



**SAN DIEGO TOURISM MARKETING DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
Bahia Resort Hotel: Shell / Ventana Rooms
998 West Mission Bay Drive, San Diego, CA92109
Thursday, September 17, 2009
9:30 am to 12:30 p.m.**

MINUTES

Roll Call

C. Terry Brown, Chairman, called the meeting to order at 9:30 a.m.

Board members present: Ray Warren, Patrick Duffy, Kerri Robinson, Terry Brown, Richard Bartell, Bob Rauch, Luis Barrios and Bill Evans.

Board members absent: Mohsen Khaleghi

Also in attendance: Lorin Stewart, Executive Director, Jere Batten, Batten Accountancy Inc., and John Lambeth, legal counsel.

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ACTION ITEMS:

1. There were no changes to the Minutes from the SDTMD Board of Directors meeting of August 7, 2009. A motion was made by Bob Rauch to approve the minutes. There was a second from Ray Warren. Yes 8, No 0, Abstain 0.
2. **Appointment of the Audit Review Committee:**
Lorin Stewart gave the Board background information on the audit review committee. A motion was made by Patrick Duffy to appoint the officers of the board as the audit review committee. A second was made by Ray Warren. Yes 8, No 0, Abstain 0.
3. **FY 2010 Revised Budget Review: SD Convis**
Joe Terzi stated that a new budget was adopted this morning by the Convis Board. TMD revenues were the base for the new budget, which has been adjusted from \$13 million to \$12.5 million and now to \$11.150 million. Bill Evans asked if Convis had a 11% reduction without the \$438,000 carryover. Mr. Terzi responded yes. A motion was made by Bill Evans to approve Convis' revised budget. A second was made by Luis Barrios. Yes 8, No 0, Abstain 0.
4. **FY 2010 Revised Budget Review: San Diego North CVB**
Cami Matteson stated that there is a \$275,000 reduction in the budget due to the 10% reduction. Terry Brown stated the Board appointed a committee to discuss Convis and San Diego North budgets. Mr. Brown asked about the status of those discussions. Mr. Rauch stated that the meeting included a very inappropriate discussion and one that was hurtful to San Diego North. Bob

Rauch stated that due to the fact that he is chair of San Diego North that he would like to recuse himself. Ms. Matteson stated that she and Joe Terzi are in agreement that Convis should not get the \$543,400 in rollover money. Bill Evans stated that the contractual obligation is between the TMD and San Diego North. Mr. Brown stated that he has asked that the TMD audit both bureaus and all programs for 2009. Lorin Stewart indicated that the audit process has begun. Mr. Brown stated that the TMD asked for a 10% reduction in the San Diego North budget. A motion was made by Terry Brown to postpone the approval of this budget until the audit of both bureaus is completed. A second was made by Luis Barrios. Ray Warren asked why the \$543,000 was not spent. Ms. Matteson stated there are two reasons the money was not spent: (1) their budget tripled and (2) that they anticipated a decline in funds and kept the money in order to keep a consistent budget. San Diego North had 18 months of funds to be spent in 12 months. San Diego North spent only 12 months of funds and used the other six months of funds as rollover. Mr. Brown stated that the Board asked that the \$900,000 go to fund common funds for San Diego. Mr. Brown stated San Diego North is guaranteed 10% of TMD funds but that the Board has a duty to ensure funds are spent for the maximum ROI. Richard Bartell stated that almost \$1 million has not been deployed and there are programs that benefit the entire region. Mr. Bartell stated that the Board asked San Diego North to use approximately \$400,000 (\$200,000 in 2011 and \$200,000 in 2012) for OTA, because San Diego benefits, but apparently that has been rejected. Ms. Matteson stated that they are focusing on the 2010 budget. Mr. Bartell stated that it is important that this issue be resolved now. Mr. Bartell stated that the Board was trying to accommodate San Diego North by pushing the request out to 2011 and 2012. Mr. Bartell also stated that San Diego North would have a very high return on investment from the OTA program. Ms. Matteson stated that they have not allocated the \$400,000 that San Diego North is contributing to the overall program. Ms. Matteson stated that San Diego North is being supportive of Convis' programs. Mr. Evans stated that Convis and San Diego North both have guaranteed funding. The TMD board has a responsibility to make sure funds are spent to maximize return on investment. Mr. Evans stated he agrees with Mr. Brown that the Board needs to look at return on investment before approving the budget. Ms. Matteson stated that she has not opposed the \$200,000 in 2011 and 2012. Ms. Matteson stated that San Diego North will be in limbo because they are working on advertising right now. Mr. Bartell asked if this will impact San Diego North's ability to buy media now. Ms. Matteson stated that it will. Chairman Brown stated that seeing no further discussion, the board would vote on the motion to postpone approval of the budget. Yes 7, No 0, Abstain 1 (Rauch).

5. **FY 2011 Application/Funding Process Revisions:**

Lorin Stewart stated that the allocations for FY 2008, FY 2009 and FY 2010 has totalled nearly \$58 million and commended the board for their expertise and commitment to the process. Mr. Stewart reviewed the staff recommendations for future application process. Mr. Stewart specified all of the nine proposed changes to the application process. A motion was made by Bob Rauch to approve the revised application process. A second was made by Patrick Duffy. Yes 8, No 0, Abstain 0.

Informational Items:

FY 2009 Annual Contractor ROI Reports – Joe Terzi explained that in the Board member's binders are the quarterly reports that Convis has issued. 641,000 room nights have been booked. The total return on investment for the base funding is 12.03:1. Mr. Terzi explained the process for using TNS research data to determine the return on investment. Bob Rauch asked whether the ADR used in TNS information included taxes and assessments. Mr. Terzi stated that it probably does but that he will check. Mr. Terzi reviewed each of the programs and the return on investment for each.

Sandra from the Convention Center reviewed the return on investment from ASAE.

Cami Matteson reviewed vertical markets and sales. San Diego North focused on 3 core passions of visitors. A total of 28,541 room nights have been booked. All of San Diego North's marketing is online. San Diego North commissions are all returned to hotels.

The Board heard a report on the Amgen event. TNS was used to convert unique website users. The total rooms booked were 237,159 at an ADR of \$142. The total revenue generated was \$33,676,552. The return on investment was 13:1. TNS report showed that 40% of unique users visit the region and 57% of them stay in hotels. The average length of stay is four nights. 79% of bookings were attributed to the TMD. Bill Evans asked about the linkage between people who visit the website and people who decided the stay because of the website. Joe Terzi stated that the 40% figure may include people that have already been booked. Scott Dickey, representing the Rock and Roll Marathon, stated that using "unique visitors" is a fundamentally flawed methodology for determining return on investment, because a "unique visitor" may count one person click twice in a day as two unique visitors. Cami Matteson stated clicks were only counted if after 30 days. Mr. Evans asked for a copy of the TNS study. Ms. Matteson stated that she would provide copies to all of the Board members. Kerri Robinson asked about room nights in TMD versus room nights outside the TMD. Ms. Matteson stated that they estimated 21% were outside the TMD.

The Board heard from Kathy at the Film Commission. The Film Commission received \$661,816 in TMD funds. Total room nights booked were 16,892, at an ADR of \$139.89. The total revenue generated was \$2,363,079 with a return on investment of 3.57:1. Kathy stated that most of the money was spent on marketing activities. Richard Bartell stated that the Film Commission is a great example of the need for the new evaluation. It is difficult for the TMD Board members to determine impressions for the City of San Diego. Bill Evans stated that he is in agreement with Mr. Bartell and that the issue is not just limited to the Film Commission. Mr. Evans stated that the same issue exists with other expenditures, e.g. national cable buy. Kathy stated that the Commission will look at ways to further refine the numbers. The Board then heard a report on the Film Commissions incremental funding. The Film Commission received \$45,939 in TMD incremental funding. Total room nights booked were 1,200 which were booked at two ADR's: \$127.78 and \$138.50. The total revenue

generated was \$198,480. The return on investment was 4.32:1.

The Board heard from Alan Kidd of the Sports Commission. Mr. Kidd pledged to consolidate sports organizations. Mr. Kidd stated that he is getting referrals from the City, hotels, County and Convis. The Sports Commission received a base funding of \$220,000 in TMD funds. Total room nights booked was 24,984. The total revenue generated was \$3,236,833 with a return on investment of 14.7:1. The Red Bull Air Races received \$125,000 in TMD funds. Total room nights booked were 10,283 at an ADR of \$127.81. The total revenue generated was \$1,314,270 with a return on investment of 10.51:1. The US Sevens Rugby received \$194,000 in budgeted TMD funds. Their actual funding was unknown. Total room nights booked were 16,000 at an ADR of \$135.24. The total revenue generated was \$2,163,840 with a return on investment of 11.5:1. The combined total base funding and incremental funding was \$539,000. Total room nights booked was 51,267. The total revenue generated was \$6,714,000 with a return on investment of 12.45:1.

The San Diego Bowl Game Association received \$391,000 in TMD funding. The total room nights booked was 40,481 at an ADR of \$123. The total revenue generated was \$4,970,000 with a return on investment of 12.7:1

The California State games gave a report based on their 2008 games which were held July 10-13th. 10,891 athletes attended the games. The State games received \$15,427 in TMD funding. The total room nights booked was 14,000 at an ADR of \$145. The total revenue generated was \$2,030,000 with a return on investment of 132:1. For their bid on the 2011 games, the California State games has received \$25,000 in TMD funding. The group has projected to book 35,000 room nights at an ADR of \$145. The total projected revenue is estimates at \$5,075,000 with a return on investment of 200:1. The California State games also has received incremental funding for 2009 winter games, which 1,389 athletes will be attending. The games have received \$8,000 in funding. The total room nights booked is 2,900 at an ADR of \$145. The total revenue generated is \$391,500 with a return on investment of 53:1.

The San Diego Crew Classic has received \$50,000 in TMD funding. Total room nights booked were 4,500 at an ADR of \$125. The total revenue generated was \$570,750 with a return on investment of 10.4:1

Accessible San Diego has received \$95,040 in TMD funding. Total room nights booked were 3,755 at an ADR of \$135. Total revenue generated was \$506,925 with a return on investment of 5:1.

San DieGO Downtown booked 10 room nights. The return on investment for San DieGO Downtown is zero.

The Competitor group, Elite Racing, presented their return on investment report to the Board. Participants in the race were down by 20% in 2009. This is because the LA and Orange County marathons were moved to just before the Rock and Roll marathon. In 2010 they plan to add a half marathon to the event with a new finish line to make it like one new course. In 2009 the group received \$19,519 in TMD annual funds and \$50,000 in TMD incremental funds. The event booked 21,584 room nights at an ADR of \$127.81. The total revenue generated was \$2,758,651 with a return on investment of 39.7:1

Chairman's Report – The next meeting will be held on October 16, 2009 at the Bahia Hotel

Executive Director's Report – Lorin Stewart presented the FY 2009 initial consolidated ROI summary. In FY 2009 the TMD distributed \$26.3 million. 2.4 million Room Nights were booked at an average ADR of \$130. The total revenue generated was \$318 million with a return on investment of 12:1.

CONSENT:

5. None

6. **Motion to Adjourn**

The meeting was adjourned by Chairman Brown without objection at 12:40 p.m.

Approved _____
Luis Barrios, Secretary

Date _____