

***San Diego Tourism Marketing District***

AGREED-UPON PROCEDURES  
PROGRAM RECIPIENT RETURN ON INVESTMENT  
CALCULATIONS –

FISCAL YEAR ENDED JUNE 30, 2010

SAN DIEGO CONVENTION & VISITORS BUREAU – BASE PROGRAM  
SAN DIEGO NORTH CONVENTION & VISITORS BUREAU – BASE PROGRAM  
SAN DIEGO CONVENTION & VISITORS BUREAU – LA MARKET FALL STIMULUS  
SAN DIEGO CONVENTION & VISITORS BUREAU – LA MARKET SPRING SUMMER STIMULUS  
SAN DIEGO CONVENTION & VISITORS BUREAU – NATIONAL CABLE  
SAN DIEGO CONVENTION & VISITORS BUREAU – ON LINE TRAVEL AGENCIES  
CALIFORNIA STATE GAMES – THE 2009 CALIFORNIA STATE GAMES

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
San Diego Tourism Marketing District  
San Diego, California

We have performed the procedures enumerated below, which were agreed to by San Diego Tourism Marketing District, ("TMD") formerly known as San Diego Tourism Promotion Corporation, solely to assist you with respect to testing selected Return on Investment ("ROI") calculations provided by TMD program recipients. TMD is responsible for oversight of program recipient ROI procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of TMD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings related to the following programs: San Diego Convention & Visitors Bureau ("ConVis") – Base Program, LA Market Fall Stimulus, LA Market Spring Summer Stimulus, National Cable, On Line Travel Agencies; San Diego North Convention & Visitors Bureau ("North ConVis") – Base Program; California State Games. Our procedures and findings for these programs are documented in Exhibit I.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of TMD and its board of directors and is not intended to be and should not be used by anyone other than those specified parties.

*Robert R. Redwitz & Co.*

**ROBERT R. REDWITZ & CO.**  
*An Accounting and Consulting Corporation*

La Jolla, California  
March 10, 2011

**EXHIBIT I**

## San Diego Convention & Visitors Bureau Base Program

### Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### Finding

*We obtained the detailed ROI calculation for the ConVis Base Program. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 16.40:1 and the ROI in the FY 2010 Annual ROI Report is 12.08:1. This difference is due to different room nights and different average daily rates ("ADR") used and a revision to funding in the final detailed calculation. Actual room nights of 1,153,547 and an ADR of \$157.13 (a weighted average rate of three programs described in procedure 4b below) were used in the final detailed ROI calculation while estimated room nights of 776,894 and an ADR of \$170.32 were reported in the FY 2010 Annual ROI Report. The final funding of \$11,036,305 was used in the final detailed ROI calculation while the original funding of \$10,948,437 was reported in the FY 2010 Annual ROI Report.*

### Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### Finding

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the funding amount and the ADR used. The original budgeted funding request was \$11,925,750 while the actual funding amount used in the ROI calculation was \$11,036,305. The original approved budget used an estimated ADR of \$158.06, based on Tourism Economics Forecast released December 2008, while the actual ADR used in the ROI calculation was \$157.13.*

### Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### Finding

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)

## San Diego Convention & Visitors Bureau Base Program (continued)

### Procedure (continued)

- b. Method of collecting information.
- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

### Finding

4a. TRN were calculated based on the combination of room nights generated from advertising, room nights booked on the ConVis website, and hotel meeting group room nights. Advertising room nights totaled 513,503 TMD room nights and were calculated based on a study performed by Taylor Nelson Sofres Brand and Communications (“TNS”), a consultant specializing in market research, dated December 2010, see procedure 4b below. Website room nights totaled 8,673 and represented actual room nights booked through the ConVis website. Hotel meeting room nights totaled 633,262 TMD room nights and consisted of each group meeting booked through ConVis. These meetings were electronically confirmed by the hotel via the ConVis ILead system. For small groups of meetings not confirmed through ILead, ConVis obtained a paper booking notice signed by the hotel to verify the room nights booked.

4b. Advertising room nights were based on a study conducted by TNS. TNS analyzed ad effectiveness in the national market, spot markets (San Francisco, Las Vegas, Salt Lake City, and Phoenix), and Los Angeles in its 2010 Spring Ad Effect Analysis (“2010 Spring Ad Study”). TNS conducted two waves of online surveys in order to quantify the effectiveness of ConVis advertising. In the first wave, residents of various markets in which advertising was done were asked to indicate their awareness of radio, online, and television ads and ad campaigns specific to San Diego sponsored by ConVis. The first wave of surveys was conducted during April 5-11 and June 15-24, 2010 for the ConVis ad campaigns that ran from February through June 2010. A total of 12,742 households completed the first wave of surveys. Of these 12,742 households, 2,980 indicated that they were ad aware and participated in the second survey. The results of the first survey indicated that approximately 43.4% of households in the spot markets of San Francisco, Phoenix, Las Vegas, and Salt Lake City were ad aware and 4.6% of the remainder of the Western United States were ad aware. The second wave of surveys was conducted during September 14-21 and October 27-November 2, 2010, in order to track travel behavior of the ad aware households from the first survey and measure their visits and hotel stays in San Diego for February through September, 2010. When the ad aware participants from the first wave of surveys were later contacted to participate in the second wave of surveys, approximately 8.6% reported that they subsequently traveled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS. Website room nights was supported by a report from a third party, ARES booking engine, which summarized the hotel room nights sold via ConVis. The ADR used in the ROI calculation was the average of the actual room rates associated with the room nights sold through ARES on sandiego.org. Hotel meeting room nights were those that were booked with TMD properties in San Diego which are supported by hotel confirmation obtained from the ILead system and signed paper booking notices. The average room rate used in the ROI calculation was based on the group ADR for FY 2010 from the STR Segmentation Reports by Smith Travel Research (“STR”), a consultant specializing in hotel performance trends.

## San Diego Convention & Visitors Bureau Base Program (continued)

### Finding (continued)

4c. For advertising room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the ConVis advertising and excluded those nights from the total number of hotel room nights in order to estimate the effect of incremental room nights. In the 2010 Spring Ad Study, TNS attempted to estimate TMD room nights by asking survey participants what location they stayed in based on a map which identified the TMD districts and non-TMD districts. TNS did not ask the participants what hotel they stayed at. The result of the advertising room night survey indicated 79% in the four spot markets and 71% in the Western United States market nights were within the TMD district, arriving at an estimate of 513,503 TMD room nights. Since the survey participants were asked what area they stayed in to determine if they were in the TMD district, the area includes hotels within the TMD district that are non-TMD hotels with less than 70 rooms. ConVis included only estimated TMD room nights of 1,153,547 in its ROI calculation. Actual website room nights booked through ConVis were reported with no attempt by ARES to identify only TMD room nights; therefore, ConVis estimated that 78.2% of hotel bookings were TMD bookings. This estimate was based on city transient occupancy tax ("TOT") representing approximately 78.2% of county TOT in FY 2009. This percentage was then applied to the total website room nights to estimate the TMD hotel room nights of 6,782, which was used in the ROI calculation. Hotel meeting room nights of 633,262 were those that were booked with TMD hotel properties in San Diego. Only the TMD funding of \$11,036,305 was taken into account in the ROI calculation.

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.
  - e. Recalculate ROI and report any discrepancies or mathematical errors.
  - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
  - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
  - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
  - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

5a. We agreed the total room nights calculation to the source data described in procedure 4 above and agreed it to the detailed ROI calculation with no exception.

**San Diego Convention & Visitors Bureau Base Program (continued)**

**Finding (continued)**

5b. *ConVis did not prepare a report that summarizes TRN by TMD hotel property.*

5c. *The weighted average room rate of \$157.13 used in the ROI calculation was based on 1) the result of the study conducted by TNS, 2) actual room rates associated with the room nights sold through ARES, and 3) the ADR from STR Segmentation Reports for hotel meeting room nights. The estimated room rate per the original approved budget was \$158.06, based on Tourism Economics Forecast released December 2008.*

5d. *The funding amount in the original budgeted funding request was \$11,925,750 while the actual funding reported by ConVis in its detailed ROI calculation was \$11,036,305, with a difference of \$889,445.*

5e. *We recalculated the ROI and noted that the average of actual room rates associated with the room nights sold through ARES was \$116.77 from the ARES report while \$118.45 was used to calculate the website room revenue in the ROI calculation. The revenue generated from the website room nights would be \$11,394 lower if the ADR of \$116.77 was used in the ROI calculation.*

5f. *We obtained a copy of the hotel room night detailed tracking list of ConVis group meeting sales for FY 2010 and recalculated the total room nights and agreed the total to the detailed ROI calculation without exceptions.*

5g. *We selected 25 hotel meeting groups and traced to the booking verification by ILead system and signed booking notices. We agreed the findings to the number of room nights reported by ConVis without exceptions.*

5h. *TNS designed the criteria for measuring advertising ROI. The results were collected through two surveys. TNS selected a panel that demographically represented the population of the markets in which the advertisements were placed to participate in the initial wave of surveys. The first wave of surveys was designed to determine participants' awareness of the various ads and ad campaigns sponsored by ConVis. The second wave of surveys was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*

5i. *We obtained a copy of the TNS report that describes the findings and the method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in the target markets. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights. The result of the surveys indicated that 79% of room nights in the four spot markets and 71% of room nights in the Western United States were TMD room nights. The numbers of room nights in the four spot markets and the West market were multiplied by the 79% and 71%, respectively, to arrive at the estimated number of TMD room nights in the four spot markets and the Western United States generated by the various ads and ad campaigns sponsored by ConVis in the ConVis Spring 2010 Campaign.*

To the Board of Directors  
San Diego Tourism Marketing District

**San Diego Convention & Visitors Bureau Base Program (continued)**

**Procedure**

6. Report differences in how recipients with similar marketing programs calculate ROI.

**Finding**

*See Schedule A, attached.*

## San Diego North Convention & Visitors Bureau Base Program

### **Procedure**

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### **Finding**

*The detailed ROI calculation was prepared by the TMD since the prior management of San Diego North Convention & Visitors Bureau ("North ConVis") has been disbanded. We compared the actual ROI calculation for North ConVis to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agreed to the FY 2010 Annual ROI Report of 1.05:1. However, the ADR used in the detailed ROI calculation was \$170.32, estimated by ConVis, while the ADR identified in the FY 2010 final North ConVis report was \$127.55, based on the trending rate for 12 months through March 2010. The funding amount used in the detailed ROI calculation was \$2,200,000, reported in the annual ROI report, while the actual funding received by North ConVis for FY 2010 was \$2,174,144.*

### **Procedure**

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### **Finding**

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD.*

### **Procedure**

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### **Finding**

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### **Procedure**

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
  - b. Method of collecting information.
  - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

## San Diego North Convention & Visitors Bureau Base Program (continued)

### Finding

4a. TRN were calculated based on group room nights reported by North ConVis, based on booking notice from hotels. In addition, there were leisure room nights booked with TMD properties in North San Diego through ARES, a third party booking engine, for the period in which the advertising campaign ran, July 2009 through June 2010.

4b. Group room nights were booked with hotel properties in North San Diego for which North ConVis received a signed booking notice. The ADR of \$170.32 used in the detailed ROI calculation was projected by ConVis. The ADR of \$127.55 identified in the final North ConVis report was based on the trending rate in North San Diego through March 2010 for the last rolling 12 months.

4c. The total group room nights claimed by North ConVis were taken into account in the ROI calculation. Of 13,592 claimed group room nights, 6,545 were actual group room nights booked with TMD properties in North San Diego. Only TMD funding was taken into account in the ROI calculation.

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.
  - e. Recalculate ROI and report any discrepancies or mathematical errors.
  - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
  - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
  - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
  - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

5a. Group room nights claimed by North ConVis were 13,592. We obtained a booking summary that shows 6,545 of the group room nights were at TMD properties in North San Diego. If only TMD group room nights were taken into account in the ROI calculation, the ROI revenue would be decreased by \$898,844.85, with the average room rate of \$127.55, identified by North ConVis. In addition, we obtained a copy of the ARES report that presented actual leisure room nights booked in North San Diego. Actual leisure room nights of 524 for TMD properties were not taken into account in the final ROI calculation. If the ARES leisure room nights of 524 at the average room rate of \$152.83 reported by ARES were added, the ROI revenue would be increased by \$80,082.

## San Diego North Convention & Visitors Bureau Base Program (continued)

### Finding (continued)

5b. *TRN data by TMD hotel property was not available for publication.*

5c. *The average room rate of \$127.55 identified in the FY 2010 final North ConVis report was reported to be based on the trending rate in North San Diego through March 2010 for the last rolling 12 months. Based on the San Diego ConVis Industry Summary for the period from April 2009 to March 2010, we recalculated the rolling 12 month county ADR average at March 2010 at \$120.70. If the recalculated rate were applied rather than the \$127.55 claimed by North ConVis, ROI would be decreased by \$44,833. The ADR used in the detailed ROI calculation was the estimated room rate of \$170.32 per the summary presented in the FY 2010 Annual ROI Report, projected by TMD.*

5d. *The funding amount in the original approved funding request was \$2,200,000, while the actual funding received by North ConVis was \$2,174,144, a difference of \$25,856.*

5e. *We recalculated the ROI using TMD group room nights of 6,545 at the ADR of \$120.70 and TMD leisure room nights from the ARES report of 524 at the ADR of \$152.83, which is the weighted average room rate associated with the TMD room nights booked through ARES, and arrived at 0.40:1 while the ROI reported in the FY 2010 Annual ROI Report was 1.05:1. The difference is due to different room nights, different ADRs, and different funding amounts used in the ROI calculation. The FY 2010 Annual ROI Report provided by the TMD used total group room nights of 13,592 at an estimated ADR of \$170.32 and the budgeted funding of \$2,200,000 in the detailed ROI calculation, while the actual funding amount was \$2,174,144 received by North ConVis.*

5f. *We obtained a copy of the ARES report for leisure room nights and the detail by property supporting the booking summary of group room nights. The totals for the detail of group room nights are accurate and agree to the summary of group room nights. The room nights claimed by North ConVis was 13,592, including non-TMD room nights of 7,022 and excluding TMD leisure room nights of 524 booked through ARES.*

5g. *For group room nights, we were not provided with booking notices from the hotels to test the detail information.*

5h. *This procedure is not applicable. Total group room nights generated were based on the booking summary of actual room nights. Total leisure room nights were based on ARES report of actual room nights.*

5i. *This procedure is not applicable. The data obtained did not rely on sampling.*

### Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

### Finding

*See Schedule A, attached.*

## ConVis Incremental Program – LA Market FY 2010 Fall Stimulus

### Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### Finding

*We obtained the detailed ROI calculation for ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (“ConVis 2010 FS”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 66.67:1 and the ROI in the FY 2010 Annual ROI Report is 85:1. This difference is due to different room nights used in the detailed calculation. Actual TMD room nights of 447,359 was used in the detailed ROI calculation while total county room nights of 572,070 was reported in the FY 2010 Annual ROI Report.*

### Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### Finding

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR and the amount of funding. The original approved budget used an estimated ADR of \$121.30 and total funding of \$1,000,000 while the actual ADR used in the ROI calculation was \$140.30 and actual funding was \$941,360.*

### Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### Finding

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
  - b. Method of collecting information.
  - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

## ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (continued)

### Finding

4a. TRN were calculated based on room nights generated from advertising in Los Angeles for the FY 2010 Fall Stimulus. Advertising room nights were calculated based on a study performed by TNS, a consultant specializing in market research, dated March 2010, see procedure 4b below.

4b. The information used to calculate the estimated total county hotel room nights was based on a study conducted by TNS. TNS conducted two waves of online surveys in order to quantify the effectiveness of ConVis 2010 FS advertising. The first wave of surveys was conducted in November 2009 to identify ad aware households for TV commercials, radio, and online advertising campaigns that ran early September 2009. In the first wave, residents of Los Angeles were asked to indicate their awareness of various ad campaigns sponsored by ConVis 2010 FS. A total of 730 households completed the first wave of surveys. The results of the first wave indicated that approximately 58.6% of households in Los Angeles were ad aware. The second wave of surveys was conducted in February 2010 in order to track ad aware households from the first wave and measure their visits and hotel stays in San Diego. When the ad aware participants from the first wave of surveys were later contacted to participate in the second wave of surveys, approximately 16.2% reported that they subsequently travelled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS.

4c. In order to estimate the effect of incremental room nights, TNS asked the second wave, ad aware survey participants if they had booked travel in San Diego prior to seeing or hearing the ad and deducted those nights from the total number of hotel room nights. Total estimated room nights in San Diego were reported with no attempt by TNS to identify only TMD room nights; therefore ConVis 2010 FS estimated that 78.2% of hotel bookings were TMD bookings. This estimate was based on city transient occupancy tax ("TOT") representing approximately 78.2% of county TOT in FY 2009. This percentage was then applied to the total number of hotel room nights estimated in the TNS study to estimate the number of TMD hotel room nights of 447,359. Only TMD funding was taken into account in the ROI calculation.

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.
  - e. Recalculate ROI and report any discrepancies or mathematical errors.
  - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
  - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.

## ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (continued)

### Procedure (continued)

- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

- 5a. *We obtained a copy of the report prepared by TNS and agreed the findings in the report to the detailed ROI calculation with no exception.*
- 5b. *ConVis 2010 FS did not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by TNS.*
- 5c. *The average room rate of \$140.30 used in the ROI calculation was based on the study conducted by TNS. The estimated room rate per the original approved budget was \$121.30, based on the September and October 2009 county ADR, reported by STR, a consultant specializing in hotel performance trends.*
- 5d. *The funding amount in the original approved funding request was \$1,000,000, while the actual funding reported by ConVis 2010 FS in its detailed ROI calculation was \$941,360, a difference of \$58,640.*
- 5e. *We recalculated the detailed ROI and noted there were no discrepancies.*
- 5f. *See above information in procedure 4 for detail of information collected.*
- 5g. *This procedure is not applicable. We relied on TNS study for the number of total estimated hotel room nights.*
- 5h. *TNS designed the criteria for measuring advertising ROI. The results were collected through two surveys. TNS selected a panel that demographically represented the population of Los Angeles to participate in the initial wave of surveys. Wave 1 was designed to determine awareness of the various ads and ad campaigns sponsored by ConVis 2010 FS. Wave 2 was designed to measure their subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*
- 5i. *We obtained a copy of the TNS report that describes the findings and method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in Los Angeles. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights generated by the various ad campaigns sponsored by ConVis 2010 FS.*

To the Board of Directors  
San Diego Tourism Marketing District

**ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (continued)**

**Procedure**

6. Report differences in how recipients with similar marketing programs calculate ROI.

**Finding**

*See Schedule A, attached.*

## **ConVis Incremental Program – LA Market Spring Summer Stimulus**

### **Procedure**

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### **Finding**

*We obtained the detailed ROI calculation for ConVis Incremental Program – LA Market Spring Summer Stimulus (“ConVis LA SS”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 66.56:1 and the ROI in the FY 2010 Annual ROI Report is 14:1. This difference is due to different room nights and different ADRs used in the detailed calculation. Actual room nights of 545,513 and an ADR of \$125.48 (based on a study conducted by TNS, a consultant specializing in market research, dated December 2010) were used in the detailed ROI calculation while projected room nights of 93,373 and an ADR of \$154.83 were reported in the FY 2010 Annual ROI Report.*

### **Procedure**

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### **Finding**

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used and the amount of funding. The original approved budget used an estimated ADR of \$154.83 and total funding of \$1,100,000 while the actual ADR used in the ROI calculation was \$125.48 and actual funding was \$1,028,400.*

### **Procedure**

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### **Finding**

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### **Procedure**

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
  - b. Method of collecting information.

## ConVis Incremental Program – LA Market Spring Summer Stimulus (continued)

### Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

### Finding

4a. TRN were calculated based on room nights generated from advertising in the Los Angeles market. Advertising room nights were calculated based on a study conducted by TNS, see procedure 4b below.

4b. The information used to calculate the estimated total hotel room nights was based on the 2010 Spring Ad Study performed by TNS. TNS conducted three waves of online surveys in order to quantify the effectiveness of ConVis LA SS advertising. In the first and second waves, residents of Los Angeles were asked to indicate their awareness of radio, online, and television ad campaigns specific to San Diego sponsored by ConVis for the LA market. Data in the first and second waves of surveys was collected during April 5-11, 2010 and June 15-24, 2010 for the ConVis ad campaigns that ran from February to June 2010. A total of 1,727 households completed the first and second waves of surveys. The results of the first two waves indicated that approximately 40.6% of households in Los Angeles were ad aware. The third wave of surveys, conducted during September 14-21 and October 27-November 2, 2010, tracked those ad aware households and measured their visits and hotel stays in San Diego from February to September, 2010. When the ad aware participants of the first two surveys were later contacted to participate in the third wave of surveys, approximately 18.3% reported that they subsequently travelled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS.

4c. In order to estimate the effect of incremental room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the ConVis advertising and excluded those nights from the total number of hotel room nights. In the 2010 Spring Ad Study, TNS attempted to estimate TMD room nights by asking survey participants what location they stayed in based on a map which identified the TMD districts and non-TMD districts. TNS did not ask the participants what hotel they stayed at. The result from the survey data indicated 78% of total estimated room nights was within TMD. Hotels within the TMD district include non-TMD hotels with less than 70 rooms. TMD room nights of 545,513 were used in the ROI calculation. ConVis LA SS received co-op partner funding from Sea World to match the TMD's investment. Only TMD funding of \$1,028,400 was used in the ROI calculation.

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.

## ConVis Incremental Program – LA Market Spring Summer Stimulus (continued)

### Procedure (continued)

- e. Recalculate ROI and report any discrepancies or mathematical errors.
- f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

*5a. We obtained a copy of the advertising campaign ROI study prepared by TNS and agreed the findings in the report to the detailed ROI calculation with no exceptions.*

*5b. ConVis LA SS did not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by TNS.*

*5c. The average room rate of \$125.48 used in the ROI calculation was based on the study conducted by TNS. The estimated room rate per the original approved budget was \$154.83, based on the projected rate from ConVis.*

*5d. The funding amount in the original approved funding request was \$1,100,000, while the actual funding reported by ConVis LA SS in its detailed ROI calculation was \$1,028,400, a difference of \$71,600.*

*5e. We recalculated the ROI and noted no discrepancies.*

*5f. See above information in procedure 4 for detail of information collected.*

*5g. This procedure is not applicable. We relied on TNS study for the information collected.*

*5h. TNS designed the criteria for measuring advertising ROI. The results were collected through three surveys. TNS selected a panel that demographically represented the population of Los Angeles to participate in the first two waves of surveys. Wave 1 and 2 were designed to determine participants' awareness of the various ads and ad campaigns sponsored by ConVis. Wave 3 was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*

*5i. We obtained a copy of the TNS report that describes the findings and the method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in Los Angeles. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights. The result of the surveys indicated that 78% of total*

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San Diego Tourism Marketing District

**ConVis Incremental Program – LA Market Spring Summer Stimulus (continued)**

**Finding (continued)**

*number of room nights was TMD room nights. Total number of room nights was multiplied by the 78% to arrive at the estimated number of TMD room nights generated by the various ads and ad campaigns sponsored by ConVis.*

**Procedure**

6. Report differences in how recipients with similar marketing programs calculate ROI.

**Finding**

*See Schedule A, attached.*

## ConVis Incremental Program – National Cable Spring 2010

### **Procedure**

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### **Finding**

*We obtained the detailed ROI calculation for ConVis Incremental Program – National Cable Spring 2010 (“ConVis Cable”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 14.15:1 and the ROI in the FY 2010 Annual ROI Report is 7.45:1. This difference is due to different room nights and different ADRs used in the detailed calculation. Actual room nights of 345,642 and an ADR of \$118.15 (based on a study conducted by TNS, a consultant specializing in market research, dated December 2010) were used in the detailed ROI calculation while projected room nights of 155,772 and an ADR of \$138.05 were reported in the FY 2010 Annual ROI Report.*

### **Procedure**

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### **Finding**

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used. The original approved budget used an estimated ADR of \$138.05 while the actual ADR used in the ROI calculation was \$118.15.*

### **Procedure**

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### **Finding**

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### **Procedure**

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
  - b. Method of collecting information.

## ConVis Incremental Program – National Cable Spring 2010 (continued)

### Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

### Finding

*4a. TRN were calculated based on room nights generated from advertising for the national cable program. Advertising room nights were calculated based on a study performed by TNS, see procedure 4b below.*

*4b. The information used to calculate the estimated total hotel room nights was based on the 2010 Spring Ad Study performed by TNS. TNS conducted two waves of online surveys in order to quantify the effectiveness of ConVis Cable advertising. In the first wave, residents of various markets in which advertising was done were asked to indicate their awareness of radio, online, and television ads and ad campaigns specific to San Diego sponsored by ConVis. The first wave of surveys was conducted during April 5-11, 2010 for the ConVis ad campaigns that ran from February through April 2010. A total of 8,089 households completed the first wave of surveys. The result of the first survey indicated that approximately 18.3% of households participating in the first survey were ad aware. The second wave of surveys was conducted during September 14-21 and October 27-November 2, 2010, in order to track travel behavior of the ad aware households from the first wave and measure their visits and hotel stays in San Diego for February through September, 2010. When the ad aware participants from the first wave of surveys were later contacted to participate in the second wave of surveys, approximately 2.2% reported that they subsequently traveled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS.*

*4c. In order to estimate the effect of incremental room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the ConVis advertising and excluded those nights from the total number of hotel room nights. In the 2010 Spring Ad Study, TNS attempted to estimate TMD room nights by asking survey participants what location they stayed in based on a map which identified the TMD districts and non-TMD districts. TNS did not ask the participants what hotel they stayed at. The result from the actual data indicated 75% of total number of estimated room nights was within the TMD district. Hotels within the TMD district include non-TMD hotels with less than 70 rooms. Only TMD room nights of 345,642 were used in the ROI calculation. Only TMD funding of \$2,886,868 was used in the ROI calculation.*

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.

## ConVis Incremental Program – National Cable Spring 2010 (continued)

### Procedure (continued)

- e. Recalculate ROI and report any discrepancies or mathematical errors.
- f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

5a. *We obtained a copy of the report prepared by TNS and agreed the findings in the report to the detailed ROI calculation with no exceptions.*

5b. *ConVis Cable did not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by TNS.*

5c. *The average room rate of \$118.15 used in the ROI calculation was based on the result of the study conducted by TNS. The estimated room rate per the original approved budget was \$138.05, based on historical average room rates for the county of San Diego from ConVis, reported by STR, a consultant specializing in hotel performance trends.*

5d. *We agreed the funding amount in the approved funding request of \$2,886,868 to the actual funding amount reported by ConVis Cable in its detailed ROI calculation.*

5e. *We recalculated the ROI and noted no discrepancies.*

5f. *See above information in procedure 4 for detail of information collected.*

5g. *This procedure is not applicable. We relied on TNS study for the information collected.*

5h. *TNS designed the criteria for measuring advertising ROI. The results were collected through two surveys. TNS selected a panel that demographically represented the population of the United States to participate in the initial wave of surveys. The first wave of surveys was designed to determine participants' awareness of the various ads and ad campaigns sponsored by ConVis. The second wave of surveys was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*

5i. *We obtained a copy of the TNS report that describes the findings and the method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in the United States. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights. The result of the surveys indicated that 75% of room nights*

To the Board of Directors  
San Diego Tourism Marketing District

**ConVis Incremental Program – National Cable Spring 2010 (continued)**

**Finding (continued)**

*were TMD room nights. Total room nights were multiplied by the 75% to arrive at the estimated number of TMD room nights generated by the various ads and ad campaigns sponsored by ConVis in the National Cable Spring 2010 Campaign.*

**Procedure**

6. Report differences in how recipients with similar marketing programs calculate ROI.

**Finding**

*See Schedule A, attached.*

## **ConVis Incremental Program – Online Travel Agencies**

### **Procedure**

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### **Finding**

*We obtained the detailed ROI calculation for ConVis Incremental Program – Online Travel Agencies (“ConVis OTA”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agreed to the FY 2010 annual ROI of 92.76:1 without exception.*

### **Procedure**

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### **Finding**

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used and the amount of funding. The original approved budget used an estimated ADR of \$110 and total funding of \$1,555,000 while the actual ADR used in the ROI calculation was \$117.30, provided by the online travel agencies for the period of the campaign, July 2009 through June 2010, and actual funding was \$1,183,123.*

### **Procedure**

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### **Finding**

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### **Procedure**

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
  - b. Method of collecting information.
  - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

## ConVis Incremental Program – Online Travel Agencies (continued)

### Finding

4a. TRN were calculated based on actual rooms booked on the Travelocity.com, Expedia.com, and Orbitz.com websites for the period in which the advertising campaign ran, July 2009 through June 2010.

4b. Information was collected based on actual room nights booked on the Travelocity.com, Expedia.com, and Orbitz.com websites for the period of the advertising campaign. The data was internally generated. ADR used in the ROI calculation was based on the average room rate from the online travel agencies for the period of the advertising campaign.

4c. ConVis OTA did not attempt to isolate the impact of Travelocity.com, Expedia.com, or Orbitz.com website visitors who had decided to book a trip prior to their website visit. In their reports, Travelocity.com, Expedia.com, and Orbitz.com isolated TMD room nights booked and ConVis OTA used only TMD room nights in their ROI calculation. Only TMD funding was taken into account in the ROI calculation.

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.
  - e. Recalculate ROI and report any discrepancies or mathematical errors.
  - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
  - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
  - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
  - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

5a. We obtained a copy of the report that detailed TRN generated through website bookings from Travelocity.com, Expedia.com, and Orbitz.com. We agreed the TRN of 935,583 in the report to the sum of the booking notices provided by the three online travel agencies and also agreed the TRN in the report to the number of hotel room nights used in the detailed ROI calculation without exception.

5b. ConVis OTA did not prepare a report that summarizes TRN by TMD hotel property.

5c. The average room rate of \$117.30 used in the ROI calculation was based on the average room rate from the online travel agencies for the period of the advertising campaign. The estimated room rate per the original approved budget was \$110, the room rate projected by ConVis.

**ConVis Incremental Program – Online Travel Agencies (continued)**

**Finding (continued)**

*5d The funding amount in the original approved funding request was \$1,555,000, while the actual funding reported by ConVis OTA in its detailed ROI calculation was \$1,183,123, a difference of \$371,877.*

*5e. We recalculated the ROI and noted no discrepancies.*

*5f. See above information in procedure 4 for detail of information collected.*

*5g. This procedure is not applicable. We relied on the detail of room nights generated from the reports provided by Travelocity.com, Expedia.com, and Orbitz.com. No exceptions were noted between total room nights generated and total room nights reported.*

*5h. This procedure is not applicable. Total room nights generated were based on actual room nights booked on the three online travel agency websites for the period of the advertising campaign.*

*5i. This procedure is not applicable. The data obtained did not rely on sampling.*

**Procedure**

6. Report differences in how recipients with similar marketing programs calculate ROI.

**Finding**

*See Schedule A, attached.*

## California State Games – The 2009 California State Games

### Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

### Finding

*We obtained a copy of the approved recipient funding request and the detailed ROI calculation for California State Games (“CSG”). We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. We agreed the detailed ROI of 44.36:1 to the FY 2010 Annual ROI Report with no exceptions.*

### Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

### Finding

*Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR and the amount of funding. The original approved budget used an ADR of \$145, based on the 2008 YTD ADR for the City of San Diego, reported by STR, a consultant specializing in hotel performance trends, and total funding of \$50,000, which includes the funding for the 2009 California State Games and the 2010 Winter Games. The actual ADR used in the ROI calculation was \$131 and the portion of funding for the 2009 California State Games was \$41,579. The average room rate is the average rate charged by hotels in the room block and does not represent the weighted average room rate. The TMD has not defined the average rate calculation method.*

### Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

### Finding

*Other than ADR, there were no specific measurement requirements in the budget approval process.*

### Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
  - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
  - b. Method of collecting information.

## California State Games – The 2009 California State Games (continued)

### Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

### Finding

*4a. TRN were calculated based on a combination of actual room nights received from hotels where rooms were blocked and estimated room nights for the teams reporting that they stayed at other hotels without room blocks. CSG staff reviewed their database of athletes/teams that shows where they were traveling from, which part of town their hotels were located at, and how many days they stayed, and used the number of out-of-town athletes/teams to estimate TRN. CSG also obtained room block pickup reports from the host hotels to collect actual room nights.*

*4b. Room night information was collected based on hotel pickup reports from the hotels where CSG had rooms blocked for the 2009 summer event and estimated room nights based on the number of out-of-town athletes/teams. Athletes/teams entered their information into CSG's registration database that showed where they were traveling from and what sport they competed in which relates to which part of town their hotels were located at. They also entered how many additional athletes and their families stayed at hotels in San Diego near their venue. CSG staff ran registration reports by sports, sorted by zip code, and counted out-of-town athlete/teams. Then CSG staff estimated TRN based on the information in the database. The ADR was determined by the actual average room rate of their room blocks provided by the host hotels. The actual average room rate of \$131 for the 2009 California State Games was used in the ROI calculation.*

*4c. The event would have taken place regardless of TMD funding; however, the TMD funding enabled the event to recruit more teams to participate and track hotel room nights more efficiently. Although most of the host hotels are within the TMD and all the venues are close to TMD hotels, total room nights were estimated with no attempt to isolate only TMD room nights. There was no attempt to measure the incremental impact in TMD room nights in reference to the TMD funding. No funding was received from other sources for marketing or housing. Only the TMD funding was taken into account in the ROI calculation.*

### Procedure

5. Test ROI calculated.
  - a. Trace TRN from source data to ROI calculation.
  - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
  - c. Trace average room rate used in calculation to approved rate per contract.
  - d. Agree funding amount to award.
  - e. Recalculate ROI and report any discrepancies or mathematical errors.
  - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.

## California State Games – The 2009 California State Games (continued)

### Procedure (continued)

- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

### Finding

5a. We traced the total room nights from the source data described in procedure 4a and 4b above to the detailed ROI calculation without exceptions. Of 14,080 estimated room nights, 1,699 are actual TMD room nights collected from room block pickup reports, which includes 162 room nights generated from non-TMD hotels.

5b. See Schedule B attached. Of the 1,861 actual room nights, 1,699 room nights were at hotels within the TMD district.

5c. The ADR of \$131 used in the ROI calculation was based on the actual average room rate of the host hotel room blocks rather than the weighted average calculated from actual room rates times the TRN by hotel. The estimated room rate per the original approved funding request was \$145, based on the 2008 YTD ADR for the City of San Diego, reported by STR.

5d. The total funding request amount for FY 2010 annual funding was \$50,000, which includes the funding for the 2009 California State Games and the 2010 Winter Games. Actual funding used by CSG in its detailed ROI calculation was \$41,579 only for the 2009 California State Games. We agreed the actual funding amount to the amount reported by the TMD.

5e. We recalculated the detailed ROI and noted there were no discrepancies. We also recalculated the ADR of the actual host hotel room blocks.

5f. See above information in procedure 4 for detail of information collected.

5g. We selected 5 hotels and agreed the number of room nights reported by CSG to the room block reports without exceptions.

5h. The procedure is not applicable. TRN data was generated internally.

5i. This procedure is not applicable. The data collected did not rely on sampling.

### Procedure

- 6. Report differences in how recipients with similar marketing programs calculate ROI.

### Finding

See Schedule A, attached.

SCHEDULE A - PROGRAM COMPARISONS

Schedule A: Comparison of Recipient ROI Calculation Factors  
Year Ending June 30, 2010

	Type of Marketing						Total Room Nights (TRN)	How TRN was calculated (Source)	Average Daily Rate (ADR)	How ADR was determined (Source)	Reported ROI vs. Actual ROI	How actual ROI was calculated	How program takes "incremental" room nights into account
	Media (Radio, TV)	Print (Magazine, paper)	Online banner	Website	Trade shows	Sponsored events							
<b>Base Programs</b>													
ConVis Base Program	X	X	X	X			1,153,547	Advertising room nights: Estimated room nights based on a study conducted by TNS, dated December 2010. Website room nights: Actual room nights booked through ARES booking engine on ConVis website. Hotel meeting room nights: Actual room nights of group meetings booked through ConVis and confirmed via ILead system or signed booking notices from the hotels.	Advertising: \$126.83. Website: \$116.77. Hotel Meetings: \$181.74	Advertising: ADR was determined based on the study performed by TNS. Website: ADR was the average of the actual room rates associated with the room nights sold through ARES on ConVis website for the FY 2010. Hotel meetings: ADR was the average of the group ADR for 12 months of FY 2010 from STR Segmentation Reports.	Reported ROI: 12.09:1. Actual ROI: 16.40:1.	TRN times ADR was divided by the final funding of \$11,036,305.	Advertising room nights: TNS excluded room nights booked by survey participants prior to seeing or hearing SDCVB ad campaigns and estimated TMD room nights by asking survey participants the location of the hotel they stayed. Hotels within the TMD district include non-TMD hotels with less than 70 rooms. Website room nights: ARES did not attempt to isolate only TMD room nights from the actual room nights booked through ConVis. Thus ConVis used 78.2% (the percentage of the City of San Diego TOT to the total TOT collected in the County of San Diego in FY 2009) to apply to total room nights to estimate TMD room nights. Hotel meetings room nights: Only TMD room nights were taken into account.
San Diego North ConVis Base Program		X	X	X	X		13,592	TRN was calculated based on actual group room nights booked with hotel properties in North San Diego for which North ConVis received signed booking notices. There were also actual leisure room nights booked through ARES, a third party booking engine, from July 2009 through June 2010.	ADR used in the detailed ROI calculation: \$170.32. ADR identified in the final North ConVis report: \$127.55. Actual ADR based on procedures: \$120.70.	ADR used in the detailed ROI calculation was estimated by SDCVB. ADR identified in the final North ConVis report was determined based on the trending rate in the area through March 2010 for the last rolling 12 months. Actual trending rate calculated in procedures based on ConVis Industry Summary for period.	Reported ROI: 1.05:1. Actual ROI: 0.40:1.	TRN times ADR was divided by the revised funding amount of \$2,174,144.	TRN used in the ROI calculation are total TMD group room nights booked with hotel properties in North San Diego and TMD leisure room nights from the ARES report.
<b>Incremental Programs</b>													
ConVis - LA Market FY 2010 Fall Stimulus	X	X	X	X			447,359	Total advertising room nights were calculated based on a study conducted by TNS, dated March 2010. ConVis estimated the City TOT at 78.2% of the County TOT based on 2009 TOT to estimate TMD room nights of 447,359.	\$140.30	ADR was determined based on the study conducted by TNS.	Reported ROI: 85.26:1. Actual ROI: 66.67:1.	TRN times ADR was divided by the actual funding of \$941,360.	To estimate the effect of incremental room nights, TNS deducted those nights that were booked by survey participants prior to seeing or hearing the SDCVB ad campaigns. TNS did not attempt to identify only TMD room nights; thus ConVis used 78.2% City TOT to apply to total advertising room nights to estimate TMD room nights.
ConVis - LA Market Spring Summer Stimulus	X	X	X	X			545,513	Advertising room nights was calculated based on a study conducted by TNS, dated December 2010.	\$125.48	ADR was determined based on the study conducted by TNS.	Reported ROI: 14.06:1. Actual ROI: 66.56:1.	TRN times ADR was divided by the actual funding of \$1,028,400.	To estimate the effect of incremental room nights, TNS deducted those nights that were booked by survey participants prior to seeing or hearing the SDCVB ad campaigns. TNS attempted to estimate TMD room nights by asking survey participants the location of the hotel they stayed at, and the result indicated 78% of total estimated room nights was within the TMD district. However, hotels within the TMD district include non-TMD hotels with less than 70 rooms.
ConVis - National Cable	X	X	X	X			345,642	Advertising room nights was calculated based on a study conducted by TNS, dated December 2010.	\$118.15	ADR was determined based on the study conducted by TNS.	Reported ROI: 7.45:1. Actual ROI: 14.15:1.	TRN times ADR was divided by the actual funding of \$2,886,868.	To estimate the effect of incremental room nights, TNS deducted those nights that were booked by survey participants prior to seeing or hearing the SDCVB ad campaigns. TNS attempted to estimate TMD room nights by asking survey participants the location of the hotel they stayed at, and the result indicated 75% of total estimated room nights was within the TMD district. However, hotels within the TMD district include non-TMD hotels with less than 70 rooms.
ConVis - Online Travel Agencies	X	X	X	X			935,583	TRN was calculated based on actual room nights booked through Travelocity.com, Expedia.com, and Orbitz.com .	\$117.30	ADR used in the ROI calculation was based on the actual average room rate from the online travel agencies.	Reported ROI: 92.76:1. Actual ROI: 92.76:1.	TRN times ADR was divided by the actual funding of \$1,183,123.	The three online travel agencies isolated TMD room nights booked in their production report; however, they did not attempt to isolate the impact of website visitors who had decided to book a trip before their website visit.
California State Games - The 2009 CSG		X		X		X	14,080	TRN was estimated based on the number of out-of-town athletes/teams from the CSG registration database of athletes/teams that showed where they were traveling from and the location of the hotel they stayed at. Among 14,080 estimated room nights, 1,861 were actual hotel room nights from host hotel room block reports.	\$131.00	ADR used in the ROI calculation was based on the actual average room rate of the hotel room blocks rather than the weighted average room rate calculated from actual room rates times the TRN by hotel.	Reported ROI: 44.36:1. Actual ROI: 44.36:1.	TRN times ADR was divided by the actual funding of \$41,579.	Although most of the host hotels are within the TMD and all the venues are close to TMD hotels, the CSG estimated the TRN without attempting to isolate only TMD room nights. Among 1,861 actual room nights from the hotel pick-up reports, 162 room nights were generated from non-TMD hotels.

SCHEDULE B - CALIFORNIA STATE GAMES PRODUCTION REPORT OF TRN BY TMD HOTELS

**San Diego Tourism Marketing District**

**Schedule B: The 2009 California State Games TRN by TMD Hotels  
Year Ending June 30, 2010**

<b>Hotel Name</b>	<b>Hotel Room Nights</b>	<b>Hotel Revenue</b>
Comfort Inn & Suites- Zoo/SW	26 \$	4,004.00
Springhill Suites Scripps	117 \$	15,093.00
Comfort Inn & Suites- Mission Valley	8 \$	1,192.00
Hilton San Diego	104 \$	13,416.00
Holiday Inn-Mission Valley	53 \$	7,897.00
Courtyard Marriott-Mission Valley	5 \$	745.00
Hampton Inn-Kearny Mesa	171 \$	18,639.00
Courtyard Marriott-Kearny Mesa	132 \$	17,820.00
Doubletree Golf Resort	36 \$	4,644.00
Courtyard Marriott Rancho Bernardo	38 \$	4,902.00
Holiday Inn Rancho Bernardo	185 \$	23,865.00
Radisson Rancho Bernardo	132 \$	19,668.00
Hilton Garden Inn RB	139 \$	17,931.00
Ramada Plaza Hotel Circle	62 \$	6,758.00
Holiday Inn Miramar	11 \$	1,419.00
Best Western Poway	27 \$	3,753.00
Town & Country	453 \$	53,422.29
<b>Total</b>	<b>1,699 \$</b>	<b>215,168.29</b>

Note: This represents actual room nights based on hotel pickup reports which was used in the projection of estimated total room nights.