San Diego
Tourism Marketing District

Report of Activities
for FY2022

May 4, 2021
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Introduction

About the San Diego Tourism Marketing District
The San Diego Tourism Marketing District (TMD) is an assessment district designed to facilitate the pooling of resources via the collection of assessments from San Diego lodging establishments to develop tourism within the City of San Diego to benefit the assessed businesses by increasing room night stays.

The boundaries of the TMD coincide with the City boundaries and effective September 1, 2016, all lodging businesses within the City with 70 or more rooms are assessed two percent (2%) of eligible gross room revenues.

The guiding document for the TMD is the Tourism Marketing District Management Plan (Plan) created by the assessed businesses and approved by City Council in August 2016. The Plan specifies how the assessments may be used and the general funding procedures and criteria.

The Plan also outlines the process for oversight and administration. And, perhaps most importantly, it provides for the empowerment of assessed business owners with the local expertise and knowledge to evaluate and make recommendations on programs and services to specifically benefit the assessed lodging businesses through such activities as: marketing of the area; tourism promotion activities; and special events and programs.

The San Diego Tourism Marketing District (SDTMD) Corporation is the non-profit organization representing the assessed businesses that works with the City through an Operating Agreement to implement the TMD Management Plan.

This FY2022 Report of Activities reflects the recommended allocations of assessments for FY2022; July 1, 2021 through June 30, 2022.
Quick Facts

San Diego Tourism Marketing District:
Modified by Resolution R-310664 (August 3, 2016) effective September 1, 2016
District ends June 30, 2052

Agreement between City and TMD Management Corporation:
Agreement effective July 1, 2020 through June 30, 2030 approved by Ordinance No. O-21202.

Advisory Board and Contracted TMD Management Corporation:
San Diego Tourism Marketing District (SDTMD)
750 B Street, Suite 1500, San Diego, CA 92101
(619) 557-2854 www.sdtmd.org

Assessment Methodology Authorized by Resolution No. R-310664:
The assessment rate of two percent (2%) is based on the privileges directly conferred and specific benefit directly received by assessed businesses from the activities provided and is levied on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of those benefitting businesses. Only those lodging businesses with 70 or more rooms are assessed.

No Changes to Boundaries or Assessment Methodology:
No changes are proposed to the boundaries, which encompass the entire City of San Diego.

Benefit Zones:
None

FY2022 Budget Total
Allocations of Estimated Tourism Marketing District (TMD) Funds: $39,307,851
Budget Summary

CALCULATION OF AVAILABLE TOURISM MARKETING DISTRICT FUNDS FOR FY2022

Projected Assessments $26,668,897
Projected carryover –prior years 12,588,954
Projected Interest and Penalties 50,000
Contributions from Other Sources of Funding: 0

Total FY2022 Funds Available $39,307,851

PROPOSED ACTIVITIES FOR FY2022
(Pursuant to San Diego Tourism Marketing District Management Plan August 2016)

Targeted Marketing and Sales Programs $14,705,390
Destination Marketing 12,997,999

Sub-Total Sales and Marketing $27,703,389

SDTMD Administration & Operations $1,859,732
City Administration $263,300

Sub-Total Administration $2,123,032

Opportunity/Catastrophe Reserve $9,481,430

Total $39,307,851
FY2022 Allocations

The FY2022 recommended allocations to other entities total $27,703,389. This amount includes the approved application for San Diego Tourism Authority and an amount earmarked for competitive applications. Per the FY2022 Application Guidelines, the deadline for the annual Applications was November 13, 2020 however, due to the uncertainty around the COVID-19 pandemic and the impact of projected assessments, consideration and approval of submitted FY2022 competitive applications was tabled until May 2021.

In May 2021, submitted applications will be reviewed, ranked, and allocations recommended. Ranking factors will include time of year, new versus existing rooms, and potential for growth. The information below reflects the recommended amounts for FY2022.

<table>
<thead>
<tr>
<th>ENTITY/EVENT</th>
<th>TMD FUNDS</th>
<th>NON-TMD FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Tourism Authority</td>
<td>$ 26,703,389</td>
<td>$ 3,677,687</td>
</tr>
<tr>
<td>Competitive applications (TBD)</td>
<td>$ 1,000,000</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 27,703,389</strong></td>
<td><strong>$ 3,677,687</strong></td>
</tr>
</tbody>
</table>

*Non-TMD Fund portion to be submitted by contractor. Amounts reported are estimated based on original budget submission.*
## San Diego Tourism Authority
### Budget Summary

#### Targeted Marketing and Sales Programs

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Wages, Taxes &amp; Employee benefits</td>
<td>$2,318,566</td>
</tr>
<tr>
<td>Advertising</td>
<td>8,650,157</td>
</tr>
<tr>
<td>Advertising agency fees</td>
<td>--</td>
</tr>
<tr>
<td>Bid Fees/Team payouts</td>
<td>97,500</td>
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<tr>
<td>Dues/ Subscriptions/Memberships</td>
<td>60,739</td>
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<tr>
<td>Event registration fees</td>
<td>97,811</td>
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<td>Lead generation services</td>
<td>136,003</td>
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<tr>
<td>Outside contractors</td>
<td>113,587</td>
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<tr>
<td>Rentals – remote space office</td>
<td>9,885</td>
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<tr>
<td>Research</td>
<td>154,050</td>
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<tr>
<td>Special event production</td>
<td>49,237</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>204,750</td>
</tr>
<tr>
<td>Allocation of Indirect Costs</td>
<td>1,813,105</td>
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<tr>
<td><strong>Total Targeted Marketing and Sales Programs</strong></td>
<td><strong>13,705,390</strong></td>
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#### Destination Marketing

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
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<td>Wages, Taxes &amp; Employee Benefits</td>
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<tr>
<td>Advertising</td>
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<tr>
<td>Advertising agency fees</td>
<td>1,735,500</td>
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<tr>
<td>Dues/ Subscriptions/Memberships</td>
<td>44,309</td>
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<tr>
<td>Event registration fees</td>
<td>17,696</td>
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<td>Marketing materials</td>
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<tr>
<td>Outside contractors</td>
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<td>Research</td>
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<tr>
<td>Special Event production</td>
<td>11,700</td>
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<tr>
<td>Sponsorships</td>
<td>204,750</td>
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<tr>
<td>Allocation of Indirect Costs</td>
<td>1,719,523</td>
</tr>
<tr>
<td><strong>Total Destination Marketing</strong></td>
<td><strong>12,997,999</strong></td>
</tr>
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</table>

**Total**                                   | **26,703,389** |
San Diego Tourism Authority
Program of Work

General Program of Work

The San Diego Tourism Authority (SDTA) is San Diego’s umbrella destination marketing organization, charged with driving visitor demand and monitoring the health of the region’s tourism industry. SDTA develops sales and marketing programs that promote San Diego as a preferred leisure and meetings destination. In collaboration with San Diego’s tourism industry partners, SDTA serves as the collective voice of the destination and aims to keep San Diego top-of-mind.

Incorporated in 1954, SDTA is a private nonprofit 501c6 corporation that is governed by a 15-member board of directors composed of industry and non-industry representatives. Funding comes from the City of San Diego Tourism Marketing District, City of Coronado Tourism Improvement District and private source revenues (membership dues, advertising and events).

Investment by SDTA in sales and marketing of the San Diego brand has resulted in San Diego becoming one of the nation’s top travel destinations.

Strategic Imperatives

- Rebuild San Diego’s tourism economy.
- Ensure SDTA financial viability.
- Deliver value for our stakeholders.
- Advocate, inform and educate on behalf of our visitor industry.
- Nurture an organizational culture that is diverse, inclusive, and equitable.

Annually, the SDTA develops the Destination Sales & Marketing Plan with the San Diego Tourism Marketing District’s “Experience San Diego: Destination 2040” Master Plan as the strategic foundation. The goal has been to grow inbound travel demand and visitor revenues by boosting brand awareness, developing new markets, and converting more customers to choose San Diego. Sales and marketing plans account for current market conditions, tourism industry forecasts, SDTA funding resources, Visit California opportunities and Brand USA developments. Annual work plans are then developed to match funding resources to strategic initiatives.

This past year has been a year unlike any other. The COVID-19 pandemic struck in early 2020 and the world’s travel industry is struggling to survive. California Department of Public Health Guidelines and the Blueprint for a Safer Economy have changed numerous times over the past year as local governments, businesses, employees, and citizens adjust to the public health crisis.

Over this past year, the SDTA has been highly effective in retooling programs to respond to a rapidly changing environment and budget:
1. **FY2020 Q4 Reduction to SDTA Operations** – with the immediacy of Stay-at-Home Orders in March 2020 and resulting loss of TMD revenue, the SDTA reduced its team from 81 FTEs prior to the pandemic to a team of 54. FY2020 Operational savings were achieved through furloughs, salary and benefit cuts and cancellations of $8.5 million in media programs for March – June 2020. As the pandemic unfolded, the SDTA shifted focus to work with the County’s Reopening Team and various industry sectors on new safety guidelines as well as advocacy with elected leaders on the socio-economic hardships of the pandemic on San Diego’s once thriving visitor community.

The SDTA implemented member call-ins via Zoom and over the past year conducted 22 virtual events and created 27 hours of content ranging from public health updates, legal insights, advocacy efforts and marketing campaigns. A total of 4,669 members attended these vital informational events and partnership with the San Diego Regional Chamber of Commerce expanded outreach to the broader community. In addition, the SDTA began bi-weekly email communications to reach members and non-members in order to share information and also inspiration during dark times.

SDTA leaders have become much sought-after speakers for national, state, and local events. With the Leisure & Hospitality industry reeling, the SDTA continues to speak at economic panels, industry events, government affairs and community forums on the socio-economic issues facing San Diego’s third largest industry.

2. **FY2021 Further Reductions to SDTA Program of Work** – once Leisure stays at hotels were allowed summer 2020, the SDTA focused on driving as much leisure demand as possible through targeted advertising campaigns in California and Arizona. With no guidelines or timelines still announced for meetings and conventions, sales programs focus on virtual events and customer support to rebook San Diego. Unlike every other state in the nation, indoor gatherings are still not allowed in California and San Diego is dependent on Leisure Travelers. The SDTA has capitalized on the strength of the brand, close-in drive markets and available media budget to make San Diego one of the nation’s top performing hotel markets.

When Stay-at-Home Orders were unexpectedly ordered again in December 2020, the SDTA identified an additional $1 million in operational savings and set aside a Q4 Media Reserve should assessment revenue fall below the TMD’s July 2020 budget level. In addition, the SDTA was finally made eligible to apply for (and has been granted) a PPP loan through the $900B Consolidated Appropriations Act (CAA) passed in December 2020 thus increasing SDTA operational savings. As FY2021 comes to a close, the SDTA and TMD are financially positioned to begin building for recovery.

3. **Managing through a 5 Year Recovery Horizon** – Tourism Economics estimates San Diego’s Tourism Economy will not recover to 2019 performance levels until 2024–2025. Due to the pandemic, the region’s Leisure & Hospitality sector has lost 20 years of economic gains in visitor spending, tax revenues and jobs. The pace of recovery is dependent on many factors including vaccination rates, virus variants, health orders, public policy, economic conditions, competitive pressures and SDTA funding.
As California is the only state to not allow any indoor group events, meetings, or conventions, meeting planners are questioning the status of holding an event in San Diego in 2021 and into 2022. Corporations are revisiting travel budgets and needs, having grown accustomed to virtual meetings thus impacting business travel. And international travel is seen as the last segment to recover due to travel restrictions and air service restraints. Tourism Economics notes that it will be an uneven recovery with some destinations more exposed than others due to the composition of their visitor mix.

SDTA programs are media heavy and vested in direct sales to drive room night demand. Through this crisis, the TMD’s reserves have enabled the SDTA to continue operations and run critical advertising campaigns. The SDTA has limited ability to build cash reserves or access to significant levels of debt financing.

With limited meetings and conventions in 2021-2022, it is imperative that the SDTA aggressively advertise to Leisure Travelers. As the travel industry builds to recovery, SDTA will need a strong media budget to drive hotel room night demand and TMD reserves should another downturn occur.

**Travel Forecast updated March 2021 by Tourism Economics**

- The travel sector has been heavily impacted by factors related to the Covid-19 pandemic, including disease suppression measures, risk aversion, and disruption of economic activity. Recent progress suppressing the disease and the accelerating pace of vaccination programs support expectations of an improved context for travel in the months and quarters ahead. At this point there continues to be a high level of uncertainty around the extent and duration of disease suppression measures, and the impact on group events. The impact and subsequent recovery could prove quite a bit stronger or weaker than anticipated in this outlook.

- In our outlook, we have assumed that vaccination programs and public health measures result in low infection rates by the end of 2021 Q2, and that improved levels of vaccinations and immunity will result in ongoing improvements in leisure travel, followed by gains in
business transient and leisure travel. Due to the complexity in planning and committing to group meetings and events, a firm recovery in the group segment is not anticipated to occur until there is sufficient progress on the public health crisis and improved clarity on future potential restrictions related to group events.

- International inbound travel is also assumed to take longer to recover. Recovery in leisure visitation to the market is expected to be quite strong as the context for travel improves. Overall, risk aversion and restrictions on certain types of venues and activities, as well as factors such as the effects of the economic downturn and lags in resumption of travel activity (e.g., group decision process, corporate cost containment) are expected to delay a full recovery in overall visitation to 2019 levels until 2023.

- San Diego visitation and traveler spending was significantly impacted by Covid-19 in 2020 and is expected to start improving in 2021. Visitation to San Diego in 2021 is expected to total 24.9 million, which is approximately 10 million fewer visitors than 2019 (35.1 million). Day and overnight visitation are both expected to improve during 2021, but remain 35% and 24% below 2019 levels, respectively. Visitor expenditures are expected to recover to 34.6% below 2019 levels in 2021, with equal losses expected for overnight visitors (34.6% decrease) and day visitors (34.4% decrease).

- San Diego visitation is expected to return to 2019 levels in 2023, driven by day visitors. Overnight visitors are expected to grow at a slightly slower rate than day visitors and are not expected to return to 2019 levels until 2024. Overall visitation growth is forecast to remain high in 2022 (38%), then slow to a more gradual pace in 2023 through 2025. Visitor spending is anticipated to take a little longer to return to 2019 levels than visitation, which is expected to happen in 2024. We forecast overall visitor spending will grow 38.3% in 2022 before stabilizing between 5.1% and 6.2% from 2023 and 2025.

- Our outlook on the US hotel sector assumes this year will be a year of two halves, with hotel performance improving relative to 2019 as we progress through the year, such that the second half of 2021 is substantially better than the first half. Overall, US hotel demand declined 35.7% in 2020 compared to 2019 and is expected to recover to approximately 12.5% below by 2021 Q4. The negative performance impact has been especially severe in major urban markets, and for upper upscale and luxury hotels, particularly those that traditionally accommodate group business. For example, while overall US hotel room revenue declined 49.4% in 2020, upper upscale revenue declined 62.0%, and the average of top 25 markets tracked by STR experienced a 57.4% decline. Overall, we expect US hotel room revenue in 2021 to recover to 37.8% below its 2019 level, reaching full recovery in 2024.

- Overall hotel demand in San Diego is anticipated to remain below 2019 levels through at least 2022, with a full recovery to 2019 room nights forecasted to occur in 2024. Certain parts of the San Diego market will recover much more quickly, with leisure transient-oriented properties experiencing sooner demand recoveries. An improvement of overall ADR levels in the market is expected to take time, and moderately lag the demand recovery. Overall, San Diego market room revenue is expected to recover to $1.7 billion in 2021 (41.5% below 2019), and then almost $2.5 billion in 2022, 15.8% below its 2019 level and similar to the overall market revenue in 2015. Traditional importance of the group segment in San Diego means that full recovery of the market will be postponed until the
public health crisis is sufficiently resolved. We have assumed that local public health restrictions on events will be adjusted to permit some level of event activity in 2021 Q3 and Q4, such as allowing events at 25% indoor capacity. Since many event planners must make essentially go-no-go decisions well in advance of the actual event (e.g., six months ahead of the event date), current and near-term uncertainty about the public health situation and corresponding regulations, is anticipated to push the timing of a firm recovery in group demand into the first half of 2022.

5-Year Growth Rate Outlook

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits</td>
<td>2.5%</td>
<td>-1.9%</td>
<td>-59.2%</td>
<td>73.7%</td>
<td>37.8%</td>
<td>2.2%</td>
<td>2.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Day</td>
<td>3.0%</td>
<td>-3.3%</td>
<td>-67.3%</td>
<td>99.3%</td>
<td>51.3%</td>
<td>2.1%</td>
<td>2.4%</td>
<td>2.3%</td>
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<tr>
<td>Overnight</td>
<td>2.0%</td>
<td>-0.5%</td>
<td>-51.3%</td>
<td>57.3%</td>
<td>26.7%</td>
<td>2.3%</td>
<td>3.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Expenditure</td>
<td>6.1%</td>
<td>1.3%</td>
<td>-55.6%</td>
<td>47.5%</td>
<td>38.3%</td>
<td>6.2%</td>
<td>5.9%</td>
<td>5.1%</td>
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<tr>
<td>Day</td>
<td>5.8%</td>
<td>-0.2%</td>
<td>-69.1%</td>
<td>111.8%</td>
<td>56.1%</td>
<td>0.7%</td>
<td>2.4%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Overnight</td>
<td>6.1%</td>
<td>1.5%</td>
<td>-54.3%</td>
<td>43.1%</td>
<td>36.4%</td>
<td>6.9%</td>
<td>6.3%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Hotel Sector</td>
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<td></td>
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<td></td>
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<tr>
<td>Room supply</td>
<td>0.5%</td>
<td>2.2%</td>
<td>-6.8%</td>
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<td>2.2%</td>
<td>0.4%</td>
<td>0.7%</td>
<td>0.7%</td>
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<tr>
<td>Room Demand</td>
<td>2.4%</td>
<td>-0.2%</td>
<td>-40.9%</td>
<td>28.3%</td>
<td>25.9%</td>
<td>3.4%</td>
<td>3.3%</td>
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<tr>
<td>Occupancy (%)</td>
<td>78.5</td>
<td>76.6</td>
<td>48.5</td>
<td>57.7</td>
<td>71.1</td>
<td>73.2</td>
<td>75.1</td>
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<tr>
<td>ADR ($)</td>
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<td>$146.40</td>
<td>$155.89</td>
<td>$163.27</td>
<td>$168.89</td>
</tr>
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</table>

**SAN DIEGO TRAVEL FORECAST ASSUMPTIONS**

**Updated March 2021**

**2021Q1**
- Virus surge eases as vaccination programs accelerate rapidly. Regional stay-at-home order lifted in January.

**2021Q2**
- International inbound travel to US remains substantially reduced.

**2021Q3**
- Infection rates remain low, certain restrictions on crowds/density continue.

**2021Q4**
- US is broadly “safe from Covid-19”, with low infection levels. Conditions are similar to a very bad flu season, some outbreaks still occur in regions of the country.

**2022Q1**
- International travel gradually improves.

**International**
- Easing restrictions on international travel to US.

**Business travel**
- Corporate travel restrictions by major employers remain in place.

**Leisure travel**
- By Q2, leisure travel improves to levels ahead of 2019.

**Group travel**
- Virtually no San Diego group demand. Very low level of emergency and essential business group demand.

**San Diego group demand begins to gradually resume with restrictions. Assume meeting venues are permitted by the state to operate at 25% capacity during Q3 and Q4. Assume no citywide events until September and then only a few citywide events in Q4.**

**2021Q3**
- Corporate travel restrictions gradually ease nationally.

**2021Q4**
- Corporate travel improves.

**2022Q1**
- Leisure improves.

**San Diego group demand**
- Restrictions are lifted with enough lead time that group demand improves solidly.
High-Level Strategies and Tactics

1. Continue to advocate on behalf of the visitor industry and lead the community to recovery.
   a. Partner with the San Diego Regional Chamber of Commerce and San Diego Regional Economic Development Corporation on “Back in Business”
   b. Serve on CalTravel and U.S. Travel Executive Boards.
   c. Collaborate with the County’s Re-opening Team on guidelines and timelines for recovery of all visitor businesses and activities.
   d. Work with the Mayor’s Office on Back to Work (leisure and hospitality sub-committee).
   e. Support the SDTA members through policies, education and programs that aid their economic recovery.

2. Provide support to community partners to rebuild San Diego’s Tourism product and experience.
   a. Neighborhoods – Community groups, City Council, and County of San Diego
   b. Arts and Culture – City of San Diego Commission for Arts and Culture and Balboa Park organizations
   c. Craft Beer – San Diego Brewer’s Guild
   d. Food – California Restaurant Association, San Diego Chapter
   e. Attractions and Entertainment – Major attraction partners, San Diego Padres
   f. Major events – Community and event organizers
   g. Quality of Life including issues around Homelessness – Downtown San Diego Partnership, San Diego Regional Chamber of Commerce and San Diego Regional Economic Development Corporation
3. Partner with the San Diego Regional Airport Authority to develop and support new air service, especially international routes.

4. Continue to monitor the visitor industry and serve as a resource to TMD, local government, industry partners and members.
   a. Due to budget restraints, core industry performance studies have been cut back to focus on Hotel Market Analysis, San Diego Visitor Industry Performance Tracking, and Tourism Industry Forecasting.
   b. Continue to incorporate free/low-cost third-party research and partner with SANDAG, Visit California and Brand USA to gain needed insights.

5. Expand DE&I programs beyond staff training, staff recruitment and marketing programs to include the diversification of the Board of Directors and extended community outreach.

6. Re-envision the sales organization into a ONE SALES TEAM model including leadership, CRM systems and programs.

**Leisure Marketing Key Strategies and Tactics**

1. Capitalize on the strength of the San Diego “Sunny Outlook” Brand Platform. Tap into the “Betterment Trend” to focus on outdoor recreation, scenic beauty, and positivity. Continue to position San Diego as a safe, close, and rejuvenating destination.

2. Prioritize Domestic Consumer Advertising to generate maximum hotel/motel visitor volume for the destination.
   a. Continue OmniTrak advertising program effectiveness and return on investment study to guide program of work including creative messaging, markets, and media plans.
   b. Utilize a mid-term strategy of focusing on Western Region drive markets and then returning to national markets as air travel becomes more desirable.
   c. Prioritize television (linear and online) and digital media mix based on ability to deliver reach, recall, and return on investment.
   d. Deploy a multi-layered media and messaging approach including Brand Awareness, Digital, Always-On Content, Social and SEM.
   e. Leverage media partnerships to establish third-party credibility and endorsement. Past partnerships have included Trip Advisor, Conde Nast publishing and BuzzFeed.
   f. Implement promotional strategies such as Yay Weekyay and Kids Free October to help shore up need periods.
   g. Pull active travel planners through the journey towards booking. Through RFP, select key OTAs/booking platforms for paid campaigns. Effectively reach travel prospects through first-party data insights and by running high-profile media placements.
3. Continue to hold the Brand USA LOA in reserve for use once international markets and direct air service resumes.
   a. Priority international markets are Canada and the United Kingdom based on air service and pre-COVID visitor volume, spending.
   b. Secondary markets include China, Japan, Germany, Mexico, and Australia.
   c. Prior to the pandemic, markets on the rise included France, South Korea, India, and Brazil.

4. Increase San Diego’s share of voice and leverage the paid media budget through unpaid EARNED media programs.
   a. Public Relations – Secure editorial coverage of travel to San Diego in tier 1 media outlets with high consumer influence within target markets. Continue to pitch the San Diego Brand and diverse visitor experience.
   b. Unpaid Media Promotions – provide member opportunities for unpaid media exposure in key geographic markets through traded “win a trip” promotions.

5. Connect with travelers and communicate the depth of San Diego travel experiences through OWNED and SOCIAL media channels.
   a. Pay-off the paid media program of work by delivering on the brand promise in the owned digital channels (web and social).
   b. Grow SanDiego.org audience base through paid and organic strategies.
   c. Continue to cost efficiently manage content through the SDTA Communications Team and Members.
   d. Begin analysis of current web platform (built in 2015) and outline future requirements.

6. Continue to market to the Travel Trade as a means of influencing transient travel to the destination.
   a. Major Travel Partners – continue to target the top-producing travel agencies in the U.S. and priority international markets. Seek opportunities for partners to increase promotion of San Diego to their customers.
   b. Airline Vacation Offices – partner with key airlines to develop packages and promotions.
   c. Industry Support – continue to participate in major industry shows such as IPW to show San Diego tourism support and build new business.
   d. Agent Education – continue virtual training programs to create “San Diego Specialists”.
   e. Communication Tools and Resources – continue to support travel partners with San Diego brand creative assets, videos, photography, brochures and e-newsletters.

**ONE TEAM Group Sales Key Strategies & Tactics**

1. Aggressively sell San Diego as a premier Meeting and Conventions destination, reaching out to customers to provide valued support and services.
   a. Work with customers to move canceled events into open dates and space. Reach out to all customers that cancelled their meetings over 2020 and 2021 to determine first
year they can return to San Diego and rebook them. Contact customers who did not book San Diego in 2020 and 2021 due to the covid restrictions regardless of status (NEMO, report or annual).

b. Continue to develop leads for new group business on behalf of the destination.
c. Work closely with customers on hybrid options for 2021/2022. Ensuring room blocks being held are still accurate.

2. Continue to provide best-in-class DMO service to meeting planner customers.
   a. Provide customers with site visits – in person or virtual – to help them choose San Diego.
   b. Provide customers with the most up to date Health and Safety protocols to assist in planning and executing their upcoming events.
   c. Provide guidance to customers and our hotel partners to help with hybrid options for 2021/2022.

3. Leverage the combination of the Hotel Meetings and Citywide Sales Teams to create greater cost efficiencies, generate more cross-referral business opportunities, and demonstrate a unified San Diego presence.
   a. ONE TEAM presence for customer events, tradeshows, sales calls, industry, and partner events.
   b. Consolidated account database for customer tracking and referrals.
   c. Expanded E-newsletter to combined data base to showcase destination and educate planners on how San Diego meets their event needs.
   d. Greater impact of joint customer information to benefit the city.

4. Launch a new “San Diego is Open for Meetings” marketing initiative through paid advertising, direct marketing, and social media.
   a. Launch national program as soon as guidelines and timelines are available to meet in San Diego.
   b. Update all sales materials to include new messaging and fresh creative assets.

5. Support member business recovery through a new Meeting Planner Audience Co-op Program including the Meeting Planners Guide collateral tool, social media posts and web content.

6. Create a new Virtual Planner Education program to tout San Diego’s growth.
   a. Schedule quarterly virtual education calls with planners to focus on a variety of topics supporting our growth spurt such as the Biocom growth downtown.
   b. Create these calls for both small and large audiences so that the NSD’s can use for smaller sourcing groups.

Citywide Sales Key Strategies & Tactics

1. Maximize the San Diego Convention Center hotel room night production and building revenue goals. Focus on the open dates within the next ten years.
a. As the success of each year is largely dependent upon how groups are placed in that year, and what is booked on top of existing CW conventions to maximize SDCCC space, implement a new CW strategy ranking system.

b. Based on the new CW strategy, rank all CW accounts, and determine right mix of business for each year.

c. Use our database of accounts to find the right accounts and place them in the open space.

d. Focus on the short-term open dates, evaluating the holds associated with definite business, including setup times in the halls and breakouts.

2. Develop new accounts that will book into the San Diego Convention Center.
   a. Use the tradeshows and customer events to familiarize new clients about how much San Diego has to offer a Citywide convention and their attendees.
   b. Utilize resources including the MINT database, Top Medical Meetings and Tradeshow Executive.
   c. Proactively work with CEMA to identify large corporate events that book within 24 – 36 months out.

3. Secure Medical Citywide Rotations. The SDCC is a leader in servicing the lucrative Medical Citywide group market. The Sales Team continues to have excellent relationships with these clients.
   a. Continue signature events in the Midwest and DC/VA/MD regions targeting the Medical Citywide clients.
   b. Target premium large Medical Citywide for multi-year contracts according to the established booking guidelines.

4. Engage in long-range planning for Measure C adoption and implementation.

**Hotel Meetings Key Strategies & Tactics**

1. Continue the Customer Acquisition Program to develop new group prospects for the destination.
   a. Determine trusted partners and vendors to vet potential customers for San Diego.
   b. Target 4 FAMs of 15–20 new customers each throughout the year with the assistance of a trusted partner or on our own.
   c. Host sourcing groups from key meetings and incentive companies (i.e., Maritz, Smith Bucklin etc.)
   d. Continue outreach with Road Shows/customer events to specific feeder markets.
   e. Schedule 4 - 6 focus groups in cities that have more potential to book San Diego.
   f. Budget travel money so that NSD’s can also conduct mini-FAMS with key customers throughout the year.

2. Expand San Diego Meeting Certified to train new hospitality partners in the market.
   a. Schedule classes in the second half of FY2022 that focuses on selling San Diego post covid.
b. Based on issues discovered once the hotels reopen, tailor the classes on selling the San Diego brand, conducting stellar site experiences, working as a destination team, and selling safety precautions.

c. Include selling strategies on attrition, force majeure, and cancellations.

d. Create sessions focused on attractions/venues and other non-Hotel salespeople and continuing education classes for refreshers throughout the year for all previous attendees.

**Sports Sales Key Strategies & Tactics**

1. Develop a new Vision to Grow Sports Tourism for San Diego. Bring together community leaders to address issues such as limited venues, funding, and community support.

2. Work with the Holiday Bowl and San Diego Padres to determine if Petco Park can be retrofitted to expand the playing field for football/rugby/soccer to provide additional hosting opportunities including:
   - 2023 World Lacrosse Championship
   - 2024 – 2027 USA 7s Rugby Tournament
   - 2027 Rugby World Cup
   - Pac12 Football Championship
   - CONCACAF Gold Cup
   - Mexican National Team Friendlies

3. Partner with new venue sites as host locations for sporting events.
   a. New 35,000 seat “Aztec Stadium” is expected to be completed in August 2022.
   b. Support ASM Global and Brookfield Development on their proposed 16,500 seat San Diego Sports Arena in the Midway/Point Loma area. As the new

4. Work with the Tourism Marketing District to create a Sports Opportunity Fund to streamline funding for opportunities < 3,000 room nights.
   c. Develop collateral to advertise program at tradeshows.
   d. Increase indoor sports bookings at partner venues.

5. Connect with rights holders at annual trade shows including CONNECT Sports, Northstar TEAMS Conference, and Sports ETA Symposium. Utilize the Sports Opportunity Fund to attract rights holders that can strategically place events in our destination in the short-term need periods (October – May) which will facilitate hotel compression and boost local recovery.

6. Provide strategic support to major events that are scheduled to take place in FY2022 including the 2021 Breeders’ Cup in November, and 2022 NCAA Men’s Basketball Tournament in March. As the event world changes and adapts to the new normal, organizers may need more assistance than usual to deliver on expectations. Flawless execution of these events will provide a jump-start to local recovery of the hospitality industry and ensure that San Diego is in the conversation during the next bid cycle for these events.
7. Continue dialogue with our locally owned annual events (Surf Cup, Adrenaline Lacrosse, Crew Classic, Cal State Games, Holiday Bowl) and private sports venues to ensure that as much sports business as possible returns to San Diego once restrictions are lifted and events do not permanently relocate to more business-friendly destinations in Arizona, Texas, and Florida.

8. Work through the bid cycles for upcoming events:
   a. 2026 NCAA Men’s Basketball 1st & 2nd Rounds
   b. 2023 World Lacrosse Championship
   c. 2027 Rugby World Cup
   d. Division II Men’s & Women’s Tennis
   e. Division I, II, III Rowing

9. As Southern California ramps up towards the 2026 FIFA World Cup and 2028 Olympics in Los Angeles, work with as many National Governing Bodies as possible to schedule preliminary and qualifying events in San Diego.

FY2022 TMD Funding Request and Projected Return on Investment

<table>
<thead>
<tr>
<th>Funding Request</th>
<th>$26,703,389</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Recommendation</td>
<td>$26,703,389</td>
</tr>
</tbody>
</table>

Ranking
- Directors’ Aggregate Ranking: N/A

Return on Investment (ROI) - Projected
- TMD Hotel Room Nights Generated: 4.33 million
- Lodging Revenue @$143.84 ADR (average daily rate): $622.8 million
- ROI: 23.3:1
Other Contractor Allocations

On May 28, and June 11, 2021, submitted applications from the entities below will be reviewed, ranked, and allocations recommended. Ranking factors will include time of year, new versus existing rooms, and potential for growth.

Total Funding Recommendation

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Ranking</th>
<th>Room Nights</th>
<th>ADR $</th>
<th>Lodging Revenue $</th>
<th>Recommended Funding $</th>
<th>ROI</th>
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<tbody>
<tr>
<td>Best Coast Beer Fest LLC</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>California Police Athletic Federation</td>
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<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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<td>California State Games - 2021 Summer</td>
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<td>TBD</td>
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<td>TBD</td>
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<tr>
<td>California State Games - 2022 Winter</td>
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<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>ECNL Boy's Fall Showcase 2021 - Maverick Sports</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>ECNL Boy's Playoffs 2022 - Maverick Sports Travel</td>
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<td>ECNL Girl's Showcase Spring 2022 - Maverick Sports</td>
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<tr>
<td>Travel</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>La Jolla Historical Society</td>
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<tr>
<td>San Diego Bowl Game Association dba Holiday Bowl</td>
<td>TBD</td>
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<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>San Diego Crew Classic</td>
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<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>Thunderboats Unlimited/San Diego Bayfair</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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Administration

San Diego Tourism Marketing District Corporation

<table>
<thead>
<tr>
<th>Personnel</th>
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<tbody>
<tr>
<td>Employee Benefits</td>
<td>$20,412</td>
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<tr>
<td>Executive Director Wages</td>
<td>255,150</td>
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<td>Payroll tax</td>
<td>21,816</td>
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<td>Workers Comp</td>
<td>2,551</td>
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<tr>
<td><strong>Total Personnel</strong></td>
<td>299,929</td>
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<table>
<thead>
<tr>
<th>Contract Services</th>
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</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>239,998</td>
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<tr>
<td>Audit</td>
<td>22,680</td>
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<tr>
<td>Communications</td>
<td>264,500</td>
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<tr>
<td>Legal</td>
<td>151,200</td>
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<tr>
<td>Research and compliance</td>
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<td><strong>Total Contract Services</strong></td>
<td>783,378</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Overhead</th>
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<tr>
<td>Bank service fees</td>
<td>200</td>
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<tr>
<td>Dues and subscriptions</td>
<td>8,400</td>
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<tr>
<td>Insurance</td>
<td>28,907</td>
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<tr>
<td>Meals, Travel &amp; Entertainment</td>
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<td>Occupancy</td>
<td>9,662</td>
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<td>Office Supplies</td>
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<td>Parking</td>
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<tr>
<td>Payroll processing</td>
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<tr>
<td>Postage and shipping</td>
<td>2,000</td>
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<tr>
<td>Printing and reproduction</td>
<td>3,000</td>
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<tr>
<td><strong>Total Overhead</strong></td>
<td>61,161</td>
</tr>
</tbody>
</table>

| Contingency                   | 715,264|

**Total SDTMD Operations** 1,859,732

**Administration Fees to the City** 263,300

**Total Administration** $2,123,032
## Opportunity & Catastrophe Summary

**Opportunity & Catastrophe Reserve:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7% Assessment revenue</td>
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<tr>
<td>*Projected carryover prior years</td>
<td>12,588,954</td>
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<tr>
<td>Utilization of carryover for contractor allocations</td>
<td>(3,701,382)</td>
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<tr>
<td>Utilization of carryover for Administration</td>
<td>(1,272,965)</td>
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<tr>
<td><strong>Total Opportunity/Catastrophe Reserve</strong></td>
<td><strong>$9,481,430</strong></td>
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</table>

*Notes: Includes $5,146,464 of prior litigation reserve transferred to opportunity/catastrophe in amended FY2021 budget.

## Administration/Interest Income

**Administration:** (% of assessment revenue plus interest income)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3% Assessment revenue – SDTMD &amp; City</td>
<td>$800,067</td>
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<tr>
<td>Projected carryover – prior years – SDTMD &amp; City</td>
<td>1,272,965</td>
</tr>
<tr>
<td>Projected interest and penalties</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total Administrative/Interest Income</strong></td>
<td><strong>$2,123,032</strong></td>
</tr>
</tbody>
</table>
Attachments

1. San Diego Tourism Marketing District Corporation (4 pages) ..................................................Page 24
2. Management Plan Highlights (4 pages) .......................................................................................Page 29
3. Funding Cycle for FY2022 (2 pages) ..........................................................................................Page 34
4. Key Elements of the Application Guidelines and Requirements for FY2022 (4 pages) Page 37
5. Sample Application for FY2022 (10 pages) ...............................................................................Page 42
6. FY2022 SDTMD Corp. Directors Ranking of Applications Summary (1 page) .........................Page 54
7. SDTMD Corp. Annual Report – FY2020 (24 pages) .................................................................Page 56
8. FY2021 Interim Report of Activities Summary (4 pages) .........................................................Page 81
SDTMD Corporation

Mission:
The San Diego Tourism Marketing District Corporation (SDTMD), formerly known as the San Diego Promotion Tourism Corporation, 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 provide a private, nonprofit, funding vehicle to stimulate City of San Diego lodging room demand through tourism sales, marketing and advertising programs. The judicious allocation of these resources creates a positive economic, fiscal and employment impact on lodging businesses in the City of San Diego.

Board of Directors:
Richard Bartell, Chair                      Vikram Sood, Treasurer      Ilsa Butler
C. Terry Brown, Vice Chair                Summer Shoemaker             Alyssa Turowski
Tim Herrmann, Secretary                   Steve Cowan                  Joe Terzi

Staff:
Colleen Anderson, Executive Director      Email: canderson@SDTMD.org

San Diego Tourism Marketing District Corporation:
750 B Street, Suite 1500                   Tel: (619) 557-2854
San Diego, CA 92101                        Web: www.SDTMD.org

Management & Oversight:
The implementation of the TMD Management Plan is the responsibility of the Board of Directors of the San Diego Tourism Marketing District Corporation (SDTMD), formerly the San Diego Tourism Promotion Corporation, a private non-profit entity composed exclusively of the assessed lodging businesses.

General Powers:
Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the corporation’s activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors.

Board of Directors:
Only business owners or business owner’s representatives paying the tourism marketing district assessment have the right to vote in annual elections of the association. And only business owners or business owner’s representatives paying the tourism marketing district assessment have the right to seek nomination or election to the board of directors of the association. The Board of Directors shall consist of nine (9) directors unless changed by amendment to the bylaws of the corporation.
Initial Directors:
The initial Board of Directors was appointed by the Incorporator of the Corporation, with individuals to serve for staggered terms of one, two or three years. At the first duly constituted meeting of the Board of Directors, the initial Board members drew lots to determine their individual term.

Board Nominations & Elections:
Elections to the Board of Directors are held annually. A call for self-nominations occurs annually and all self-nominees are listed on the ballot for Board elections. In addition to, or in the absence of, self-nominations, the Nominations Committee of the Board may put forth a slate of nominees at each election.

The procedure for nominations and elections, including the timing for nominations, and the protocol for the distribution and collection of ballots, is defined in the Bylaws of the Corporation. SDTMD retains a third-party contractor to administer, count and report the results of the balloting for Board elections.

Board Officers:
Officers of the Board of Directors are elected annually by a majority vote of the Board at the first regularly scheduled meeting of the Board, following the seating of new Board members.

Board Standards and Conduct:
The SDTMD is organized as a 501(c) 6, mutual benefit corporation, and has as its purpose the management of the resources of the San Diego Tourism Marketing District. The primary measure of the success of the Corporation is the benefit it delivers to the assessed businesses.

Board members, officers and members of the association are intended and understood to represent and further the economic interest of the City’s tourism industry. Board members or officers have a fundamental duty to advance the general welfare of the tourism industry in San Diego. Because the delivery of a measurable benefit to the assessed businesses is required by law, and is the primary legal purpose of the Corporation, it is recognized that members of the Board of Directors, through their assessed businesses, will receive benefit from the activities of the SDTMD.

In addition, State law provides, and the City’s enabling Procedural Ordinance recognizes, that SDTMD is a "private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose."

However, SDTMD shall comply with the Ralph M. Brown Act, California Government Code section 54950 et. seq., at all times when matters within the subject matter of the District are heard, discussed, or deliberated, and with the California Public Records Act, California Government Code section 6250 et. seq., for all documents relating to activities of the district.

Furthermore, the SDTMD Board of Directors shall comply with the California Corporations Code and shall develop internal policies defining standards, responsibilities and conduct for the Board of Directors.
Specifically, any member of the Board of the corporation, whether they are an owner, officer, or employee of an assessed business, shall disclose the material facts of their interest in a transaction, and shall recuse themselves from any discussion and decision on the transaction, when they have a material financial interest in the transaction.

A Volunteer Board of Directors:
The members and officers of the Board of Directors of the SDTMD serve as volunteers. They receive no monetary compensation or remuneration for their service individually or collectively. They are not entitled to nor may they make a claim for reimbursement of any personal or professional expenses attributed to their service. Other than Directors and Officers Liability Insurance no benefits such as, but not limited to, health insurance, workman's compensation insurance, disability insurance, or paid vacation, is provided.

Marketing Support Programs Application Guidelines & Criteria:
The Board of Directors annually allocates a portion of the annual revenue from the District to marketing support programs and services that can deliver a measurable return on investment.

The SDTMD will solicit and/or receive applications for funding from numerous, diverse organizations, and entities. The guidelines, criteria and application will be created/updated annually at the sole discretion of the Board of Directors.

Limiting Contact Between Applicants and the Board of Directors:
It is 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.

Current Board Member Information:

Richard Bartell, Chair
President, Bartell Hotels
Bartell Hotels represent over 1,575 TMD rooms in the Harbor, Mission Valley, Mission Bay and La Jolla (SD North) regions of the City of San Diego.

C. Terry Brown, Vice Chair
President, Atlas Hotels
Atlas Hotels represent over 950 TMD rooms in the Mission Valley region of the City of San Diego.

Vikram Sood, Treasurer
Senior Vice-President of Operations, Hostmark Hospitality
Mr. Sood represents Hostmark Hospitality representing over 300 TMD hotel rooms in Downtown, Sorrento Valley and Del Mar regions of the City of San Diego.
Tim Herrmann, Secretary  
**General Manager, Marriott Marquis**  
Mr. Herrmann represents the Marriott Marquis Hotel representing 1360 TMD rooms in the Downtown and Harbor regions of the City of San Diego.

Steve Cowan  
**General Manager, Hilton Hotels**  
Mr. Cowan represents the Hilton Bayfront Hotel representing 1190 TMD rooms in the Downtown and Harbor regions of the City of San Diego.

Ilsa Butler,  
**Senior Vice President, Sales & Marketing, Evans Hotels**  
Ms. Butler represents Evans Hotels representing 793 TMD rooms in the Mission Bay and La Jolla regions of the City of San Diego.

Alyssa Turowski,  
**General Manager, Westin San Diego**  
Mrs. Turowski represents the Westin San Diego Hotel and Diamond Rock representing 436 TMD rooms in the Downtown region of the City of San Diego.

Summer Shoemaker,  
**General Manager, La Valencia Hotel**  
Mrs. Shoemaker represents Pacific Hotel Group and the La Valencia Hotel representing 114 TMD rooms in the Village of La Jolla region of the City of San Diego.

Joe Terzi,  
**Retired Hotel Executive**  
Mr. Terzi served as President and CEO for the San Diego Tourism Authority from March 2009 through December 2020 following 30 years as a hotel executive. Mr. Terzi was a founding member of the San Diego Tourism Marketing District and serves on the Board of Directors for the U.S. Travel Association, California Travel Association, Visit California and several other local organizations.
Attachment 2

Management Plan Highlights

4 Pages
Management Plan Highlights

Background:

On May 8, 2007, at the request of a working group comprised of lodging industry representatives, the San Diego City Council adopted an enabling Procedural Ordinance (SDMC Section 61.2501 et seq.) that provided a process for establishing 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 also permit a renewal term up to forty (40) years.

The original five-year San Diego Tourism Marketing District [District] was approved by the City in December 2007 and began January 1, 2008. The District was managed by representatives of the lodging business through the non-profit San Diego Tourism Marketing District (SDTMD) Corporation. Given the success of the original District, lodging industry representatives worked to renew the District and developed new guidelines for operation and administration of the renewed District which became the Tourism Marketing District Management Plan [Management Plan] approved by Council September 2012. The renewed District began on January 1, 2013.

In 2016, lodging industry representatives sought to update the District and Management Plan to address operating conditions under the renewed District. On August 2, 2016 the City Council approved the modification of the District and Management Plan to exclude lodging businesses with fewer than 70 rooms from paying and participating in the TMD effective September 1, 2016.

Assessments:

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 is levied on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of those benefitting businesses.

Annual assessment rates (applied to Assessable Rent of qualifying lodging businesses) are two percent (2%).

Assessments are remitted on a monthly basis to the City Treasurer by each business using a self-reporting form that provides for identifying the activity period(s) and the Assessable Rent and District assessment for the respective accounting periods.

Pursuant to the 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 levied for the purpose of providing activities that benefit businesses are not taxes for the general benefit of a city, but are assessments for the activities which confer benefits upon the assessed businesses for which the activities are provided and do not confer benefits upon those not paying the assessment.

**Uses of Assessments:**
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.

In order to ensure provision of a specific government service and benefit to payors, which does not exceed the reasonable cost of providing the service, there are certain activities or improvements which may not be funded by the District. These include:

- The acquisition, construction, installation or maintenance of any tangible 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 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 area, 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.
- Political candidate or ballot initiative activity.
- Expenditures not consistent with the terms of the District Management Plan.

**SDTMD Budget Guidelines:**
An annual budget will be developed and approved by the Board of Directors of the San Diego Tourism Marketing District Corporation (SDTMD), formerly the San Diego Tourism Promotion Corporation, and included in the prospective Fiscal Year Report of Activities submitted to the City Council each year.
Assessments are proposed to be used for the Activities as generally outlined below. It is anticipated that ninety percent (90%) of assessment revenue will be designated annually for Marketing and Sales activities which will be tailored within the specific categories as listed below and as further described in the modified Management Plan to benefit the assessed businesses. Funding will be allocated on the basis of competitive applications or responses to specific requests for proposals. Ten percent (10%) of assessment revenue will be designated in total annually for Administration (including actual City costs to administer the District) and for a Reserve for opportunities, catastrophes, contingencies, and renewal of the District.

The kinds of activities anticipated that fall within the 90% are grouped within two areas:

**Targeted Marketing and Sales Programs (53.9%)**
- Hotel meeting sales
- Event management & group sales development
- Consumer direct sales & marketing
- Sub-regional targeting
- Competitive targeting

**Destination Marketing (36.2%)**
- Tourism development, including travel & trade
- Group meeting destination marketing
- Multi-year tourism development
- Destination marketing

Although actual revenues of the Corporation will fluctuate, the proportional allocations as listed in the table above shall generally remain the same; however, during the budgeting process each year, the Corporation’s Board of Directors may adjust program allocations as needed to address: economic conditions; tourism trends; and changes in non-assessment funding provided to those programs. The resulting proposed annual budget submitted to City Council for consideration as part of the Annual Report of Activities will then ensure that assessment funds are to be spent on a specific benefit provided directly to assessed businesses which is not provided to those not charged. In no event will the budget for City administration costs fall below the amount necessary to recover City administration costs.

Sales and Marketing programs and services will be broadly defined by the Board of the SDTMD in order to remain current with changing consumer demands, tourism products, and technologies. Because both marketing and sales programs are necessities for successfully increasing room night sales, the Corporation will contract for marketing and sales programs and services to promote assessed lodging businesses in the District and to fund projects, programs, and activities that specifically benefit and provide unique privileges to assessed lodging businesses within the District.

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. This 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 payors.

To guide District contractors and ensure direct specific benefits to assessees, below is a partial list of required Best Practices for implementation of District-funded programs and services. 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 for 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.

More information on key elements of the FY2022 Application may be found in Attachment 4.

The Corporation shall cause to be prepared annually a report for the coming fiscal year. The Corporation shall cause to be prepared a retrospective and prospective District Milestone Report every five (5) fiscal years for which assessments are levied. This District Milestone Report will include the required annual Report of Activities for the prospective fiscal year.

The first District Milestone Report of the renewed District will include the reporting of results for the initial period of operation, from January 1, 2013 through the date of preparation of the report. The final Milestone Report of the renewed district will include reporting of results from July 1, 2048 through June 30, 2052. Reports for the intervening period will include reporting of results for the prior five (5) years. Reports will be submitted to the City on agreed upon dates pursuant to the operating Agreement.
Funding Cycle for FY2022

THE FY2022 FUNDING CYCLE*

July 2020
Two General Application Process Overview workshops offered with special outreach to Arts and Cultural Tourism organizations.

October/November 2020:
FY2022 Applications available on October 9 via www.sdtmd.org/applications
Two Applicant Workshops offered via Zoom:
• October 13 from 10 a.m.-12 p.m. and October 20 from 1 to 3 p.m.
• Workshops 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 FY2022 Annual Application Deadline: Friday, November 13, 2020

January 2021:
• DMO FY2021 Annual Application Deadline: Friday, January 22, 2021

March 2021:
• DMO presentation to Board of Directors

April 2021:
• Formal public board review of qualified applications*
• Funding recommendations of programs by board
• Notification of funding intention to the City of San Diego

May 2021:
• Formal public board consideration of other contractor applications*
• FY2022 Report of Activities with budget. ROI projections and Scope of Work assumptions submitted to San Diego City Council and Committee for consideration and request for approval

June 2021:
• FY22 Contract Issued

July 1, 2021:
• FY2022 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.

*Due to the impact from COVID-19 on TMD Collections, and uncertainty around projected assessments, the SDTMD Board of Directors initially decided to fund only the San Diego Tourism Authority for FY2022. Other applicants will be considered in late May 2021.
Attachment 4

Key Elements of the Application Guidelines and Requirements for FY2022

4 Pages
Key Elements of the Application Guidelines and Requirements for FY2022

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 SDTMD 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, i.e. 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

  **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

* **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.

** Provide media markets, air dates, air times, projected ratings, impressions/circulation and audience demographics.

*** Provide media schedule including media markets, dates, times, impressions/circulation and audience demographics.
**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)
Application Types:

1) GENERAL APPLICANTS: Most applicants will file this 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 application completed and submitted electronically by 5:00 p.m. on Friday, November 13, 2020. Applications received after the deadline will not be accepted for annual funding requests.

2) DESTINATION MANAGEMENT ORGANIZATION (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 must have their application completed and submitted electronically 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, 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 required that a preliminary discussion with the Executive Director is scheduled prior to the submittal of any Supplemental application.

Click here to view application guidelines.

IMPORTANT DOCUMENTS FOR SUBMISSION:

Please download the following templates, then populate, then upload with your application in the appropriate section.

Exhibit B Budget Template, Budget Template Instructions and Glossary (for your reference)
Exhibit D Personnel Schedule

Organization Info

Organization Name: *

Mailing Address: *

Telephone:

Website:

Primary Contact Information

Name: *

Title: *

Telephone:
EXHIBIT A: Overview

Tell us about your event. Please address these categories: What is it? Where is it? When is it? Who participates? Why do people participate? How does the event actually work? (Flow, logistics, management, etc.)

Tell us about your event and why it will be successful

Does this event have a verifiable history? Please address past event locations, times of year, attendance, room nights, etc. (The more information the better here.)

Does this event have comparable events that our analysts and board can consider when assessing the likelihood of the proposed event achieving your forecast? What are those events and their event locations, times of year, attendance, room nights, etc.?

Please summarize your event’s marketing plan. Also, please address these questions: What is your intended use of TMD funds? What part of your marketing plan/spend is targeted at out of town visitation? How will you drive visitation to TMD member hotels?

Tell us about your marketing plan, specifically explaining how you draw out of town visitors to SD for overnight stays in TMD hotels

*Remember, success is defined one way: generates the consumption of incremental** paid guestrooms in hotels larger than seventy (70) rooms in the City of San Diego.

**Incremental: relating to or denoting an increase or addition that the guestroom would go empty otherwise.

1) Is your organization a non-profit organization? *
2) Mandatory Disclosure of Business Interests: Disclose this 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: *

EXHIBIT B: Detailed Budget
Please scroll up to the top of the page under important documents to download the Budget template. Upon filling out the budget template please re-upload it here:
Detailed Budget (Excel format)
Select a file

EXHIBIT B1: TMD Budget
Please use the budget template completed in Exhibit B and input TMD funded portion budget data:
TMD Budget and Line Item Narrative
Total Program Budget (including TMD Request)
$ 
Total TMD Funded Portion (SDTMD Funds Requested)
$ 
Total Organizational Budget (If Part 2 Completed)
$ 
Revenue (TMD Funded Portion)
$ 
Direct Expenses
Advertising
$ 
Line Item Narrative
Advertising Agency Fees

Bid Fees/Team Payouts

Dues/Subscriptions (direct only)

Entertainment

Event Registration Fees
Lead Generation Fees

Marketing Materials/Promotional Items

Meals

Outside Contractors

Personnel Benefits (non-exec/non-admin)
<table>
<thead>
<tr>
<th>Line Item</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Salaries and Wages (non-exec/non-admin)</td>
<td>$</td>
</tr>
<tr>
<td>Rentals - remote office</td>
<td>$</td>
</tr>
<tr>
<td>Research</td>
<td>$</td>
</tr>
<tr>
<td>Sales Commission</td>
<td>$</td>
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<tr>
<td>Special Event Production</td>
<td>$</td>
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</tbody>
</table>
Sponsorship

$ 

Line Item Narrative

Trade Show Expenses

$ 

Line Item Narrative

Training

$ 

Line Item Narrative

Travel

$ 

Line Item Narrative

Total Direct Expenses

Total Indirect Expenses (If Part 2 Completed)

$ 

Total Expenses
EXHIBIT C: Return On Investment (ROI) Forecast

All ROI results for awarded SDTMD funds will be subject to a third-party audit conducted during the event or promotion.

### Calculation

<table>
<thead>
<tr>
<th>A: SDTMD Funds Requested (From Exhibit B)</th>
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<tr>
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<table>
<thead>
<tr>
<th>Non-TMD Funded Portion (From Exhibit B)</th>
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<table>
<thead>
<tr>
<th>Date Of Event Or Promotion:</th>
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<tr>
<th>Date Of Event Or Promotion:</th>
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<tr>
<th>Date Of Event Or Promotion:</th>
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<table>
<thead>
<tr>
<th>Number Of Years The Event/Program Has Been In Operation:</th>
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<table>
<thead>
<tr>
<th>B: Projected Average Daily Rate (ADR) For Event Or Promo Dates*</th>
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<td>$</td>
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</tbody>
</table>

*Please Contact TMD Executive Director For Your Event's ADR Assignment. If you have known contracted room rates for your event, you may use those.

<table>
<thead>
<tr>
<th>C: Historic Number of Room Nights Generated by Program/Event/Promotion</th>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>D: Total Estimated Historic SDTMD Room Revenue @ above ADR (BxC = D)</th>
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</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>E: Projected Number Of New SDTMD Room Nights Generated Due To Proposed Use Of SDTMD Funds (From Exhibit A).</th>
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</table>

<table>
<thead>
<tr>
<th>F: Total Estimated New SDTMD Room Night Revenue Generated @ Above ADR (BxE = F)</th>
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</tbody>
</table>

Return On Investment in New SDTMD Room Revenue: Total New SDTMD Room Revenue Generated: SDTMD Funds Requested. (F/A :1)

<table>
<thead>
<tr>
<th>G: Total Estimated SDTMD Room Nights (combined) (C+E = G)</th>
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</table>

<table>
<thead>
<tr>
<th>H: Total Estimated SDTMD Room Revenue (Combined) (BxG = H)</th>
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</tbody>
</table>

Total Impact Return On Investment: Total SDTMD Room Revenue Generated: SDTMD Funds Requested (H/A :1)
EXHIBIT D: Personnel Schedule

The purpose of this form is to list the positions being requested for Tourism Marketing District Funds for the Fiscal Year. An updated copy of this form must be maintained at all times and any adjustments must be reported to the SDTMD. Prior approval is required where changes will impact approved budgets for executed SDTMD agreements. Please round amounts to whole dollars.

EXHIBIT E: Audit Compliance

Acknowledgement

Contractors receiving $75,000 or more in 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 and 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.

I have read and understand the Audit Compliance Acknowledgement:

EXHIBIT F: Accounting Compliance

Acknowledgement

- Monthly submission of reconciliation reports and/or reimbursement packets is required.
- SDTMD has 30 business days from receipt of a complete and correct packet to review and reimburse.
- Expenses incurred older than 60 days prior to the submission will not be eligible for reimbursement without prior approval and extenuating circumstance.
- Reimbursement checks will be mailed to the Contractor.
- Copies of “Requests for reimbursement” shall be retained by contractor for no less than five years.
- Contractors are to remit reimbursement packets and budgets using SDTMD’s templates and chart of accounts.
- Additional written explanation is required on any submitted item in which the invoice is not self explanatory.
- Any calculation shown on an invoice, reducing the amount requested, needs to include an explanation of methodology or rationale for determining costs.
- Unclear, unexplained, or unsubstantiated reimbursement report items will be removed from the submission packet. In some cases, these items will be allowed to be resubmitted with explanation if it falls within the time limitations established in the contract.
- Illegible receipts will not be considered for reimbursement.
- Do not use staples or special binding for your submission packet. A large paperclip or binder clip will suffice.
- Submit your packet single sided only. Double sided packets will be returned.
- Include all pages of a multipage invoice and bank statements. (Online bank activity will also be accepted.) Please reference each item.
- Verify totals and watch out for rounding errors.
- Contractors must pay for each expense (and clear the bank) before requesting reimbursement. Contact vendors with outstanding checks if checks have not cleared. It is your responsibility to keep track of this.
- No double dipping, if reimbursed by another entity, the expense becomes ineligible
- Only out of market advertising is eligible for reimbursement.
- Travel: TMD assessment funds can only reimburse toward the equivalent of coach airfare when use of public air carrier transport is required in order to perform the Contractor’s obligations under this agreement. GSA rates for meals & incidentals are at 100% of the rate per night stayed at hotel. Please include a copy of the pertinent GSA rates for each area being visited as back-up, as well as the hotel folio. Please include a copy of the pertinent GSA rates for each area being visited as back-up. Conferences require proof of registration and receipt. Sales missions require itinerary, location, clients visited, agenda and calendar. Mileage reimbursement requests require a mileage log and purpose of trip.

I have read and understand the Accounting Compliance Acknowledgement:

☐ Confirm
### SDTMD Contract Budget

**Exhibit B**

**Organization Name**

**Total TMD Contract Funds**

<table>
<thead>
<tr>
<th>Targeted Marketing and Sales Programs</th>
<th>Destination Marketing</th>
<th>Total - TMD Contract Amount</th>
<th>Non-assessment funded portion</th>
<th>Total Event Budget</th>
<th>Non-TMD</th>
<th>Total Organizational Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<tr>
<td><strong>Direct Expenses</strong></td>
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<tr>
<td>Advertising</td>
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<td></td>
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<tr>
<td>Advertising Agency Fees</td>
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<td>Bid Fees / Team payouts</td>
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<td>Dues / Subscriptions / Memberships</td>
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<td>Entertainment</td>
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<td>Event Registration Fees</td>
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<td>Lead Generation Services</td>
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<tr>
<td>Marketing Materials &amp; Brochures</td>
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<td>Meals</td>
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<td>Outside Contractors</td>
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<td>Rentals - booth space</td>
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<td>Rentals - remote sales office</td>
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<tr>
<td>Research</td>
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<td>Sales Commissions</td>
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<td>Special Event Production</td>
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<td>Training</td>
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<td>Travel</td>
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<td><strong>Total Direct Expenses</strong></td>
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<td>Indirect Cost Allocation (from worksheet)</td>
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<tr>
<td><strong>Total Expenses</strong></td>
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<tr>
<td>Net Income (loss)</td>
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<tr>
<td>Percent revenue coverage</td>
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</tbody>
</table>

**Targeted Marketing and Sales programs includes**
- Hotel meeting sales
- Event management & group sales development
- Consumer direct sales & marketing
- Sub-regional targeting
- Competitive targeting

**Destination Marketing includes**
- Tourism Development, including travel & trade
- Group meeting destination marketing
- Multi-year tourism development
- Destination marketing
Attachment 6

FY2022 SDTMD Corporation
Directors Ranking of Applications
Summary

1 Page
SDTMD Director Ranking Sheet
FY2022 Annual Funding Applications

On May 28, 2021, submitted applications from the entities below will be reviewed, ranked, and allocations recommended. Ranking factors will include time of year, new versus existing rooms, and potential for growth.
# TABLE OF CONTENTS

- Executive Message 2
- SDTMD Overview 3
- SDTMD: A Timeline of Tourism Stewardship 4
- Tourism Economic Impact 5
- Tourism & COVID-19 6
- Contractor Performance & Impact 8
- Contractor Funding 9
- Board of Directors 17
- Financial Report 18
The importance of tourism to the San Diego economy has never been more evident than today. As our City continues to navigate challenges due to the global coronavirus pandemic, we can’t deny the harsh realities. Thousands of valued and loyal tourism professionals are out of work. Hundreds of meetings, events and conventions remain cancelled. Hotel rooms sit empty.

And the losses go deeper. Hotel tax (TOT) generated from room nights has also fallen, leaving our City facing a budget deficit currently at $80 million and expected to climb higher. Typically, TOT is the city’s third largest tax revenue source and supports essential services San Diego residents rely on, such as public safety, road repairs, homeless services, sanitation, libraries and more.

Travel experts estimate that COVID-19’s impact on the tourism economy will be nine times greater than that of the 9/11 attacks. Unfortunately, a swift rebound isn’t predicted. While research tells us that people want to travel again, the reality is that they won’t be able to participate at normal levels until a vaccine is widely available.

As we navigate the long road to recovery, San Diego is fortunate to have the San Diego Tourism Marketing District (SDTMD), which ensures that our destination has the tourism marketing dollars necessary to remain competitive in the marketplace. Although COVID-19 has impacted our budget and shifted our marketing priorities, tourism marketing continues to remain essential, and we know that it works.

Prior to the pandemic, the average return on investment from our funded contractors in Fiscal Year 2020 was $15 in room night revenue for every $1 invested. These programs also produced important tax revenues for our City, supported thousands of tourism jobs and attracted billions in visitor spending.

Despite an uncertain future, our dedicated board of directors remains committed to our mission: investing marketing dollars for the greatest return. We’ll stay nimble and continue to pivot as circumstances change and opportunities arise.

We are also fortunate to have both government and industry stakeholders aligned behind rebuilding the health and competitiveness of the San Diego tourism economy. Smart tourism marketing is imperative for our recovery and for making progress toward regaining lost jobs and vital City tax dollars.

Thank you for taking the time to read this report.

Sincerely,

Richard Bartell
Chairperson

Colleen Anderson
Executive Director
Established in 2008, the San Diego Tourism Marketing District (SDTMD) is a Tourism Improvement District serving all areas within the City of San Diego. SDTMD allows lodging businesses within the City of San Diego to support efforts to increase tourism in the City, which in turn increases hotel room night stays and, therefore, increases transient occupancy tax (TOT) for the City. Through this model, the tourism marketing district creates a true economic engine for the City and the region as a whole.

San Diego lodging businesses with 70 rooms or more are charged a two percent assessment on each room night. SDTMD uses these dollars to fund programs, services and special events that will deliver room night sales to its assessed members. Working together through SDTMD, the member lodging businesses continue to create strong, measurable results as they work to attract tourism activity, increasing overnight stays and increasing San Diego’s tourism market share.

How TMD Makes an Impact

Overnight visitors come to the City.

They stay in a hotel.

A 2% assessment on each hotel room goes to TMD.

TMD funds San Diego Tourism Authority and other groups/events.

That activity attracts more visitors, filling more TMD hotel rooms.

The City collects a 10.5% tax on those hotel rooms.

The tax pays for public safety, road repair and other City services.
Timeline of Tourism Stewardship

2007

DECEMBER
Hotels vote to participate in a tourism marketing district.

2008

JANUARY
Collection of assessments begins.

2015

DECEMBER
SDTMD funded Destination Master Plan complete. Plan is eventually renamed Experience San Diego.

2016

APRIL
SDTMD presents its five-year milestone report to the City.

AUGUST
City approves both a five-year contract with SDTMD and a district modification to assess properties of 70 rooms or more.

2018

JULY
Responsibility for activation of Experience San Diego transfers to SDTA.

2019

JUNE
City collects a record of $249 million in TOT.

2020

MARCH
Global coronavirus pandemic devastates tourism industry worldwide.

JUNE
SDTMD operating agreement with the City renewed for 10 years.
Tourism Economic Impact

Tourism produces jobs, visitor spending and tax revenues that benefit the City of San Diego and its residents.

TOT is the third largest source of City tax collections.

Property Tax  Sales Tax  Hotel Tax

TOT funds essential City services

Tourism employs residents of all districts in the City of San Diego

District 1  7%
District 2  12%
District 3  13%
District 4  12%
District 5  8%
District 6  10%
District 7  11%
District 8  14%
District 9  12%

*Percent of residents employed with tourism jobs.

200,000 Tourism Jobs
Coronavirus Disrupts U.S. Travel Industry

In March, the travel industry experienced a near shutdown due to stay at home orders mandated by state and federal governments in response to the coronavirus pandemic. Flights and events were cancelled, attractions shut down, restaurants reduced to take-out only and hotel guests limited to essential workers and first responders. As a result, many hotels and other tourism-related businesses in San Diego and across the country were forced to close their doors entirely and furlough or lay off many employees.

The U.S. Travel Association (USTA) estimates that COVID-19's impact on the tourism economy will be nine times greater than that of the 9/11 attacks. According to data released in April by the USTA and the analytics firm Tourism Economics, declines in travel resulted in the loss of 8 million U.S. jobs and a 45 percent decline in travel spending nationwide.

Annual TOT Collections*

<table>
<thead>
<tr>
<th>City of San Diego</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16 $205M</td>
</tr>
<tr>
<td>FY17 $222M</td>
</tr>
<tr>
<td>FY18 $232M</td>
</tr>
<tr>
<td>FY19 $251M</td>
</tr>
<tr>
<td>FY20 $181M</td>
</tr>
</tbody>
</table>

*TOT amounts rounded to the nearest whole number | **Mid-year report projection
(Source: City of San Diego)
San Diego’s Tourism Community Adapts

Moving into FY 2021, the San Diego tourism industry remains focused on recovery, which is expected to be jagged until a vaccine is widely available. Hotels, restaurants and other tourism businesses have adopted new protocols that emphasize safety, cleanliness, social distancing and outdoor experiences. Many continue to operate at a reduced capacity and with reduced staff.

With events still unable to resume, tourism businesses are focused on leisure guests, particularly in the local and drive markets. Hotel occupancy has climbed through the summer months with leisure demand strongest for hotels in coastal regions. Data from the week ending September 12 noted an average occupancy of 58 percent, ranking San Diego second among top 25 U.S. markets, but still well below normal levels for the time period. La Jolla and Mission Bay had the highest ADRs, at $245 and $221 respectively, and averaged double the revenue per available room (RevPAR) of other regions.

While the recovery continues to be slow and uncertain for well into 2021, there are some positive tourism developments on the horizon for San Diego. Comic-Con Museum at Balboa Park remains on track for a 2021 opening. Torrey Pines will host the U.S. open in June 2021, and Transplant Games of America has selected San Diego as the host site for its 2022 event. Due to recent legal rulings, the Convention Center Expansion Plan may be resuscitated, which will be critical for helping San Diego remain competitive for new convention business.

Impact of COVID-19

Visitor Spending

- FY19: $11.6B
- FY20: $8.7B (25% Decline)

Tourism Jobs

- FY19: 200K
- FY20: 123K (39% Decline)

Total Visitors

- FY19: 35.5M
- FY20: 25.9M (27% Decline)
Contractor Performance & Impact

SDTMD provides funding to support the marketing and promotional efforts of a variety of organizations that help the City of San Diego maintain its status as a competitive, first-tier visitor destination with compelling events and programming. The funding of these competitively-selected organizations by SDTMD has consistently resulted in growth in hotel room nights and revenue, which is vital to the strength and success of the tourism industry in San Diego.

The majority of SDTMD’s funding is awarded to the San Diego Tourism Authority (SDTA), the City’s Destination Marketing Organization of record. Remaining funds are allocated to organizations, events and programs that can demonstrate a projected increase in room nights at SDTMD assessed hotels and a measurable return on investment.

All contractors supported by SDTMD are required to have clearly defined marketing strategies and activities that complement and enhance San Diego’s tourism brand. The funded programs and events must help fill SDTMD lodging businesses. In addition, they are required to abide by all requirements set forth in the City’s Operating Agreement with SDTMD.

SDTMD’s initial contractor budget approved by the City for FY 2020 totaled $48.4 million. Due to the impact of the coronavirus on hotel stays and events, the budget was revised in spring 2020 to reflect reduced assessment projections. The revised budget included a reduction of funds for the SDTA as well as the defunding of several event contractors due to forced cancellations caused by the health crisis.

*SDTMD contracts with Real World Academics (RWA) to provide a consistent benchmark for SDTMD to compare event performance. Through a combination of electronic surveys and face-to-face interviews, RWA provides SDTMD with an analysis of each event that focuses on non-local attendees that stay in SDTMD assessed hotels. RWA calculates room revenue generated and divides by SDTMD investment to arrive at the ROI figures.
## Contractor Funding FY 2020

<table>
<thead>
<tr>
<th>CONTRACTOR</th>
<th>FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Tourism Authority</td>
<td>$35,614,292</td>
</tr>
<tr>
<td>California State Games (Summer &amp; Winter)</td>
<td>$175,000</td>
</tr>
<tr>
<td>ProAm Beach Soccer</td>
<td>$27,000</td>
</tr>
<tr>
<td>San Diego Bay Wine + Food Festival</td>
<td>$70,910</td>
</tr>
<tr>
<td>San Diego Bayfair</td>
<td>$95,000</td>
</tr>
<tr>
<td>San Diego Beer Week</td>
<td>$30,972</td>
</tr>
<tr>
<td>San Diego Bowl Game Association: Holiday Bowl</td>
<td>$410,000</td>
</tr>
<tr>
<td>Surf Cup Thanksgiving Challenge</td>
<td>$40,000</td>
</tr>
<tr>
<td>USA Ultimate Frisbee National Championship</td>
<td>$23,980</td>
</tr>
<tr>
<td>USTA Billie Jean King Girls Tennis Championships</td>
<td>$50,000</td>
</tr>
<tr>
<td>Wonderfront</td>
<td>$500,000</td>
</tr>
<tr>
<td>Cancelled events costs*</td>
<td>$217,022</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$37,254,176</strong></td>
</tr>
</tbody>
</table>

### Cancelled Events Due to COVID-19* (No ROI)

<table>
<thead>
<tr>
<th>Event</th>
<th>Reimbursed Costs</th>
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<tbody>
<tr>
<td>Spartan Race</td>
<td>-</td>
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<tr>
<td>Best Coast Beer Fest</td>
<td>$60,000</td>
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<tr>
<td>San Diego Spring Crew Classic</td>
<td>$25,892</td>
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<tr>
<td>US Police &amp; Fire Championship</td>
<td>$15,728</td>
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<tr>
<td>San Diego Diplomacy Council</td>
<td>$28,836</td>
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<tr>
<td>US Summer Soccer Showcase</td>
<td>-</td>
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<tr>
<td>La Jolla Concours D'Elegance</td>
<td>$51,787</td>
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<tr>
<td>Gator by the Bay</td>
<td>$34,779</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$217,022</strong></td>
</tr>
</tbody>
</table>

### SDTMD FY 2020 Contractor Budget

- **Pre-COVID-19**: $48.4M
- **Post-COVID-19**: $37.3M

---
The San Diego Tourism Authority (SDTA) is the primary sales and marketing engine for the San Diego region. As a sales and marketing organization, the main objective of SDTA is to promote and market San Diego as a preferred vacation and meeting destination for leisure and business travelers from around the world.

Incorporated in 1954, SDTA is a private not-for-profit 501(C)(6) organization and is governed by a 15-member board of directors. The SDTA is nimble in the marketplace, and as market conditions shift, it updates its programs in order to best capitalize on opportunities and maximize ROI.

Investment of marketing funds from SDTMD has helped fuel SDTA efforts to promote San Diego as a diverse tourism market appealing to leisure and group travelers, and domestic and international visitors.

**ROI 15.3:1**

- FY 2020 TMD Funding Amount: $35,614,292
- Hotel Room Nights*: 3,035,693
- Average Daily Rate (ADR): $179.94
- Total Room Night Revenue: $546,242,598

*Does not include citywide convention room nights
Fiscal Year 2020

Group Sales Highlights Pre-COVID

- Booked 33 conventions representing 608,316 total room nights, 68 percent of annual goal.
- Booked 340,935 new hotel meeting room nights, 76 percent of annual goal.
- Sports Sales booked 71,500 new room nights, 79 percent of annual goal.
- Citywide events booked in FY 2020 for future years will produce over $5.4 million dollars in room rental income for the Convention Center and over $16.4 million in additional revenue associated with food & beverage, AV and other income streams.

Marketing Highlights Pre-COVID

- Ran consumer direct advertising in six countries: United States, Canada, United Kingdom, China, Japan and Mexico.
- Delivered 2.37 billion paid advertising gross impressions through April 2020.
- Generated 20 million in audience engagements with digital platforms.
- For the first year under a new quality-based scoring system, PR coverage was 75 out of 100, exceeding the goal of 70 out of 100 set for the year.
- Balboa Park marketing programs garnered over 14 million impressions in the three weeks the program was live.
- The Cultural Tourism team developed a local marketing plan that aligns with SDTA's national and international marketing efforts.

Q4 COVID-19 Marketing & Sales Strategies

- Welcomed new President & CEO Julie Coker and revamped executive report to include recovery resources.
- Focused marketing efforts on recovery planning, including monitoring travel sentiments and trends, messaging and creative development as well as media planning and buying for late-summer and fall advertising plans.
- Developed and promoted Safe Traveler and Safe Destination Pledges initiatives and communications programs.
- Held virtual meetings and webinars for members and industry partners to stay informed and connected.
- Created web, interactive and social campaigns for the domestic leisure market focusing on #WithLoveSanDiego and “Happiness is Calling You Back”.
- Pivoted editorial outreach to focus on virtual experiences from San Diego.
- Created a virtual site experience program for meeting planners.
- Worked with planners and hotels to rebook meetings into future dates.
- Booked three new sports events—West Coast Nationals (2022), Transplant Games of America (2022), and US Open (2021) for a total of 22,000 room nights.
- Continued with cultural tourism projects, including videos featuring each City district that also cataloged murals and outdoor art.

More details about SDTA programs can be found at www.sandiego.org/about
California State Games

ROI 15.0:1

July 2019 | February & March 2020

The California State Games is a multi-sport, Olympic style series of events held in summer and winter. The events bring thousands of athletes, families and spectators to San Diego and take place at numerous locations throughout the City. Events range from archery and taekwondo in the summer to hockey and skating in the winter.

FY 2020 Funding Amount $175,000
Hotel Room Nights* 14,264
Average Daily Rate (ADR) $183.61
Total Room Night Revenue $2,619,013

*Combined average of summer and winter events

USTA Billie Jean King Girls National Tennis Championship

ROI 16.3:1

August 3-11, 2019

The USTA Billie Jean King Girls National Championship is the premier hard-court tennis tournament for amateur and professional American girls ages 18 and under. The event draws participants from all 50 states, with the winner receiving an entry to the U.S. Open. The tournament is televised nationwide.

FY 2020 Funding Amount $50,000
Hotel Room Nights 3,727
Average Daily Rate (ADR) $218.04
Total Room Night Revenue $812,635
September 13-15, 2019

Organized by a group of volunteers, San Diego Bayfair is a long-standing, three-day festival held in Mission Bay Park with powerboat racing as its centerpiece. The event is family oriented, offering live music, beer gardens, kids’ activities, food booths and a variety of other attractions. The event also includes the America’s Finest BBQ State Championship, which is officially sanctioned by the Kansas City Barbecue Society.

FY 2020 Funding Amount $95,000
Hotel Room Nights 11,394
Average Daily Rate (ADR) $189.28
Total Room Night Revenue $2,156,656

USA Ultimate Frisbee National Championship

October 24-26, 2019

The USA Ultimate Frisbee National Championship brings together the best teams from across North America. The top 16 teams in each division— men’s, women’s and mixed— compete in the tournament and bring an estimated 1,350 participants including players and coaches. Ultimate Frisbee combines the athletic endurance of soccer and the passing skills of football.

FY 2020 Funding Amount $23,980
Hotel Room Nights 2,398
Average Daily Rate (ADR) $156.49
Total Room Night Revenue $375,263
San Diego Beer Week

November 1-10, 2019
San Diego Beer Week (SDBW) has become a premier, extended craft beer festival with over 600 events promoting San Diego’s thriving craft beer culture. The 2019 celebration included over 50 breweries that participated in beer dinners, tours, classes, bottle tastings and a variety of festivals, including Guild Fest.

- FY 2020 Funding Amount: $30,972
- Hotel Room Nights: 1,614
- Average Daily Rate (ADR): $165.03
- Total Room Night Revenue: $266,358

San Diego Bay Wine + Food Festival

November 10-17, 2019
The San Diego Bay Wine + Food Festival is one of the nation’s largest luxury culinary events and draws over ten thousand attendees, with more than a third from outside San Diego. Ranked by USA Today as the #1 Wine and Food event in the United States, SDBWFF culminates in a Grand Tasting at Embarcadero Park. The festival also includes a three-day educational conference for wine professionals called SommCon.

- FY 2020 Funding Amount: $70,910
- Hotel Room Nights: 6,605
- Average Daily Rate (ADR): $209
- Total Room Night Revenue: $1,380,445
Wonderfront

November 22-24, 2019

In its inaugural year, Wonderfront brought an estimated 20,000 people to San Diego's downtown waterfront for an integrated music, culinary and arts festival. The event featured diverse attractions, including musical performances, yacht parties, water sports, art installations, after-parties and a craft beer village.

- FY 2020 Funding Amount: $500,000
- Hotel Room Nights: 10,211
- Average Daily Rate (ADR): $177.59
- Total Room Night Revenue: $1,813,372

ProAm Beach Soccer

December 6-8, 2019

The US Beach Soccer National Championship (USBSNC) brings the top teams from around the country to compete on the sandy shoreline of Mission Beach. The tournament includes 18 divisions—13u-19u for both boys and girls as well as Men's Open, Women's Open, Adult Coed and College Club. Teams in the Men's and Women's Open divisions compete for a cash prize of $10,000.

- FY 2020 Funding Amount: $27,000
- Hotel Room Nights: 175
- Average Daily Rate (ADR): $159
- Total Room Night Revenue: $27,825
Surf Cup Thanksgiving Challenge

November 29-December 1, 2019

Established in 1980, San Diego Surf is the City's premier youth soccer club. The Surf Challenge is played each November over Thanksgiving week in North San Diego. The event attracts hundreds of teams and college coaches who use the event as a scouting opportunity.

FY 2020 Funding Amount $40,000
Hotel Room Nights 5,820
Average Daily Rate (ADR) $170.29
Total Room Night Revenue $991,088

Holiday Bowl

December 27, 2019

Produced by the San Diego Bowl Game Association, the Holiday Bowl features the top teams from the Pac-12 and Big Ten Conferences. This San Diego institution consistently draws over 50,000 spectators, many of whom are non-local, each year. What’s more, an estimated six million viewers, many living in areas experiencing winter conditions, see sunny San Diego in December as a result of game coverage by Fox Sports. The 2019 game featured the USC Trojans and the Iowa Hawkeyes.

FY 2020 Funding Amount $410,000
Hotel Room Nights 14,749
Average Daily Rate (ADR) $161.15
Total Room Night Revenue $2,376,801
Board of Directors FY 2020

**EXECUTIVE OFFICERS**

Richard Bartell | **Chair**  
President, Bartell Hotels

C. Terry Brown | **Vice-Chair**  
President, Atlas Hotels

Tim Herrmann | **Secretary**  
General Manager, Marriott Marquis San Diego

Vikram Sood | **Treasurer**  
SVP Operations, Hostmark Hospitality Group

**BOARD MEMBERS**

Ilsa Butler  
SVP Sales & Marketing, Evans Hotels

Steve Cowan  
General Manager, Hilton San Diego Bayfront

Summer Shoemaker  
General Manager, La Valencia Hotel

Joe Terzi  
Retired CEO, San Diego Tourism Authority

Alyssa Turowski  
General Manager, Westin San Diego

**STAFF**

Colleen Anderson  
Executive Director
## FY 2020 Financials

Statements of Position For Years Ending June 30, 2020 & 2019*

### ASSETS

<table>
<thead>
<tr>
<th>Current assets</th>
<th>2020</th>
<th>2019</th>
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<tr>
<td>Cash</td>
<td>2,406,901</td>
<td>5,652,213</td>
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<tr>
<td>Accounts receivable</td>
<td>4,247</td>
<td>2,209,582</td>
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<td>City holdbacks, current</td>
<td>18,918,259</td>
<td>11,934,732</td>
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<tr>
<td>Prepaid expenses</td>
<td>75,069</td>
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<tr>
<td>Accrued interest income</td>
<td>2,962</td>
<td>2,800</td>
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<tr>
<td>Advances to contractors</td>
<td>172,136</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Total current assets</td>
<td>21,579,574</td>
<td>22,859,474</td>
</tr>
</tbody>
</table>

### Other assets

| City holdbacks, net of current portion| -           | 14,942,464  |
| Total other assets                   | -           | 14,942,464  |

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21,579,574</td>
<td>37,801,938</td>
</tr>
</tbody>
</table>

### LIABILITIES & NET ASSETS

#### Current liabilities

| Accounts payable | 247         | 9,553,975  |
| Deferred revenue | 2,902,717   | 4,976,964  |
| Indemnification, reserve current | 16,861,540 | 7,111,332  |
| Total current liabilities | 19,764,504 | 21,642,271 |

#### Long-term debt

| Indemnification reserve, net of current portion | -     | 14,942,464 |
| Total long-term debt                           | -     | 14,942,464 |
| Total liabilities                              | 19,764,504 | 36,584,735 |

#### Net assets

| Net assets without donor restrictions | 1,815,070 | 1,217,203  |
| Total net assets                      | 1,815,070 | 1,217,203  |

**TOTAL LIABILITIES & NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21,579,574</td>
<td>37,801,938</td>
</tr>
</tbody>
</table>
## REVENUE & SUPPORT

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Marketing District revenue</td>
<td>38,516,633</td>
<td>44,917,468</td>
</tr>
<tr>
<td>Interest income</td>
<td>626,920</td>
<td>663,188</td>
</tr>
<tr>
<td>Other income</td>
<td>66,691</td>
<td>69,741</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE &amp; SUPPORT</strong></td>
<td><strong>39,210,244</strong></td>
<td><strong>45,650,397</strong></td>
</tr>
</tbody>
</table>

## EXPENSES

### Program services

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocations to contractors</td>
<td>37,254,176</td>
<td>43,583,953</td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM EXPENSES</strong></td>
<td><strong>37,254,176</strong></td>
<td><strong>43,583,953</strong></td>
</tr>
</tbody>
</table>

### SUPPORT SERVICES

### Management & general

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDTMD operations</td>
<td>928,638</td>
<td>987,149</td>
</tr>
<tr>
<td>Administrative fee to the City of San Diego</td>
<td>429,563</td>
<td>534,678</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT SERVICES EXPENSES</strong></td>
<td><strong>1,358,201</strong></td>
<td><strong>1,521,827</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase net assets without donor restrictions</td>
<td>597,867</td>
<td>544,617</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>1,217,203</td>
<td>672,586</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>1,815,070</td>
<td>1,217,203</td>
</tr>
</tbody>
</table>

* Further detail on the SDTMD Corporation’s audited financials can be obtained from our website at sdtmd.org.
The San Diego Tourism Marketing District (SDTMD) is a city-wide Tourism Improvement District encompassing all areas within the city limits of the City of San Diego.

This report was funded by the San Diego Tourism Marketing District Corporation with City of San Diego Tourism Marketing District assessment funds.
San Diego Tourism Marketing District
FY2021 Interim Report of Activities
(July 1, 2020 – February 28, 2021)

Establishment
Established by Resolution R-307843, date of final passage November 27, 2012 with District effective from January 1, 2013 through June 30, 2052 (a term of 39 ½ years)
District and Plan modified by Resolution R-310664, effective September 1, 2016.

Agreement between City and SDTMD
Agreement effective July 1, 2020 through June 30, 2030 approved by Ordinance No. O-21202.

Advisory Board: San Diego Tourism Marketing District (SDTMD)
750 B Street
San Diego, CA 92101
(619) 557-2854 www.sdtmd.org

Assessment Methodology: 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 is levied on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of those benefitting businesses.

Annual Assessment Rates:

Applied to Assessable Rent of qualifying lodging businesses.
Lodging businesses with 70 or more rooms assessed at a total rate of 2%
**FY2021 TMD Budget Summary (as Amended)**

*Pursuant to San Diego Tourism Marketing District Management Plan*

### AMENDED CALCULATION OF AVAILABLE TMD FUNDS FOR FY2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Assessments</td>
<td>$24,928,250</td>
</tr>
<tr>
<td>Projected carryover – prior years</td>
<td>1,990,445</td>
</tr>
<tr>
<td>Projected carryover – previous Litigation Reserve, Modified District*</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Projected carryover – previous Litigation Reserve, Renewed District*</td>
<td>10,500,000</td>
</tr>
<tr>
<td>Projected carryover – City Administration, Renewed District</td>
<td>57,000</td>
</tr>
<tr>
<td>Projected Interest and Penalties</td>
<td>50,000</td>
</tr>
<tr>
<td>Contributions from Other Sources of Funding:</td>
<td>0</td>
</tr>
<tr>
<td><strong>Original Total FY2021 Funds Available</strong></td>
<td><strong>$38,525,695</strong></td>
</tr>
<tr>
<td>Reduction of FY2021 projected Assessments</td>
<td>($8,027,435)</td>
</tr>
<tr>
<td>Addition of balance of Litigation Reserve</td>
<td>$5,361,540</td>
</tr>
<tr>
<td><strong>Amended Total FY2021 Funds Available</strong></td>
<td><strong>$35,859,800</strong></td>
</tr>
</tbody>
</table>

### AMENDED PROPOSED ACTIVITIES FOR FY2021

*(Pursuant to San Diego Tourism Marketing District Management Plan August 2016)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Targeted Marketing and Sales Programs</td>
<td>$22,741,219</td>
</tr>
<tr>
<td>Reduction</td>
<td>($9,955,025)</td>
</tr>
<tr>
<td>Original Destination Marketing</td>
<td>9,605,776</td>
</tr>
<tr>
<td>Increase</td>
<td>$2,730,334</td>
</tr>
<tr>
<td><strong>Amended Sub-Total Marketing and Sales</strong></td>
<td><strong>$25,122,304</strong></td>
</tr>
<tr>
<td>SDTMD Administration &amp; Operations</td>
<td>$1,411,359</td>
</tr>
<tr>
<td>Reduction</td>
<td>($240,823)</td>
</tr>
<tr>
<td>City Administration</td>
<td>$308,000</td>
</tr>
<tr>
<td><strong>Amended Sub-Total Administration</strong></td>
<td><strong>$1,478,536</strong></td>
</tr>
<tr>
<td>Original Opportunity/Catastrophe Reserve</td>
<td>$4,459,341</td>
</tr>
<tr>
<td>Reduction</td>
<td>($561,921)</td>
</tr>
<tr>
<td>Addition of balance of Litigation Reserve</td>
<td>$5,361,540</td>
</tr>
<tr>
<td><strong>Amended Sub-Total Opportunity/Catastrophe Reserve</strong></td>
<td><strong>$9,258,960</strong></td>
</tr>
<tr>
<td>Original Total for Proposed Activities</td>
<td>$38,525,695</td>
</tr>
<tr>
<td><strong>Amended Total for Proposed Activities</strong></td>
<td><strong>$35,859,800</strong></td>
</tr>
</tbody>
</table>
Amended FY2021 Allocations

The FY2021 recommended allocations to other entities total $25,122,304. Per the FY2021 Application Guidelines, the deadline for the annual Applications was November 15, 2019. All submitted applications were reviewed, ranked, and allocations recommended. Ranking factors included time of year, new versus existing rooms, and potential for growth. Incremental applications were also considered, and prior year recommendations were also included in the final recommendation.

The information below reflects the Amended final recommended amounts for FY2021, along with the Original amounts approved previously by City Council along with the Initial SDTMD Corporation recommendations developed prior to COVID-19 impacts that were not submitted to the City.

<table>
<thead>
<tr>
<th>ENTITY/EVENT</th>
<th>AMENDED</th>
<th>ORIGINAL</th>
<th>INITIAL</th>
<th>NON-TMD</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Tourism Authority</td>
<td>$25,122,304</td>
<td>$32,346,995</td>
<td>$40,723,936</td>
<td>$3,245,291</td>
</tr>
<tr>
<td>Best Coast Beer - Fest</td>
<td>$0</td>
<td>$0</td>
<td>$70,000</td>
<td>--</td>
</tr>
<tr>
<td>Cal. Police Athletic Federation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– U.S. Championships</td>
<td></td>
<td></td>
<td>$74,000</td>
<td>--</td>
</tr>
<tr>
<td>California State Games – Summer</td>
<td></td>
<td></td>
<td>$100,000</td>
<td>--</td>
</tr>
<tr>
<td>California State Games - Winter</td>
<td></td>
<td></td>
<td>$85,000</td>
<td>--</td>
</tr>
<tr>
<td>Old Town Chamber of Commerce</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Lucha Libre</td>
<td></td>
<td></td>
<td>$22,750</td>
<td>--</td>
</tr>
<tr>
<td>San Diego Bay Wine and Food Festival</td>
<td></td>
<td></td>
<td>$74,500</td>
<td>--</td>
</tr>
<tr>
<td>San Diego Bayfair - Thunderboats</td>
<td></td>
<td></td>
<td>$95,000</td>
<td>--</td>
</tr>
<tr>
<td>San Diego Bowl Game Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Holiday Bowl</td>
<td></td>
<td></td>
<td>$435,000</td>
<td>--</td>
</tr>
<tr>
<td>San Diego Crew Classic - Spring</td>
<td></td>
<td></td>
<td>$150,000</td>
<td>--</td>
</tr>
<tr>
<td>San Diego Surf Cup ECNL Girls</td>
<td></td>
<td></td>
<td>$80,000</td>
<td>--</td>
</tr>
<tr>
<td>Sub-Total Other Applications</td>
<td></td>
<td></td>
<td>$1,186,250</td>
<td>--</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$25,122,304</td>
<td>$32,346,995</td>
<td>$41,910,186</td>
<td>$3,245,291</td>
</tr>
</tbody>
</table>
FY2021 Funding ROI and Ranking Detail

NOTE: As of submittal date, only Q1 and Q2 ROI reports have been received (Q3 ROI reports are due on May 31, 2021)

   i. Score Ranking:
      1. Directors’ Aggregate Score: #1 of 11
   ii. Return on Investment (ROI)-projected:
      1. N/A total hotel room nights
      2. N/A Room revenue @ ADR
      3. N/A ROI
   iii. Actual FY2021 ROI Q1 & Q2:
      - Campaigns running through Q2 of FY2020
      - Citywide Group Sales @ % to FYTD goal
      - Hotel Sales Division @ % to FYTD goal

Due to the unprecedented impact of Covid-19, which started in March 2020 and continues today, the SDTMD Board of Directors determined that projecting room night generation, sales production and ROI would not be feasible for FY 2021.