The truth is, tourism doesn’t just happen.
A great deal of work by public and private entities to promote and market San Diego

ANNUAL REPORT 2013
The San Diego Tourism Marketing District is a nonprofit, mutual-benefit corporation dedicated to improving tourism and hotel room night consumption in the City of San Diego.

PURPOSE

The San Diego Tourism Marketing District (SDTMD) provides a private, nonprofit funding vehicle to stimulate hotel room demand through tourism promotion, 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.
The San Diego Tourism Marketing District (SDTMD) is a nonprofit, mutual-benefit corporation of the local tourism industry dedicated to promoting local tourism through expansive marketing and advertising, near and far. It seeks to boost the numbers of visitors who stay at local hotels and motels with 70 rooms or more.

Such a marketing effort is not inexpensive, but it is crucial. The work of the SDTMD is paid wholly by the lodging industry. Hoteliers assess themselves, based upon size, with the city collecting the fees. The importance of this self-assessment goes beyond simply a desire to fill rooms.

Part of every San Diego hotel bill is something called the transient occupancy tax or TOT, which goes entirely to the city and has become a major and growing source of income. In fiscal year 2011 (July 1, 2010 to June 30, 2011), for example, TOT payments to the City of San Diego totaled almost $140 million. FY2012 (July 1, 2011 to June 30, 2012) rose to $151 million and and FY2013 (July 1, 2012 to June 30, 2013) to $157 million.

These monies are used to do the good and needed work of civic governance and building. They help maintain and improve city services. To a measurable degree, it is the promotional efforts of SDTMD that ensures TOT revenues grow, a fact city budget-makers count on. Case in point: the City of San Diego’s FY2014 (July 1, 2013 to June 30, 2014) adopted budget was based in part upon a projected 6% increase in TOT revenue for the year, a total projected collection of $203 million.

Ordinarily, this would seem a safe budget prediction, but 2013 was not a usual year. In the early months of 2013, a delay in funding led to the withholding of hoteliers’ self-assessed fees, blocking SDTMD funding. The delay in funding forced the cancellation of a $5 million marketing campaign in advance of peak tourist season, causing San Diego to lose market share to other cities.

On November 21, 2013, the San Diego City Council passed an amendment to the city’s contract with the SDTMD, which freed up money for advertising. This action voided an earlier council action that ended the months-long struggle over funding for tourism promotion. The new plan not only protects the city’s general fund against lawsuits over the way the district is funded, it also released more money to the SDTMD.

We are ready to do our part to attract visitors to San Diego and strengthen our local economy.

Terry Brown, Chairman, SDTMD Board of Directors

The U.S. economy is poised to expand in 2014 with GDP growth accelerating to 2.6%.¹ This growth will be supported by improved consumer spending, a stronger labor market, improved business investment, a stronger housing market, low inflation and the energy boom. Hotel room demand is expected to grow by 2.8% in 2014.

San Diego’s prosperity is directly tied to the tourism industry, which must be promoted extensively and effectively. This past year has demonstrated the specific impact of the SDTMD investments — or lack thereof. With strong leadership and commitment from our staff, partners and board, the SDTMD will forge ahead with powerful public-private partnerships that keep San Diego in the minds of the consumer as the best destination for any group or leisure travel.

¹ Tourism Economics, December 2013
FUEL DESTINATION MARKETING

> **Attract** tourism activity

> **Increase** hotel room night occupancy

> **Outperform** competitive markets

> **Compete** aggressively with major travel markets

> **Deliver** $10.5 million in Transient Occupancy Tax annual savings to the City of San Diego General Fund (Total: $52.5 million over five years)

> **Collect** approximately $25 million in assessments annually
MARKET ASSESSMENT

In 2013, San Diego struggled to keep up with the competition as a preferred travel destination with 32.3 million day and overnight visitors who spent roughly $8 billion at local businesses — figures not as high as anticipated. Despite a challenging year, San Diego managed to show slight growth due in large part to its stellar reputation of having beautiful weather and scenery as well as hosting diverse special events and lifestyle activities. San Diego’s unique coastal metropolis continues to be the envy of many in America, while capturing the attention of travelers.

A renewed commitment to investing in tourism advertising will solidify San Diego’s footing and boost our region back to the forefront of American tourism destinations. Tourism powers cities, so relying on reputation alone due to lack of tourism advertising dollars proved painful to our region’s bottom line. An aggressive spirit of moving forward and not resting on its laurels is vital. The SDTMD acknowledges this urgency and, in cooperation with San Diego’s hospitality community, business, and political leaders, is poised to attract even more tourism dollars moving forward.

FY2013 saw the nation start to bounce back from major economic challenges. However, competition for tourism dollars remains intense throughout domestic and regional markets. The SDTMD remains dedicated to giving San Diego an advantage in the ongoing fight for business and leisure travelers.

When it comes to domestic tourism, San Diego matches up with the likes of Las Vegas, Orlando and New York City as well as regional competitors like Los Angeles, Anaheim, Phoenix and San Francisco. Inspired by the SDTMD, cities such as Seattle and Los Angeles have created their own respective tourism marketing districts. It has been said that imitation is the sincerest form of flattery. When it comes to the SDTMD, other cities are using it to chip away at San Diego’s tourism market share. Fortunately, the SDTMD is renewed, ready to boost growth and continue serving as an economic engine that performs specifically to support the best interests of the city’s lodging industry.

The SDTMD’s largest contractor, San Diego Tourism Authority (SDTA), was hit hardest by significantly reduced funding in FY2013, yet continued to attract leisure and business travelers for overnight and extended visits. Year-round and with a seasonal focus, SDTA’s diversified advertising — television, radio, print, Internet — in drive markets drew desirable demographic targets such as couples and families to San Diego for a variety of attractions. Additionally, its scaled-down group sales and travel trade teams targeted corporate clients and large membership organizations, securing new room nights for 2013 and beyond. For FY2013, SDTA ROI was 16:1, down from previous years.

No enterprise has been more successful for more years than Coca-Cola, whose products and iconic logo are recognized everywhere in the world. Each day, Coke sells more than 1.7 billion beverage servings. It’s an undisputed global brand that brings in approximately $50 billion a year.

And yet Coca-Cola will reportedly spend a whopping $3 billion — more than the gross domestic product of some countries – this year to advertise and promote itself. Why? Because it is necessary and smart. Look at any of the world’s great brands: Apple, Google, Microsoft, IBM, General Electric, McDonald’s, Disney or Toyota. They all spend money to make money. Great products require great investment, or eventually they become less desirable.

It’s no different for cities. San Diego is treasured as one of the great destination cities in the country, if not the world. People come here each year by the millions, drawn to countless attractions, from our beaches to our breweries.

And just like Coke or Apple or General Electric, San Diego must invest routinely and without reservation to both maintain and burnish our image, our reputation and, ultimately, the experiences of our visitors. The SDTMD is a significant and vital component of this effort and will continue to advocate and fund investments in events and organizations that bolster San Diego as a preferred destination.

SDTMD not only supplements SDTA marketing efforts, but unique to many of California’s 83 tourism marketing districts, it allocates funds to another local convention and visitors bureau (CVB) and carefully approved organizations. Below are the funding percentages as outlined in the SDTMD Management Plan:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>Minimum Assessment Amount to SDTA</td>
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<tr>
<td>32%</td>
<td>Variable Funding by Competitive Application</td>
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<td>10%</td>
<td>San Diego North CVB</td>
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<tr>
<td>5%</td>
<td>Opportunity/Catastrophe Reserve</td>
</tr>
<tr>
<td>3%</td>
<td>SDTMD and City Administration</td>
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<tr>
<td>3%</td>
<td>Opportunity/Catastrophe Reserve</td>
</tr>
</tbody>
</table>

2 San Diego Convention & Visitors Bureau, 2012 Visitor Industry General Facts
MARCH
FY2009 ROI audits completed

OCTOBER 2010 TO FEBRUARY 2011
Public Presentation of FY2011 Applications

FEBRUARY 18
FY2011 TMD Funding Recommendations made by SDTMD Board

JUNE 21
FY2011 TMD Funding Recommendations approved by City Council

JULY 1
FY2011 starts

APRIL
SDTMD is approved for a five-year contract with the City of San Diego

APRIL
SDTMD Board constituted and first Board meeting held

JULY
Programs implemented

DECEMBER
Hotels vote to participate in a tourism marketing district

JANUARY
Collection of assessments begins on January 1, 2008

APRIL
SDTMD TIMELINE
2007
2009
2010
2011
2012
2013

MARCH
FY2009 ROI audits completed

FEBRUARY 10
FY2013 (Part 1) Allocation Recommendations determined

MAY
San Diego Budget & Finance Committee approves FY2013 (Part 1) Report of Activity

JUNE 19
San Diego City Council approves FY2013 (Part 1) Report of Activity

AUGUST 31
FY2012 Annual Performance Reports due from all contractors

DECEMBER 31
Close out of original tourism marketing district

FEBRUARY 10
FY2013 (Part 1) Allocation Recommendations determined

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San Diego Budget & Finance Committee approves FY2013 (Part 1) Report of Activity

JUNE 19
San Diego City Council approves FY2013 (Part 1) Report of Activity

AUGUST 31
FY2012 Annual Performance Reports due from all contractors

DECEMBER 31
Close out of original tourism marketing district

JANUARY 23
SDTMD Annual Meeting

MARCH 31
Conclusion of FY2013 marketing activities funded by district
Since the SDTMD’s inception, the dynamic between the organization and its contractors has had a positive impact on lodging businesses in the City of San Diego. The SDTMD’s judicious allocation of funding from assessed properties to competitively selected local contractors, has resulted in growth in hotel room nights and revenue that strengthen the local economy and its vitally important tourism industry.

By design, at least 50% of the SDTMD’s funding goes to the San Diego Tourism Authority (SDTA), formerly known as the San Diego Convention and Visitors Bureau or ConVis. In addition to dedicated funding to SDTA, the SDTMD utilizes an innovative and vigorous vetting process to select new contractors or renew previous ones. The selected contractors have either proven promotional track records and/or long-range potential. All must have clearly defined marketing strategies and tactics that complement and enhance San Diego’s tourism brand through unique attractions and events that fill hotel rooms.

This year, we’re going to sell this city in every way possible. We’re going to be on TV. We’re going to be online. We’re going to be in print and special promotions.

San Diego Interim Mayor Todd Gloria
The SDTMD’s performance over the past five years reflects positively on its participating contractors and hotels. Consistently, the program of assessments support and aid the development of measurable tourism promotion and marketing programs. Specifically:

**FY2009**

Among the successful programs made possible with TMD funds, SDTA was able to launch an unprecedented national cable advertising campaign in tandem with a substantial online travel agency campaign. That year, Smith Travel Research reported that San Diego had outpaced the percentage of total market share when compared to other cities in the region, including Anaheim, Seattle, Phoenix and Los Angeles. San Diego was second only to San Francisco, an international gateway/airline hub. The overall audited ROI for the SDTMD’s inaugural year was approximately 16:1.

**FY2010**

Despite the global recession and overall hotel occupancy being down in San Diego, SDTMD assessed hotels performed well against all competitive sets. Specifically, SDTMD hotels had an occupancy of 67.6%, which was 2.6% higher than San Diego County overall. Also, quite significantly, SDTMD properties’ Revenue Per Available Room (RevPAR) ended the fiscal year at $88.56 — an impressive figure that ranked San Diego seventh among the top 25 U.S. markets, behind only New York, Oahu, Miami, San Francisco, Washington, D.C. and Boston. The overall audited ROI for the SDTMD in FY2010 increased to 18:1.

**FY2011**

Cumulative ROI for all SDTMD contractors in FY2011 was 20:1. The average contractor ROI was 11:1 with some contractors achieving ROIs over 20:1. For example, Competitor Group, the organizers of the Rock ‘n’ Roll Marathon, leveraged $145,510 of TMD funds into more than 27,200 room nights and over $3.6 million in revenue, a 25:1 ROI.

**FY2012**

Cumulative ROI for all SDTMD contractors in FY2012 was 18:1. The average contractor ROI was 17:1 with some contractors achieving ROIs over 20:1. For example, the California State Games, the organizers of the State Games of America, leveraged $125,000 of TMD funds into more than 25,800 room nights and over $3.2 million in revenue, a 26:1 ROI.

**FY2013**

Cumulative ROI for all SDTMD contractors in FY2013 is 16:1. The average contractor ROI is 13:1 with some contractors achieving ROIs over 20:1. For example, San Diego Bayfair – Thunderboats, a three-day beach festival and powerboat-racing event, leveraged $80,600 of TMD funds into more than 13,644 room nights and over $1.7 million in revenue, a 22:1 ROI.

Many contractors, such as the San Diego Sports Commission and the San Diego Crew Classic received funding throughout the SDTMD’s existence. Each exemplifies how SDTMD funding supports year-over-year growth, and ultimately, guides contractors to a level of success where they become established, self-sustaining San Diego traditions.
HOTEL PERFORMANCE AND IMPACT

Tourism is San Diego’s second largest industry, generating $18.3 billion in economic impact. It is a top industry and revenue generator contributing to the $185.8 billion Gross Regional Product (GRP). The SDTMD continued to work closely with the SDTA and other contractors to promote the City of San Diego as a prime travel destination. As of FY2013, this winning strategy delivered a steady occupancy rate for SDTMD hoteliers, with an increased average daily rate (ADR) peak of $150.89 in the second and third quarters — 4.4% above the same period in 2013.1

San Diego hosted more than 32 million visitors last year; however, growth in visits to San Diego slowed to just 0.7% compared to 2013. For the year-to-date through December 2013, San Diego occupancy rates (73.6%) remain higher than both California (72.3%) and the U.S. (64.0%). Visitor expenditures were stronger, advancing 5.5% to $2.6 billion (as of the third quarter). Average daily expenditures increased across all visitor segments.4

Moving forward, room demand is forecast to rise to 2.8% as a result of improving economic conditions and SDTMD-funded marketing initiatives. As consumers continue to gradually spend more travel dollars, the SDTMD will continue to support San Diego’s lodging market against regional competition. SDTMD’s focus is the delivery of TMD hotel room nights, which in turn, generate local sales tax revenues and increase both direct and indirect visitor spending. Such sustained and increased momentum in the vital area of tourism also creates an environment able to sustain and even increase employment in San Diego’s tourism industry workforce of approximately 160,000.5

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4 Tourism Economics, December 2013  
5 San Diego Convention & Visitors Bureau, Annual Meeting Presentation, March 2012

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SAN DIEGO TOURISM IMPACT*

| $8 billion in direct visitor spending | $583 million in total taxes generated |
| $18.3 billion in economic impact | 160,000 San Diego Jobs |

*San Diego Tourism Authority, Why Travel Matters – Tourism’s Impact on the San Diego Economy
SDTMD Hotels

500 West Hotel
Anzai San Diego
Bahia Resort Hotel
Bay Club Hotel & Marina
Best Western Americana Inn
Best Western Golden Triangle Inn
Best Western Lamplighter Inn & Suites at SDSU
Best Western Mission Bay
Best Western Plus Bayside Inn
Best Western Plus Cabrillo Garden Inn
Best Western Plus Hacienda Hotel Old Town
Best Western Plus Inn By The Sea
Best Western Plus Island Palms Hotel & Marina
Best Western Plus San Diego/Miramar Hotel
Best Western Soven Seas
Best Western Yacht Harbor Hotel
Blue Sea Beach Hotel
California Suites Hotel
Candlewood Suites San Diego
Carmel Highland Golf Resort & Spa
Camaran Resort Hotel & Spa
Comfort Inn Hotel Circle SeaWorld Area
Confort Inn San Diego at The Harbor
Confort Inn & Suites Zoo SeaWorld Area
Comfort Suites San Diego Miramar
Consulate Hotel
Country Inn & Suites by Carlson, San Diego North
Courtyard By Marriott
Courtyard By Marriott Liberty Station
Courtyard By Marriott San Diego Old Town
Courtyard Rancho Bernardo
Courtyard San Diego Downtown
Crowne Plaza Hanalei
Crowne Plaza San Diego
Dana Inn On Mission Bay
Days Hotel Circle by SeaWorld
Days Inn & Suites
Days Inn Suites Point Loma
DoubleTree by Hilton Golf Resort San Diego
DoubleTree by Hilton Hotel San Diego Downtown
DoubleTree by Hilton Hotel San Diego – Hotel Circle
DoubleTree by Hilton San Diego – Del Mar
Economy Inn
Embassy Hotel
Embassy Suites
Embassy Suites Hotel
Empress Hotel
Estancia La Jolla Hotel & Spa
Extended Stay America - M.V. - Stadium
Extended Stay America Hotel Circle
E-Z 8 Motel Westside
E-Z 8 Motel South Bay
Four Points Hotel Sheraton
Good Nite Inn Seaworld Partner
Hampton Inn Kearny Mesa
Hampton Inn Del Mar
Hampton Inn Downtown
Hampton Inn SeaWorld/Airport
Handlery Hotel & Resort
Hard Rock Hotel
Heritage Inn
Hilton Garden Inn
Hilton Garden Inn San Diego Rancho Bernardo
Hilton La Jolla Torrey Pines
Hilton San Diego Airport/Harbor Island
Hilton San Diego Bayfront
Hilton San Diego Gaslamp Quarter
Hilton San Diego Mission Valley
Hilton San Diego Resort & Spa
Holiday Inn San Diego Bayside
Holiday Inn Express San Diego SeaWorld Area
Holiday Inn Express S.D. – Miramar
Holiday Inn Express S.D. – Chula Vista
Holiday Inn Express San Diego Downtown
Holiday Inn Express San Diego Airport/Old Town
Holiday Inn Express & Suites Sorrento Valley
Holiday Inn Express Mission Bay
Holiday Inn Mission Bay/SeaWorld
Holiday Inn Mission Valley
Holiday Inn Rancho Bernardo
Holiday Inn San Diego Downtown
Holiday Inn San Diego North Miramar
Homestead Village
Homestead Village Mission Valley
Homewood Suites
Homewood Suites By Hilton Liberty Station
Horton Grand Hotel
Hotel Indigo San Diego Gaslamp Quarter
Hotel La Jolla At The Shores
Hotel Palomar San Diego
Hotel Solamar
Howard Johnson Hotel Circle
Howard Johnson Inn
Humphrey’s Half Moon Inn & Suites
Hyatt Regency La Jolla
Hyatt Regency Mission Bay Spa And Marina
Kings Inn
Kona Kai Resort
La Jolla Beach & Tennis Club
La Jolla Crown Suites
La Jolla Marriott
La Jolla Residence Inn
La Jolla Shores Hotel
La Presidio
La Quinta Inn Old Town
La Quinta Inn San Diego Mission Valley
La Quinta Inn Scripps Poway
La Valencia Hotel
Lafayette Hotel & Suites
Manchester Grand Hyatt San Diego
Mission Valley Resort
Mission Valley Travelodge
Motel 6 - Airport
Motel 6 Downtown
Motel 6 Hotel Circle
Motel 6 San Ysidro
Ocean Park Inn
Old Town Inn
Omni San Diego Hotel
Otay Mesa Comfort Suites
Pacific Terrace Hotel
Padre Inn
Palm Inn
Park Manor Suites
Porto Vista Hotel
Quality Inn I-5 Naval Base
Quality Inn I-15 Miramar
Quality Inn & Suites Near The Border
Quality Suites San Diego Otay Mesa
Radisson Hotel San Diego-Rancho Bernardo
Ramada Inn & Suites
Ramada Inn Mission Valley/SDSU
Ramada Inn San Diego North
Ramada Limited
Ramada Plaza Hotel
Ramco Bernardo Inn
Residence Inn By Marriott R.B. Carmel Mtn. Rch
Residence Inn By Marriott R.B. Scripps Poway
Residence Inn Kearny Mesa
Residence Inn San Diego Downtown
Residence Inn San Diego La Jolla
Rodeway Inn Pacific Beach
Rodeway Inn Near Qualcomm Stadium
Rodeway Inn San Ysidro
San Diego Marriott Courtyard
San Diego Marriott Del Mar
San Diego Marriott Gaslamp Qtr
San Diego Marriott Marina
San Diego Old Town Courtyard
San Diego Paradise Point Resort
San Diego/M.V. Residence Inn
San Diego Marriott Mission Valley
Shelter Pointe Hotel & Marina
Sheraton La Jolla Hotel
Sheraton San Diego Hotel & Marina
Sheraton San Diego Mission Valley
Sofia Hotel
Sommerset Hotel
Sorrento Mesa Residence Inn
Springhill Suites By Marriott
Staybridge Suites San Diego Rancho Bernardo Area
Staybridge Suites San Diego Sorrento Mesa
Super 8 Motel
The Beach Cottages
The Bristol Hotel
The Friendship Hotel
The Grand Del Mar
The Grande Colonial Hotel
The Lodge At Torrey Pines
The US Grant
Town & Country Hotel
U.S. Suites Of San Diego
University Towers
Vagabond Inn
Valli Hi Motel
Vantage Suites
W San Diego
West Park Inn
Westgate Hotel
Westin Hotel Horton Plaza
Westin San Diego
Woodfin Suite Hotel Sorrento Mesa
San Diego's tourism industry is vital to our economy and it's critical we effectively market the city to ensure tourism revenues continue to grow.

Councilmember David Alvarez

**FY2013 CONTRACTORS**

Variable Distributions for FY 2013

Based on Competitive Annual Funding Recommendations

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDTA Base + Integrated Incremental</td>
<td>$13,624,045</td>
</tr>
<tr>
<td>SDTA Asia Promo/JAL</td>
<td>$152,923</td>
</tr>
<tr>
<td>ART SAN DIEGO</td>
<td>$25,000</td>
</tr>
<tr>
<td>California State Games</td>
<td>$100,000</td>
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<tr>
<td>San Diego Brewers Guild: Beer Week</td>
<td>$68,936</td>
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<tr>
<td>SD Bayfair – Thunderboats</td>
<td>$80,600</td>
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<tr>
<td>SD Bay Wine &amp; Food Festival</td>
<td>$65,800</td>
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<tr>
<td>SD Bowl Game Association</td>
<td>$450,000</td>
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<td>SD Crew Classic</td>
<td>$106,083</td>
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<tr>
<td>SD Spirits Festival</td>
<td>$25,000</td>
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<tr>
<td>SD Sports Commission – Base</td>
<td>$338,299</td>
</tr>
<tr>
<td><strong>Total FY13 Funding</strong></td>
<td><strong>$15,036,686</strong></td>
</tr>
</tbody>
</table>
San Diego Tourism Authority

The San Diego Tourism Authority (SDTA), formerly known as the San Diego Convention and Visitors Bureau or ConVis, is the sales and marketing engine for the San Diego region. The organization is charged with monitoring the health of the tourism industry, promoting all areas of the region, and stimulating inbound travel. Despite the impact of the global economic downturn, and a rapidly changing marketplace, SDTA has been nimble and aggressive. Program of work shifts and new marketing funds from the SDTMD have helped SDTA in its efforts to win market share and tout San Diego as a diverse tourism market, appealing to leisure and group travelers, and international, domestic and drive market visitors.

Sales Highlights:
- Booked 462,782 Definite Room Nights, achieving 85% of the Sales Division’s goal.
- Generated 2,055 leads, 89 more over the same time last year.
- Hosted 37 events in cities throughout the country that were attended by approximately 2,114 clients who enjoyed activities ranging from dinners and receptions, to painting and spa treatments. Each event was uniquely designed to showcase the benefits of San Diego as a desirable meetings destination.
- Represented San Diego at 26 industry trade shows throughout the year, including the Meeting Professionals International World Educational Congress and the American Society of Association Executives Annual Meeting & Exposition, premier events in the meetings and hospitality industry. Eight leads were generated at these two events, representing more than 25,000 room nights.
- Hosted a Colorado client event at Denver’s Coors Field, which generated six leads totaling more than 8,000 room nights.
- The Travel Trade Development Team continued their focus on global promotion of San Diego by coordinating 27 customer familiarization tours for 334 tourism professionals. FY2013 highlights included Visit California Europe Sales Mission, Walt Disney Travel Company Agent Education Program, OTA Call Center Sales Mission and World Travel Marketing Tradeshow.

Marketing Highlights:
- The FY2013 base program of work, which included public relations, promotions, and cooperative advertising efforts, generated $15,824,550 in unpaid media value.
- All marketing efforts, including e-mail marketing, social media and search engine initiatives generated 5,113,718 visitor inquiries.
- SDTA completed a highly successful destination-wide “Kids Free in San Diego” campaign during the month of October. Supported by over 110 SDTA partners, the campaign was created to drive leisure demand during a historically slow month for travel.
- Promotions generated $2,617,640 in unpaid media value in FY2013. One of the winter promotions included the Holiday/Poinsettia Bowl in three win-a-trip radio promotions in Salt Lake City, Dallas and Los Angeles, as well as SDTA social media promotion valued at $67,640.

Seasonal Program Highlights:
- The “Happiness is Calling” campaign introduced in FY2012 was re-launched in key U.S. markets in fall 2012. The award-winning campaign recognized for marketing excellence, featured San Diego through TV sports, radio, out-of-home boards and targeted online media.
- The advertising effectiveness of the “Kids Free in San Diego” and “Happiness is Calling” campaigns generated on average 44% awareness in spot markets and 619,773 hotel room nights in TMD hotels.
- SDTA worked with Expedia, Orbitz and Travelocity on multiple ad campaigns, which included general fall campaigns, winter campaigns, Kids Free campaigns, a winter campaign with Brand USA in Canada and Expedia’s Best Sale of the Year.
- In December, SDTA sponsored the Bridgepoint Education Holiday Bowl and received national exposure during both the Holiday Bowl and Poinsettia Bowl Games. During the Holiday Bowl game, San Diego was featured in one 30-second commercial position in the national ESPN broadcast, a full-page, four-color ad in the printed program, two 15-second public access announcements during the game and name identification on the JumboTron matrix boards.

16:1 Total FY2013 Return on Investment

<table>
<thead>
<tr>
<th>FY2013 Funding Amount</th>
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<tr>
<td>Hotel Room Nights</td>
<td>1,413,584</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<td>Total Room Night Revenue</td>
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</table>
San Diego Tourism Authority
Asia Market Development: Japanese Airlines

In December 2012, Japan Airlines (JAL) launched its first-ever direct route into San Diego, not only from Japan, but from other Asia-Pacific Countries as well. The TMD allocated additional funds to the San Diego Tourism Authority (SDTA) to market San Diego in Asia and drive more direct visitors from Japan and other emerging Asian markets. The SDTA worked closely in partnership with the San Diego County Regional Airport Authority, the San Diego Regional Economic Development Corporation and the World Trade Center San Diego to secure the direct flight from Tokyo into San Diego.

Marketing Highlights:
• In collaboration with Visit California, SDTA opened travel trade offices in key feeder markets including Tokyo and Seoul for support.
• In celebration of the newly launched JAL flight, the SDTA team and its partners traveled to Tokyo to meet with eight top accounts and host a reception for 240 travel trade, media and local corporate partners.
• SDTA led a team of seven SDTA members to Japan to develop new travel packages and educate tour operators about San Diego. The delegates visited 10 Japanese tour operator offices and met with nearly 200 Japanese travel professionals, executives and travel agents.
• SDTA’s Japan office representative attended the JATA travel Showcase to promote the new direct flight. More than 125,000 people attended the show.
• Representatives from San Diego’s largest attractions joined SDTA in presentations to five top Japanese Receptive Operators, promoting JAL’s new Tokyo-San Diego flight.
• SDTA’s PR team secured feature stories in seven top Korean magazines and daily newspapers, resulting from the JAL-Korea Media Tour. San Diego was also featured in eight popular Japanese TV programs with a combined audience of over 135.5 million viewers.

19:1 Total FY2013 Return on Investment

<table>
<thead>
<tr>
<th>FY2013 Funding Amount</th>
<th>$152,923</th>
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<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>23,467</td>
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<td>x Average Daily Rate: ADR</td>
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<td>Total Room Night Revenue</td>
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ART SAN DIEGO – Contemporary Art Fair

The fourth edition of ART SAN DIEGO (ASD), which ran from September 6-10, 2012, drew a solid lineup of top galleries and local museums and welcomed over 10,000 art collectors. The “New Art City” theme suggested a new way of expressing the art fair, focusing on four districts: Contemporary Art, Contemporary Product and Furniture Design, Mid-Century and Modern Art, and Solo Artists Curated Booths. Relocation to the Balboa Park gave the event the opportunity to develop an “urban compound” both inside the venue and throughout the grounds of Balboa Park. With “New Art City”, ASD 2012 nurtured and strengthened San Diego’s art scene for years to come.

Marketing Highlights:
• Opening night welcomed over 2,600 collectors and was a social highlight in San Diego – bringing together a diverse audience including numerous artists and leaders who have helped shape the San Diego art scene for the last sixty years.
• ASD featured over 64 galleries with over 1,500 pieces of art on display. Post-fair sales surveys revealed the strongest sales yet across galleries and an increase in the incremental prices of the works sold.
• ASD contracted a local PR agency to expand its national reach to Orange County, Los Angeles, Phoenix, Palm Springs and San Francisco. The focused public relations campaign generated over 200 million total media impressions.
• ASD’s move to Balboa Park opened up numerous opportunities to partner with local museums and donors including SDMA, MOPA, Mingei International, MCASD, Pt. Loma Nazarene, San Diego State University, Woodbury School of Architecture and UCSD VisARTS Department.
• Partnered with the Urban Land Institute and the Aspen Institute on a conference focused on innovation and creativity, which drew over 150 national leaders in the area of arts, development and business.
• ASD hosted over 50 Chinese delegates and numerous Los Angeles-based consulate members for its Vision China Exhibition and reception. County of San Diego Supervisor Ron Roberts welcomed the group at a special ceremony during the fair which drew more than 400 attendees.
• In its third year, ART MONTHS SAN DIEGO (AMSD) focused on a broad array of the city’s visual and performing arts events in September. AMSD had over 60 events/organizations participate in the promotion.

4:1 Total FY2013 Return on Investment

<table>
<thead>
<tr>
<th>FY2013 Funding Amount</th>
<th>$25,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>710</td>
</tr>
<tr>
<td>x Average Daily Rate: ADR</td>
<td>$134.04</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
<td>$95,222</td>
</tr>
</tbody>
</table>
CONTRACTOR ROI

California State Games
The California State Games is a statewide amateur sports festival that is a grass roots program of the United States Olympic Committee. The 2012 California State Games were held July 19–22, 2013, hosting 6,691 athletes, competing in 21 sports. These included: archery, badminton, basketball, BMX, bowling, gymnastics, judo, junior lifeguards, karate, skateboarding, soccer, softball, surfing, swimming, synchronized swimming, table tennis, taekwondo, track and field, water polo, weightlifting and wrestling.

The 2013 California Winter Games held ice hockey, figure skating and roller skating events in February and March, hosting 1,634 athletes. Athletes come from around the western US to compete for medals in these premier amateur events. The competitions appeal to youth athletes and their families, which prompts many to take a family vacation in conjunction with the Games.

Marketing Highlights:
• To maintain a high quality sports event that provides an Olympic experience, the Games hired a part-time marketing manager who worked with each individual sport to determine the best ways to inform and entice both coaches and athletes to attend the Games.
• The Games continued its successful policy of mandating that out-of-town ice hockey teams had to stay at one of the pre-designated hotels located throughout the city.
• The Games executed targeted marketing strategies to heighten awareness of the event in Central California. These strategies included distributing print collateral to sports events in Central California, attending coaches meetings in various sports and offering incentives to sports directors to increase the number of participating athletes.
• For the fourth consecutive year, the Games used in-house staff to reserve and block rooms, working only with SDTMD hotels. It also provided convenience for the athletes by placing them in accommodations throughout the Assessment District, including North County, Central San Diego and the South Bay.

20:1 Total FY2013 Return on Investment

Funding Amount $100,000
Hotel Room Nights 16,339
x Average Daily Rate: ADR $124.99
Total Room Night Revenue $2,042,212

San Diego Brewers Guild - Beer Week
San Diego Beer Week (SDBW) promotes San Diego’s thriving craft beer culture by sponsoring a 10-day, countywide festival that attracts beer tourism, fosters knowledge of San Diego’s regional brewing heritage, and serves as a showcase for local breweries, restaurants, pubs and other businesses with ties to the craft beer community. The fourth annual San Diego Beer Week, which took place November 2–11, 2012, consisted of over 545 independent events and attracted guests from 27 states and six countries.

Marketing Highlights:
• SDBW showcased San Diego’s international reputation for brewing inspired beers and leveraged the popularity of craft beer, an industry that has generated nearly $4.7 billion in economic activity in California as a whole.
• The Guild hired a public relations firm with vast capabilities to network globally and attract beer enthusiasts from around the world. A Craft Beer journalist was also hired to handle strategic out-of-area media buys and advertisement placements.
• SDBW kicked-off with a sold-out festival on the Broadway Street Pier featuring San Diego Mayor Jerry Sanders, live media broadcasts, and local food trucks and restaurants providing an amazing array of food.
• Marketing campaign launched a mobile calendar application for the SDBW website, which accounted for a 54% increase in mobile site visits and enabled worldwide San Diego beer enthusiasts to track the more than 500 events posted there.
• An increase in SDBW’s online presence throughout Beer Week garnered a 10% increase in new social media fans and followers over the previous year.
• SDBW culminated with another sold-out culinary event at The Lodge at Torrey Pines. The Guild partnered with Chef’s Celebration, a local nonprofit chefs educational resource, to create a unique, rare beer and gourmet food pairing.

20:1 Total FY2013 Return on Investment

Funding Amount $68,936
Hotel Room Nights 5,943
x Average Daily Rate: ADR $132.89
Total Room Night Revenue $789,794
San Diego Bayfair – Thunderboats

Bayfair, San Diego’s largest annual family festival and sports competition attracts race fans from all over the world, with over 100,000 spectators. The three-day beach festival and powerboat-racing event, considered the “World Series of Powerboat Racing,” took place September 14–16, 2012, on Mission Bay. More than 150 racing teams from across the country competed in over a dozen professional and amateur powerboat racing events including unlimited hydroplanes, drag boats, P1 USA and Grand Prix West. In addition to the on-water competition, Bayfair is a family fun festival that features live bands, beer gardens, food vendors and a large kids zone with free attractions.

Marketing Highlights:
• San Diego Bayfair continues to attract more powerboat racing classes than any other site in the world. The races were based on Vacation Island, but viewing was also available at Ski Beach, Crown Point Shores and Fiesta Island.
• Bayfair reached nearly 250,000 people due to the large turnout and extensive local and national media coverage. The hydroplane races were televised on FOX Sports and ROOT Sports.
• Well-known brands including Budweiser, Degree Men, Ford and Lucas Oil have made Bayfair part of their marketing programs.
• Musical acts that performed over the three-day festival included the likes of Janine Stange, One Eighty, Trailerpark Rockstar, So*Cal Vibes, Mercedes Moore Band, among others.
• The 2012 Bayfair enjoyed a boost in room nights from the previous year by nearly 600 rooms.
• Out-of-town guests for Bayfair included international guests from Qatar and Canada.

San Diego Bay Wine & Food Festival

The San Diego Bay Wine & Food Festival has quickly grown into a world-class wine and culinary extravaganza on the west coast and has become a signature for the City of San Diego. The annual celebration is an international showcase of the world’s premier wine and spirits producers, chefs and culinary personalities. Held November 14 to 18, 2012, the five-day festival included wine-tasting and cooking classes, the Reserve and New Release Tasting, the star-studded Celebrity Chef Luncheon & Big Bottle Auction, the action-packed Chef of the Fest Competition and the Grand Tasting on San Diego’s magnificent bay.

Marketing Highlights:
• More than 10,000 wine and food aficionados from across that nation attended the 9th Annual San Diego Bay Wine & Food Festival.
• Participation from 70 of San Diego’s top award-winning, fine dining restaurants, gourmet food purveyors, cookbook authors and culinary personalities.
• Participation from more than 170 wineries from wine growing regions around the world.
• A lineup of exciting and informative cooking and wine demonstrations was led by celebrity and award-winning chefs such as Top Chef contestants Edward Lee, Mike Isabella, Sarah Grueneberg, and Lindsay Autry; Cooking Light Magazine’s Chef Billy Strynkowski; Sam The Cooking Guy; and Food Network’s The Hearty Boys.
• Ranked in the top five of the “Top 100 Southern California Events” by BizBash Magazine for four straight years.
• Major U.S. brands used this year’s Festival to expand their Southern California market reach. They included the likes of Buick, Southwest Airlines, Cooking Light Magazine, Union Bank and Cox Communications.

22:1 Total FY2013 Return on Investment

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13:1 Total FY2013 Return on Investment

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</table>
SAN DIEGO BAYFAIR
THUNDERBOATS 22:1
CONTRACTOR ROI

San Diego Bowl Game Association

The San Diego Bowl Game Association (SDBGA) produces two college football bowl games played at Qualcomm Stadium: the Bridgepoint Education Holiday Bowl and the San Diego County Credit Union Poinsettia Bowl. The 35th Annual Holiday Bowl was played on December 27 and featured the UCLA Bruins from the Pac-12 Conference and the Baylor Bears from the Big 12 Conference. The 9th Annual Poinsettia Bowl was played on December 20 and featured the SDSU Aztecs from the Mountain West Conference and the BYU Cougars. In addition to the influx of room nights during the off-peak season, both games were nationally televised on ESPN and featured San Diego’s sunny winter weather.

Marketing Highlights:

• Both games continued its team payout policy to maintain their current selection status and attract top-tier college football programs. Meeting and exceeding the current payout numbers is critical to the overall success of the games.

• During the games’ respective telecasts on ESPN, the on-air talent frequently mentioned the city. Plus, the network featured a minimum of seven San Diego “beauty shots” to the combined eight million-plus viewing audience, showcasing San Diego as a “destination city.”

• The Holiday Bowl and The Poinsettia Bowl worked closely with the participating schools to maximize promotion of game tickets they are required to sell.

• Both games worked with fellow SDTMD contractors — specifically, the San Diego Tourism Authority — to promote San Diego as a travel destination.

10:1 Total FY2013 Return on Investment

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<th>FY2013 Funding Amount</th>
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<td>Total Room Night Revenue</td>
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CONTRACTOR ROI

San Diego Crew Classic

The mission of the San Diego Crew Classic (SDCC) is to produce the premier rowing regatta in the United States. The event seeks to promote the highest ideals of amateur athletics and host a signature event that is a source of pride for the citizens of San Diego. The 2013 Crew Classic attracted thousands of athletes from more than 100 universities, clubs and high school programs from across the United States to participate in the Copley Cup (men) and the Jessop-Whittier Cup (women).

Marketing Highlights:
• SDCC enjoyed an increase in both rower registration and attendance (of participants and spectators combined) over the previous year. For the first time since surveying event attendees, there was an increase in the percentage of local attendees.
• SDCC continued its team payout policy, a cornerstone of the Crew Classic growth initiative. The payout to the top-tier collegiate crews ensures a competitive field for these races, which is paramount to the success of the regatta. The program enables SDCC to keep the Copley and Jessop-Whittier races front and center in the minds of coaches, rowing enthusiasts and media nationwide.
• SDCC ran several full-page, four-color ads in Rowing News Magazine, as well as banner ads on rowing websites and postcards, and even included letters to more than 2,500 rowing coaches and administrators around the country.
• SDCC launched a fully revamped website to complement its eye-catching advertisements, integrating it with the latest technologies in the social media arena. The website also featured links to the San Diego Tourism Authority and other resourceful visitor websites.
• SDCC representatives attended the world’s largest two-day rowing event, the Head of the Charles Regatta as well as the USRowing Annual Convention, to network and promote the SDCC with top collegiate and high school decision makers.
• SDCC continued its contract with Gravitate Sports Marketing to reinforce and advance its brand nationally and internationally with asset creation and media exposure and measurement.

10:1 Total FY2013 Return on Investment

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<th>FY2013 Funding Amount</th>
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<td>Hotel Room Nights</td>
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<td>Total Room Night Revenue</td>
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San Diego Spirits Festival

San Diego Spirits Festival is a nationally acclaimed celebration of cocktail culture and is the premiere west coast spirits festival held on the beautiful San Diego Bay. With bartender competitions, tastings, seminars and parties, the festival offers a one-of-a-kind opportunity for brands to be supported and gain recognition among San Diego’s cocktail and culinary community and beyond. The 2012 Spirits Festival took place August 25–26, 2012, at the Broadway Pier Pavilion, showcasing dozens of new and diverse brands to attendees from around the world.

Marketing Highlights:
• To attract a critical mass of industry brands to the Festival, event organizers contacted target brands individually using various marketing and direct sales tactics.
• To ensure local industry participation, the Festival hosted a series of mixology competitions open to all of San Diego’s bartending community.
• Industry attendance increased as national and international brands used the Festival as a test market and product branding launch opportunity.
• Fodors.com announced that San Diego Spirits Festival placed in its top five of cocktail festivals in the United States, ranking fourth overall. Fodors also tweeted this announcement to its more than 250,000 twitter followers.
• The success of 2012 Festival has attracted additional major national brands to participate in future San Diego Spirits Festivals.

3:1 Total FY2013 Return on Investment

<table>
<thead>
<tr>
<th>FY2013 Funding Amount</th>
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<tbody>
<tr>
<td>Hotel Room Nights</td>
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<td>Total Room Night Revenue</td>
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</table>
San Diego Sports Commission

The San Diego Sports Commission (SDSC) promotes its home region as the preferred destination for sports events and activities, and fosters economic development and quality of life through sports. SDSC took part in the production of 34 sporting events during FY2013, while bidding for, securing and planning numerous events for months and years ahead. Since its creation more than 50 years ago, SDSC has evolved into the cornerstone for all sports-related activities, events and conventions in San Diego.

Marketing Highlights:

- SDSC served as or in support of local organizing for several major events, including:
  - Battle on the Midway (basketball)
  - Perfect Game All-American Baseball Classic
  - America’s Finest City Half Marathon & 5K
  - San Diego Classic (basketball)
  - 2012 NCAA Women’s College Cup (soccer)
  - Surf Cup (soccer)
  - Triple Crown Fastpitch World Series (softball)
  - Footlocker Cross Country National Championships
  - Adrenaline Lacrosse High Rollers
  - Adrenalina Skateboard Marathon
  - Farmers Insurance Open (golf)
  - Full Out Cheer Challenge
  - USA Triathlon Art and Science International Coaching Symposium

- The Triple Crown Fastpitch World Series attracted 175 teams from the west coast to play on nearly 30 softball fields throughout San Diego, generating 4,014 TMD hotel nights. Triple Crown plans to host its championship event in San Diego over a span of five years in which age groups will rotate each year.

• The Surf College Cup has earned a reputation as the nation’s premiere fall season college showcase of competitive youth soccer for boys and girls. This year’s event brought together upwards of 140 teams and 50 college scouts and coaches over Thanksgiving weekend and garnered 5,713 TMD hotel nights.

• The Adrenaline Lacrosse Challenge has been a vital team recruiting program on the Adrenaline calendar since 2002. The 200 Challenge saw 140 teams west of the Mississippi compete in front of 120 NCAA recruiters, acquiring a total of 1,417 TMD hotel nights.

• In continued efforts to position San Diego as a premier tennis destination, SDSC partnered with the local organizing committee at Barnes Tennis Center to host the USTA Girls 16/18U National Championships, which generated a total of 1,070 room nights.

• SDSC along with the Nomads Soccer Club hosted its annual Nomads Thanksgiving Tournament in November, generating 4,456 room nights.

### Total FY2013 Return on Investment

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tr>
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<td>Total Room Night Revenue</td>
<td>$5,384,594</td>
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</table>
Board of Directors

C. Terry Brown, Chairman
President, Atlas Hotels

Richard Bartell, Vice Chairman
President, Bartell Hotels

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Vice President and Managing Director of Hotel Operations, Evans Hotels

John Schafer, Secretary
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