

SDTPC

SAN DIEGO TOURISM
PROMOTION CORPORATION

Inaugural Annual Meeting

June 10, 2009

“It’s All About ROI”





TMD's Commitment to ROI

- *A Tourism Marketing District utilizes the efficiencies of private-sector operations in the market based promotion of local and regional tourism.*
- *While benefit is delivered in numerous ways, by far the most important is in the delivery of hotel room nights.*



TMD History

- Three-year process to create public / private partnership.
- TMD established / collections began January 2008
- City's Agreement approved April 2008
- \$10.5 Million in TOT Annual Savings to City of San Diego for General Fund
(Total \$52.5 million over 5 years)



TMD Basics

- The District is the City of San Diego
- Hotels with 70 or more rooms are assessed
- The assessment is 2% of gross room rental in addition to the 10.5% TOT.
- Assessments may be passed on to guests
- Hotel operators remit assessment monthly and separately from TOT collections



San Diego Tourism Promotion Corporation

- SDTPC is a non-profit representing assessed hotels
- SDTPC has a five year agreement to implement the TMD
- SDTPC is not a marketing entity
- Each year SDTPC must present a Report of Activities including funding recommendations to City Council
- Each year the SDTPC must hold an annual meeting open to all stakeholders



SDTPC Funding Percentages

*TMD Management Plan specified
funding categories:*

Percentage of Annual Revenue

- 50% Minimum to CONVIS
- 10% to SD North CVB
- 5% Opportunity / Catastrophe Reserve
- 3% SDTPC and City Administration
- 32% Variable Funding by Competitive Application*



SDTPC Operating Expenses FY 2010



Start-Up Activity

- Developed Competitive Application Process
 - Application development / format
 - Minimum ROI requirements
 - Funding Workshop in August 2008
 - Process refinements with input from funded groups...ongoing



Start-Up Activity

- Public Participation
 - 25 Board meetings and presentations in 13 months
 - All Brown Act Open Meetings
 - Variety of Meeting Venues
 - Standardized Scoring / Recommended Allocation Matrix

John Lambeth Civitas



Tourism Marketing Districts throughout California

Currently, there are 38 Tourism Marketing Districts in the State of California

- There are 17 California cities and/or counties in the process of forming (or considering) a TMD for their areas.
- San Francisco TMD: formed in 2008; collects approximately \$27 million yearly

What Makes Us Different?

- The Board of Directors for the San Diego Tourism Promotion Corporation has made a commitment to ensuring all monies are dedicated to bringing in room nights.
- The only District that dedicates funds to the local CVB's but also opens up funding opportunities to other events and groups that help promote San Diego and bring in room nights.
- Developed a evaluation process for events and groups requesting TMD funding with a return on investment focus
- Process is scored based on the return on investment and the estimated room nights the group will bring to the City of San Diego.



Market Reality

- Impact of Economic Downturn
- Original TMD Estimated Revenue vs. Actual :

	<u>FY 2008/2009</u>	<u>(18 months)</u>	<u>FY 2010</u>
Original Project	\$44 million		\$32million
ACTUAL	\$37 million		\$25 million



Funding Realities

- Limited Funds
- Limited Time
- “Work Smart”
 - Economies of Scale
 - Leverage
- 4 Funding Snapshots of Funding Allocations and Results to Date



SD Convention & Visitors Bureau

- Historic TOT Funding from City of San Diego
 - FY 2004: \$12,540,299
 - FY 2005: \$ 9,846,269
 - FY 2006: \$ 8,830,411
 - FY 2007: \$ 8,830,411
 - Currently: \$ 0



SD Convention & Visitors Bureau

	<u>FY 08/09(18 mos)</u>	<u>FY 2010 (12 mos)</u>
• Base:	\$ 18.3 million	\$12.5 million
• Incremental:	<u>\$ 9.9 million</u>	<u>\$ 7.1 million</u>
• TOTAL:	\$ 28.2 million	\$19.6 million



Joe Terzi
San Diego Convention & Visitors
Bureau



Opportunity/Catastrophe Reserve

- Per Management Plan 5% TMD Collections Held in Reserves Each Year and Accrued
- FY 2009: Used \$900,000 of \$1.3 million
 - \$449,293: LA Market Stimulus
 - \$445,000: Online Travel Agencies
- FY 2010: TBD



San Diego North Convention and Visitors Bureau

- Fixed Funding:

FY 08/09(18 mos)

\$ 3.7 million

FY 2010 (12 mos)

\$ 2.5 million



Cami Mattson
San Diego North
Convention & Visitors Bureau



VARIABLE FUNDING PROGRAMS

- All Funded Programs with their applicable ROI are showcased in our “Information Fair”
- The aggregate ROI for all combined variable programs is between 13-14:1
- Feature Two Funded Programs as examples



Al Kidd

San Diego Sports Commission




Joe LeBlanc
VP of Marketing
San Diego Crew Classic



INFORMATION FAIR

 INAUGURAL MEETING	
SAN DIEGO BOWL GAME ASSOCIATION: HOLIDAY BOWL & POINSETTIA BOWL	
FY 2009: \$ 391,136 HOLIDAY BOWL	FY 2010: \$ 500,000 HOLIDAY & POINSETTIA BOWLS
TARGET RETURN ON INVESTMENT ROI 30,771 Total Hotel Room Nights \$4,461,795 Room Night Revenue Est.* 11.41:1	TARGET RETURN ON INVESTMENT ROI 39,771 Total Hotel Room Nights \$5,766,795 Room Night Revenue Est.* 11.53:1
ACTUAL FY 2009 ROI 40,481 Total Hotel Room Nights \$5,298,558 Room Night Revenue Est.** 13.55:1	
<small>*Uses current Smith Travel Research ADR for city of San Diego at the time of proposal. **Uses current Smith Travel Research ADR for the program period.</small>	

A scenic view of a city skyline across a body of water, with a large tree in the foreground on the left. The tree has a thick, gnarled trunk and many branches with green leaves. The water is blue, and the city skyline is visible in the background under a clear blue sky. A few sailboats are visible on the water.

Thank You!
www.sdtmd.org