

EXHIBIT B1
BUDGET NARRATIVE BY CATEGORY
FY 2016

ORGANIZATION NAME: San Diego Tourism Authority
TMD Funds: CATEGORY A: \$ 17,015,568
TMD Funds: CATEGORY B: \$ 7,559,486
TOTAL TMD FUNDS A + B: \$ 24,575,053

ORGANIZATION'S TOTAL ANNUAL BUDGET (TMD + PRIVATE SOURCE): \$ 31,747,810

CATEGORY A
BUDGET NARRATIVE BY SUB-CATEGORY:

A1.1 Hotel Meeting Sales: TMD FUNDS: \$ 4,485,733
NARRATIVE (of budget line items):

The hotel meeting sales effort consists of deployment of a direct sales force tasked with influencing clients to book their meetings in San Diego TMD hotels over competitor cities. Included in this effort is the continuous prospecting for new clients, educating potential clients in the advantages of booking in San Diego and participation in industry associations and tradeshows to ensure awareness of the San Diego market. We encourage customers to see firsthand how San Diego is a perfect match for their meeting objectives through our robust site inspection program. TMD hotels actively participate in the process through the use of our iLead system that efficiently communicates qualified leads to hotels and facilitates hotel responses to the potential client.

A1.2 Event Mgmt. / Group Sales Development: TMD FUNDS: \$ 1,371,876
NARRATIVE (of budget line items):

Event management and group sales development is dedicated to production of leads and demand through affinity group conferences, tradeshows and in-market customer events. Included in this category are the direct sales activities of the citywide sales force tasked with booking convention groups into the convention center, generating significant room nights for TMD hotels. The cost of these activities is offset by the funding received through a services agreement with the San Diego Convention Center Corporation.

A1.3 Tourism Development/Travel Trade: TMD FUNDS: \$1,695,519

NARRATIVE (of budget line items):

The costs incurred in this category are designed to promote leisure tourism to San Diego through education and partnering with third party agents including Wholesalers, Group Tour Operators, Online Travel Agencies and Travel Agents. The tourism development effort includes partnering with Visit California and Brand USA on international sales missions and the contracted use of local representation in six international markets. The Travel Trade Development team ensures critical exposure for San Diego at the leading industry tradeshow and conferences and facilitates FAM trips for qualified international and domestic clients. In-country promotions including digital, social media and media outreach raise awareness and educate about San Diego.

A1.4 Group Meeting Direct Marketing: TMD FUNDS: \$ 864,010

NARRATIVE (of budget line items):

This category consists of direct marketing to group planners through web, digital, social and e-marketing campaigns. This activity also includes market research to identify groups for targeting and production of messaging to be distributed to the market.

A1.5 Consumer Direct Sales & Marketing: TMD FUNDS: \$ 8,598,430

NARRATIVE (of budget line items):

Consumer direct sales and marketing campaigns are designed to target potential travelers with specific affinities and interests or those who may have expressed an interest in traveling to San Diego. Included in this category are consumer media (print, cable, digital) targeting specific affinity groups and online digital campaigns including pay per click banner advertising and promotions through online travel agencies such as Expedia, Orbitz and Travelocity. Effectiveness of the digital campaigns is significantly enhanced through the use of cooperative programs with SeaWorld and other partners.

**CATEGORY B
BUDGET NARRATIVE:**

B: General TV / Radio Broadcast & Outdoor Media: TMD FUNDS*: \$ 7,559,486

***EXPENSE BREAKDOWN:**

• ADVERTISING:	\$ 5,869,000
• ADVERTISING AGENCY FEES:	\$ 575,700
• PRODUCTION/OUTSIDE CONTRACTORS:	\$ 452,661
• PERSONNEL SALARY & WAGES:	\$ 290,663
• PERSONNEL TAXES & BENEFITS:	\$ 55,629
• RESEARCH:	\$ 83,011
• ALLOCATION OF INDIRECT COSTS:	\$ 222,893
• OTHER COSTS:	\$ 9,929

NARRATIVE (of budget line items):

Television, radio and out of home media channels are used to strengthen brand affinity and achieve top of mind awareness in feeder markets. The strategy will focus market prioritization on those key mature and emerging markets with the greatest potential to generate visitation and room nights to TMD hotels. The spring/summer co-op campaign with SeaWorld will focus on potential travelers in key primary markets of Los Angeles, Phoenix and San Francisco.