sdtmd
SAN DIEGO TOURISM MARKETING DISTRICT

San Diego Tourism Marketing District

Milestone Report FY2019 – FY2023

Includes Report of Activities for FY 2019

April 13, 2018

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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.

About this Milestone Report

According to the Plan and the SDTMD Corporation's agreement with the City, every five years for the duration of the TMD, the SDTMD Corporation shall cause to be prepared a retrospective and prospective District Milestone Report.

This Report commences with a five-year retrospective on the activities, successes, and tangible outcomes of the District between January 1, 2013 and June 30, 2018. The Report continues with a one-year prospective review covering the time-period from July 1, 2018 through June 30, 2019. Consistent with San Diego Municipal Code §51.2521, information included mirrors the requirements for the annual Report of Activities, such as, forecasting the TMD's near-term goals and intentions and recommended funding allocations. Finally, the report includes a five-year prospective section covering the time-period from July 1, 2018 through June 30, 2023 and forecasting the District's longer-term goals and intentions.

Five Year Retrospective

This section covers the time period from January 1, 2013 through June 30, 2018, and describes the activities, successes, and tangible outcomes of the San Diego Tourism Marketing District (SDTMD) during this time.

Overview: Looking Back

The first five years of the SDTMD were a success, recognized by the San Diego City Council in late 2012 when it unanimously agreed to renew the district for 39.5 years and approved the new district's first five-year operating plan. From July 1, 2013 through June 30, 2017, the SDTMD awarded more than 25 separate contracts worth $107.5 million with an additional $34.5 million allocated so far in FY2018. For the assessed lodging properties, this supported the production of almost $2.8 billion in TMD hotel revenue and an overall Return-On-Investment of 26.0:1 through FY2017.

Fiscal Year	TMD Funding Amount	Total TMD Room Revenue	Return on Investment
2014*	$ 22,179,760	$ 763,664,348	34.4:1
2015	$ 24,009,828	$ 605,174,255	25.2:1
2016	$ 29,878,224	$ 609,873,776	20.4:1
2017	$ 31,454,983	$ 817,448,179	26.0:1
2018	$ 34,491,685	TBD	TBD
TOTAL	**$142,014,480**	**$2,796,160,558**	**26.0:1**

**18 month period due to funding interruption described below*

Goals

SDTMD's goals evolved slightly over the five-year retrospective period. They are as follow:

2014:

- Fuel destination marketing
- Increase hotel room night occupancy
- Collect approximately $30 million in assessments annually
- Attract tourism activity
- Compete aggressively with major travel markets
- Outperform competitive markets
- Deliver $10.5 million in Transient Occupancy Tax annual savings to the City of San Diego General Fund (Total: $63 million over six years)

2015:

- Attract tourism activity
- Increase overnight stays
- Outperform competitive markets
- Deliver annual savings to the City of San Diego
- Compete aggressively with major travel markets

- Increase General Fund
- Collect approximately $30 million in assessments annually

2016:

- Attract tourism activity
- Increase overnight stays
- Outperform competitive markets
- Compete aggressively with major travel markets
- Collect approximately $30 million in assessments annually

2017:

- Attract tourism activity
- Increase overnight stays
- Increase market share
- Activate the Experience San Diego, Destination 2040 master plan
- TOT growth goal of 43% in five years

Fiscal Year 2014

Key Events

- **January**: Newly released TMD funds deployed back into targeted sales and marketing programs.
- **February**: SDTMD recommends contractors for FY 2015
- **March 12**: SDTMD drafts "Report of Activities for FY 2015" for presentation to San Diego City Council
- **April 16**: SDTMD "Report of Activities for FY2015 is presented to San Diego's Budget & Government Efficiencies Committee and forwarded to San Diego City Council.
- **May 13**: SDTMD "Report of Activities for FY2015 is presented to and approved by San Diego City Council.
- **July**: FY 2015 Begins
- **November**: SDTMD funds development of a Destination Master Plan.

Challenges

The renewal of the new district in 2013 began a new chapter for the SDTMD. The SDTMD 2014 Annual Report looked at an eighteen-month time frame, due to challenges with the then-mayor of San Diego and his objections to the SDTMD funding model, which resulted in a partial interruption of the 2014 Fiscal Year (FY) program. After working closely with City staff and the Council, this issue was resolved in November 2013, allowing SDTMD to once again fund its vital marketing and advertising programs beginning in January 2014. Because of this delay, the SDTMD was unable to contract with any independent event-based organizations in FY 2014, and the San Diego Tourism Authority was the only organization to deploy TMD funds into the marketplace during this time. The reduced funding program of 2013 resulted in losing approximately 50% of the district's projected growth in market share.

Activities

Following the challenges described above, SDTA pushed their advertisement and promotions campaigns, tracked and monitored visitor volume, and participated in a variety of travel trade events in order to tout San Diego. Its strategic focus brought in millions of visitors who booked hotel rooms and contributed to San Diego's tourism occupancy revenues.

As the SDTMD's only contractor to deploy TMD funds in FY 2014, the SDTA immediately took advantage of the opportunity to market San Diego to more than 43 million viewers of the San Diego Chargers versus the Denver Broncos NFL playoff game in January 2014.

Successes

Despite these challenges, SDTMD quickly rebuilt its momentum. As soon as the SDTMD funding was released in January 2014, the San Diego Tourism Authority (SDTA) launched a multimillion dollar advertising campaign, which in part led to an increase in the number of visitors booking TMD hotel rooms, and the amount collected by the City of San Diego for the Transient Occupancy Tax (TOT.) From January 2014, when the funds and activities were restored, to the time of this report, the annualized TOT revenues grew by 8.8 percent, well above the City's projections. In the first 18 month of the new district, the SDTMD contracted for $22,463,168.

In the combined months, SDTA was responsible for supporting the production of 4,524,606 room nights and $692,849,598 in room night revenues.

When tracking online travel agency reporting for SDTMD district properties only, the SDTA reported over the same time period bookings for 1,391,711 rooms with an average daily rate of $150.53. The total revenue for the number of rooms booked was $209,499,997.

The SDTA commissioned a Quarterly Travel Forecast from Tourism Economics, an Oxford Economics Company, based on data from 2013 and FY 2014 that compiled possible new hotel openings in order to increase the hotel room supply in San Diego. According to the report, San Diego maintained its premium occupancy rates and prices but the margins narrowed. However, through April 2014 the ADR and RevPAR beat the state and national performance. Hotel room demand continued to climb slowly.

Fiscal Year 2015

Key Events

- **December:** First Destination Master Plan in the history of San Diego completed.

Activities

In FY 2015, about 80 percent of SDTMD's funding went to the San Diego Tourism Authority (SDTA) to drive tourism promotion, and the remaining funds are allocated to a variety of other local contractors that demonstrate a proven promotional track record or show long-term potential.

Contractor funding distributions for FY 2015 were as follow:

Contractor	Funding	ROI
San Diego Tourism Authority	$22,600,396	26:1
SDTA: Sports First (merged)	$ 243,838	6:1
California State Games & Winter Games	$ 150,000	11:1
Competitor Group – Rock'n'Roll Marathon	$ 177,148	15:1
Farmers Open	$ 197,702	31:1
San Diego Crew Classic	$ 120,500	8:1
San Diego Bayfair – Thunderboats	$ 85,000	25:1
La Jolla Playhouse – Hunchback of Notre Dame	$ 18,114	12:1
San Diego Brewers Guild – Beer Week	$ 57,130	17:1
San Diego Bowl Game Association	$ 450,000	10:1
TOTAL	**$24,009,828**	**25.2:1**

San Diego Tourism Authority (SDTA)

During FY 2015, SDTA:

- Booked 325,591 new room nights for TMD properties, delivering $67.6 million in new room revenue
- Hosted 198 customers throughout the year and conducted 649 site visits of various hotels, representing 182,597 total room nights
- Held 23 customer events with a total of 589 new clients in attendance
- Attended 67 trade shows throughout the year that generated 249 leads representing 158,142 new room nights for San Diego
- Hired two dedicated sales directors to focus on specialty market segments for the sub-regions of Mission Valley, Mission Bay and the UTC area of La Jolla, resulting in 176 leads and representing 101,461 new room nights
- Launched the "San Diego Meeting Certified" program in June 2015, a four-session comprehensive program focused on strategies and insights to help 155 sales managers in San Diego employ thoughtful and meaningful sales techniques to encourage planners to book meetings and hotel rooms in San Diego
- Generated more than 891 million paid advertising gross impressions nationally and internationally through brand and promotional advertising campaigns that utilized TV, digital and print mediums
- Generated $34.6 million in unpaid media value using public relations, promotions and cooperative advertising efforts
- Generated 9,105,655 visitor inquiries as a result of all marketing efforts, including e-mail marketing, social media and search engine initiatives
- In an effort to support sub-region group business, SDTA ran a print and digital program to reach meeting planners through affinity publications such as Meetings and Conventions, Connect Magazine, Small Market Meetings, Association News and Sports Travel Magazine.
- Luxury and value campaigns designed to generate leisure business made 20 million impressions promoting the specific properties within the sub-regions. The print plan

included placements in publications such as Travel & Leisure, Sunset, Sunset Summer Road Trips, Saveur, Parents and Family Fun.

- Online travel agency advertising campaigns helped reinforce luxury and value messaging during the visitor research and booking phase and generated more than 47.5 million impressions and 139,158 clicks for sub-region properties.
- SDTA implemented a highly successful "Kids Free in San Diego" campaign in the LA and Phoenix markets during the month of October, which was followed by the launch of a fall brand campaign with television spots running in Sacramento, Las Vegas, Salt Lake City and Seattle. Additionally, heading into peak spring and summer travel seasons, SDTA launched a mix of spot TV, out of home and digital advertising campaigns that ran in Sacramento, Seattle, Las Vegas, Salt Lake City, Portland and San Francisco.
- The two fall campaigns generated more than 600,000 room nights. Measurement of the spring campaign is still in progress, but it is expected to have generated more than 1 million room nights.
- A new guerilla social media campaign also launched during peak season, including a Chicago in market activation and paid content across premium video partners, video network partners and social media. In total, the program delivered 23.1 million impressions.
- The National Geographic Channel's filming of the World's Smart Cities: San Diego documentary was a major initiative for the SDTA in FY 2015. The National Geographic Channel identified San Diego as a smart city of the future and profiled the innovation, talent and lifestyle that makes San Diego a desirable place to visit, live and work. In the spring, the SDTA held launch events with the documentary host and featured talent in San Diego, Washington, DC, Tokyo and London. The documentary aired in 60 countries and delivered more than 60 million impressions of San Diego worldwide. This documentary is now a sales tool for hotel and convention meetings, as it showcases the innovation and talent in San Diego, often key to destination selection in important industries.

Sports First San Diego

The San Diego Sports Commission began operation under SDTA in early December 2014 and is now referred to as Sports First San Diego. The objective of Sports First is to position and market San Diego as a leading venue for sports tournaments, competitions and events. As a result of the restructuring, FY 2015 was a transition year for Sports First, with much of the work dedicated to identifying and bidding for future sporting events in order to fill the event pipeline, which is currently worth 113,500 future room nights.

California State Games & Winter Games

- The events connected to the California State Games brought tens of thousands of families, spectators and players to San Diego during both the summer and winter months
- Almost 10,000 athletes participated the winter and summer California State Games
- The opening ceremonies for the Summer Games were the most attended with some 20,000 athletes and family members
- The Winter Games had the highest attendance in history with some 88 teams from the Western United States and Canada

San Diego Bayfair—Thunderboats

- To celebrate its 50th anniversary, Bayfair hosted a series of special events, including a Hall of Fame and restoration of the Bill Muncey Memorial on Ski Beach
- H1 Unlimited hydroplanes, considered the fastest boats in the world, competed as the main draw to the event
- Grand Prix West "big block" hydroplanes also provided exciting racing action
- The Thunder Road Nationals Car Show took place during Bayfair as well, with proceeds benefitting Wounded Warrior Homes in San Diego
- Media coverage was exceptionally strong this year thanks to the addition of wooden Ferrari boats, which went into the water outside of Italy for the first time

La Jolla Playhouse – Hunchback of Notre Dame

- The two masters of American musical theater were responsible for the world premiere of the English-language version of the story
- To market the event, print and digital media advertisements were created for The New York Times, Los Angeles Times and Hollywood Bowl
- Just My Ticket was used to promote the show in Orange County, California; Phoenix, Arizona; and Chicago, Illinois – all top target markets for San Diego tourism
- The Pantages Theatre worked with the La Jolla Playhouse to promote Hunchback to some 50,000 of its ticket buyers

San Diego Brewers Guild – Beer Week

- The San Diego Beer Week website was completely redesigned to increase functionality, making it mobile-friendly and allowing sorting of events. A "hotel" section was also added with SDTMD hotels highlighted
- A newly hired social media expert increased the exposure of the events on Facebook and Twitter, and the lodging web page was highlighted through these sources
- The San Diego Brewers Guild Craft Beer Map & Guide were completely redesigned, San Diego Beer Week was added and the number of San Diego locations increased from 200 to 800. Circulation of the guide was increased from 45,000 to 180,000
- The first-ever San Diego Beer Week Economic and Tourism Summit took place one month prior to San Diego Beer Week, with local brewers, hoteliers, restaurateurs and other businesses and organizations coming together to identify more ways people can participate

San Diego Bowl Game Association

- The Bowl Games have generated an average of 33,000 hotel room nights in the month of December for the past five years
- Organizers spent $20,000 of SDTMD funds for tourism promotion in San Diego, Nebraska and the USC market in 2014 to promote travel to San Diego
- Since 1978, the resulting economic impact on San Diego has totaled over $700 million
- Millions of households see San Diego in December as a result of the national game coverage by ESPN. This media exposure showcases San Diego as a warm and sunny destination while much of the country is experiencing winter conditions.

Century Club of San Diego Farmer's Insurance Open

- Over 60,000 spectators attended this year's Farmers Insurance Open. Approximately half of those attendees were non-locals
- According to the Century Club, about 40 percent of those attending the Open were first-time attendees
- Almost all of those non-local attendees who came specifically to San Diego for the event stayed in local lodgings
- The Farmers Insurance Open drew significant attention to San Diego during the month of February, with approximately 20 hours of live TV coverage and over 30 million worldwide TV viewers in 140 countries. This exposure of San Diego happened at an ideal time, when significant portions of the country were experiencing colder weather

San Diego Crew Classic

- The 2015 event included the first annual Freedom Rows event, which consisted of former military rowers
- The second annual Rowak event took place in 2015 and included K4 kayak vs. a 4-rowing shell
- The San Diego Crew Classic partnered with the National Rowing Foundation and hosted the 1980 and 1984 Olympic teams to help generate funds to support the 2016 team in Rio
- All of the athletes and crews stayed in SDTMD hotels

Competitor Group Rock 'n' Roll Marathon and Half Marathon

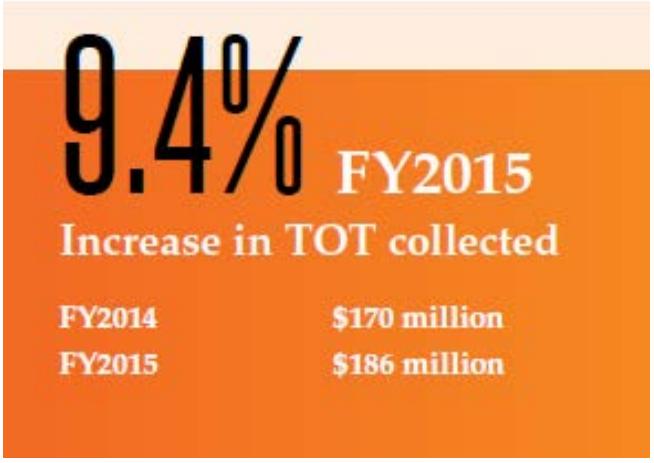
- There were over 22,000 race participants from 50 states and 42 countries, as reported by Competitor Group
- The 2015 event included the first 5K event on the day before the main race. The Remix Challenge Medal was created for anyone who raced both days of the weekend
- The race earned significant national media attention due to two-time cancer survivor 92-yearold Harriette Thompson, who participated in and finished the marathon
- The Rock 'n' Roll Marathon was used as the lead in a series of videos and interviews titled Why Running Rocks, which were featured across a number of social media channels

Successes

TOT Revenue

The City of San Diego recorded record-breaking TOT revenues of $186 million for FY 2015, supported considerably by the SDTMD. During this year, the SDTMD strategically deployed nearly $24 million of critical advertising and promotional funding into City Council-approved programs outlined in this report that attracted millions of visitors to San Diego and increased overnight lodging revenue by almost 10 percent. Additionally, visitors to the region provided an economic boost that supported more than 173,000 jobs in San Diego County.

The San Diego overnight lodging market in particular drove visitation and spending growth, while day and private home visitation numbers did not increase in FY 2015. The strong demand for hotel rooms reached 76.1% percent, an increase of 3.5 percent over the prior year. The average daily room rate increased by 4.7 percent to $145.98 per night.



Much of this growth during this time was buoyed by a strong year from the meetings and leisure sector, which feeds its success off San Diego's exceptional reputation for beautiful weather and breathtaking landscapes, in addition to its diverse set of special events and activities.

Tourism Economics visitor growth and spending in San Diego finished up 2.2 percent and 8.9 percent respectively in FY 2015. This growth came from a 5.1 percent rise in room demand.

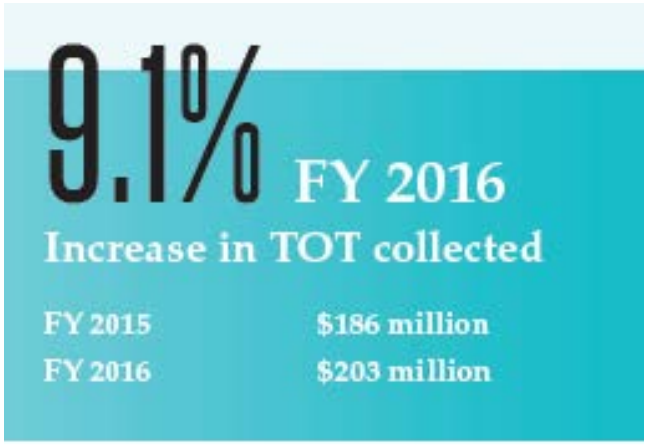
Fiscal Year 2016

Key Events

- **February**: Destination Master Plan draft released
- **March**: New Executive Director
- **April**: Budget approved
- **August**: City approves district modification to assess properties of 70 rooms or more and five-year contract with SDTMD.

Activities

There was much to celebrate about the progress the hotel industry made in 2016 — including the City of San Diego collecting Transient Occupancy Tax (TOT) revenues of $203 million in FY 2016, representing a 9.1% increase over the previous year. Following the economic downturn of years past, the hotel industry again registered record occupancy levels, and a growing ADR which had increased to $159.21.



Other salient impact results from FY 2016:

- The City of San Diego collected $203 million in transient occupancy taxes.
- Visitors to the region provide an economic boost that supports more than
- 183,000 jobs in San Diego County, a 4.62% increase from last year.
- The strong demand for hotel rooms in the City of San Diego reached
- 78.2%, an increase of 0.08% over last year.
- The average daily room rate increased by 4.11% to $159.21 per night.

Contractor distributions for FY 2016 were as follow:

Contractor	Funding	ROI
San Diego Tourism Authority	$27, 526,119	21:1
Amgen Tour of California*	$ 100,000	*
California State Games	$ 150,000	25:1
California Police Athletic Federation – Police & Fire Games	$ 53,785	23:1
Competitor Group – Rock'n'Roll Marathon	$ 253,184	12:1
San Diego Brewers Guild – Beer Week	$ 73,168	4:1
Century Club of San Diego – Farmers Insurance Open	$ 190,299	30:1
KOZ Events	$ 29,195	17:1
LGBT Pride	$ 17, 114	3:1
San Diego Padres – Fanfest / MLB All-Star Game	$ 400,000	7:1
San Diego Bayfair Boat Races	$ 95,000	30:1
San Diego Bowl Game Association	$ 450,000	6:1
San Diego Crew Classic	$ 121,500	11:1
San Diego Surf Cup	$ 20,000	43:1
World Beach Games*	$ 393,860	*
Total	**$29,878,224**	**20.4:1**

**Investment for Event Taking Place in Future Year*

San Diego Tourism Authority (SDTA)

- Booked 369,979 new group room nights
- Booked 1,092,889 citywide room nights and 73 citywide conventions for the destination
- Hosted 259 customers throughout the year and conducted 975 site visits of various hotels
- Site inspection conversion rate reached 93% in FY 2016, resulting in the booking of 178,128 new group room nights for San Diego
- Held 23 customer events with a total of 795 new clients for San Diego in attendance
- Attended 66 trade shows throughout the year that generated 257 leads representing 282,002 new room nights for San Diego
- Generated more than 1.3 billion paid advertising gross impressions nationally and internationally through campaigns that utilized TV, digital, out-of-home, and print mediums
- Generated $30.9 million in public relations unpaid media value
- Generated 9.3 million visitor inquiries as a result of all marketing efforts

SDTA Program Highlights

Kids Free San Diego

SDTA continued the highly successful Kids Free San Diego campaign in the Los Angeles and Phoenix markets during the month of October. The promotion was supported by over 115 partners and drew more than 242,000 unique visitors to sandiego.org. Hotel room demand for the month increased 4.2% and the average daily rate was up 7.2% over the previous year. Kids Free was followed by the launch of a fall brand advertising campaign in the Western United States.

Investment in both campaigns was more than $2.1 million and generated more than 189 million impressions over the fall and winter period.

Summer Travel Season

To capture travel during peak spring and summer travel seasons, an $8.3 million investment was made in the key markets of Los Angeles, Phoenix, Seattle, San Francisco, and Sacramento. New York, Chicago, and Dallas were added as new markets to grow consideration and intent to travel from longer haul markets. The "Happiness Is Calling" campaign ran on spot TV, with digital, social, print, and out-of-home media rounding out the layered campaign that generated 605 million impressions leading into the peak travel season.

Social Media

The social media marketing layers included highly focused campaigns and live video within Facebook, YouTube, and Instagram. These digital platforms alone generated over 2 million visitor inquiries.

International Campaign

The SDTA launched a $1.4 million co-op advertising program with Brand USA in Canada and the United Kingdom, and expanded Asia Pacific reach by hiring the Gate 9 firm to represent San Diego via travel trade and public relations in Australia. Additionally, the SDTA worked with the San Diego Regional Airport Authority to bring two new direct flights to San Diego. Direct seasonal service will begin in May 2017 on Condor Airlines from Frankfurt, Germany and in June 2017 on Edelweiss Airlines from Zurich, Switzerland.

Sub-Region Campaign

Luxury and value print, digital and OTA advertising campaigns promoting sub-region product and experiences delivered more than 56.2 million gross impressions. Print and advertorial ran in Conde Nast Travel and leisure magazines. Quarterly win-a-trip sweepstakes reached 13.5 million social media users generating 67,000 entries and 20 dedicated sub-region media promotions generated more than $838K in unpaid media value. Working with CONNECT Media, a customer acquisition plan was executed using sub-regional dollars to expand SDTA's reach to bring new customers to San Diego so that they can experience it first-hand. Six familiarization visits were conducted in FY 2016 that showcased the San Diego meeting experience.

New Group Sales

The hotel sales team continued to focus on booking new group business and organizations not having booked in the last five years or at all and booked 369,979 new group room nights for TMD hotels. To support that effort, "San Diego – A Smart City" programs were held around the US for 795 clients who had new potential group business for San Diego. The Meetings Certified training programs continued for the hotel sales community that focused on training all San Diego sellers to understand customer needs. More than 300 sellers from San Diego hotels, venues, and attractions have completed this program. Capitalizing on signature events, the team hosted 21 potential clients at events in conjunction with the All-Star Game, and 20 potential customers in conjunction with the Farmers Insurance Golf Tournament.

Industry Awards

The "Happiness Is Calling" campaign was recognized with two prestigious awards, the Poppy Award from Visit California, and the Destiny Award from US Travel Association. Additionally, the SDTA received the Distinctive Achievement Award from Association Conventions & Facilities Magazine. San Diego achieved national recognition through a number of outlets including being ranked number one for Best in Travel by Money Magazine in 2016 and as one of the most dynamic cities in the United States by Worth Magazine.

National Geographic

In November 2015, National Geographic Traveler Magazine selected San Diego/Tijuana as one of 20 "Best of the World" destinations. "The Best of the World list reflects the travel expertise and global knowledge of National Geographic," said features editor Amy Alipio. "The destinations represent what's superlative, timely, and richly authentic in the world of travel today."

California State Games and Winter Games

- The events connected to the California State Games bring tens of thousands of families, spectators, and players to San Diego during both the summer and winter months
- Over 10,000 athletes participated in the winter and summer California State games, each bringing a median of four family and friends
- The opening ceremonies for the Summer Games are the most attended with some 20,000 athletes and family members
- The Summer Games included greater participation from San Francisco teams including soccer and track as a result of marketing efforts

California Police Athletic Federation – Police & Fire Games

- The number of athletes competing in 2016 increased 19% from previous years, with out-of-state attendees increasing by 137%
- The Games held the Inaugural Chiefs, Sheriffs, and Special Agents in Charge (SAC) Bean Bag Toss Tournament; Sheriff Bill Gore challenged Chiefs around the nation to a bean bag toss competition; Chiefs attended representing 17 Agencies across the nation
- A direct mail piece was sent to all previous competitors. Some competitors don't use email, so this was a unique opportunity to reconnect with athletes from year's past
- More than 3,000 medals in more than 5,000 divisions, age classes, and weight categories were awarded in 2016

Competitor Group – Rock 'n' Roll Marathon

- There were over 33,000 race participants from 50 states and 42 countries as reported by Competitor Group
- This was the largest marathon crowd since 2011
- Beautiful new finish venues were created at Waterfront Park and a new course was created through Mission Hills with new parts of North Park
- New and creative online media was produced that highlighted both the event and San Diego

San Diego Brewers Guild – Beer Week

- For the first time ever, our San Diego City Council officially declared November 5 through 15, 2015 as San Diego Beer Week in the City of San Diego, marking the 10-day "week" and ensuring its place in San Diego history
- The San Diego Brewers Guild Festival sold out for the second year in a row with over 4,000 attendees from 28 states and 8 countries including Great Britain, Finland, and Brazil
- The social media presence of Beer Week improved with Facebook fans increasing some 1,000 and Twitter fans increasing over 1,800
- In addition to listing all SDTMD hotels on SDBW.org Lodging Page, Beer Week partnered with 21 hotels to offer SDBW lodging packages
- Beer Week secured some 100,000,000 media impressions through TV, radio, print, online features, blogs, and podcasts

Century Club of San Diego – Farmers Insurance Open

- Over 50,000 spectators attended this year's Farmers Insurance Open. Approximately half of those attendees were non-locals
- A concerted marketing effort was made to promote Thursday as the kick-off day essentially creating a four-day event
- The entire event was expanded this year with new groups spaces, expanded concert venues, larger viewing areas, and a new Surf Club venue
- Targeted promotion using Facebook ads was part of the 2016 marketing campaign and was found to be one of the most successful platforms in terms of ROI

KOZ Events

- 2,269,123 Facebook impression were received across all events
- The Campagnolo GranFondo was advertised nationally and internationally in printed magazine ads in three different magazines and promoted to all of California, Arizona and Nevada's main bicycle shops
- The Spring Sprint was advertised Nationally in LAVA Magazine
- The Xterra Mission Bay Triathlon and the Spring Sprint Triathlon were USAT Sanctioned for the first time to attract more participants from outside of San Diego

LGBT Pride (San Diego OUT at the Park)

- 40% of the tickets sold for the event were sold to visitors from other cities in California, other states, Mexico, and Canada. Ticket buyers came from as far as Winnipeg, Canada and from states including Hawaii, Virginia, New Jersey, Pennsylvania, and Texas
- The San Diego Pride Facebook event page reached 34,000 people, and our targeted out-of-town social media ad buys reached 482,000 users
- The Out at the Park & Stonewall Athlete Awards webpage had 16,000 page views and the Stonewall Athlete Awards received over 40 nominations and more than 700 unique votes

San Diego Padres – Fanfest / MLB All-Star Game

- The San Diego Padres report that over 117,000 attendees enjoyed FanFest in 2016

- FanFest and All-Star related activities including the game garnered some 21.3 million spectators which was telecast on FOX
- The 2016 game was the most watched All-Star Game ever in Canada where 3.15 million people watched
- Over 80 million video views of All-Star Game content on MLB's digital platforms which is a 50% increase

San Diego Bayfair Boat Races

- Coverage of a boat flip on "Good Morning America" and the "Today Show" with an estimated 10 million impressions
- 20% increase in the number of race teams participating (a team has four to 10 members)
- Live music was moved within the paid venue and took place in the afternoon and evening
- H1 Unlimited, the main draw for Bayfair, decided its national championship in San Diego with Jimmy Shane capturing the Bill Muncey Cup
- Fox Sports 1 filmed and aired profile on racer Jimmy Shane

San Diego Bowl Game Association

- The San Diego Bowl Games have generated an average of 33,000 hotel room nights in the month of December for the past five years
- Expanded marketing efforts included partnering with schools and an aggressive digital and media outreach campaign
- Since 1978, resulting economic impact on San Diego has totaled over $750 million
- Millions of households see San Diego in December as a result of game coverage by ESPN for both the games and the parade. This media exposure showcases San Diego as a destination while much of the country is experiencing Winter conditions

San Diego Crew Classic

- Some 129 local, national, and international clubs participated in this year's event
- The Crew Classic generated significant attention to San Diego through 54,000 live streaming views of the race, 49,000 site visits to the web page and four million hits on their sponsor's web banner
- The third annual ROWK event took place in 2016 which includes 1k kayak racing against a four person rowing shell
- The second annual Crews to College event took place where junior rowers and their families met with college admission counselors

San Diego Surf Cup

- The College Cup event was moved to the Oceanside facility and brought an additional 308 teams to San Diego for the Surf Thanksgiving event
- Some 166 of the 308 teams came from a distance of greater than 100 miles resulting in additional room nights
- The event was marketed directly to East Coast teams, increasing the East Coast travel teams from 14 to 36

- The number of college coaches attending this year was at an all-time high of 475
- This year's event also drew two international clubs (Guatemala and Philippines) which brought another four teams each and added to the overall event impact

Fiscal Year 2017

Key Events

- **January**: Experience San Diego, Destination 2040 (formerly known as Destination Master Plan) steering committee formed.
- **March**: SDTMD Board approves three major marketing projects recommended by the Experience San Diego Steering Committee: Chinese Tourism Market Development, Los Angeles Leisure Marketing and Balboa Park Marketing.
- **June:** San Diego City Council approves the release of funding for these initiatives.
- **July**: Declaration for Success adopted—$1.33 billion in TOT over the next five years (2018 - 2022), growth of $400 million or 43 percent over the preceding five years (2013 - 2017).

Activities

City of San Diego hotel performance in calendar year 2016 mirrored the U.S. trend and posted record high room demand of 11.7 million room nights sold, hotel occupancy of 79.1 percent and an average daily rate of $161.87. With the region reaching record occupancy levels above 80 percent, pricing power finally returned to the market as the average daily rate growth has been well above the occupancy growth the last few years, and ahead of most competitors in 2017.

Contractor distributions for FY 2017 were as follow:

Contractor	**Funding**	**ROI**
San Diego Tourism Authority - Base	$29,958,549	27:1
California State Games	$150,000	22:1
San Diego Beer Week	$63,586	3:1
San Diego Surf Challenge	$40,000	21:1
San Diego Bowl Game Association	$450,000	8:1
San Diego Crew Classic	$190,970	6:1
Red Bull Air Races	$400,000	2:1
Manchester City Tournament	$20,000	15:1
USA Masters Games *	$135,667	*
Amgen Tour of California *	$46,211	*
Total	**$31,454,983**	**26.0:1**

**Investment for Event Taking Place in Future Year*

Experience San Diego, Destination 2040

Experience San Diego, Destination 2040 is the City of San Diego's first destination master plan. A product of the input from more than 40 San Diego tourism, business and civic leaders and hundreds of hours of research, this 20-year plan lays out ambitious but attainable strategies to attract more visitors and increase visitor spending. The plan focuses on four main areas:

1. Investing in new and existing leisure assets
2. Expanding meeting and convention tourism
3. Improving transportation central to visitor access
4. Investing in the San Diego brand to grow and extend its reach

Experience San Diego's Declaration for Success is to reach $1.3 billion in TOT over the next five years (2018-2022) and $948 million per annum by 2040. The TOT is a tax on visitor hotel nights. These funds produce a revenue stream for the City of San Diego that is used for infrastructure, street repair, parks, public safety, homeless services, the environment and more.

San Diego Tourism Authority (SDTA)

- Booked 60 conventions representing over 1 million room nights
- Booked 396,152 new hotel meetings room nights in TMD properties
- The Sports Alliance team booked future events generating 121,700 hotel room nights
- Held 27 customer events with a total of 781 new clients for San Diego in attendance
- Client events and trade shows throughout the year generated 189 leads representing
- 132,707 new room nights for San Diego
- Campaigns influenced 4.4 million room nights in TMD properties
- Generated more than 1.9 billion paid advertising gross impressions nationally and internationally through campaigns that utilized TV, digital, social, out-of-home and print mediums
- Generated $38.5 million in public relations unpaid media value
- Generated 11.1 million visitor inquiries to digital properties
- Hosted 60 Travel Trade Fam Tours with 553 clients
- Ended the year with 2,832 enrolled San Diego Specialists

SDTA Program Highlights

Kids Free San Diego/Fall Campaign

SDTA continued the highly successful Kids Free San Diego campaign in the Los Angeles and Phoenix markets promoting family travel during the month of October. This coincided with a fall brand advertising campaign in LA, Phoenix and national markets. Ad campaigns ran on TV, radio, digital/online and print mediums and were supported by earned editorial placements, social influencer programs and owned outlets including SDTA social media and the website. The fall program influenced nearly 800,000 TMD room nights and $118 million in hotel room revenue to the TMD district in Fall/Winter 2016-2017.

Peak Spring/Summer Travel Campaign

To capture travel during peak spring and summer travel seasons, a $7.83 million investment was made in the key markets of San Francisco, Sacramento, Seattle, Dallas, Chicago and New York City. The fully integrated campaign utilized the "Happiness is Calling" branding and included TV, digital, out-of-home and print layers as well as robust owned channel and earned media programs. Digital campaigns specifically targeted Millennial and Gen-X adults traveling without

children and family travelers. The campaign generated nearly 543 million impressions leading into the peak travel season and is estimated to impact 1.9 million TMD hotel room nights.

Owned And Earned Media

Owned and earned media channels work to leverage paid media and boost audience reach. The social media marketing layers included highly focused campaigns and live video within Facebook, Twitter, Google+ and Instagram. In addition, the team launched regular leisure email campaigns as well as pay-per-click campaigns on Google to reach travelers. Public relations efforts generated $38.3 million in earned media coverage with feature articles in major dailies, print magazines, broadcast stations and online outlets. The communications team hosted 214 international and domestic media in San Diego and participated in media missions to Australia, China, Chicago, London, Mexico, New York, San Francisco and Texas.

International Campaign

SDTA engaged in a $1.97 million advertising program that included a co-op with Brand USA in Canada and the United Kingdom and a partnership with leading tour operators to promote the Edelweiss and Condor direct flights from Germany and Switzerland. Over 295 million media impressions were generated by the campaigns, which included TV, digital, paid social, out-of-home and OTA programs. SDTA also partnered with Visit California on the British Airways "California Sale" program, "All Dreams Welcome" social media campaign and CEO missions to Mexico and Canada. BrandUSA added over $386,000 in co-op dollars to support the international campaign.

Sub-Region Campaign

Luxury and value print, digital and OTA advertising campaigns promoting sub-region product and experiences delivered more than 35 million impressions. Print and advertorial ran in Family Fun, Sunset, Bon Appetit, Conde Nast Traveler and Departures magazines. Social, PPC and digital advertising campaigns complemented the program, as well as quarterly Facebook sweepstakes promotions.

Group Sales

The hotel sales team continued to focus on booking new group business for San Diego, which is defined as those meetings that have not booked in the last five years or at all. The hotel meetings team booked 396,152 new group room nights for TMD properties. Supporting the sales effort, the Meetings Certified training program continued for the hotel sales community and graduated 23 participants. To date, more than 300 sellers from San Diego hotels, venues and attractions have completed this program. In addition, 27 customer events were held with 781 new clients for San Diego in attendance. These client events and trade shows throughout the year generated 189 leads representing 132,707 new room nights for San Diego. Further group sales impacts include the signing of 60 conventions representing more than one million room nights by the Citywide sales team. SDTA launched a cultural tourism program aimed at illuminating San Diego's diverse and vibrant neighborhoods by curating a photographic collection of the local scene. The photography was then distributed nationally by Travel & Leisure magazine and through paid social media with Facebook. Overall, the program generated more than 27 million impressions at a cost of $373,000.

Cultural Tourism
SDTA launched a cultural tourism program aimed at illuminating San Diego's diverse and vibrant neighborhoods by curating a photographic collection of the local scene. The photography was then distributed nationally by Travel & Leisure magazine and through paid social media with Facebook. Overall, the program generated more than 27 million impressions at a cost of $373,000.

Sports Alliance
The Sports Alliance team generated 121,700 hotel room nights through high-profile sports event including the Red Bull Air Races, Extreme Sailing Series and Navy vs. Notre Dame College Football Game. The team also had success in booking soccer events including Man City Premiere Youth Showcase, the CONCACAF Gold Cup and the US Soccer Summer Showcase. In addition to these events, the Sports Alliance team attended three annual tradeshows to grow San Diego exposure among national governing bodies and sport organizations.

California State Games
The events connected to the California State Games bring thousands of families, spectators and players to San Diego during both the summer and winter months. Over 10,000 athletes participated in the winter and summer California State Games with each bringing a median of four family and friends. Facebook advertisements were used in the Bay Area for the first time. Some qualifying processes were changed, which increased the number of teams that were able to come to San Diego. Gymnastics were added to the games for the first time in San Diego.

San Diego Beer Week
SDBW partnered with 16 TMD hotels to offer beer week lodging packages. Enhancements were made to the SDBW website focusing on being more user and mobile friendly, and making it easier for event goers to plan their week and research hotels. Media exposure generated 32 million impressions combined through television, radio, print, online, blogs and podcasts. Attendees came from 28 states and nine countries.

San Diego Surf Cup - Surf Challenge
Despite a reduction in available fields (due to rain) and one canceled day (due to rain) the event grew by focusing on an ongoing marketing campaign to attract a larger group of out of region teams. The Surf Thanksgiving Cup was rebranded as the Surf Challenge. San Diego Surf Cup marketed directly to east coast teams, increasing their presence from 14 to 36. This is a showcase opportunity for aspiring college athletes. College coach attendance reached a record high of 538 (up from 475 last year), solidifying this as one of the premier showcase events in the country.

San Diego Bowl Game Association
In addition to the influx of room nights from the fans of the participating teams, both games were televised nationally on ESPN. During the telecasts, along with various mentions of San Diego by the on-air talent, the network featured a minimum of seven San Diego "beauty shots" to the approximately 8 million plus viewers combined for both games, showcasing San Diego as a "destination city." In addition to the valuable on-air exposure in December when every other part of the country is experiencing inferior weather conditions, the dates of these two games

coincide with some of the slowest nights of the year for the hotel industry. This means that the $3.7 million in room revenue is fully incremental to the economy. As previously reported to the Board, after the 2016 bowl season, the SDBGA ceased operations of the Poinsettia Bowl. The shift to one bowl game will allow the organization and its volunteers to focus all efforts on creating the nation's premier bowl game experience at the Holiday Bowl.

San Diego Crew Classic

125 local, national and international clubs participated in this year's event. The Crew Classic generated significant attention to San Diego through live streaming views of the race and thousands of site visits to web pages. 270,000 unique sessions on Row2k.com took place and 50,000 live streaming views occurred worldwide. 9,000 site visits took place at Crewclassic.org. 30,000 unique sessions occurred on
HereNow.com race results. 4 million sponsor banner and ad impressions resulted.
Freedom Rows raced at this year's Crew Classic once again. Freedom Rows is a group of Wounded Warriors from all over the country who compete in an exhibition race.

Red Bull Air Races

71 percent of spectators attended the event for the first time. Some 54 percent of those who came from "far" away, including international visitors, stayed in a hotel during the event. 93 percent of attendees to the Red Bull Air Races would visit San Diego again if given the opportunity. The primary source of event awareness was word-of-mouth (33 percent) followed by Facebook (32 percent).

Manchester City Tournament

Three international teams participated in this year's event from England, Canada and Mexico. In addition, eight MLS youth clubs competed in 2017. The Manchester City Tournament was only the 2nd youth soccer tournament ever broadcast on live television (Univision). Nearly 550,000 people watched the live telecast. Hotel usage for this event increased by almost 50 percent from 2016.

USA Masters Games

The USA Masters Games is the National Sports Festival for adult athletes ages 21 and over. The Games feature 24 sports, opening/closing ceremonies, a games village, social activities and live entertainment. FY17 TMD funding was used to support a bid for San Diego to host the games. This collaborative effort between the California State Games, the San Diego Tourism Authority and the San Diego Exploratory Foundation resulted in San Diego being awarded the contract to host the games annually beginning with the 2018 games. Following the funding award, the local organizing committee (LOC) decided to leverage the infrastructure of the California State Summer Games by hosting a "soft opening" of the games in July 2017. It was at that time that differences arose between the LOC and USA Masters Games. With a broader understanding of the event's potential, the SDTMD Board of Directors voted to cancel future year funding of the event.

Amgen Tour of California

The Amgen Tour of California is a Tour de France-style cycling road race that challenges the world's top professional cycling teams to compete along a demanding course that traverses hundreds of miles of California's iconic highways, byways and coastlines each spring. Amgen used TMD funding to give San Diego visibility at the 2017 race with a goal of securing a start or finish in San Diego for a future race. This was a sponsorship relationship through the San Diego Tourism Authority.

Opportunities and Challenges

- **Hotel Supply Growth:** San Diego's record demand has led to increasing supply growth. In 2018, hotel supply is expected to grow 2,000 hotel rooms or 3 percent in San Diego, well above the historic average of under 2 percent annually. Growing occupancy from 79 percent to beyond 80 percent will be no small task and is not expected to happen in the short term, but growing marketing dollars to invest in reaching more domestic markets is key to achieving our targets.
- **International Visitation**: With solid global economic growth forecasted, the impact of President Trump's words and policy on inbound international travel remains uncertain. International visitors declined slightly in 2016, and international arrivals at U.S. airports through April 2017 show further declines. With an eye on long-term growth, especially among the outbound Chinese travel market, we continue investing in key international markets.
- **Destination Perception**: San Diego has always been perceived as one of the cleanest and safest cities in America. However, the unprecedented number of homeless people on our streets has increased the number of incidents with visitors, and that influences reputation. In addition, the Hepatitis A outbreak that was reported across the globe has created concerns among meeting planners about meeting in San Diego. While our City and County are working to address these issues, we are staying vigilant about reassuring customers that San Diego is a safe travel destination. Image tracking also is being done to understand any potential shifts and impacts.
- **Marketplace Competition**: A critical component to competing for conventions and leisure travel is the product offering. While many competitive cities are developing attractions and adding convention space, San Diego's product development has been minimal. According to Resonance's City Tourism Index, product is San Diego's weakest category. However, there are rays of light. The Port Authority development of the waterfront and the opening of the new Comic-Con Museum will be the next new product to draw visitors. A plan to expand the convention center is expected on a 2018 ballot, and if it passes, will allow San Diego to compete for the larger conventions that bring more economic impact. In the meantime, strategies to attract music, sports and other major events are being supported to maximize the product we currently have.

Litigation Summary

Soon after the City renewed the TMD assessment in November 2012, San Diegans for Open Government (SDOG), an entity represented by Cory Briggs, challenged it in court, claiming it was an illegal tax charged to hotel guests, not an assessment on hotel owners. Courts allow only those who pay an assessment — here, owners and operators of hotels — to challenge it, and thus TMD Corp. sought to determine whether SDOG included a member liable for the assessment it challenged. SDOG did not cooperate, and the case went to an initial trial whether

the assessment SDOG had a member who paid the assessment when it sued in 2012. The court ultimately concluded, after much struggle between the parties, SDOG did include such a member.

In August 2016, before the parties could litigate SDOG's claim the assessment was a tax, the City amended the assessment at TMD Corp.'s request to return it to its 2008 form, assessing only hotels of 70 or more rooms. The court dismissed SDOG's case because SDOG does not have a member who owned a hotel with 70 or more rooms. Nevertheless, the court awarded SDOG almost $900,000 in attorney fees. The City and TMD Corp. are currently challenging that award on appeal; other than the fee issue, the SDOG litigation is over and the assessment has been validated against all future challenges.

Soon after the City and TMD won that case, however, other plaintiffs (including another non-profit formed by Cory Briggs) filed two new lawsuits challenging both the 2012 renewal of the Assessment and the 2016 amendment, seeking to re-fight SDOG's case. The trial court quickly dismissed both as coming too late and because only those who pay the assessment may challenge it. Both plaintiffs have appealed, but the legal bars to their suits are clear and TMD expects the Court of Appeal to affirm dismissal of both cases.

Thus, although the 2012 assessment renewal has faced three separate challenges, the City and TMD Corp. defeated those challenges and can face no more. The validity of the TMD assessment is settled until it is renewed in 2052. The City and TMD Corp. would have preferred a ruling that the TMD assessment meets the constitutional requirements for such assessments, but the results they achieved here — immunizing the existing assessment from attack— are just as good from a practical perspective.

One Year Prospective (Report of Activities)

This section covers the time period from **July 1, 2018 through June 30, 2019.** Consistent with San Diego Municipal Code §51.2521, information included mirrors the requirements for the annual Report of Activities, such as, forecasting the TMD's near-term goals and intentions and recommended funding allocations.

Quick Facts

San Diego Tourism Marketing District:
Renewed by Resolution: R-307843 (November 27, 2012) effective January 1, 2013.
Modified by Resolution R-310664 (August 3, 2016) effective September 1, 2016
District ends June 30, 2052

Agreement between City and TMD Management Corporation:
Approved by Resolution R-310731; effective November 1, 2016 through October 31, 2021 and amended by Resolution R-311182.

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

FY2019 Budget Total
Estimated Available Tourism Marketing District (TMD) Funds FY2019: **$44,747,389**

Budget Summary

CALCULATION OF AVAILABLE TOURISM MARKETING DISTRICT FUNDS FOR FY2019

Projected Assessments	$ 39,942,627
Projected carryover – Modified District	3,569,762
Projected carryover – Litigation Reserve Modified District	1,000,000
Projected carryover - Original District remaining funds	75,000
Projected Interest and Penalties	160,000
Contributions from Other Sources of Funding*:	0
Total FY2019 Funds Available	**$44,747,389**

PROPOSED ACTIVITIES FOR FY 2019*
(Pursuant to San Diego Tourism Marketing District Management Plan August 2016)

Targeted Marketing and Sales Programs	$ 24,664,347
Destination Marketing	13,488,649
Sub-Total	**$38,152,996**
Administration & Operations *(Includes carryover)*	2,018,533
Opportunity/Catastrophe Reserve *(Includes carryover Less: funds used for FY19 requests)*	3,575,860
Indemnification reserve	1,000,000
Total	**$44,747,389**

* *Please see Page 26 for detail of recommended allocations and Matching Funds for funded entities*

FY2019 Allocations

The FY2019 recommended allocations to other entities total $38,152,996. Per the FY2019 Application Guidelines, the deadline for the annual Applications was December 8, 2017. 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 recommended amounts for FY2019.

ENTITY	TMD FUNDS	NON-TMD FUNDS
San Diego Tourism Authority-Base	$ 36,672,996	$ 4,302,143
California Police Athletic Federation	75,000	369,000
California State Games	175,000	417,400
San Diego Bay Wine and Food Festival	74,500	896,500
San Diego Bayfair-Thunderboats	95,000	323,000
San Diego Bowl Game Association – Holiday Bowl	375,000	8,754,047
San Diego Bowl Game Association – Navy vs. Notre Dame	200,000	5,342,238
San Diego Crew Classic - Spring	250,000	1,000,000
San Diego Crew Classic – Winter	50,000	150,000
San Diego Gaelic Athletic Association	25,500	37,400
San Diego Surf Cup - Elite Clubs National League – Girls	80,000	160,000
San Diego Surf Cup – Manchester City	40,000	80,000
San Diego Surf Cup - Thanksgiving Challenge	40,000	80,000
TOTAL	**$ 38,152,996**	**21,911,728**

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	
Wages, Taxes & Employee benefits	$ 4,288,215
Advertising	14,288,084
Dues/ Subscriptions/Memberships	83,934
Entertainment	34,240
Event registration fees	210,789
Lead generation services	107,744
Marketing materials/promotional items	35,656
Outside contractors	580,867
Rentals – remote space office	54,727
Research	254,976
Special event production	75,270
Sponsorships	262,704
Travel	280,299
Allocation of Indirect Costs	2,626,842
Total Targeted Marketing and Sales Programs	**23,184,347**
Destination Marketing	
Wages, Taxes & Employee Benefits	1,666,710
Advertising	6,358,520
Advertising agency fees	1,968,883
Dues/ Subscriptions/Memberships	14,438
Event registration fees	81,298
Marketing Materials/promotional items	37,920
Outside contractors	1,407,840
Research	216,001
Special Event production	30,720
Sponsorships	960
Trade show expenses	6,720
Travel	214,512
Allocation of Indirect Costs	1,484,127
Total Destination Marketing	**13,488,649**
Total	**36,672,996**

San Diego Tourism Authority
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 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 30-member board of directors composed of industry and non-industry representatives. Funding comes from the City of San Diego Tourism Marketing District, County of San Diego, City of Coronado Tourism Improvement District and private source revenues (membership dues, advertising and events).

Investment by the 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

- Grow visitor demand for San Diego.
- Strengthen and maximize the San Diego brand domestically and internationally.
- Deliver consistent value for our customers and stakeholders.
- Actively inform, advocate and educate on behalf of the visitor industry.
- Reinforce and support a culture of excellence.

Introduction and Overview

The 2018–2019 San Diego Destination Sales and Marketing Plan is a comprehensive plan developed to guide SDTA's sales and marketing programs over the next two years.

The goal is to grow inbound travel demand and visitation revenues by boosting brand awareness, building new markets and converting more customers to choose San Diego.

This strategic plan has been developed with the San Diego Tourism Marketing District's 20-Year Master Plan "Experience San Diego: Destination 2040" in mind. The plan takes into account 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.

Eight Guiding Principles Used In the Development Of The Plan

1. Drive the maximum hotel room nights for Tourism Marketing District Hotels.
2. Act as the collective voice of the destination and do what individual organizations can't do by themselves.

3. Elevate the San Diego brand and broaden context of San Diego's diverse travel product.
4. Leverage all SDTA's marketing assets across Bought + Earned + Owned in order to increase San Diego's share of voice.
5. Focus on developing new markets and audiences for the destination.
6. Align programs with Visit California and Brand USA in order to maximize efficiency.
7. Deliver strong return on investment for all major programs.
8. Support the membership by providing value and opportunity to effectively reach the marketplace.

Destination Forecast

Based on Tourism Economics current forecast, San Diego visitation is expected to grow up to 1.1 percent in 2018 and 1.6 percent in 2019. Day visitors from Mexico had greater negative impact than expected in 2017 although hotel visitation in San Diego remained healthy. Visitor spending growth will continue to rely on overnight visitors, as day visitation from Southern California and Mexico has weakened. However, the forecast calls for day visitation and spending to pick up once again beginning in 2019. Total visitor spending is forecasted to grow more than 4 percent annually through 2020, before slowing to 3.5 percent growth in 2021.

San Diego Annual Travel Forecast:

San Diego Tourism Summary Outlook
(annual % growth, unless stated)

	2016	2017	2018	2019	2020	2021	2022
Visits	1.9%	0.1%	1.1%	1.6%	1.6%	1.7%	1.7%
Day	2.5%	-0.9%	0.2%	1.2%	1.3%	1.5%	1.7%
Overnight	1.3%	1.1%	2.0%	2.0%	1.9%	1.9%	1.7%
Expenditure	4.8%	4.3%	4.1%	4.0%	4.0%	3.5%	3.2%
Day	2.9%	1.3%	1.1%	2.6%	2.3%	2.4%	2.6%
Overnight	5.1%	4.6%	4.4%	4.1%	4.2%	3.7%	3.3%
Hotel Sector							
Room supply	1.2%	1.1%	3.0%	2.3%	2.2%	1.7%	1.9%
Room Demand	2.2%	1.8%	2.3%	1.6%	1.5%	1.3%	1.5%
Occupancy	1.0%	0.8%	-0.6%	-0.7%	-0.7%	-0.4%	-0.5%
ADR	2.8%	3.8%	3.3%	3.6%	2.6%	1.8%	1.3%
Occupancy (%)	77.1%	77.6%	77.2%	76.7%	76.1%	75.8%	75.5%
ADR ($)	$154.93	$160.89	$166.14	$172.16	$176.67	$179.82	$182.10

San Diego Hotel Sector Forecast by Quarter (2018 – 2019)

San Diego's hotel room demand is expected to pick up steam again in 2018 with growth forecasted at 2.3 percent, following 1.8 percent in 2017. However, 2018 will also bring increased new hotel openings pushing supply up 3 percent in the year. While this will pressure

occupancy downward for the first time in eight years, occupancy is still forecasted to stay at record levels, just above 77 percent in 2018. Supply growth will increase as the year progresses and expected to reach 4 percent in quarter four. Demand growth is expected at just under 2 percent in the first half of the year, but reaching almost 3 percent in the second half. Beginning in 2019, both supply and demand growth is forecasted to slow based on macro-economic conditions impacting travel propensity overall. Even with those pressures, San Diego hotel occupancies are forecasted to stay above 75 percent through 2022. Growth in the average daily rate reached almost 4 percent in 2017, but the rate growth is expected to slow as occupancies feel pressure from added supply. The forecast is for ADR growth to stay above 3 percent in 2018 and 2019, slow to 2.6 percent in 2020, and fall below 2 percent in 2021 and 2022.

San Diego Hotel Sector Forecasts

	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Rooms (mn roomnights)												
Room Supply	5.5	5.6	5.7	5.7	5.6	5.7	5.8	5.9	5.8	5.9	6.0	6.0
Room Demand	4.2	4.5	4.7	4.1	4.2	4.6	4.8	4.2	4.3	4.6	4.9	4.3
Occupancy (% balance)	75.4%	80.2%	83.3%	71.7%	75.4%	79.6%	82.9%	70.9%	74.0%	78.4%	82.6%	71.6%
ADR ($)	$ 153.2	$ 160.8	$ 179.1	$ 147.7	$ 158.7	$ 166.0	$ 184.7	$ 152.3	$ 164.2	$ 171.4	$ 191.5	$ 158.7
RevPAR ($)	$ 115.5	$ 129.0	$ 149.2	$ 103.7	$ 119.6	$ 132.1	$ 153.2	$ 108.0	$ 121.5	$ 134.5	$ 158.1	$ 113.6

(year-to-year % growth)

	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Room Supply	1.2%	1.0%	0.9%	1.2%	1.9%	2.6%	3.2%	4.1%	3.4%	2.7%	2.1%	1.0%
Room Demand	2.5%	2.4%	0.9%	1.8%	1.9%	1.8%	2.7%	2.9%	1.5%	1.2%	1.7%	2.0%
Occupancy (% balance)	1.3%	1.4%	-0.1%	0.5%	0.0%	-0.8%	-0.5%	-1.1%	-1.9%	-1.4%	-0.4%	0.9%
ADR	6.1%	3.3%	3.1%	3.4%	3.6%	3.2%	3.2%	3.1%	3.5%	3.3%	3.6%	4.2%
RevPAR	7.5%	4.7%	3.0%	1.9%	3.6%	2.4%	2.7%	4.1%	1.6%	1.8%	3.2%	5.2%

The Leisure Travel Market

Key Strategies And Tactics

1. Align San Diego marketing programs with Visit California and Brand USA, capitalizing on their respective $100 million and $200 million global marketing programs. Position San Diego as the best of everything California has to offer all in one place.
2. Generate maximum hotel/motel visitor volume for the destination by protecting existing volume markets and building opportunity markets.
3. Invest in research and database analysis to focus marketing programs, dollars and timing against the destination's best travel prospects.
    a. Conduct deeper analysis of the Los Angeles Designated Market Area to determine if a threat exists due to growing traffic and rise of competitive destinations.
    b. Update the new market development matrix, evaluating market potential versus market cost.
    c. Update the five-year San Diego Tourism forecasting model.
    d. Continue to invest in core visitor industry performance intelligence such as the CIC

Research San Diego County Visitor Profile, Smith Travel Research San Diego Hotel Market Analysis and OTTI Overseas Travel Arrivals.

e. Continue program measurement tracking, including TNS Return on Investment Advertising Studies and OTA Analysis.

f. Align database analysis with online marketing to profile customers across the OWNED and SHARED media channels (website, digital, destination blog, YouTube, social media).

4. Launch new advertising creative and media strategies based on the "Beach-City" messaging.

5. Build on the impact of the 2016 advertising campaign.

   a. Incorporate national and regional layers to effectively reach the existing volume markets while building opportunity markets.

   b. Due to declining effective media buying dollars, concentrate Brand Advertising media spending in the January–June time period to ensure strong peak travel seasons and run Promotional media during the September–December time period to support the shoulder seasons.

   c. Utilize a multimedia mix (e.g., television, digital, out-of-home, print) to effectively break through the clutter and reach targeted audiences.

   d. Target audiences through a persona-based approach and develop new content to build the brand story.

   e. Raise over $500,000 annually in cooperative funding.

   f. Adjust the advertising program based on insights from the Spring and Fall TNS Advertising Return-on-Investment Studies.

6. Increase San Diego's share of voice and leverage the paid media budget through unpaid EARNED media programs.

   a. Public Relations—produce $30+ million annually in unpaid editorial. Expand paid advertising's reach by targeting new markets and audiences. Continue to pitch the diversity of product as well as what's new in the destination. Continue to target the gay/lesbian niche and build upon U.S. Hispanic/Spanish-language outreach.

   b. Unpaid Media Promotions—generate over $1 million annually in unpaid media promotions that extend the San Diego brand message in key geographic markets.

7. Connect with travelers and communicate the depth of San Diego travel experiences through OWNED and SOCIAL media channels.

   a. With Sandiego.org now on a responsive platform (converged desktop, tablet and mobile versions), invest in new visuals and campaigns to grow audiences.

   b. Continue to build new content working with travel writers and users to generate compelling experiences.

   c. Showcase the destination and SDTA members by driving more traffic to all channels.

   d. Partner with outside publications to produce the San Diego Official Travel Guide (San Diego Magazine), San Diego Golf Map (San Diego Certified) and San Diego Pocket Map (Where Magazine).

8. Deepen alliances with community partners to promote the breadth of San Diego's travel product:
    a. Arts and Culture—City of San Diego Commission for Arts and Culture
    b. Craft Beer—San Diego Brewer's Guild
    c. Food—California Restaurant Association, San Diego Chapter
    d. Attractions – Major attraction partners
    e. Major events – Community and event organizers
9. Partner with the major Online Travel Agencies to increase awareness of San Diego and grow sales of hotel room nights for the TMD.
    a. Through RFP, select key OTAs to run paid media and promotions both domestically and internationally. Effectively reach travel prospects by running high-profile placements; deploying competitive destination targeting; developing geo-targeted campaigns; and affinity targeting.
    b. Conduct reservation agent training on the San Diego travel product and experience.
    c. Facilitate bringing together OTA market managers and SDTA members to grow San Diego product inclusion in OTA channels.
10. Assist visitors with planning their San Diego trip through:
    a. Sandiego.org —The Official Travel Resource for the San Diego Region.
    b. Visitor publications.
    c. Visitor services in the form of phone and email responses to visitor inquiries.
11. 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 through sales calls and direct marketing. 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 NTA and SYTA to show San Diego tourism support and build new business.
12. Partner with the San Diego Regional Airport Authority to develop and support new air service, especially international routes.
13. Increase international marketing programs and investment to capitalize on both the Visit California and Brand USA global marketing programs.
    a. Create individual country plans for each major international market that is targeted.
    b. Ensure a foundational layer of international development with In-Country Representation, Travel Trade Development and Public Relations.
    c. Offer the sandiego.org web site in in multiple languages and Google translate options.
    d. Run localized social media campaigns as feasible.
    e. Host travel trade and media FAMs to grow education among key influencers.
    f. Deploy incremental funding from the TMD for long-range international market

development using the Tourism Economics Market Allocation Platform (See International Marketing Plan).

The Citywide Convention Market

Key Strategies And Tactics

1. Prepare for the San Diego Convention Center Expansion impact on definite bookings along with new booking guidelines for increased capacity.
   a. Conventions that are over the construction dates will need to be tracked. Constantly communicate updates on the construction schedule and space adjustments to work with construction updates.
   b. In addition, conventions definite outside of the construction dates need to be reconfigured for the new space to ensure we maximize the remaining space leaving room for additional groups.
   c. As the expansion details are outlined, we will update our Booking Guidelines for the long term (outside of 10 years) and short term (within 10 years) Citywide Conventions to maximize the additional capacity.
2. Manage account opportunities to maximize utilization of the existing facility and generate the greatest hotel room night demand.
   a. Focus on filling open dates within the next ten years.
   b. Capitalize on MINT, Top Medical Meetings, Competitive Calendars and top 250 Trade Shows List database to uncover new accounts.
   c. Host prospective clients in San Diego to familiarize them with the convention center package.
   d. Secure medical citywide rotations by booking multi-year contracts.
3. Leverage SDTA sales teams' synergies to increase market intelligence, establish stronger sales presence and better service key customers.
   a. Continue collaboration between the Citywide and Hotel Meetings sales teams in order to achieve new savings, garner business referrals, and identify new prospects and sales opportunities.
   b. Work a collaborative plan to maximize trade show presence, sales trips and industry events.
   c. Analyze each account to see if there is citywide potential (or single property potential).
4. Secure facility revenue through Group Contract Agreements and Guidelines. Offer reduced or discounted deviations from the standard license fee rates if needed to secure core business over need periods and holiday dates.
   a. Continue to partner with the San Diego Convention Center facility team in site visits and negotiations to ensure that revenue and booking goals are achieved.
   b. Develop deeper understanding of the center's operational costs in order to best qualify future business opportunities.
   c. Maximize the SDCC catering food and beverage and audiovisual contracts for revenue generation, and hold clients accountable for meeting expectations.

5. Identify and support conventions that align with San Diego's business strength and identity to grow further destination awareness.

The Hotel Meetings Market

Key Strategies And Tactics

1. Continue the business strategy by focusing sales team members on new customer acquisition and services team members on Assist and Repeat business.

   a. New customers are defined as meetings that haven't met in San Diego previously and/or meetings that haven't met in San Diego in the last five years.

   b. Assists are defined as supporting hotel members as they work with a meeting planner to sell San Diego versus another destination, when we did not generate the lead.

   c. Repeats are defined as groups that return to San Diego annually and need our assistance in hotel consideration (e.g., Surf Cup soccer events, USMC graduation, Nomads Soccer, etc.).
2. Strategically place sales resources in key source in all key markets in the West Coast, Midwest, Washington, D.C., Southeast, East Coast and Pacific Northwest
3. Continue direct marketing programs, including lead generation promotions and monthly email campaigns to top accounts and prospects.
4. Capitalize on "Beach-City" positioning to raise awareness of San Diego's business culture, diversity, and world-class amenities
5. Fully leverage social media platforms such as LinkedIn and Twitter to prospect new customers and maximize attendance.
6. Hold in-market events for San Diego in primary and secondary markets to introduce San Diego to new customers
7. Build Site Inspection training program for hotels to deliver consistently high levels of destination-wide sites and conversion.
8. Support members by broadening the responsibilities of the site services team to assist hotels and ensure we "keep it in San Diego."
9. Reimagine customer experience programs (a/k/a FAMS) to offer more personalized and creative options to entice and convert meeting planners.
10. Continue to build upon the San Diego Meeting Certified program to ensure destination excellence across the hospitality community. Create a competitive selling advantage by touting the "only in San Diego" certification program. Educate community on how to sell our brand with one voice and one vision.

International Market Development

Goal

To grow international visitation to San Diego to stimulate more hotel room night demand and greater economic benefit for the San Diego community.

From 5.9 Million International Arrivals in 2014 to 7.1 Million International Arrivals In 2020

Core Objective

To create awareness of the San Diego brand and increase consideration to travel.

Key Strategies

1. Identify priority markets for San Diego marketing investment.
2. Align San Diego marketing programs with Visit California and Brand USA in order to maximize efficiency.
3. Partner with the San Diego Regional Airport Authority and other Southwestern regional transportation partners to increase access to San Diego.
4. Make San Diego travel product more easily available in international markets.
5. Build a communications foundation that delivers key messaging for each of the priority markets.
6. Invest in research and tracking to support the international program of work.

Priority Markets:

1. Canada
2. China
3. United Kingdom/Ireland
4. Australia/New Zealand
5. Japan
6. México (air)
7. Germany/Switzerland

Funding Request	$37,202,996
Funding Recommendation	**$36,672,996**

Ranking:

- Directors' Aggregate Ranking: #1 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 4,721,600
- New hotel room nights of total 0
- Return @ $184.29 ADR (average daily rate) $870,132,048
- **ROI** **23.3:1**

California Police Athletic Federation

The United States Police & Fire Championships will be celebrating its 53rd Year in San Diego 2019. Athletes represent law enforcement, firefighters, and officers from corrections, probation, border protection, immigration and customs from across the country. Athletes compete in 50 different sports in 35 venues throughout the county. A very active and dedicated group of Sports Coordinators and volunteers assist with the delivery of the sports throughout the San Diego Region. Top notch officials and nationally recognized venues like Torrey Pines and Aviara Golf Courses are used to solidify their event as a sought after and established competition. For FY2019, the Chula Vista Elite Athlete Training Center (formerly the Olympic Training Center) will be used as a sports venue for 13 different sports.

For the first time CPAF are using a housing company to manage and control the housing options for their athletes. This online software will be able to book and track bookings across the county, so that they can track TMD Property usage, regardless of what city a sport may take place in, the athletes will see "Preferred Housing Options", which is a list of TMD Properties. So even though they may be offering an event in Chula Vista, their housing software will direct them to TMD hotels in San Ysidro or Mission Valley areas, in the City of San Diego.

They will also use TMD funding for a type of "Bid Fee" for the first time. They want to identify a handful of agencies that sent large groups in previous years, but did not come to last year's event. They will offer them a small bonus to offset some of the groups cost as an incentive to come, with the understanding that they will stay at a "Preferred Hotel" (TMD Property). Additionally, they proposed to hire a web and/or social media consultant to improve social media outreach and online presence to increase potential athletes' enthusiasm for the championships.

Funding Request	$75,000
Funding Recommendation	**$75,000**

Ranking:

- Directors' Aggregate Ranking: #7 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	10,218
• New hotel room nights of total	1,500
• Return @ $179.00 ADR (average daily rate)	$1,829,022
• **ROI**	**24.4:1**

California State Games

California State Games is an annual Olympic-style sports festival featuring some of the top youth athletes in the state. It is a grass roots program of the United States Olympic Committee. Next year they have been given the opportunity to invite Nevada and Arizona athletes to the Games – opening up two substantial new markets. With this expansion, they should see their numbers double from 10,000 athletes to 20,000 athletes between the Summer and Winter Games in the next 3-5 years.

The 2018 California State Games will be held in San Diego July 12-15. Since the event is now open to Nevada and Arizona athletes, their plan is to market the Games to these new states in addition to Northern & Central California with TMD funding. Their numbers could double in 3-5 years with ongoing TMD support.

In addition to the market expansion, the Summer Games is adding two new sports (Diving and Adult Ice Hockey) which will bring in additional athletes. The Summer Games anticipates over 9,000 athletes competing in 23 sports at venues throughout San Diego. An estimated 13,500 hotel room nights will be booked in all parts of the Assessment District including North County, Central & South Bay over the 4 day period. We have a mandatory booking policy for the team sports in the California State Games. Teams must stay at a SDTMD hotel to play in the Games.

The 2019 California Winter Games will be held in February & March and consists of competition in Ice Hockey, Figure Skating and Gymnastics. Ice Hockey expects athletes from Canada, Colorado, Texas, Arizona, and Utah. Ice Hockey has a mandatory booking policy where they must stay at a host SDTMD hotel. Since 4 of the 5 rinks are located on the 15 North corridor, the majority of the host hotels are located in that area and Mission Valley. They anticipate over 2,000 athletes and over 4,000 room nights for the Winter Games.

Funding Request	$175,000
Funding Recommendation	**$175,000**

Ranking:

- Directors' Aggregate Ranking: #9 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	17,500
• New hotel room nights of total	3,000
• Return @ $161.00 ADR (average daily rate)	$2,817,500
• **ROI**	**16.1:1**

San Diego Bay
Wine and Food Festival

The San Diego Bay Wine + Food Festival is one of the nation's largest culinary events drawing 10,000+ attendees from across the country and an estimated 36% from outside of the City of San Diego. Featuring a week full of events, the Festival puts a national spotlight on the city's growing culinary tourism industry, its chefs, farmers, fishermen and attractions that make the city so unique. In the past three years, the Festival has expanded to now include a three-day educational conference for wine professionals called SommCon, attracting another 1,000+ affluent, professional attendees to the market over the events date pattern.

Currently the SDBWFF hosts a week of events, culminating in a large Grand Tasting held on the Embarcadero Park North. Next year, the objective is to migrate to a two-day Grand Tasting (Saturday and Sunday), which will provide the large-scale infrastructure to support increased incremental room nights from the 300+ exhibiting brands, out of market attendees, personalities and trade.

The San Diego Bay Wine + Food Festival has a strategic marketing plan that encompasses print, digital, out of home, radio, audience retargeting, social media, public relations, and influencer outreach that drives impressions and motivates consumers to act. The Festival currently targets attendees through a multi-phased year-round program that predominantly concentrates on the local market and surrounding feeder market. Their current strategy will be modified to place greater emphasis on out-of-town spending including but not limited to:

>Print Media
.>Digital Marketing and Audience Retargeting
>Content Marketing
>Social Media
>Public Relations
>Influencer Outreach / Ambassadors

Funding Request	$74,500
Funding Recommendation	**$74,500**

Ranking:

- Directors' Aggregate Ranking: #6 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	2,840
• New hotel room nights of total	1,200
• Return @ $225.00 ADR (average daily rate)	$639,000
• **ROI**	**8.6:1**

San Diego Bayfair
Thunderboats Unlimited

San Diego Bayfair is the largest pro-am boat racing festival in California that combines fast boats, live music and unique events on Mission Bay. Founded in 1964, Bayfair's mission then and today is to promote Mission Bay as a world-class tourism destination. The centerpiece of the festival since its inception is the H1 Unlimited hydroplanes, turbine-powered boats that run nearly 200 mph on the 2½-mile course. On the three islands (East Vacation Island, Crown Point, and Fiesta Island) Bayfair continues to offer a mix of programs to draw attendees. In past years the organization has staged concerts, craft beer festivals and extreme sport competitions to draw attendees to San Diego. Thanks to an expected increase in sponsorship support from title sponsor HomeStreet Bank, Bayfair's new program items in 2018 include a national barbecue competition with a craft beer festival on Fiesta Island. The group will air several TV programs based off the barbecue competition.

Bayfair draws out-of-town guests primarily through the race teams and fans that travel to see the racing. The fan base is passionate about the sport and is willing to travel, especially when the destination is San Diego. Approximately a third of their online ticket sales have either a Washington state or Arizona zip code. To draw out-of-town boat racing fans, they primarily focus on the greater Phoenix area, Riverside County and Orange County. In 2017, they used a social media agency to run promotions through Facebook, Instagram and Twitter. The promotion reached well over 490,000 people, generating a 3 percent increase in ticket sales outside San Diego County. With a social media agency handling their ad buys, they've grown their data base substantially so they can re-target potential attendees in 2018.

Funding Request	$95,000
Funding Recommendation	**$95,000**

Ranking:

- Directors' Aggregate Ranking: #2 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	17,061
• New hotel room nights of total	1,150
• Return @ $163.00 ADR (average daily rate)	$2,780,943
• **ROI**	**29.3:1**

San Diego Bowl Game Association
Holiday Bowl

The San Diego Bowl Game Association is a not-for-profit corporation that annually promotes and produces the SDCCU Holiday Bowl. The SDBGA has produced college football bowl games in San Diego since 1978. The organization was created and is uniquely qualified through an experienced staff, dedicated volunteers and outstanding conference partnerships to annually meet its mission statement of generating hotel room nights and economic impact at the most challenging off-peak and shoulders seasons of the year for the local tourism and hotel industry. With such low hotel occupancy historically in December, every room night that the Holiday Bowl generates is a room that would have been empty otherwise, providing incremental new nights to the San Diego region.

For the Holiday Bowl to maintain its current selection status and caliber of teams, meeting and exceeding the current payout numbers is critical. Therefore, 100% of the TMD funds requested will go directly to team payout. The tentative dates of the 2018 Holiday Bowl are December 27th, 28th or 29th. Over the past five years, the Holiday Bowl game has generated an average of 23,437 room nights per year; therefore, it is predicted 2018 room night reservations should approach or exceed 23,437. In addition to the influx of room nights from the fans of the participating teams, the Holiday Bowl is televised nationally on FOX Sports and annually the game attracts 5 to 6 million viewers. During the telecasts, along with various mentions of San Diego by the on-air talent, the network features San Diego "beauty shots" to the viewing audience, showcasing San Diego as a premier destination.

The Holiday Bowl works hand-in-hand with the participating schools to maximize their promotions and sales of game tickets, and provides a step-by-step ticket and destination marketing plan for each school to utilize in their home markets. The SDBGA also works directly with the San Diego Tourism Authority to promote San Diego as a travel destination.

Funding Request	$375,000
Funding Recommendation	**$375,000**

Ranking:

- Directors' Aggregate Ranking: #3 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	23,437
• New hotel room nights of total	0
• Return @ $118.00 ADR (average daily rate)	$2,765,566
• **ROI**	**7.4:1**

San Diego Bowl Game Association
Navy vs. Notre Dame

Building upon the Holiday Bowl's success as a tourism-generator for the local region, the SDBGA has expanded its role in college football and has successfully secured an agreement with the United States Naval Academy to host their biennial regular season home game versus Notre Dame here in San Diego on October 27, 2018 at SDCCU Stadium. It is anticipated that this game will generate 10,000 new room nights during the month of October. The game will be nationally televised on CBS.

Due to the large crowd size of the annual game, Navy hosts their home games in this rivalry at larger stadiums in marquee destinations. The 2018 game will mark the first time Notre Dame has ever played a football game in San Diego, as well as the first time these two teams will have faced off west of the Eastern Time Zone.

The SDBGA has already begun its efforts to market this special event to the two team markets. Examples of these advertising platforms include promotional videos, national Navy radio advertising, digital and print advertising, asset production, direct mail and exposure at the 2017 Notre Dame-Navy game. With the help of the San Diego Tourism Authority and Maverick Sports, the SDBGA has secured room block holds for Navy-Notre Dame visitors in 2018. A report of specific advertising activities and promotions will be provided as part of the SDBGA's quarterly performance reports to the TMD.

Matt Cashore-USA TODAY Sports

Funding Request	$200,000
Funding Recommendation	**$200,000**

Ranking:

- Directors' Aggregate Ranking: #11 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	10,000
• New hotel room nights of total	10,000
• Return @ $134.00 ADR (average daily rate)	$1,340,000
• **ROI**	**6.7:1**

San Diego Crew Classic
Spring

In its 45th year, the San Diego Crew Classic has grown to become one of the largest rowing events in the world. This is an internationally acclaimed rowing regatta featuring over 4,000 athletes in 120 races on the waters of Mission Bay. Over 130 local, national and international clubs participate each year - 95% of the athletes competing come from outside of San Diego. They draw tens of thousands of spectators each year. A significant number of these spectators are non-locals who come to San Diego specifically to attend the Crew Classic.

The 2019 San Diego Crew Classic takes place on April 5, 6, & 7. Travel to San Diego in early spring is very attractive to teams that have not been able to row on water since the previous fall. Agreements are in place with 30 TMD hotels they promote and drive traffic to the hotels via their website, e-blasts, and direct conversation with competitors and spectators.

Marketing activities for the 2019 event include:
Website, Destination Marketing, Targeted Facebook Advertisement, SDCC Facebook page, Instagram, Twitter, Live Stream, YouTube, Promotional ads on Row2K, Regatta Central, USRowing, E-blasts to coaches, athletes and families, brochures, save the date cards, national press releases, direct mail, direct face to face meetings, and targeted ad campaigns.

A concerted marketing effort will be made to promote Thursday as the kick-off day of the regatta, essentially creating a four day event with a fourth night of hotel stays. In addition, the Freedom Rows (Wounded Warriors) event is being expanded, drawing from VA's throughout the country.

Funding Request	$250,000
Funding Recommendation	**$250,000**
Ranking:	
• Directors' Aggregate Ranking:	#12 of 15
Return on Investment (ROI) - Projected:	
• Total hotel room nights	11,000
• New hotel room nights of total	2,000
• Return @ $164.00 ADR (average daily rate)	$1,804,000
• **ROI**	**7.2:1**

San Diego Crew Classic
Winter

The San Diego Crew Classic is hosting an additional regatta, as well as the USRowing Annual Convention, in San Diego December 6 - 9, 2018. All room nights for the Winter Classic and the USRowing Convention are new room nights.

The Winter Classic in December has been developed and positioned as the last regatta of the rowing season. From both a rowing and tourism standpoint, the Crew Classic team is proud of the fact that the rowing season now begins and ends in the City of San Diego. Drawing on the success and relationships with teams and coaches in the Spring Crew Classic, teams are being actively recruited to participate in the Winter Classic.

The San Diego Crew Classic Executive Director was successful in winning the bid to host the USRowing Annual Convention in San Diego. The convention attracts rowing coaches of all levels, referees and regatta director's from across the country. The convention is a four-day event held each year for the purpose of educating and providing a training opportunity for coaches, officials and administrators in the sport of rowing.

The marketing efforts for this event are similar to the Spring event:
Website, Targeted Facebook Advertisement, Facebook page, Instagram, Twitter, Promotional ads on Row2K, Regatta Central, USRowing, E-blasts to coaches, athletes and families, brochures, save the date cards, press releases, and face to face meetings.

The Executive Director attended the 2017 USRowing Annual Convention with a trade show booth to promote attendance and participation at the 2018 convention in San Diego. The local organizing committee has created an agenda unique to San Diego, including an authentic luau on Friday evening and educational sessions throughout the weekend for coaches and athletes. A concerted marketing effort will be made in partnership with USRowing to promote San Diego as a destination event.

Funding Request	$50,000
Funding Recommendation	**$50,000**

Ranking:

- Directors' Aggregate Ranking: #5 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	7,250
• New hotel room nights of total	7,250
• Return @ $125.00 ADR (average daily rate)	$906,250
• **ROI**	**18.1:1**

San Diego Gaelic Athletic Association
West Coast Sevens Gaelic Games

West Coast Sevens is an annual Gaelic Games tournament held in San Diego. This is the 4th year of competition with a steady increase in participation and is recognized as the largest Gaelic Games Sevens tournament held outside of Ireland. Over 75% of the athletes comes from outside of San Diego. The two day tournament is held on Memorial Day Weekend and organizers have found that many participants take this opportunity to extend their stay and enjoy San Diego. On average, participants extend their stay to an average of 3.5 days. These are amateur Irish sports and games that include Gaelic Football, Ladies Gaelic Football, Hurling and Camogie. In 2017, the gathering attracted international team participation from Ireland and 12 teams from Canada.

Since the inception of West Coast Sevens, the local organizing committee has deemed it vital to have professional video coverage of the event for marketing and tournament exposure. They are gaining worldwide recognition and wish to pursue more international team participation. It is their plan to create a video marketing campaign for online promotion of the tournament using social media, Search Engine Optimization and Adwords marketing aimed at their target audience both nationally and internationally.

The Worldwide GAA sporting calendar has many large annual events. The local organizers plan to attend multiple events to promote the tournament and provide promotional items to encourage participation. These events include the USGAA National Convention attended by US club delegates, USGAA Championship finals with over 2500 participants, Continental Youth Championships with over 3000 participants, All-Ireland Club Sevens held in Ireland with over 3000 participants, and the GAA congress attended by delegates around the world. Additionally, a website consultant will be retained to increase online interaction with potential participants and to help decrease overall customer acquisition costs.

Funding Request	$25,000
Funding Recommendation	**$25,000**

Ranking:

- Directors' Aggregate Ranking: #13 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	950
• New hotel room nights of total	800
• Return @ $165.00 ADR (average daily rate)	$156,750
• **ROI**	**6.1:1**

San Diego Surf Cup, Inc.
Thanksgiving Challenge

The Thanksgiving tournament will be held November, 2018. This is a Class I Tournament open to USYSA, US Club Soccer, Super Y League, and FIFA affiliated teams. All games will be played throughout Northern San Diego County. San Diego Surf Challenge age groups (U8 to U13) will play in divisions of 16, 12 and 8 teams. Each team is guaranteed four (4) games. Bracket play will be played on Friday and Saturday, while Semi-Finals and Finals are on Sunday. San Diego Surf Challenge teams are allowed 18 players for U11 through U13 and 14 players for U8 through U10. Age groups U8 – U10 will play 7v7, U-11 & U12 will play 9v9, and U13 will play 11v11. Top quality trophies as well as individual awards will be presented to teams finishing in 1st and 2nd place for the U-8 to U-13 age groups. All top flight champions and finalists, as well as lower flight champions, will receive automatic acceptance to summer Surf Cup.

Funding Request	$40,000
Funding Recommendation	**$40,000**

Ranking:

- Directors' Aggregate Ranking: #4 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	6700
• New hotel room nights of total	0
• Return @ $165.00 ADR (average daily rate)	$1,105,500
• **ROI**	**27.7:1**

Elite Clubs National League (ECNL) Girls

The goal of the Elite Clubs National League is to change the landscape for elite female soccer players in the United States through innovative, player-centered programming and to enhance the overall experience by creating a better, more enjoyable, and more successful player, coach, and club development model. Locally, a goal has been set for the ECNL Girls Playoffs for June 2019 & 2021 to further establish San Diego as the west coast home in the rotation cycle from west to east coast. With the anticipated interest from US Soccer over the next 5 years for June playing dates, San Diego Surf Soccer is working to piece in the complimentary pattern of the ECNL Girls Playoffs with US Soccer Summer Academy between the Surf Cup Sports Park and SoCal Sportsplex (40+ soccer fields between the two facilities). Our willing and timely response to accommodate ECNL has resulted in their desire to bring two ECNL Girls Playoffs to San Diego for June, 2019 and June, 2021.

Funding Request	$80,000
Funding Recommendation	**$80,000**

Ranking:

- Directors' Aggregate Ranking: #8 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	22,000
• New hotel room nights of total	22,000
• Return @ $169.00 ADR (average daily rate)	$3,718,000
• **ROI**	**46.5:1**

Manchester City Americas Cup

The 2017 Manchester City Cup Presented by Nexen Tire returned to San Diego this Memorial Day boasting several exciting changes to the tournament format. The new extended play format guaranteed every accepted team four competitive games. 422 top-level teams were accepted, 100+ teams more than last year's event. With the potential generation of conservatively 10,000+ hotel room nights total per year between the two, the Thanksgiving Challenge Man City Americas Cup will have a region-wide positive impact on hotels and the tourism economy. The fact that the venue of the event is in Del Mar, adjacent to the North Coastal area of the City of San Diego ensures significant room night consumption outside the core downtown area. To date, the headquarters hotels for Thanksgiving Challenge and Man City Americas Cup are all in the City of San Diego in Carmel Valley and La Jolla Mesa areas and all the way down to Mission Valley and back up the I-15 Corridor.

Funding Request	$40,000
Funding Recommendation	**$40,000**

Ranking:

- Directors' Aggregate Ranking: #10 of 15

Return on Investment (ROI) - Projected:

• Total hotel room nights	4,500
• New hotel room nights of total	0
• Return @ $165.00 ADR (average daily rate)	$742,500
• **ROI**	**18.6:1**

Administration

San Diego Tourism Marketing District Corporation

Personnel	
Employee Benefits	$ 24,596
Executive Director Wages	247,500
Payroll tax	19,800
Workers Comp	2,475
Total Personnel	294,371
Contract Services	
Accounting	222,480
Administrative support	6,000
Audit	20,000
Legal	500,000
Research and compliance	100,000
Communications	126,000
Total Contract Services	974,480
Overhead	
Bank service fees	200
Dues and subscriptions	8,000
Insurance	25,323
Meals, Travel & Entertainment	1,200
Occupancy	9,300
Office Supplies	2,500
Parking	400
Payroll processing	3,200
Postage and shipping	2,000
Printing and reproduction	3,000
Total Overhead	55,123
Contingency	244,559
Total SDTMD Operations	**1,568,533**
Administration Fees to the City	**450,000**
Total Administration	**$ 2,018,533**

Opportunity & Catastrophe / Litigation Reserve Summary

Opportunity & Catastrophe Reserve:
7% of assessment revenue

7% Assessment revenue	$ 2,795,984
Projected carryover – Modified District	2,909,508
Projected carryover – Original District	75,000
Utilization of reserve for FY19 funding requests	(2,204,632)
Total Opportunity/Catastrophe Reserve	**$ 3,575,860**

Litigation Reserve:
Required Amounts – subject to any approved supplemental funding requests.

	Category A	Category B	Total
Total litigation reserve balance 2nd district	$19,579,971	$6,420,029	26,000,000
FY2018 Funding modified district			1,000,000
Total Litigation Reserve			**$27,000,000**

* ***Funded $30,000,000 less $3,000,000 utilized during FY18, does not include supplemental FY19 request.***

Administrative/Interest Income

Administrative:
3% of assessment revenue plus interest income

3% Assessment revenue	$ 1,198,279
Projected FY18 carryover	660,254
Projected interest income	160,000
Total Administrative/Interest Income	**$ 2,018,533**

Attachments

1. San Diego Tourism Marketing District Corporation (4 pages) ..... Page 50

2. Management Plan Highlights (4 pages) ..... Page 55

3. Funding Cycle for FY2019 (2 pages) ..... Page 60

4. Key Elements of the Application Guidelines and Requirements for FY2019 (4 pages) Page 63

5. Sample Application for FY2019 (10 pages) ..... Page 68

6. FY2019 SDTMD Corp. Directors Ranking of Applications Summary (1 page) ..... Page 79

7. SDTMD Corp. Annual Report – FY2017 (32 pages) ..... Page 81

8. FY2018 Interim Report of Activities Summary (3 pages) ..... Page 114

Attachment 1

San Diego Tourism Marketing District Corporation

4 Pages

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:

Scott Hermes, Chair	C. Terry Brown, Treasurer	Chris Ostapovicz
Matt Adams, Vice Chair	Richard Bartell	Vikram Sood
Colleen Anderson, Secretary	Matt Green	Vacant

Staff:
Brian Hughes, Executive Director Email: bhughes@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:

Scott Hermes, Chair
General Manager, The Westin San Diego Gaslamp Quarter
The Westin San Diego Gaslamp Quarter represents 450 TMD rooms in the Gaslamp / Downtown region. Mr. Hermes was appointed to the Board to replace Mr. John Schafer, who relocated to New York in October 2015. Mr. Hermes served the remainder of Mr. Schafer's term, and was re-elected to a new three-year term which expires on June 30, 2020.

Matt Adams, Vice-Chair
Area Vice President, Manchester Grand Hyatt San Diego
The Manchester Grand Hyatt San Diego has 1,628 TMD rooms and is located in the Downtown region of the City of San Diego. Mr. Adams was elected to the SDTMD Corporation Board of Directors for a three-year term beginning on July 1, 2016.

Colleen Anderson, Secretary
General Manager, Omni San Diego Hotel
Omni Hotels represents 511 TMD rooms in the downtown area of the City of San Diego, near Petco Park. Ms. Anderson was elected for her first three-year term beginning on July 1, 2015 and was re-elected to a second three-year term that expires June 30, 2018.

C. Terry Brown, Treasurer
President, Atlas Hotels
Atlas Hotels represent over 950 TMD rooms in the Mission Valley region of the City of San Diego. Mr. Brown's initial two-year term expired June 30, 2010, and he was re-elected for a term of three years beginning on July 1, 2010. In 2013, Mr. Brown was re-elected for a three-year term beginning on July 1, 2013 and again on July 1, 2016.

Richard Bartell
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. Mr. Bartell's initial three-year term expired on June 30, 2011, and he was re-elected for a second three-year term beginning on July 1, 2011. In 2014, Mr. Bartell was re-elected for another three-year term beginning on July 1, 2014 and was re-elected again beginning his current term on July 1, 2017.

Matt Greene
Senior Vice-President Operations, Lifestyle Hotels, Evolution Hospitality
Mr. Greene represents the Hard Rock Hotel San Diego located in the vibrant Gaslamp Quarter and consisting of 420 TMD rooms. Mr. Greene was elected for a three-year term beginning on July 1, 2014 and was re-elected to a second term that began on July 1, 2017.

Chris Ostapovicz
Regional Vice-President, Asset Management, Host Hotels & Resorts
Host Hotels represents over 4,000 TMD rooms in the Downtown and Harbor regions of the City of San Diego. Mr. Ostapovicz was appointed to the Board on March 29, 2017 and will serve the remainder of Mr. Tuni Kyi's term, which expires on June 30, 2019.

Vikram Sood
Senior Vice-President of Operations, RAR Hospitality
RAR Hospitality represents over 300 TMD hotel rooms in Downtown, Sorrento Valley and Del Mar regions of the City of San Diego. Mr. Sood was appointed to the board on December 8, 2017 and will serve the remainder of Mr. Elvin Lai's term, which expires on June 30, 2018.

Vacant
One vacancy exists and will be filled in the current board election cycle. This new board member will take his or her seat at the first meeting of FY19 in July, 2018.

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 FY 2019 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.

Attachment 3

Funding Cycle for FY 2019

2 Pages

Funding Cycle for FY 2019

October/November 2017:

- FY 2019 Applications were available on October 24, 2017 via www.sdtmd.org/applications
- Two Applicant Workshops were offered:
  - October 24 and November 3, each from 8:30-10:30 a.m. The October 24 workshop was held at the Omni Hotel in downtown San Diego. The November 3 workshop was held at 12230 El Camino Real, San Diego, CA 92130.
  - Workshops provided an overview of the application process, insight on criteria used to evaluate events for funding and an introduction to the new online submission system

December 2017:

- General FY 2019 Annual Application Deadline: Friday, December 8, 2017
- Preliminary staff review of received applications
- 3rd party contractor generated initial analysis and report

January 2018:

- Committee comprised of TMD Board Members, SDTA Executives, 3rd party contractor and SDTMD Executive Director met to evaluate the applications and 3rd party analysis.
- DMO FY 2019 Annual Application Deadline: Friday, January 26, 2018
- General Applicant oral presentations to Board of Directors

February 2018:

- DMO presentations to Board of Directors

February - March 2018:

- Formal public board review of qualified applications
- Funding recommendations of programs by board
- FY19 revised budgets from approved organizations due on March 16, 2018 (if applicable, based on Board funding recommendation differing from original $ request)

April 2018:

- Notification of funding intention to the City of San Diego

May 2018:

- SDTMD submits FY 2019 Budget with ROI projections and Scope of Work assumptions to San Diego City Council for consideration and request for approval

June 2018:

- FY19 Contracts Issued

July 1, 2018:

- FY 2019 Begins

November 30, 2018:

- 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, 2019:

- Q2 Progress Recap due.

May 31, 2019:

- Q3 Progress Recap due.

August 31, 2019:

- Q4 & Annual Progress Recap due.

**Dates are approximate and may change without notice.*

Attachment 4

Key Elements of the Application Guidelines and Requirements for FY2019

4 Pages

Key Elements of the Application Guidelines and Requirements for FY2019

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
  - Radio Broadcast
  - Cable Network
  - 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 $1 million per occurrence and subject to an annual aggregate of $2 million. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. All defense costs shall be outside the limits of the policy.

b) **Automobile Liability Insurance,** providing coverage for all bodily injury and property damage, with a limit of at least $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

Attachment 5

Sample Application (form) for FY 2019

10 Pages

Application Types:

1) GENERAL APPLICANTS: Most applicants will file this application. The SDTMD Fiscal Year 2019 is the same as the City of San Diego: July 1, 2018 through June 30, 2019. All organizations applying for funding for this period must have their application completed and submitted electronically by 5:00 p.m. on **Friday, December 8, 2017**. Applications received after the deadline will not be accepted for annual funding requests.

2) DESTINATION MANAGEMENT ORGANIZATION (DMO) FUNDING APPLICATION: The SDTMD Fiscal Year 2019 is the same as the City of San Diego: July 1, 2018 through June 30, 2019. All DMO organizations applying for "annualized" funding must have their application completed and submitted electronically by 5:00 p.m. on **Friday, January 26, 2018**. 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

null	heading	

Organization Name:

null	text-input	SDTMD Test

Mailing Address:

null	text-input	123 Main Street

Telephone:

null	text-input	619-231-1010

Website:

null	text-input	www.sdtmd.org

Primary Contact Information

null	heading	

Name:

null	text-input	Brian

Title:

null	text-input	Executive Directo

Telephone:

null	text-input	616-557-2854

Email:

null	text-input	bhughes@sdtmd

EXHIBIT A: Overview

null	heading	

Tell us about your event and why it will be successful: (750 word maximum)

null	text-area	I am awesome

Tell us about your marketing plan, specifically explaining how you will draw out of town visitors to San Diego for overnight stays in TMD hotels: (750 word maximum)

null	text-area	We're going to bu

*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.

null	text	

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

null	text	

1) Is your organization a non-profit organization?

null	radio	Yes

Enter non-profit code section:

{"show":{"filter":{	text-input	501-c3

Enter your entity type:

{"show":{"filter":{	text-input	

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.

null	text-area	Scott Hermes - B

Closing Date of Applicant's Most Recently Completed Fiscal Year:

null	date-picker	12/31/0016

EXHIBIT B: Detailed Budget

null	heading	

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:

null	text	

FY 2019 proposed Budget (Excel format)

null	file-upload	SDTMD Test Apr	https://wizehive-a	https://wizehive-a

EXHIBIT B1: TMD Budget

null	heading	

Please use the budget template completed in Exhibit B and input TMD funded portion budget data:

null	text	

TMD Budget and Line Item Narrative

null	text	

Total TMD Events/Program Budget
$XX

null	numeric	20,000

Total TMD Funded Portion (SDTMD Funds Requested)
$XX

null	numeric	10,000.00

Total Organizational Budget (If Part 2 Completed)

null	numeric	

---

null	text	

Revenue (TMD Funded Portion)
$XX

null	numeric	25,000

Direct Expenses

null	text	

Advertising

null	numeric	

Line Item Narrative

null	text-area	

Advertising Agency Fees

null	numeric	

Line Item Narrative

null	text-area	

Bid Fees/Team Payouts

null	numeric	

Line Item Narrative

null	text-area	

Dues/Subscriptions (direct only)

null	numeric	

Line Item Narrative

null	text-area	

Entertainment

null	numeric	10,000

Line Item Narrative

null	text-area	Balloons

Event Registration Fees

null	numeric	

Line Item Narrative

null	text-area	

Lead Generation Fees

null	numeric	

Line Item Narrative

null	text-area	

Marketing Materials/Promotional Items

null	numeric	

Line Item Narrative

null	text-area	

Meals

null	numeric	

Line Item Narrative

null	text-area	

Outside Contractors

null	numeric	

Line Item Narrative

null	text-area	

Personnel Benefits (non-exec/non-admin)

null	numeric	

Line Item Narrative

null	text-area	

Personnel Salaries and Wages (non-exec/non-admin)

null	numeric	

Line Item Narrative

null	text-area	

Rentals - remote office

null	numeric	

Line Item Narrative

null	text-area	

Research

null	numeric	

Line Item Narrative

null	text-area	

Sales Commission

null	numeric	

Line Item Narrative

null	text-area	

Special Event Production

null	numeric	

Line Item Narrative

null	text-area	

Sponsorship

null	numeric	

Line Item Narrative

null	text-area	

Trade Show Expenses

null	numeric	

Line Item Narrative

null	text-area	

Training

null	numeric	

Line Item Narrative

null	text-area	

Travel

null	numeric	

Line Item Narrative

null	text-area	

Total Direct Expenses

null	calculated-field	10000

Total Indirect Expenses (If Part 2 Completed)

null	numeric	

Total Expenses

null	calculated-field	10000

Net Income (loss)

null	calculated-field	15000

EXHIBIT C: Return On Investment (ROI) Forecast

null	heading	

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

null	text	

Calculation

0

null	calculated-field	0

A: SDTMD Funds Requested: (From Exhibit B)

$XX

null	numeric	10,000

Non-TMD Funded Portion: (From Exhibit B)

$XX

null	numeric	10,000

Date Of Event Or Promotion:

null	text-input	April 1, 2019

Date Of Event Or Promotion:

null	text-input	

Date Of Event Or Promotion:

null	text-input	

Number Of Years The Event/Program Has Been In Operation:

null	text-input	0

B: Projected Average Daily Rate (ADR) For Event Or Promo Dates*

$XX

null	numeric	150

*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.

null	text	

C: Historic Number of Room Nights Generated by Program/Event/Promotion
X

null	numeric	0

D: Total Estimated Historic SDTMD Room Revenue @ above ADR (BxC = D)
X

null	calculated-field	0

E: Projected Number Of New SDTMD Room Nights Generated Due To Proposed Use Of SDTMD Funds (From Exhibit A).
XX

null	numeric	900

F: Total Estimated New SDTMD Room Night Revenue Generated @ Above ADR (BxE = F)
XX

null	calculated-field	135000

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

null	calculated-field	13.5

G: Total Estimated SDTMD Room Nights (combined) (C+E =G)
XX

null	calculated-field	900

H: Total Estimated SDTMD Room Revenue (Combined) (BxG = H)
$XX

null	calculated-field	135000

Total Impact Return On Investment: Total SDTMD Room Revenue Generated: SDTMD Funds Requested (H/A :1)
XX

null	calculated-field	13.5

EXHIBIT D: Personnel Schedule

null	heading	

Personnel Schedule – FY 2019

null	text	

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.

null	text	

File Upload

null	file-upload	

EXHIBIT E: Audit Compliance Acknowledgement

null	heading	

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:

null	text	

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;

null	text	

b) A statement of revenues and expenditures, and a balance sheet of all funds received by Corporation; and

null	text	

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.

null	text	

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.

null	text	

I have read and understand the Audit Compliance Acknowledgement:
Confirm

null	dropdown	Confirm

EXHIBIT F: Accounting Compliance Acknowledgement

null	heading	

- Monthly submission of reconciliation reports and/or reimbursement packets is required.

null	text	

- SDTMD has 30 business days from receipt of a complete and correct packet to review and reimburse.

null	text	

- Expenses incurred older than 60 days prior to the submission will not be eligible for reimbursement without prior approval and extenuating circumstance.

null	text	

- Reimbursement checks will be mailed to the Contractor.

null	text	

- Copies of "Requests for reimbursement" shall be retained by contractor for no less than five years.

null	text	

- Contractors are to remit reimbursement packets and budgets using SDTMD's templates and chart of accounts.

null	text	

- Additional written explanation is required on any submitted item in which the invoice is not self-explanatory.

null	text	

- Any calculation shown on an invoice, reducing the amount requested, needs to include an explanation of methodology or rationale for determining costs.

null	text	

- 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.

null	text	

- Illegible receipts will not be considered for reimbursement.

null	text	

- Do not use staples or special binding for your submission packet. A large paperclip or binder clip will suffice.

null	text	

- Submit your packet single sided only. Double sided packets will be returned.

null	text	

- Include all pages of a multipage invoice and bank statements. (Online bank activity will also be accepted.) Please reference each item.

null	text	

- Verify totals and watch out for rounding errors.

null	text	

- 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.

null	text	

- No double dipping, if reimbursed by another entity, the expense becomes ineligible

null	text	

- Only out of market advertising is eligible for reimbursement.

null	text	

- 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.

null	text	

I have read and understand the Accounting Compliance Acknowledgement:
Confirm

SDTMD Contract Budget
Exhibit B

Organization Name _____ **Date** _____

Total TMD Contract Funds -

	TMD					Non-TMD	
	Targeted Marketing and Sales Programs	Destination Marketing	Total - TMD Contract Amount	Non-assessment funded portion	Total Event Budget		Total Organizational Budget
Revenue	-	-	-	-	-	-	-
Direct Expenses							
Advertising	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Advertising Agency Fees			-	-	-	-	-
Bid Fees/ Team payouts			-	-	-	-	-
Dues / Subscriptions / Memberships			-		-		-
Entertainment			-		-		-
Event Registration Fees			-		-		-
Lead Generation Services	-		-		-		-
Marketing Materials & Brochures			-	-	-		-
Meals			-		-		-
Outside Contractors			-		-		-
Personnel Benefits			-		-		-
Personnel Salaries and Wages			-		-		-
Promotional Items			-		-		-
Rentals - booth space			-		-		-
Rentals - remote sales office			-		-		-
Research	-		-		-		-
Sales Commissions			-		-		-
Special Event Production			-	-	-		-
Sponsorships			-		-		-
Trade Show Expenses			-		-		-
Training			-		-		-
Travel			-		-		-
Total Direct Expenses	-	-	-	-	-	-	-
Indirect Cost Allocation (from worksheet)	-	-	-	-	-	-	-
Total Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net income (loss)	-	-	-	-	-	-	-
Percent revenue coverage			#DIV/0!	#DIV/0!	#DIV/0!		

SDTMD Contract Budget
Exhibit B

Targeted Marketing and Sales programs include:
- 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

FY2019 SDTMD Corporation Directors Ranking of Applications Summary

1 Page

SDTMD Director Ranking Sheet
FY2019 Annual Funding Applications

Original recommendations made by SDTMD Board at March 2, 2018 Board Meeting.
Updates/Corrections adopted by SDTMD Board at April 13, 2018 Board Meeting.

FY 2019 ANNUAL FUNDING APPLICATIONS - RANKINGS & RECOMMENDATIONS - REVISED								
APPLICANT	Amount Requested	ROI	Rank Order	Originally Recommended Amount	Remove Surf Cup from SDTA base	Remove Bid Fee events	Future event - Placeholders	Revised
SDTA	$37,362,996	23.30	1.00	37,362,996	(160,000)	(530,000)		36,672,996
SD BAYFAIR - THUNDERBOATS	$ 95,000	29.30	3.33	95,000				95,000
SD BOWL GAME ASSOC - HOLIDAY BOWL	$ 375,000	7.40	4.33	375,000				375,000
SD SURF CUP - THANKSGIVING CHALLENGE	$ 40,000	20.00	5.33	included in SDTA	40,000			40,000
SD SURF CUP - THANKSGIVING CHALLENGE FY20	$ 40,000	20.00	6.33	included in SDTA			need approval	-
SD CREW CLASSIC - WINTER	$ 50,000	18.10	6.33	50,000				50,000
SD BAY WINE & FOOD FESTIVAL	$ 74,500	8.60	7.33	74,500				74,500
CA POLICE ATHLETIC FEDERATION	$ 75,000	24.40	7.67	75,000				75,000
SD SURF CUP - ECNL GIRLS	$ 80,000	46.50	9.33	included in SDTA	80,000			80,000
SD SURF CUP - ECNL GIRLS FY21	$ 80,000	46.50	10.33	included in SDTA			need approval	-
CA STATE GAMES	$ 175,000	16.10	11.00	175,000				175,000
SD SURF CUP - MAN CITY AMERICAS CUP	$ 40,000	20.00	12.00	included in SDTA	40,000			40,000
SD BOWL GAME ASSOC - NAVY V. NOTRE DAME	$ 200,000	6.70	13.00	200,000				200,000
SD CREW CLASSIC -SPRING	$ 250,000	7.20	13.00	250,000				250,000
SD GAA (WEST COAST SEVENS GAELIC GAMES)	$ 25,500	6.10	15.67	25,500				25,500
STARTUP SD	$ 15,000	19.00	17.00	-				-
SD INT'L FILM FESTIVAL	$ 372,500	2.30	17.67	-				-
SAND SCULPTURE COMPANY	WITHDRAWN		n/a					-
EXTREME SAILING	WITHDRAWN		N/A					-
SD BREWERS GUILD	WITHDRAWN		N/A					-
				38,682,996	-	(530,000)		38,152,996
Removed 3 SD Surf Cup events from SDTA base - separate contracts with SD Surf Cup.					-			
Removed USA Soccer Summer Showcase from SDTA base - SD Surf Cup to submit supplemental application						500,000		
Removed Golden State Hockey Rush from SDTA base - SDTA to submit a supplemental application.						30,000		

Attachment 7

SDTMD Corporation Annual Report
for
FY 2017
January 1, 2016 – June 30, 2017

32 Pages

sdtmd
SAN DIEGO TOURISM MARKETING DISTRICT

FY 2017 ANNUAL REPORT

INTRODUCING EXPERIENCE SAN DIEGO DESTINATION *2040*

FACES

Executive Message

We look forward to this opportunity each year to recap and highlight the important activity, successes and challenges of the San Diego Tourism Marketing District (SDTMD). We are inspired by the sound growth of our industry, the new hotels that are opening and the expanding understanding within our community of how the hotel industry benefits San Diegans in very positive and tangible ways. But with this inspiration comes the responsibility to maintain and even accelerate momentum because of the jobs and tax base that are at stake.

Hotel occupancy, room rates and the transient occupancy tax that San Diego's TMD hotels generate are all at record high levels. This is the result of a broad and ambitious team effort on the part of our hotel employees, our City government, the San Diego Tourism Authority and many more members of the community. While we celebrate these people and their accomplishments, we know that there is even more opportunity available. We benchmark our destination against other competitive cities and know that there is room for San Diego to increase business levels at a rate higher than our competitors. We know this because many of our competitors have eclipsed our rate of growth over the past five years. This fact represents the basis for SDTMD's ongoing support for the original Destination Master Plan and how that detailed strategic plan is coming to life as Experience San Diego, Destination 2040.

Over the past year, with the SDTMD Board of Directors full support, Experience San Diego has become a foundational platform to stimulate the growth that we desire. A Steering Committee, working as an active advisory group, was formed and is chaired on a volunteer basis by the remarkable Patti Roscoe. She assisted us in recruiting a dozen other business, education, government, community and tourism leaders to help set directional strategy and priorities. Community outreach has taken place to create awareness, and to generate excitement and support. Significant activities have begun and include:

- Recapturing lost leisure market share from the Greater Los Angeles area.
- Unlocking the potential for a visit to Balboa Park to become a key reason visitors come to San Diego.
- Capturing our fair share of the growing inbound Chinese market.
- Elevating the group sales effort for hotel based meetings by selling in one voice across all hotel sales teams in the market.

When we accomplish these tasks, we will accelerate the tourism economy and by direct extension, provide our community a substantial economic benefit that enhances the quality of life for all San Diegans. Specifically, Experience San Diego's 'Declaration for Success' is to increase hotel tax contributions more than 40% over the next five years compared to the most recent five years.

As exciting and energizing as the future is, one thing will never change: the Board of Directors of the Tourism Marketing District will maintain our commitment to strong stewardship of TMD dollars by generating the maximum return on investment to benefit TMD paying hotels and, in turn, the overall San Diego economy. When that happens, the community wins with plenty of good jobs, enhanced visitor infrastructure that all San Diegans can enjoy and maximized TOT collections that allow our civic leaders to provide quality services for all residents of San Diego.

Thank you for taking the time to read this Annual Report. We look forward to sharing the journey with you.

Very sincerely,

Scott Hermes, CMP
Board Chairperson

Brian Hughes
Executive Director

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Overview

The San Diego Tourism Marketing District (SDTMD) is a Tourism Business 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) revenue back to the City. Through this model, the Tourism Marketing District creates a true economic engine for the City and the region as a whole.

Lodging businesses with 70 rooms or more located in the City of San Diego are assessed a 2 percent fee on each room night. SDTMD uses these dollars to fund programs, services and special events that will deliver incremental new room night sales to its assessed members. Working together through SDTMD, the member lodging businesses continue to create strong, measurable results in bringing more visitors to San Diego.

Goals

1. **Attract tourism activity**
2. **Increase overnight stays**
3. **Increase market share**
4. **Activate the Experience San Diego, Destination 2040 master plan**
5. **TOT growth of 43 percent in five years**

SDTMD Timeline

2007

- **December:** Hotels vote to participate in a tourism marketing district.

2008

- **January:** Collection of assessments begins.
- **April:** SDTMD is approved for a five-year contract with the City of San Diego; First board meeting held.

2013

- **March:** City of San Diego approves an additional five-year contract with SDTMD.

2014

- **November:** SDTMD funds development of a Destination Master Plan.

2015

- **December:** First Destination Master Plan in the history of San Diego completed.

2016

- **August:** City approves district modification to assess properties of 70 rooms or more and five-year contract with SDTMD.

SDTMD Timeline

2017

- **January:** Experience San Diego, Destination 2040 (formerly known as Destination Master Plan) steering committee formed.
- **March:** SDTMD Board approves three major marketing projects recommended by the Experience San Diego Steering Committee: Chinese Tourism Market Development, Los Angeles Leisure Marketing and Balboa Park Marketing.
- **June:** San Diego City Council approves the release of funding for these initiatives.
- **July:** Declaration for Success adopted—$1.33 billion in TOT over the next five years (2018 - 2022), growth of $400 million or 43 percent over the preceding five years (2013 - 2017).

Our Exciting New Initiative

Introducing Experience San Diego, Destination 2040

Experience San Diego, Destination 2040 is the City of San Diego's first destination master plan. A product of the input from more than 40 San Diego tourism, business and civic leaders and hundreds of hours of research, this 20-year plan lays out ambitious but attainable strategies to attract more visitors, increase visitor spending and improve the quality of life for all San Diegans. The plan focuses on four main areas:

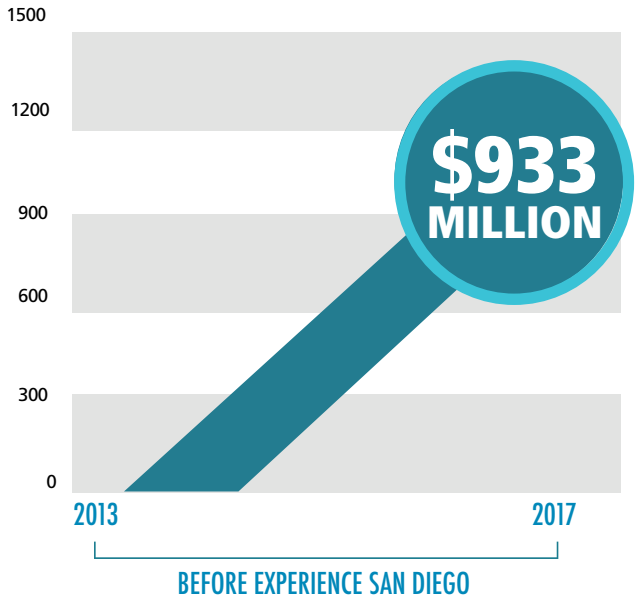
1. **Investing in new and existing leisure assets**
2. **Expanding meeting and convention tourism**
3. **Improving transportation central to visitor access**
4. **Investing in the San Diego brand to grow and extend its reach**

Experience San Diego's Declaration for Success is to reach $1.3 billion in TOT over the next five years (2018-2022) and $948 million per annum by 2040. The TOT is a tax on visitor hotel nights. These funds produce a revenue stream for the City of San Diego that is used for infrastructure, street repair, parks, public safety, homeless services, the environment and more.

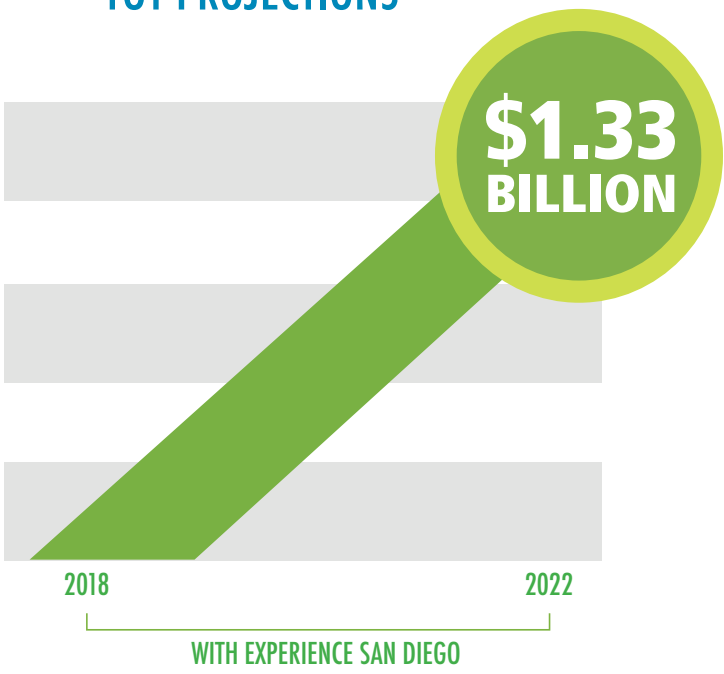
Experience San Diego Goals

- Attract more visitors
- Increase visitor spending to grow the economy
- Enhance quality of life for all San Diegans

DECLARATION FOR SUCCESS



TOT PROJECTIONS



$948M PER ANNUM BY 2040

Market Assessment

The global and U.S. economy are currently on solid footing, with developing economies once again leading GDP growth in the 4-5 percent range, while developed nations hover around 2-2.5 percent GDP growth. Travel is more and more global so world economies and political policy matter to the health of the U.S. travel industry, and San Diego.

The record high U.S. hotel room demand, occupancy and average daily rates over the last few years have been driven mainly by the leisure transient segment. This segment has expanded due to the growing number of international visitors to the U.S. and by Americans taking more leisure trips than ever before. While the meetings market recovered post-recession, it is currently flat and the average number of business trips per American has been declining. The usual cycle of hotel building that comes following strong demand is here once again with more than 10 cities adding supply at greater than 4 percent in 2017.

City of San Diego hotel performance in calendar year 2016 mirrored the U.S. trend and posted record high room demand of 11.7 million room nights sold, hotel occupancy of 79.1 percent and an average daily rate of $161.87. And in 2017, the year-end numbers are expected to surpass 2016. With the region reaching record occupancy levels above 80 percent, pricing power finally returned to the market as the average daily rate growth has been well above the occupancy growth the last few years, and ahead of most competitors in 2017.

Marketplace Opportunities & Challenges

Hotel Supply Growth

San Diego's record demand has led to increasing supply growth. In 2018, hotel supply is expected to grow 2,000 hotel rooms or 3 percent in San Diego, well above the historic average of under 2 percent annually. Growing occupancy from 79 percent to beyond 80 percent will be no small task and is not expected to happen in the short term, but growing marketing dollars to invest in reaching more domestic markets is key to achieving our targets.

International Visitation

With solid global economic growth forecasted, the impact of President Trump's words and policy on inbound international travel remains uncertain. International visitors declined slightly in 2016, and international arrivals at U.S. airports through April 2017 show further declines. With an eye on long-term growth, especially among the outbound Chinese travel market, we continue investing in key international markets.

Destination Perception

San Diego has always been perceived as one of the cleanest and safest cities in America. However, the unprecedented number of homeless people on our streets has increased the number of incidents with visitors, and that influences reputation. In addition, the Hepatitis A outbreak that was reported across the globe has created concerns among meeting planners about meeting in San Diego. While our City and County are working to address these issues, we are staying vigilant about reassuring customers that San Diego is a safe travel destination. Image tracking also is being done to understand any potential shifts and impacts.

Marketplace Competition

A critical component to competing for conventions and leisure travel is the product offering. While many competitive cities are developing attractions and adding convention space, San Diego's product development has been minimal. According to Resonance's City Tourism Index, product is San Diego's weakest category. However, there are rays of light. The Port Authority development of the waterfront and the opening of the new Comic-Con Museum will be the next new product to draw visitors. A plan to expand the convention center is expected on a 2018 ballot, and if it passes, will allow San Diego to compete for the larger conventions that bring more economic impact. In the meantime, strategies to attract music, sports and other major events are being supported to maximize the product we currently have.

Tourism's Economic Impact

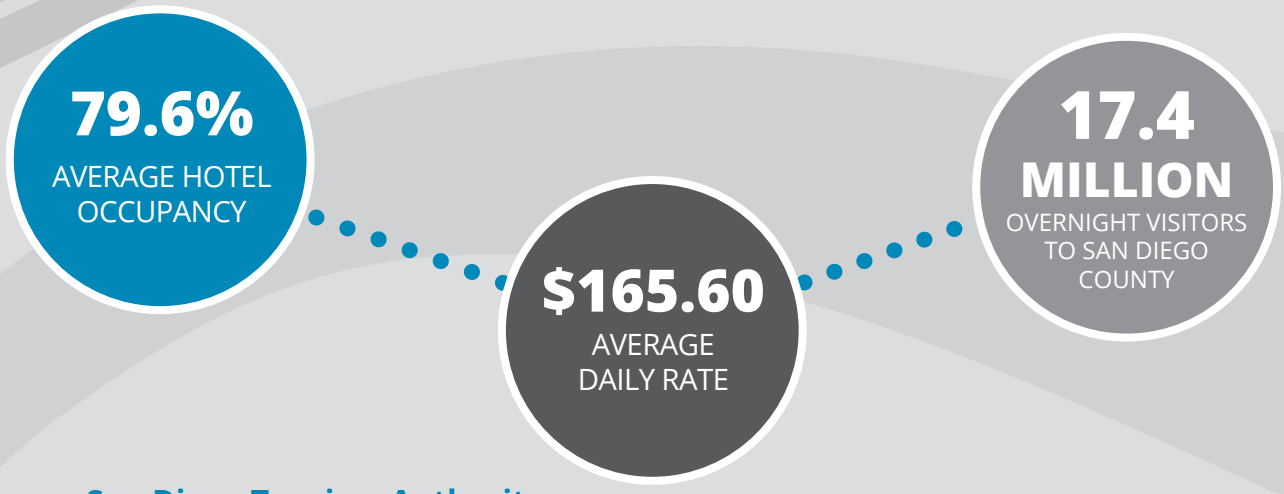
San Diego City and County

Growth in TOT Collections

City of San Diego

Lodging Industry Performance

City of San Diego FY17



Source: San Diego Tourism Authority

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.

Approximately 95 percent of SDTMD's contractor funding in FY 2017 was awarded to the San Diego Tourism Authority (SDTA), the City's Destination Marketing Organization of record. Remaining funds were allocated to local organizations that could demonstrate a projected increase in incremental room nights 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 attractions and events must help fill TMD lodging business of all sizes. In addition, they are required to abide by all requirements set forth in the City's Operating Agreement with SDTMD.

ROI

FY 2017 All Events Combined*

Total Room Revenue:	$817,448,179
Total Funding From SDTMD	$31,454,983
Total ROI for FY17	26.0:1

*TMD 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 TMD with an analysis of each event that focuses on non-local attendees that stay in TMD assessed hotels. RWA calculates room revenue generated and divides by TMD investment to arrive at the ROI figures.

Contractor Funding FY 2017

SAN DIEGO TOURISM AUTHORITY - BASE	$29,958,549
CALIFORNIA STATE GAMES	$150,000
SAN DIEGO BEER WEEK	$63,586
SAN DIEGO SURF CHALLENGE*	$40,000
SAN DIEGO BOWL GAME ASSOCIATION	$450,000
SAN DIEGO CREW CLASSIC	$190,970
RED BULL AIR RACES*	$400,000
MANCHESTER CITY TOURNAMENT*	$20,000
USA MASTERS GAMES	$135,667
AMGEN TOUR OF CALIFORNIA	$46,211
TOTAL	$31,454,983

*Contracted with SDTA

San Diego Tourism Authority

The San Diego Tourism Authority 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 governed by a 30-member board of directors. SDTA is nimble in the marketplace, and as market conditions shift, programs are updated 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
26.9:1

FY2017 Funding Amount	$29,958,549
Hotel Room Nights*	4,784,385
Average Daily Rate (ADR)	$168.73
Total Room Night Revenue	$807,269,029

*Does not include Citywide convention room nights

Group Sales Highlights

- Booked 60 conventions representing over 1 million room nights
- Booked 396,152 new hotel meetings room nights in TMD properties
- The Sports Alliance team booked future events generating 121,700 hotel room nights
- Held 27 customer events with a total of 781 new clients for San Diego in attendance
- Client events and trade shows throughout the year generated 189 leads representing 132,707 new room nights for San Diego

Marketing Highlights

- Campaigns influenced 4.4 million room nights in TMD properties
- Generated more than 1.9 billion paid advertising gross impressions nationally and internationally through campaigns that utilized TV, digital, social, out-of-home and print mediums
- Generated $38.5 million in public relations unpaid media value
- Generated 11.1 million visitor inquiries to digital properties
- Hosted 60 Travel Trade Fam Tours with 553 clients
- Ended the year with 2,832 enrolled San Diego Specialists

SDTA Program Highlights

Kids Free San Diego/Fall Campaign

SDTA continued the highly successful Kids Free San Diego campaign in the Los Angeles and Phoenix markets promoting family travel during the month of October. This coincided with a fall brand advertising campaign in LA, Phoenix and national markets. Ad campaigns ran on TV, radio, digital/online and print mediums and were supported by earned editorial placements, social influencer programs and owned outlets including SDTA social media and the website. The fall program influenced nearly 800,000 room nights and $118 million in hotel room revenue to the TMD district in Fall/Winter 2016-2017.

Peak Spring/Summer Travel Campaign

To capture travel during peak spring and summer travel seasons, a $7.83 million investment was made in the key markets of San Francisco, Sacramento, Seattle, Dallas, Chicago and New York City. The fully integrated campaign utilized the "Happiness is Calling" branding and included TV, digital, out-of-home and print layers as well as robust owned channel and earned media programs. Digital campaigns specifically targeted Millennial and Gen-X adults traveling without children and family travelers. The campaign generated nearly 543 million impressions leading into the peak travel season and is estimated to impact 1.9 million hotel room nights.

Owned And Earned Media

Owned and earned media channels work to leverage paid media and boost audience reach. The social media marketing layers included highly focused campaigns and live video within Facebook, Twitter, Google+ and Instagram. In addition, the team launched regular leisure email campaigns as well as pay-per-click campaigns on Google to reach travelers. Public relations efforts generated $38.3 million in earned media coverage with feature articles in major dailies, print magazines, broadcast stations and online outlets. The communications team hosted 214 international and domestic media in San Diego and participated in media missions to Australia, China, Chicago, London, Mexico, New York, San Francisco and Texas.

International Campaign

SDTA engaged in a $1.97 million advertising program that included a co-op with Brand USA in Canada and the United Kingdom and a partnership with leading tour operators to promote the Edelweiss and Condor direct flights from Germany and Switzerland. Over 295 million media impressions were generated by the campaigns, which included TV, digital, paid social, out-of-home and OTA programs. SDTA also partnered with Visit California on the British Airways "California Sale" program, "All Dreams Welcome" social media campaign and CEO missions to Mexico and Canada. BrandUSA added over $386,000 in co-op dollars to support the international campaign.

Sub-Region Campaign

Luxury and value print, digital and OTA advertising campaigns promoting sub-region product and experiences delivered more than 35 million impressions. Print and advertorial ran in Family Fun, Sunset, Bon Appetit, Conde Nast Traveler and Departures magazines. Social, PPC and digital advertising campaigns complemented the program, as well as quarterly Facebook sweepstakes promotions.

Group Sales

The hotel sales team continued to focus on booking new group business for San Diego, which is defined as those meetings that have not booked in the last five years or at all. The hotel meetings team booked 396,152 new group room nights for TMD properties. Supporting the sales effort, the Meetings Certified training program continued for the hotel sales community and graduated 23 participants. To date, more than 300 sellers from San Diego hotels, venues, and attractions have completed this program. In addition, 27 customer events were held with 781 new clients for San Diego in attendance. These client events and trade shows throughout the year generated 189 leads representing 132,707 new room nights for San Diego. Further group sales impacts include the signing of 60 conventions representing more than one million room nights by the Citywide sales team.

Cultural Tourism

SDTA launched a cultural tourism program aimed at illuminating San Diego's diverse and vibrant neighborhoods by curating a photographic collection of the local scene. The photography was then distributed nationally by Travel & Leisure magazine and through paid social media with Facebook. Overall, the program generated more than 27 million impressions at a cost of $373,000.

Sports Alliance

The Sports Alliance team generated 121,700 hotel room nights through high-profile sports events including the Red Bull Air Races, Extreme Sailing Series and Navy vs. Notre Dame College Football Game. The team also had success in booking soccer events including Man City Premiere Youth Showcase, the CONCACAF Gold Cup and the US Soccer Summer Showcase. In addition to these events, the Sports Alliance team attended three annual tradeshows to grow San Diego exposure among national governing bodies and sport organizations.

California State Games

The California State Games is a multi-sport, Olympic style series of events that occurred in July 2016 and February/March 2017 in San Diego. Ranging from archery to taekwondo in the summer, and including hockey and ice skating in the winter, the events took place at dozens of locations in the City.

ROI

21.8:1

FY2017 Funding Amount	$150,000
Hotel Room Nights	20,926
Average Daily Rate (ADR)	$156.16*
Total Room Night Revenue	$3,267,804

*Combined Average of Summer and Winter Events

Highlights

- The events connected to the California State Games bring thousands of families, spectators and players to San Diego during both the summer and winter months.
- Over 10,000 athletes participated in the winter and summer California State Games with each bringing a median of four family and friends.
- Facebook advertisements were used in the Bay Area for the first time.
- Some qualifying processes were changed, which increased the number of teams that were able to come to San Diego.
- Gymnastics were added to the games for the first time in San Diego.

San Diego Beer Week

Highlights

- SDBW partnered with 16 TMD hotels to offer beer week lodging packages.
- Enhancements were made to the SDBW website focusing on being more user and mobile friendly, and making it easier for event goers to plan their week and research hotels.
- Media exposure generated 32 million impressions combined through television, radio, print, online, blogs and podcasts.
- Attendees came from 28 states and nine countries.

San Diego Beer Week (SDBW) has become a premier, extended craft beer festival now lasting 10 days each November. Over 600 events helped to promote San Diego's thriving craft beer culture. The 2016 celebration included some 60 breweries who participated in beer dinners, special releases, tastings, classes, beer and food pairing menus and a variety of other festivities.

ROI
2.5:1

FY2017 Funding Amount	$63,586
Hotel Room Nights	984
Average Daily Rate (ADR)	$161.72
Total Room Night Revenue	$159,132

San Diego Surf Challenge

San Diego Surf Soccer Club is the premier youth soccer club established in 1980 and headquartered in San Diego. Their mission is to develop competitive soccer players with superior soccer skills, teamwork and sportsmanship to compete at the highest levels of the sport. The Surf Challenge soccer tournament is played each November over the Thanksgiving week, a typically low demand period for hotels in North San Diego.

ROI

20.8:1

FY2017 Funding Amount	$40,000
Hotel Room Nights	5,640
Average Daily Rate (ADR)	$147.31
Total Room Night Revenue	$830,828

Highlights

- Despite a reduction in available fields (due to rain) and one canceled day (due to rain) the event grew by focusing on an ongoing marketing campaign to attract a larger group of out of region teams.
- The Surf Thanksgiving Cup was rebranded as the Surf Challenge.
- Surf Soccer marketed directly to east coast teams, increasing their presence from 14 to 36.
- This is a showcase opportunity for aspiring college athletes. College coach attendance reached a record high of 538 (up from 475 last year), solidifying this as one of the premier showcase events in the country.

Holiday Bowl & Poinsettia Bowl

Highlights

- In addition to the influx of room nights from the fans of the participating teams, both games were televised nationally on ESPN. During the telecasts, along with various mentions of San Diego by the on-air talent, the network featured a minimum of seven San Diego "beauty shots" to the approximately 8 million plus viewers combined for both games, showcasing San Diego as a "destination city."
- In addition to the valuable on-air exposure in December when every other part of the country is experiencing inferior weather conditions, the dates of these two games coincide with some of the slowest nights of the year for the hotel industry. This means that the $3.7 million in room revenue is fully incremental to the economy.
- As previously reported to the Board, after the 2016 bowl season, the SDBGA ceased operations of the Poinsettia Bowl. The shift to one bowl game will allow the organization and its volunteers to focus all efforts on creating the nation's premier bowl game experience at the Holiday Bowl.

In December 2016, the San Diego Bowl Game Association produced two college football bowl games, the National Funding Holiday Bowl and the San Diego County Credit Union Poinsettia Bowl. The Poinsettia Bowl was played on December 21 and featured the Wyoming Cowboys from the Mountain West Conference and the BYU Cougars (independent). The Holiday Bowl was played on December 27 and featured the Washington State Cougars from the Pac-12 Conference and the Minnesota Golden Gophers from the Big Ten Conference.

ROI
8.1:1

FY2017 Funding Amount	$450,000
Hotel Room Nights	26,219
Average Daily Rate (ADR)	$139.80*
Total Room Night Revenue	$3,665,416

* Combined average of both events

San Diego Crew Classic

After 44 years, the San Diego Crew Classic is viewed as the premier Spring rowing event in the nation. Some 35 events took place with over 4,000 athletes participating in over 120 races along the shores of Mission Bay Park. The event includes retail kiosks, a variety of foods vendors and a Jumbotron viewing area as its center point.

ROI

5.9:1

FY2017 Funding Amount	$190,970
Hotel Room Nights	5,488
Average Daily Rate (ADR)	$205.09*
Total Room Night Revenue	$1,125,534

* Combined average of spectators and teams

Highlights

- 125 local, national and international clubs participated in this year's event.
- The Crew Classic generated significant attention to San Diego through live streaming views of the race and thousands of site visits to web pages.
  - 270,000 unique sessions on Row2k.com took place and 50,000 live streaming views occurred worldwide.
  - 9,000 site visits took place at Crewclassic.org.
  - 30,000 unique sessions occurred on HereNow.com race results. 4 million sponsor banner and ad impressions resulted.
- Freedom Rows raced at this year's Crew Classic once again. Freedom Rows is a group of Wounded Warriors from all over the country who compete in an exhibition race.

Red Bull Air Races

Highlights

- 71 percent of spectators attended the event for the first time.
- Some 54 percent of those who came from "far" away, including international visitors, stayed in a hotel during the event.
- 93 percent of attendees to the Red Bull Air Races would visit San Diego again if given the opportunity.
- The primary source of event awareness was word-of-mouth (33 percent) followed by Facebook (32 percent).

The Red Bull Air Race is an aerial race event established in 2003. This visual spectacle combines high speed racing and low altitude with highly maneuverable aircraft. In 2017, the Red Bull Air Race took place along the Embarcadero Marina Park during Easter weekend, April 15-16, 2017.

ROI

2.1:1

FY2017 Funding Amount	$400,000
Hotel Room Nights	5,664
Average Daily Rate (ADR)	$145.91
Total Room Night Revenue	$826,434

Manchester City Tournament

The Manchester City Tournament is a Surf Cup Sports managed youth soccer tournament in its third year, held over Memorial Day Weekend 2017. A total of 422 teams came to San Diego to compete over the three days, which is an increase of nearly 100 teams from 2016.

ROI

15.2:1

FY2017 Funding Amount	$20,000
Hotel Room Nights	1,769
Average Daily Rate (ADR)	$171.85
Total Room Night Revenue	$304,002

Highlights

- Three international teams participated in this year's event from England, Canada and Mexico. In addition, eight MLS youth clubs competed in 2017.
- The Manchester City Tournament was only the 2nd youth soccer tournament ever broadcast on live television (Univision).
- Nearly 550,000 people watched the live telecast.
- Hotel usage for this event increased by almost 50 percent from 2016.

Supplemental Events

USA Masters Games
$135,667

The USA Masters Games is the National Sports Festival for adult athletes ages 21 and over. The Games feature 24 sports, opening/closing ceremonies, a games village, social activities and live entertainment. FY17 TMD funding was used to support a bid for San Diego to host the games. This collaborative effort between the California State Games, the San Diego Tourism Authority and the San Diego Exploratory Foundation resulted in San Diego being awarded the contract to host the games annually beginning with the 2018 games. Following the funding award, the local organizing committee (LOC) decided to leverage the infrastructure of the California State Summer Games by hosting a "soft opening" of the games in July 2017. It was at that time that differences arose between the LOC and USA Masters Games. With a broader understanding of the event's potential, the SDTMD Board of Directors voted to cancel future year funding of the event.

AMGEN
$46,211

The Amgen Tour of California is a Tour de France-style cycling road race that challenges the world's top professional cycling teams to compete along a demanding course that traverses hundreds of miles of California's iconic highways, byways and coastlines each spring. Amgen used TMD funding to give San Diego visibility at the 2017 race with a goal of securing a start or finish in San Diego for a future race. This was a sponsorship relationship through the San Diego Tourism Authority.

Statements of Financial Position

For Years Ended June 30, 2015, 2016 & 2017*

ASSETS

Current assets	2015	2016	2017
Cash	7,434,971	1,131,041	2,522,614
Accounts receivable	11,301,675	7,366,728	3,318,778
City holdbacks current	0	6,564,033	6,736,882
Prepaid expenses	100,226	93,991	309,966
Accrued interest income	685,500	693,852	71,315
Advances to contractors	2,000,000	2,000,000	806,559
Total current assets	21,522,372	17,849,645	13,766,114
Other assets			
Security deposits	1,362	1,362	1,538
City holdbacks, net of current portion	12,282,177	19,500,000	26,000,000
Total other assets	12,283,539	19,501,362	26,001,538
TOTAL ASSETS	$33,805,911	$37,351,007	$39,767,652

LIABILITIES & NET ASSETS

Current liabilities			
Accounts payable	6,953,691	6,965,921	5,818,822
Accrued expenses	8,856	171	0
Deferred revenue	13,636,075	9,672,183	4,007,002
Indemnification reserve current	0	0	3,000,000
Total current liabilities	20,598,622	16,638,275	12,825,824
Long-term debt			
Deferred revenue	282,177	0	0
Indemnification reserve, net of current portion	12,000,000	19,500,000	26,000,000
Total long-term debt	12,282,177	19,500,000	26,000,000
Total liabilities	32,880,799	36,138,275	38,825,824
Net assets			
Unrestricted	925,112	1,212,732	941,828
Total net assets	925,112	1,212,732	941,828
TOTAL LIABILITIES & NET ASSETS	$33,805,911	$37,351,007	$39,767,652

Statements of Activities

For Years Ended June 30, 2015, 2016 & 2017*

REVENUE & SUPPORT

	2015	2016	2017
Tourism Marketing District revenue	26,918,042	33,005,359	33,074,241
Other income	2,500	37,959	30,874
Interest income	151,619	249,661	418,922
TOTAL REVENUE & SUPPORT	$27,072,161	$33,292,979	$33,524,037

EXPENSES

Program services

Allocations to contractors	24,299,828	29,878,224	31,454,983
Tourism development	500,000	700,000	182,560
TOTAL PROGRAM EXPENSES	$24,799,828	$30,578,224	$31,637,543

SUPPORT SERVICES

Management & general

SDTMD operations	1,970,912	1,999,909	1,628,123
Administrative fee to the City of San Diego	401,101	427,226	529,275
TOTAL SUPPORT SERVICES EXPENSES	$2,373,013	$2,427,135	$2,157,398

Increase (decrease) in unrestricted net assets	(99,680)	287,620	(270,904)
Net assets, beginning of year	1,024,792	925,112	1,212,732
Net assets, end of year	925,112	1,212,732	941,828

* Further detail on the SDTMD Corporation's audited FY 2015, 2016 & 2017 financials can be obtained from our website at sdtmd.org/reports

Board of Directors FY18

Chair: Scott Hermes
General Manager, Westin
San Diego Gaslamp Quarter

Vice-Chair: Matt Adams
Area Vice President, Manchester
Grand Hyatt San Diego

Secretary: Colleen Anderson
General Manager, Omni San Diego

Treasurer: C. Terry Brown
President, Atlas Hotels

Richard Bartell
President, Bartell Hotels

Matt Greene
General Manager,
Hard Rock Hotel San Diego

Elvin Lai
CEO and President,
Ocean Park Inn

Christopher Ostapovicz
Regional Vice President,
Host Hotels & Resorts, Inc.

STAFF

Brian Hughes
Executive Director

sdtmd
SAN DIEGO TOURISM MARKETING DISTRICT

750 B STREET, SUITE 1500,
SAN DIEGO, CA 92101

SDTMD.ORG

Attachment 8

FY 2018 Interim Report of Activities Summary

5 Pages

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San Diego Tourism Marketing District
FY 2018 Interim Report of Activities
(July 1- 2017 – February 28, 2018)

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
Approved by Resolution R-310731; effective November 1, 2016 through October 31, 2021;

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%

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FY 2018 TMD Budget Summary

Pursuant to San Diego Tourism Marketing District Management Plan

Available Tourism Marketing District (TMD) Funds for FY 2018:	Total
Projected Assessments	$36,855,968
Projected Interest	160,000
Carryover - 2nd district litigation reserve	29,000,000
Projected FY17 - Part II carryover	3,058,608
Total FY 2018 Funds Available	$69,074,576

Expenditures for FY 2018:	
Allocations *	$34,491,685
SDTMD Master plan	166,950
Supplemental request litigation reserve	3,000,000
Administration	2,281,429
Total FY 2018 Projected Expenditures	39,940,064

Reserve Allocations for FY 2018:	
Litigation reserve	27,000,000
Opportunity/Catastrophe	2,134,512
Total FY 2018 Projected Reserves	29,134,512
Total Expenditures and reserves	$69,074,576

Contractor	**Budgeted Funding**
San Diego Tourism Authority - Base	$32,157,085
SDTA - Sports	
Breeders Cup	$100,000
US Australian Football	$29,700
Thanksgiving Soccer	$50,000
San Diego Surf Cup	$120,000
US Soccer	$500,000
US National Girls Tennis	$15,000
SDTA Destination Care (medical marketing)	$150,000
SDTA - Total	$33,121,185
California State Games	$150,000
San Diego Beer Week	$74,900
San Diego Bayfair - Thunderboats	$95,000
San Diego Bowl Game Association	$300,000
San Diego Crew Classic	$200,000
Extreme Sailing	$400,000
California Police Athletic Federation	$50,000
Farmers Insurance Open	$100,000
Total	**$34,491,685**

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FY 2018 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, 2018)

a. San Diego Tourism Authority (SDTA): 31,987,785

i. Score Ranking:

- Directors' Aggregate Score: #1 of 13

ii. Return on Investment (ROI)-projected:

- 3,976,500 total hotel room nights
- $689,043,120 @ $173.28
- 21.5:1

iii. Actual FY 2018 ROI Q1 &Q2:

- Campaigns run through Q4 of FY 2018
- Citywide Group Sales @ 63% to FYTD goal (84% STLY)
- Hotel Sales Division @ 113% to FYTD goal (115% STLY)

b. S.D. Bowl Game Association: $300,000

i. Score Ranking:

- Directors' Aggregate Score: #2 of 13

ii. Return on Investment (ROI)-projected:

- 24,572 total hotel room nights
- $3,934,468 @ $160.12 ADR
- 13.1:1

iii. **Actual FY 2018 ROI:**

- 12,639 total hotel room nights
- $2,075,956 @ $139.80 ADR
- 6.9:1

c. California State Games & Winter Games: $150,000

i. Score Ranking:

- Directors' Aggregate Score: #3 of 13

ii. Return on Investment (ROI)-projected:

- 17,500 total hotel room nights
- $ 2,537,500 @ $145.00 ADR
- 16.9:1

iii. Actual FY 2018 ROI Q1 &Q2:

- The Winter Games portion of the events are held in Q3 FY 2018 so total results will be reported at fiscal year-end.

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d. SDTA – Breeder's Cup $100,000

i. Score Ranking:

- Directors' Aggregate Score: #4 of 13

ii. Return on Investment (ROI)-projected:

- 20,000 total hotel room nights
- $ 3,202,400 @ $160.12 ADR
- 32.0:1

iii. Actual FY 2018 ROI Q1 &Q2:

- 8,578 total hotel room nights
- $1,867,345 @ $217.69 ADR
- 18.7:1

e. SD Crew Classic: $200,000

i. Score Ranking:

- Directors' Aggregate Score: #5 of 13

ii. Return on Investment (ROI)-projected:

- 11,500 total hotel room nights
- $1,841,380 @ $160.12 ADR
- 9.2:1

iii. Actual FY 2017 ROI Q1 &Q2:

- This program occurs in Q4 FY 18

g. Craft Brewers Guild SD Beer Week: $74,900

i. Score Ranking:

- Directors' Aggregate Score: #6 of 13

ii. Return on Investment (ROI)-projected:

- 8,000 total hotel room nights
- $1,280,960 @ $160.12 ADR
- 17.1:1

iii. Actual FY 2017 ROI Q1 &Q2:

1. 1,250 total hotel room nights
2. $217,210 @ $173.62 ADR
3. 2.9:1

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f. San Diego Bayfair – Thunderboats $95,000

i. Score Ranking:

- Directors' Aggregate Score: #7 of 13

ii. Return on Investment (ROI)-projected:

- 16,511 total hotel room nights
- $2,643,741 @ $160.12 ADR
- 27.8:1

iii. Actual FY 2017 ROI Q1 &Q2:

- 17,656 total hotel room nights
- $2,905,118 @ $164.54 ADR
- 30.6:1

14. Farmers Insurance Open $100,000

i. Score Ranking:

- Director's Aggregate Score: #8 of 13

ii. Return on Investment (ROI)-projected:

- 42,468 total hotel room nights
- $6,800,000 @ $160.12 ADR
- 68.0:1

iii. Actual FY 2017 ROI Q1 &Q2:

- This event occurs in Q3 FY 18

15. California Police Athletic Federation $50,000

i. Score Ranking:

- Director's Aggregate Score: #9 of 13

ii. Return on Investment (ROI)-projected:

- 11,118 total hotel room nights
- $1,780,214 @ $160.12 ADR
- 35.5:1

iii. Actual FY 2017 ROI Q1 &Q2:

- This event occurs in Q4 FY 18

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Five Year Prospective

This section covers the time-period from **July 1, 2018 through June 30, 2023** and forecasts the District's longer-term goals and intentions.

SDTMD Activities

Targeted Marketing and Sales Programs

It is the understanding of the SDTMD that the aggressive, daily consumption of lodging, as measured by the industry standard of hotel room nights, is vital to all lodging businesses because the unused portion of a hotel's available inventory spoils every day, and is never again available for sale. Therefore, SDTMD will contract with destination marketing organizations (DMOs) and other contractors selected through competitive application or procurement processes for the specific marketing and sales programs and services as outlined below. The targeted marketing and sales programs and activities will focus primarily on (i) the group and meeting planner or contractor and (ii) consumer direct sales and marketing programs. Consumer direct sales and marketing programs are specifically designed to place booking opportunities for assessed businesses in the grasp of consumers who have or may have expressed an interest in traveling to San Diego. These programs include meeting and group direct sales and marketing, and consumer direct sales and marketing programs.

Destination Marketing

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

Five Year Vision

San Diego is an attractive destination for leisure travelers and meeting attendees alike. We have many advantages, but we also face headwinds. Primary among the threats to our destination is the lack of buzz-worthy new reasons to visit; particularly to return.

This was the genesis of the 20-Year Destination Master Plan, completed in 2015 and activated in 2017 as *Experience San Diego, Destination 2040*. Several major, long-term initiatives are underway that will require sustained and significant financial resources to successfully deliver the return-on-investment that is required. These include:

- Re-invigorate the Greater Los Angeles leisure traveler market

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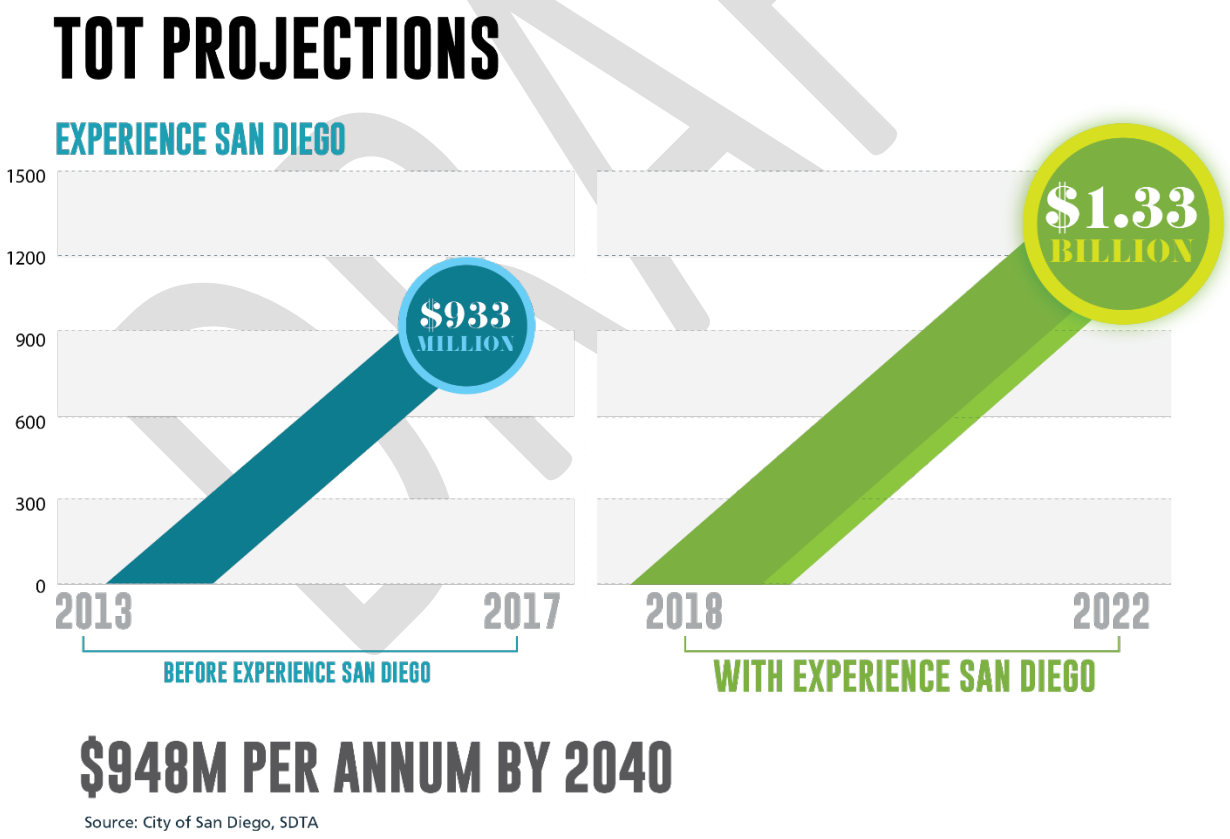
- Elevate Balboa Park as family, cultural and outdoor destination worthy of the great parks of the world.
- Introduce San Diego to the Chinese leisure travel market. Eventually secure a direct non-stop flight.

Future initiatives as developed by Experience San Diego's Steering Committee include:

- Destination Care: Proactive and reactive wellness
- Destination Loyalty: Stimulate repeat visits and longer stays
- Cultural Tourism: Neighborhoods, the arts, museums, visual arts experiential opportunities.
- Owning the Life Cycle of Visitors: Generational travel. A reason for explorers of all ages to visit at all stages of their life.
- International visitation: Similar to China, India holds tremendous promise for our destination. Mexico is also a burgeoning opportunity to nurture and grow.

Every undertaking of this magnitude must have a goal that is achievable, aggressive and accountable. The Experience San Diego Steering Committee has established a TOT collection goal accordingly:



Everything that Experience San Diego supports will have one common denominator: to stimulate demand for the consumption of TMD hotel rooms.

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Five-Year Financial Projection

Projected growth rate	5%	4%	4%	4%	4%
	FY19	FY20	FY21	FY22	FY23
	Budgeted	Projected	Projected	Projected	Projected
Modified District O-20096					
PROJECTED AVAILABLE FUNDS:					
Projected assessments	39,942,627	$ 41,540,332	$ 43,201,945	$ 44,930,023	$ 46,727,224
Projected carrover					
Carryover Administrative	660,254	$ -	$ -	$ -	$ -
Carryover Opportunity/Catastrophe Reserve	2,909,508	3,575,860	2,907,823	3,024,136	3,145,102
Carryover First district	75,000	-	-	-	-
Carryover Indemnification reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total projected carryover	4,644,762	4,575,860	3,907,823	4,024,136	4,145,102
Interest income	160,000	160,000	160,000	160,000	160,000
Total funds available:	44,747,389	46,276,192	47,269,768	49,114,159	51,032,326
PROJECTED ACTIVITIES:					
Competitive Applications					
Targeted Marketing and Sales Programs	24,664,347	24,577,295	25,073,744	26,076,694	27,119,762
Destination Marketing	13,488,649	16,384,863	16,715,830	17,384,463	19,566,698
Total Competitive Applications	38,152,996	40,962,159	41,789,574	43,461,157	46,686,460
Administration	2,018,533	1,406,210	1,456,058	1,507,901	1,561,817
Total projected expenditures	**40,171,529**	**42,368,369**	**43,245,632**	**44,969,058**	**48,248,277**
Reserves:					
Opportunity/Catastrophe Reserve	5,780,492	6,483,683	5,931,959	6,169,238	6,416,007
Less: Utilization of reserve - est. at 100% PY carryover	(2,204,632)	(3,575,860)	(2,907,823)	(3,024,136)	(3,145,102)
Balance Opportunity/Catastrophe Reserve	3,575,860	2,907,823	3,024,136	3,145,102	3,270,906
Indemnification reserve	1,000,000	1,000,000	1,000,000	1,000,000	-
Total projected reserves	4,575,860	3,907,823	4,024,136	4,145,102	3,270,906
Total projected activites:	44,747,389	46,276,192	47,269,768	49,114,159	51,519,183
District O-19622					
PROJECTED AVAILABLE FUNDS:					
Carryover Indemnification reserve					
Category A	19,579,971	16,745,783	12,245,783	4,245,783	1,945,783
Category B	6,420,029	4,254,217	2,754,217	754,217	54,217
Total carryover idemnification reserve	26,000,000	21,000,000	15,000,000	5,000,000	2,000,000
Interest income					
Category A	225,923	196,908	143,994	49,925	22,880
Category B	74,077	50,024	32,386	8,869	638
Total interest income	300,000	246,931	176,380	58,793	23,517
Total funds available:	26,300,000	21,246,931	15,176,380	5,058,793	2,023,517
PROJECTED ACTIVITIES:					
Projected expenditures					
Gategory A	2,834,188	4,500,000	8,000,000	2,300,000	1,945,783
Category B - Dest. Mktg w/specific call to action	2,165,812	1,500,000	2,000,000	700,000	54,217
	5,000,000	6,000,000	10,000,000	3,000,000	2,000,000
Administration					
Category A	168,000	196,908	143,994	49,925	22,880
Category B	132,000	50,024	32,386	8,869	638
	300,000	246,931	176,380	58,793	23,517
Total projected expenditures	**5,300,000**	**6,246,931**	**10,176,380**	**3,058,793**	**2,023,517**
Reserves:					
Indemnification reserve					
Category A	16,745,783	12,245,783	4,245,783	1,945,783	-
Category B	4,254,217	2,754,217	754,217	54,217	-
Total projected reserves	21,000,000	15,000,000	5,000,000	2,000,000	-
Total projected activites:	26,300,000	21,246,931	15,176,380	5,058,793	2,023,517
Total indemnification reserve					
Modified District O-20096	1,000,000	1,000,000	1,000,000	1,000,000	-
O-20096					
A	16,745,783	12,245,783	4,245,783	1,945,783	-
B	4,254,217	2,754,217	754,217	54,217	-
Total O-20096	21,000,000	15,000,000	5,000,000	2,000,000	-
Remaining balance - indemnification reserve	22,000,000	16,000,000	6,000,000	3,000,000	-

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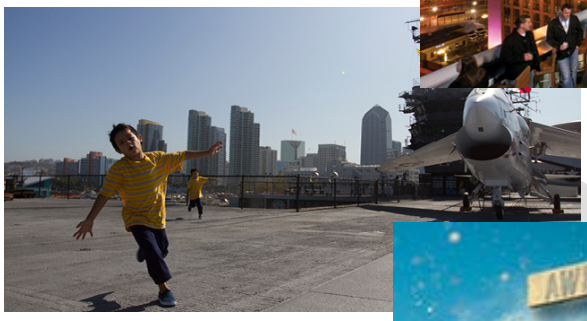

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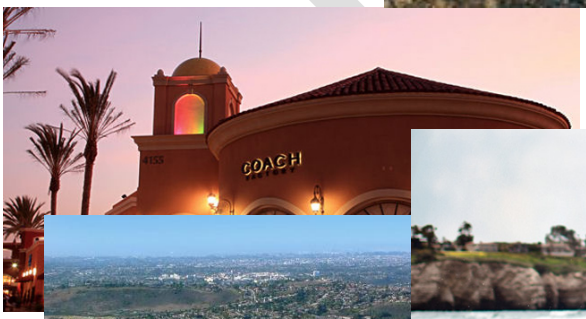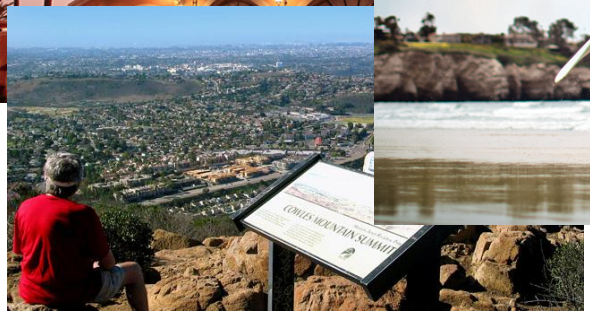
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