



## **San Diego Tourism Marketing District Funding Guidelines**

### **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 allocation of its revenue to stimulate incremental hotel room occupancy in the City of San Diego. The Board values the hard work and commitment of all entities that engage in the marketing and promotion of the City of San Diego as an overnight visitor destination, but places particular value on activities that build upon the current measure of hotel occupancy, including events and activities that are in the conceptual stage.

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Colleen Anderson, Executive Director

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

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## 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 are intended to motivate the rental of hotel rooms in hotels with seventy (70) or more rooms. The SDTMD is responsible for allocation and distribution of available funds and contracts with qualified third-party contractors to supply specific sales and marketing programs and services as approved by the Board of Directors.

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

To allocate funding to marketing and sales programs, the SDTMD 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.

### Marketing and Sales Programs: Stipulated Requirements

To guide *District*\*\* contractors and ensure direct benefit to assessees\*\*\*, below is a partial list of requirements to receive district funding:

- 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 hotels and not directly 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, which they will contribute to the promotion or program to pay for any incidental benefit to non-District hotels with seventy (70) rooms or more.
- It is required that all advertising materials and media include a call-to-action that directs consumers exclusively to District lodging businesses.

\*A contractor is an entity that applies for and is granted funding from the SDTMD.

\*\*Within the boundaries of the City of San Diego.

\*\*\*Lodging businesses with seventy (70) or more rooms located in the City of San Diego.

## Funding Awards

Fundamental to the funding of any application will be the clearly articulated projected incremental room demand caused by the proposed event. The specific benefit must be projected in the incremental delivery of hotel room night sales to assessed hotels. Incremental is defined as paid room nights in excess of what would be consumed without the proposed event. Successful applications will clearly describe the strategy and tactics for delivering incremental room night sales, as well as the estimated resulting number of room night sales and resulting gross room revenue.

## Decision Criteria

When considering applications, priority will be given to:

- Overall ROI
- Events that occur during the low-travel season (aka 'off-peak') time of year.
- The Executive Director can help you identify 'off-peak' dates
- The opportunity to incubate NEW demand generating events and activities from concept to actualization
- Incremental\* hotel room consumption
- Applicants who can quantify past successes
- Special-need geographic locations within the District; ie. generally, outside of the downtown core has greater value. The Board of Directors values geographic diversity as a means of balancing demand throughout the City of San Diego
- Past contractor compliance history
- Premier events that elicit prestige and enhance the reputation of San Diego as a “world-class, must-see” destination.
- Events that align with San Diego’s Brand pillars: sports, outdoors, culinary, arts and entertainment.
- Events that generate national/international media coverage:
  - Media Coverage\*\* of the event:
    - Network TV
    - Cable Network
    - Radio Broadcast
    - Live Streaming

*\*\*Provide media markets, air dates, air times, projected ratings, impressions/circulation and audience demographics*
  - Media promoting the event\*\*\*: which media outlets will promote viewership of the event?:
    - Network TV
    - Cable Network
    - Radio Broadcast
    - Print
    - Digital Channels

- Social Platforms and Handles  
\*\*\*Provide media schedule including media markets, dates, times, impressions/circulation and audience demographics.

\*Incremental hotel room consumption is the number of hotel room nights projected to be occupied beyond prior year average occupancy levels. 95% is considered to be the ceiling occupancy level. For example, if the event is over a Peak period, that means the maximum potential incremental hotel room consumption is 5 points of occupancy.

### **Determining ROI**

All successful applicants for funding must clearly demonstrate a measurable ROI based on room revenue for the program they propose. ROI projections in the application will be assessed by an independent 3rd party to ensure reasonableness. All ROI results will be calculated following the event or program by a third-party entity funded by the SDTMD.

## **FUNDING ELIGIBILITY**

**Track Record:** An applicant must have demonstrable history of successful, ongoing programming or business performance prior to submitting an application. However, the Board also embraces new events and will consider a thoughtful business plan and credible articulation of the future potential of a new event. This is the incubator genre of applicant previously described.

**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 to the assessed hotels within the City of San Diego.

**Compliance:** Former contractors of the City of San Diego and/or SDTMD must have submitted acceptable deliverables on any completed contract and be in good standing with the City of San Diego and/or SDTMD.

**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

- SDTMD assessment funds *cannot be used* for alcoholic beverages.
- 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 *cannot be funded*.
- The closing, opening, widening or narrowing of existing or new streets *cannot be funded*.
- 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 *cannot be funded*.
- Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the City *cannot be funded*.
- Expenditures inconsistent with the terms of the DMP *cannot be funded*.
- Political candidate or ballot initiative activity *cannot be funded*.

## 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 which shall cover liability arising from any and all personal injury or property damage in the amount of \$2 million per occurrence and subject to an annual aggregate of \$4 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 \$1 million per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) on the Premises; 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 \$1 million.

**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)

## HOW TO APPLY: GETTING STARTED

**Access the Application Form:** from the SDTMD website, [www.SDTMD.org/applications](http://www.SDTMD.org/applications)

## SUPPORT & ASSISTANCE

**Application Workshops:** Applicants are strongly encouraged to attend an application workshop offered by SDTMD staff. The assistance provided will be limited to guidance in the completion of the application and in understanding the eligibility requirements. **Attending the workshop does not guarantee funding.** In addition, SDTMD staff will endeavor to assist in the preparation of application as questions arise.

Who to call: If you have any questions regarding SDTMD funding eligibility or policy, please contact Colleen Anderson, Executive Director, at (619) 557-2854 or [canderson@SDTMD.org](mailto:canderson@SDTMD.org). Background information and other resources may also be downloaded from the SDTMD website at: [www.SDTMD.org](http://www.SDTMD.org).

### **Application Types:**

**1. GENERAL APPLICANTS – Funding Application:** The SDTMD Fiscal Year 2022 is the same as the City of San Diego: July 1, 2021 through June 30, 2022. **All organizations applying for funding for this period must have their completed applications submitted by 5 p.m. on Fri., November 13, 2020.**

**2. DMO Funding Application:** The SDTMD Fiscal Year 2022 is the same as the City of San Diego: July 1, 2021 through June 30, 2022. **All DMO organizations applying for “annualized” funding for this period must have their completed application submitted to the SDTMD office by 5:00 p.m. on Friday, January 22, 2021.** 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 SDTMD 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 General Applicant application format and submit to the SDTMD at least one month in advance of the next regularly scheduled Board of Directors Meeting.** It is required that a preliminary discussion with the Executive Director is scheduled prior to the submittal of any Supplemental application.

## **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, benefit to assessed and non-assessed hotels, outside funding available) and ROI.
- The appropriateness of the proposed program goals and objectives.
- The quality of the responses to the review criteria
- The current and past contractual performance/standing with the City of San Diego, and/or other governmental agencies, and/or the SDTMD.
- Disclosure of other pending or granted public funding for the fiscal year in question.

### **REVIEW BY THIRD PARTY R.O.I. FORECAST CONTRACTOR:**

At the expense of the SDTMD, an accredited forecast and analysis firm will consider the following and report back to the Board of Directors to assist them in their decision making:

- Evaluation of the applicant's *assumptions*, past performance, marketing plan, business plan and projections for hotel room sales (both in room nights and ADR)
- Evaluation of the applicant's "capacity" to execute on the projected event
- Past performance of the organization's events and data collected.
- Looking at comparable event hotel room production from our database and other sources
- Seasonality, day of week, etc.
- Geographic location and sub-market
- STR data (past occupancy and average daily room rate) by date and sub-region to evaluate factors such as need, the capacity for more room sales, etc.
- Working with SDTA data to understand future lodging demand in and around the time/date of the applicant's event
- Discussions with hotel owners and operators in the target markets as to their evaluation of the potential impact from the proposed event

## COMMITTEE REVIEW

- A Committee comprised of the Third-Party ROI Contractor, TMD Board Members, SDTA Executives and the TMD Executive Director will review the Third Party Report to ensure that the application appropriately projects the ROI.
- Once any agreed upon modifications are made, the Third-Party Report is submitted to each individual TMD Board Member along with the respective Online Application.

## PUBLIC PRESENTATION

The SDTMD Executive Director may schedule respective organizations to present their application to the Board of Directors for review at public meetings.

## SDTMD BOARD REVIEW PROCESS

The formal SDTMD application review process will consist of two phases to be held in a public meeting setting.

### 1. Annual Funding Competitive Application Review:

**Phase One:** The SDTMD Board may review and discuss all applications individually at public board meetings. *Applicants will 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 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 to 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.

### 2. Supplemental Funding Review:

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

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. A preliminary discussion with the Executive Director should be scheduled prior to the submittal of the application.

Phase One and Phase Two may be combined with funding determined immediately upon Board review.



## APPEALS PROCESS

Written appeals may be made after Board decisions are rendered. In a public meeting, the SDTMD Board shall consider appeals and will vote on final recommendations.

Appeals may be based only on two 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 Board'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 2022 FUNDING CYCLE\*

### October/November 2020:

FY 2022 Applications available on October 9 via [www.sdtmd.org/applications](http://www.sdtmd.org/applications)

Two Zoom Applicant Workshops will be offered:

- October 13 from 10 a.m.-12 p.m. and October 20 from 1 to 3 p.m.
- Workshops will be held via Zoom and those interested should register with Colleen Anderson at [canderson@sdtmd.org](mailto:canderson@sdtmd.org)
- Workshops will provide an overview of the application process, insight on criteria used to evaluate events for funding and an introduction to the new online submission system
- GENERAL FY 2022 Annual Application Deadline: Friday, November 13, 2020

### December 2020:

- Preliminary staff review of received applications
- 3rd party contractor generates initial analysis and report
- Committee comprised of TMD Board Members, SDTA Executives, 3rd party contractor and SDTMD Executive Director meet to evaluate the applications and 3rd party analysis

### January 2021:

- DMO FY 2021 Annual Application Deadline: Friday, January 22, 2021
- General Applicant oral presentations to Board of Directors

### February 2021:

- DMO presentation to Board of Directors

**February - March 2021:**

- Formal public board review of qualified applications
- Funding recommendations of programs by board
- FY22 revised budgets from approved organizations due on March 16, 2021 (if applicable, based on Board funding recommendation differing from original \$ request)

**April 2021:**

- Notification of funding intention to the City of San Diego

**May 2021:**

- SDTMD submits FY21 Budget with ROI projections and Scope of Work assumptions to San Diego City Council for consideration and request for approval

**June 2021:**

- FY22 Contracts Issued

**July 1, 2021:**

- FY22 Begins

**November 30, 2021:**

- Q1 Progress Recap due. Quarterly reports are required to be submitted 60 days following the end of each quarter. Activities, changes, accomplishments, challenges, etc. are detailed, in addition to event outcomes in the applicable quarter

**February 28, 2022:**

- Q2 Recap due.

**May 31, 2022:**

- Q3 Progress Recap due.

**August 31, 2022:**

- Q4 & Annual Progress Recap due.

\*Dates are approximate and may change without notice.