

# STAY

FILLING SAN DIEGO  
HOTEL ROOMS

## FY 2017

(July 1, 2016 – June 30, 2017)

### **APPLICATION BENEFIT CATEGORY A3**

#### **GENERAL APPLICANTS A3: Competitive Targeting**

Programs of the type detailed in benefit category A3 are awarded through the competitive application process.

Assessment revenues derived from Benefit Category A may only be expended for such programs as in A1.1 thru A1.5 (TMD District Management Plan).

## Guidelines & Application

## **San Diego Tourism Marketing District**

### **Mission:**

The San Diego Tourism Marketing District is a nonprofit mutual benefit corporation dedicated to improving lodging room night consumption in the City of San Diego.

### **Purpose:**

The specific purpose of this private, non-profit corporation is to create a positive economic, fiscal, and employment impact on the lodging businesses in the City of San Diego through the effective and judicious allocation of its revenue and resources to measurably successful tourism sales and marketing programs.

### **Board of Directors:**

Bill Evans, Chair  
John Schafer, Vice Chair  
Jody Blackinton, Treasurer  
Matt Greene, Secretary  
Colleen Anderson  
Richard Bartell  
C. Terry Brown  
John Gates  
Tom Voss

### **Staff:**

Lorin Stewart, Executive Director

### **San Diego Tourism Marketing District Corporation**

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**SAN DIEGO TOURISM MARKETING DISTRICT**

**OVERVIEW:**

**What is the SDTMD?**

The San Diego Tourism Marketing District (the *District*) follows the Tourism Business Improvement District (TBID) model, which utilizes the efficiencies of private sector operation in the market-based promotion of local and regional tourism for the targeted benefit of assessed businesses. TBIDs, such as this *District*, allow lodging businesses to organize their efforts to increase tourism, specifically the consumption of hotel rooms as measured by room night stays, achieving economies of scale they could not otherwise achieve.

In San Diego, lodging businesses within the *District* will be assessed and those funds will be used to provide privileges, programs and services directly to the assessed lodging businesses that specifically benefit those businesses.

*District*-funded programs and services designed to deliver incremental new room night sales to assessed businesses may include, but are not limited to:

- Marketing of the Assessed Businesses
- Tourism Promotion Activities
- Special Events and Programs

In California, TBIDs such as the *District* are formed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law), the Parking and Business Improvement Area Law of 1989 (BID Law), or pursuant to an ordinance of a Charter City. In San Diego, the *City Council* adopted a local TBID enabling (procedural) ordinance similar to the 1994 PBID Law. This State statute and the *City procedural ordinance* allow creation of a special benefit assessment district to raise funds within a specific geographic area, in this case the city of San Diego, for the purpose of improving room occupancy and room night sales for assessed businesses.

There are many benefits to TBIDs:

- Funds must be spent to provide privileges or a specific benefit only to those who pay;
- Funds cannot be diverted for other government programs;
- Activities are customized to fit the needs of businesses in each TBID;
- Petition support is required from lodging businesses paying over 50% of the annual proposed assessment (this is true both under San Diego's *procedural ordinance* and the 1994 PBID Law);
- They are designed by those who will pay the assessment; and
- They provide a stable funding source for tourism promotion that will result in the generation of incremental new room night sales for assessed businesses.

**History:**

As a result of diminishing public resources available for effective and competitive destination marketing, local lodging industry leadership began discussing alternative funding sources and available options in 2003. A working group comprised of lodging industry representatives held dozens of meetings with proposed assessed businesses, stakeholder groups and interested parties. On May 8, 2007, at the request of a working group comprised of lodging industry representatives, the San Diego City Council (*City Council*) adopted the San Diego Tourism Marketing District Procedural Ordinance (SDMC Section 61.2501 et seq.) (*Procedural Ordinance*), which created a process for creating a tourism marketing district. Subsequently, on August 1, 2011, the *City Council* adopted amendments to the *Procedural Ordinance* specifying, among other things, a process by which such a district may be renewed. These amendments permit a renewal term up to forty (40) years.

The **San Diego Tourism Marketing District** (*District*) was established pursuant to the *Procedural Ordinance* effective January 1, 2008 for an initial five-year term that ended on December 31, 2012. Developed by San Diego lodging businesses, the *District* is a benefit assessment district created to fully or partially fund marketing and sales efforts that directly benefit San Diego lodging businesses. On November 26<sup>th</sup>, 2012 the City Council renewed the *District* for a period of thirty-nine and one-half (39.5) additional years. The approved District Management Plan sets forth a plan for *District* activities and assessments during that renewal period.

**District Location:**

The boundaries of the *District* are the same as the boundaries of the City of San Diego (see “Assessments and Benefit Categories”).

**Funding Source Entirely from Assessed Lodging Businesses:**

In response to the 2010 Proposition 26 legislation, the renewed district consists of two (2) benefit categories in the *District*. Each benefit category is designed so that the activities provided in connection with that category will confer exclusive privileges and a specific benefit directly to assessed businesses (current and future). These assessed businesses are defined in Appendix 1 of the District Management Plan: Lodging businesses benefitting under category A include all lodging businesses in the *District* with thirty (30) or more rooms. Lodging businesses benefitting under category B include all lodging businesses in the *District*, regardless of size.

**Assessments and Benefit Categories:**

All assessment rates are based on the privileges directly conferred and specific benefit directly received by assessed businesses from the activities provided within each category and are levied on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of those benefitting businesses. Annual assessment rates are as follows:

- **Benefit Category A Rate: 1.45%** - applied to Assessable Rent of qualifying City of San Diego lodging businesses with 30 or more rooms.
- **Benefit Category B Rate: 0.55%** - applied to Assessable Rent of all qualifying City of San Diego lodging businesses.

In summary, lodging businesses with 30 or more rooms will be assessed at a total rate of 2% (Category A + Category B). All other lodging businesses will be assessed at a total rate of 0.55% (Category B only).

Pursuant to this Plan, assessable Rent does not include revenue from stays where:

- the transient has exercised occupancy or was entitled to occupancy for one month or more; or
- the total space rental charge is twenty-five dollars (\$25.00) a day or less, or the accommodations rented are in a dormitory and the total space rental charge for each transient is twenty-five dollars (\$25.00) a day or less; or
- the transient is by treaty, or federal law, or state law exempt from payment of transient occupancy taxes; or
- rent is directly paid by the United States Government or the State of California or their respective instrumentalities. Assessments will be authorized by the *City Council* to be levied for the term of the *District*.

**FY: 2017**  
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**SDTMD FUNDING APPLICATION  
GUIDELINES AND REQUIREMENTS**

## **APPLICATION GUIDELINES AND REQUIREMENTS**

### **General Application Guidelines:**

The SDTMD Corporation is not a sales or marketing entity, but rather a funding conduit to contractors for development and implementation of effective sales and marketing programs and services that provide unique privileges and specifically benefit assessed businesses within the *District*. The *SDTMD Corporation* will be responsible for allocation and distribution of available revenue and will contract with qualified third-party contractors to supply specific sales and marketing programs and services as required and approved by the *Corporation's* Board of Directors.

Each applicant will be required to submit an “**Application Request for TMD Funding**” for specific sales and marketing programs that will provide unique privileges and specifically benefit assessed businesses within the *District*. Each application requires significant information about the applying organization or entity, as well as a detailed budget proposal and narrative specifying how the proposed funds will be spent, the expected result(s) in TMD lodging room night revenue, and the method(s) for measuring results.

The marketing and sales programs and services funded by the *District* are meant to deliver incremental room night sales directly to *District*-assessed lodging businesses. It is understood that each individual lodging business implements and privately funds a unique, proprietary marketing and sales program that is responsible for the generation of the vast majority of room nights at each business. *District* programs and services are supplemental to, and provide incremental room nights in addition to, those proprietary programs.

To allocate funding to marketing and sales programs, the *Corporation's* Board of Directors must find that each will be likely to generate incremental room night sales at assessed businesses. The purpose of any funded activity must be to generate such sales. The *Corporation's* Board of Directors will establish and regularly update a clearly defined application process for proposed marketing and sales programs. The application will articulate the required qualifications of applicants, the target *ROI*, and the measurement of results, among other criteria as means to ensure direct benefit to assesseses.

### ***Definitions-***

- ***Sales***

The sales process is defined as the activities designed to close or consummate the sale. This closure can take several forms when delivering lodging room night sales. For the transient or tourist responding to the marketing activities this sale may take the form of a walk-in purchase, an on-line reservation, or a telephone reservation.

Another significant element of the lodging sales function involves group and meeting sales. The group and meeting sales process consists primarily of interpersonal interaction, activities that engage the prospect or customer on a personal level rather than at a distance, through technology or a second party. It is often done by one-on-one meetings, cold calls, and networking. It requires significant front-line sales manpower, plus administrative,

operational, and technological support, and considerable time. Often, success is the result of several years of communication and relationship building between the sales representative and the customer; who is usually a professional meeting or convention planner. The “sale” results in a signed agreement or contract for a meeting or convention that can deliver hundreds, if not thousands of hotel room nights.

- ***Marketing***

Marketing is the activity of identifying, communicating to, reaching, informing, educating, motivating and persuading prospective consumers of hotel room nights to consummate a purchase. It is the message that prepares the prospective consumer for the sale, may take many traditional and/or innovative forms, and may be modified over time as a result of changes in consumer demands, new tourism products, and advances in marketing and communication technologies. It currently consists of many strategies, tactics and components including but not limited to these examples:

- Market Research;
- Advertising;
- Marketing Promotion;
- Press and/or Public Relations;
- New Product Development;
- Web Strategies, Viral and E-marketing;
- Partnership marketing; and
- Direct Marketing (to a defined universe with a specific call to action).

- ***DMOs (e.g. San Diego Tourism Authority / Convention and Visitors Bureau):***

It is widely recognized that successful direct marketing and sales of a visitor destination is the result of a considerable investment in time and resources. Visitor destinations, of all sizes in myriad locations, compete for a finite number of consumers. Many of these visitors require lodging. This daily consumption of lodging, as measured by the industry standard of hotel room nights, is vital because the unused portion of a hotel’s available inventory spoils every day, and is never again available for sale.

Historically, businesses in visitor destinations have banded together to pool resources in order to develop coordinated messaging and to deliver a call-to-action that would result in an increase in the consumption of visitor-serving offerings. These groups have been given many names that usually contain the term “visitors bureau.” More recently, they have been recognized as Destination Marketing Organizations (DMOs). Over time these organizations have become clearinghouses for visitor-serving information, products and services, while generating incremental new business for their members. Typically, a major participant in these coordinated community, regional and/or statewide efforts are representatives of the hotel industry who, understanding the “commodity” nature of their products, constantly seek opportunities to increase daily consumer demand for them.

Depending on the location and its available visitor offerings, each DMO develops and implements a business plan to sustain current visitor levels while generating additional business from new visitors. The activities implemented to serve these goals are numerous, creative, and diverse.



The meetings industry is distinct within the visitor industry, different from tourism, with its own unique markets, requirements and agendas. Yet, like leisure visitors, meeting attendees and convention delegates require accommodations.

The success of marketing and sales efforts is predicated on the long-term establishment and operations of a local DMO. The decisions that drive these direct sales initiatives are based on years, if not decades, of research, performance analysis, brand development and messaging, plus nurtured client/vendor relationships, performed by a professional staff with administrative support requiring extensive business manpower (sales force), infrastructure (offices, equipment, transportation) and technology (internet tools).

### **Marketing and Sales Programs: Stipulated Best Practices**

To guide *District* contractors and ensure direct benefit to assessees, below is a partial list of required Best Practices for implementation of *District*-funded programs and services. Following *District* renewal and adoption by the *Corporation's* Board of Directors, this list may be modified from time to time provided that the goal of direct and exclusive benefit to assessees is attained.

- It is required that all recipients of *District* funds certify that those funds will be spent to provide exclusive privileges and/or specific benefits only to *District* assessed businesses and not to any other, non-assessed businesses. To the extent that other, non-*District*, lodging businesses may receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-*District* funds.
- It is required that all recipients of *District* funds demonstrate availability of other additional non-*District* sources of revenue, such as but not limited to, membership dues, marketing fees, earned income, and/or participation fees, which they will contribute to the promotion or program to pay for any incidental benefit to non-*District* lodging businesses.
- It is required that all advertising materials and media include a call-to-action that directs consumers exclusively to *District* lodging businesses.
- It is required that all recipients of *District* funds conduct an analysis of room night generation for *District* lodging businesses and non-*District* lodging businesses in addition to a *ROI* analysis. The cost of efforts which generate room nights for non-*District* lodging businesses must be paid with non-*District* funds.

### **Funding / Benefit Categories A & B:**

There are two (2) benefit categories in the *District*. Each benefit category is designed so that the activities provided in connection with that category will confer unique privileges and a specific benefit directly to assessed businesses (current and future).

Lodging businesses benefitting under **Category A** include all lodging businesses in the *District* with thirty (30) or more rooms. Lodging businesses benefitting under **Category B** include all lodging businesses in the *District*, regardless of size.

## **BENEFIT CATEGORY A**

*All lodging businesses in the District with thirty (30) or more rooms*

### **Benefit Category A Overview**

It is understood by the Board of Directors of the *SDTMD Corporation* that the aggressive, daily consumption of lodging, as measured by the industry standard of hotel room nights, is vital to all lodging businesses because the unused portion of a hotel's available inventory spoils every day, and is never again available for sale. Therefore, the *Corporation* will contract with destination marketing organizations (DMOs) and other contractors selected through competitive application or procurement processes for the specific marketing and sales programs and services as outlined below.

The marketing and sales programs and activities of Benefit Category A will focus primarily on (i) the group and meeting planner or contractor and (ii) consumer direct sales and marketing programs. Consumer direct sales and marketing programs are specifically designed to place booking opportunities for assessed businesses in the grasp of consumers who have or may have expressed an interest in traveling to San Diego. To ensure proportional provision of direct benefits to assessees, the services to be provided to benefit category A assessees have been divided into three subcategories: A1, A2, and A3.

### **Benefit Category A1:**

#### **Meeting and Group Sales & Marketing Programs and Consumer Direct Sales & Marketing Programs to Drive Sales Demand for District Lodging Businesses (*with thirty (30) or more rooms*)**

Benefit category A1 lodging businesses will have the exclusive privilege to participate or be represented in, and receive a specific benefit from, but not limited to, the direct marketing and sales initiatives and programs listed above and further defined in District Management Plan (DMP) Appendix 4 & 5.

Other activities designed to support the above efforts to drive sales demand to these lodging businesses include: Direct Sales and Marketing to Meeting Planners and Meeting Buyers, and Consumer Research, Market Intelligence, Market Cultivation and Penetration.

Benefit category A1 direct sales and marketing programs and services, which are a diverse mix of time-tested and proven initiatives, projects, and activities, will provide exclusive privileges and specifically benefit all current and future lodging businesses of thirty (30) rooms or more within the boundaries of the *District*. These initiatives, projects and activities are deployed to achieve individual property direct sales for those lodging businesses with meeting space, and/or large enough (30 rooms or more) to accommodate a small meeting, reunion or tour group. The hotel meeting and group sales effort is focused on group, meeting, convention and tour operator contract programs.

Benefits resulting from these programs will be realized directly by individual lodging businesses in the target market area or market segment served through the exclusive privilege of participating in a unique contract program, marketing initiative or service funded under benefit category A.

### **Meeting & Group Direct Sales and Marketing**

Benefit category A requires that a specific set of marketing and sales tools be deployed to achieve individual property direct sales for those lodging businesses. Hotel Meeting Sales is focused on Group, Meeting, Convention and Tour Operator contract programs. These are typically business-to-business relationships. These programs require unique skills, marketing tools and expertise to deal with different markets, develop different messaging, and to address multiple challenging and different decision factors. Specifically, the marketing and sales programs and services provided to generate hotel room nights include (as defined District Management Plan - DMP Appendix 4 & 5) but are not limited to:

- **A1.1 : Hotel Meeting Sales;**
- **A1.2 : Event Management and Groups Sales Development;**
- **A1.3 :Tourism Development including Travel & Trade;**
- **A1.4 Group Meeting Direct Marketing; and**
- **A1.5: Consumer Direct Sales & Marketing Programs including National Online and Pay-Per-Click Banner Advertising and Online Travel Agency Campaigns (OTAs such as Expedia, Orbitz, and Travelocity).**

*Note: Multi-Year Tourism Development - A1.6 is reserved (see Appendix 4).*

### **Benefit Category A2:**

#### **DMO - Sub-Regional Targeting**

***(For District Lodging Businesses with thirty (30) or more rooms)***

Although benefit category A1 programs are designed to provide benefit citywide, many of these programs have a focus on larger convention and activities that occur in the Downtown area. In order to ensure that the programs exist to directly serve the needs of larger hotels spread throughout the City, category A2 includes services that are directed specifically towards parts of the City other than Downtown.

Targeted sub-regional marketing will deliver specific benefit to coordinated groups of lodging businesses throughout the *District* which are subject to the benefit category A assessment. These lodging businesses will have the exclusive privilege to participate or be represented in, and/or receive the specific benefit from, but not limited to the marketing and sales initiatives and programs listed above and further defined in Appendixes 4 and 5 (of the DMP). Activities shall be intended to provide supplemental programs of the type detailed in benefit category A.1 but specific to the District sub-regions outside of the downtown core such as Rancho Bernardo, La Jolla, Mission Bay, and Mission Valley.

Subject to further provisions in this paragraph, the *Corporation* shall annually budget a portion of funds derived from benefit category A assessment revenue to DMOs for the purpose of sub regional sales and marketing for those lodging businesses subject to the benefit category A assessment. When allocating resources and implementing programs in sub-regional areas, consideration shall be given to the number and distribution of lodging businesses subject to the benefit category A assessment and room count in those sub-regional areas to ensure that all assessees benefit proportionally from the activities funded by the assessment.

To further ensure provision of a specific benefit to assessed lodging businesses, sub-regional Hotel Advisory Committees shall be established as follows:

- DMOs receiving *District* funds shall establish criteria for the recognition of sub-regional Hotel Advisory Committees.
- The *Corporation's* Board of Directors shall annually apply those criteria to identify the bona fide sub-regional Hotel Advisory Committees.
- Membership on the Hotel Advisory Committees shall be limited to representatives from lodging businesses subject to the benefit category A assessment located in the sub-region for which each committee is established. While the sub-regions may realign or increase in the future, it is anticipated that the initial sub-regions will include, but not be limited to:
  - Mission Bay
  - Mission Valley
  - La Jolla
  - Shelter Island / Point Loma
  - I-5 corridor (adjacent to Del Mar)
  - I-15 corridor
- The committees shall act in an advisory capacity with the primary purpose of consulting with DMOs, and making recommendations on the programs and expenditures relative to sub regional programs annually proposed by DMOs.
- Sub-regional programs as proposed and implemented shall be consistent with the stated goals and objectives of the DMO to the extent they comply with the requirements of this Plan, and shall utilize proven marketing and media channels.

### **Benefit Category A3:**

#### **Competitive Targeting**

***(For District Lodging Businesses with thirty (30) or more rooms)***

Category A3 includes programs similar in nature to those funded through category A1, but selected through a competitive application process amongst smaller service providers and special programs.

The *Corporation's* Board of Directors will annually budget a portion of the revenue derived from the benefit category A assessment for competitive supplemental marketing efforts.

Such programs, activities, events, and services may be solicited either through a competitive application or open procurement process. These programs and services must provide unique, exclusive privileges and/or deliver a measurable specific benefit to assesseees based on room night sales, which are in addition to the privilege or benefits provided by other programs funded with the benefit category A assessment.

The *Corporation* will **solicit** and/or receive applications for funding from numerous diverse entities. Specific application guidelines were implemented during the *District's* initial five-year term and will continue to be utilized throughout the renewal term. Changes to the guidelines, criteria and application can only be made by an action of the *Corporation's* Board of Directors.

Fundamental to the funding of any application will be the clearly articulated exclusive privileges and specific benefit to assessed lodging businesses in the *District*. While exclusive privileges can be delivered in numerous ways, the specific benefit must be measured in the delivery of hotel room night sales to assessed lodging businesses. Successful applications will clearly describe the strategy and tactics for delivering room night sales, as well as the estimated resulting number of room night sales and resulting gross room revenue. The method for calculating and verifying the *ROI* results must be described in the application.

When considering these fundamental application requirements, priority will be given to:

- **Special-need periods of the year;**
- **Special-need geographic locations within the *District*; that may include but are not limited to a sub-region, multiple sub-regions, a neighborhood or community, or an area uniquely defined to host or support a program or event; and**
- **The opportunity to generate incremental room nights from existing programs or sponsoring programs.**

Competitive Supplemental Marketing Programs will deliver a specific benefit to coordinated groups of lodging businesses throughout the *District* which are subject to the benefit category A assessment. These lodging businesses will have the exclusive privilege to participate or be represented in, and/or receive the specific benefit from competitive supplemental marketing initiatives and programs designed to drive sales demand for room nights at these businesses as articulated in District Management Plan (DMP) Appendix 4 & 5.

### **Determining ROI**

All successful applicants for funding from assessment revenues must clearly demonstrate a measurable *ROI* based on room night sales for the programs or services they propose. Applicants and recipients must demonstrate their suggested methods of measuring *ROI* for their programs as part of applications and quarterly performance reports. All stated *ROI* results are subject to third-party audit

## **BENEFIT CATEGORY B**

*All lodging businesses in the District, regardless of size*

### **Benefit Category B: Overview (DMO Primary)**

Critical to the consumption of lodging business room nights is the location, or destination, of the businesses. While a meeting or convention can mandate a destination for a conventioner or delegate, the transient hotel guest, the tourist, makes a personal travel decision in light of market forces. Consumer direct/destination marketing and messaging are designed to influence, entice and support such decisions and therefore generate incremental transient room night sales. All of the lodging businesses subject to the benefit category B assessment will directly benefit from consumer direct/destination marketing.

### **Benefit Category B: Destination Marketing with Specific Call to Action**

Benefit category B funds consumer direct destination marketing. Such marketing can include, but is not limited to, consumer direct advertising and earned media (public relations releases) and media contacts. All marketing funded through benefit category B will include specific calls to action directly related to district lodging businesses. Such calls to action might include, but are not limited to, inclusion of special consumer directed website landing pages featuring only district lodging businesses, links, or phone numbers exclusively dedicated to providing district lodging business information and booking opportunities. All approved campaigns must have budget proportional other source funding reflective of benefit that will be used to augment the District funding to proportionally reflect the any percentage of benefit received to non-assesseees. Typical direct expenses include advertising costs, agency fees, production, printing, distribution costs, District related personnel salary, commissions, benefits, training, travel, printed material, promotional items, information technology, market intelligence, research, and performance audits. - Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

While none of the exclusive privileges (calls to action and special website and phone number) of participating in programs funded by benefit category B will be available to businesses that do not pay the benefit category B assessment, secondary benefit may accrue to lodging establishments outside the boundaries of the *District*, but the resulting room night capture would be offset by the utilization of other source income to support these programs. DMOs will be required to demonstrate sufficient alternate revenue sources in support of Consumer Direct/Destination Marketing programs under benefit category B.

Benefit category B Consumer Direct/Destination Marketing programs and services will provide exclusive privileges and specifically benefit all assessed lodging businesses in the *District*, regardless of size. Therefore, all of these qualifying lodging businesses as listed in Appendix 3 will be assessed for the activities provided by funding from benefit category B. Benefits resulting from these programs will be realized directly by individual assessed lodging businesses in the target market area or market segment served through the exclusive privilege of participating in a unique contract program, marketing initiative or service funded by the benefit category B assessments.

**Funding Requirements:**

Assessment funds will be spent to provide a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the *City* of conferring the benefit or granting the privilege. The activities also constitute specific government services provided directly to the payor that is not provided to those not charged, and which do not exceed the reasonable cost to the *City* of providing the services.

The privileges and services provided with *District* funds are sales, marketing, advertising and promotional programs available only to assessed businesses. District activities will be designed for the sole purpose of generating incremental room night sales at assessed businesses. Such room night sales are of great value to assessed business and constitute a specific benefit for which the assessment is charged. Non-assessed businesses will not have access to the privileges and services provided by the assessment. For example, only assessed businesses will be entitled to receive sales leads generated by District-funded activities or be featured in District-funded marketing materials.

Because marketing services are provided by *Corporation*-approved contractors, requirements for contractors and the application process have been developed. Specifically, all funding requests must delineate:

- **All sales, marketing, advertising and promotional programs;**
- **Number of *District* lodging business room nights generated – existing and incremental;**
- **Average Daily Rate est. (from approved source such as Smith Travel Research);**
- **Projected sales leads to be generated (if applicable);**
- **Return on Investment (*ROI*) as measured in *District* room night revenue;**
- **Time of year (peak, shoulder, low); and**
- **Number of marketing impressions (included as supportive information only where applicable).**

Successful applicants that become contractors for the *Corporation* will be required to submit quarterly performance updates and comprehensive annual performance reports which include the above required information along with samples of marketing materials and information as to the methodology used to substantiate the *ROI*.

Funded contractors and programs must also have a cost allocation methodology which demonstrates that costs are apportioned between applicable funding sources so that the amount of assessment revenue used is proportionate to the benefit derived by *District* lodging businesses.

The *Corporation* will contract with an independent third-party to audit the results and to verify *District* room nights and *ROI*.

**Oral Presentation:**

Should an application meet the fundamental requirements for consideration, and prior to any decision, qualifying finalist may be invited to make a public, oral presentation before the SDTMD Board of Directors at a public meeting.

**Agreement Between Contractor and SDTMD:**

Unless otherwise directed by the SDTMD, each Applicant awarded annual funds must then submit an electronic copy of their Proposal (Scope of Work) and Budget adapted to reflect the awarded amount within 30 days of the receipt of the notice of funding or by March 21, 2016, whichever is earlier. This applies for all Annual Funding recipients.

Once the Board of Directors has approved funding and the SDTMD budget is approved by the City Council, an Agreement will be issued to the successful applicants. The Agreement will specify the terms and conditions of the arrangement, including the organization's scope of work, the amount of funding, the limitations associated with the funding, anticipated results, and mutually agreed upon method(s) for measuring those results. The Contractor shall be required to execute such an Agreement prior to receiving SDTMD funds.

**Cost Reimbursement:**

All funds are awarded on a cost reimbursement basis following the City of San Diego Operations Manual. All items for reimbursement must align with the SDTMD / City approved budget and include proof of payment of the expense. The average turnaround time is 30 days from the receipt of a correctly submitted reimbursement request packet. Reimbursement requests may be submitted on a monthly basis or less frequently as arranged with staff. There can be no payment in advance, unless approved by the board for special circumstances and in compliance with the SDTMD contract with the City.

**Performance Reports:**

Performance Reports will be required quarterly detailing the target and actual outcomes by type of activities, specific sales and marketing initiatives, etc. These quarterly reports must detail the way in which all assessed businesses (TMD lodging businesses) are benefited, along with the details of all TMD funds expended.

**Applicants must detail their method of measuring and tracking ROI for their particular program as part of their performance reports. All ROI results will be subject to a third-party audit (see attached APPENDIX A: "Metrics Criteria for the San Diego Tourism Marketing District-ROI Measurement Policy").**

**FY 2017 Quarterly Performance Report Schedule: Provides two months to file each quarterly report**

Quarter One: July 2016 - September 2016	Due November 30, 2016
Quarter Two: October 2016 - December 2016	Due February 28, 2017
Quarter Three: January 2017 - March 2017	Due May 31, 2017
Quarter Four: April 2017 - June 2017	FY 2017 ANNUAL REPORT Due August 31, 2017



### **FUNDING ELIGIBILITY**

**Legal Status:** Applicants must demonstrate proof of legal status within the jurisdiction of the headquarters of their business or corporation.

**Track Record:** An applicant must have demonstrable history of successful, ongoing programming or business performance prior to submitting an application.

**Location:** Regardless of where an applicant is headquartered or physically located, or where a particular marketing program is implemented, 100% of the funding received from the SDTMD must be in support of programs that provide privileges directly conferred and specific benefit directly the assessed lodging businesses within the City of San Diego.

**Compliance:** Former contractors of the City of San Diego must have submitted acceptable final report packages on any completed contract and be in good standing with the City of San Diego.

**ADA:** Contractors will comply with the federally mandated Americans with Disability Act. Contractors and subcontractors will be individually responsible for their own ADA compliance.

**EEO:** Contractors will comply with Title VII of the Civil Rights Acts of 1964, as amended; the California Fair Employment Practices Act; and any applicable federal and state laws and regulations herein enacted, as well as the City's Non-discrimination in Contracting Ordinance.

**Drug-Free Work Place:** Contractors must provide a drug-free workplace.

### **FUNDING LIMITATIONS**

- TMD assessment funds cannot be used for alcoholic beverages. Corporation's subcontractors shall not use TMD assessment funds for travel, meals, lodging, or entertainment expenses, unless authorized by SDTMD in advance, as provided by the Contract with the City.
- The acquisition, construction, installation or maintenance of any tangible public property, including parking facilities, parks, planting areas, fountains, benches, booths, kiosks, display cases, pedestrian shelters, signs, trash receptacles, public restrooms, ramps, sidewalks, plazas, pedestrian malls, lighting and heating of public facilities.
- The closing, opening, widening or narrowing of existing or new streets.
- Facilities or equipment, or both, to enhance security and safety of persons and property within the *District*, unless included in a specific proposal to benefit the assessed businesses.

- Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the *City*.
- Expenditures not consistent with the terms of the District Management *Plan*.
- Political candidate or ballot initiative activity.

### **ADDITIONAL REQUIREMENTS**

**Insurance:** All SDTMD contractors shall comply with the City’s insurance requirements for the term of the Agreement.

- a) **Commercial General Liability (CGL)** Insurance written on an ISO Occurrence form CG 00 01 07 98 or an equivalent form providing coverage at least as broad which shall cover liability arising from any and all personal injury or property damage in the amount of \$ 1 million per occurrence and subject to an annual aggregate of \$2 million. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. All defense costs shall be outside the limits of the policy.
- b) **Automobile Liability Insurance**, providing coverage for all bodily injury and property damage, with a limit of at least One Million Dollars (\$1,000,000) per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) on the Premises. Coverage shall be written on ISO form CA00 01 12 90, or a substitute form providing equivalent liability coverage; and
- c) **Worker’s Compensation Insurance**, as required by the laws of the State of California for all Contractors’ employees who provide services under the SDTMD funding grant with a limit of at least One Million Dollars (\$1,000,000).

**Certificate of Good Standing:** Applicants must be in good standing with the Secretary of State and Franchise Tax Board. All required filings must be current and the status of the business / corporation must be active. “Active” status means that your corporation has not been dissolved, suspended, surrendered or forfeited. For more information concerning Certificates of Good Standing, contact (619) 525-4113 or online at: [www.ss.ca.gov/business](http://www.ss.ca.gov/business)

**Promotional Material Requirement:** SDTMD funded entities shall include the following language on all promotional materials (including, but not limited to, brochures, newsletters, advertising, facts sheets, news releases, and Internet web sites): **“Funded in part (or in whole) by the San Diego Tourism Marketing District Corporation with City of San Diego Tourism Marketing District Assessment Funds.”** Such acknowledgment shall be prominently displayed on all such promotional materials. When any such promotional material expresses an opinion regarding a matter of public policy, the acknowledgment shall note that the opinion(s) stated in the promotional materials do(es) not necessarily reflect the policy of the City of San Diego. A copy of page or pages, of promotional material displaying

required language, or other equivalent proof, is required to be included in reconciliation report.

**Mandatory Disclosure of Business Interests:** Pursuant to section 225 of The City Charter of the City of San Diego, California (“Charter”), all contractors and subcontractors shall make a full and complete disclosure of the name and identity of any and all persons directly or indirectly involved in any transaction funded by, or proposed to be funded by, the SDTMD and the precise nature of all interests of all persons therein. Contractor’s failure to fully disclose all of the information required by Charter section 225, or Contractor’s failure to require each of its subcontractors to fully disclose such information, shall be a default of the Agreement between SDTMD and the Contractor.

**No Political Activity:** Contractor shall not use and require its subcontractors not to use, any of the funds received pursuant to this Agreement, or any personnel or material paid for with funds pursuant to the SDTMD agreement, for political activity. The term “political activity” shall mean a communication made to any electorate in support of, or in opposition to, a ballot measure or candidate in any federal, state or local government election.

**Operating Manual:** Notwithstanding any other provision in the SDTMD Agreement, Contractor shall comply with the City of San Diego Operating Manual, including without limitation those provisions related to fiscal accountability, eligible and ineligible project expenditures, and procedures for financial management, accounting, budgeting, record keeping, reporting, and other administrative functions. Contractor shall seek and obtain SDTMD’s prior written approval of any deviation from the Operating Manual’s prescribed practices and procedures.

**Limiting Contact Between Applicants and the Board of Directors:** It will be vital that the application and allocation process for funding from the SDTMD be open, fair and efficient. To this end, the written submission of the application and supporting materials as well as any public presentation that may be required from applicants will be the foundation for Board discussion and deliberations. Board members are encouraged to limit their contact and communication with applicants regarding their applications or proposed application, and to disclose any such contact or communication prior to participating in the consideration of that applicant's submission.

## **HOW TO APPLY**

### **GETTING STARTED**

**Request for Application Form:** All new and returning applicants may obtain an application in MSWord format by contacting Lorin Stewart, Executive Director, at (619) 209-6108 or [lstewart@SDTMD.org](mailto:lstewart@SDTMD.org) . Application documents in PDF format may also be downloaded from the SDTMD website, [www.SDTMD.org](http://www.SDTMD.org).

**Who to call:** If you have any questions regarding SDTMD funding eligibility or policy, please contact Mr. Lorin Stewart, Executive Director, at (619) 209-6108 or [lstewart@SDTMD.org](mailto:lstewart@SDTMD.org). Background information and resources may also be downloaded from the SDTMD website at: [www.SDTMD.org](http://www.SDTMD.org).

### **Application Types:**

- 1) **GENERAL APPLICANTS – CATEGORY A3 ANNUAL Funding Application:** The SDTMD Fiscal Year 2017 is the same as the City of San Diego: July 1, 2016 and ends on June 30, 2017. **Regardless of delivery method, all organizations applying for funding for this period must have their completed application packets submitted to the SDTMD office by 5:00 p.m. on Friday, December 4, 2015. Applications received after the deadline will not be accepted for annual funding requests.**
  
- 2) **DMO - SAN DIEGO TOURISM AUTHORITY - ANNUAL Funding Application:** The SDTMD Fiscal Year 2017 is the same as the City of San Diego: July 1, 2016 and ends on June 30, 2017. **Regardless of delivery method, all DMO organizations applying for “annualized” funding for this period must have their completed application packets submitted to the SDTMD office by 5:00 p.m. on Friday, January 29, 2016. Applications received after the deadline will not be accepted for annual funding requests.**
  
- 3) **SUPPLEMENTAL Funding Application:** After all Annual Funding Programs have been reviewed and allocated by the SDTMD Board and **if** TMD funds are available, qualifying organizations may apply for Supplemental funding such as a single event or a specialized sales / marketing program. **All supplemental proposals are required to follow the SDTMD application format and submit to the SDTMD at least one month in advance of the next regularly scheduled Board of Directors Meeting, unless directed otherwise by the SDTMD board or staff.** It is strongly recommended that a preliminary discussion with the Executive Director is scheduled prior to the submittal of any Supplemental application.

**Public Presentation to the SDTMD Board:** After the close of the Application Deadline for Annual Funding, the SDTMD Executive Director may schedule respective organization to present their annual proposed Scope of Work, Budget of Proposed Use of TMD Funds,

and ROI projections in TMD lodging room night consumption to the Board of Directors for review at public meetings.

### **TECHNICAL ASSISTANCE**

**Consultations:** Applicants are encouraged to take advantage of individual consultation by SDTMD staff. The assistance provided will be limited to guidance in the completion of the application and in understanding the eligibility requirements. **Receiving staff consultation does not guarantee funding.**

**Site Visits by Staff and Board:** The SDTMD may arrange site visits with contractors and potential applicants.

### **PREPARING THE APPLICATION**

**Preparation Instructions:** To help us prepare your application for Board review, please adhere to the guidelines below.

- Present the application in the order and format requested. Failure to do so may result in the disqualification of your application.
- All sections of the application must be typed in black ink using an easy to read format and font.
- All material is to be submitted on **one-sided**, 8.5 x 11 inch white paper with three-hole punches. **Do not bind or staple any pages.** Marketing collateral is an exception to this requirement.
- All audio-visual materials must be clearly labeled with the applicant's name and title of the piece.
- The application in MS Word is available by email request to the Executive Director, Mr. Lorin Stewart, at the following address: [lstewart@sdtmd.org](mailto:lstewart@sdtmd.org)
- The application in PDF format is available for download from the San Diego Tourism Marketing District website: [www.SDTMD.org](http://www.SDTMD.org) . Click on the ***"CONTRACTORS & FUNDING"*** tab.

**Required Application Contents:** The Completed Application will contain the following required documents in this order:

- Signed Application Cover Page**
- EXHIBIT A: Proposed Scope of Work Narrative**
- EXHIBIT B: FY 2017 Budget for Proposed Scope of Work**
- EXHIBIT B1: FY 2017 Budget Narrative By Category**
- EXHIBIT E: Targeted Return on Investment In Hotel Room Night Revenue Worksheet**
- EXHIBIT F: Personnel Schedule:** Required for all positions being claimed against San Diego Tourism Marketing District Funds.
- Board of Directors List (if applicable):** List of Board of Directors including business names and addresses.
- Disclosure of Business Interests (if applicable):**
- Audit Compliance Acknowledgement**
- Accounting Compliance Acknowledgement**
- Work Force Report:** Completed City of San Diego Work Force Report
- Certificate of Good Standing:** Online printout from Secretary of State and Franchise Tax Board [www.ss.ca.gov/business](http://www.ss.ca.gov/business). All required filings must be current and the status of the business / corporation must have a current “Active” status.

**Optional (Non-Required) Attachments:** The following items may be included to help the Board evaluate your proposal:

- Clippings and samples from similar events or ad campaigns.
- Audio visual documentation including PowerPoint presentations.
- Websites (maximum 5 pages of each site).

**Number of Copies:**

- Submit a total of **twelve (12)** hard copies of the full application and all required exhibits (one original + eleven copies).
- In addition, submit a **PDF copy** (on USB drive) of the full application and all required exhibits.

**Packaging / Submittal Directions:** When completing your application packet, please keep the following information in mind:

- Label each page with the organization name and page number.
- Use binder clips not binders: **Do not staple or bind any pages.**
- **Three (3) hole punch all pages.**
- Maintain a margin of at least 0.5”.
- Always leave enough space to make the information legible.
- Use a font size of 12 point or larger.

- Keep responses clear and to the point.
- Submit a total of twelve (12) full hard copies and one PDF (on flash drive) of the application and all required exhibits.

**Submit twelve (12) hard copies and a PDF(on USB drive) of your full application to:**

**San Diego Tourism Marketing District - SDTMD  
Attention: Mr. Lorin Stewart, Executive Director  
8880 Rio San Diego Drive, Suite 800  
San Diego, CA 92108**

## **APPLICATION REVIEW PROCESS**

### **PRELIMINARY REVIEW BY STAFF:**

SDTMD Executive Director shall review each application and consider:

- The thoroughness of application and format.
- The proposed programs' compliance (such as Prop 26) and ROI.
- The appropriateness of the proposed program goals and objectives.
- The quality of the responses to the review criteria including the strength of the program's collateral and support materials.
- The current and past contractual performance / standing with the City of San Diego and/or other governmental agencies.
- Disclosure of other pending or granted public funding for the fiscal year in question.

### **SDTMD BOARD REVIEW OUTLINE:**

Eligible applications will be forwarded by staff to the SDTMD Board for review. The formal SDTMD application review process will consist of **two phases** to be held in a public meeting format.

#### **I. Annual Funding Competitive Application Review:**

***Phase One:*** The SDTMD Board may review and discuss all applications individually at public board meetings. *Applicants may be requested to provide an oral/multimedia presentation not to exceed 10 minutes, unless otherwise directed by the SDTMD Board.* These presentations shall coincide with the application review and will be scheduled by the SDTMD in advance.

***Phase Two:*** After the formal application review process (Phase One) is complete for all annual applicants, all programs will be prioritized by the SDTMD Board. At a public meeting, the Board will then evaluate the relative value and need of each program and determine the level of funding, if any, of each program based upon the "Phase One" reviews, recommendations, and the estimated availability of funds. **There is no guarantee of funding for any application.**

#### **II. Supplemental Funding Review:**

After all Annual Funding Programs have been reviewed and allocated by the SDTMD Board and **if** TMD funds are available, qualifying organizations may apply for Supplemental funding such as a single event or a specialized sales / marketing program.

Qualifying "short term" initiatives may be applied for after the Annual Application deadline. All such proposals are required to follow the SDTMD application format and submit to the SDTMD at least one month in advance of the next regularly scheduled Board of Directors Meeting, unless directed otherwise by the SDTMD board or staff. It is strongly recommended that a preliminary discussion with the Executive Director is scheduled prior to the submittal of the application.



As these initiatives will be periodic through the year and, by nature, not subject to the funding deadline of the annual programs, it is possible that only one proposal might be presented to the SDTMD Board for review at a public meeting. In this case, Phase One and Phase Two may be combined with funding determined immediately upon Board review. If more than one initiative or organization is reviewed, then the following format will be used:

***Phase One:*** The SDTMD Board will review and discuss each application individually at public board meetings. *Applicants may be requested to provide an oral/multimedia presentation not to exceed 10 minutes, unless otherwise directed by the SDTMD Board.* These presentations shall coincide with the application review and will be scheduled by the SDTMD in advance.

***Phase Two:*** After the formal application review process (Phase One) is complete for all pending supplemental applicants, all programs will be prioritized by the SDTMD Board. At a public meeting, the Board will then evaluate the relative value and need of each program and determine the level of funding, if any, of each program based upon the “Phase One” reviews, recommendations, and the estimated availability of funds. **There is no guarantee of funding for any application.**

#### **APPEALS PROCESS**

Written appeals may be made after Phase One ranking. In a public meeting, the SDTMD Board shall consider appeals and will vote on final recommendations.

Appeals may be based only on two possible grounds:

- A material misstatement(s) by the Board during the review process of factual information contained within the application such that it negatively influenced the Board’s evaluation of the applicant’s request for funding; and, or
- Incorrect processing of the required application materials such that it negatively influenced the panel’s evaluation of the applicant’s request for funding.

Dissatisfaction with an application’s denial or ranking is not sufficient grounds for an appeal. Additionally, an appeal may not be used to correct incorrectly stated or omitted information made by the applicant in the application.

## **The FY 2017 Funding Cycle\***

### **September- October 2015:**

- FY 2017 Applications available by download / request
- Preliminary staff review of received applications
- **GENERAL A3 - FY 2017 Annual Application Deadline: December 4, 2015**
- **DMO - SDTA - FY 2017 Annual Application Deadline: January 29, 2016**

### **December 2015- February 2016:**

- Preliminary staff review of received applications
- **Formal public board review of qualified applications**

### **February - March 2016:**

- **Formal public board review of qualified applications**
- Funding recommendations of programs by board
- Notification of funding intention to City
- FY 2017 final budgets from approved organizations due on or about March 25, 2016
- SDTMD submits FY 2017 Budgets with R.O.I. projections and Scope of Work assumptions to City on or about April 1, 2016

### **May-June 2016:**

- **FY 2017 Budget presentation to San Diego City Budget & Government Efficiency Committee / City Council**
- FY 2017 Contracts Issued

### **July 1, 2016:**

- FY 2017 Begins

\*Dates are approximate and may change without notice.



**YOUR ORGANIZATION MISSION STATEMENT OR STATEMENT OF PURPOSE:**

**YOUR ORGANIZATION’S PROGRAMS AND SERVICES:**

Briefly describe your core programs and services and describe any plans for change, growth, or reduction in the proposed year. Please limit your response to one page.

**IS YOUR ORGANIZATION A NON-PROFIT ORGANIZATION?** Yes / No

**If Yes:**

1) **Board of Directors Disclosure:** On a separate sheet, describe the roles and responsibilities of your Board of Directors and attach a roster of your current Board and Officers to the SDTMD Application

2) **Mandatory Disclosure of Business Interests:** **On a separate sheet, disclose the information following these guidelines:** Pursuant to section 225 of *The City Charter of the City of San Diego, California* (“Charter”), all contractors and subcontractors shall make a full and complete disclosure of the name and identity of any and all persons directly or indirectly involved in any transaction funded by, or proposed to be funded by, the SDTMD and the precise nature of all interests of all persons therein. Contractor’s failure to fully disclose all of the information required by Charter section 225, or Contractor’s failure to require each of its subcontractors to fully disclose such information, shall be a default of the Agreement.

**IS YOUR ORGANIZATION A FOR-PROFIT ORGANIZATION?** Yes / No

**If Yes: Mandatory Disclosure of Business Interests:** **On a separate sheet, disclose the information following these guidelines:** Pursuant to section 225 of *The City Charter of the City of San Diego, California* (“Charter”), all contractors and subcontractors shall make a full and complete disclosure of the name and identity of any and all persons directly or indirectly involved in any transaction funded by, or proposed to be funded by, the SDTMD and the precise nature of all interests of all persons therein. Contractor’s failure to fully disclose all of the information required by Charter section 225, or Contractor’s failure to require each of its subcontractors to fully disclose such information, shall be a default of the Agreement.

Closing Date of Applicant’s Most Recently Completed Fiscal Year: \_\_\_\_/\_\_\_\_/\_\_\_\_

**CPA REVIEW/AUDIT** (Please answer the following questions)

Does your organization receive a financial audit\*?  Yes  No

If not, were unaudited financial statements prepared?  Yes  No

Was a copy of the audit report/financial statements submitted to the City?  Yes  No

What period is covered by your most recent audit report/financial statements: \_\_\_\_\_

Does your Board of Directors receive and discuss the management letter from the audit report?  Yes  No

**\*NOTE:** Contractors receiving \$75,000 or more in federal, state, City and/or SDTMD funds shall have Financial Statement Audits prepared in accordance with GAAP and audited by an independent Certified Public Accountant, in accordance with Generally Accepted Auditing Standards [GAAS]. This audit report shall include the following statements:

- a) A statement of expenditure of SDTMD funds by program, to be identified in the same expenditure classifications as contained in the final budget and compared with the budgeted amounts;
- b) A statement of revenues and expenditures, and a balance sheet of all funds received by Corporation; and
- c) A statement certifying compliance with all terms and conditions of the SDTMD’s contract with Contractor, and that all required reports and disclosures have been submitted, completed by an executive officer of Corporation.

Contractor shall provide the SDTMD a copy of the Financial Statement Audit within 150 calendar days of the end of Contractor’s last complete fiscal year.

Will your organization receive any other public funding in **FY 2017**?  Yes  No

If “Yes”, list funding source(s), amount of funding, and dedicated use of funds:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Is your organization applying for any other public funding in **FY 2017**?  Yes  No

If “Yes”, list funding source(s), amount of funding requests, and proposed use of funds:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**What is your total operating budget in FY 2017?** \_\_\_\_\_

**Itemize All Projected Sources of Revenue (Private + Public):** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**SDTMD CONTRACT COMPLIANCE** (Returning Applicants only)

For the most recent fiscal year - has your organization filed quarterly reports?  Yes  No:  
What period is covered by your most recently submitted report: \_\_\_\_\_

**REQUIRED ATTACHMENTS (Please check off prior to submittal)**

The Completed Application must contain the following required documents in this order:

- Signed Application Cover Page**
- EXHIBIT A: Proposed Scope of Work Narrative**
- EXHIBIT B: Budget for Proposed Scope of Work by Category**
- EXHIBIT B1: FY 2017 Budget Narrative By Category**
- EXHIBIT E: Targeted Return on Investment In Hotel Room Night Revenue Worksheet**
- EXHIBIT F: Personnel Schedule:** Required for all positions being claimed against San Diego Tourism Marketing District Funds.
- Board of Directors List (if applicable):** List of Board of Directors including business names and addresses.
- Disclosure of Business Interests (if applicable):**
- Audit Compliance Acknowledgement**
- Accounting Compliance Acknowledgement**
- Work Force Report:** Completed City of San Diego Work Force Report
- Certificate of Good Standing:** *Online printout* from Secretary of State and Franchise Tax Board [www.ss.ca.gov/business](http://www.ss.ca.gov/business). All required filings must be current and the status of the business / corporation must have a current “Active” status.

Authorized Signatory / Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**FY 2017** *(July 1, 2016 – June 30, 2017)*  
**Application Request for TMD Funding**

On separate paper titled “**EXHIBIT A: Proposed Scope of Work Narrative**”, respond to criteria item numbers one (1) through five (5) below. Number and label your response to each item. Please limit your narrative response to 5 pages or less\*:

**EXHIBIT A: PROPOSED SCOPE OF WORK NARRATIVE:**

**1) Proposed Scope of Work Narrative:**

Using Categories A1.1 through A1.5 in **APPENDIX 4:**

- By Category A1.1 through A1.5, specifically detail the scope of work of your proposed sales, marketing/promotional program and/or event using TMD funding. Detail the targeted number of Incremental / NEW TMD hotel room nights will be generated due to the allocation of requested TMD funds.
- By Category A1.1 through A1.5, specifically detail how your event or promotion will sell, market, or promote only TMD hotel properties 30 rooms and above. Due to California Prop 26 restrictions, TMD funding cannot be used to support the promotion or production of lodging rooms for non-TMD assessed lodging businesses.
- Describe how you will be working in collaboration with other TMD funded organizations and programs to maximize the effectiveness of Tourism Marketing District Funds.
- Your proposed scope of work narrative should explain your line-by-line Exhibit B – Budget.

**2) Applicant Qualifications:**

Describe how your organization is uniquely qualified to provide the proposed program or initiative.

**3) Budget Assumptions for use of Tourism Marketing District Funds:** Referencing the Budget of Proposed Scope of Work (EXHIBIT B), provide a supporting narrative of your proposed budgeted allocation of TMD funds requested.

**4) Targeted Return on Investment (ROI) in TMD Hotel Room Nights:** Referencing the ROI Worksheet (EXHIBIT E) describe your projected return on investment in **TMD hotel room night revenue** and the benefit that will be realized to the entire assessment district (TMD hotels within the city limit of San Diego). Specifically detail “Who” in the assessment district will be directly benefited (EG: Category A-TMD assessed properties with 30 or more rooms), “When” the benefits will be realized, “Where” in the assessment district the benefit will be realized, and “How” you proposed to realize and track the



results. **Describe what specific actions you have taken and the resources you will or have used to determine your ROI estimate.** If a third party will be used to determine the ROI, list the company, their qualifications, and contact information.

**5) Progress / Success Measurement and Timing:**

By contract, quarterly reports detailing the progress of each funded program and the ROI, including the method of determining the ROI, are required by both the SDTMD and the City of San Diego. Describe what tools or device (surveys or other sources) will be used to measure the projected results from your proposed program.

**\*If the proposed SDTMD funding represents more than 50% of the organizations' annual budget, then a full operational line item budget detailing the use of the TMD funding will be required, and the 5 page limit is waived.**

**EXHIBIT B  
BUDGET-SDTMD FUNDS  
FY 2017**

Date:

**DOWNLOAD PDF VERSION OF FY 2017 “DRAFT EXHIBIT B-BUDGET TEMPLATE”**

From [www.SDTMD.ORG](http://www.SDTMD.ORG) at:

***“CONTRACTORS FUNDING” / “APPLICATION, GUIDELINES & REQUIREMENTS”***

**TO REQUEST A CURRENT VERSION IN EXCEL, PLEASE CONTACT:**

**MS. ZORAIDA SINGLEY (“Z”)  
Staff Accountant  
Batten Accountancy, Inc.**

**[Zoraida@battenaccountancy.com](mailto:Zoraida@battenaccountancy.com)**

**2020 Camino Del Rio North, Suite 810  
San Diego, CA 92108**

<b>EXHIBIT B1</b> <b>BUDGET NARRATIVE BY CATEGORY</b> <b>FY 2017</b>
--

<b>Date:</b> _____
--------------------

**ORGANIZATION NAME:** \_\_\_\_\_

**TMD Funds: CATEGORY A:** \$ \_\_\_\_\_

**TMD Funds: CATEGORY B:** \$ DMO \_\_\_\_\_

**TOTAL TMD FUNDS A + B:** \$ \_\_\_\_\_

**ORGANIZATION'S TOTAL ANNUAL BUDGET (TMD + PRIVATE SOURCE):** \$ \_\_\_\_\_

---

**CATEGORY A**  
**BUDGET NARRATIVE BY SUB-CATEGORY:**

**A1.1 Hotel Meeting Sales:** **TMD FUNDS:** \$ \_\_\_\_\_  
**NARRATIVE (of budget line items):**

**A1.2 Event Mgmt. / Group Sales Development:** **TMD FUNDS:** \$ \_\_\_\_\_  
**NARRATIVE (of budget line items):**

**A1.3 Tourism Development/Travel Trade:** **TMD FUNDS:** \$ \_\_\_\_\_  
**NARRATIVE (of budget line items):**

**A1.4 Group Meeting Direct Marketing:**  
**NARRATIVE (of budget line items):**

**TMD FUNDS:** \$ \_\_\_\_\_

**A1.5 Consumer Direct Sales & Marketing:**  
**NARRATIVE (of budget line items):**

**TMD FUNDS:** \$ \_\_\_\_\_

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**CATEGORY B (For DMO)**  
**BUDGET NARRATIVE:**

**B: General TV / Radio Broadcast & Outdoor Media:** TMD FUNDS\*: \$ \_\_\_\_\_

**\*EXPENSE BREAKDOWN:**

- **ADVERTISING FUNDS:** \$ \_\_\_\_\_
- **ADVERTISING AGENCY FEES:** \$ \_\_\_\_\_
- **PERSONNEL SALARY & WAGES** \$ \_\_\_\_\_
- **OTHER:** \$ \_\_\_\_\_

**NARRATIVE (of budget line items):**

**EXHIBIT E**  
**ROI FOR SDTMD FUNDS**  
**FY 2017**

**ORGANIZATION / PROGRAM NAME:** \_\_\_\_\_

**TMD BENEFIT CATEGORIES:**

- MAIN CATEGORY (*List one*): **A3 – GENERAL COMPETITIVE TARGETING**

- PROGRAM CATEGORIES (*Mark all that apply*): **A1.1 A1.2 A1.3 A1.4 A1.5 Other**

<b>FY 2017 TARGETED ROI WORKSHEET</b>		
<i>All ROI results for awarded TMD funds will be subject to a third-party audit.</i>		
<b>TMD FUNDS REQUESTED</b>	<b>A</b>	\$
<b>DATES OF EVENT OR PROMOTION :</b>		
<b>NUMBER OF YEARS THE EVENT / PROGRAM HAS BEEN IN OPERATION:</b>		
<b>PROJECTED AVERAGE DAILY RATE (ADR) for EVENT OR PROMO DATES*</b>	<b>B</b>	\$
<small>* USE SAN DIEGO CITY ADR in TMD Hotel Room Night Revenue from SDTA / Smith Travel / Tourism Economics</small>		

<b>HISTORIC Number of TMD Room Nights Generated by Program / Event / Promotion</b>	<b>C</b>	
<b>Total Estimated HISTORIC TMD Room Night Revenue @ above ADR</b> ( $B \times C = D$ )	<b>D</b>	\$

<b>Projected Number of NEW TMD ROOM NIGHTS generated due to proposed use of TMD funds</b> ( <i>Explain in your "Scope of Work Narrative"</i> ).	<b>E</b>	
<b>Total Estimated NEW TMD ROOM NIGHT REVENUE generated @ above ADR</b> ( $B \times E = F$ )	<b>F</b>	\$
<b>RETURN ON INVESTMENT in NEW TMD ROOM NIGHT REVENUE:</b> <b>Total NEW TMD Room Night Revenue Generated: TMD Funds Requested.</b> ( $F/A : 1$ )		<b>: 1</b>

<b>TOTAL ESTIMATED SAN DIEGO CITY TMD ROOM NIGHTS (combined)</b> ( $C+E = G$ )	<b>G</b>	
<b>TOTAL ESTIMATED SD CITY TMD ROOM NIGHT REVENUE (combined)</b> ( $D+F = H$ )	<b>H</b>	\$
<b>TOTAL IMPACT RETURN ON INVESTMENT:</b> <b>Total TMD Room Night Revenue Generated : TMD Funds Requested</b> ( $H/A : 1$ )		<b>: 1</b>

<b>MEDIA IMPRESSIONS &amp; BROADCAST EXPOSURE (<i>If Applicable</i>):</b>	
Regional, National & International Broadcast Media (attach separate page if necessary)	
Web / Social / Digital Media (attach separate page if necessary)	
Geographical Area / Sub Region of Event if applicable	

*Sample*

<b>EXHIBIT E</b> <b>ROI FOR SDTMD FUNDS</b> <b>FY 2017</b>
--

ORGANIZATION / PROGRAM NAME: SAMPLE XYZ COMPANY

TMD BENEFIT CATEGORIES:

- MAIN CATEGORY (*List one*): A3 – GENERAL COMPETITIVE TARGETING- PROGRAM CATEGORIES (*Mark all that apply*): A1.1 A1.2 A1.3 A1.4 A1.5 Other

FY 2017 TARGETED ROI WORKSHEET	
<i>All ROI results for awarded TMD funds will be subject to a third-party audit.</i>	
TMD FUNDS REQUESTED	A     \$ <b>400,000</b>
DATES OF EVENT OR PROMOTION :	<b>October 25-31, 2016</b>
NUMBER OF YEARS THE EVENT / PROGRAM HAS BEEN IN OPERATION:	<b>5 years</b>
PROJECTED AVERAGE DAILY RATE (ADR) for EVENT OR PROMO DATES*	B     \$ <b>159.90</b>
* USE SAN DIEGO CITY ADR in TMD Hotel Room Night Revenue from SDTA / Smith Travel / Tourism Economics	

HISTORIC Number of TMD Room Nights Generated by Program / Event / Promotion	C <b>30,000</b>
Total Estimated HISTORIC TMD Room Night Revenue @ above ADR ( $B \times C = D$ )	D     \$ <b>4,790,000</b>

Projected Number of NEW TMD ROOM NIGHTS generated due to proposed use of TMD funds ( <i>Explain in your "Scope of Work Narrative"</i> ).	E <b>15,000</b>
Total Estimated NEW TMD ROOM NIGHT REVENUE generated @ above ADR ( $B \times E = F$ )	F     \$ <b>2,398,500</b>
RETURN ON INVESTMENT in NEW TMD ROOM NIGHT REVENUE: Total NEW TMD Room Night Revenue Generated: TMD Funds Requested. ( $F/A : 1$ )	<b>5.9 : 1</b>

TOTAL ESTIMATED SAN DIEGO CITY TMD ROOM NIGHTS (combined) ( $C+E = G$ )	G <b>45,000</b>
TOTAL ESTIMATED SD CITY TMD ROOM NIGHT REVENUE (combined) ( $D+F = H$ )	H     \$ <b>7,195,500</b>
TOTAL IMPACT RETURN ON INVESTMENT: Total TMD Room Night Revenue Generated : TMD Funds Requested ( $H/A : 1$ )	<b>17.99 : 1</b>

MEDIA IMPRESSIONS & BROADCAST EXPOSURE ( <i>If Applicable</i> ):	
Regional, National & International Broadcast Media (attach separate page if necessary)	<b>NA</b>
Web / Social / Digital Media (attach separate page if necessary)	<a href="#">See Attached Sheet</a>
Geographical Area / Sub Region of Event if applicable	<a href="#">See Attached Sheet</a>

## **Appendix 4**

### **Benefit Category Programs**

**(From SDTMD-District Management Plan)**

#### **BENEFIT CATEGORY A1**

#### **A1: Meeting and Group Sales & Marketing Programs and Consumer Direct Sales & Marketing Programs to Drive Sales Demand for District Lodging Businesses (*with 30 rooms or more*)**

##### *Activities to be Implemented through Destination Marketing Organizations*

#### **A1.1 Hotel Meeting Sales**

Deployment of a direct sales force tasked to attend sales conferences and make sales calls on meeting planners, association & business group clients, and individuals.

- Typical direct expenses include District-related sales personnel salary, commissions, benefits, training; travel and entertainment of targeted industry professionals such as meals (excluding alcohol) ; staff travel and related expenses for attendance at industry tradeshows and events, travel, meal and mileage expenses related to sales calls activities; outside services such as lead generation services; remote sales offices; marketing materials and promotional items targeted towards hotel sales efforts;; event registration for staff attendance at industry tradeshows and events; funding of events that agree to promote district activities; dues and subscriptions such as membership to trade organizations to create additional client relationships and sales opportunities; information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

#### **A1.2 Event Management and Group Sales Development**

Execution of special events dedicated to the production of District lodging business meeting leads and room night sales demand through, but not limited to, participation in and marketing activities at professional and/or affinity group conferences, organizations or associations of meeting planners, business group clients, and individuals.

- Typical expenses include District-related personnel salary, commissions, benefits, training, travel and entertainment; tradeshow and event expenses such as exhibit fees, facility and booth space rentals; outside contractors, bid & sponsorship fees, remote sales office; printed material and promotional items; food and beverage (excluding alcohol) appurtenant to trade show participation; information technology, market intelligence, research, and performance audits.

- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

### **A1.3 Tourism Development including Travel & Trade**

Execution of special events dedicated to the production of District group meeting leads and room night sales demand through, but not limited to, domestic and international travel & trade shows.

- Typical expenses include District-related sales personnel salary, commissions, benefits, and training; international representation in countries such as Germany, UK, and Japan including brochure distribution; travel and entertainment; event food & beverage (excluding alcohol) and printed material and promotional items distributed at tradeshow and events attended by travel trade representatives and decision makers; trade show booths and display production, space rental, display transportation, set up & break down costs; information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

### **A1.4 Group Meeting Direct Marketing**

Placement of advertisements to targeted affinity group organizations through various mediums such as business, association, or trade networks and publication to directly influence the production of District lodging leads and room night sales through conferences, meeting planners, associations, and group clients.

- Typical expenses include advertising costs, agency fees, production, printing, distribution costs, District-related personnel salary, commissions, benefits, training, travel, printed material and promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

### **A1.5 Consumer Direct Sales & Marketing Programs**

Placement of consumer direct sales and marketing campaigns including, but not limited to, Pay-Per-Click Online Banner Advertising and dedicated Online Travel Agency (OTAs such as Expedia, Orbitz, Travelocity) campaigns that are specifically designed to place booking opportunities for assessed businesses in the grasp of consumers who have or may have expressed an interest in traveling to San Diego.

- Typical expenses include outside services such as advertising agency fees ; related events and promotions; production and advertising costs, District-related personnel salary, commissions, benefits, training, travel, printed material , promotional items, information technology, market intelligence, research, and performance audits.



- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

### **A1.6 Multi-Year Tourism Development ( *SDTMD Only* )**

Strategic development of multi-year or long-range event planning dedicated to the production of District lodging business leads and room night sales demand.

- Typical expenses include, but are not limited to, strategic planning, event RFPs, third-party whitepapers, promotional items, information technology, market intelligence, research, and performance audits. Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

**Within benefit category A1 the activities provided will result in Direct, Indirect, and General & Administrative expenses. A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible Direct, Indirect, and General & Administration expenses and appropriate per diem, travel, and overhead rates.**

**The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) in determining the Direct, Indirect, and General & Administrative expenses to be applied to District funding, notwithstanding that certain District-specific expenses may be treated as exceptions to OMB Circular A-122 with supporting analysis.**

## **BENEFIT CATEGORY A2**

### **A2: Sub-Regional Targeting**

#### ***Activities to be Implemented through Destination Marketing Organizations***

Supplemental programs of the type detailed in benefit category A1 but specific to District sub regions outside of the downtown core such as Rancho Bernardo, La Jolla, Mission Bay, Mission Valley, and others.

- Assessment revenues derived from benefit category A may only be expended for such programs as in A1 and may not be designated for General Advertising.

## **BENEFIT CATEGORY A3**

### **A3: Competitive Targeting**

*(Applications for Category A1.1 through A1.5 Only)*

Programs of the type detailed in benefit category A.1 awarded through competitive process.

- Assessment revenues derived from benefit category A may only be expended for such programs as in (A1.1 through A1.5) and may not be designated for General Advertising (Benefit Category B).

**Within benefit categories A2 and A3, the activities provided will result in Direct, Indirect, and General & Administrative expenses. A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible Direct, Indirect, and General & Administration expenses and appropriate per diem, travel, and overhead rates.**

**The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) in determining the Direct, Indirect, and General & Administrative expenses to be applied to District funding, notwithstanding that certain District specific expense may be treated as exceptions to OMB Circular A-122 with supporting analysis.**

**BENEFIT CATEGORY B***(DMO Only)***B: Destination Marketing with Specific Call to Action  
To Drive Demand for All District Lodging Businesses**

Destination advertising campaigns and earned media will have specific call to actions such as special consumer directed website landing pages, links, and/or phone numbers to drive sales demand for District lodging businesses. All approved campaigns must have budgeted proportional other source funding reflective of benefit that will be used to augment the District funding to proportionally reflect any benefit to non-assessees.

- Typical direct expenses include advertising costs, agency fees, production, printing, distribution costs District-related personnel salary, commissions, benefits, training, travel, printed material and promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

**Within benefit category B the activities provided will result in Direct, Indirect, and General & Administrative expenses. A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible Direct, Indirect, and General & Administration expenses and appropriate per diem, travel, and overhead rates.**

**The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) in determining the Direct, Indirect, and General & Administrative expenses to be applied to District funding, notwithstanding that certain District specific expense may be treated as exceptions to OMB Circular A-122 with supporting analysis.**