celebrate Small Businesses On Havana Street. This month-long promotion allows the District to post blogs, newsletters, social media, and ads highlighting small businesses in the District. With the \$1,600, we budgeted \$500

for a \$500 Support Small Business Giveaway online. We will purchase gift cards from small businesses in the corridor and highlight their services or products in the giveaway's marketing. We did host this giveaway in March 2020 during the Covid-19 pandemic and state-wide Stay at Home Order and had a significant increase of 41% in traffic to our website and over 150 participated in the giveaway. For 2021, in addition to the giveaway we budgeted \$300 to host a small gathering of less than 30 businesses at Snowl for the "Boba & Business Networking" event. At this event we will have resources and local partners that support small business development and growth. We were not able to host the event in 2020, but in 2019 we had a great response from our small businesses and many requested small group networking to build better relations with their fellow stakeholders in the area. Due to Covid-19 statewide closures in March 2020 we were not able to host our blogger and influencer dinner with our board. However, in 2021 we budgeted \$800 to allow for the District to host a dinner with local influencers and bloggers to promote and network with our small businesses in our corridor. Many of the bloggers and influencers create content, write articles, blogs and provide high quality photography and video to our small businesses at an affordable cost and often for FREE. After engaging with local influencers, we found an increase in traffic to our social media, website, newsletter and press. Also, the board has asked to be a part of the small business celebrations and wanted to host a small gathering with the 9 board members and about 6-8 bloggers. They felt it would be a great opportunity for board bonding and community networking while supporting our small businesses On Havana Street.

In May 2021, we budgeted \$5,000 for the "Eat On Havana Street" event. We will host giveaways online/social media and collaborate with partners to promote our 100+ restaurants with over 30 international cuisines in the corridor. We may also host an online voting for Best Restaurant awards in various categories like the "Best of On Havana Street" through our marketing campaigns. We increased the Eat On Havana Street budget from \$3,500 in 2020 to \$5,000 for 2021 to allow for \$500 towards two \$250 giveaways and hosting food bloggers and influencers and promotions for dine-in, takeout, delivery or pick up incentives during the week of the event. We will be partnering with the Colorado Restaurant Association, Colorado Korean Restaurant Association, the City of Aurora's Aurora TV, Yum Guide, Colorado YELP, Denver Eater, Dining Out Colorado, 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.

In 2021, we will not host any community concerts in the rose garden during the summer months of June, July, & August or one at the Stampede in September. Typically, we host four concerts a year in the corridor. However, due to no large gathering the board decided to not budget for these events in 2021. The concerts are also a huge part of our budget annually and felt that due to community safety and our goal of reserving funds it would be best to not host concerts until Covid-19 is under control.

Also, in 2020 we experienced challenges with contracts and rescheduled dates due to the uncertainty of the Covid-19 pandemic and local, state, and federal mandates. Our events are hosted by the District's executive director and community volunteers. The District does not want to put the volunteers' health at risk and discovered that many properties and stakeholders have been advised by their legal and insurance policies to not allow our events in-person due to Covid-19 risks and business liability.

Even though the concerts are not scheduled for 2021 we wanted to budget \$300 for the Community Rose Garden Clean Up in May 2021. Some of the roses in the Gardens on Havana Shopping Center garden where we hosted our concerts in the past are over 150 years old. We want to help and continue to maintain the historic roses. Prior to Covid-19, the District and community volunteers would annually prune, weed, and prepare the garden for the concerts. Typically, we have less than 15 volunteers that attend the event and would like to still plan to host the event if public health orders allow for it in 2021. In 2020, we could not host the cleanup due to state mandates limiting gathering sizes of less than 10 and that most of our volunteers were in vulnerable populations with increased risks to Covid-19.

In June 2021, the District budgeted \$5,000 for a Havana Motor Mile themed event that would support and promote our automotive stakeholders. The event details are not determined yet. However, the board would like to host a giveaway and host a social media campaign. There was discussion on hosting a giveaway to highlight our auto dealers, services, and parts businesses in the corridor. The \$1,000 giveaway would ask participants to like and follow all 20+ auto dealers and comment on the post, "Where would they spend the \$1,000 On Havana Street?" Many of the auto dealers expressed wanting more presence and engagement on social media. This giveaway could allow for more followers and likes on Havana Motor Mile pages. In addition to promoting Havana Motor Mile businesses we plan to collaborate with the auto stakeholders on their summer events and auto sale promotions. We plan to use the monies in this budget to support the existing events in the Havana Motor Mile during the summer months.

The Havana Motor Mile themed budgeted event will replace the Cruzin' Havana Classic Car Show and Poker Run event for 2021. Unfortunately, due to significant budget cuts to the events budget, Covid-19 challenges, public health orders, permitting, property owner permissions, vulnerable volunteers, and the logistics of hosting large gathering events; the District's board did not approve the budget for Cruzin' Havana in 2021. The entire 2021 events budget of \$25,000 is what we annually budgeted for the car show event alone in 2020 and previous years. In addition to the event costs the District also spent a significant amount of the Havana Motor Mile marketing budget on the promotion of the car show and title sponsor with our 9News and Comcast commercial spots. Due to the significant budget cuts and uncertainty of Covid-19 the District did not approve the budget for the car show. Even though the car show is one of our most signature events in the District that attracts up to 10,000 attendees annually, the District does not want to risk the community by hosting the car show in 2021.

June to July 2021 the District budgeted for another \$500 Last Days of Summer Giveaway online and social media. The giveaway will feature local businesses and shops in the corridor. The District hosted this giveaway in 2020 and had an outstanding increase in website and social media traffic. We had over 300 entries and increased our newsletter signups to 4,400 emails.

Also, in July 2021, the District budgeted \$500 to host a Celebrate National Ice Cream Day giveaway online and on social media. We will attract families into the District and have them explore the many options for ice cream, frozen yogurt, and frozen custard shops. This giveaway replaces the many summer events we would typically host for the National Ice Cream Day. In the past we hosted an ice cream social at one of the concerts, a Yappy Hour with GoodTimes Pawbenders at Petco, and the Progressive Frozen Treats event where about a 1000 families would visit 7-8 frozen treats shops in the corridor in 4 hours. Due to Covid-19 and budget cuts the District was not able to budget the previous events in the 2021 events budget.

Not all of the District's signature events were removed from the 2021's budget. Due to popular demand the board decided to budget \$250 for a Pets On Havana Street Giveaway in August 2020. This giveaway and promotion will attract shoppers to pet friendly shops, businesses, and services along the District. Pet featured businesses and events in the District were a huge success in 2018 and many requested pet friendly events in 2019 and 2020. In 2020, we budgeted \$1,000 to host a Yappy Hour Ice Cream Social in July to celebrate Pets On Havana Street with promotions and giveaways. Due to Covid-19 the District was not able to host the event in 2020. Due to the significant budget cuts the District voted to continue Celebrating Pets On Havana Street, but decided to not host a giveaway in place of an in-person event in the District. The District will instead create content and blogs highlighting pet friendly businesses, events, and places to shop for your pet friends in the corridor.

For September 2021, the District budgeted \$500 to support the virtual Comitis Grocery Cart Race. Safeway on Havana was not able to host the in-store race in 2020 and does not expect to host the in-person race in 2021. The District budgeted \$300 less for 2021 since we will not be hosting the award ceremony and after party appetizers. The \$300 was budgeted to still purchase the coveted grocery cart trophies and other expenses for the virtual event.

The Trick or Treat On Havana Street, Costume Contests, Trunk or Treat and professional photos in the garden, Petco Costume Contests, and many other Halloween events in the District are one of our most popular and well attended events. These events attracted more than 1000 families from the metro area and supported many businesses in the corridor. We purchased pallets of candy from the Havana Costco for the 30+ shops at the Gardens on Havana. However, due to Covid-19, budget cuts, property owner permission, business participation challenges and the large number of participants in the many Halloween events the District did not budget \$5,000, but \$1,000 for 2021. In 2021, the District will host a virtual Halloween Costume Contest on our website and social media. We will be working with Webolutions, our website management company, on re-designing the webpage and event page to allow for entries for the online costume contest. The \$1,000 will be spent to purchase the gift cards prizes for the costume contest winners. Leading up to the holiday month the District will promote the businesses selling the holiday's décor, candy and locations to purchase costumes.

The Annual Stakeholders Meeting at the Stampede in the past had an attendance of about 60-80 businesses. In 2021 we budgeted \$2,500 to host lunch for 60-80 people, venue costs, AV/projector rental screen costs, costs of marketing, printing, flyers, postage and mailing the invitations to each stakeholder and lease in the District. This event may be in-person or virtual in November 2021 and the board increased the budget \$500 to accommodate for unexpected increased costs of hosting virtually or in-person with Covid-19 conditions.

In 2021, we budgeted for \$4,500 to host the Black Friday Weekend Holiday Caroling and Secret Santa Gift Card Giveaway event. In the past we hired the Aurora Singers for \$500 to sing songs from shop to shop during the Black Friday shopping weekend. The Aurora Singers, community holiday carolers, board members and volunteers would walk store to store in the Gardens on Havana singing holiday songs and giving out free thank you gift cards to shoppers. We budgeted \$4,000 for 2021 to purchase gift cards and support the businesses in the District. The District will 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." If we have monies left

over from other 2021 events, then the District will allocate the left-over budget into the last event of the year. The District felt that \$4,000 for the event in 2021 was more than enough to accomplish the holiday giving and thank you to shoppers On Havana Street.

In addition to the scheduled events in 2021, 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 and collaborate with community partners to support our major workforce engines located near the District. We would like to collaborate with the 30,000+ workers at the Anschutz 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.

In 2021, we will also explore working with the Defense Council/Military/Veterans/Buckley Garrison AFB and host their leadership social events. We understand that Buckley Garrison 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 Garrison AFB and understand that their future growth will truly be a positive impact on the growth of On Havana Street's success. The base's workforce has many primary incomes that are shoppers in our District. Due to the budget cuts in 2021's events the District decided to not budget for the events partnering with the hospitals or Buckley AFB until an event collaboration is proposed. Then in 2021 when events are allowed at the hospitals and Buckley AFB will re-allocate 2021 reserves to support events with those partners. In 2020, the board did re-allocate monies to sponsor events and promotions with the hospitals and Buckley AFB, however due to Covid-19 we were not allowed to host or execute the proposed events in 2020. For example, the board allocated monies to support the community concerts and giveaways at the Buckley Garrison AFB's Panther Den. However, due to Covid-19 the base was on locked down and no visitors or events were allowed.

The District also acknowledged that we would like to create an event to host a new community event in 2021 that works with the changing climate of Covid-19. We would like to host an event with 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 BIDs or special districts to show the growth of our District this past decade and showcase the new developments coming to On Havana Street. An event like this would also allow for our stakeholders to network with other special districts and learn how other businesses in corridors like ours are surviving during the Covid-19 challenges and limitations.

There may be other opportunities to work with other partners like the Aurora South Metro SBDC, local chambers, food bloggers, Progressive Dining, or use reallocated monies to promote other BID businesses' events. Due to Covid-19 the District felt it was best to not allocate 2021 funds in the budget and wait until 2021 to allocate monies when opportunities arise. If there is an opportunity to host a new community event in 2021, then the board would vote and re-allocate board reserves to support a new event addition in 2021. The event's details would be determined by the board of directors and the board Event & Marketing Committee.

Due to the changes in the events schedule and the addition of marketing with Buckley AFB in 2020 we increased the budget for print, digital ads, advertising, and marketing for 2021. **We increased this budget from \$33,290 in 2020 to \$36,000 in 2021. The \$36,000 event ads budget is included in the overall \$61,000 events budget.** We increased the ads budget to market the events to accommodate for the current annual contracts for \$2,200 with the Glendale Cherry Creek Chronicle, \$1,560 for the event equipment storage locker and the costs increases in the current and future ads we plan to purchase. We budgeted for \$3,000 for Visit Aurora's Visitors Guide, \$1,000 for the Aurora Chamber Directory ad and digital ads, \$4,000 to include purchasing ads on Buckley Garrison AFB's computer labs and television monitors, and \$10,000 to continue the hotel key card ads that include three runs a year at three local hotels. The District also budgeted \$2,240 to explore purchasing OTHER ads throughout the year, reserved that amount to allow for room to accommodate contract negotiations with the current publications and price increases and hold the funds for additional expenses.

We increased our budget with Visit Aurora due to their continued support of the corridor. Also, due to Covid-19 the Visit Aurora marketing strategy pivoted to a more local and regional focus. We hope the \$3,000 will help with their "LOVE YOUR LOCAL" campaign that will feature On Havana Street. Due to Covid-19 Visit Aurora expressed that their publication will only be digital in 2021 so all past advertisers would receive a free ad in the publication. We would be receiving a complimentary \$2,075 ad in the 2021 publication. In addition, to their continued support of the corridor Visit Aurora has also offered the District \$20,000 in community funds to support our businesses during the Covid-19 recovery and create a marketing campaign to stimulate the recovery and economy in Aurora.

We increased The Chamber's ad to \$1,000 to add banner ads and digital pop-ups on their website that receives over one million visits annually. We increased the Buckley Garrison AFB budget to \$4,000 to continue our discounted 2020 contract. We also expect an increase in marketing ads now that Buckley Garrison AFB's is the host unit, Buckley Garrison, which falls under the direction of the United States Space Force. Buckley Garrison AFB truly represents a joint, Total Force and coalition base. This includes 3,100 active duty members from every service, 4,000 National Guard personnel and Reservists, four commonwealth international partners, 2,400 civilians, 2,500 contractors, 36,000 retirees and approximately 40,000 veterans and dependents. The base contributes an estimated \$1 billion annually to the local economy.

In 2021, the District decided to cut the \$10,000 contract with the Aurora Sentinel/Aurora Media Group and diversify the publications we advertise with. The District reallocated the \$10,000 to explore contracting with publications in the Korean, African, and Hispanic communities. In addition to the diverse publications we wanted to explore advertising in the Lowry Community and foodie/restaurant related platforms like Colorado YELP, Dining Out Colorado, Westword, Denver Eater, GrubHub, DoorDash, Uber Eats and more. We allocated \$2,000 for each of the new publications for 2021.

Regarding the Lowry community publication, we negotiated a contract with Living Well in Lowry for \$2,000 in 2021 to include a 1/4 page ad for the year (12 months, Jan-Dec) + a free 1/4 page ad in December and a cover story for you in 2021. We also have the option of a 1/2 page ad for six months (every other month) + a free 1/4 page ad in December and a cover story in 2021. The Living Well in Lowry (LWIL), is Lowry's longest-running print newsletter, serving the community around the corner from On Havana Street since 2002. The publication is still hand-delivered at

the beginning of each month to over 3,000 homes in the Lowry neighborhood - reaching those from Lowry East Park to Boulevard One, Alameda to 11th Avenue.

In 2021, the District budgeted \$2,000 for Asian Avenue Magazine. We negotiated the \$2,000 for 4 months of quarter size ads (normally \$400 per ads), 4 editorial features (promoting businesses/restaurants a part of On Havana Street), 12 social media posts, 1 per month - promoting businesses/restaurants, 6 months of a web banner ad on Asian Avenue website. In addition, Asian Avenue Magazine often hosts events in our corridor throughout the year that attract new audiences to shop, eat and explore our diverse businesses.

The District budgeted for \$2,240 to explore other publications or hold for additional expenses. The board is aware of the \$2,240 in reserves and plans to research more in 2021 what other marketing platforms would draw more exposure to the District.

The total events budget for 2021 is \$61,000 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 \$1,350 in reserves in the overall \$61,000 events budget. 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 2021 for the events that there will be over \$500,00 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.

3. **Program Management Budget Expenditures - \$15,000:** 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 executive director and board directors, copies of backup for board meetings, internet, as well as office supplies. Expenses from the District's Business Watch Program and professional fees are also included. This budget category also included renewal of the trademarks. Accounting codes included in the program management budget are **61090, 61080 and 61040**. This budget for 2021 remains the same as 2020 at \$15,000. We have never used the \$10,000 for emergency snow removal or never exceeded the \$5,000 or overall, \$15,000 budget for overhead expenses, office supplies and miscellaneous program management expenses in past years.
4. **District Identity Budget Expenditures - \$70,000:** 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 2021, the District allocated \$70,000 to the District Identity's budget for \$15,000 for Art 2C and \$55,000 for district markers or other branding opportunities. We no longer need to allocate \$11,000 in the district identity budget for the newspaper rack program or pay maintenance

expenses to the Aurora Media Group. In early 2020, the City of Aurora asked the District to remove the racks, discontinue their memorandum of understanding for news racks in the corridor and so the board voted to remove the racks as a project in early 2020. The news racks were no longer near bus stops due to RTD relocating the bus stops and then the racks became a safety and health hazard due to trash and other items placed in the news racks. Also, the Sentinel reached out to the District and shared that they would discontinue placing media in some of the rack locations due to low pick up rates at the racks' current locations. The remaining news rack removal project was delayed due to Covid-19 and safety precautions; however, all the news racks were removed in August 2020. We will no longer pay the Aurora Media Group a monthly maintenance fee and an annual cost of \$11,000 or budget reserves to repair and replace news racks in the future. This was a significant savings in the district identity budget annually.

The Art2C budget is decreased from \$39,000 in 2020 to \$15,000 in 2021 to allow for any unexpected expenses and insurance claims to the existing 13 sculptures on the corridor. The District will not be hosting a gala or spending monies on artist stipends in 2021. There will be no large expenses, but the District felt that it was necessary to allocate \$15,000 to cover any unexpected expenses for the public art program. If the monies are not used for the public art, then the monies can be reallocated by the board towards other district identity improvements and repairs.

In 2020, the public art program underwent many changes. The program is now a two-year program vs an annual program. The District increased the stipend for each artist for the additional year and to be more competitive in the public art market. In 2020, we budgeted 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 13 sculptures, increased the hotel room budget, and costs for the gala event. However, due to Covid-19 we were not able to execute some of the planned projects associated with the public art program.

In 2020, the board decided to increase the stipends to \$2,500 each to be competitive with other programs and attract artists to submit more quality art sculptures to our program. The Art in Public Places commission also voted to transition the program to every two years. This increased the stipend budget from \$13,000 with \$1,000 stipends for 13 sculptures at 13 locations for one year to \$32,500 with \$2,500 stipends for 13 sculptures at 13 locations for two years. The 2020 gala budget was \$6,150 to accommodate for the increase in other costs for the program and more attendees. However, in 2020 we are still uncertain if we will be allowed to host a gala in November. In past years, we have spent most of the \$6,150 gala budget on catering and event flower centerpieces. Schomp Subaru co-hosts the event and sponsors other gala expenses (AV, valet, wine/beer, event rentals, and invitations). The board acknowledged that in 2021 the District will not spend any of the budget on artist stipends or gala event monies, but in 2022 the District will have to budget for those expenses with the installation of 13 new public art sculptures.

We have budgeted \$55,000 for additional mile markers at existing monuments, increase the support for each mile marker's stakeholder stipend from \$8,000 to \$10,000, and allow for a budget cushion to repair/replace current dated mile markers from about ten years ago. The

District also wants to explore the City of Aurora's 2019 proposal to canvas wrap and brand the existing electric boxes.

5. **Audit & Accounting Budget Expenditures - \$14,000:** 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 District decided to increase our \$12,000 budget to \$14,000 in 2021 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 \$4,400 to Simmons and Wheeler for our annual audit.
6. **Website/Branding Budget Expenditures - \$30,000:** 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 to uphold our brand, help with event planning and marketing strategy. The board decided to budget the same \$30,000 in 2020 for 2021. \$25,000 of the \$30,000 budget will be designated to the Webolutions contract to manage and create campaigns and \$5,000 will be spent on social media ad purchases, event boosts and other digital marketing online for the corridor and BID businesses.
7. **Insurance Budget Expenditures - \$7,500:** 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 2021 will decrease from \$10,000 budgeted in 2020 to \$7,500. The District reviewed 2018 and 2019 expenses for special district's insurance, and we spent less than \$6,000 annually and felt the \$7,500 budget would be sufficient for 2021 even with expected premium increases. Also, there is a possibility that the District may pay less due to less Certificates of Insurances, COI's, needed for our special events in 2021. The District will not be hosting in-person events and in the past we had over 30 COI's for events in our insurance coverage.
8. **Legal Budget Expenditures - \$5,000:** 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 2021 will remain the same \$5,000 budgeted in 2020.

Salary & Consulting Budget - \$88,250: Paid out of the General Fund, this budget covers payroll and the 2020 budget will be \$88,250 to allow for a staff salary of \$70,000 and a consultant/1099 budget of \$18,250 to be used as needed by the Executive Director and Board. The District Board decided to decrease the Executive Director's salary and add a consulting staff budget. 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 2020, the BID will no longer qualified as a

"Group" for health insurance purposes and decided that the Executive Director's base salary would be adjusted up 5% to \$68,250 and an additional \$5,100 so that the health insurance was covered by the employee directly. The total 2020 Budget Year salary for the one employee was \$73,350. For 2021, the board voted to allow for a \$1750 raise, \$819 raise (1.2% COLA increase) from the \$68,250 salary in 2019 plus an addition \$931 for 2021. The salary of the employee in 2021 will be \$70,000 about a 2.56% raise. All other dependent payroll costs (Worker's Compensation, Retirement Savings Match, ADP, and Payroll Taxes) shall adjust automatically to the new salary amount.

9. **Medical Insurance for employees - \$5,000:** The district no longer has a group medical plan with one employee and will no longer provide a medical insurance benefit 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.

In addition to the COLA raise in 2021, the Board wanted to explore an ICHRA health insurance account for the Executive Director instead of grossing up the budgeted \$70,000 salary to accommodate covering her own medical insurance costs. The Individual Coverage HRA was announced in 2019 and is a company-funded, tax-advantaged health benefit used to reimburse employees for personal health care expenses. Unlike other HRAs, the ICHRA is available to businesses of any size, which allows for the District to qualify with one full time equivalent on staff.

The board approved allocating \$5,000 towards an ICHRA account and wants to explore including medical insurance with Kaiser Permanente, vision, dental. The HRA can also include covering all eligible medical expenses. The board likes that we are supporting a BID stakeholder like Kaiser Permanente in the corridor.

The District Board also voted to increase the staff's Paid Time Off (PTO) from 10 days to 15 days in 2021. The Executive Director and the District Board are exploring the ICHRA program with ADP and HealthEquity in November 2020 when medical insurance premiums are determined. Due to Covid-19, the District was advised that health insurance premiums in 2021 will significantly increase.

10. **Retirement Savings options - \$2,200:** Paid out of the District's General Fund. The board will provide an optional 3% retirement savings match for employees. \$2200 is allocated for the Executive Director's retirement savings match in 2021 and estimated \$2048 is 3% of the 2021's salary.
11. **ADP Fees - \$1,700:** This budget includes accounting code 61035 and the budget for 2021 will remain the same \$1,700 budgeted in 2020. In 2020, we budgeted for \$1,700 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.

12. **Staff Petty Cash and Staff Professional Development/Training-\$1,500:** The board voted to allocate \$1000 in 2021 to a petty cash fund and/or expenses for the executive director to spend as required to support day-to-day BID business. The board also voted to allocate \$1500 in 2021 for staff professional development and training. The board budgeted \$1500 to allow for the executive director to attend special district conferences, training, workshops, and networking in 2020.
13. **Staff Mileage -\$6,000:** 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 2021, based upon past years' expenses.
14. **Stakeholder Relations/Board Development/Strategic Planning -\$3,000:** This is paid out of the District's General Fund. The board has budgeted for \$3,000 in 2021 to account for any board training and development. The District budgeted to cover any stakeholder relation expenses.
15. **Board Reserves -\$537,795:** **This is the estimated and preliminary 2021 budgeted amount.** \$537,795 was set aside for the board reserves vs the \$192,612 allocated for in 2020. This is the unallocated money in the bank account that can be reallocated by the board throughout the year as the need arises. The board reserves will be significantly more in 2021 to reserve funds for future deficits to the Assessed Value collections from our 4.5 mil levy and reserve funds for future years due to Covid-19 challenges. The board must also reserve funds for the transition of the public art program going from annually to every two-years. In 2022, the District expects to need at least \$40,000 for the Art 2C public art program.
This budget item will increase, or decrease based on the 2021 AV's that are shared with the BID after the October 2020 submission of the budget. Typically, after the final AV's are shared with the BID any additional funds not allocated or budgeted for are added to the board reserves. For example, in past years if the BID's preliminary AV's were \$400,000 and the final AV's were \$450,000 then the BID allocated the additional unexpected funds to the board reserves. By adding additional funds to the board reserves allows for the BID to not have to re-approve any other budget line items at a public meeting.
16. **Reserves Fund (3%):** The emergency fund for fiscal year 2021 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 2021, as the projects are approved by the City of Aurora. The District also anticipates replacing and repairing the existing ten-year-old On Havana Street district markers in 2021. The board plans to continue the Havana Motor Mile Auto Technician Tool Incentive program in May of 2021, as described above. See the 2021 Operational Plan for additional details.