

EXHIBIT A
Resolution No.

Annual Report & Proposed Fiscal Year 2023-2024 Budget
CVWBIA Assessment Basis
CVWBIA Business Listing and Assessment Method

Mission Statement

The objective of the CVWBIA is to provide a unified organization to promote, stimulate and improve the business conditions in the designated area, primarily during the shoulder season, September – May. The belief is that if the lodging properties and short-term rentals are full, the rest of the businesses in the area will benefit.

This can be achieved by the CVWBIA continuing to fund activities and projects that will:

- Improve access to information regarding the businesses and services provided by the Village and Wharf BIA to likely visitors to the area via newsletters, the internet, print and television advertising.
- Provide fun, family-oriented events throughout the year emphasizing the attributes of the Village and Wharf.
- Improve and enhance the appearance of the Village and Wharf in partnership with the City of Capitola.
- Enhance the ability of the CVWBIA to serve as a liaison between the business community and local governments.

In FY 2019-20 CVWBIA began to receive a portion of the Transient Occupancy Tax (TOT) collected by the City and made commitments based on projected TOT revenues. In January 2023 storm related flooding cause major damage to the wharf and some village businesses. Recovery has moved swiftly but business has not returned to pre-storm levels. FY 2023-24 assessments will remain at FY 2022-23 levels.

As the CVWBIA begins its eighteenth year we will continue and expand successful programs from prior years, which include the following:

1. **Website** – In 2021-22 the CVWBIA marketing team created a new, up to date, mobile compatible, website (www.capitolavillage.com) for ease of use and connectivity to BIA member’s businesses, lodging and short-term rentals. Each member has a unique page with links to their individual websites. There is a schedule of events and other helpful features. Visitors can sign up on the site to receive. This process continues in 2023-24 as technology changes quickly. We will also take advantage of opportunities to direct visitors to our website through QR Codes for special events, parking and other visitor information. Monthly summaries of traffic to the site has shown the businesses the value of the website.
2. **Social Media** – The Communications Manager creates a monthly newsletter, manages all our social media channels, maintains our website, and tracks performance. Our email newsletters are sent to over 24,000 subscribers each month. Our Facebook page has over 18,000 fans with our top 5 cities being: San Jose, Santa Cruz, Modesto, Sacramento, and Capitola. Our Instagram is growing the fastest with over 17,300 active followers with an average of 500 profile visits to our account every week. Our newest channel, Twitter, currently has almost 1,200 followers and continues to grow each month. The purpose of the Communication Manager is to collectively promote the Capitola Village businesses and to be a resource for

ongoing growth. Our Village Ambassador continues to develop relationships with our members to facilitate sharing their promotions and announcements with our social media contacts.

3. **Advertising** – While placing an emphasis on our social media development, there is still a need for carefully placed advertising in quality visitor publications. We are constantly monitoring these publications for the ones with the most effective online presence. In addition, in 2022-23 the BIA began a television promotion on Hulu and KCRA. With Hulu we are able to target very specific audiences by income levels and zip codes. The analytics are quite extensive as well. We are focusing on Sacramento, San Francisco and the Central Valley. This campaign will continue in 2023-24.
4. **Village Brochures** – We print 25,000 brochures and distribute them throughout Santa Cruz County. A new addition to the brochure is a QRCode taking the visitor directly to our website. Many visitors depend on their phones to access information while traveling.

We contract with Certified Display Service. This company has exclusive rights to lobby racks in the hotels, resorts, and visitor centers in the county. These brochures are also available in various places of business throughout the Village and Wharf. We feel it is important to make visitors to other areas in the county aware of Capitola Village and Wharf through these brochures. Additionally, there are distribution locations at the Gilroy Visitors Center on Hwy 101, San Jose Airport, and the Monterey Airport.
5. **Branding and Logo Development** – We continue to update logos, colors, and other marketing material to reflect current trends.
6. **Sip and Stroll & Cookie Walk** – These events benefit all the businesses in the village. We hope to be able to hold up to three Sip and Stroll events in November, February and May. The Cookie Walk is family oriented and takes place the weekend after Thanksgiving.
7. **Winter Festivities** – Window decorating contest, lighted wreaths and palm trees are components of the winter festivities with other events in the planning stages.
8. **Easter Egg Hunt** – This is a free event for children that takes place over one week of spring break.
9. **Public Works and Village Enhancement** – The CVWBIA contributes annually to the City of Capitola Public Works Department. Our contribution is used to help maintain the Village and Wharf. This year we are concentrating on landscaping and cleanliness of the village both in public spaces and private planting areas.

Capitola Village & Wharf Business Improvement Area Assessment Basis

The method of assessment classifies businesses within the CVWBIA boundaries into nine categories:

1. Retail / Service businesses
2. Restaurant - Full Bar
3. Restaurant - Beer and Wine
4. Restaurant - No Alcohol
5. Wine/Beer Service
6. Seasonal Food Service
7. Office and Professional businesses / Specialty
8. Short-term Rental businesses
9. Hotel / Motel / Inn businesses

Assessment fees are assigned to these nine business categories by number of full-time equivalent employees, a flat rate, and a per unit amount. Registered non-profits are exempt from assessment fees.

The following table shows the assessment fees for the proposed CVWBIA for FY 2023-24 at same level as last fiscal year.

Business Category	Number of Full-Time Equivalent Employees*		
	0 – 5 employees	6 – 10 employees	More than 10 employees
Retail / Service	\$315	\$630	N/A
Restaurant Full Bar	N/A	\$720	\$1,080
Restaurant Beer and Wine	\$367.50	\$682.50	\$1,042.50
Restaurant No Alcohol	\$315	\$630	N/A
	Flat Fee		
Wine/Beer Service	\$315		
Office / Professional / Specialty	\$90		
Short-term Rental**	\$135		
Seasonal Food Service	\$210		
	Per Unit Fee		
Hotel / Motel / Inn	\$180 per unit		

Footnote* “Full-time employee” is an employee who works 2,000 hours per year or more. Multiple part-time employees are combined into a single full-time employee for the basis of this assessment calculation. (i.e. “fulltime equivalents”)

Footnote** “Short-term rental” businesses are defined as those dwellings which, at least once per fiscal year, are rented to a tenant for a tenancy of less than thirty days.

Associate Membership. CVWBIA is authorized to accept “associate membership” financial contributions from businesses outside the CVWBIA with approval of the board. The category and assessment will be the same as if the business is within the CVWBIA area.

New Business Assessment. Assessments will be prorated by the quarter in which a business opens.

Business Closing. A business notifying the CVWBIA before the end of the first quarter of the fiscal year (September 30th) that it will close before December 31st will be exempt from paying the assessment for that fiscal year. If the business does not close before December 31st, it must pay the year's assessment in full.

Late Charge. No late charge will be assessed with the FY 2023-24 dues.

Delinquencies. CVWBIA has a clear policy relative to delinquent assessments. Businesses that have not paid their assessment by October 31, 2023, will be removed from the CVWBIA website and brochure. They will be ineligible to participate in any CVWBIA activity. Assessments that have not been paid by January 31, 2024, will be sent to collections.

Capitola Village & Wharf Business Improvement Area Estimated Actual for FY 2022-2023 and Proposed Budget for FY 2023-2024

	FY 21/22	FY 22/23	FY 23/24	FY 23/24	FY 23/24
	Actual	Adopted Budget	Assessment Budget	TOT Budget	Total Budget
Beginning Fund Balance	\$ 29,401	\$ 39,394	\$ 23,069		\$ 23,069
Revenues					
Member Assessment	51,619	51,775	53,584	▲	53,584
Associate Assessment		0		▲	0
Assessment Revenues - Trade	0				0
Late Fees	0				0
TOT Revenue	38,738	35,000	0	36,500	▲
Holiday Events	0				0
Palm Tree Lights	0				0
Sip N' Stroll	15,395	54,000	54,000	▲	54,000
Cookie Walk		2,500	2,500	▲	2,500
Interest Revenue	89	100	100	▲	100
Total Revenues	\$ 105,842	\$ 143,375	\$ 110,184	\$ 36,500	\$ 146,684
Total Source of Funds	\$ 135,243	\$ 182,769	\$ 133,253	\$ 36,500	\$ 169,753
Expenditures					
Chamber Services		\$3,000	\$0	▲	\$0
Charitable Donations		6,000	6,000	▲	6,000
CDS Direct Distribution	2,329	4,000	4,000	▲	4,000
Doubtful Accounts		5,000	5,000	▲	5,000
Insurance		2,000	2,000	▲	2,000
Office Supplies	20	1,200	1,000	▲	1,000
Storage Unit	1,314	1,700	1,700	▲	1,700
Renewal		800	800	▲	800
Total Administration	\$ 3,663	\$ 23,700	\$ 20,500	\$ -	\$ 20,500
City Accounting Services	\$ 4,200	\$ 4,200	\$ 4,200	▲	\$ 4,200
City Public Works	3,000	3,000	3,000	▲	3,000
Total City Services	\$ 7,200	\$ 7,200	\$ 7,200	\$ -	\$ 7,200
Ambassador	\$7,200	\$7,200	\$7,200	▲	\$7,200
Communications Manager	18,000	18,000	18,000	▲	18,000
Directories Printing	3,232	3,000		4,000	▲
VSC Newsletter	2,250	2,000	0	▲	0
VSC Travel Guide	3,000	3,000	0	▲	0
VSC TV Partnership		6,000	0	▲	0
VSC Map	770	500	0	▲	0
Insurance	1,743		2,000	▲	2,000
Miscellaneous Print	200	0	0	▲	0
Miscellaneous Advertising		7,500	15,000	▲	15,000
Monterey Travel Magazine		600	600	▲	600
Print Explore		1,000	1,000	▲	1,000
Social Media Boost	3,000	5,000	3,000	▲	3,000
Website Management	16,394	10,000	6,000	▲	6,000
Video Photo Production		3,000	6,000	▲	6,000
Village Enhancement	5,227	14,000		16,000	▲
Total Marketing	\$ 61,016	\$ 80,800	\$ 58,800	\$ 20,000	\$ 78,800
Holiday & Events	\$8,456	\$12,000		\$15,000	▲
Palm Tree Lights	500	0	0	▲	0
Sip N' Stroll - Cookie Walk	15,014	36,000	36,000	▲	36,000
Total Special Events	\$ 23,969	\$ 48,000	\$ 36,000	\$ 15,000	\$ 51,000
Total Expenditures	\$ 95,849	\$ 159,700	\$ 122,500	\$ 35,000	\$ 157,500
Ending Fund Balance	\$ 39,394	\$ 23,069	\$ 10,753	\$ 1,500	\$ 12,253

Capitola Village & Wharf Business Improvement Area Budget Discussion

The CVWBIA will begin Fiscal Year 2023-24 with an estimated fund balance of \$23,000.

Revenues: The proposed revenue is derived from the CVWBIA business roster and corresponding assessment rates.

Expenditures:

Summary. The proposed expenditures are divided into these categories: Administration \$20,500, City Services \$7,200, Marketing \$78,800, and Special Events \$51,000.

The following is a roster of open businesses in the assessment area as of June 2, 2023.

Capitola Village & Wharf Business Improvement Area Business Listing and Assessment Method

Business Type	Assessment Method	Estimate Assessment	
AM = Associate Member	Associate Member	AM	\$405
F1 = Restaurant Full Bar	Per employee category: 6-10 EEs, >10 EEs	F1	\$7,920
F2 = Restaurant Beer & Wine	Per employee category: 0-5 EEs, 6-10 EEs, >10 EEs	F2	\$3,255
F3 = Restaurant No Alcohol	Per employee category: 0-5 EEs, 6-10 EEs	F3	\$4,095
F4 = Wine & Beer Service	Flat fee	F4	\$1,575
F5 = Seasonal Food	Flat fee	F5	\$210
H = Hotel/Motel/Inn	Flat fee per unit or room	H	\$9,180
O = Office/Professional	Flat fee	O	\$1,530
R = Retail/Service	Per employee category: 0-5 EEs, 6-10 EEs	R	\$13,939
SR = Short Term Rental	Flat fee per unit	SR	\$11,475
		Total	\$53,584

<u>Business Name</u>	<u>TYPE</u>	<u>FY23-24 Est. Size</u>	<u>FY23-24 Amount</u>
Wharf House Restaurant	F1	0 - 10	\$720
Britannia Arms Pub & Rest.	F1	0 - 10	\$720
Bay Bar & Grill	F1	0 - 10	\$720
The Sand Bar	F1	0 - 10	\$720
Capitola Bar & Grill	F1	0 - 10	\$720
Shadowbrook Restaurant	F1	11+	\$1,080
Zelda's	F1	11+	\$1,080
Margaritaville	F1	11+	\$1,080
Paradise Beach Grille	F1	11+	\$1,080
El Toro Bravo	F2	0 - 5	\$368
Thai Basil	F2	0 - 5	\$368
Geisha Japanese Restaurant & Tea House	F2	0 - 5	\$368
My Thai Beach	F2	0 - 5	\$368
Caruso's Tuscan Cuisine	F2	0 - 5	\$368
Avenue Café	F2	0 - 5	\$368

Tacos Moreno 3	F2	0 - 5	\$368
Trestles Restaurant	F2	6 - 10	\$683
Mr. Toots Coffee & Tea	F3	0 - 5	\$315
Capitola Village Ice Creamery	F3	0 - 5	\$315
Castagnola Deli & Café	F3	0 - 5	\$315
Mijos Taqueria	F3	0 - 5	\$315
Lil Koe's Beach Bites	F3	0 - 5	\$315
The Daily Grind Coffee & Bottle Shop	F3	0 - 5	\$315
Reef Dog Deli	F3	0 - 5	\$315
Boba Bay	F3	0 - 5	\$315
Sandcastle Café	F3	0 - 5	\$315
Pizza My Heart	F3	6 - 10	\$630
Polar Bear Ice Cream	F3	6 - 10	\$630
Armida Winery	F4	n/a	\$315
Cork and Fork LLC	F4	n/a	\$315
Capitola Wine Bar & Merchants	F4	n/a	\$315
Capitola Tap House	F4	n/a	\$315
English Ales Brewers, Inc.	F4	n/a	\$315
Left Coast Sausage Worx	F5	n/a	\$210
Venetian Hotel	H	19	\$3,420
Capitola Beach Suites	H	10	\$1,800
Inn at Depot Hill	H	12	\$2,160
Capitola Hotel	H	10	\$1,800
David Lyng & Associates	O	n/a	\$90
Katz & Lapides	O	n/a	\$90
Michael Lavigne Real Estate	O	n/a	\$90
Newman & Marcus,LLP	O	n/a	\$90
Suess Insurance Agency	O	n/a	\$90
Capitola Village Real Estate	O	n/a	\$90
Law Offices of Sam Storey	O	n/a	\$90
John H. McSpadden	O	n/a	\$90
Miles J. Dolinger, Attorney at Law	O	n/a	\$90
Visions by Sheena	O	n/a	\$90
Capitola Village Massage	O	n/a	\$90
Yellow Bus	O	n/a	\$90
REVEST HOMES INC	O	n/a	\$90
Monet Salon	O	n/a	\$90
Community CPA	O	n/a	\$90
The Psychic Gallery	O	n/a	\$90
Bare Skin & Body	O	n/a	\$90
Capitola Boat & Bait	R	0 - 5	\$315
Capitola Beach Co.	R	0 - 5	\$315
Big Kahuna Hawaiian Shirts	R	0 - 5	\$315

Craft Gallery	R	0 - 5	\$315
Craft Gallery Annex	R	0 - 5	\$315
Euphoria Rio Mix	R	0 - 5	\$315
Free to Ride	R	0 - 5	\$315
Hot Feet	R	0 - 5	\$315
Kickback	R	0 - 5	\$315
Latta	R	0 - 5	\$315
Nubia Swimwear	R	0 - 5	\$315
Oceania	R	0 - 5	\$315
Phoebe's	R	0 - 5	\$315
Rainbow City Limit	R	0 - 5	\$315
Slap Happy	R	0 - 5	\$315
Super Silver	R	0 - 5	\$315
Sweet Asylum	R	0 - 5	\$315
Yvonne	R	0 - 5	\$315
Southstar PM, Inc. - Parking at the Mercantile	R	0 - 5	\$315
Uchiyama - Swenson - Parking at the Theater	R	0 - 5	\$315
Lumen Gallery	R	0 - 5	\$315
Capitola Reef	R	0 - 5	\$315
Art Inspired	R	0 - 5	\$315
Sea Level T's	R	0 - 5	\$315
Vanity by the Sea	R	0 - 5	\$315
Xandra Swimwear	R	0 - 5	\$315
Quality Market	R	0 - 5	\$315
Capitola Seashells	R	0 - 5	\$315
Jade Allen	R	0 - 5	\$315
Pueblo Viejo Imports	R	0 - 5	\$315
Mia Bella Boutique	R	0 - 5	\$315
Ethos Santa Cruz	R	0 - 5	\$315
Village Sea Glass	R	0 - 5	\$315
Tony Pagliaro Photography	R	0 - 5	\$315
Mercantile Arcade	R	0 - 5	\$315
Carousel Taffy & Treats	R	0 - 5	\$315
Coastal Life	R	0 - 5	\$315
Capitola Candy Café	R	0 - 5	\$315
Capitola Sweet Shoppe	R	0 - 5	\$315
Santa Cruz Apparel	R	0 - 5	\$315
Stoke Brands dba Midtown Surf Shop	R	0 - 5	\$315
Capitola Paws	R	0 - 5	\$315
Nectar California LLC	R	0 - 5	\$315
Katalinas Boutique LLC	R	0 - 5	\$315
Clementine & CO.	R	0 - 5	\$315
Capitola Family Home	SR	1	\$135

Capitola Pelican House	SR	1	\$135
Capitola Venetian #5	SR	1	\$135
Capitola Venetian #14	SR	1	\$135
Capitola Beach Bungalow	SR	1	\$135
Capitola Beach Cottage	SR	1	\$135
Capitola Cliffs Unit 3	SR	1	\$135
Peaceful Capitola Home	SR	1	\$135
Relaxing Family Condo by the River	SR	1	\$135
Perfect Family Beach House	SR	1	\$135
Capitola Cliffs Unit 4	SR	2	\$270
Capitola Venetian #7	SR	1	\$135
Capitola Venetian Unit 3	SR	1	\$135
Capitola Venetian #1	SR	1	\$135
Oceanfront Capitola Tuscan Villa	SR	1	\$135
Capitola Cliffs #4960-2	SR	1	\$135
Capitola Venetian #11	SR	1	\$135
Beach Charmer	SR	1	\$135
Capitola Venetian #2	SR	1	\$135
Castillo Properties	SR	2	\$270
Deborah Cohen	SR	1	\$135
Bayside Capitola Beach Condo	SR	1	\$135
Oceanside Coastal Village Condo	SR	1	\$135
Capitola Sea Spray	SR	1	\$135
Creekside Cottage	SR	1	\$135
Capitola Cherry Ave	SR	1	\$135
Luxurious Historic Windmill Silo House	SR	2	\$270
Capitola Bluegum A & B	SR	2	\$270
Grandma's Nest Capitola Venetian #9	SR	1	\$135
Adorable Capitola Village Condo	SR	1	\$135
Capitola Seashell Sanctuary	SR	1	\$135
Vista Cortile Condo	SR	1	\$135
Capitola Village Deco Beach House	SR	1	\$135
Talbot Family	SR	1	\$135
Capitola Venetian #16	SR	1	\$135
Capitola Village Retreat Units A & B	SR	1	\$135
Capitola Lawn Way #5-4	SR	1	\$135
Capitola Breeeze Condo & Seaview Condo	SR	2	\$270
Capitola Riverview #421	SR	1	\$135
Capitola Riverview #323	SR	1	\$135
Iconic Oceanfront Pink Venetian	SR	1	\$135
114 - 116 Lawn Way LLC	SR	2	\$270
Capitola Cliff House	SR	1	\$135
208 Monterey Ave #A	SR	1	\$135

Capitola Village #316-B & 316-C	SR	1	\$135
Capitola Cliffs 4920	SR	1	\$135
James Lin	SR	1	\$135
Michael J. Pirnik	SR	1	\$135
Capitola Riverview 414 A & B	SR	2	\$270
Capitola Venetian #8	SR	1	\$135
Capitola Oceanside	SR	1	\$135
Good Times	SR	2	\$270
Capitola Dreamin'	SR	1	\$135
Capitola Riverview #402	SR	1	\$135
Capitola Riverview #310	SR	1	\$135
Capitola Riverview #312	SR	1	\$135
Oceanside Luxury Dream Beach House	SR	1	\$135
Beautiful Oceanview Condo	SR	1	\$135
Paradise Properties Capitola Village #321-B	SR	1	\$135
Bombora LLC Capitola Village #419	SR	2	\$270
Colorful Capitola Village Cottage A & B	SR	2	\$270
Capitola Suites	SR	3	\$405
A Six Sisters Beachfront Retreat	SR	1	\$135
Capitola San Jose 122	SR	5	\$675
Capitola Monterey 109-3 & 109 10	SR	1	\$135
222 San Jose Ave	SR	1	\$135
Charming Riverview Home	SR	1	\$135
Surf Loft	SR	1	\$135
425 Capitola Ave	SR	1	\$135
208 Capitola Ave A & B	SR	2	\$270
318 Capitola Ave #2	SR	1	\$135
Capitola Village Beach Rental	SR	1	\$135
328 Riverview Ave	SR	1	\$135
Arron Thomas	SR	1	\$135
Gary & Teresa Carlisle	SR	1	\$135
Stricht/Ciolino Trusts	SR	1	\$135
Unsophisticated Builders LLC	SR	1	\$135
Debbie & Brian Tuck	SR	1	\$135
Santa Cruz Balsamics	Assoc. O	1	\$90
Fuse Architects	Assoc. O	1	\$90
Surf City Properties	Assoc. O	1	\$90
O'Neal Properties	Assoc. O	1	\$90
Beachnest Property Management	Assoc. O	1	\$90