San Diego
Tourism Marketing District

Report of Activities
for FY 2015

March 12, 2014
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Introduction

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

The boundaries of the renewed TMD coincide with the City boundaries and all lodging businesses within the City are assessed: effective January 1, 2013, those with 30 or more rooms are assessed two percent (2%) of eligible gross room revenues while those with 29 or fewer rooms are assessed 0.55% of eligible gross room revenues.

The guiding document for the renewed TMD is the Tourism Marketing District Management Plan (Plan) created by the assessed businesses and approved by City Council in September 2012. The Plan specifies how the assessments may be used and the general funding procedures and criteria. These uses are categorized as “A” and “B” according to activity type and benefit to assessed lodging businesses.

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

The San Diego Tourism Marketing District (SDTMD) is the non-profit organization representing the assessed businesses which is under a five-year agreement through November 2017 to administer the renewed TMD.

The SDTMD brings management experience from the initial district to the renewed district but will also be funding activities in accordance with the new Plan which articulates how those that are assessed are benefitted while ensuring that those lodging businesses which are not assessed may not benefit from the TMD-funded activities.

This FY 2015 Report of Activities reflects the recommended allocations of assessments levied for FY2015.
Quick Facts

San Diego Tourism Marketing District:
Renewed by Resolution: R-307843 with Date of final passage November 27, 2012
Effective January 1, 2013 through June 30, 2052 (a term of 39 ½ years)

Agreement between City and TMD Management Corporation:
Approved by Resolution: R-307844 and amended by Resolutions R-308065
(dated April 23, 2013) and R-308588 (dated December 9, 2013).
Effective November 26, 2012 through November 25, 2017

Advisory Board and Contracted TMD Management Corporation:
San Diego Tourism Marketing District (SDTMD)
8880 Rio San Diego Drive, Suite 800, San Diego, CA 92108
(619) 209-6108 www.sdtmd.org

Assessment Methodology Authorized by Resolution No. R-307843:
All assessment rates are based on the privileges directly conferred and specific benefit directly
received by assessed businesses from the activities provided within each category and is levied
on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of
those benefitting businesses.

Annual assessment rates are as follows:
• Benefit Category A Rate: 1.45% - applied to Assessable Rent of qualifying lodging businesses.
• Benefit Category B Rate: 0.55% - applied to Assessable Rent of qualifying lodging businesses.

In summary, lodging businesses with 30 or more rooms will be assessed at a total rate of 2%
(Category A + Category B). Lodging businesses with 29 or fewer rooms will be assessed at a
total rate of 0.55% (Category B only).

No Changes to Boundaries or Assessment Methodology:
For FY2015, no changes are proposed to the boundaries which encompass the entire City of San
Diego. or benefit categories or the basis / method of assessment for the renewed District.

Benefit Zones:
There are two (2) benefit categories in the District. Each benefit category is designed so that the
activities provided in connection with that category will confer exclusive privileges and a specific
benefit directly to assessed businesses.

Lodging businesses benefitting under category A include all lodging businesses in the District
with thirty (30) or more rooms. Lodging businesses benefitting under category B include all
lodging businesses in the District, regardless of size.

FY2015 Budget Total
Estimated Available Tourism Marketing District (TMD) Funds for FY2015:  $46,211,911
Budget Summary

Calculation of Available Tourism Marketing District (TMD) Funds for FY2015

Projected Assessments

Category A $ 22,421,245  
Category B $ 8,872,795  

Projected Interest and Penalties $ 30,000  
Projected Carryover from FY2014 – $ 14,887,871  
Contributions from Other Sources: $ 0  

Total FY2015 Funds Available $46,211,911

PROPOSED ACTIVITIES FOR FY 2015  
(Pursuant to San Diego Tourism Marketing District Management Plan September 2012)

CATEGORY A

A1.1 Hotel Meeting Sales $ 3,761,976  
A1.2 Event Management and Group Sales Development $ 1,240,666  
A1.3 Tourism Development Including Travel & Trade $ 1,534,646  
A1.4 Group Meeting Direct Marketing $ 733,993  
A1.5 Consumer Direct Sales and Marketing Program $ 6,431,000  
A1.6 Multi-Year Tourism Development $ 500,000  
A2 Sub-Regional Targeting $ 3,000,000  
A3 Competitive Targeting - $ 3,727,414  

Programs of the type detailed in benefit category A.1  
(i.e. A1.1 through A1.6) awarded through a competitive process.

Sub-Total $20,929,695

Litigation Reserve (including carryover of $3,987,500) $ 8,323,938  
Opportunity/Catastrophe Reserve 5% (including carryover of $1,479,966) $ 2,614,375  
Administration 5% (including carryover of $834,918) $ 1,969,327  

Total Category A $33,837,335

CATEGORY B

Destination Marketing with Specific Call to Action - SDTA $ 7,092,455

Litigation Reserve (including carryover of $1,512,500) $ 3,676,062  
Opportunity/Catastrophe Reserve 5% (including carryover of $381,508) $ 811,801  
Administration 5% (including carryover of $316,693) $ 746,986  

Total Category B $12,327,304

NON-ASSESSMENT: Contingency reserve (interest/penalty revenue) $ 47,272
The tourism market is an extremely competitive and lucrative export industry. On May 7, 2013, Mayor Antonio Villaraigosa and Los Angeles Tourism & Convention Board (LA Tourism) President and CEO Ernest Wooden, Jr. announced that Los Angeles has set a new goal to generate 50 million visitors by 2020 (an increase of 22% over the next 8 years). LA Tourism estimates that an increase to 50 million in total visitation will generate an increase of $14 billion in economic impact for Los Angeles, for a total of $44.5 billion; bring in $238 million in hotel tax revenue to the City; and add 68,000 new jobs to the LA region’s workforce for a total of 392,000 jobs supported by the tourism industry in 2020.

Los Angeles isn’t the only destination to identify travel and tourism as an export economy worthy of investment and growth. On September 16, 2013, Chicago Mayor Rahm Emanuel and Don Welsh, President and CEO of Choose Chicago announced a 2020 goal of attracting 50 million visitors annually and becoming a top 5 U.S. city for international visitation. And, at the national level, President Barak Obama created for the first time the National Travel & Tourism Policy with a goal to attract 100 million international visitors (from current 66.6 million annually) by 2021 and to encourage more Americans to travel within the United States.

As outlined in the National Travel & Tourism Policy, growing a destination’s tourism economy requires:

- Promoting the destination.
- Enabling and enhancing travel and tourism to and within the destination.
- Providing world-class customer service and visitor experience.
- Coordinating across government.
- Conducting research and measuring results.

Setting these goals and measuring progress for any destination requires historic data and an economic forecast. In 2008, the San Diego Tourism Authority engaged Tourism Economics (an Oxford Economics Company with a global clientele) to develop an economic forecasting model for San Diego tourism using years of San Diego tourism industry research. The San Diego Tourism Forecast Model, with visitor industry and economic inputs and outputs, was one of the first tourism forecasting models in the nation and the approach has now been adopted by leading DMOs including Visit California, Los Angeles Tourism & Convention Board and Brand USA.

Currently, the San Diego forecast is updated every six months, with the most recent forecast completed in December 2013. This forecast produced by Tourism Economics, takes into consideration the recent funding challenges, market conditions and competitive landscape, and forecasts the industry growth through 2017.
The following highlights provide insight into recent performance for San Diego County and Outlook for 2014:

- San Diego hosted 10.6 million visitors in the third quarter of 2013. However, growth in visits to San Diego slowed to just 0.7% in the third quarter compared to 2012. Through the first three quarters of the year total visits have expanded 2.4%.

- Visitor expenditures were stronger in the third quarter, advancing 5.5% to $2.6 billion. Average daily expenditures increased across all visitor segments.

- Hotel demand increased 2.2% in the third quarter, improving over the first two quarters of the year. While room supply continues to grow, occupancy rates managed to top 80% in the third quarter.

- ADR has accelerated over the past two quarters in response to higher demand. ADR reached a third quarter peak of $150.89 in nominal terms—4.4% above 2012 Q3.

- San Diego hotels continue to maintain premium occupancy rates and prices compared to both California and the US, but these premia have narrowed compared to last year. The San Diego hotel sector has regained some ground since May relative to California and the US, however both demand and ADR growth lag state and national performance through October.

- The US economy is poised to expand in 2014 with GDP growth accelerating to 2.6% and steadying through the remainder of the forecast period. This acceleration will be supported by improved consumer spending, a stronger labor market, improved business investment, a stronger housing market, low inflation, and the energy boom.

- These factors, especially in the household sector, are the key drivers which will support travel in the next year. US domestic trips are forecast to grow 1.7% in 2014 from 1.2% in 2013.

- Visits to San Diego are expected to post annual growth of 2.2% in 2013 aided by relatively stronger performance in overnight visitation in the fourth quarter. Visits are forecast to slow to 1.6% in 2014.

- Longer term, visitor growth is forecast to rise above 2% in 2015 before settling toward an average growth of 1.8% in 2016-2017. While spending is expected to accelerate in 2014 due to relatively stronger overnight visitation, visitor spending growth will slow and remain stable through 2016.

- Hotel room demand is projected to grow 2.2% in 2013, revised higher from the last forecast, yet the slowest rate since the recession. Demand is forecast to rebound in 2014, growing 2.8% and stabilizing below 2.5% in 2015-16.

- The combination of slower demand and an increasing room supply in 2013 will keep ADR growth below 3% for 2013. Supply growth will continue to accelerate in 2014, but relatively higher demand will keep occupancy above 72% in 2014 and rising to 74% by 2016. These higher occupancy rates will support ADR growth of 4% on average through 2017.
# San Diego Tourism Summary Outlook

(annual % growth, unless stated)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits</td>
<td>0.9%</td>
<td>4.3%</td>
<td>3.6%</td>
<td>2.2%</td>
<td>1.6%</td>
<td>2.1%</td>
<td>1.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Day</td>
<td>-2.5%</td>
<td>4.0%</td>
<td>4.8%</td>
<td>2.7%</td>
<td>1.1%</td>
<td>2.5%</td>
<td>2.1%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Overnight</td>
<td>4.5%</td>
<td>4.5%</td>
<td>2.4%</td>
<td>1.7%</td>
<td>2.1%</td>
<td>1.7%</td>
<td>1.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Expenditure</td>
<td>1.7%</td>
<td>5.7%</td>
<td>6.6%</td>
<td>5.2%</td>
<td>5.4%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Day</td>
<td>-4.3%</td>
<td>5.8%</td>
<td>7.9%</td>
<td>5.1%</td>
<td>3.6%</td>
<td>5.4%</td>
<td>5.1%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Overnight</td>
<td>2.5%</td>
<td>5.7%</td>
<td>6.4%</td>
<td>5.3%</td>
<td>5.6%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Hotel Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room supply</td>
<td>1.0%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.9%</td>
<td>1.4%</td>
<td>0.7%</td>
<td>1.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Room Demand</td>
<td>6.7%</td>
<td>3.7%</td>
<td>2.9%</td>
<td>2.2%</td>
<td>2.8%</td>
<td>2.3%</td>
<td>2.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Occupancy (%)</td>
<td>66.4</td>
<td>68.7</td>
<td>70.5</td>
<td>71.5</td>
<td>72.4</td>
<td>73.6</td>
<td>74.1</td>
<td>74.5</td>
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<tr>
<td>ADR ($)</td>
<td>$121.38</td>
<td>$125.59</td>
<td>$131.22</td>
<td>$135.02</td>
<td>$140.36</td>
<td>$146.38</td>
<td>$151.90</td>
<td>$157.26</td>
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</table>

Source: Tourism Economics, December 2013 San Diego Tourism Forecast
The FY2015 Distribution is estimated to be $28,022,150. Per the FY2015 Application Guidelines, the deadline for the annual Applications was December 6, 2013. All submitted applications were reviewed, ranked, and allocations recommended as listed below. Ranking factors included time of year, new versus existing rooms, and potential for growth. A sample application is included as Attachment V and the rankings for all applications are shown on Attachment VII.

<table>
<thead>
<tr>
<th>CATEGORY A1 &amp; B - DESTINATION MARKETING ORGANIZATION (DMO)</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Tourism Authority (SDTA)* Funding Category A</td>
<td>$13,702,281</td>
</tr>
<tr>
<td>San Diego Tourism Authority (SDTA)* Funding Category B</td>
<td>$7,092,455</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY A2 - SUB-REGION PROMOTIONS (DMO)</th>
<th>Funding</th>
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<tbody>
<tr>
<td>San Diego Tourism Authority (SDTA)*</td>
<td>$3,000,000</td>
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</tbody>
</table>

*SDTA formerly known as ConVis

<table>
<thead>
<tr>
<th>CATEGORY A3 – GENERAL COMPETITIVE ANNUAL APPLICANTS</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>California State Games</td>
<td>$150,000</td>
</tr>
<tr>
<td>Competitor Group - Rock’n’Roll Marathon</td>
<td>$300,000</td>
</tr>
<tr>
<td>Craft Brewers Guild – San Diego Beer Week</td>
<td>$74,900</td>
</tr>
<tr>
<td>Farmers Open</td>
<td>$200,000</td>
</tr>
<tr>
<td>La Jolla Playhouse – “The Hunchback of Notre Dame”</td>
<td>$18,114</td>
</tr>
<tr>
<td>San Diego Bayfair</td>
<td>$85,000</td>
</tr>
<tr>
<td>San Diego Bowl Game Association</td>
<td>$450,000</td>
</tr>
<tr>
<td>San Diego Crew Classic</td>
<td>$120,500</td>
</tr>
<tr>
<td>San Diego Sports Commission</td>
<td>$328,900</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,727,414</td>
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</tbody>
</table>

**Total FY2015 Funding Allocations from ranking** $25,522,150

**ADDITIONAL APPROVED FUNDING**

| A1.6: Multi-Year Tourism Development: SDTMD | $500,000 |
| A3: Approved Balboa Park Centennial carryover | $2,000,000 |

**Total funding allocations** $28,022,150
San Diego Tourism Authority
Budget Summary

San Diego Tourism Authority previously known as San Diego Convention and Visitors Bureau

**Category A**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, Taxes &amp; Employee benefits</td>
<td>$3,713,506</td>
</tr>
<tr>
<td>Advertising</td>
<td>$4,340,000</td>
</tr>
<tr>
<td>Advertising agency fees</td>
<td>$915,000</td>
</tr>
<tr>
<td>Dues/ Subscriptions/Memberships</td>
<td>$38,064</td>
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<tr>
<td>Event registration fees</td>
<td>$149,441</td>
</tr>
<tr>
<td>Lead generation services</td>
<td>$67,200</td>
</tr>
<tr>
<td>Marketing materials and brochures</td>
<td>$6,120</td>
</tr>
<tr>
<td>Outside contractors</td>
<td>$836,765</td>
</tr>
<tr>
<td>Promotional Items</td>
<td>$54,389</td>
</tr>
<tr>
<td>Rentals – booth space</td>
<td>$13,612</td>
</tr>
<tr>
<td>Rentals – remote space office</td>
<td>$105,556</td>
</tr>
<tr>
<td>Research</td>
<td>$229,131</td>
</tr>
<tr>
<td>Special event production</td>
<td>$68,182</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>$34,157</td>
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<tr>
<td>Travel</td>
<td>$275,768</td>
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<tr>
<td>Contingency</td>
<td>$55,832</td>
</tr>
<tr>
<td>Allocation of Indirect Costs</td>
<td>$2,799,558</td>
</tr>
<tr>
<td><strong>Total Category A Budget</strong></td>
<td><strong>$13,702,281</strong></td>
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</table>

**Category B**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, Taxes &amp; Employee Benefits</td>
<td>$288,315</td>
</tr>
<tr>
<td>Advertising</td>
<td>$5,339,000</td>
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<tr>
<td>Advertising agency fees</td>
<td>$490,000</td>
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<tr>
<td>Dues/ Subscriptions/Memberships</td>
<td>$1,045</td>
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<tr>
<td>Event registration fees</td>
<td>$3,490</td>
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<tr>
<td>Outside contractors</td>
<td>$677,815</td>
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<tr>
<td>Research</td>
<td>$34,157</td>
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<tr>
<td>Travel</td>
<td>$74,680</td>
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<tr>
<td>Contingency</td>
<td>$1,088</td>
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<tr>
<td>Allocation of Indirect Costs</td>
<td>$217,022</td>
</tr>
<tr>
<td><strong>Total Category B Budget</strong></td>
<td><strong>$7,092,455</strong></td>
</tr>
</tbody>
</table>

**Total Budget**                                        **$20,794,736**
San Diego Tourism Authority
Program of Work

Overview:

The San Diego Tourism Authority (SDTA) 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 driving inbound travel.

Incorporated in 1954, SDTA is a private not-for-profit 501(C)(6) organization governed by a 30-member board of directors. The SDTA is nimble in the marketplace. As market conditions shift, programs are updated in order to best capitalize on opportunities and maximize ROI. Investment of new marketing funds from the TMD 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, international and domestic visitors.

The SDTA mission is clear: To drive visitor demand to economically benefit the San Diego community. Based on the total budget request of $20.7 million in Tourism Marketing District funding, the FY 2015 program of work is projected to deliver the following:

1. Deliver a minimum overall organization return on investment of $27 to $1.
2. Produce over 900 million paid advertising gross impressions.
3. Generate an estimated 8 million visitor inquiries through the web site, social media, e-mail and phone.
4. Deliver over $15 million in unpaid media exposure through earned media (unpaid editorial), unpaid media promotions and co-operative advertising partners.
5. Deliver maximum hotel room nights to the Tourism Marketing District hotels.

FY2015 Key Strategies and Tactics:

The Leisure Market

1. Align San Diego marketing programs with Visit California and Brand USA, capitalizing on their $50 million and $200 million respectively global marketing programs. Position San Diego as the best of everything California has to offer all in one place.

2. Generate maximum hotel/motel visitor volume for the destination by protecting existing volume markets and building opportunity markets.

3. Invest in research and database analysis to focus marketing programs, dollars and timing against the destination’s best travel prospects.
   a. Conduct comprehensive quantitative and qualitative brand research domestically and internationally to assess communications messages and strategies.
   b. Update the 5-year San Diego Tourism forecasting model.
c. Continue to invest in core visitor industry performance intelligence such as the CIC Research, San Diego County Visitor Profile, Smith Travel Research San Diego Hotel Market Analysis and OTTI Overseas Travel Arrivals.
d. Continue program measurement tracking, including TNS Return on Investment Advertising Studies and Web Site Conversion Analysis.
e. Align database analysis with online marketing to profile customers across the OWNED and SHARED media channels (web site, digital, destination blog, YouTube, Social media).

4. Based on the findings of the new brand research, evaluate creative messaging, assets and taglines.

5. Use paid media to put San Diego back on the map in a big way. Generate impact and achieve active consideration. Stimulate engagement and participation with the brand to create affinity and educate consumers about the depth of the San Diego travel experience.
   a. Incorporate national and regional layers to effectively reach the existing volume markets while building emerging markets.
   b. Establish a year-round base program with seasonal campaigns timed to drive business during need periods as well as secure share during peak periods.
   c. Utilize a multi-media mix (i.e., television, digital, out-of-home, print) to effectively break through the clutter and reach targeted audiences.
   d. Develop new media partnerships and promotional programs to elevate the brand and create new content.
   e. Co-operative Advertising – raise over $1 million annually in co-operative advertising through partnerships.
   f. Apply key learning from the TNS Advertising Return-on-Investment Studies to the ongoing program of work.

6. Increase San Diego’s share of voice and leverage the paid media budget through unpaid EARNED media programs.
   a. Public Relations - produce over $15 million annually in unpaid editorial through public relations. Expand paid advertising’s reach by targeting new markets and audiences. Continue to pitch the diversity of product as well as what’s new in the destination. Continue to target the gay/lesbian niche segment.
   b. Unpaid Media Promotions – generate over $1 million annually in unpaid media promotions that extend the San Diego brand in key geographic markets. Continue to target affinity audiences that align with the target (Adult Indulgence, Family Fun and Outdoor Recreation). Target the U.S. Hispanic segment.

7. Connect with travelers and communicate the depth of San Diego travel experiences through OWNED and SOCIAL media channels.
   a. Launch a sandiego.org mobile site for travelers featuring a geo-locater, travel tips, deals and interactive maps.
   b. Formalize the editorial calendar for publishing content across the web site, mobile site, social media sites and destination blog.
   c. Showcase the destination and SDTA members by driving more traffic to all channels.
d. Partner with outside publishers to produce the San Diego Official Travel Guide (San Diego Magazine), San Diego Golf Map (Certified Folder) and San Diego Pocket Map (Where Magazine).

8. Deepen alliances with community partners to better promote the breadth of San Diego’s travel product.
   a. Arts & Culture – City of San Diego Commission for Arts & Culture
   b. Craft Beer - San Diego Brewer’s Guild
   c. Food – California Restaurant Association, San Diego Chapter

9. Partner with the major Online Travel Agencies to increase awareness of San Diego and grow sales of hotel room nights.
   a. Through RFP, select key OTAs to run paid media and promotions. Effectively reach travel prospects by running high-profile placements; deploying competitive destination targeting; developing geo-targeted campaigns; and create affinity targeting.
   b. Conduct reservation agent training on the San Diego travel product and experience.
   c. Facilitate bringing together OTA market managers and SDTA members to grow San Diego product inclusion in OTA channels.

10. Assist visitors with planning their San Diego trip through:
    a. Sandiego.org and m.sandiego.org - The Official Travel Resource for the San Diego Region.
    b. Visitor publications.
    c. Visitor services in the form of phone and email responses to visitor inquiries.

11. Provide visitors with exceptional services while in the destination through the International Visitors Information Center (waterfront), California Welcome Center Alpine and visitor Center Network.
    a. Refer visitors to member companies.
    b. Display and distribute member information.
    c. Distribute visitor information including guidebooks and maps.
    d. Sell attraction tickets.

12. Continue to market to the Travel Trade as a means of influencing transient travel to the destination.
    a. Major Travel Partners – continue to target the top producing travel agencies through sales calls and direct marketing. Seek opportunities for partners to increase promotion of San Diego to their consumers.
    b. Airline Vacation Offices – partner with key airlines such as Southwest Vacations, Alaska Airlines Vacation and American Airlines Vacations. Develop promotions that feature air/hotel/attraction packages and provide potential visitors with a price-point for the destination.
    c. Cruise Market – continue to work with the San Diego Unified Port District to promote pre- and post-cruise itineraries.
    d. Industry Support – continue to participate in major travel industry shows. Continue to
offer the San Diego Travel Specialist online training program to educate and certify travel agents.

13. Increase international marketing programs and capitalize on both the Visit California and Brand USA global marketing programs. Create individual country plans for each major international market.
   a. Canada – run online advertising and pitch editorial contacts in major feeder markets in conjunction with the Visit California consumer advertising campaign. Continue direct sales to the travel trade and lead an annual member mission.
   b. Mexico – representation through the California Alliance and trade missions. Spanish-language microsite with localized content.
   e. Germany – representation through MSI, product promotion in brochures, trade shows (ITB), and public relations. German microsite with localized content.
   f. Australia/New Zealand – trade missions and public relations.
   g. South Korea – representation through Marketing Garden/AVIA Reps, client education, site visits, LA receptive events and sales missions. South Korean microsite with localized content. Partnership with Japan Airlines.
   h. China – develop RFP for in-country representation to take effect Q2 2014. Sales missions with Visit California.

14. Partner with the San Diego Regional Airport Authority to develop and support new international routes.

15. Educate domestic and international travel trade on San Diego product through familiarization trips. Provide members with opportunities to showcase their product to key travel buyers.

The Citywide Conventions Market

1. Develop an aggressive marketing plan for the San Diego Convention Center expansion.

2. Maximize destination hotel room night production by reviewing current booked business and identifying partial space availability. Continue to work with existing accounts to find opportunity to fill remaining open dates while partnering with existing customers to maximize the facility to its greatest potential.
   a. 2015 Target – 43 total booked with partial space availability/open weeks in February (1 week), March (1), April (1), October (1), July (1), August (1), December (1) and holidays.
b. 2016 Target – 42 total booked with partial space available/open weeks in February (1 week), September (1), October (1), January (1), August (2), December (1) and holidays.

c. 2017 Target – 30 total booked with partial space available/open weeks plus holidays

d. 2018 Target – 26 booked with partial space available/open weeks plus holidays

3. Secure facility revenue through Group Contract Agreements and Guidelines. If necessary, offer reduced or discounted deviations from the standard license fee rates if needed to secure core business.
   a. Continue to partner with the San Diego Convention Center team in site visits and negotiations to ensure revenue and booking goals are achieved.
   b. Develop deeper understanding of the center’s operational costs in order to better qualify future business opportunities.
   c. Maximize the catering food and beverage and audio visual contracts and hold clients responsible for meeting expectations.

4. Focus on the open dates within the next ten years.
   a. Develop direct marketing programs to reach accounts that book within the window of need dates.
   b. Continue to protect and hold the high impact opportunities in the future years.

5. Develop new accounts for the existing and expanded facility.
   a. Capitalize on the MINT, Top Medical Meetings, Tradeshow Weekly, Competitive calendars and top 250 Trade shows List databases to uncover new accounts.
   b. Bring new prospective clients to San Diego to familiarize them with all the convention center package has to offer.
   c. Trace lost business to determine if future opportunities exist.

   a. Assign each Medical Convention account to a National Sales Manager to track and target the next open year on the West Coast.
   b. Continue signature events in the Midwest and DC/VA/MD areas targeting key medical citywide clients.
   c. Continue to monitor developments in the West Coast Convention Centers as improvements in these centers pose a threat to our base of business. (San Francisco Moscone Convention Center is scheduled to expand in 2018. Anaheim Convention Center recently opened a new 100,000 square foot outdoor multi-use area. Los Angeles Convention Center is seeking to modernize its facility).

7. Leverage SDTA sales teams’ synergies to increase market intelligence, establish stronger sales presence and better service key customers.
   a. Increase collaboration between the Citywide and Hotel Meetings sales teams in order to achieve new savings, business referrals, identify new prospects and sales opportunities.
   b. Develop a collaborative work plan to maximize tradeshow presence, sales trips and industry events.
   c. Analyze each citywide account to determine if there is single property meeting potential.
Hotel Meetings Markets

1. Establish a new goal setting philosophy that differentiates between new business versus assisted repeat business. New business is defined as meetings that haven’t met in San Diego previously; and/or meetings that haven’t met in San Diego in the last 5 years. We provide “assists” when we are asked to meet with a meeting planner to sell San Diego versus another destination regardless of how the lead was generated. Repeat business is made up of groups that return to San Diego annually and need our partnership and assistance in hotel consideration i.e., Surf Cup, USMC Graduation, Nomads Soccer, etc.

2. Design the sales force of the future by strategically placing sales resources in key markets with additions in the Midwest, DC and Southeast markets.

3. As the competition has caught up with and copied the SDTA site inspection program, re-envision the San Diego Site Experience program to create a stronger competitive advantage in the market.

4. Continue to provide leading edge customer service with programs such as iLead (online RFP tool), a new meeting planner app and attendance promotion tools.

5. Develop new prospects by collaborating with meeting industry partners such as media companies and third party planners to tap new audiences geographically, by industry segment and those that traditionally hold favorable booking patterns.


7. Fully leverage new social media platforms such as Linked-In and Twitter to prospect new customers and maximize attendance.

8. Continue direct marketing programs including lead generation promotions, quarterly email campaigns and direct mail to top accounts and new prospects.

9. Develop new marketing messaging leveraging the “San Diego Always Leads to Positive Results” creative platform and weave into all group sales communications.

10. Develop a Team San Diego selling initiative. Collaborate with the hotel sales community to improve San Diego’s sales delivery. Educate sales teams on how to best sell San Diego as a meeting destination and update partners on how to be more in tune with meeting planner needs.

11. Conduct an education series to train new group sales managers on selling the destination and improve San Diego selling standards in order to increase conversion.
Additional SDTA Budget Allocation Approved

In addition, the SDTA recently received approval for an additional $3 million for sub-region marketing that will support specific types of hotel product within the Tourism Marketing District.

Sub-Regional Marketing

In the Tourism Marketing District, a benefit category has been established to develop programs that serve the needs of larger hotels (30 rooms or more) that are located in parts of the City other than Downtown. This benefit category is A2.

Overview:
From a lodging performance perspective, hotels that are located outside the Downtown core tend to realize less business travel and need more direct sales and marketing in order to drive hotel room night sales. Boosting room night demand in these areas boosts the overall San Diego lodging market performance, district lodging revenue and City TOT collections. According to Smith Travel Research, San Diego’s sub-regions underperformed against the Downtown region in calendar year 2013:

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<th>Occupancy</th>
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<td>I-15 Corridor</td>
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The TMD Marketing Advisory Board along with the San Diego Tourism Authority (SDTA) has been meeting with sub-regional hotel advisory members from the 6 defined regions to gain input on business conditions and needs. The TMD has approved budget for Sub-Regional Sales and Marketing, Benefit A2 programs, for FY 15.

FY 2015 Key Strategies and Tactics:

1. Establish a sub-regional Hotel Advisory Committee to work with the TMD and San Diego Tourism Authority on annual work plans.

2. Develop a consistent identity for sub-regions under the San Diego Tourism brand umbrella in order to create synergy and better capitalize on the larger SDTA base program of work.
3. Create marketing plans and communication platforms by region and/or product (i.e., resorts, limited service properties/value). Analyze research on market segments, issues, opportunities and product differentiators.

4. Launch group sales programs targeting gaps in vertical market. The first vertical segment identified by Mission Valley, Mission Bay and UTC hotel advisory members is the SMERF market.
   a. Hire dedicated sales team members to sell to SMERF meeting planners.
   b. Create a sales and marketing program including sales calls, trade shows, advertising and direct marketing.
   c. Grow customer targets through list acquisition and telemarketing.

5. Develop leisure marketing programs to support sub-regional marketing.
   a. Deploy PR and promotions to increased unpaid media exposure for targeted areas.
   b. Create direct marketing and niche advertising campaigns to introduce targeted audiences to specific areas and experiences.
   c. Synergize with the SDTA base program of work in order to grow efficiencies.
California State Games & Winter Games

The 2014 California State Games will be held in San Diego July 10-13, 2014 and will host 7,500 athletes who will be competing in 24 sports at venues throughout San Diego. Since a large majority of athletes are under the age of 18, they attend the State Games with their families and coaches. An estimated 13,000 TMD hotel room nights will be booked in all parts of the Assessment District. This year, Field Hockey has been added to the Games, and Basketball tournaments statewide to qualify teams to come to the Championships in San Diego.

The 2014 California Winter Games will be held in February & March 2015 and consists of Ice Hockey and Figure Skating. Athletes are expected from Colorado, Texas, Arizona, Washington, and Utah. Over 1,400 athletes and over 2,000 TMD hotel room nights are expected.

2014 Mike Dempsey Memorial Table Tennis Tournament, an International Paralympics event, will be held first week in December, 2014. Over 200 athletes and over 600 TMD room nights are expected.

Funding to be used for A1.1 – TMD Hotel Meeting Sales and A1.5 – Consumer Direct Marketing.

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Ranking:
- Directors’ Aggregate Ranking: #6 of 13

Return on Investment (ROI) - Projected:
- Total hotel room nights: 15,600
- New hotel room nights of total: 1,600
- Return @ $132.00 ADR (average daily rate): $2,059.200
- ROI: 13.7
Competitor Group Rock ‘n’ Roll Marathon & Half Marathon

The Competitor Group’s Rock ‘n’ Roll Marathon is a combination of dynamic media and participatory events within the endurance sports arena. Best-in-class media assets include: Triathlete, Inside Triathlon, Velo, Women’s Running, and Competitor magazines. In combination with their web counterparts and top-tier events such as the Rock ‘n’ Roll Marathons, TriRock triathlon and Women’s Running Half Marathon series, Competitor Group has quickly become the leading integrated event and media resource in endurance sports. The Competitor Group platform leverages these assets and 20+ years of expertise to deliver this growing, active market for clients.

To benefit the TMD assessed properties, grassroots promotions and marketing efforts will include expo booths on the Rock’n’Roll San Diego Marathon & ½ Marathon Expo Tour. All marketing collateral, as well as consumer direct advertising, will contain a specific call to action directing interested consumers to “register and book (their) hotel now” at the event dedicated microsite, EpicSummerRun.com. The dedicated microsite will host a clearly visible “Hotel/Lodging” button in order to direct participants to the list of TMD (only) assessed hotels.

**Funding to be used for A1.2 – Event Mgmt/ Group Sales Development, A1.4 – Group Meeting Direct Marketing, and A1.5 – Consumer Direct Marketing.**

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**Ranking:**
- Directors’ Aggregate Ranking: #10 of 13

**Return on Investment (ROI) - Projected:**
- Total hotel room nights: 42,000
- New hotel room nights of total: 2,939
- Return @ $164.74 ADR (average daily rate): $7,473,060
- **ROI**: 25

![Rock 'n' Roll Marathon image]
Craft Brewers Guild – SD Beer Week

The San Diego Brewers Guild is one of America’s most acclaimed brewing associations. Founded in 1997 as a 501(c)(6) SDBG is at the vanguard of the nation’s brewer’s guilds and is one of the most active brewing societies with 62 Brewing Company Members, 62 Allied Pub members, and 58 Affiliate members. SDBG takes an active role in promoting San Diego’s internationally celebrated craft brewing scene and garnering national media attention for its annual Brewers Guild Festivals and Beer Week in the off-peak month of November.

San Diego Beer Week has become a destination in its own right and by working with the SDTMD and their professional PR Company, the SD brewers Guild (SDBG) will reach out and solicit through an extensive nationwide media blitz targeting meeting planners and groups searching for fall meeting and conference destinations. The Guild will continue to actively attract Craft Beer industry related groups to attend Beer Week in San Diego by an aggressive marketing campaign and utilize TMD properties.

Funding to be used for A1.4 – Group Meeting Direct Marketing and A1.5 – Consumer Direct Marketing

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Ranking:
- Directors’ Aggregate Ranking: #4 of 13

Return on Investment (ROI) - Projected:
- Total hotel room nights: 6,943
- New hotel room nights of total: 1,000
- Return @ $143.66 ADR (average daily rate): $997,431
- ROI: 13
Farmers Insurance Open (PGA Tour)  
Century Club of San Diego

Founded in 1961, The Century Club of San Diego is a 501(c)(3), non-profit organization with 53 dedicated men and women to promote and sell the Farmers Insurance Open. The Farmers Insurance Open had over 41 million US viewers, reached 140 countries and 350 million households globally on the CBS and Golf Channel. The telecast ends at 6:30pm EST when it is cold and dark in most of the country. Viewers are reminded that they could be in San Diego in late January.

The organization will work with Balboa Travel to achieve two objectives:
- Attract specific groups / organizations to San Diego as a golf destination and utilize TMD properties.
- Attract golf travelers from geographic areas to stay in TMD properties.

Funding to be used for A1.4 – Group Meeting Direct Marketing and A1.5 – Consumer Direct Marketing

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Ranking:
- Directors’ Aggregate Ranking: #11 of 13

Return on Investment (ROI) - Projected:
- Total hotel room nights 30,825
- New hotel room nights of total 2,500
- Return @ $136.8 ADR (average daily rate) $4,218,093
- ROI 20
La Jolla Playhouse
“*The Hunchback of Notre Dame*”

La Jolla Playhouse was founded in 1947 by Gregory Peck, Dorothy McGuire and Mel Ferrer and was revived in 1983 under Des McAnuff. Today, the Playhouse is an internationally-renown not-for-profit theatre situated on the UCSD campus. It has earned its place in the international theatre scene with its reputation for ground breaking new work, meriting over 300 major honors including the 1993 Tony Award for Outstanding Regional Theatre.

*The Hunchback of Notre Dame* will be produced by the Playhouse in partnership with Disney Theatrical Productions and will run October 26 – November 23, 2014. The new approach to the story will incorporate intimate staging enhanced with an onstage choir.

The TMD-Supported efforts will fall into categories A1.4 and A1.5. The Playhouse does not have the budget to regularly market beyond the San Diego region. The TMD funding will enable additional marketing efforts outside of San Diego to increase out-of-town ticket buyers.

**Funding to be used for A1.4 – Group Meeting Direct Marketing and A1.5 – Consumer Direct Marketing**

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**Ranking:**
- Directors’ Aggregate Ranking: #9 of 13

**Return on Investment (ROI) - Projected:**
- Total hotel room nights 1,470
- New hotel room nights of total 370
- Return @ $136.8 ADR (average daily rate) $211,196
- ROI 11
San Diego Bayfair - Thunderboats

Founded by famed Unlimited hydroplane racer Bill Muncey in 1964, San Diego Bayfair is a beach festival and powerboat racing event set for September 12-14, 2014 on Mission Bay in San Diego. The event has grown to become a yearly tradition since 1964 and has grown well beyond its regional attendance base. The 93,000 attendees from the Southern California region and throughout the United States are primarily drawn by the fastest boats in the world, H1 Unlimited hydroplanes, as well as a freestyle motocross competition that was added in 2012.

In 2014, Bayfair celebrates its 50th anniversary and is planning a series of events to promote it. Among the planned events are the creation of a Bayfair Hall of Fame and the restoration of the Muncey Memorial on Ski Beach. Other additions will be expanded upon in 2014.

Close to 75 race teams in various categories compete on Mission Bay. To broaden the appeal, Bayfair featured 30 live bands on two stages, a large kids’ zone on Crown Point, and a small microbrew festival. The races were televised on the CBS network and streamed live on the internet. Hi Unlimited says its streaming from San Diego was viewed by 17,000 in 15 countries.

There will be significant marketing efforts to attract a diverse range of competitors, support staff and visiting guests to TMD lodging properties. The TMD Funding will be used to cover a substantial portion of the appearance fees charged by the H1 Unlimited to appear in San Diego. The tour is a significant generator of hotel room nights from the race teams and fans who travel to see the Unlimited hydroplanes.

Funding to be used for A1.2 – Event Management and Group Sales Development

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**Ranking:**
- Directors’ Aggregate Ranking: #7 of 13

**Return on Investment (ROI) - Projected:**
- Total hotel room nights 14,194
- New hotel room nights of total 550
- Return @ $128.06 ADR (average daily rate) $1,817,683
- ROI 24
San Diego Bowl Game Association

The San Diego Bowl Game Association produces two college football bowl games in December at Qualcomm Stadium: the Holiday Bowl and the Poinsettia Bowl. Beginning in 2014 the Holiday Bowl Game will feature the third selection of the eligible Pac-12 teams and fourth selection in the Big 10. This will be the first year that the bowl welcomes teams and fans from the Big 10 Conference. The tentative date of the 2014 Holiday Bowl is December 20.

The Holiday Bowl is televised nationally on ESPN and annually the game attracts 5 to 6 million viewers. The “beauty shots” of San Diego will again be part of the ESPN telecasts in 2014. Additionally, the game is broadcast nationally on ESPN radio and the Port of San Diego Big Bay Balloon Parade, a Holiday Bowl production, is televised nationally.

The possible date of the Poinsettia Bowl is December 23rd. The game will feature a team for the Mountain West against a bowl-eligible US Naval Academy. The Poinsettia Bowl is also broadcast on ESPN television and radio.

The TMD funding will be dedicated to the Team Payout under category A1.2

**Funding to be used for A1.2 – Event Management and Group Sales Development**

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<th>Funding Request</th>
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<td><strong>Funding Recommendation</strong></td>
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</table>

**Ranking:**
- Directors’ Aggregate Ranking: #3 of 13

**Return on Investment (ROI) - Projected:**
- Total hotel room nights: 30,500
- New hotel room nights of total: TBD
- Return @ $115 ADR (average daily rate): $3,507,500
- **ROI:** 8
San Diego Crew Classic

The San Diego Crew Classic is the world’s largest annual rowing regatta held primarily for eight-oared shells (boats). Occurring in the spring, the Crew Classic heralds the start of the rowing season in the United States. Since 1973, this well-regarded event, organized by a not-for-profit organization, has showcased the city of San Diego to generations of rowers and spectators, nationally and internationally.

The San Diego Crew Classic is a two-day regatta of 100+ races and 400+ athletes – a marked increase since FY2009 when first receiving TMD funding. For 2014, they expect 430 boats from 76 cities, 24 states plus Canada, Mexico, and Great Britain. These crews will stay only in TMD hotels. The organizers state that, due to TMD funding, they have been able to realize the tandem goals of growing the event and creating increasing room demand for TMD assessed properties.

One potential identified is to increase their use of pay-per-click advertising online, as it is more directed to their target audience from out-of-town. Additionally, they have identified the junior market as an important growth area in the sport overall, and they are developing targeted messages to that group, as well. They continue their efforts to attract the early December USRowing Annual Convention and continue to explore ways to facilitate January winter rowing training in San Diego collegiate programs such as the University of Minnesota.

Funding to be used for A1.2 – Event Management and Group Sales Development and A1.4 Group Meeting Direct Marketing.

Funding Request $120,500  
Funding Recommendation $120,500

Ranking:
• Directors’ Aggregate Ranking: #8 of 13

Return on Investment (ROI) - Projected:
• Total hotel room nights 9,000
• New hotel room nights of total 550
• Return @ $128.06 ADR (average daily rate) $1,292,940
• ROI 11
San Diego Sports Commission - Base

The San Diego Sports Commission (SDSC) and its predecessor, the San Diego International Sports Council, has a six-decade history of identifying and developing San Diego sporting events that provide great entertainment value and deliver economic impact through increased resident and visitor spending. The SDSC had direct involvement in the re-location of the LA Chargers, establishment of the Andy Williams (now Farmers) Open, construction of Qualcomm Stadium, direct support for elevating and stabilizing the SD Padres, creation of the Holiday Bowl, production of three Super Bowls, three defenses of the America’s Cup, initiation of the X-Games, Rock’n’Roll Marathon, Carrier Classic, and the enduring support for collegiate, high school and community athletic programs.

Within its new operating model, which does not seek to directly provide destination management services, SDSC is committed to continuing the nurturing relationships with regular, repetitive sports related clients, groups and events in order to ensure a base of sports business year after year. As a direct result, an increasing room demand will be driven for TMD assessed properties.

Their FY2015 projected room production is based upon regular clients and groups plus a 30% capture of new business and events. However, this base only represents the anticipated “floor” for sporting event room night consumption. As outlined in their FY2015 application, their targeted outcome will be to utilize reserved TMD resources on a “pay-as-you-go*” relationship to greatly expand and feed the pipeline of yearly sporting events well into the future, thereby delivering a growing targeted ROI in TMD room nights. Following the convention booking model, the rooms booked into this "pipeline" will be credited into future years’ ROI when the events occur.

Funding to be used for A1.1 – Hotel Meeting Sales and A1.2 – Event Management and Group Sales Development

Funding Request $328,900 BASE + $600,000 RESERVE
Funding Recommendation $328,900 BASE ( $600,000* O/C)

Ranking:
- Directors’ Aggregate Ranking: #5 of 13

Return on Investment (ROI) - Projected:
- Total hotel room nights (Base only) 22,873
- New hotel room nights of total (Base only) 6,862
- Return @ $143.66 ADR (average daily rate) $3,286,000
- ROI 10
# Administration

San Diego Tourism Marketing District Corporation

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<td>5500</td>
<td>20,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>1740</td>
<td>660</td>
<td>2,400</td>
</tr>
<tr>
<td><strong>Total Overhead</strong></td>
<td>59,282</td>
<td>22,488</td>
<td>81,770</td>
</tr>
<tr>
<td><strong>Contingency</strong></td>
<td>813,168</td>
<td>308,443</td>
<td>1,121,611</td>
</tr>
<tr>
<td><strong>Total SDTMD Operations</strong></td>
<td>1,534,327</td>
<td>581,986</td>
<td>2,116,313</td>
</tr>
<tr>
<td><strong>City Administration</strong></td>
<td>435,000</td>
<td>165,000</td>
<td>600,000</td>
</tr>
<tr>
<td><strong>Total Administration</strong></td>
<td>$ 1,969,327</td>
<td>$ 746,986</td>
<td>$ 2,716,313</td>
</tr>
</tbody>
</table>

---

1 Actual City administration costs are reimbursed from the TMD fund - this amount represents the current estimate as of March 2014. Potential additional City fees for litigation if incurred would be adjusted out of contingency.
## Opportunity & Catastrophe/Litigation Reserve

**Opportunity & Catastrophe Reserve by Fund:** 5% of assessment revenue

<table>
<thead>
<tr>
<th></th>
<th>Category A</th>
<th>Category B</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carryover from FY2014 5%</td>
<td>$1,479,966</td>
<td>$561,367</td>
<td>$2,041,333</td>
</tr>
<tr>
<td>Release of B funds for FY2015</td>
<td>0</td>
<td>(179,859)</td>
<td>(179,859)</td>
</tr>
<tr>
<td>Projected FY2015 5%</td>
<td>1,134,409</td>
<td>430,293</td>
<td>1,564,702</td>
</tr>
<tr>
<td><strong>Total Opportunity/Catastrophe Reserve</strong></td>
<td><strong>2,614,375</strong></td>
<td><strong>811,801</strong></td>
<td><strong>3,426,176</strong></td>
</tr>
</tbody>
</table>

**Second Amendment Litigation Reserve:** required fixed amount, allocation by category based on current budgeted funding obligations.

<table>
<thead>
<tr>
<th></th>
<th>Category A</th>
<th>Category B</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014 Funding requirement</td>
<td>$3,987,500</td>
<td>$1,512,500</td>
<td>$5,500,000</td>
</tr>
<tr>
<td>FY2015 Funding requirement</td>
<td>4,336,438</td>
<td>2,163,562</td>
<td>6,500,000</td>
</tr>
<tr>
<td><strong>Total Litigation Reserve</strong></td>
<td><strong>8,323,938</strong></td>
<td><strong>3,676,062</strong></td>
<td><strong>12,000,000</strong></td>
</tr>
</tbody>
</table>

**Contributions from Other Sources:** $0

**Net Opportunity & Catastrophe/Litigation Reserve:** $15,426,176
# Attachments

1. San Diego Tourism Marketing District Corporation (4 pages) .............................................Page 31
2. Management Plan Highlights (5 pages) .................................................................................Page 36
3. Funding Cycle for FY2015 (1 page) .........................................................................................Page 42
4. Key Elements of the Application Guidelines and Requirements for FY2015 (6 pages) .Page 44
5. Sample Application for FY2015 (42 pages) ........................................................................Page 51
6. FY2015 SDTMD Corp. Directors Ranking of Applications Summary (1 page) .................Page 94
9. FY2014 Interim Report of Activities SDTA Q1 Summary (14 pages) ............................Page 177
10. FY2014 Interim Report of Activities SDTA Q2 Summary (13 pages) ............................Page 192
SDTMD Corporation

Mission:
The San Diego Tourism Marketing District Corporation (SDTMD), formerly known as the San Diego Promotion Tourism Corporation, is a nonprofit mutual benefit corporation dedicated to improving lodging room night consumption in the City of San Diego.

Purpose:
The specific purpose of this private, non-profit corporation is to provide a private, nonprofit, funding vehicle to stimulate City of San Diego lodging room demand through tourism sales, marketing and advertising programs. The judicious allocation of these resources creates a positive economic, fiscal and employment impact on lodging businesses in the City of San Diego.

Board of Directors:
C. Terry Brown, Chair
Richard Bartell, Vice Chair
William Evans, Treasurer
John Schafer, Secretary
Luis Barrios
Jody Blackinton
Keri Robinson
Tom Voss

Staff:
Lorin Stewart, Executive Director

San Diego Tourism Marketing District Corporation
8880 Rio San Diego Drive, Suite 800
San Diego, CA 92108
(619) 209-6108
lstewart@SDTMD.org
www.SDTMD.org

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

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

Board of Directors:
Only business owners or business owner’s representatives paying the tourism marketing district assessment have the right to vote in annual elections of the association. And only business
owners or business owner’s representatives paying the tourism marketing district assessment have the right to seek nomination or election to the board of directors of the association. The Board of Directors shall consist of nine (9) directors unless changed by amendment to the bylaws of the corporation.

**Initial Directors:**
The initial Board of Directors was appointed by the Incorporator of the Corporation, with individuals to serve for staggered terms of one, two or three years. At the first duly constituted meeting of the Board of Directors, the initial Board members drew lots to determine their individual term.

**Board Nominations & Elections:**
Elections to the Board of Directors are held annually and the next such meeting shall be held on or about May 16, 2014. A call for self-nominations occurs annually and all self-nominees are listed on the ballot for Board elections. In addition to, or in the absence of, self nominations, the Nominations Committee of the Board may put forth a slate of nominees at each election.

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

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

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

Board members, officers and members of the association are intended and understood to represent and further the economic interest of the City’s tourism industry. Board members or officers have a fundamental duty to advance the general welfare of the tourism industry in San Diego.

Because the delivery of a measurable benefit to the assessed businesses is required by law, and is the primary legal purpose of the Corporation, it is recognized that members of the Board of Directors, through their assessed businesses, will receive benefit from the activities of the SDTMD.

In addition, State law provides, and the City’s enabling Procedural Ordinance recognizes, that SDTMD is a “private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose.”
However, SDTMD shall comply with Ralph M. Brown Act, California Government Code section 54950 et. seq., at all times when matters within the subject matter of the District are heard, discussed, or deliberated, and with the California Public Records Act, California Government Code section 6250 et. seq., for all documents relating to activities of the district.

Furthermore, the SDTMD Board of Directors shall comply with the California Corporations Code and shall develop internal policies defining standards, responsibilities and conduct for the Board of Directors.

Specifically, any member of the Board of the corporation, whether they are an owner, officer, or employee of an assessed business, shall disclose the material facts of their interest in a transaction, and shall recuse themselves from any discussion and decision on the transaction, when they have a material financial interest in the transaction.

A Volunteer Board of Directors:
The members and officers of the Board of Directors of the SDTMD serve as volunteers. They receive no monetary compensation or remuneration for their service individually or collectively.

They are not entitled to nor may they make a claim for reimbursement of any personal or professional expenses attributed to their service. Other than Directors and Officers Liability Insurance no benefits such as, but not limited to, health insurance, workman's compensation insurance, disability insurance, or paid vacation, is provided.

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

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

Limiting Contact Between Applicants and the Board of Directors:
It is vital that the application and allocation process for funding from the SDTMD be open, fair and efficient. To this end, the written submission of the application and supporting materials as well as any public presentation that may be required from applicants will be the foundation for Board discussion and deliberations. Board members are encouraged to limit their contact and communication with applicants regarding their applications or proposed application, and to disclose any such contact or communication prior to participating in the consideration of that applicant’s submission.

Current Board Member Information:

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

**Richard Bartell, Vice Chairman**  
President, Bartell Hotels. Bartell Hotels represent over 1,240 TMD rooms in the Harbor, Mission Valley, Mission Bay and La Jolla (SD North) regions of the City of San Diego. Mr. Bartell’s initial three-year term expired on June 30, 2011, and he was elected for another term of three years beginning on July 1, 2011.

**William L. Evans, Treasurer**  
Vice President and Managing Director of Hotel Operations, Evans Hotels. Evans Hotels represents over 800 TMD rooms in the Mission Bay/ Pacific Beach, and La Jolla (SD North) regions of the City of San Diego. Mr. Evans’ three-year term expired on June 30, 2012, and he was elected for another term of three years beginning on July 1, 2012.

**John Schafer, Secretary**  
Vice President and Managing Director of the Manchester Grand Hyatt San Diego representing over 1,625 rooms in the Downtown Harbor region of the City. Mr. Schafer was appointed to the Board to replace Mr. Ray Warren who retired in January 2012. Mr. Schafer will serve for the remainder of Mr. Warren’s term which expires on June 30, 2014.

**Luis Barrios**  
General Manager, Best Western Hacienda Hotel Old Town  
Best Western Hacienda Hotel Old Town represents over 200 TMD rooms in the Old Town region of the City of San Diego. Mr. Barrios’ three-year term expired on June 30, 2012, and he was elected for another term of three years beginning on July 1, 2012.

**Jody Blackinton**  
General Manager of the Courtyard By Marriott San Diego Downtown, 245 guest rooms (1999-Current) and current President of the San Diego County Hotel Motel Association. Ms. Blackinton was elected for a three-year term beginning on July 1, 2013.

**Keri A. Robinson**  
Area Managing Director, Starwood Hotels & Resorts – GM San Diego Sheraton San Diego Hotel & Marina representing over 1,053 TMD rooms in the Harbor / Airport region of the City of San Diego. Ms. Robinson’s three year-term expired on June 30, 2012, and she was elected for another term of three years beginning on July 1, 2012.

**Tom Voss**  
President, The Grand Del Mar, 249 rooms in the Del Mar / Carmel Mountain region of the City of San Diego. Mr. Voss was elected to the SDTMD Corporation Board of Directors for a three-year term beginning on July 1, 2013.
Attachment 2

Management Plan Highlights

5 Pages
Management Plan Highlights

**Background:**
As a result of diminishing public resources available for effective and competitive destination marketing, local lodging industry leadership began discussing alternative funding sources and available options in 2003. A working group comprised of lodging industry representatives held dozens of meetings with proposed assessed businesses, stakeholder groups and interested parties.

On May 8, 2007 the San Diego City Council adopted an enabling Procedural Ordinance that provided a process for establishing a Tourism Marketing District. Subsequently, on August 1, 2011, the City Council adopted amendments to the Procedural Ordinance specifying, among other things, a process by which such a district may be renewed. These amendments also permit a renewal term up to forty (40) years.

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

The renewed Tourism Marketing District began on January 1, 2013.

**Assessments:**
All assessment rates are based on the privileges directly conferred and specific benefit directly received by assessed businesses from the activities provided within each category and is levied on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of those benefitting businesses.

Annual assessment rates are as follows:
- Benefit Category A Rate: 1.45% - applied to Assessable Rent of qualifying lodging businesses.
- Benefit Category B Rate: 0.55% - applied to Assessable Rent of qualifying lodging businesses.

In summary, lodging businesses with 30 or more rooms will be assessed at a total rate of 2% (Category A + Category B). Lodging businesses with 29 or fewer rooms will be assessed at a total rate of 0.55% (Category B only).

Assessments are remitted on a monthly basis to the City Treasurer by each business using a self-reporting form that provides for identifying the activity period(s) and the Assessable Rent and District assessment for the respective accounting periods.
Pursuant to the Plan, Assessable Rent does not include revenue from stays where:
- the transient has exercised occupancy or was entitled to occupancy for one month or more; or
- the total space rental charge is twenty-five dollars ($25.00) a day or less, or the accommodations rented are in a dormitory and the total space rental charge for each transient is twenty-five dollars ($25.00) a day or less; or
- the transient is by treaty, or federal law, or state law exempt from payment of transient occupancy taxes; or
- rent is directly paid by the United States Government or the State of California or their respective instrumentalities.

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

**Uses of Assessments:**
Assessment funds will be spent to provide a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the City of conferring the benefit or granting the privilege. The activities also constitute specific government services provided directly to the payor that is not provided to those not charged, and which do not exceed the reasonable cost to the City of providing the services.

The privileges and services provided with District funds are sales, marketing, advertising and promotional programs available only to assessed businesses. District activities will be designed for the sole purpose of generating incremental room night sales at assessed businesses. Such room night sales are of great value to assessed business and constitute a specific benefit for which the assessment is charged. Non-assessed businesses will not have access to the privileges and services provided by the assessment.

In order to ensure provision of a specific government service and benefit to payors, which does not exceed the reasonable cost of providing the service, there are certain activities or improvements which may not be funded by the District. These include:
- The acquisition, construction, installation or maintenance of any tangible property, including parking facilities, parks, planting areas, fountains, benches, booths, kiosks, display cases, pedestrian shelters, signs, trash receptacles, public restrooms, ramps, sidewalks, plazas, pedestrian malls, lighting and heating facilities.
- The closing, opening, widening or narrowing of existing or new streets.
- Facilities or equipment, or both, to enhance security and safety of persons and property within the area, unless included in a specific proposal to benefit the assessed businesses.
- Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the City.
- Political candidate or ballot initiative activity.
- Expenditures not consistent with the terms of the District Management Plan.
SDTMD Budget Guidelines:
An annual budget will be developed and approved by the Board of Directors of the San Diego Tourism Marketing District Corporation (SDTMD), formerly the San Diego Tourism Promotion Corporation, and included in the prospective Fiscal Year Report of Activities submitted to the City Council each year.

Assessments are proposed to be used for the Activities as generally outlined in the Budget Guidelines table on the next page. It is anticipated that ninety percent (90%) of assessment revenue will be designated annually for Marketing and Sales activities which will be tailored within the specific benefit categories to benefit the assessed businesses. Within the ninety percent (90%) allocated to marketing and sales activities, the Corporation’s Board of Directors may adjust program allocations as needed to address changes in outside funding provided to those programs and ensure that assessment funds are spent on a specific benefit provided directly to assessees which is not provided to those not charged.

Ten percent (10%) of assessment revenue will be designated in total annually for Administration (including actual City costs to administer the District) and for a Reserve for opportunities, catastrophes, contingencies, and renewal of the District. Other revenues such as penalties and interest and incidental revenue shall be designated for Administration but may be added to the Reserve or designated for other activities at the discretion of the Corporation’s Board of Directors.

<table>
<thead>
<tr>
<th>Benefit Category</th>
<th>Description</th>
<th>Category A</th>
<th>Category B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget Guidelines (based on historical activity)</td>
<td>Estimated Percent of Assessment Revenue</td>
<td>Amount</td>
</tr>
<tr>
<td>A 1</td>
<td>Meeting and Group Sales &amp; Marketing and Consumer-Direct Sales &amp; Marketing</td>
<td>67.0%</td>
<td>$14,500,000</td>
</tr>
<tr>
<td>A 1.1</td>
<td>Hotel Meeting Sales</td>
<td>25.1%</td>
<td>$5,440,000</td>
</tr>
<tr>
<td>A 1.2</td>
<td>Event Management and Group Sales Development</td>
<td>12.0%</td>
<td>$2,595,000</td>
</tr>
<tr>
<td>A 1.3</td>
<td>Tourism Development Including Travel &amp; Trade</td>
<td>4.9%</td>
<td>$1,060,000</td>
</tr>
<tr>
<td>A 1.4</td>
<td>Group Meeting Direct Marketing</td>
<td>5.1%</td>
<td>$1,110,000</td>
</tr>
<tr>
<td>A 1.5</td>
<td>Consumer Direct Sales &amp; Marketing Programs</td>
<td>14.5%</td>
<td>$3,135,000</td>
</tr>
<tr>
<td>A 1.6</td>
<td>Multi-Year Tourism Development</td>
<td>5.4%</td>
<td>$1,160,000</td>
</tr>
<tr>
<td>A 1 - Subtotal</td>
<td>Meeting &amp; Group Sales and Consumer Direct Marketing</td>
<td>67.0%</td>
<td>$14,500,000</td>
</tr>
<tr>
<td>A 2 - Subtotal</td>
<td>Sub-Regional Targeting</td>
<td>6.9%</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>A 3 - Subtotal</td>
<td>Competitive Targeting</td>
<td>16.1%</td>
<td>$3,485,000</td>
</tr>
<tr>
<td>B - Subtotal</td>
<td>Destination Marketing with Specific Call to Action</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>Contingency</td>
<td>Opportunity / Catastrophe Reserve</td>
<td>5.0%</td>
<td>$1,082,500</td>
</tr>
<tr>
<td>Admin &amp; Ops</td>
<td>City of San Diego and Corporation</td>
<td>5.0%</td>
<td>$1,082,500</td>
</tr>
<tr>
<td>TOTAL ESTIMATED ANNUAL BUDGET</td>
<td>PROJECTED FY2014 ANNUAL BUDGET</td>
<td>100.0%</td>
<td>$21,650,000</td>
</tr>
</tbody>
</table>
Although actual revenues of the Corporation will fluctuate, the proportional allocations as listed in the table on the previous page shall generally remain the same; however, during the budgeting process each year, the Corporation’s Board of Directors may adjust program allocations as needed to address: economic conditions; tourism trends; and changes in non-assessment funding provided to those programs. The resulting proposed annual budget submitted to City Council for consideration as part of the Annual Report of Activities will then ensure that assessment funds are to be spent on a specific benefit provided directly to assessed businesses which is not provided to those not charged. In no event will the budget for City administration costs fall below the amount necessary to recover City administration costs.

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

The marketing and sales programs and services funded by the District are meant to deliver incremental room night sales directly to District-assessed lodging businesses. It is understood that each individual lodging business implements and privately funds a unique, proprietary marketing and sales program that is responsible for the generation of the vast majority of room nights at each business. District programs and services are supplemental to, and provide incremental room nights in addition to, those proprietary programs.

To allocate funding to marketing and sales programs, the Corporation’s Board of Directors must find that each will be likely to generate incremental room night sales at assessed businesses. The purpose of any funded activity must be to generate such sales. The Corporation’s Board of Directors will establish and regularly update a clearly defined application process for proposed marketing and sales programs. This application will articulate the required qualifications of applicants, the target ROI, and the measurement of results, among other criteria as means to ensure direct benefit to payors. More information on key elements of the FY 2015 Application may be found in Attachment 5.

The Corporation shall cause to be prepared annually a report for the coming fiscal year. The first report of the renewed district will include the activities for the first eighteen months of operation, from January 1, 2013 through June 30, 2014.

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

The first District Milestone Report of the renewed District will include the reporting of results for the initial period of operation, from January 1, 2013 through the date of preparation of the report.
The final Milestone Report of the renewed district will include reporting of results from July 1, 2048 through June 30, 2053. Reports for the intervening period will include reporting of results for the prior five (5) years. Reports will be submitted to the City on agreed upon dates pursuant to the operating Agreement.
Attachment 3

Funding Cycle for FY2015

1 Page
Funding Cycle for FY2015

October 2013:
- FY 2015 Applications available by download / request
- Preliminary staff review of received applications
- FY 2015 Annual Application Deadline: December 06, 2013

December 2013 - March 2014:
- Preliminary staff review of received applications
- Formal public board review of qualified applications

March 2014:
- Formal public board review of qualified applications
- Funding recommendations of programs by board
- Notification of funding intention to City
- FY 2015 final budgets from approved organizations due on or about March 07, 2014
- SDTMD submits FY 2014 Budgets with R.O.I. projections and Scope of Work assumptions to City on or about March 12, 2014

April-June 2014:
- FY 2015 Budget presentation to City Budget Finance Committee / City Council
- FY 2015 Contracts Issued

July 1, 2014:
- FY 2015 Begins

*Dates are approximate and may change without notice.*
Key Elements of the Application Guidelines and Requirements for FY2015

The SDTMD Corporation is not a sales or marketing entity, but rather a funding conduit to contractors for development and implementation of effective sales and marketing programs and services that provide unique privileges and specifically benefit assessed businesses within the District.

The SDTMD Corporation will be responsible for allocation and distribution of available revenue and will contract with qualified third-party contractors to supply specific sales and marketing programs and services as required and approved by the Corporation's Board of Directors.

To allocate funding to marketing and sales programs, the Corporation’s Board of Directors must find that each will be likely to generate incremental room night sales at assessed businesses. The purpose of any funded activity must be to generate such sales.

District programs and services are supplemental to, and intended to provide incremental room nights in addition to those generated by the proprietary sales and marketing programs of the individual lodging businesses.

Each applicant will be required to submit an “Application Request for TMD Funding” for specific sales and marketing programs that will provide unique privileges and specifically benefit assessed businesses within the District.

Specifically, all funding requests must delineate:
- All sales, marketing, advertising and promotional programs;
- Number of District lodging business room nights generated – existing and incremental;
- Average Daily Rate est. (from approved source such as Smith Travel Research);
- Projected sales leads to be generated (if applicable);
- Return on Investment (ROI) as measured in District room night revenue;
- Time of year (peak, shoulder, low); and
- Number of marketing impressions (included as supportive information only where applicable).

Fundamental to the funding of any application will be the projected return on investment in TMD hotel room night revenue and the benefit that will be realized to the assessment district lodging businesses. Each application must specify:
- “Who” in the assessment district will be directly benefited;
- “When” the benefits will be realized;
- “Where” in the assessment district the benefit will be realized; and
- “How” the results will be realized and tracked.
If a third party is to be used to determine the ROI, the application must list the company, their qualifications, and contact information.

When considering these fundamental application requirements, priority will be given to:

- Special-need periods of the year;
- Special-need geographic locations within the District; that may include but are not limited to a sub-region, multiple sub-regions, a neighborhood or community, or an area uniquely defined to host or support a program or event; and
- The opportunity to generate incremental room nights from existing programs or sponsoring programs.

To guide District contractors and ensure direct benefit to assesses, below is a partial list of required Best Practices for implementation of District-funded programs and services. This list may be modified from time to time provided that the goal of direct and exclusive benefit to assesses is attained.

- It is required that all recipients of District funds certify that those funds will be spent to provide exclusive privileges and/or specific benefits only to District assessed businesses and not to any other, non-assessed businesses. To the extent that other, non-District, lodging businesses may receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-District funds.
- It is required that all recipients of District funds demonstrate availability of other additional non-District sources of revenue, such as but not limited to, membership dues, marketing fees, earned income, and/or participation fees, which they will contribute to the promotion or program to pay for any incidental benefit to non-District lodging businesses.
- It is required that all advertising materials and media include a call-to-action that directs consumers exclusively to District lodging businesses.
- It is required that all recipients of District funds conduct an analysis of room night generation for District lodging businesses and non-District lodging businesses in addition to a ROI analysis. The cost of efforts which generate room nights for non-District lodging businesses must be paid with non-District funds.

Other requirements of the application process are listed below.

Legal Status
- Applicants must demonstrate proof of legal status within the jurisdiction of the headquarters of their business or corporation.

Track Record
- An applicant must have demonstrable history of successful, ongoing programming or business performance prior to submitting an application.

Location
- Regardless of where an applicant is headquarterered or physically located, or where a particular marketing program is implemented, 100% of the funding received from the
SDTMD must be in support of programs that provide privileges directly conferred and specific benefit directly the assessed lodging businesses within the City of San Diego.

Compliance
- Former contractors of the City of San Diego must have submitted acceptable final report packages on any completed contract and be in good standing with the City of San Diego.

ADA
- Contractors will comply with the federally mandated Americans with Disability Act. Contractors and subcontractors will be individually responsible for their own ADA compliance.

EEO
- Contractors will comply with Title VII of the Civil Rights Acts of 1964, as amended; the California Fair Employment Practices Act; and any applicable federal and state laws and regulations herein enacted, as well as the City’s Non-discrimination in Contracting Ordinance.

Drug-Free Work Place
- Contractors must provide a drug-free workplace.

Oral Presentation:
- Should an application meet the fundamental requirements for consideration, and prior to any final decision, qualifying finalist may be invited to make a public, oral presentation before the SDTMD Board of Directors.

Contract Agreement
- Once the Board of Directors has approved funding and the SDTMD budget is approved by the City Council, a Contract Agreement is issued to the successful applicants. The Contract Agreement details the terms and conditions of the contract between the SDTMD Corporation and the organization and the organization’s scope of work, anticipated results and mutually agreed upon method(s) for measuring those results.

Reporting
- Successful applicants that become contractors for the Corporation will be required to submit quarterly performance updates and comprehensive annual performance reports which include the target and actual outcomes by type of activities, specific sales and marketing initiatives, etc., samples of marketing materials and information as to the methodology used to measure, track, and substantiate the ROI. The quarterly reports must detail the way in which all assessed businesses (TMD lodging businesses) are benefited, along with the details of all TMD funds expended. The reporting periods and dates are:
  - Quarter One: July 2014- September 2014 Due November 28, 2014
  - Quarter Two: October 2014-December 2014 Due February 27, 2015
  - Quarter Three: January 2015-March 2015 Due May 29, 2015
  - Quarter Four: April 2015-June 2015 FY 2015 ANNUAL REPORT Due August 31, 2015
Auditing of Results
- The Corporation will contract with an independent third-party to audit the results and to verify District room nights and ROI.

Cost Allocation
- Funded contractors and programs must also have a cost allocation methodology which demonstrates that costs are apportioned between applicable funding sources so that the amount of assessment revenue used is proportionate to the benefit derived by District lodging businesses.

Cost Reimbursement
- All funds are awarded on a cost reimbursement basis following the City of San Diego Operations Manual. All items for reimbursement must align with the SDTMD / City approved budget and include proof of payment of the expense. The average turnaround time is 30 days from the receipt of a correctly submitted reimbursement request packet. Reimbursement requests may be submitted on a monthly basis or less frequently as arranged with staff. There can be no payment in advance, unless approved by the board for special circumstances and in compliance with the SDTMD contract with the City.

Funding Limitations
- TMD assessment funds cannot be used for alcoholic beverages. Corporation's subcontractors shall not use TMD assessment funds for travel, meals, lodging, or entertainment expenses, unless authorized by SDTMD in advance, as provided by the Contract with the City.
- The acquisition, construction, installation or maintenance of any tangible public property, including parking facilities, parks, planting areas, fountains, benches, booths, kiosks, display cases, pedestrian shelters, signs, trash receptacles, public restrooms, ramps, sidewalks, plazas, pedestrian malls, lighting and heating of public facilities.
- The closing, opening, widening or narrowing of existing or new streets.
- Facilities or equipment, or both, to enhance security and safety of persons and property within the District, unless included in a specific proposal to benefit the assessed businesses.
- Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the City.
- Expenditures not consistent with the terms of the District Management Plan.

Definitions
- Sales
The sales process is defined as the activities designed to close or consummate the sale. This closure can take several forms when delivering lodging room night sales. For the transient or tourist responding to the marketing activities this sale may take the form of a walk-in purchase, an on-line reservation, or a telephone reservation.
Another significant element of the lodging sales function involves group and meeting sales. The group and meeting sales process consists primarily of interpersonal interaction, activities that engage the prospect or customer on a personal level rather than at a distance, through technology or a second party. It is often done by one-on-one meetings, cold calls, and networking. It requires significant front-line sales manpower, plus administrative, operational, and technological support, and considerable time. Often, success is the result of several years of communication and relationship building between the sales representative and the customer; who is usually a professional meeting or convention planner. The “sale” results in a signed agreement or contract for a meeting or convention that can deliver hundreds, if not thousands of hotel room nights.

• **Marketing**
Marketing is the activity of identifying, communicating to, reaching, informing, educating, motivating and persuading prospective consumers of hotel room nights to consummate a purchase. It is the message that prepares the prospective consumer for the sale, may take many traditional and/or innovative forms, and may be modified over time as a result of changes in consumer demands, new tourism products, and advances in marketing and communication technologies. It currently consists of many strategies, tactics and components including but not limited to these examples:
  o Market Research;
  o Advertising;
  o Marketing Promotion;
  o Press and/or Public Relations;
  o New Product Development;
  o Web Strategies, Viral and E-marketing;
  o Partnership marketing; and
  o Direct Marketing (to a defined universe with a specific call to action).

• **DMOs (e.g. San Diego Tourism Authority / Convention and Visitors Bureau):**
It is widely recognized that successful direct marketing and sales of a visitor destination is the result of a considerable investment in time and resources. Visitor destinations, of all sizes in myriad locations, compete for a finite number of consumers. Many of these visitors require lodging. This daily consumption of lodging, as measured by the industry standard of hotel room nights, is vital because the unused portion of a hotel's available inventory spoils every day, and is never again available for sale.

Historically, businesses in visitor destinations have banded together to pool resources in order to develop coordinated messaging and to deliver a call-to-action that would result in an increase in the consumption of visitor-serving offerings. These groups have been given many names that usually contain the term “visitors bureau.” More recently, they have been recognized as Destination Marketing Organizations (DMOs). Over time these organizations have become clearinghouses for visitor-serving information, products and services, while generating incremental new business for their members. Typically, a major participant in these coordinated community, regional and/or statewide efforts are representatives of the hotel industry who, understanding the “commodity” nature of their products, constantly seek opportunities to increase daily consumer demand for them.
Depending on the location and its available visitor offerings, each DMO develops and implements a business plan to sustain current visitor levels while generating additional business from new visitors. The activities implemented to serve these goals are numerous, creative, and diverse.

The meetings industry is distinct within the visitor industry, different from tourism, with its own unique markets, requirements and agendas. Yet, like leisure visitors, meeting attendees and convention delegates require accommodations.

The success of marketing and sales efforts is predicated on the long-term establishment and operations of a local DMO. The decisions that drive these direct sales initiatives are based on years, if not decades, of research, performance analysis, brand development and messaging, plus nurtured client/vendor relationships, performed by a professional staff with administrative support requiring extensive business manpower (sales force), infrastructure (offices, equipment, transportation) and technology (internet tools).
APPLICATION BENEFIT CATEGORY A3

A3: Competitive Targeting

Programs of the type detailed in benefit category A3 are awarded through the competitive application process.

Assessment revenues derived from Benefit Category A may only be expended for such programs as in A1.1 thru A1.5 (TMD District Management Plan).
San Diego Tourism Marketing District

Mission:

The San Diego Tourism Marketing District is a nonprofit mutual benefit corporation dedicated to improving lodging room night consumption in the City of San Diego.

Purpose:

The specific purpose of this private, non-profit corporation is to create a positive economic, fiscal, and employment impact on the lodging businesses in the City of San Diego through the effective and judicious allocation of its revenue and resources to measurably successful tourism sales and marketing programs.

Board of Directors:

C. Terry Brown, Chair  
Richard Bartell, Vice Chair  
William Evans, Treasurer  
John Schafer, Secretary  
Luis Barrios  
Jody Blackinton  
Patrick Duffy  
Keri Robinson  
Tom Voss

Staff:

Lorin Stewart, Executive Director

San Diego Tourism Marketing District
8880 Rio San Diego Drive, Suite 800  
San Diego, CA 92108  
(619) 209-6108  
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www.SDTMD.org
SAN DIEGO TOURISM MARKETING DISTRICT

OVERVIEW:

What is the SDTMD?
The San Diego Tourism Marketing District (the District) follows the Tourism Business Improvement District (TBID) model, which utilizes the efficiencies of private sector operation in the market-based promotion of local and regional tourism for the targeted benefit of assessed businesses. TBIDs, such as this District, allow lodging businesses to organize their efforts to increase tourism, specifically the consumption of hotel rooms as measured by room night stays, achieving economies of scale they could not otherwise achieve.

In San Diego, lodging businesses within the District will be assessed and those funds will be used to provide privileges, programs and services directly to the assessed lodging businesses that specifically benefit those businesses.

District-funded programs and services designed to deliver incremental new room night sales to assessed businesses may include, but are not limited to:
- Marketing of the Assessed Businesses
- Tourism Promotion Activities
- Special Events and Programs

In California, TBIDs such as the District are formed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law), the Parking and Business Improvement Area Law of 1989 (BID Law), or pursuant to an ordinance of a Charter City. In San Diego, the City Council adopted a local TBID enabling (procedural) ordinance similar to the 1994 PBID Law. This State statute and the City procedural ordinance allow creation of a special benefit assessment district to raise funds within a specific geographic area, in this case the city of San Diego, for the purpose of improving room occupancy and room night sales for assessed businesses.

There are many benefits to TBIDs:
- Funds must be spent to provide privileges or a specific benefit only to those who pay;
- Funds cannot be diverted for other government programs;
- Activities are customized to fit the needs of businesses in each TBID;
- Petition support is required from lodging businesses paying over 50% of the annual proposed assessment (this is true both under San Diego’s procedural ordinance and the 1994 PBID Law);
- They are designed by those who will pay the assessment; and
- They provide a stable funding source for tourism promotion that will result in the generation of incremental new room night sales for assessed businesses.
History:
As a result of diminishing public resources available for effective and competitive destination marketing, local lodging industry leadership began discussing alternative funding sources and available options in 2003. A working group comprised of lodging industry representatives held dozens of meetings with proposed assessed businesses, stakeholder groups and interested parties. On May 8, 2007, at the request of a working group comprised of lodging industry representatives, the San Diego City Council (City Council) adopted the San Diego Tourism Marketing District Procedural Ordinance (SDMC Section 61.2501 et seq.) (Procedural Ordinance), which created a process for creating a tourism marketing district. Subsequently, on August 1, 2011, the City Council adopted amendments to the Procedural Ordinance specifying, among other things, a process by which such a district may be renewed. These amendments permit a renewal term up to forty (40) years.

The San Diego Tourism Marketing District (District) was established pursuant to the Procedural Ordinance effective January 1, 2008 for an initial five-year term that ended on December 31, 2012. Developed by San Diego lodging businesses, the District is a benefit assessment district created to fully or partially fund marketing and sales efforts that directly benefit San Diego lodging businesses. On November 26th, 2012 the City Council renewed the District for a period of thirty-nine and one-half (39.5) additional years. The approved District Management Plan sets forth a plan for District activities and assessments during that renewal period.

District Location:
The boundaries of the District are the same as the boundaries of the City of San Diego (see “Assessments and Benefit Categories”).

Funding Source Entirely from Assessed Lodging Businesses:
In response to the 2010 Proposition 26 legislation, the renewed district consists of two (2) benefit categories in the District. Each benefit category is designed so that the activities provided in connection with that category will confer exclusive privileges and a specific benefit directly to assessed businesses (current and future). These assessed businesses are defined in Appendix 1 of the District Management Plan: Lodging businesses benefitting under category A include all lodging businesses in the District with thirty (30) or more rooms. Lodging businesses benefitting under category B include all lodging businesses in the District, regardless of size.

Assessments and Benefit Categories:
All assessment rates are based on the privileges directly conferred and specific benefit directly received by assessed businesses from the activities provided within each category and are levied on “Assessable Rent” which is based on gross room rental revenue less exempt revenues, of those benefitting businesses. Annual assessment rates are as follows:

- Benefit Category A Rate: 1.45% - applied to Assessable Rent of qualifying City of San Diego lodging businesses with 30 or more rooms.
- Benefit Category B Rate: 0.55% - applied to Assessable Rent of
all qualifying City of San Diego lodging businesses.

In summary, lodging businesses with 30 or more rooms will be assessed at a total rate of 2% (Category A + Category B). All other lodging businesses will be assessed at a total rate of 0.55% (Category B only).

Pursuant to this Plan, assessable Rent does not include revenue from stays where:

- the transient has exercised occupancy or was entitled to occupancy for one month or more; or
- the total space rental charge is twenty-five dollars ($25.00) a day or less, or the accommodations rented are in a dormitory and the total space rental charge for each transient is twenty-five dollars ($25.00) a day or less; or
- the transient is by treaty, or federal law, or state law exempt from payment of transient occupancy taxes; or
- rent is directly paid by the United States Government or the State of California or their respective instrumentalities.

Assessments will be authorized by the City Council to be levied for the term of the District.
FY: 2015

SDTMD FUNDING APPLICATION
GUIDELINES AND REQUIREMENTS
APPLICATION GUIDELINES AND REQUIREMENTS

General Application Guidelines:
The SDTMD Corporation is not a sales or marketing entity, but rather a funding conduit to contractors for development and implementation of effective sales and marketing programs and services that provide unique privileges and specifically benefit assessed businesses within the District. The SDTMD Corporation will be responsible for allocation and distribution of available revenue and will contract with qualified third-party contractors to supply specific sales and marketing programs and services as required and approved by the Corporation’s Board of Directors.

Each applicant will be required to submit an “Application Request for TMD Funding” for specific sales and marketing programs that will provide unique privileges and specifically benefit assessed businesses within the District. Each application requires significant information about the applying organization or entity, as well as a detailed budget proposal and narrative specifying how the proposed funds will be spent, the expected result(s) in TMD lodging room night revenue, and the method(s) for measuring results.

The marketing and sales programs and services funded by the District are meant to deliver incremental room night sales directly to District-assessed lodging businesses. It is understood that each individual lodging business implements and privately funds a unique, proprietary marketing and sales program that is responsible for the generation of the vast majority of room nights at each business. District programs and services are supplemental to, and provide incremental room nights in addition to, those proprietary programs.

To allocate funding to marketing and sales programs, the Corporation’s Board of Directors must find that each will be likely to generate incremental room night sales at assessed businesses. The purpose of any funded activity must be to generate such sales. The Corporation’s Board of Directors will establish and regularly update a clearly defined application process for proposed marketing and sales programs. The application will articulate the required qualifications of applicants, the target ROI, and the measurement of results, among other criteria as means to ensure direct benefit to assessees.

Definitions-

- Sales
The sales process is defined as the activities designed to close or consummate the sale. This closure can take several forms when delivering lodging room night sales. For the transient or tourist responding to the marketing activities this sale may take the form of a walk-in purchase, an on-line reservation, or a telephone reservation.

Another significant element of the lodging sales function involves group and meeting sales. The group and meeting sales process consists primarily of interpersonal interaction, activities that engage the prospect or customer on a personal level rather than at a distance, through technology or a second party. It is often done by one-on-one meetings, cold calls, and networking. It requires significant front-line sales manpower, plus administrative,
operational, and technological support, and considerable time. Often, success is the result of several years of communication and relationship building between the sales representative and the customer; who is usually a professional meeting or convention planner. The “sale” results in a signed agreement or contract for a meeting or convention that can deliver hundreds, if not thousands of hotel room nights.

- **Marketing**
  Marketing is the activity of identifying, communicating to, reaching, informing, educating, motivating and persuading prospective consumers of hotel room nights to consummate a purchase. It is the message that prepares the prospective consumer for the sale, may take many traditional and/or innovative forms, and may be modified over time as a result of changes in consumer demands, new tourism products, and advances in marketing and communication technologies. It currently consists of many strategies, tactics and components including but not limited to these examples:
  - Market Research;
  - Advertising;
  - Marketing Promotion;
  - Press and/or Public Relations;
  - New Product Development;
  - Web Strategies, Viral and E-marketing;
  - Partnership marketing; and
  - Direct Marketing (to a defined universe with a specific call to action).

- **DMOs (e.g. San Diego Tourism Authority / Convention and Visitors Bureau):**
  It is widely recognized that successful direct marketing and sales of a visitor destination is the result of a considerable investment in time and resources. Visitor destinations, of all sizes in myriad locations, compete for a finite number of consumers. Many of these visitors require lodging. This daily consumption of lodging, as measured by the industry standard of hotel room nights, is vital because the unused portion of a hotel’s available inventory spoils every day, and is never again available for sale.

  Historically, businesses in visitor destinations have banded together to pool resources in order to develop coordinated messaging and to deliver a call-to-action that would result in an increase in the consumption of visitor-serving offerings. These groups have been given many names that usually contain the term “visitors bureau.” More recently, they have been recognized as Destination Marketing Organizations (DMOs). Over time these organizations have become clearinghouses for visitor-serving information, products and services, while generating incremental new business for their members. Typically, a major participant in these coordinated community, regional and/or statewide efforts are representatives of the hotel industry who, understanding the “commodity” nature of their products, constantly seek opportunities to increase daily consumer demand for them.

  Depending on the location and its available visitor offerings, each DMO develops and implements a business plan to sustain current visitor levels while generating additional business from new visitors. The activities implemented to serve these goals are numerous, creative, and diverse.
The meetings industry is distinct within the visitor industry, different from tourism, with its own unique markets, requirements and agendas. Yet, like leisure visitors, meeting attendees and convention delegates require accommodations.

The success of marketing and sales efforts is predicated on the long-term establishment and operations of a local DMO. The decisions that drive these direct sales initiatives are based on years, if not decades, of research, performance analysis, brand development and messaging, plus nurtured client/vendor relationships, performed by a professional staff with administrative support requiring extensive business manpower (sales force), infrastructure (offices, equipment, transportation) and technology (internet tools).

**Marketing and Sales Programs: Stipulated Best Practices**

To guide District contractors and ensure direct benefit to assessees, below is a partial list of required Best Practices for implementation of District-funded programs and services. Following District renewal and adoption by the Corporation’s Board of Directors, this list may be modified from time to time provided that the goal of direct and exclusive benefit to assessees is attained.

- It is required that all recipients of District funds certify that those funds will be spent to provide exclusive privileges and/or specific benefits only to District assessed businesses and not to any other, non-assessed businesses. To the extent that other, non-District, lodging businesses may receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-District funds.
- It is required that all recipients of District funds demonstrate availability of other additional non-District sources of revenue, such as but not limited to, membership dues, marketing fees, earned income, and/or participation fees, which they will contribute to the promotion or program to pay for any incidental benefit to non-District lodging businesses.
- It is required that all advertising materials and media include a call-to-action that directs consumers exclusively to District lodging businesses.
- It is required that all recipients of District funds conduct an analysis of room night generation for District lodging businesses and non-District lodging businesses in addition to a ROI analysis. The cost of efforts which generate room nights for non-District lodging businesses must be paid with non-District funds.

**Funding / Benefit Categories A & B:**

There are two (2) benefit categories in the District. Each benefit category is designed so that the activities provided in connection with that category will confer unique privileges and a specific benefit directly to assessed businesses (current and future).

Lodging businesses benefitting under Category A include all lodging businesses in the District with thirty (30) or more rooms. Lodging businesses benefitting under Category B include all lodging businesses in the District, regardless of size.
**BENEFIT CATEGORY A**

*All lodging businesses in the District with thirty (30) or more rooms*

**Benefit Category A Overview**

It is understood by the Board of Directors of the *SDTMD Corporation* that the aggressive, daily consumption of lodging, as measured by the industry standard of hotel room nights, is vital to all lodging businesses because the unused portion of a hotel's available inventory spoils every day, and is never again available for sale. Therefore, the *Corporation* will contract with destination marketing organizations (DMOs) and other contractors selected through competitive application or procurement processes for the specific marketing and sales programs and services as outlined below.

The marketing and sales programs and activities of Benefit Category A will focus primarily on (i) the group and meeting planner or contractor and (ii) consumer direct sales and marketing programs. Consumer direct sales and marketing programs are specifically designed to place booking opportunities for assessed businesses in the grasp of consumers who have or may have expressed an interest in traveling to San Diego. To ensure proportional provision of direct benefits to assesses, the services to be provided to benefit category A assessees have been divided into three subcategories: A1, A2, and A3.

**Benefit Category A1:**

**Meeting and Group Sales & Marketing Programs and Consumer Direct Sales & Marketing Programs to Drive Sales Demand for District Lodging Businesses (with thirty (30) or more rooms)**

Benefit category A1 lodging businesses will have the exclusive privilege to participate or be represented in, and receive a specific benefit from, but not limited to, the direct marketing and sales initiatives and programs listed above and further defined in District Management Plan (DMP) Appendix 4 & 5.

Other activities designed to support the above efforts to drive sales demand to these lodging businesses include: Direct Sales and Marketing to Meeting Planners and Meeting Buyers, and Consumer Research, Market Intelligence, Market Cultivation and Penetration.

Benefit category A1 direct sales and marketing programs and services, which are a diverse mix of time-tested and proven initiatives, projects, and activities, will provide exclusive privileges and specifically benefit all current and future lodging businesses of thirty (30) rooms or more within the boundaries of the *District*. These initiatives, projects and activities are deployed to achieve individual property direct sales for those lodging businesses with meeting space, and/or large enough (30 rooms or more) to accommodate a small meeting, reunion or tour group. The hotel meeting and group sales effort is focused on group, meeting, convention and tour operator contract programs.
Benefits resulting from these programs will be realized directly by individual lodging businesses in the target market area or market segment served through the exclusive privilege of participating in a unique contract program, marketing initiative or service funded under benefit category A.

Meeting & Group Direct Sales and Marketing
Benefit category A requires that a specific set of marketing and sales tools be deployed to achieve individual property direct sales for those lodging businesses. Hotel Meeting Sales is focused on Group, Meeting, Convention and Tour Operator contract programs. These are typically business-to-business relationships. These programs require unique skills, marketing tools and expertise to deal with different markets, develop different messaging, and to address multiple challenging and different decision factors. Specifically, the marketing and sales programs and services provided to generate hotel room nights include (as defined District Management Plan - DMP Appendix 4 & 5. but are not limited to:

- A1.1 : Hotel Meeting Sales;
- A1.2 : Event Management and Groups Sales Development;
- A1.3 : Tourism Development including Travel & Trade;
- A1.4 Group Meeting Direct Marketing; and
- A1.5 : Consumer Direct Sales & Marketing Programs including National Online and Pay-Per-Click Banner Advertising and Online Travel Agency Campaigns (OTAs such as Expedia, Orbitz, and Travelocity).

Note: Multi-Year Tourism Development - A1.6 is reserved (see Appendix 4).

Benefit Category A2:
Sub-Regional Targeting
(for District Lodging Businesses with thirty (30) or more rooms)

Although benefit category A1 programs are designed to provide benefit citywide, many of these programs have a focus on larger convention and activities that occur in the Downtown area. In order to ensure that the programs exist to directly serve the needs of larger hotels spread throughout the City, category A2 includes services that are directed specifically towards parts of the City other than Downtown.

Targeted sub-regional marketing will deliver specific benefit to coordinated groups of lodging businesses throughout the District which are subject to the benefit category A assessment. These lodging businesses will have the exclusive privilege to participate or be represented in, and/or receive the specific benefit from, but not limited to the marketing and sales initiatives and programs listed above and further defined in Appendixes 4 and 5 (of the DMP). Activities shall be intended to provide supplemental programs of the type detailed in benefit category A.1 but specific to the District sub-regions outside of the downtown core such as Rancho Bernardo, La Jolla, Mission Bay, and Mission Valley.
Subject to further provisions in this paragraph, the Corporation shall annually budget a portion of funds derived from benefit category A assessment revenue to DMOs for the purpose of sub regional sales and marketing for those lodging businesses subject to the benefit category A assessment. When allocating resources and implementing programs in sub-regional areas, consideration shall be given to the number and distribution of lodging businesses subject to the benefit category A assessment and room count in those sub-regional areas to ensure that all assessees benefit proportionally from the activities funded by the assessment.

To further ensure provision of a specific benefit to assessed lodging businesses, sub-regional Hotel Advisory Committees shall be established as follows:

- DMOs receiving District funds shall establish criteria for the recognition of sub-regional Hotel Advisory Committees.
- The Corporation’s Board of Directors shall annually apply those criteria to identify the bona fide sub-regional Hotel Advisory Committees.
- Membership on the Hotel Advisory Committees shall be limited to representatives from lodging businesses subject to the benefit category A assessment located in the sub-region for which each committee is established. While the sub-regions may realign or increase in the future, it is anticipated that the initial sub-regions will include, but not be limited to:
  - Mission Bay
  - Mission Valley
  - La Jolla
  - Shelter Island / Point Loma
  - I-5 corridor (adjacent to Del Mar)
  - I-15 corridor

- The committees shall act in an advisory capacity with the primary purpose of consulting with DMOs, and making recommendations on the programs and expenditures relative to sub regional programs annually proposed by DMOs.
- Sub-regional programs as proposed and implemented shall be consistent with the stated goals and objectives of the DMO to the extent they comply with the requirements of this Plan, and shall utilize proven marketing and media channels.

**Benefit Category A3:**

**Competitive Targeting**

*(for District Lodging Businesses with thirty (30) or more rooms)*

Category A3 includes programs similar in nature to those funded through category A1, but selected through a competitive application process amongst smaller service providers and special programs.

The Corporation’s Board of Directors will annually budget a portion of the revenue derived from the benefit category A assessment for competitive supplemental marketing efforts.
Such programs, activities, events, and services may be solicited either through a competitive application or open procurement process. These programs and services must provide unique, exclusive privileges and/or deliver a measurable specific benefit to assesses based on room night sales, which are in addition to the privilege or benefits provided by other programs funded with the benefit category A assessment.

The Corporation will solicit and/or receive applications for funding from numerous diverse entities. Specific application guidelines were implemented during the District's initial five-year term and will continue to be utilized throughout the renewal term. Changes to the guidelines, criteria and application can only be made by an action of the Corporation's Board of Directors.

Fundamental to the funding of any application will be the clearly articulated exclusive privileges and specific benefit to assessed lodging businesses in the District. While exclusive privileges can be delivered in numerous ways, the specific benefit must be measured in the delivery of hotel room night sales to assessed lodging businesses. Successful applications will clearly describe the strategy and tactics for delivering room night sales, as well as the estimated resulting number of room night sales and resulting gross room revenue. The method for calculating and verifying the ROI results must be described in the application.

When considering these fundamental application requirements, priority will be given to:

- Special-need periods of the year;
- Special-need geographic locations within the District; that may include but are not limited to a sub-region, multiple sub-regions, a neighborhood or community, or an area uniquely defined to host or support a program or event; and
- The opportunity to generate incremental room nights from existing programs or sponsoring programs.

Competitive Supplemental Marketing Programs will deliver a specific benefit to coordinated groups of lodging businesses throughout the District which are subject to the benefit category A assessment. These lodging businesses will have the exclusive privilege to participate or be represented in, and/or receive the specific benefit from competitive supplemental marketing initiatives and programs designed to drive sales demand for room nights at these businesses as articulated in District Management Plan (DMP) Appendix 4 & 5.

**Determining ROI**

All successful applicants for funding from assessment revenues must clearly demonstrate a measurable ROI based on room night sales for the programs or services they propose. Applicants and recipients must demonstrate their suggested methods of measuring ROI for their programs as part of applications and quarterly performance reports. All stated ROI results are subject to third-party audit.
Benefit Category B: Overview (DMO Primary)
Critical to the consumption of lodging business room nights is the location, or destination, of the businesses. While a meeting or convention can mandate a destination for a conventioneer or delegate, the transient hotel guest, the tourist, makes a personal travel decision in light of market forces. Consumer direct/destination marketing and messaging are designed to influence, entice and support such decisions and therefore generate incremental transient room night sales. All of the lodging businesses subject to the benefit category B assessment will directly benefit from consumer direct/destination marketing.

Benefit Category B: Destination Marketing with Specific Call to Action
Benefit category B funds consumer direct destination marketing. Such marketing can include, but is not limited to, consumer direct advertising and earned media (public relations releases) and media contacts. All marketing funded through benefit category B will include specific calls to action directly related to district lodging businesses. Such calls to action might include, but are not limited to, inclusion of special consumer directed website landing pages featuring only district lodging businesses, links, or phone numbers exclusively dedicated to providing district lodging business information and booking opportunities. All approved campaigns must have budget proportional other source funding reflective of benefit that will be used to augment the District funding to proportionally reflect the any percentage of benefit received to non-assesses. Typical direct expenses include advertising costs, agency fees, production, printing, distribution costs, District related personnel salary, commissions, benefits, training, travel, printed material, promotional items, information technology, market intelligence, research, and performance audits. Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

While none of the exclusive privileges (calls to action and special website and phone number) of participating in programs funded by benefit category B will be available to businesses that do not pay the benefit category B assessment, secondary benefit may accrue to lodging establishments outside the boundaries of the District, but the resulting room night capture would be offset by the utilization of other source income to support these programs. DMOs will be required to demonstrate sufficient alternate revenue sources in support of Consumer Direct/Destination Marketing programs under benefit category B.

Benefit category B Consumer Direct/Destination Marketing programs and services will provide exclusive privileges and specifically benefit all assessed lodging businesses in the District, regardless of size. Therefore, all of these qualifying lodging businesses as listed in Appendix 3 will be assessed for the activities provided by funding from benefit category B. Benefits resulting from these programs will be realized directly by individual assessed lodging businesses in the target market area or market segment served through the exclusive privilege of participating in a unique contract program, marketing initiative or service funded by the benefit category B assessments.
Funding Requirements:
Assessment funds will be spent to provide a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the City of conferring the benefit or granting the privilege. The activities also constitute specific government services provided directly to the payor that is not provided to those not charged, and which do not exceed the reasonable cost to the City of providing the services.

The privileges and services provided with District funds are sales, marketing, advertising and promotional programs available only to assessed businesses. District activities will be designed for the sole purpose of generating incremental room night sales at assessed businesses. Such room night sales are of great value to assessed business and constitute a specific benefit for which the assessment is charged. Non-assessed businesses will not have access to the privileges and services provided by the assessment. For example, only assessed businesses will be entitled to receive sales leads generated by District-funded activities or be featured in District-funded marketing materials.

Because marketing services are provided by Corporation-approved contractors, requirements for contractors and the application process have been developed. Specifically, all funding requests must delineate:
- All sales, marketing, advertising and promotional programs;
- Number of District lodging business room nights generated – existing and incremental;
- Average Daily Rate est. (from approved source such as Smith Travel Research);
- Projected sales leads to be generated (if applicable);
- Return on Investment (ROI) as measured in District room night revenue;
- Time of year (peak, shoulder, low); and
- Number of marketing impressions (included as supportive information only where applicable).

Successful applicants that become contractors for the Corporation will be required to submit quarterly performance updates and comprehensive annual performance reports which include the above required information along with samples of marketing materials and information as to the methodology used to substantiate the ROI.

Funded contractors and programs must also have a cost allocation methodology which demonstrates that costs are apportioned between applicable funding sources so that the amount of assessment revenue used is proportionate to the benefit derived by District lodging businesses.

The Corporation will contract with an independent third-party to audit the results and to verify District room nights and ROI.
Oral Presentation:
Should an application meet the fundamental requirements for consideration, and prior to any decision, qualifying finalist may be invited to make a public, oral presentation before the SDTMD Board of Directors at a public meeting.

Agreement Between Contractor and SDTMD:
Unless otherwise directed by the SDTMD, each Applicant awarded funds must then submit an electronic copy of their Proposal (Scope of Work) and Budget adapted to reflect the awarded amount within 30 days of the receipt of the notice of funding or by March 21, 2014, whichever is earlier. This applies for all Annual Funding recipients.

Once the Board of Directors has approved funding and the SDTMD budget is approved by the City Council, an Agreement will be issued to the successful applicants. The Agreement will specify the terms and conditions of the arrangement, including the organization’s scope of work, the amount of funding, the limitations associated with the funding, anticipated results, and mutually agreed upon method(s) for measuring those results. The Contractor shall be required to execute such an Agreement prior to receiving SDTMD funds.

Cost Reimbursement:
All funds are awarded on a cost reimbursement basis following the City of San Diego Operations Manual. All items for reimbursement must align with the SDTMD / City approved budget and include proof of payment of the expense. The average turnaround time is 30 days from the receipt of a correctly submitted reimbursement request packet. Reimbursement requests may be submitted on a monthly basis or less frequently as arranged with staff. There can be no payment in advance, unless approved by the board for special circumstances and in compliance with the SDTMD contract with the City.

Performance Reports:
Performance Reports will be required quarterly detailing the target and actual outcomes by type of activities, specific sales and marketing initiatives, etc. These quarterly reports must detail the way in which all assessed businesses (TMD lodging businesses) are benefited, along with the details of all TMD funds expended.

Applicants must detail their method of measuring and tracking ROI for their particular program as part of their performance reports. All ROI results will be subject to a third-party audit (see attached APPENDIX A: “Metrics Criteria for the San Diego Tourism Marketing District-ROI Measurement Policy”).

FY 2015 Quarterly Performance Report Schedule: Provides two months to file each quarterly report
Quarter One: July 2014- September 2014 Due November 28, 2014
Quarter Two: October 2014- December 2014 Due February 27, 2015
Quarter Three: January 2015- March 2015 Due May 29, 2015
Quarter Four: April 2015- June 20145 FY 2014 ANNUAL REPORT Due August 31, 2015
FUNDING ELIGIBILITY

Legal Status: Applicants must demonstrate proof of legal status within the jurisdiction of the headquarters of their business or corporation.

Track Record: An applicant must have demonstrable history of successful, ongoing programming or business performance prior to submitting an application.

Location: Regardless of where an applicant is headquartered or physically located, or where a particular marketing program is implemented, 100% of the funding received from the SDTMD must be in support of programs that provide privileges directly conferred and specific benefit directly the assessed lodging businesses within the City of San Diego.

Compliance: Former contractors of the City of San Diego must have submitted acceptable final report packages on any completed contract and be in good standing with the City of San Diego.

ADA: Contractors will comply with the federally mandated Americans with Disability Act. Contractors and subcontractors will be individually responsible for their own ADA compliance.

EEO: Contractors will comply with Title VII of the Civil Rights Acts of 1964, as amended; the California Fair Employment Practices Act; and any applicable federal and state laws and regulations herein enacted, as well as the City’s Non-discrimination in Contracting Ordinance.

Drug-Free Work Place: Contractors must provide a drug-free workplace.

FUNDING LIMITATIONS

- TMD assessment funds cannot be used for alcoholic beverages. Corporation’s subcontractors shall not use TMD assessment funds for travel, meals, lodging, or entertainment expenses, unless authorized by SDTMD in advance, as provided by the Contract with the City.
- The acquisition, construction, installation or maintenance of any tangible public property, including parking facilities, parks, planting areas, fountains, benches, booths, kiosks, display cases, pedestrian shelters, signs, trash receptacles, public restrooms, ramps, sidewalks, plazas, pedestrian malls, lighting and heating of public facilities.
- The closing, opening, widening or narrowing of existing or new streets.
- Facilities or equipment, or both, to enhance security and safety of persons and property within the District, unless included in a specific proposal to benefit the assessed businesses.
• Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the City.
• Expenditures not consistent with the terms of the District Management Plan.
• Political candidate or ballot initiative activity.

ADDITIONAL REQUIREMENTS

Insurance: All SDTMD contractors shall comply with the City’s insurance requirements for the term of the Agreement.

a) **Commercial General Liability (CGL)** Insurance written on an ISO Occurrence form CG 00 01 07 98 or an equivalent form providing coverage at least as broad which shall cover liability arising from any and all personal injury or property damage in the amount of $1 million per occurrence and subject to an annual aggregate of $2 million. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. All defense costs shall be outside the limits of the policy.

b) **Automobile Liability Insurance**, providing coverage for all bodily injury and property damage, with a limit of at least One Million Dollars ($1,000,000) per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) on the Premises. Coverage shall be written on ISO form CA00 01 12 90, or a substitute form providing equivalent liability coverage; and

c) **Worker’s Compensation Insurance**, as required by the laws of the State of California for all Contractors’ employees who provide services under the SDTMD funding grant with a limit of at least One Million Dollars ($1,000,000).

Certificate of Good Standing: Applicants must be in good standing with the Secretary of State and Franchise Tax Board. All required filings must be current and the status of the business / corporation must be active. “Active” status means that your corporation has not been dissolved, suspended, surrendered or forfeited. For more information concerning Certificates of Good Standing, contact (619) 525-4113 or online at: www.ss.ca.gov/business

Promotional Material Requirement: SDTMD funded entities shall include the following language on all promotional materials (including, but not limited to, brochures, newsletters, advertising, facts sheets, news releases, and Internet web sites): “**Funded in part (or in whole) by the San Diego Tourism Marketing District Corporation with City of San Diego Tourism Marketing District Assessment Funds.**” Such acknowledgment shall be prominently displayed on all such promotional materials. When any such promotional material expresses an opinion regarding a matter of public policy, the acknowledgment shall note that the opinion(s) stated in the promotional materials do(es) not necessarily reflect the policy of the City of San Diego. A copy of page or pages, of promotional material displaying
required language, or other equivalent proof, is required to be included in reconciliation report.

**Mandatory Disclosure of Business Interests:** Pursuant to section 225 of The City Charter of the City of San Diego, California ("Charter"), all contractors and subcontractors shall make a full and complete disclosure of the name and identity of any and all persons directly or indirectly involved in any transaction funded by, or proposed to be funded by, the SDTMD and the precise nature of all interests of all persons therein. Contractor’s failure to fully disclose all of the information required by Charter section 225, or Contractor’s failure to require each of its subcontractors to fully disclose such information, shall be a default of the Agreement between SDTMD and the Contractor.

**No Political Activity:** Contractor shall not use and require its subcontractors not to use, any of the funds received pursuant to this Agreement, or any personnel or material paid for with funds pursuant to the SDTMD agreement, for political activity. The term “political activity” shall mean a communication made to any electorate in support of, or in opposition to, a ballot measure or candidate in any federal, state or local government election.

**Operating Manual:** Notwithstanding any other provision in the SDTMD Agreement, Contractor shall comply with the City of San Diego Operating Manual, including without limitation those provisions related to fiscal accountability, eligible and ineligible project expenditures, and procedures for financial management, accounting, budgeting, record keeping, reporting, and other administrative functions. Contractor shall seek and obtain SDTMD’s prior written approval of any deviation from the Operating Manual’s prescribed practices and procedures.

**Limiting Contact Between Applicants and the Board of Directors:** It will be vital that the application and allocation process for funding from the SDTMD be open, fair and efficient. To this end, the written submission of the application and supporting materials as well as any public presentation that may be required from applicants will be the foundation for Board discussion and deliberations. Board members are encouraged to limit their contact and communication with applicants regarding their applications or proposed application, and to disclose any such contact or communication prior to participating in the consideration of that applicant's submission.
HOW TO APPLY

GETTING STARTED

Request for Application Form: All new and returning applicants may obtain an application in MS Word format by contacting Lorin Stewart, Executive Director, at (619) 209-6108 or lstewart@SDTMD.org. Application documents in PDF format may also be downloaded from the SDTMD website, www.SDTMD.org, at the following link: http://www.sdtmd.org/fy-2011-contractors/funding-applications-guidelines-requirements/

Who to call: If you have any questions regarding SDTMD funding eligibility or policy, please contact Mr. Lorin Stewart, Executive Director, at (619) 209-6108 or lstewart@SDTMD.org. Background information and resources may also be downloaded from the SDTMD website at: www.SDTMD.org.

Application Types:

1) ANNUAL Funding Application: The SDTMD Fiscal Year 2015 is the same as the City of San Diego: July 1, 2014 and ends on June 30, 2015. Regardless of delivery method, all organizations applying for “annualized” funding for this period must have their completed application packets submitted to the SDTMD office by 5:00 p.m. on Friday, December 06, 2013. Applications received after the deadline will not be accepted for annual funding requests.

2) SUPPLEMENTAL Funding Application: After all Annual Funding Programs have been reviewed and allocated by the SDTMD Board and if TMD funds are available, qualifying organizations may apply for Supplemental funding such as a single event or a specialized sales / marketing program. All supplemental proposals are required to follow the SDTMD application format and submit to the SDTMD at least one month in advance of the next regularly scheduled Board of Directors Meeting, unless directed otherwise by the SDTMD board or staff. It is strongly recommended that a preliminary discussion with the Executive Director is scheduled prior to the submittal of any Supplemental application.

Public Presentation to the SDTMD Board: After the close of the Application Deadline for Annual Funding, the SDTMD Executive Director may schedule respective organization to present their annual proposed Scope of Work, Budget of Proposed Use of TMD Funds, and ROI projections in TMD lodging room night consumption to the Board of Directors for review at public meetings.

The FY 2015 funding recommendations for San Diego Tourism Authority (ConVis) will be determined by the TMD Board prior to considering any other Annual Application.

TECHNICAL ASSISTANCE

Consultations: Applicants are encouraged to take advantage of individual consultation by SDTMD staff. The assistance provided will be limited to guidance in the completion of the
application and in understanding the eligibility requirements. **Receiving staff consultation does not guarantee funding.**

**Site Visits by Staff and Board:** The SDTMD may arrange site visits with contractors and potential applicants.

**PREPARING THE APPLICATION**

**Preparation Instructions:** To help us prepare your application for Board review, please adhere to the guidelines below.

- Present the application in the order and format requested. Failure to do so may result in the disqualification of your application.

- All sections of the application must be typed in black ink using an easy to read format and font.

- All material is to be submitted on one-sided, 8.5 x 11 inch white paper with three-hole punches. Do not bind or staple any pages. Marketing collateral is an exception to this requirement.

- All audio-visual materials must be clearly labeled with the applicant’s name and title of the piece.

- The application in MS Word is available by email request to the Executive Director, Mr. Lorin Stewart at the following address: lstewart@sdtmd.org

- The application in PDF format is available for download from the San Diego Tourism Marketing District website: [www.SDTMD.org](http://www.sdtmd.org). Click on the “Funding, Applications, Guidelines & Requirements” tab or follow this link:


**Required Application Contents:** The Completed Application will contain the following required documents in this order:

- Signed Application Cover Page
- EXHIBIT A: Proposed Scope of Work Narrative
- EXHIBIT B: FY 2015 Budget for Proposed Scope of Work
- EXHIBIT B1: FY 2015 Budget Narrative By Category
- EXHIBIT E: Targeted Return on Investment In Hotel Room Night Revenue Worksheet
EXHIBIT F: Personnel Schedule: Required for all positions being claimed against San Diego Tourism Marketing District Funds.

Board of Directors List (if applicable): List of Board of Directors including business names and addresses.

Disclosure of Business Interests (if applicable):

Audit Compliance Acknowledgement

Accounting Compliance Acknowledgement


Certificate of Good Standing: Online printout from Secretary of State and Franchise Tax Board www.ss.ca.gov/business. All required filings must be current and the status of the business/corporation must have a current “Active” status.

Optional (Non Required) Attachments: The following items may be included to help the Board evaluate your proposal:
- Clippings and samples from similar events or ad campaigns.
- Audio visual documentation including PowerPoint presentations.
- Websites (maximum 5 pages of each site).

Number of Copies: Submit a total of twelve (12) hard copies of the full application and all required exhibits (one original + eleven copies).

Packaging / Submittal Directions: When completing your application packet, please keep the following information in mind:
- Label each page with the organization name and page number.
- Use binder clips not binders: Do not staple or bind any pages.
- Three (3) hole punch all pages.
- Maintain a margin of at least 0.5”.
- Always leave enough space to make the information legible.
- Use a font size of 12 point or larger.
- Keep responses clear and to the point.
- Submit a total of twelve (12) full copies of the application and all required exhibits (one original + eleven copies).

Submit twelve (12) hard copies of your full application to:

San Diego Tourism Marketing District - SDTMD
Attention: Mr. Lorin Stewart, Executive Director
8880 Rio San Diego Drive, Suite 800
San Diego, CA 92108
APPLICATION REVIEW PROCESS

PRELIMINARY REVIEW BY STAFF:
SDTMD Executive Director shall review each application and consider:

- The thoroughness of application and format.
- The proposed programs’ compliance (such as Prop 26) and ROI.
- The appropriateness of the proposed program goals and objectives.
- The quality of the responses to the review criteria including the strength of the program’s collateral and support materials.
- The current and past contractual performance / standing with the City of San Diego and/or other governmental agencies.
- Disclosure of other pending or granted public funding for the fiscal year in question.

SDTMD BOARD REVIEW OUTLINE:
Eligible applications will be forwarded by staff to the SDTMD Board for review. The formal SDTMD application review process will consist of two phases to be held in a public meeting format.

I. San Diego Tourism Authority (Formerly Convention and Visitors Bureau-ConVis):
After receiving the FY 2015 proposed Scope of Work and Budgets from the San Diego Tourism Authority, the SDTMD will schedule SDTA/ConVis to present their FY 2015 proposed Scope of Work, Budget of Proposed TMD Funds, and ROI projections in TMD room night consumption to the Board of Directors for review at a public meeting. The FY 2015 funding recommendations for SDTA/ConVis will be determined by the TMD Board prior to considering any other Annual Application.

II. Annual Funding Competitive Application Review:
**Phase One:** The SDTMD Board will review and discuss all other competitive applications individually at public board meetings. Applicants may be requested to provide an oral/multimedia presentation not to exceed 10 minutes, unless otherwise directed by the SDTMD Board. These presentations shall coincide with the application review and will be scheduled by the SDTMD in advance.

**Phase Two:** After the formal application review process (Phase One) is complete for all annual applicants, all programs will be prioritized by the SDTMD Board. At a public meeting, the Board will then evaluate the relative value and need of each program and determine the level of funding, if any, of each program based upon the “Phase One” reviews, recommendations, and the estimated availability of funds. **There is no guarantee of funding for any application.**
III. Supplemental Funding Review:
After all Annual Funding Programs have been reviewed and allocated by the SDTMD Board and if TMD funds are available, qualifying organizations may apply for Supplemental funding such as a single event or a specialized sales / marketing program.

Qualifying “short term” initiatives may be applied for after the Annual Application deadline. All such proposals are required to follow the SDTMD application format and submit to the SDTMD at least one month in advance of the next regularly scheduled Board of Directors Meeting, unless directed otherwise by the SDTMD board or staff. It is strongly recommended that a preliminary discussion with the Executive Director is scheduled prior to the submittal of the application.

As these initiatives will be periodic through the year and, by nature, not subject to the funding deadline of the annual programs, it is possible that only one proposal might be presented to the SDTMD Board for review at a public meeting. In this case, Phase One and Phase Two may be combined with funding determined immediately upon Board review. If more than one initiative or organization is reviewed, then the following format will be used:

**Phase One:** The SDTMD Board will review and discuss each application individually at public board meetings. Applicants may be requested to provide an oral/multimedia presentation not to exceed 10 minutes, unless otherwise directed by the SDTMD Board. These presentations shall coincide with the application review and will be scheduled by the SDTMD in advance.

**Phase Two:** After the formal application review process (Phase One) is complete for all pending supplemental applicants, all programs will be prioritized by the SDTMD Board. At a public meeting, the Board will then evaluate the relative value and need of each program and determine the level of funding, if any, of each program based upon the “Phase One” reviews, recommendations, and the estimated availability of funds. **There is no guarantee of funding for any application.**

**APPEALS PROCESS**
Written appeals may be made after Phase One ranking. In a public meeting, the SDTMD Board shall consider appeals and will vote on final recommendations.

Appeals may be based only on two possible grounds:
- A material misstatement(s) by the Board during the review process of factual information contained within the application such that it negatively influenced the Board’s evaluation of the applicant’s request for funding; and, or
- Incorrect processing of the required application materials such that it negatively influenced the panel’s evaluation of the applicant’s request for funding.

Dissatisfaction with an application’s denial or ranking is not sufficient grounds for an appeal. Additionally, an appeal may not be used to correct incorrectly stated or omitted information made by the applicant in the application.
The FY 2015 Funding Cycle*

October 2013:
- FY 2015 Applications available by download / request
- Preliminary staff review of received applications
- FY 2015 Annual Application Deadline: December 06, 2013

December 2013 - March 2014:
- Preliminary staff review of received applications
- Formal public board review of qualified applications

March 2014:
- Formal public board review of qualified applications
- Funding recommendations of programs by board
- Notification of funding intention to City
- FY 2015 final budgets from approved organizations due on or about March 21, 2014
- SDTMD submits FY 2014 Budgets with R.O.I. projections and Scope of Work assumptions to City on or about March 28, 2014

May-June 2014:
- FY 2015 Budget presentation to City Budget Finance Committee / City Council
- FY 2015 Contracts Issued

July 1, 2014:
- FY 2015 Begins

*Dates are approximate and may change without notice.
FY 2015 Application Cover Pages

For San Diego
Tourism Marketing District Funds

APPLICANT ORGANIZATION NAME:

__________________________________________________________________________

Mailing Address:____________________________________________________________________

__________________________________________________________________________

Telephone:__________________________ FAX:_________________________________

Website:________________________________________________________________________

Primary Contact Information:

Name: ___________________________________ Title:_____________________________________

Telephone:__________________________ FAX:_________________________________

Email: _______________________________________________________________________

Website (if different from above):__________________________________________________

BRIEF DESCRIPTION OF YOUR ORGANIZATION OR COMPANY:
YOUR ORGANIZATION MISSION STATEMENT OR STATEMENT OF PURPOSE:

YOUR ORGANIZATION’S PROGRAMS AND SERVICES:
Briefly describe your core programs and services and describe any plans for change, growth, or reduction in the proposed year. Please limit your response to one page.
<table>
<thead>
<tr>
<th>IS YOUR ORGANIZATION A NON-PROFIT ORGANIZATION?</th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Yes:</td>
<td></td>
</tr>
<tr>
<td>1) <strong>Board of Directors Disclosure</strong>: On a separate sheet, describe the roles and responsibilities of your Board of Directors and attach a roster of your current Board and Officers to the SDTMD Application.</td>
<td></td>
</tr>
<tr>
<td>2) <strong>Mandatory Disclosure of Business Interests</strong>: On a separate sheet, disclose the information following these guidelines: Pursuant to section 225 of The City Charter of the City of San Diego, California (&quot;Charter&quot;), all contractors and subcontractors shall make a full and complete disclosure of the name and identity of any and all persons directly or indirectly involved in any transaction funded by, or proposed to be funded by, the SDTMD and the precise nature of all interests of all persons therein. Contractor’s failure to fully disclose all of the information required by Charter section 225, or Contractor’s failure to require each of its subcontractors to fully disclose such information, shall be a default of the Agreement.</td>
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<th>IS YOUR ORGANIZATION A FOR-PROFIT ORGANIZATION?</th>
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<td></td>
</tr>
</tbody>
</table>
CPA REVIEW/AUDIT (Please answer the following questions)

Does your organization receive a financial audit*?  □ Yes □ No

If not, were unaudited financial statements prepared?  □ Yes □ No

Was a copy of the audit report/financial statements submitted to the City?  □ Yes □ No

What period is covered by your most recent audit report/financial statements: ________________

Does your Board of Directors receive and discuss the management letter from the audit report?  □ Yes □ No

*NOTE: Contractors receiving $75,000 or more in federal, state, City and/or SDTMD funds shall have Financial Statement Audits prepared in accordance with GAAP and audited by an independent Certified Public Accountant, in accordance with Generally Accepted Auditing Standards [GAAS]. This audit report shall include the following statements:

a) A statement of expenditure of SDTMD funds by program, to be identified in the same expenditure classifications as contained in the final budget and compared with the budgeted amounts;

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

c) A statement certifying compliance with all terms and conditions of the SDTMD’s contract with Contractor, and that all required reports and disclosures have been submitted, completed by an executive officer of Corporation.

Contractor shall provide the SDTMD a copy of the Financial Statement Audit within 150 calendar days of the end of Contractor’s last complete fiscal year.

Will your organization receive any other public funding in FY 2015?  □ Yes □ No

If “Yes”, list funding source(s), amount of funding, and dedicated use of funds:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

If your organization applying for any other public funding in FY 2015?  □ Yes □ No

If “Yes”, list funding source(s), amount of funding requests, and proposed use of funds:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

Closing Date of Applicant’s Most Recently Completed Fiscal Year: __/__/____
SDTMD CONTRACT COMPLIANCE (Returning Applicants only)
For the most recent fiscal year - has your organization filed quarterly reports?  ☐ Yes  ☐ No:
What period is covered by your most recently submitted report:

REQUIRED ATTACHMENTS (Please check off prior to submittal)
The Completed Application must contain the following required documents in this order:

☐ Signed Application Cover Page
☐ EXHIBIT A: Proposed Scope of Work Narrative
☐ EXHIBIT B: Budget for Proposed Scope of Work by Category
☐ EXHIBIT B1: FY 2015 Budget Narrative By Category
☐ EXHIBIT E: Targeted Return on Investment In Hotel Room Night Revenue Worksheet
☐ EXHIBIT F: Personnel Schedule: Required for all positions being claimed against San Diego Tourism Marketing District Funds.
☐ Board of Directors List (if applicable): List of Board of Directors including business names and addresses.
☐ Disclosure of Business Interests (if applicable):
☐ Audit Compliance Acknowledgement
☐ Accounting Compliance Acknowledgement
☐ Certificate of Good Standing: Online printout from Secretary of State and Franchise Tax Board www.ss.ca.gov/business. All required filings must be current and the status of the business / corporation must have a current “Active” status.

Authorized Signatory / Title: ________________________________________________________________
Signature: ___________________________ Date: ________________________________
FY 2015
Application Request for TMD Funding

On separate paper titled “EXHIBIT A: Proposed Scope of Work Narrative”, respond to criteria item numbers one (1) through five (5) below. Number and label your response to each item. Please limit your narrative response to 5 pages or less*:

EXHIBIT A: PROPOSED SCOPE OF WORK NARRATIVE:

1) Proposed Scope of Work Narrative:

Using Categories A1.1 through A1.5 in APPENDIX 4:

- By Category A1.1 through A1.5, specifically detail the scope of work of your proposed sales, marketing / promotional program and/or event using TMD funding.
- By Category A1.1 through A1.5, specifically detail how your event or promotion will sell, market, or promote only TMD hotel properties 30 rooms and above. Due to California Prop 26 restrictions, TMD funding cannot be used to support the promotion or production of lodging rooms for non-TMD assessed lodging businesses.
- Describe how you will be working in collaboration with other TMD funded organizations and programs to maximize the effectiveness of Tourism Marketing District Funds.
- Your proposed scope of work narrative should explain your line-by-line Exhibit B – Budget.

2) Applicant Qualifications:
Describe how your organization is uniquely qualified to provide the proposed program or initiative.

3) Budget Assumptions for use of Tourism Marketing District Funds: Referencing the Budget of Proposed Scope of Work (EXHIBIT B), provide a supporting narrative of your proposed budgeted allocation of TMD funds requested.

4) Targeted Return on Investment (ROI) in TMD Hotel Room Nights: Referencing the ROI Worksheet (EXHIBIT E) describe your projected return on investment in TMD hotel room night revenue and the benefit that will be realized to the entire assessment district (TMD hotels within the city limit of San Diego). Specifically detail “Who” in the assessment district will be directly benefited (TMD assessed properties with 30 or more rooms), “When” the benefits will be realized, “Where” in the assessment district the benefit will be realized, and “How” you proposed to realize and track the results.
Describe what specific actions you have taken and the resources you will or have used to determine your ROI estimate. If a third party will be used to determine the ROI, list the company, their qualifications, and contact information.

5) Progress / Success Measurement and Timing:
By contract, quarterly reports detailing the progress of each funded program and the ROI, including the method of determining the ROI, are required by both the SDTMD and the City of San Diego. Describe what tools or device (surveys or other sources) will be used to measure the projected results from your proposed program.

*If the proposed SDTMD funding represents more than 50% of the organizations’ annual budget, then a full operational line item budget detailing the use of the TMD funding will be required, and the 5 page limit is waived.
EXHIBIT B
BUDGET-SDTMD FUNDS
FY 2015

DOWNLOAD PDF VERSION OF FY2015 “DRAFT EXHIBIT B-BUDGET TEMPLATE”

From www.SDTMD.ORG at:

“CONTRACTORS FUNDING” / “APPLICATION, GUIDELINES & REQUIREMENTS”

TO REQUEST AN “UNLOCKED” VERSION IN EXCEL, PLEASE CONTACT:

MS. ZORAIDA SINGLEY (“Z”)
Staff Accountant
Batten Accountancy, Inc.

Zoraida@battenaccountancy.com

2020 Camino Del Rio North, Suite 810
San Diego, CA 92108
ORGANIZATION NAME: ________________________________________________

TMD Funds: CATEGORY A: $_________________

TMD Funds: CATEGORY B: $________ DMO

TOTAL TMD FUNDS  A + B: $______________

ORGANIZATION'S TOTAL ANNUAL BUDGET (TMD + PRIVATE SOURCE): $______________

<table>
<thead>
<tr>
<th>CATEGORY A</th>
<th>TMD FUNDS:</th>
<th>$ ______________</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1.1 Hotel Meeting Sales:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NARRATIVE (of budget line items):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1.2 Event Mgmt. / Group Sales Development:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NARRATIVE (of budget line items):</td>
<td></td>
<td></td>
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<tr>
<td>A1.3 Tourism Development/Travel Trade:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NARRATIVE (of budget line items):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A1.4 Group Meeting Direct Marketing:  
NARRATIVE (of budget line items):

A1.5 Consumer Direct Sales & Marketing:  
NARRATIVE (of budget line items):

__CATEGORY B (For DMO)___

B: General TV / Radio Broadcast & Outdoor Media:  
NARRATIVE (of budget line items):

*EXPENSE BREAKDOWN:

- ADVERTISING FUNDS: $________________________
- ADVERTISING AGENCY FEES: $________________________
- PERSONNEL SALARY & WAGES $________________________
- OTHER: $________________________

NARRATIVE (of budget line items):
**EXHIBIT E**
ROI FOR SDTMD FUNDS
FY 2015

**ORGANIZATION / PROGRAM NAME:** ________________________________

**TMD BENEFIT CATEGORIES:**
- MAIN CATEGORY (*List one*): A3 – Competitive Targeting
- PROGRAM CATEGORIES (*List all that apply*):

<table>
<thead>
<tr>
<th>FY 2015 TARGETED ROI WORKSHEET</th>
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<tbody>
<tr>
<td>All ROI results for awarded TMD funds will be subject to a third-party audit.</td>
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</table>

<table>
<thead>
<tr>
<th>TMD FUNDS REQUESTED</th>
<th>A</th>
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**DATES OF EVENT OR PROMOTION:**

<table>
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<tr>
<th>HISTORIC AVERAGE DAILY RATE (ADR) for EVENT OR PROMO DATES*</th>
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</tr>
</thead>
</table>

* USE SAN DIEGO CITY ADR in TMD Hotel Room Night Revenue from Smith Travel Research / SDTA (formerly ConVis)

**Number of TMD Room Nights Historically Generated by Event or Promotion**

<table>
<thead>
<tr>
<th>Total Estimated TMD Room Night Revenue @ above ADR</th>
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**Number of NEW TMD Room Nights Generated by Event or Promotion**

<table>
<thead>
<tr>
<th>Total Estimated NEW TMD Room Night Revenue @ above ADR</th>
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</thead>
</table>

**TOTAL ESTIMATED SAN DIEGO CITY TMD ROOM NIGHTS (combined)**

<table>
<thead>
<tr>
<th>TOTAL ESTIMATED SD CITY TMD ROOM NIGHT REVENUE (combined)</th>
<th>B</th>
<th>$</th>
</tr>
</thead>
</table>

**TOTAL RETURN ON INVESTMENT**

Total TMD Room Night Revenue Generated : TMD Funds Requested

\[
\text{Total ROI: } \frac{B}{A} : 1
\]

**MEDIA IMPRESSIONS (If Applicable):**

- International Media (attach separate page if necessary)
- National / Regional Media (attach separate page if necessary)
- Web (attach separate page if necessary)
**Sample ROI FOR SDTMD FUNDS FY 2015**

**ORGANIZATION / PROGRAM NAME:** XYZ Organization

**TMD BENEFIT CATEGORIES:**
- **MAIN CATEGORY (List one):** A3 – Competitive Targeting
- **PROGRAM CATEGORIES (List all that apply):** A1.2 & A1.5

**SAMPLE FY 2015 TARGETED ROI WORKSHEET**

*All ROI results for awarded TMD funds will be subject to a third-party audit.*

<table>
<thead>
<tr>
<th>TMD FUNDS REQUESTED</th>
<th>A</th>
<th>$25,000.</th>
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<td>November 11-15, 2014</td>
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<tr>
<td>HISTORIC AVERAGE DAILY RATE (ADR) for EVENT OR PROMO DATES*</td>
<td>$123.</td>
<td></td>
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*USE SAN DIEGO CITY ADR in TMD Hotel Room Night Revenue from Smith Travel Research / SDTA (formerly ConVis)*

<table>
<thead>
<tr>
<th>Number of TMD Room Nights Historically Generated by Event or Promotion</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated TMD Room Night Revenue @ above ADR</td>
<td>$430,500.</td>
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<tr>
<td>Number of NEW TMD Room Nights Generated by Event or Promotion</td>
<td>500.</td>
</tr>
<tr>
<td>Total Estimated NEW TMD Room Night Revenue @ above ADR</td>
<td>$61,500.</td>
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</table>

**TOTAL ESTIMATED SAN DIEGO CITY TMD ROOM NIGHTS (combined)** 4,000.

**TOTAL ESTIMATED SD CITY TMD ROOM NIGHT REVENUE (combined)**

<table>
<thead>
<tr>
<th>B</th>
<th>$492,000.</th>
</tr>
</thead>
</table>

**TOTAL RETURN ON INVESTMENT**

Total TMD Room Night Revenue Generated : TMD Funds Requested

( B/A : 1 ) 19.68 : 1

**MEDIA IMPRESSIONS (If Applicable):**

- **International Media (attach separate page if necessary):** NA
- **National / Regional Media (attach separate page if necessary):** [See attached sheet]
- **Web (attach separate page if necessary):** [See attached sheet]
Appendix 4
Benefit Category Programs
(From SDTMD-District Management Plan)

BENEFIT CATEGORY A1

A1: Meeting and Group Sales & Marketing Programs and Consumer Direct Sales & Marketing Programs to Drive Sales Demand for District Lodging Businesses (with 30 rooms or more)

Activities to be Implemented through Destination Marketing Organizations

A1.1 Hotel Meeting Sales
Deployment of a direct sales force tasked to attend sales conferences and make sales calls on meeting planners, association & business group clients, and individuals.

- Typical direct expenses include District-related sales personnel salary, commissions, benefits, training; travel and entertainment of targeted industry professionals such as meals (excluding alcohol); staff travel and related expenses for attendance at industry tradeshows and events; travel, meal and mileage expenses related to sales calls activities; outside services such as lead generation services; remote sales offices; marketing materials and promotional items targeted towards hotel sales efforts; event registration for staff attendance at industry tradeshows and events; funding of events that agree to promote district activities; dues and subscriptions such as membership to trade organizations to create additional client relationships and sales opportunities; information technology, market intelligence, research, and performance audits.

- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

A1.2 Event Management and Group Sales Development
Execution of special events dedicated to the production of District lodging business meeting leads and room night sales demand through, but not limited to, participation in and marketing activities at professional and/or affinity group conferences, organizations or associations of meeting planners, business group clients, and individuals.

- Typical expenses include District-related personnel salary, commissions, benefits, training, travel and entertainment; tradeshows and event expenses such as exhibit fees, facility and booth space rentals; outside contractors, bid & sponsorship fees, remote sales office; printed material and promotional items; food and beverage (excluding alcohol) appurtenant to trade show participation; information technology, market intelligence, research, and performance audits.
Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

A1.3 Tourism Development including Travel & Trade
Execution of special events dedicated to the production of District group meeting leads and room night sales demand through, but not limited to, domestic and international travel & trade shows.

- Typical expenses include District-related sales personnel salary, commissions, benefits, and training; international representation in countries such as Germany, UK, and Japan including brochure distribution; travel and entertainment; event food & beverage (excluding alcohol) and printed material and promotional items distributed at tradeshows and events attended by travel trade representatives and decision makers; trade show booths and display production, space rental, display transportation, set up & break down costs; information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

A1.4 Group Meeting Direct Marketing
Placement of advertisements to targeted affinity group organizations through various mediums such as business, association, or trade networks and publication to directly influence the production of District lodging leads and room night sales through conferences, meeting planners, associations, and group clients.

- Typical expenses include advertising costs, agency fees, production, printing, distribution costs, District-related personnel salary, commissions, benefits, training, travel, printed material and promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

A1.5 Consumer Direct Sales & Marketing Programs
Placement of consumer direct sales and marketing campaigns including, but not limited to, Pay-Per-Click Online Banner Advertising and dedicated Online Travel Agency (OTAs such as Expedia, Orbitz, Travelocity) campaigns that are specifically designed to place booking opportunities for assessed businesses in the grasp of consumers who have or may have expressed an interest in traveling to San Diego.

- Typical expenses include outside services such as advertising agency fees; related events and promotions; production and advertising costs, District-related personnel salary, commissions, benefits, training, travel, printed material, promotional items, information technology, market intelligence, research, and performance audits.
Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

**A1.6 Multi-Year Tourism Development (SDTMD Only)**
Strategic development of multi-year or long-range event planning dedicated to the production of District lodging business leads and room night sales demand.
- Typical expenses include, but are not limited to, strategic planning, event RFPs, third-party whitepapers, promotional items, information technology, market intelligence, research, and performance audits. Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

Within benefit category A1 the activities provided will result in Direct, Indirect, and General & Administrative expenses. A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible Direct, Indirect, and General & Administration expenses and appropriate per diem, travel, and overhead rates.

The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) in determining the Direct, Indirect, and General & Administrative expenses to be applied to District funding, notwithstanding that certain District-specific expenses may be treated as exceptions to OMB Circular A-122 with supporting analysis.

**BENEFIT CATEGORY A2**

**A2: Sub-Regional Targeting**

*Activities to be Implemented through Destination Marketing Organizations*

Supplemental programs of the type detailed in benefit category A1 but specific to District sub regions outside of the downtown core such as Rancho Bernardo, La Jolla, Mission Bay, Mission Valley, and others.
- Assessment revenues derived from benefit category A may only be expended for such programs as in A1 and may not be designated for General Advertising.
BENEFIT CATEGORY A3

A3: Competitive Targeting
(Applications for Category A1.1 through A1.5 Only)

Programs of the type detailed in benefit category A.1 awarded through competitive process.

- Assessment revenues derived from benefit category A may only be expended for such programs as in (A1.1 through A1.5) and may not be designated for General Advertising (Benefit Category B).

Within benefit categories A2 and A3, the activities provided will result in Direct, Indirect, and General & Administrative expenses. A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible Direct, Indirect, and General & Administration expenses and appropriate per diem, travel, and overhead rates.

The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) in determining the Direct, Indirect, and General & Administrative expenses to be applied to District funding, notwithstanding that certain District specific expense may be treated as exceptions to OMB Circular A-122 with supporting analysis.
BENEFIT CATEGORY B
(DMO Only)

B: Destination Marketing with Specific Call to Action
To Drive Demand for All District Lodging Businesses

Destination advertising campaigns and earned media will have specific call to actions such as special consumer directed website landing pages, links, and/or phone numbers to drive sales demand for District lodging businesses. All approved campaigns must have budgeted proportional other source funding reflective of benefit that will be used to augment the District funding to proportionally reflect any benefit to non-assessees.

- Typical direct expenses include advertising costs, agency fees, production, printing, distribution costs District-related personnel salary, commissions, benefits, training, travel, printed material and promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general & administrative overhead.

Within benefit category B the activities provided will result in Direct, Indirect, and General & Administrative expenses. A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible Direct, Indirect, and General & Administration expenses and appropriate per diem, travel, and overhead rates.

The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) in determining the Direct, Indirect, and General & Administrative expenses to be applied to District funding, notwithstanding that certain District specific expense may be treated as exceptions to OMB Circular A-122 with supporting analysis.
<table>
<thead>
<tr>
<th>Applicant</th>
<th>Amount Requested</th>
<th>C.Terry Brown</th>
<th>Richard Bartell</th>
<th>William Evans</th>
<th>John Schafer</th>
<th>Jody Blackinton</th>
<th>Keri A. Robinson</th>
<th>Thomas Vos</th>
<th>Total</th>
<th>Rank Order</th>
<th>Recommended Amount</th>
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<td>1</td>
<td>1</td>
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<td>1</td>
<td>1</td>
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<td>13</td>
<td>68</td>
<td>11.33</td>
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<td>Balboa Park Celebration, Inc. - No Presentation</td>
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<td>SD LGBT Pride - Applicant Pulled Application</td>
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<td>90</td>
<td>$25,522,150</td>
<td>$25,522,150</td>
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</tbody>
</table>
The truth is, **tourism doesn’t just happen.**

A great deal of work by public and private entities to promote and market San Diego.
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.

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.

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

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1 Tourism Economics, December 2013

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**FY13 EXECUTIVE MESSAGE**

C. Terry Brown Chairman

Lorin Stewart Executive Director
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
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.
**2008**

**JANUARY**
Collection of assessments begins on January 1, 2008

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

**JULY**
Programs implemented

**2007**

**DECEMBER**
Hotels vote to participate in a tourism marketing district

**2009**

**APRIL**
Studies show market share up

**JUNE**
FY2010 budget approved

**2010**

**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

**2011**

**AUGUST 31**
FY2011 Annual Performance Reports due from all contractors

**NOVEMBER 2**
SDTMD Annual Meeting

**2012**

**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

**2013**

**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 2013.3

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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**San Diego Tourism Impact**

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

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

4 Tourism Economics, December 2013
5 San Diego Convention & Visitors Bureau, Annual Meeting Presentation, March 2012
500 West Hotel
Andaz 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 Seven Seas
Best Western Yacht Harbor Hotel
Blue Sea Beach Hotel
California Suites Hotel
Candlewood Suites San Diego
Carmel Highland Golf Resort & Spa
Catamaran Resort Hotel & Spa
Comfort Inn Hotel Circle SeaWorld Area
Comfort Inn San Diego at the Harbor
Comfort 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
Embarcadares Hotel
Empress Hotel
Estancia La Jolla Hotel & Spa
Extended Stay America - M.V. - Stadium
Extended Stay America Hotel Circle
E-Z 8 Motel Westfield Town
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
La Jolla Marriott
La Jolla Residence Inn
La Jolla Shores Hotel
La Pensione
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
Patio Trail Inn
Palms Hotel
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
Randolph 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
Somerset 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
Valle Hi Motel
Vantage Suites
W San Diego
West Park Inn
Westgate Hotel
Westin Hotel Horton Plaza
Westin San Diego
Woodfin Suites 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>Event</th>
<th>Funding</th>
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<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>
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<tr>
<td>California State Games</td>
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<td>San Diego Brewers Guild: Beer Week</td>
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<td>SD Bayfair – Thunderboats</td>
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<td>SD Bay Wine &amp; Food Festival</td>
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<tr>
<td>SD Bowl Game Association</td>
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<td>SD Crew Classic</td>
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<td>SD Spirits Festival</td>
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<td>SD Sports Commission – Base</td>
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<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.
- 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.
- SDTA continued its national search engine marketing campaign, delivering 4.6 million impressions and driving 179,570 visitors to the SDTA website.
- SDTA partnered with San Diego Magazine to provide the 2013 San Diego Visitor Planning Guide. The new partnership allows SDTA to publish semi-annually, Spring/Summer and Fall/Winter editions as well as provide new digital access for visitors to download on smart phones and tablets.

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

| FY2013 Funding Amount | $13,624,045 |
| Hotel Room Nights     | 1,413,584   |
| x Average Daily Rate: ADR | $152.45    |
| Total Room Night Revenue | $215,455,667 |
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

| FY2013 Funding Amount | $152,923 |
| Hotel Room Nights    | 23,467   |
| x Average Daily Rate: ADR | $125.03 |
| Total Room Night Revenue | $2,934,079 |

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

| FY2013 Funding Amount | $25,000 |
| Hotel Room Nights    | 710     |
| x Average Daily Rate: ADR | $134.04 |
| Total Room Night Revenue | $95,222 |
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.

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<th>20:1 Total FY2013 Return on Investment</th>
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<td>FY2013 Funding Amount</td>
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<td>Hotel Room Nights</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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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.

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<th>20:1 Total FY2013 Return on Investment</th>
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<tr>
<td>FY2013 Funding Amount</td>
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<td>Hotel Room Nights</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<tr>
<td>Total Room Night Revenue</td>
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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 lives 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.

22:1 Total FY2013 Return on Investment

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.

13:1 Total FY2013 Return on Investment

26
SAN DIEGO BAYFAIR
THUNDERBOATS
22:1
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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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.

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

| FY2013 Funding Amount | $25,000 |
| Hotel Room Nights    | 562    |
| x Average Daily Rate: ADR | $148.13 |
| Total Room Night Revenue | $83,249 |
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.

<table>
<thead>
<tr>
<th>16:1 Total FY2013 Return on Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013 Funding Amount</td>
</tr>
<tr>
<td>Hotel Room Nights</td>
</tr>
<tr>
<td>x Average Daily Rate: ADR</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
</tr>
</tbody>
</table>
C. Terry Brown, Chairman
President, Atlas Hotels

Richard Bartell, Vice Chairman
President, Bartell Hotels

William L. Evans, Treasurer
Vice President and Managing Director of Hotel Operations, Evans Hotels

John Schafer, Secretary
Vice President and Managing Director, Manchester Grand Hyatt San Diego

Luis Barrios
General Manager, Best Western Hacienda Hotel Old Town

Jody Blackinton
General Manager, Courtyard by Marriot San Diego Downtown

Patrick Duffy
General Manager, Hilton La Jolla Torrey Pines

Keri A. Robinson
Area Managing Director, Starwood Hotels & Resorts – San Diego

Thomas J Voss
President, The Grand Del Mar Resort & Spa

Lorin Stewart
Executive Director
San Diego Tourism Marketing District

AGREED-UPON PROCEDURES
PROGRAM RECIPIENT RETURN ON INVESTMENT CALCULATIONS
PERIOD FROM JULY 1, 2012 TO MARCH 31, 2013
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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”), 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.


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.

[Signature]
ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

La Jolla, California
November 15, 2013
INDEPENDENT ACCOUNTANTS’ REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

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Robert R. Redwitz & Co.
An Accounting and Consulting Corporation

La Jolla, California
November 15, 2013
EXHIBIT I
San Diego Tourism Authority Base and Integrated Incremental Programs and San Diego North Convention and Visitors Bureau Base Program

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding

1a. We obtained the detailed ROI calculation for San Diego Tourism Authority Base ("SDTA") and Integrated Incremental Programs, San Diego Film Commission, and San Diego North Convention and Visitors Bureau ("North ConVis") Base Program. TRN were calculated based on actual and estimated room nights for the period July 2012 — March 2013. Actual room nights were generated from group hotel meeting room nights, room nights booked on the SDTA website, and the room nights booked through the online travel agency ("OTA") program. Estimated room nights were based on the advertising program surveys. The methods for calculating TRN were as follows:

   - Hotel meeting room nights were those that were booked with TMD properties in San Diego which are supported by hotel confirmation obtained from the SDTA ILead system. A portion of the meeting room nights will take place in future years, but were generated from sales efforts through March 31, 2013.

   - Website and call center room nights were supported by a report from a third party, Advanced Reservations System ("ARES") booking engine, which summarized the hotel room nights sold via SDTA website.

   - OTA room nights were collected based on actual room nights booked on the Travelocity.com, Expedia.com, and Orbitz.com websites for the period of the promotion program, July 2012 — November 2012. The data was collected from individual performance reports provided by each OTA.

   - Estimated hotel room nights generated through advertising were based on studies conducted by Taylor Nelson Sofres Brand and Communications ("TNS"), a consultant specializing in market research, for the 2012 Fall Advertising Campaign. 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 SDTA. The second wave of surveys was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego.

1b. Incremental room nights were taken into account as follows:

   - Hotel meeting room nights of 422,602 were booked with TMD hotel properties in San Diego, however, 424,057 was used in the ROI calculation by SDTA. The difference of 1,455 is due to the fact that the ILed system erroneously captured the same hotel booking notices four times.

   - Website room nights of 2,999 were those that were booked with hotel properties in San Diego TMD district. This included 161 room nights at the hotels with less than 70 rooms.
San Diego Tourism Authority Base and Integrated Incremental Programs and San Diego North Convention and Visitors Bureau Base Program (continued)

Finding (continued)

- 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, the three OTA isolated TMD room nights booked, and SDTA used only TMD room nights of 368,371 in the ROI calculation.

- For projected advertising room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the SDTA 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 2012 Fall Advertising Campaign studies, TNS attempted to estimate TMD room nights by asking survey participants the location of the hotel where they stayed at based on a map which identified the TMD districts and non-TMD districts. The results of the surveys indicated 87% of the total room nights generated from the advertising campaign were within the TMD district, arriving at an estimate of 619,773 TMD room nights. Since TNS did not ask the survey participants what hotel they stayed at but what area they stayed in to determine if they were in the TMD district, room nights from non-TMD hotels having less than 70 rooms may have been included.

Only the TMD funding was taken into account in the ROI calculation. However, SDTA received funding from other sources and did not attempt to isolate the effect that non-TMD funding had in generating TMD room nights. All TMD room nights were assumed to be attributed to TMD funding.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Tourism Marketing District
Exhibit I

San Diego Tourism Authority Base and Integrated Incremental Programs and San Diego North Convention and Visitors Bureau Base Program (continued)

Finding

2a. The weighted average room rate of $152.45 was used in the ROI calculation, which was based on the following sources:

- The ADR used for hotel meeting room nights was based on the average ADR for July 2012 to March 2013 from the Group Segmentation Reports prepared by STR. The ADR information was obtained from STR as of July 8, 2013.
- The ADR used for website hotel room nights was the weighted average of the actual room rates associated with the room nights sold through ARES on sandiego.org or via call centers.
- The ADR used for OTA room nights was based on the average of actual room rates booked through Travelocity.com, Expedia.com and Orbitz.com for the period of the promotion program.
- The ADR used for the advertising room nights was based on the results of the 2012 Fall Advertising Campaign study conducted by TNS.

We obtained a copy of the STR ADR Report, the ARES report, the OTA production report, and the TNS report, and agreed the room rates to SD TA’s ADR calculation. However, the discrepancy in hotel meeting room nights and website room nights described in procedure 1b above resulted in a difference of $294,434 in hotel room revenue and thereon a revised ADR of $152.42, a decrease of $0.03.

2b.i. For definite room nights, we obtained support and agreed the reported room nights to the TRN used in the ROI calculation except for the discrepancies described in procedure 2b.ii below.

- A report of SDTA Hotel Meetings Definite Room Nights Booked July 2012 – March 2013 reflected the TRN generated from the hotel meeting room nights was 424,057, which agreed to the room nights reported by SDTA in the ROI calculation.
- An ARES report reflected website room nights totaling 2,999, representing actual hotel room nights booked through the SDTA website or via the call centers through ARES booking engine.
- OTA production report reflected hotel room nights totaling 368,371 calculated based on actual room nights booked within the TMD district on the Travelocity.com, Expedia.com, and Orbitz.com websites for the period of the promotion program.

2b.ii. We selected 18 hotel meeting groups and traced to the booking confirmations by the ILead system. We found an error in one of our selections. The SDTA Hotel Meetings Definite Room Nights Booked report reflected 1,940 room nights for this meeting group while its booking confirmation reflected only 485 room nights. The discrepancy is due to the fact that the ILead system erroneously captured the same hotel booking notices four times.

The ARES report reflected 2,999 room nights booked through the SDTA website. Of 2,999 room nights, 161 room nights were generated from hotels with less than 70 rooms. If we subtracted the room nights at hotels with less than 70 rooms, we would arrive at a revised website room nights of 2,838.

2b.iii. See Schedule B, attached.
Finding (continued)

2c.i. TNS projected room nights from the 2012 Fall Advertising Campaign. In the campaign, TNS conducted two waves of online surveys in order to quantify the effectiveness of SDTA advertising in six spot markets — Los Angeles, Phoenix, San Francisco, Sacramento, Las Vegas and Salt Lake City. The first wave of surveys was conducted during October 26 – December 5, 2012 to identify ad aware households for television, internet, radio and print advertising campaigns that ran early September 2012. In the first wave, residents of the six markets were asked to indicate their awareness of various ad campaigns sponsored by SDTA. A total of 2,320 households completed the first wave of surveys. The results of the first wave indicated that approximately 44.4% of households surveyed were ad aware. The ad aware percentage was extrapolated to the total households in the six markets to project the number of ad aware households in these markets. The second wave of surveys was conducted from February 28 – March 11, 2013 in order to track ad aware households from the first wave and measure their visits and hotel stays in San Diego for October 2012 through February 2013. When the ad aware households from the first wave of surveys were later contacted to participate in the second wave of surveys, a total of 677 households completed the second wave of surveys. The results of the second wave indicated that approximately 12.7% of the ad aware households were impacted positively by the advertising campaign and reported that they subsequently traveled to San Diego and stayed in a hotel and approximately 39.8% booked a hotel in San Diego after seeing the ads. The results of the second wave of surveys were extrapolated to the ad aware households projected from the results of the first wave. The second wave of surveys also asked participating households how many nights they stayed and how many rooms they booked during their travel and resulted in an average room nights of 3.1 per traveling household, which was multiplied by the estimated number of households who subsequently traveled to and stayed in a hotel in San Diego after seeing the ads to arrive at the total estimated number of room nights from the six spot markets. The result of the surveys indicated that 87% of room nights from these spot markets were TMD room nights. The total estimated number of room nights was multiplied by the 87% to arrive at the estimated number of TMD room nights from the six spot markets generated by the various ads and ad campaigns sponsored by SDTA in the 2012 Fall Advertising Campaign. Results of the campaign surveys did not isolate survey participants who booked hotel rooms through the SDTA website, or the OTA travel sites after seeing the ads to avoid double-counting rooms. As a leader in media and marketing intelligence, TNS stated that the criteria it designed and the results collected are appropriate, and it would not recommend an alternative method of collecting results. The number of completed surveys yielded a 95% confidence level with a margin of error of +/- 5 percentage points on the results.

2c.ii. This procedure is not applicable. We relied on the TNS studies.

2c.iii. We obtained a copy of the TNS report on the 2012 Fall Advertising Campaign, which described the findings and the method of sampling for its studies.

2c.iv. We recalculated the TRN from source data and traced to the ROI calculation. Advertising room nights consisted of 619,773 TMD room nights from the 2012 Fall Advertising Campaign. We agreed the findings to the number of room nights reported by SDTA without exceptions.
San Diego Tourism Marketing District
Exhibit 1

San Diego Tourism Authority Base and Integrated Incremental Programs and San Diego North Convention and Visitors Bureau Base Program (continued)

Finding (continued)

2d. The combined funding amount for SDTA and North ConVis reported by TMD was $15,223,576, which was the revised budget amount from the award contracts. The amount used by SDTA in the detailed ROI calculation was $13,643,607, which was reflected as actual TMD funding in the SDTA and North ConVis funding summaries and did not include the TMD funding to San Diego Film Commission. However, per TMD, the actual funding reimbursement to SDTA, North ConVis, and San Diego Film Commission for 9-month period ended March 31, 2013 was $13,624,045, which was used in our recalculation of ROI in procedure 2e below.

2e. We recalculated ROI using the revised hotel room revenue and the actual TMD funding reimbursement for SDTA and North ConVis. With the consideration of the discrepancies described in 2a, 2b.ii, and 2d above, we arrived at the following:

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<thead>
<tr>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
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</thead>
<tbody>
<tr>
<td>Total Room Nights: 1,415,200</td>
<td>1,413,584</td>
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<tr>
<td>Average Daily Rate: Various</td>
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<td>Revenue: $ 215,750,101</td>
<td>$ 215,455,667</td>
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<td>TMD Funding / Reimbursement: $ 13,643,607</td>
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<td>ROI: 15.81:1</td>
<td>15.81:1</td>
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</tbody>
</table>

Procedure
3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
San Diego Tourism Marketing District
Exhibit I

San Diego Tourism Authority – Asia Market Development: Japanese Airlines

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding
1a. We obtained the detailed ROI calculation for SDTA – Asia Market Development: Japanese Airlines ("SDTA-JAL"). The estimated TRN were based on the number of estimated Asia-origin passengers arriving to San Diego via Japanese Airlines for the period December 2012 through June 2013 and the survey results derived from 2010 Overseas Visitor Profile Study for Japanese visitors. The survey data was collected and provided by Air Service Development in San Diego International Airport and the Office of Travel and Tourism Industries.

1b. There was no attempt to identify only TMD room nights. SDTA-JAL received funding from other sources and did not attempt to isolate the effect that non-TMD funding had in generating hotel room nights for Asia-origin passengers. The TMD funding was approximately 77% of the total funding budget of SDTA-JAL, which was $325,000. Only the TMD funding was taken into account in the ROI calculation.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Tourism Authority – Asia Market Development: Japanese Airlines (continued)

Finding

2a. The ADR of $125.03 used in the ROI calculation was the average of San Diego County ADR for the period December 2012 through May 2013 provided from STR as of July 9, 2013.

2b. This procedure is not applicable. The data obtained did not rely on definite room nights.

2c.i. TRN were estimated based on the number of Asia-origin passengers arriving in San Diego via Japanese Airlines for the period December 2012 through June 2013. Air Service Development in San Diego International Airport identified an Asia-origin passenger as a passenger who originates his/her journey in Asia and eventually returns to Asia based on the itinerary on a ticket purchased. Based on the 2010 Overseas Visitor Profile Study conducted by the Office of Travel and Tourism Industries, the average number of traveling party size for Japanese visitors to San Diego was 1.5, and 68% of traveling parties stayed in hotels during their visit in San Diego for average room nights of 5.8 per stay. The estimated Asia-origin passengers of 8,925 were divided by the average party size of 1.5 to calculate an estimated number of traveling parties, which was multiplied by the 68% staying in hotels and 5.8 room nights per stay to project the estimated TRN of 23,467.

2c.ii. We obtained a detail of Asia-origin passenger arrivals and the survey results of the 2010 Overseas Visitor Profile Study. It is not applicable to select a sample and re-perform procedures since we relied on the data of passenger arrivals provided by Air Service Development in San Diego International Airport and the 2010 Overseas Visitor Profile Study provided by the Office of Travel and Tourism Industries.

2c.iii. This procedure is not applicable. TRN are calculated internally based on the data collected from Air Service Development in San Diego International Airport and the Office of Travel and Tourism Industries, described in procedure 2c.ii above.

2c.iv. We traced the TRN calculations to the source data described in procedure 2c.i above and found the following discrepancy. SDTA-JAL used average room nights of 4.8 to calculate TRN in the ROI calculation while the source data reflects average room nights of 5.8 per stay. We recalculated the TRN based on the average room nights of 5.8 from the survey results of 2010 Overseas Visitor Profile Study and arrived at revised TRN of 23,467, 4,046 room nights more than originally claimed by SDTA-JAL.

2d. The annual funding reported by TMD was $250,000, which agreed to the amount requested by SDTA-JAL in its award contract. The amount used by SDTA-JAL in its detailed ROI calculation was $153,068, which was reflected as actual TMD funding in the SDTA funding summary. However, per TMD, the actual funding reimbursement to SDTA-JAL was $152,923, which was used in our recalculation of ROI in procedure 2e below.
Finding (continued)

2e. We recalculated the ROI using the revised TRN, ADR, and the actual TMD funding reimbursement. With the consideration of the discrepancies in procedures 2c.iv and 2d above, we arrived at the following:

<table>
<thead>
<tr>
<th></th>
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<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
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<td>Total Room Nights</td>
<td>19,421</td>
<td>23,467</td>
</tr>
<tr>
<td>Average Daily Rate</td>
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<tr>
<td>Revenue</td>
<td>$2,428,183</td>
<td>$2,934,079</td>
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<tr>
<td>TMD Funding / Reimbursement</td>
<td>$153,068</td>
<td>$152,923</td>
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<tr>
<td>ROI</td>
<td>16:1</td>
<td>19.19:1</td>
</tr>
</tbody>
</table>

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
Beyond the Border – Art, Inc.

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation.
   Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding
1a. We obtained a copy of the detailed ROI calculation for Beyond the Border – Art, Inc.: Art San Diego ("BTB-Art"). TRN were calculated based on a combination of actual hotel room nights collected from hotel pick-up reports, registration desk survey, post-fair survey, and estimated hotel room nights for rooms not captured in the registration desk survey based on the number of out-of-town online ticket purchasers.

1b. Of TRN of 773 claimed by BTB-Art, BTB-Art identified 350 historic room nights experienced in the prior year without TMD funding. BTB-Art received funding from other sources. The TMD funding for BTB-Art was approximately 10.4% of the FY2013 annual operating budget of the recipient organization, which was $240,000. Only TMD funding was taken into account in the ROI calculation.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"): 
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Tourism Marketing District
Exhibit I

Beyond the Border – Art, Inc. (continued)

Finding

2a. We are unable to trace the ADR of $189 used in the detailed ROI calculation to the San Diego City ADR provided by STR. According to BTB-Art, the ADR of $189 used by BTB-Art in the ROI calculation was the average room rate of comparable hotels at the time of TMD grant application. If the San Diego City ADR of $134.04 for September 2012 (the month the event was held) provided by STR was used, the total hotel revenue would decrease by $50,530.

2b.i. We obtained a room list breakdown summarized by BTB-Art. We traced the actual room nights from the hotel pick-up reports of the five hotels listed to the room nights claimed by BTB-Art and found that 52 room nights were generated from one of the hotels, Island Inn, which was not a TMD hotel. We also obtained the results of the registration desk survey, which was conducted by BTB-Art at the time of check-in and ticket purchase, and the results of the post-fair survey, which was sent out to exhibitors after the event and conducted by Survey Monkey. We traced the room nights collected from the two survey results to the TRN used in the detailed ROI calculation and found that in the post-fair survey 8 room nights were generated from unknown hotels, and in the registration desk survey 3 room nights were generated from W Hotel, which had also been counted in the W Hotel pick-up report. If we excluded these non-TMD, unknown, and double-counted hotel room nights, we would arrive at revised TRN of 710, which is 63 room nights less than originally claimed by BTB-Art.

2b.ii. We obtained the hotel pick-up reports of the five hotels and noted no variances from the actual room nights claimed by BTB-Art.

2b.iii. See Schedule C attached.

2c. i. Estimated room nights for rooms not captured in the registration desk survey were calculated based on the number of out-of-town online ticket purchasers derived from the system BTB-Art used for ticket sales – Eventbrite ticket site. BTB-Art used the results of the registration desk survey to estimate average room nights of 4 per ticket purchaser and multiplied the number of out-of-town online ticket purchasers by the average room nights of 4 to project the room nights generated from online ticket purchasers. BTB-Art assumed that 10% of the online ticket purchasers did not fill out the registration desk survey and stayed in a hotel during their visit in San Diego, and thus 10% of the room nights for online ticket purchasers were not captured by the survey. However, in calculating the estimated room nights, BTB-Art did not attempt to isolate only TMD room nights.

2c.ii. We obtained a detailed list of out-of-town online ticket purchasers provided by BTB-Art. It is not applicable to select a sample and re-perform the procedure since the data collected did not rely on sampling.

2c.iii. The procedure is not applicable. TRN data was generated internally.

2c.iv. We recalculated the estimated room nights for rooms not captured in the registration desk survey based on the source data described in procedure 2c.i above. We agreed our recalculation to the TRN used in the detailed ROI calculation.

2d. The funding amount reported by TMD was $25,000, which agrees to the amount requested by BTB-Art in its award contract. $25,000 was used by BTB-Art in its ROI calculation. Per TMD, the total TMD funding of $25,000 was fully reimbursed to BTB-Art.
2e. We recalculated ROI using the revised TRN, the San Diego City ADR provided by STR for September 2012, and the TMD funding. With the consideration of discrepancies described in procedures 2a and 2b.1 above, we arrived the following:

<table>
<thead>
<tr>
<th></th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights:</td>
<td>773.3</td>
<td>710.4</td>
</tr>
<tr>
<td>Average Daily Rate:</td>
<td>$189.00</td>
<td>$134.04</td>
</tr>
<tr>
<td>Revenue:</td>
<td>$146,154</td>
<td>$95,222</td>
</tr>
<tr>
<td>TMD Funding Reimbursed:</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>ROI:</td>
<td>5.85:1</td>
<td>3.81:1</td>
</tr>
</tbody>
</table>

Procedure
3. Provide schedule comparing ROI calculations for similar programs.

Finding
See Schedule A, attached.
California State Games

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation.
   Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding
1a. We obtained a copy of the detailed ROI calculation for California State Games ("CSG"). 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. For the 2012 State Games of America and the 2013 California Winter Games, CSG staff reviewed their database of athletes/teams that shows where they were traveling from, which part of town their hotels were located, and how many days they stayed, and used the number of out-of-town athletes/teams to estimate TRN. CSG also obtained hotel pick-up reports reflecting actual room nights to support a portion of the estimated TRN.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
California State Games (continued)

Finding

2a. The ADR used in the ROI calculation for the 2012 State Games of America and the 2013 California Winter Games was based on the weighted average ADR calculated from actual room rates of the host hotel room blocks times room nights by hotel. We obtained copies of the hotel pick up report for seven of the room blocks and agreed the room rates to the CSG ADR calculation except for the following discrepancies. We recalculated the weighted average ADR with the final actual room rates and hotel room blocks for each event. The ADR for the 2012 State Games of America used in the ROI calculation in the Annual Report was $130.15. The ADR for the 2013 California Winter Games used in the ROI calculation in the Annual Report was $119.83. The average ADR calculated by CSG based on the 2012 State Games of America ADR and the 2013 California Winter Games was $123.22, which we calculated as $124.99, an increase of $1.77.

2b.i. We obtained a summary of actual room blocks from hotel pickup reports. The actual room blocks are included in the estimated room nights calculated based on the number of out-of-town athletes/teams to each event.

CSG provides a combined effort with San Diego Sports Commission to identify and contract with TMD hotels for room blocks. Included in CSG TRN calculations are 466 room nights which are also claimed by San Diego Sports Commission in their ROI calculation.

2b.ii. We selected 7 hotels and found that the room block reports reflected the correct number of actual room nights claimed by CSG.

2b.iii. See Schedule B attached.

2c.i. TRN are estimated based on the number of out-of-town athletes/teams to the summer and winter events. Athletes/teams entered their information into CSG’s registration database that showed where they were traveling from, how many days they stayed, and what sport they competed in which relates to which part of town their hotels were located. 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. The number of out-of-town athlete/teams was multiplied by the average number of room nights based on the length of each event to arrive at the estimated TRN. CSG used room blocks at TMD hotels only and all venues are close to TMD hotels, however, athletes/teams may choose to stay at other hotels for most of the events. TRN were estimated with no attempt to isolate only TMD room nights.

2c.ii. This procedure is not applicable. The data collected did not rely on sampling.

2c.iii. The procedure is not applicable. TRN data was generated internally.

2c.iv. We traced TRN from the source data described in procedure 2c.i above to the detailed ROI calculation. CSG claimed 13,245 room nights for the 2012 State Games of America and 3,094 for the 2013 California Winter Games which agreed to the source data we tested.
California State Games (continued)

Finding (continued)

2d. The funding amount reported by TMD was $100,000, which agrees to the amount reported by CSG in its detailed ROI calculation.

2e. We recalculated ROI using the TRN and ADR from the data collected through hotel pickup reports and CSG’s database. We also recalculated the ADR of the actual hotel room blocks. The discrepancies are described in procedure 2a above. With a consideration of the aforementioned discrepancies, we arrived at the following:

<table>
<thead>
<tr>
<th></th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights:</td>
<td>16,339</td>
<td>16,339</td>
</tr>
<tr>
<td>Average Daily Rate:</td>
<td>$123.22</td>
<td>$124.99</td>
</tr>
<tr>
<td>Revenue:</td>
<td>$2,013,292</td>
<td>$2,042,212</td>
</tr>
<tr>
<td>TMD Funding Reimbursed:</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>ROI:</td>
<td>20.13:1</td>
<td>20.42:1</td>
</tr>
</tbody>
</table>

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
San Diego Bay Wine & Food Festival

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding

1a. We obtained a copy of the detailed ROI calculation for San Diego Bay Wine & Food Festival ("Bay Festival"). TRN was calculated based on room nights generated from customers, exhibitors/sponsors, and trade/media representatives who stayed in a hotel and came to San Diego specifically for the 2013 Bay Festival. The information for customer room nights was collected internally based on an online survey at the time of ticket purchase through Complete Ticket Solutions ("CTS"), which is a third party ticketing agency. The information for exhibitor/sponsor and trade/media representative room nights was collected internally based on post-event surveys through Constant Contact, an online marketing company. Bay Festival management estimated additional room nights booked by customers who received complimentary tickets and thus were not reflected in CTS's numbers. Additionally, a third party hotel agent, Conference Housing, was utilized to book room nights for customers who chose to stay within various hotel room blocks.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Bay Wine & Food Festival (continued)

Finding

2a. We traced the average room rate used in the detailed ROI calculation to the hotel pickup report by Conferencing Housing. The average room rate used in the ROI calculation was $157.53, which was the weighted average hotel room rate of room nights booked through Conference Housing. However, we discovered a formula error in calculating the weighted average room rate which resulted in a revised average room rate of $161.84, which is $4.31 higher than originally reported by Bay Festival in its ROI calculation.

2b.i. We obtained a summary of actual room nights sold reported by Conference Housing. The actual room nights sold were used to support the ADR for room nights estimated from exhibitor/sponsor and trade/media surveys.

2b.ii. This procedure is not applicable. Hotel room blocks were tracked by Conference Housing, a third party hotel agent.

2b.iii Bay Festival does not prepare a report that summarizes TRN by TMD hotel property.

2c.i. Bay Festival management gathered data on hotel room nights in a variety of ways. They conducted an online survey with mandatory responses at the time of ticket purchase through CTS. During the survey, customers were asked questions regarding the location and the number of hotel room nights booked during their stay for the Bay Festival and the main reason for their visit to San Diego. TMD’s ROI measurement policy states that for estimated hotel room nights by survey methodologies, the sample size selected should yield a 95% confidence level with a margin of error of ± 5 percentage points on all survey results. In order to meet that requirement, we recalculated the required sample size to be 370. 878 interviews were conducted, which satisfies the ROI measurement policy. Of the 878 completed questionnaires, 254 respondents, or 28.9%, indicated that they stayed in a hotel with the 2013 Bay Festival as the main reason for their visit. VisionQuest applied 28.9% to the total customer attendance of 9,396 with an average of 2.34 room nights per stay to project the number of customer room nights. The surveys did not ask whether individuals shared a room or had their own room, therefore VisionQuest estimated customer room nights based on three scenarios that each individual shared a room, that half of the group shared a room, and that everyone had his/her own room, and projected a range of hotel room nights for customers from 3,177 – 6,354. To estimate room nights booked outside the room blocks, Bay Festival management conducted post-event surveys among exhibitors/sponsors and trade/media representatives. The surveys asked which hotel they stayed at and how many room nights during their stay, but did not ask whether the Bay Festival was the primary reason that they came to San Diego. Exhibitors/sponsors and trade/media representatives were assumed to be here primarily for the Bay Festival. In order to meet TMD’s ROI measurement policy, we recalculated the required sample size for the exhibitors/sponsors to be 87 and trade/media representatives to be 42. There were 40 survey responses collected for the exhibitors/sponsors and 16 for the trade/media representatives, which does not satisfy the ROI measurement policy. A total of 40 exhibitors/sponsors were surveyed, and approximately 40% stayed at a San Diego hotel during the 2013 Bay Festival for an average of 1.30 room nights. A total of 656 individuals from exhibitors/sponsors attended the festival. Based on the same scenarios described above, VisionQuest projected a range of hotel room nights for exhibitors/sponsors from 170 - 340. A total of 16 trade/media representatives were surveyed, and approximately 87.5% stayed at a San Diego hotel during the festival for
Finding (continued)

an average of 3.7 room nights. A total of 65 representatives attended the festival. Using the same scenarios described above, a range of hotel room nights for trade/media representatives was projected from 140 – 210. Bay Festival management estimated an additional 128 room nights were utilized by customers who were provided with complimentary tickets to the festival and not reflected in the number from CTS. A Conference Housing hotel pickup report with actual hotel room nights sold was also obtained to support some of the room nights estimated from the surveys. The data collected did not delineate that all room nights were for TMD hotels.

2c.ii. We obtained the survey data and traced to the VisionQuest report. See procedure 2c.iv below.

2c.iii. TRN data was collected by Bay Festival. VisionQuest can only validate the data that was provided but not the methods used during the collection process. We obtained the TRN analysis report prepared by VisionQuest.

2c.iv. We traced the customer room night range of 3,177 - 6,354 on the VisionQuest report to the survey provided by CTS. We recalculated the range of customer room nights using our findings and agreed to the VisionQuest report. We also traced the room nights range for exhibitors/sponsors of 237 – 475 on the VisionQuest report to the survey provided by CTS and noted that of the 40 respondents surveyed, 40% specified that they stayed at a hotel with the festival as the main reason for their visit. We calculated an average of 1.81 room nights per stay, which was .51 room nights more than originally calculated by VisionQuest. We traced the trade/media representatives from the survey data to the VisionQuest report and agreed the room nights reported by VisionQuest. The TRN used in the detailed ROI calculation is the average of an estimated range of total hotel room nights. With the information described above, we calculated the TRN range of 3,648 – 7,168 and arrived at the average TRN of 5,408, 101 room nights more than originally reported by Bay Festival.

2d. The funding amount reported by TMD was $65,800, which agrees to the amount requested by Bay Festival in its award contract and amount reimbursed by TMD.

2e. We recalculated the ROI using the data reported by VisionQuest, the ADR of $161.84 provided by Conferencing Housing hotel pickup report, and the actual TMD funding reimbursement. The discrepancies are described in procedure 2a, 2c.i, 2c.iv, and 2d above. With the consideration of aforementioned discrepancies, we arrived at the following:

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<thead>
<tr>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
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<td>Average Total Room Nights:</td>
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<td>$157.53</td>
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<td>Revenue:</td>
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<tr>
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<td>ROI:</td>
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</thead>
<tbody>
<tr>
<td>Average Daily Rate:</td>
<td>$161.84</td>
</tr>
<tr>
<td>Revenue:</td>
<td>$875,231</td>
</tr>
<tr>
<td>TMD Funding Reimbursed:</td>
<td>$65,800</td>
</tr>
<tr>
<td>ROI:</td>
<td>13.30:1</td>
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</tbody>
</table>
San Diego Bay Wine & Food Festival (continued)

**Procedure**

3. Provide schedule comparing ROI calculations for similar programs.

**Finding**

*See Schedule A, attached.*
San Diego Tourism Marketing District
Exhibit I

San Diego Bayfair – Thunderboats

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (“TRN”).
   b. How incremental room nights were taken into account.

Finding
1a. TRN were calculated based on room nights generated from out-of-town spectators and participants who stayed in a hotel and came to San Diego specifically for the 2012 San Diego Bayfair event. The information was collected based on intercept surveys conducted by San Diego Bayfair volunteers and analyzed by VisionQuest.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate (“ADR”) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research (“STR”), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (“OTAs”) and hotel booking engines such as Advanced Reservation Systems (“ARES”):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

Finding
2a. We were able to trace the ADR of $128.06 used in the detailed ROI calculation to the California Hotel & Lodging Industry Performance Report provided by STR. The ADR for September 2012 (the month when the event was held) in the California Hotel & Lodging Industry Performance Report was $128.06, which agreed to the ADR used in the detailed ROI calculation.

2b. This procedure is not applicable. TRN is projected from surveys conducted and analyzed by VisionQuest.
San Diego Tourism Marketing District
Exhibit I

San Diego Bayfair – Thunderboats (continued)

Finding (continued)

2c.i. Source data were collected through intercept surveys of out-of-town spectators and participants conducted by San Diego Bayfair volunteers during the San Diego Bayfair event. The surveys included questions regarding home location, whether or not the San Diego Bayfair event was the main reason for visiting, whether or not the attendees stayed in a hotel during their visit, and how many nights they would stay. TMD’s ROI measurement policy states that for estimated hotel room nights by survey methodologies, the sample size has to be set to yield a 95% confidence level with a margin of error of +/- 5 percentage points on all survey results. In order to meet that requirement, we recalculated the required sample size to be 380. The 344 usable survey responses collected does not satisfy the ROI measurement policy. All data collected were processed and analyzed by VisionQuest. Attendance figures for the event were provided by San Diego Bayfair based on the number of entry bracelets purchased. Based on the attendance figures and the surveys, VisionQuest estimated the number of non-local attendees to be 15,158. The surveys also projected that 89% of the non-local attendees came to San Diego for the primary purpose of attending the San Diego Bayfair event. Of these non-local attendees, 100% stayed in a hotel for an average of 2.68 room nights. The results were divided by 2.65 due to the fact that most people share rooms and resulted in estimated TRN of 13,644. VisionQuest does not currently identify that all hotels are within the TMD district. There was no estimate of non-TMD hotels made in the ROI calculation. VisionQuest designed the criteria used in the report and believe the measurement of estimated room nights was appropriate. There were two assumptions made in estimation of room nights generated, which were that sampling techniques used by the volunteers in the data collection were proper and that the attendance figures provided by San Diego Bayfair were accurate.

2c.ii. This procedure is not applicable. We relied on the 2012 Bayfair Room Night Analysis provided by VisionQuest for the total number of hotel room nights reported in the ROI calculation.

2c.iii. The TRN data was generated by VisionQuest. We obtained a copy of the report on the room night analysis regarding the 2012 San Diego Bayfair event.

2c.iv. We recalculated and traced the TRN calculations to the source data collected by San Diego Bayfair volunteers and analyzed by VisionQuest as described in procedure 2c.i above and agreed to the ROI calculation.

2d. The funding amount reported by TMD was $80,600, which agrees to the amount requested by San Diego Bayfair in its award contract.
San Diego Bayfair – Thunderboats (continued)

Finding (continued)

2e. We recalculated the ROI of 21.68:1 using the TRN from the data collected by VisionQuest, the ADR from the California Hotel & Lodging Industry Performance Report provided by STR, and the actual TMD funding reimbursement. There were no discrepancies as shown below:

<table>
<thead>
<tr>
<th></th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights</td>
<td>13,644</td>
<td>13,644</td>
</tr>
<tr>
<td>Average Daily Rate</td>
<td>$ 128.06</td>
<td>$ 128.06</td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 1,747,251</td>
<td>$ 1,747,251</td>
</tr>
<tr>
<td>TMD Funding Reimbursed</td>
<td>$ 80,600</td>
<td>$ 80,600</td>
</tr>
<tr>
<td>ROI</td>
<td>21.68:1</td>
<td>21.68:1</td>
</tr>
</tbody>
</table>

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
San Diego Tourism Marketing District  
Exhibit I

San Diego Bowl Game Association

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding
1a. We obtained a copy of the detailed ROI calculation for San Diego Bowl Game Association. TRN were a combination of estimated room nights generated from event spectators and actual room nights generated from teams and bands for the 2012 Holiday Bowl and Poinsettia Bowl Games. The estimated room nights were projected based on a study performed by the San Diego State University Center for Hospitality and Tourism Research ("SDSU"). SDSU was engaged by San Diego Bowl Game Association to measure the total economic impact of the Holiday Bowl and the Poinsettia Bowl in San Diego by conducting surveys from randomly-selected attendees on game days. A team of interviewers were assigned strategic locations around Qualcomm Stadium during the pre-game activities on each Bowl day to conduct intercept-surveys. The actual room nights were provided to SDSU directly from TMD hotels that accommodated teams and bands for the Bowl games and were included in the SDSU’s 2012 Holiday and Poinsettia Bowl Economic Impact Analysis.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Bowl Game Association (continued)

Finding

2a. The average room rate was determined using the data collected in the surveys. The economic impact survey by SDSU reflects ADR of $129.87 for the Holiday Bowl and ADR of $112.00 for the Poinsettia Bowl. SDSU used the average room rate of $120.93 in the ROI calculation and not a weighted average room rate calculated from estimated TRN for each Bowl game times ADR for each Bowl game. However, the final ROI Annual Report submitted by the recipient used $120.00 in the detailed ROI calculation as the average ADR for the two events. This discrepancy of $.93 results in $33,067 less reported revenue than expected.

2b.i. We obtained a summary of actual room nights reported by TMD hotels from SDSU. For the Holiday and Poinsettia Bowls, San Diego Bowl Association provides a combined effort with San Diego Sports Commission to identify and contract with TMD hotels for room blocks. Included in Holiday and Poinsettia Bowl TRN calculations are the following room nights which are also claimed by San Diego Sports Commission in their ROI calculation:

<table>
<thead>
<tr>
<th>Source</th>
<th>Room Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Bowl Association – Holiday Bowl</td>
<td>2,432</td>
</tr>
<tr>
<td>San Diego Bowl Game Association – Poinsettia Bowl</td>
<td>762</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,194</strong></td>
</tr>
</tbody>
</table>

2b.ii. The Economic Impact Analysis conducted by SDSU includes actual room nights generated from teams and bands. SDSU contacted all 13 TMD hotels that accommodated teams and bands to obtain definite room nights. We selected six hotels to re-perform the procedure and agreed the number of actual room nights reported in the Economic Impact Analysis by SDSU.

2b.iii. See Schedule D attached for actual room nights from TMD hotels.

2c.i. Source data was collected through surveys of spectators of each Bowl game conducted by SDSU. TMD’s ROI measurement policy states that for estimated hotel room nights by survey methodologies, the sample size selected should yield a 95% confidence level with a margin of error of +/- 5 percentage points on all survey results. In order to meet that requirement, we recalculated the required sample size to be 382 and 380 for the Holiday Bowl and the Poinsettia Bowl, respectively. 902 interviews were conducted for the Holiday Bowl and 558 interviews were conducted for the Poinsettia Bowl, which satisfies the ROI measurement policy. Based on the announced attendance figures for the 2012 Holiday Bowl and Poinsettia Bowl Games and the surveys, SDSU estimated the numbers of non-local attendees to be 29,541 and 9,867, respectively. The SDSU report reflects 25,966 Holiday Bowl non-local attendees, however, the correct amount for non-local attendees of 29,541 was used for the calculations in the report. The surveys also projected that 90.4% and 86.2% of the non-local attendees came to San Diego for the primary purpose of attending the Holiday Bowl and the Poinsettia Bowl, respectively. Of these non-local attendees, 76.1% and 72.4%, respectively, stayed in a hotel for an average of 1.97 and 2.61 room nights, respectively. The results were divided by 1.9 due to the fact that most people share rooms and resulted in estimated spectator room nights of 21,071 and 9,213 for the Holiday Bowl and the Poinsettia Bowl, respectively. Actual room nights obtained directly from hotels by SDSU for the teams and bands were added to the estimated room nights and resulted in estimated TRN of 26,353 and 9,213 for the Holiday Bowl and the Poinsettia Bowl, respectively. A
San Diego Bowl Game Association (continued)

Finding (continued)

combined total of 35,556 room nights were generated. SDSU designed the criteria used in the report and believe the measurement of estimated room nights was appropriate. The estimated percentages of the Holiday Bowl and the Poinsettia Bowl spectators who came from out of town primarily for attending the Bowl games and stayed in a hotel during their visits in San Diego were extrapolated to all attendees to each Bowl game. Data collected by SDSU during the surveys was used to estimate the average number of room nights per stay. The estimated number of Bowl spectators who stayed in a hotel was multiplied by the estimated average room nights per stay and divided by the factor of people sharing rooms to arrive at the total estimated number of room nights generated by each Bowl game. There was no estimate of non-TMD hotels made in the ROI calculation.

2c. ii. This procedure is not applicable. We relied on the Economic Impact Analysis provided by SDSU for the total number of hotel room nights reported in the ROI calculation.

2c. iii. We obtained a copy of the Economic Impact Analysis report prepared by SDSU and agreed the findings in the report to the information used in the ROI calculation.

2c. iv. We recalculated and traced the TRN calculations to the source data collected and analyzed by SDSU as described in procedure 2c.i above and agreed to the ROI calculation.

2d. Annual funding reported by TMD was $450,000, which agrees to the amount requested by San Diego Bowl Game Association in its award contract. We agreed the funding amount to the amount reported by San Diego Bowl Game Association in its detailed ROI calculation.

2e. We recalculated the ROI using the TRN and ADR from the information provided in the Economic Impact Analysis prepared by SDSU and the TMD funding reimbursement. With the consideration of the discrepancy described in 2a, above, we arrived at the following:

<table>
<thead>
<tr>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights:</td>
<td>35,566</td>
</tr>
<tr>
<td>Average Daily Rate:</td>
<td>$120.00</td>
</tr>
<tr>
<td>Revenue:</td>
<td>$4,267,920</td>
</tr>
<tr>
<td>TMD Funding Reimbursed:</td>
<td>$450,000</td>
</tr>
<tr>
<td>ROI:</td>
<td>9.49:1</td>
</tr>
</tbody>
</table>

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
San Diego Tourism Marketing District
Exhibit I

San Diego Brewers Guild: Beer Week

**Procedure**
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

**Finding**
1a. We obtained a copy of the detailed ROI calculation for San Diego Brewers Guild: Beer Week ("Beer Week"). TRN are estimated room nights extrapolated from results of information collected through intercept surveys at Beer Week events conducted by the Beer Week volunteers and analyzed by VisionQuest, an outside consultant hired by Beer Week.
1b. Beer Week identified 1,435 historic room nights experienced in the past without TMD funding. The historic room nights were not included in its ROI calculation. We did not apply any procedures to verify the historic room nights. Only TMD funding was taken into account in the ROI calculation.

**Procedure**
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Observe report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical error.
San Diego Brewers Guild: Beer Week (continued)

Finding

2a. We traced and agreed the ADR of $132.89 used in the detailed ROI calculation to the ADR for October 2012 from the California Hotel & Lodging Association STR report.

2b.i. This procedure is not applicable. Although Beer Week used Advanced Reservation Systems Inc. (ARES) to track rooms booked through the Beer Week website to capture actual hotel room nights, VisionQuest did not use any of actual room nights when calculating TRN and the ROI.

2b.ii. This procedure is not applicable.

2b.iii. This procedure is not applicable.

2c.i. The source data were collected through intercept surveys that were conducted at Beer Week events to estimate hotel room nights. Beer Week consisted of a large variety of events that were not closely coordinated, and it is not possible to obtain the exact number of total attendance and estimate an average number of room nights per attendee. In addition, attendees may participate in more than one event. Due to these factors the surveys responses were analyzed to identify the number of room nights by event rather than by participants. In addition, 3 separate analyses were conducted based on the size of the event to account for differences that may exist for attendees of each size event. Beer Week volunteers performed intercept surveys designed by VisionQuest with randomly-selected attendees during 11 events, which were conducted at 2 large events, 5 medium sized events and 4 small events. Survey questions were aimed at identifying whether or not attendees were staying at hotels and if Beer Week was the main reason for their stay. The surveys also asked how many events they would attend and how many room nights they would stay to estimate an average number of room nights per event. VisionQuest performed three separate analyses based on the size of event to account for differences that may exist for attendees of each size of event. The 416 completed intercept surveys indicated 41.9, 14.5 and 10.8 average room nights per event for large, medium and small sized events, respectively. The results were multiplied by the actual number of each size of event during the Beer Week to project an estimated number of hotel room nights of 168, 174 and 5,602 for large, medium and small sized events, respectively, for a total of 5,943 hotel room nights. VisionQuest does not currently identify that all hotels are within the TMD district. All data collected were processed and analyzed by VisionQuest. VisionQuest believed that the number of completed surveys yielded a 95% confidence level with a margin of error of +/- 5 percentage points on the results. VisionQuest designed the criteria used in the surveys and the report and believed the measurement of estimated room nights was appropriate.

2c.ii. This procedure is not applicable. We relied on the 2012 San Diego Beer Week Room Night Analysis prepared by VisionQuest for the total number of hotel room nights reported in the ROI calculation.

2c.iii. The TRN data was generated by VisionQuest. We obtained a copy of the report on the room night analysis regarding the 2012 San Diego Beer Week.

2c.iv. We recalculated TRN from the source data collected by Beer Week and analyzed by VisionQuest as described in procedure 2c.i above and traced the TRN to the ROI calculation. We agreed with the TRN used in the ROI calculation provided by Beer Week.
San Diego Brewers Guild: Beer Week (continued)

Finding (continued)

2d. The funding amount reported by TMD was $74,900, which agrees to the amount requested by Beer Week in its award contract. $74,900 was used by Beer Week in its ROI calculation. However, per TMD, the actual funding reimbursement to Beer Week was $68,936, which was used in our recalculation of ROI in procedure 2e below.

2e. We recalculated ROI using the TRN from the data collected by VisionQuest, the ADR from the California Hotel & Lodging Association STR report, and the actual TMD funding reimbursement. The discrepancy was described in procedure 2d above. With a consideration of the discrepancy, we arrived at the following:

<table>
<thead>
<tr>
<th></th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights</td>
<td>5,943</td>
<td>5,943</td>
</tr>
<tr>
<td>Average Daily Rate</td>
<td>$132.89</td>
<td>$132.89</td>
</tr>
<tr>
<td>Revenue</td>
<td>$789,794</td>
<td>$789,794</td>
</tr>
<tr>
<td>TMD Funding / Reimbursed</td>
<td>$74,900</td>
<td>$68,936</td>
</tr>
<tr>
<td>ROI</td>
<td>10.51:1</td>
<td>11.46:1</td>
</tr>
</tbody>
</table>

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
San Diego Crew Classic

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding
1a. We obtained a copy of the detailed ROI calculation for San Diego Crew Classic ("Crew Classic"). TRN included participant room nights and spectator room nights. Participant room nights were estimated based on internally generated surveys conducted by Crew Classic staff. All participants of the 2013 Crew Classic event were asked to fill out questionnaires during the mandatory check-in for the event. The questionnaire asked what team they were on, what events they were racing in, what hotel they stayed at, how many nights they would stay at, and whether or not friends and family traveled with them. From the online registration, Crew Classic knew how many boats a crew had registered. A formula developed by Crew Classic to determine participant room nights was based on historical experience. They took the number of rowers/coaches (10 on average) per boat multiplied by the number of room nights per stay from the crew survey and divided by 2, considering two people shared a room, to calculate the number of hotel room nights for crew participants. To project spectator room nights, Crew Classic contracted with VisionQuest to conduct intercept surveys with randomly-selected attendees during the three-day event and analyzed the data collected. See procedure 2c.i.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only the TMD funding was taken into account in calculating ROI.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Crew Classic (continued)

Finding

2a. The ADR of $142.33 for spectator room nights was obtained from the 2013 San Diego Crew Classic Attendee Room Night Analysis prepared by VisionQuest, which is based on the survey results. The ADR for participant room nights used in the ROI calculation reported by Crew Classic for participant room nights was $130.43. They were unable to provide supporting documentation for that rate therefore we used the San Diego City ADR from Smith Travel Research in the ROI calculation that resulted in a revised ADR of $137.91, which was $7.48 higher than originally reported by Crew Classic.

2b.i. TRN used in the ROI calculation for participants was traced to the “2013 Hotel Room Night Tracking”, which shows a summary of the data collected from the direct survey of crew teams attending the 2013 Crew Classic event. The breakdown lists the name of the crew team by boat, their length of stay during the event, as well as estimated room nights for each boat. We found that 595 room nights at unknown hotels, 44.5 room nights were the result of a mathematical error and 50 room nights at hotels not within the TMD district were included in the “2013 Hotel Room Night Tracking.” If we adjust the ROI calculation for the 437.50 room nights at unknown hotels, the 44.5 room nights were the result of a mathematical error and the 50 non-TMD room nights, there would be a decrease in participant room nights of 532.

2b.ii. We selected eight crew teams and compared the information on the rowers’ questionnaire to the “2013 Hotel Room Night Tracking” chart. We also recalculated hotel room nights associated with each crew using the formula that Crew Classic developed based on historical experience and found discrepancies described in procedure 2b.i above.

2b.iii. Crew Classic does not prepare a report that summarizes TRN by TMD hotel property.

2c.i. The information used to project spectator room nights was collected from surveys conducted by VisionQuest during the three days of the event. Questions asked in the survey included whether or not the Crew Classic event was the main reason for visiting San Diego, what type of accommodation the attendees would be staying at, and how many nights and rooms the attendees would occupy. VisionQuest only included survey responses that indicated the Crew Classic event was the main reason for visiting San Diego in the TRN calculation. TMD’s ROI measurement policy states that for estimated hotel room nights by survey methodologies, the sample size has to be set to yield a 95% confidence level with a margin of error of +/- 5 percentage points on all survey results. In order to meet that requirement, we recalculated the required sample size to be 373. Approximately 399 surveys resulted from the sampling. VisionQuest obtained the total attendance figure of 12,373 from Crew Classic and estimated non-local attendance figure to be 7,659 based on the survey data collected. The surveys indicated that each person attended for an average of 2.12 days and 99.4% of the non-local attendees came to San Diego for the primary purpose of attending the Crew Classic event. Of these non-local attendees, 97.5% stayed in a hotel for an average of 2.63 room nights. The results were divided by 2.21 due to the fact that most people share rooms and resulted in estimated spectator room nights of 4,167. The estimated percentage of spectators who came to San Diego specifically for the Crew Classic event and stayed in a hotel during their visits in San Diego was extrapolated to all non-local attendees to the event. The estimated number of spectators who came to San Diego specifically for the event and stayed in a hotel during their visits was multiplied by the estimated average room nights per person and divided by the number of people that shared a room to arrive at estimated spectator room nights generated from the event. VisionQuest does
San Diego Crew Classic (continued)

Finding (continued)

not currently identify that all hotels are within the TMD district. There was no estimate of non-TMD hotels made in the ROI calculation.

2c.ii. This procedure is not applicable. We relied on the 2013 San Diego Crew Classic Attendee Room Night Analysis provided by VisionQuest for the number of spectator room nights used in the ROI calculation.

2c.iii. The data to estimate spectator room nights was generated and analyzed by VisionQuest. We obtained a copy of the 2013 San Diego Crew Classic Attendee Room Night Analysis report by VisionQuest.

2c.iv. We recalculated and traced the TRN calculations to the source data collected by VisionQuest as described in procedure 2c.i above and agreed to the ROI calculation.

2d. The funding amount reported by TMD was $117,000, which agrees to the amount requested by Crew Classic in its award contract. However, per the TMD records, Crew Classic only had reimbursement of $106,083.

2e. We recalculated ROI using total estimated hotel room nights generated in this event, the revised ADR, the ADR from the surveys conducted by VisionQuest for spectator room nights, and the actual TMD funding reimbursement. The discrepancies were described in procedure 2a, and 2b.i above. With a consideration of the aforementioned discrepancies, we arrived at the following:

<table>
<thead>
<tr>
<th></th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights</td>
<td>8,334</td>
<td>7,812</td>
</tr>
<tr>
<td>Average Daily Rate</td>
<td>Varied*</td>
<td>Varied*</td>
</tr>
<tr>
<td>Revenue</td>
<td>$1,136,591</td>
<td>$1,095,771</td>
</tr>
<tr>
<td>TMD Funding Reimbursed</td>
<td>$106,642</td>
<td>$106,083</td>
</tr>
<tr>
<td>ROI</td>
<td>10.66:1</td>
<td>10.33:1</td>
</tr>
</tbody>
</table>

*Different rates were used for spectators and participants. Please refer to procedure 2a for further explanation.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
San Diego Tourism Marketing District
Exhibit I

San Diego Spirits Festival

Procedure
1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding
1a. We obtained a copy of the detailed ROI calculation for San Diego Spirits Festival ("Spirits Festival"). TRN were calculated based on a combination of actual hotel room nights generated from industry distributors that the Spirits Festival assisted in finding accommodations and estimated hotel room nights for public participants through survey sampling at the time of the public purchasing tickets online.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research ("STR"), actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.
San Diego Tourism Marketing District
Exhibit I

San Diego Spirits Festival (continued)

Finding

2a. The ADR of $189.00 used by Spirits Festival in the ROI calculation was based on their verbal feedback obtained from participants at the event and knowledge of rates hotels were charging in the area, however, we were not provided with any supporting documentation for the rate. We used the San Diego City ADR from Smith Travel Research for August 2012 in the ROI calculation that resulted in a revised ADR of $148.13, which was $40.87 lower than originally reported by Spirits Festival.

2b.i. We were unable to obtain any reports from outside hotels for the actual room nights generated by the industry participants. The Spirits Festival prepared an internal report that summarized the number of room nights generated from their knowledge for the industry participants, however, they did not include information regarding which hotel was booked.

2b.ii. Spirits Festival reported 177 actual TRNs from industry participants. We selected five industry participants to test, however, Spirits Festival only provided us with email address information for one of the participants sampled. That participant did not respond to our request to confirm the number of room nights they stayed at a hotel and the name of the hotel they stayed at.

2b.iii. Spirits Festival did not prepare a report that summarizes TRN by TMD property.

2c.i. The source data was collected through an online survey to estimate hotel room nights generated from public participants. Spirits Festival conducted the survey at the time of the public purchasing event tickets online through Eventbrite, one of the websites Spirits Festival used to sell tickets. Survey questions attempted to identify whether or not the participants were staying at downtown hotels and the name of the hotel they stayed at. They did not attempt to identify participants that were staying at hotels that were not located downtown or how many room nights they would stay when attending the event. Spirits Festival took the results of the online survey that was integrated with the Eventbrite online ticket sales to get a sample of 149 out of the total of 819 transactions. TMD’s ROI measurement policy states that for estimated hotel room nights by survey methodologies, the sample size has to be set to yield a 95% confidence level with a margin of error of +/- 5 percentage points on all survey results. In order to meet that requirement, we recalculated the required sample size to be 262. The 149 survey responses collected does not satisfy the ROI measurement policy. Of the 149 survey results, 36 indicated that the participants stayed in hotels and most of them stayed for two days (one night). Based on the results, Spirits Festival projected 24.2% of the public participants who purchased tickets online would stay at hotels and extrapolate to the total number of online ticket sales to estimate the number of hotel room nights used by public participants. Spirits Festival did not extrapolate the projection of hotel room nights to the total number of door ticket sales as the participants who purchased tickets at door could be locals or downtown visitors who came to San Diego for other reasons. Although Spirits Festival encouraged participants to stay downtown San Diego due to the location and nature of the event, TRN were calculated with no attempt to isolate only TMD room nights.

2c.ii. We obtained a list summarized by Spirits Festival of online ticket sales by websites, which included radio stations and printed publications that distributed complimentary tickets as part of a marketing campaign. We were provided with documentation from three of the four online ticket sales websites and we traced the amount of tickets sales.
San Diego Spirits Festival (continued)

**Finding (continued)**

to the TRN. We were provided documentation for Goldstar, an online ticket sales website, which was not originally included in the TRN listing. Goldstar had online ticket sales of 68, which increased the TRN. Spirit Week was unable to provide any documentation supporting the 550 complimentary tickets distributed by radio stations and print material and it is unclear whether the attendees using complementary tickets would have the same TRN percentage as participants who purchased tickets online. Additionally, Spirits Festival stated they had approximately 800 ticket sales and a complementary list at the door of the event. In an effort to be conservative, they did not include these attendees in any of the projections of TRN.

2c.iii. The procedure is not applicable. TRN data was generated internally.

2c.iv. We recalculated the projected hotel room nights for public participants from the source data described in procedure 2c.i above and traced the projected room nights to the TRN detail used in the ROI calculation without exceptions.

2d. The funding amount reported by TMD was $25,000, which agrees to the amount requested by Spirits Festival in its award contract. $25,000 was used by Spirits Festival in its ROI calculation. Per TMD, the total TMD funding of $25,000 was fully reimbursed to Spirits Festival.

2e. We recalculated ROI using the TRN collected by Spirits Festival, the City of San Diego ADR from Smith Travel Research report, and the TMD funding. The discrepancies are described in procedures 2.a, 2.c.i and 2.c.ii above. With a consideration of the aforementioned discrepancies, we arrived at the following:

<table>
<thead>
<tr>
<th></th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights:</td>
<td>564</td>
<td>562</td>
</tr>
<tr>
<td>Average Daily Rate:</td>
<td>$189.00</td>
<td>$148.13</td>
</tr>
<tr>
<td>Revenue:</td>
<td>$106,596</td>
<td>$83,249</td>
</tr>
<tr>
<td>TMD Funding Reimbursed:</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>ROI:</td>
<td>4.26:1</td>
<td>3.32:1</td>
</tr>
</tbody>
</table>

**Procedure**

3. Provide schedule comparing ROI calculations for similar programs.

**Finding**

See Schedule A, attached.
San Diego Sports Commission

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation.
   Report on the following:
   a. Method used in calculating total room nights ("TRN").
   b. How incremental room nights were taken into account.

Finding

1a. There were 35 events that San Diego Sports Commission ("SDSC") supported during July 2012 through March 2013. TRN were actual room nights based on hotel pick-up reports. Hotel pick-up reports were used to track room block utilization and reflected actual hotel room consumption. The events supported by SDSC include:

- Adrenaline Lacrosse Challenge
- Adrenaline Lacrosse High Rollers
- Adrenalina Skateboard Marathon
- America’s Finest City Half Marathon & 5K
- Battle on the Midway
- Bridgepoint Education Holiday Bowl
- California State Games – Summer
- California State Games – Winter
- Copa Del Mar Invitational
- Farmer’s Insurance Open
- Footlocker Cross Country National Championships
- Full Out Cheer Challenge
- Future Champions Golf – 6th Annual Junior Amateur
- Hot Chocolate 5K/15K
- MSNM Western Championship
- Nomads March Showcase
- Nomads Thanksgiving Tournament
- NPSL Championship
- Perfect Game All-American Baseball Classic
- San Diego Classic
- San Diego Credit Union Poinsettia Bowl
- San Diego Half Marathon
- San Diego Soccer Club – 2013 President’s Cup
- Surf College Cup
- Surf Cup
- Top Gun Basketball Tournament
- Triple Crown Fastpitch World Series
- US Club Soccer – Training Camp
- USA Triathlon Art and Science International Coaching Symposium
- USD Basketball NUCDF Multiple Team Event
- USTA Girls 16/180 National Championships
- West Coast Final 4 Women’s Soccer Showcase
- Women’s Half Marathon
- WPSL Western Regional Playoff
- 2012 NCAA Women’s College Cup

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. Only TMD funding was taken into account in the ROI calculation.
San Diego Sports Commission (continued)

Procedure
2. Test ROI calculation:
   a. Trace Average Daily Rate ("ADR") used in calculation to approved rate per contract or
      other approved source such as San Diego City ADR from Smith Travel Research ("STR"),
      actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online
      hotel bookings by Online Travel Agencies ("OTAs") and hotel booking engines such as
      Advanced Reservation Systems ("ARES"):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN
         detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure.
         Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria
         used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-
         perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary
         calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

Finding
2a. SDSC used the quarterly ADR's to calculate hotel revenue for individual events at the
    quarter when the events occurred. SDSC obtained the quarterly ADR's from San Diego
    Tourism Authority at the time of ROI reporting based on 2013 San Diego Hotel Sector
    Forecasts published by Tourism Economics, a division of a global economics firm that
    conducts forecasts for STR. We were unable to trace the ADR's used in the detailed
    ROI calculation to the San Diego County Performance Report provided by STR to us.
    We have recalculated the ROI with the revised ADR's for the quarters of the events as
    follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Reported ADR</th>
<th>Revised ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2012</td>
<td>143.85</td>
<td>158.51</td>
</tr>
<tr>
<td>August 2012</td>
<td>143.85</td>
<td>145.45</td>
</tr>
<tr>
<td>September 2012</td>
<td>143.85</td>
<td>128.32</td>
</tr>
<tr>
<td>October 2012</td>
<td>127.23</td>
<td>133.10</td>
</tr>
<tr>
<td>November 2012</td>
<td>127.23</td>
<td>123.74</td>
</tr>
<tr>
<td>December 2012</td>
<td>127.23</td>
<td>107.60</td>
</tr>
<tr>
<td>January 2013</td>
<td>120.55</td>
<td>124.58</td>
</tr>
<tr>
<td>February 2013</td>
<td>120.55</td>
<td>127.52</td>
</tr>
<tr>
<td>March 2013</td>
<td>120.55</td>
<td>128.16</td>
</tr>
</tbody>
</table>
San Diego Sports Commission (continued)

Finding (continued)

2b.i. We traced TRN reported by SDSC to hotel pick-up reports and found the following discrepancies:

<table>
<thead>
<tr>
<th>Event Name</th>
<th>Discrepancy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Claimed room nights: 403</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 466</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 63</td>
</tr>
<tr>
<td>California State Games - Summer</td>
<td>Claimed room nights: 1,463</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 1,415</td>
</tr>
<tr>
<td></td>
<td>Decrease in room night: (48)</td>
</tr>
<tr>
<td>California State Games - Winter</td>
<td>Claimed room nights: 406</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 159</td>
</tr>
<tr>
<td></td>
<td>Decrease in room night: (247)</td>
</tr>
<tr>
<td>Copa Del Mar Invitational</td>
<td>Claimed room nights: 1,670</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 1,588</td>
</tr>
<tr>
<td></td>
<td>Decrease in room night: (82)</td>
</tr>
<tr>
<td>Farmers Insurance Open</td>
<td>Claimed room nights: 104</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 189</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 85</td>
</tr>
<tr>
<td>Hot Chocolate 5K/15K</td>
<td>Claimed room nights: 379</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 854</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 475</td>
</tr>
<tr>
<td>MSNM Western Championship</td>
<td>Claimed room nights: 834</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 908</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 74</td>
</tr>
<tr>
<td>Nomad's March Showcase</td>
<td>Claimed room nights: 4,456</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 4,254</td>
</tr>
<tr>
<td></td>
<td>Decrease in room night: (202)</td>
</tr>
<tr>
<td>Nomad's Thanksgiving Tournament</td>
<td>Claimed room nights: 49</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 109</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 60</td>
</tr>
<tr>
<td>San Diego Half Marathon</td>
<td>Claimed room nights: 5,713</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 5,903</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 190</td>
</tr>
<tr>
<td>Surf College Cup</td>
<td>Claimed room nights: 6,710</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 7,237</td>
</tr>
<tr>
<td></td>
<td>Increase in room night: 527</td>
</tr>
<tr>
<td>Surf Cup Soccer</td>
<td>Claimed room nights: 4,014</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 3,942</td>
</tr>
<tr>
<td></td>
<td>Decrease in room night: (72)</td>
</tr>
<tr>
<td>Triple Crown Fastpitch World Series</td>
<td>Claimed room nights: 2,175</td>
</tr>
<tr>
<td></td>
<td>Pick-up reports room nights: 1,875</td>
</tr>
<tr>
<td></td>
<td>Decrease in room night: (282)</td>
</tr>
</tbody>
</table>
San Diego Sports Commission (continued)

Finding (continued)

SDSC calculated 41,243 TRN from TMD hotels, however, we calculated 41,784 TRN from TMD hotels. We have included the net increase of 541 room nights in our recalculation of ROI at procedure 2e below.

For certain events SDSC provides a combined effort with other TMD recipients to identify and contract with TMD hotels for room blocks. Included in SDSC's TRN calculation are the following room nights which are also claimed by the other recipient in their ROI calculation:

- California State Games: 466
- San Diego Bowl Association – Holiday Bowl: 2,432
- San Diego Bowl Game Association – Poinsettia Bowl: 762

Total: 3,660

2b.ii. We obtained a sample of hotel pick-up reports and agreed to the hotel room nights reported by SDSC except for the discrepancies described in procedure 2b.i above.

2b.iii. SDSC did not prepare a report that summarizes TRN by TMD hotel property.

2c.i. This procedure is not applicable. TRN that SDSC claimed in the ROI calculation were all definite room nights.

2c.ii. This procedure is not applicable. TRN that SDSC claimed in the ROI calculation were all definite room nights.

2c.iii. This procedure is not applicable. TRN that SDSC claimed in the ROI calculation were all definite room nights.

2c.iv. This procedure is not applicable. TRN that SDSC claimed in the ROI calculation were all definite room nights.

2d. The funding amount reported by TMD was $335,250, which agrees to the amount requested by SDSC in its award contract. SDSC used the actual TMD funding reimbursements of $338,299 in its detailed ROI calculation.

2e. We recalculated ROI using the TRN from the hotel pick-up reports, the ADR from the San Diego Tourism Authority and the actual TMD funding reimbursement. The discrepancies were described in procedure 2a and 2b.i above. With a consideration of the aforementioned discrepancies, we arrived at the following:

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Originally Reported by Recipient</th>
<th>Revised After Applying Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Room Nights:</td>
<td>41,243</td>
<td>41,784</td>
</tr>
<tr>
<td>Average Daily Rate:</td>
<td>Varied by Event</td>
<td>Varied by Event</td>
</tr>
<tr>
<td>Revenue:</td>
<td>$ 5,421,740</td>
<td>$ 5,384,594</td>
</tr>
<tr>
<td>TMD Funding Reimbursed:</td>
<td>$ 338,299</td>
<td>$ 338,299</td>
</tr>
<tr>
<td>ROI:</td>
<td>16.09:1</td>
<td>15.92:1</td>
</tr>
</tbody>
</table>

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.
SCHEDULE A – PROGRAM COMPARISONS
The incremental room nights were not isolated in the ROI calculation. Only TMD funding was taken into account in the ROI calculation.

SDSU indicated in the report that the data did not delineate that all room nights were booked in TMD hotels.

Budgeted ROI: 8.38:1
Reported ROI: 12.74:1
Revised ROI: 13.3:1

ADR was determined using the weighted average room rate for actual room blocks booked through Conference Housing.

Although CSG actual TRN included room blocks at TMD hotels only, estimated TRN were estimated with no attempt to isolate only TMD room nights.

Reported ROI: 20.13:1
Revised ROI: 20.42:1

San Diego Bay Wine & Food Festival XXXX X
Reported: 5,307, which is the ADR used in the ROI calculation
Revised: $124.99 was the weighted average room rate calculated from actual room rates times the room nights by hotel.

2012 Summer Games:... actual room rate of hotel room blocks of $119.83 was used, which agreed to average actual room rate of hotel room blocks.

Incremental room nights were not isolated in the ROI calculation. SDTA-JAL received funding from other sources and did not attempt to isolate the effect that the non-TMD funding had in generating hotel room nights for Asia-origin passengers.

Revised: $134.04 was the average room rate of comparable hotels at the time of TMD grant application. We were unable to purchase the supporting documentation. The data used San Diego City ADR for September 2012 (the month the event was held) provided by STR.

No Revision

Budgeted ROI: N/A.
Reported ROI: 15.81:1
Revised ROI: 15.81:1

San Diego Tourism Authority - Asia Market Development - Japanese Airlines

Reported: $125.03 was the ADR used by BTB-Art in the ROI calculation was the average room rate of comparable hotels at the time of TMD grant application. We were unable to purchase the supporting documentation. The data used San Diego City ADR for September 2012 (the month the event was held) provided by STR.

No Revision

Budgeted ROI: 6.43:1
Reported ROI: 5.85:1
Revised ROI: 3.81:1

California State Games X X X X
Reported TRN: 16,339
For 2012 Summer Games and 2013 Winter Games:... average actual room rate of hotel room blocks.

No Revision

Budgeted ROI: 34:1
Reported ROI: 16:1
Revised ROI: 19:1:1

San Diego Tourism Authority - Beyond the Border - Art, Inc.

Reported: 773
Revised: 710

Reported TRN: 1,415,200,
Revised TRN: 1,360,250

X X X X

Reported TRN: 3,535
Revised TRN: 3,425

X X X X

Reported TRN: 3,584
Revised TRN: 3,510

Reported TRN: 424,057
Revised TRN: 409,057

X X X X

Reported TRN: 2,838
Revised TRN: 2,718

X X X X

Reported TRN: 368,371
Revised TRN: 361,871

X X X X

Reported TRN: 619,773
Revised TRN: 602,273

X X X X

See independent accountant’s report on applying agreed-upon procedures.
## San Diego Tourism Marketing District

### Schedule A: Comparison of Recipient ROI Calculation Factors

<table>
<thead>
<tr>
<th>Event Name</th>
<th>Total Room Nights (TRN)</th>
<th>How TRN was calculated (Source)</th>
<th>Average Daily Rate (ADR)</th>
<th>How ADR was determined (Source)</th>
<th>ROI in Budgets vs. Actual</th>
<th>Were only TMD room nights estimated in ROI calculation?</th>
<th>How program takes “incremental” room nights into account?</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Bayfair - Thunderboats</td>
<td>Reported: 15,644</td>
<td>No Revision.</td>
<td>ADR was calculated based on hotel room nights generated from out of town spectators and participants who stopped in a hotel and came to San Diego for San Diego Bayfair event. This information was collected during a survey conducted by San Diego Bayfair volunteers and analyzed by VisionQuest. Only respondents who stayed in a hotel and came to San Diego specifically for the Bayfair event were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation of TMD room nights.</td>
<td>Reported: 21.68:1 Revised: 21.66:1</td>
<td>Yes - Based on the calculation, TMD room nights associated with the event were included in the calculation of TMD room nights. Only TMD funding was taken into account in the calculation of TMD room nights.</td>
<td></td>
</tr>
<tr>
<td>San Diego Bowl Game Association</td>
<td>Reported: 65,588</td>
<td>No Revision.</td>
<td>ADR was estimated for participants based on a survey performed by SDSU Hospitality and Tourism Research. During the study, SDSU conducted surveys among attendees to the bowl games to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only attendees who came to San Diego specifically for the bowl games were used in the calculation. ADR for meals and boarding was based on the ADR calculation method.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 3.32:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego beer week Yasuda Sake详细</td>
<td>Reported: 15,070</td>
<td>No Revision.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 21.68:1 Revised: 21.68:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego Spirit Festival</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
<td>ADR was calculated based on a survey performed by VisionQuest. During the study, VisionQuest administered surveys among attendees to the spirit festival to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only respondents who came to San Diego specifically for the Spirit Festival and stayed in a hotel were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego beer Classic</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
<td>ADR was calculated based on a survey performed by VisionQuest. During the study, VisionQuest administered surveys among attendees to the beer classic to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only respondents who came to San Diego specifically for the beer classic and stayed in a hotel were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego Spirit Festival</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
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<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego beer Classic</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
<td>ADR was calculated based on a survey performed by VisionQuest. During the study, VisionQuest administered surveys among attendees to the beer classic to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only respondents who came to San Diego specifically for the beer classic and stayed in a hotel were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego beer Classic</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
<td>ADR was calculated based on a survey performed by VisionQuest. During the study, VisionQuest administered surveys among attendees to the beer classic to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only respondents who came to San Diego specifically for the beer classic and stayed in a hotel were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego beer Classic</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
<td>ADR was calculated based on a survey performed by VisionQuest. During the study, VisionQuest administered surveys among attendees to the beer classic to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only respondents who came to San Diego specifically for the beer classic and stayed in a hotel were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
<tr>
<td>San Diego beer Classic</td>
<td>Reported: 3,574</td>
<td>Revised: 7,612</td>
<td>ADR was calculated based on a survey performed by VisionQuest. During the study, VisionQuest administered surveys among attendees to the beer classic to estimate the number of people staying at hotel and average room-night per day to project TMD stay. Only respondents who came to San Diego specifically for the beer classic and stayed in a hotel were included in the calculation of TMD room nights.</td>
<td>ADR was obtained from the ADR used for each event and consists entirely of actual room nights. Data did not delineate that all room nights were booked in TMD hotels. The incremental room nights were not included in the calculation.</td>
<td>Reported: 10.28:1 Revised: 10.28:1</td>
<td>Yes - TMD room nights were estimated without TMD funding. The incremental room nights were not included in the calculation.</td>
<td></td>
</tr>
</tbody>
</table>

See independent accountant's report on applying agreed-upon procedures.
SCHEDULE B - SAN DIEGO TOURISM AUTHORITY AND SAN DIEGO NORTH CONVENTION AND VISITORS BUREAU ARES PRODUCTION REPORT OF TRN BY TMD HOTELS
### Website Hotel Room Nights

<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Hotel Room Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas Best Value Padre Trail Inn</td>
<td>10</td>
</tr>
<tr>
<td>Bahia Resort Hotel</td>
<td>65</td>
</tr>
<tr>
<td>Bay Club Hotel &amp; Marina</td>
<td>22</td>
</tr>
<tr>
<td>Best Western Mission Bay</td>
<td>35</td>
</tr>
<tr>
<td>Best Western Plus Bayside Inn</td>
<td>27</td>
</tr>
<tr>
<td>Best Western Plus Blue Sea Lodge</td>
<td>25</td>
</tr>
<tr>
<td>Best Western Plus Cabrillo Garden Inn</td>
<td>1</td>
</tr>
<tr>
<td>Best Western Plus Hacienda Hotel Old Town</td>
<td>26</td>
</tr>
<tr>
<td>Best Western Plus Inn by the Sea</td>
<td>3</td>
</tr>
<tr>
<td>Best Western Plus Island Palms Hotel &amp; Marina</td>
<td>37</td>
</tr>
<tr>
<td>Best Western Seven Seas</td>
<td>73</td>
</tr>
<tr>
<td>Best Western Yacht Harbor Hotel</td>
<td>53</td>
</tr>
<tr>
<td>Bristol Hotel</td>
<td>8</td>
</tr>
<tr>
<td>Catamaran Resort Hotel and Spa</td>
<td>5</td>
</tr>
<tr>
<td>Comfort Inn &amp; Suites Zoo/SeaWorld Area</td>
<td>278</td>
</tr>
<tr>
<td>Comfort Inn Gaslamp/Convention Center</td>
<td>14</td>
</tr>
<tr>
<td>Comfort Inn Hotel Circle</td>
<td>116</td>
</tr>
<tr>
<td>Comfort Suites Mission Valley SeaWorld Area</td>
<td>29</td>
</tr>
<tr>
<td>Country Inn &amp; Suites By Carlson, San Diego North, CA</td>
<td>1</td>
</tr>
<tr>
<td>Courtyard San Diego Airport/Liberty Station</td>
<td>7</td>
</tr>
<tr>
<td>Courtyard San Diego Central</td>
<td>4</td>
</tr>
<tr>
<td>Courtyard San Diego Downtown</td>
<td>6</td>
</tr>
<tr>
<td>Courtyard San Diego Old Town</td>
<td>11</td>
</tr>
<tr>
<td>Courtyard San Diego Rancho Bernardo</td>
<td>1</td>
</tr>
<tr>
<td>Crowne Plaza San Diego</td>
<td>29</td>
</tr>
<tr>
<td>Days Hotel - Hotel Circle</td>
<td>119</td>
</tr>
<tr>
<td>Days Inn &amp; Suites SeaWorld/Airport</td>
<td>6</td>
</tr>
<tr>
<td>Days Inn Mission Valley Qualcomm Stadium/ SDSU</td>
<td>2</td>
</tr>
<tr>
<td>Doubletree by Hilton – Hotel Circle</td>
<td>40</td>
</tr>
<tr>
<td>Doubletree by Hilton Golf Resort San Diego</td>
<td>14</td>
</tr>
<tr>
<td>Doubletree Hotel San Diego Mission Valley</td>
<td>30</td>
</tr>
<tr>
<td>Doubletree Hotel San Diego Downtown</td>
<td>8</td>
</tr>
<tr>
<td>Doubletree Hotel San Diego/Del Mar</td>
<td>16</td>
</tr>
<tr>
<td>Embassy Suites San Diego - La Jolla</td>
<td>13</td>
</tr>
<tr>
<td>Embassy Suites San Diego Bay</td>
<td>76</td>
</tr>
<tr>
<td>Empress Hotel Of La Jolla</td>
<td>5</td>
</tr>
<tr>
<td>Estancia La Jolla Hotel &amp; Spa</td>
<td>4</td>
</tr>
<tr>
<td>Fairfield Inn &amp; Suites San Diego Old Town</td>
<td>8</td>
</tr>
<tr>
<td>Four Points by Sheraton San Diego</td>
<td>10</td>
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<tr>
<td>Four Points by Sheraton San Diego Downtown</td>
<td>71</td>
</tr>
<tr>
<td>Hampton Inn by Hilton San Diego Downtown</td>
<td>27</td>
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<tr>
<td>Hampton Inn San Diego Airport SeaWorld</td>
<td>16</td>
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<tr>
<td>Hampton Inn San Diego Kearny Mesa</td>
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<tr>
<td>Handlery Hotel San Diego</td>
<td>15</td>
</tr>
<tr>
<td>Hard Rock Hotel San Diego</td>
<td>22</td>
</tr>
<tr>
<td>Hilton Garden Inn San DiegoRancho Bernardo</td>
<td>1</td>
</tr>
</tbody>
</table>

See independent accountant's report on applying agreed-upon procedures.
<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Hotel Room Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilton La Jolla Torrey Pines</td>
<td>24</td>
</tr>
<tr>
<td>Hilton San Diego Airport/ Harbor Island</td>
<td>23</td>
</tr>
<tr>
<td>Hilton San Diego Bayfront</td>
<td>54</td>
</tr>
<tr>
<td>Hilton San Diego Mission Valley</td>
<td>13</td>
</tr>
<tr>
<td>Hilton San Diego Resort &amp; Spa</td>
<td>95</td>
</tr>
<tr>
<td>Hilton San Diego/Gaslamp Quarter</td>
<td>13</td>
</tr>
<tr>
<td>Holiday Inn Express San Diego - Downtown</td>
<td>4</td>
</tr>
<tr>
<td>Holiday Inn Express San Diego SeaWorld - Beach Area</td>
<td>1</td>
</tr>
<tr>
<td>Holiday Inn Express San Diego - Rancho Bernardo</td>
<td>5</td>
</tr>
<tr>
<td>Holiday Inn Express San Diego - Sea World Area</td>
<td>2</td>
</tr>
<tr>
<td>Holiday Inn San Diego - Bayside</td>
<td>92</td>
</tr>
<tr>
<td>Holiday Inn San Diego - Mission Valley</td>
<td>4</td>
</tr>
<tr>
<td>Homewood Suites by Hilton San Diego Airport/Liberty Station</td>
<td>4</td>
</tr>
<tr>
<td>Homewood Suites by Hilton San Diego Del Mar</td>
<td>1</td>
</tr>
<tr>
<td>Horton Grand Hotel</td>
<td>16</td>
</tr>
<tr>
<td>Hotel Indigo San Diego Gaslamp Quarter</td>
<td>5</td>
</tr>
<tr>
<td>Howard Johnson Inn San Diego Hotel Circle</td>
<td>13</td>
</tr>
<tr>
<td>Howard Johnson SeaWorld/Airport</td>
<td>1</td>
</tr>
<tr>
<td>Humphreys Half Moon Inn &amp; Suites</td>
<td>51</td>
</tr>
<tr>
<td>Hyatt Regency La Jolla at Aventine</td>
<td>6</td>
</tr>
<tr>
<td>Hyatt Regency Mission Bay Spa &amp; Marina</td>
<td>52</td>
</tr>
<tr>
<td>Kings Inn</td>
<td>56</td>
</tr>
<tr>
<td>Kona Kai Resort Spa Marina</td>
<td>14</td>
</tr>
<tr>
<td>La Jolla Cove Suites</td>
<td>80</td>
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<tr>
<td>La Jolla Shores Hotel</td>
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<tr>
<td>La Pensione Hotel</td>
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<td>La Quinta Inn &amp; Suites San Diego Mission Bay</td>
<td>9</td>
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<tr>
<td>La Quinta Inn Mission Valley</td>
<td>25</td>
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<tr>
<td>La Quinta Inn Old Town/Airport</td>
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<tr>
<td>La Valencia Hotel</td>
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<tr>
<td>Lafayette Hotel, Swim Club &amp; Bungalows</td>
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<tr>
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<tr>
<td>Manchester Grand Hyatt San Diego</td>
<td>10</td>
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<td>58</td>
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See independent accountant’s report on applying agreed-upon procedures
### Website Hotel Room Nights

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<thead>
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</tr>
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<td>13</td>
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<td>Sheraton San Diego Hotel &amp; Marina</td>
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<tr>
<td>The Grande Colonial</td>
<td>3</td>
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<tr>
<td>The Sofia</td>
<td>4</td>
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<tr>
<td>The US Grant, San Diego</td>
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<tr>
<td>Travelodge San Diego Mission Valley/Hotel Circle</td>
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<td>W San Diego</td>
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<td>Wyndham San Diego Bayside</td>
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**Assessed Website Hotel Room nights at TMD hotels per ARES report**

<p>| | |</p>
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<tr>
<th></th>
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<tr>
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<td><strong>2,838</strong></td>
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## Hotel Meeting Room Nights

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<tr>
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<td>Hilton San Diego Airport - Harbor Island</td>
<td>860</td>
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<td>Hilton San Diego Bayfront Hotel</td>
<td>31,265</td>
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<td>Hilton San Diego Gaslamp Quarter</td>
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<td>Hilton San Diego Mission Valley</td>
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<td>Hilton San Diego Resort &amp; Spa</td>
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<td>Holiday Inn Express - Airport at Old Town</td>
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<td>Holiday Inn Express - Sea World Area</td>
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</tbody>
</table>

See independent accountant’s report on applying agreed-upon procedures
### Hotel Meeting Room Nights

<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Hotel Room Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday Inn Express San Diego - Rancho Bernardo</td>
<td>534</td>
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<tr>
<td>Holiday Inn Mission Valley Stadium</td>
<td>260</td>
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<td>Holiday Inn San Diego Bayside</td>
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<tr>
<td>Horton Grand Hotel</td>
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<td>Hotel Indigo - San Diego Gaslamp Quarter</td>
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<td>Hotel Solamar San Diego</td>
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<td>Howard Johnson Express Inn San Diego SeaWorld Area</td>
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<tr>
<td>Humphreys Half Moon Inn &amp; Suites</td>
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<tr>
<td>Hyatt Regency La Jolla at Aventine</td>
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<tr>
<td>Kings Inn</td>
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<td>Kona Kai Resort Spa &amp; Marina</td>
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<td>La Jolla Beach and Tennis Club</td>
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<td>La Jolla Shores Hotel</td>
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<tr>
<td>La Quinta Inn &amp; Suites - San Diego Mission Bay</td>
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<tr>
<td>La Quinta Inn &amp; Suites San Diego Old Town / Airport</td>
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<td>Palomar San Diego, a Kimpton Hotel</td>
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<tr>
<td>Paradise Point Resort &amp; Spa</td>
<td>16,118</td>
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<tr>
<td>Porto Vista Hotel</td>
<td>335</td>
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<tr>
<td>Radisson Hotel San Diego - Rancho Bernardo</td>
<td>507</td>
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<tr>
<td>Ramada Conference Center QUALCOMM Stadium</td>
<td>780</td>
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<tr>
<td>Rancho Bernardo Inn</td>
<td>4,965</td>
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<tr>
<td>Residence Inn by Marriott - La Jolla</td>
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<tr>
<td>Residence Inn San Diego Downtown/Gaslamp Quarter</td>
<td>252</td>
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<tr>
<td>Residence Inn San Diego Rancho Bernardo / Carmel Mountain Ranch</td>
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<td>San Diego Marriott Del Mar</td>
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<tr>
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<tr>
<td>The Grand Del Mar</td>
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<tr>
<td>The Lodge at Torrey Pines</td>
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<td>The Sofia Hotel</td>
<td>1,615</td>
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<tr>
<td>THE US GRANT - A Luxury Collection Hotel</td>
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See independent accountant's report on applying agreed-upon procedures.
Hotel Meeting Room Nights

<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Hotel Room Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Westgate Hotel</td>
<td>2,878</td>
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<tr>
<td>The Westin San Diego</td>
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<tr>
<td>The Westin San Diego Gaslamp Quarter</td>
<td>9,726</td>
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<tr>
<td>Town and Country Resort &amp; Convention Center</td>
<td>67,020</td>
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<tr>
<td>W San Diego</td>
<td>608</td>
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<tr>
<td>Wyndham Garden San Diego near SeaWorld</td>
<td>3,193</td>
</tr>
<tr>
<td>Wyndham San Diego Bayside</td>
<td>3,809</td>
</tr>
</tbody>
</table>

Assessed Hotel Meeting Room nights at TMD hotels per ILead report  

- 422,602

Assessed Website Hotel Room nights at TMD hotels per ARES report  

- 2,999

Assessed Website Hotel Room nights and Hotel Meeting Room nights at TMD hotels  

- 425,601 *

* Amount is based on actual room nights booked through the ILead system and ARES. Actual room nights of 425,601 is approximately 30% of total TMD room nights of 1,413,745.
## Hotel Room Nights Report

<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Hotel Room Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>W Hotel San Diego</td>
<td>159</td>
</tr>
<tr>
<td>Hilton San Diego Mission Valley</td>
<td>93</td>
</tr>
<tr>
<td>Marriot Courtyard Downtown</td>
<td>45</td>
</tr>
<tr>
<td>The LaFayette Hotel</td>
<td>90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>387</strong></td>
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</table>

* Amount is based on actual room blocks. Actual TMD room nights of 387 is approximately 54% of total TMD hotel room nights of 713.
<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Hotel Room Nights</th>
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</thead>
<tbody>
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<td>Courtyard Marriott Mission Valley</td>
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<td>Courtyard Marriott Old Town</td>
<td>108</td>
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<tr>
<td>Courtyard Marriott SD Central</td>
<td>220</td>
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<tr>
<td>Crowne Plaza SD Mission Valley</td>
<td>800</td>
</tr>
<tr>
<td>Doubletree by Hilton SD Hotel Circle</td>
<td>252</td>
</tr>
<tr>
<td>Hilton San Diego Bayfront</td>
<td>6</td>
</tr>
<tr>
<td>Manchester Grand Hyatt</td>
<td>1,269</td>
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<tr>
<td>Omni Hotel</td>
<td>345</td>
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<tr>
<td>Paradise Point Hotel</td>
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<tr>
<td>San Diego Marriott Hotel &amp; Marina</td>
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<td>Sheraton San Diego Hotel &amp; Marina</td>
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<tr>
<td>Westin Gaslamp Hotel</td>
<td>294</td>
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<tr>
<td><strong>Total</strong></td>
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* Amount is based on actual room blocks. Actual room nights of 6,038 is 17% of total estimated room nights of 35,566.
<table>
<thead>
<tr>
<th>Hotel Name</th>
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<tbody>
<tr>
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<tr>
<td>Country Inn &amp; Suites</td>
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</tr>
<tr>
<td>Courtyard Marriott- SD Central</td>
<td>65</td>
</tr>
<tr>
<td>Courtyard Marriott-Mission Valley</td>
<td>90</td>
</tr>
<tr>
<td>Crowne Plaza</td>
<td>55</td>
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<tr>
<td>Doubletree Club San Diego</td>
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<tr>
<td>Doubletree Golf Resort</td>
<td>261</td>
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<tr>
<td>Doubletree Hotel- Hotel Circle</td>
<td>149</td>
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<tr>
<td>Embassy Suites- La Jolla</td>
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<tr>
<td>Hilton Garden RB</td>
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<td>Holiday Inn Express - Otay Mesa</td>
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<td>89</td>
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<tr>
<td>Holiday Inn Rancho Bernardo</td>
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<tr>
<td>La Quinta Inn &amp; Suites Mission Valley</td>
<td>52</td>
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<tr>
<td>La Quinta Old Town</td>
<td>4</td>
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<tr>
<td>Radisson Rancho Bernardo</td>
<td>392</td>
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<tr>
<td>Ramada Mission Valley</td>
<td>29</td>
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<tr>
<td>Rancho Bernardo Inn</td>
<td>55</td>
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<tr>
<td>Residence Inn- Central</td>
<td>23</td>
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<tr>
<td>Residence Inn Rancho Bernardo</td>
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<tr>
<td>Residence Inn Scripps Poway</td>
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<tr>
<td>SpringHill Suites</td>
<td>68</td>
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<tr>
<td>Town &amp; Country</td>
<td>216</td>
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<tr>
<td>Town &amp; Country HQ</td>
<td>263</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,339</strong></td>
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</tbody>
</table>

*Amount is based on actual room blocks. Actual room nights of 2,339 is 14% of total estimated room nights of 16,339.*
Fiscal Year 2014 Quarter 1
Program of Work Update for
The San Diego Tourism Marketing District

Prepared by
The San Diego Tourism Authority
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# San Diego County Tourism Industry Performance

## FY14 Through Quarter 1

### Visitor Volume

<table>
<thead>
<tr>
<th>Day Visitor</th>
<th>FY 2014</th>
<th>YOY Percent Change</th>
<th>FY 2014</th>
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<tbody>
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<td>Day Vis (Exc Mex)</td>
<td>4,785,000</td>
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<tr>
<td>Mexican Day Vis</td>
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<tr>
<td>Total</td>
<td>5,817,000</td>
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<td>Overnight Visitor</td>
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<tr>
<td>Hotel/Motel</td>
<td>2,557,000</td>
<td>3.9%</td>
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</tr>
<tr>
<td>Household</td>
<td>2,042,000</td>
<td>-2.3%</td>
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<tr>
<td>Other Overnight</td>
<td>259,000</td>
<td>2.8%</td>
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<tr>
<td>Total</td>
<td>4,888,000</td>
<td>1.1%</td>
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</tr>
<tr>
<td>Grand Total</td>
<td>10,675,000</td>
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### Visitor Spending and Economic Impact

<table>
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<tr>
<th>FY 2014</th>
<th>FY 2014</th>
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</thead>
<tbody>
<tr>
<td>Visitor Spending</td>
<td>$2,559,010,000</td>
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<tr>
<td>Economic Impact</td>
<td>$5,860,132,900</td>
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### Attractions / Arts and Museums

<table>
<thead>
<tr>
<th>FY 2014</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Museums</td>
<td>477,306</td>
</tr>
<tr>
<td>Attraction</td>
<td>4,641,048</td>
</tr>
</tbody>
</table>

### Traffic Volume

<table>
<thead>
<tr>
<th>Traffic Type</th>
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</tr>
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<tbody>
<tr>
<td>Airport Arrivals</td>
<td>2,393,744</td>
</tr>
<tr>
<td>Border Crossings</td>
<td>11,622,470</td>
</tr>
<tr>
<td>Highways</td>
<td>16,864,602</td>
</tr>
<tr>
<td>Train (Amtrak)</td>
<td>226,942</td>
</tr>
</tbody>
</table>

### Hotel Performance

#### Source: STR

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014</th>
<th>YOY Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Occupancy</td>
<td>82.0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Avg. ADR</td>
<td>$154.44</td>
<td>3.8%</td>
</tr>
<tr>
<td>Avg. RevPAR</td>
<td>$127.70</td>
<td>5.0%</td>
</tr>
<tr>
<td>Supply</td>
<td>3,728,607</td>
<td></td>
</tr>
<tr>
<td>Demand</td>
<td>3,060,732</td>
<td></td>
</tr>
<tr>
<td>County</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Occupancy</td>
<td>80.3%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Avg. ADR</td>
<td>$150.63</td>
<td>4.4%</td>
</tr>
<tr>
<td>Avg. RevPAR</td>
<td>$122.13</td>
<td>5.9%</td>
</tr>
<tr>
<td>Supply</td>
<td>5,414,877</td>
<td></td>
</tr>
<tr>
<td>Demand</td>
<td>4,352,315</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014</th>
<th>YOY Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Daily Rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RevPAR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room Nights Available</td>
<td></td>
<td>0.4%</td>
</tr>
<tr>
<td>Demand Nights</td>
<td></td>
<td>1.3%</td>
</tr>
<tr>
<td>County</td>
<td></td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>RevPAR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room Nights Available</td>
<td></td>
<td>1.0%</td>
</tr>
<tr>
<td>Demand Nights</td>
<td></td>
<td>2.2%</td>
</tr>
</tbody>
</table>
SDTA Program of Work
Quarter 1 Performance Recap

**KEY SALES AND MARKETING PERFORMANCE METRICS AGAINST A $4.4 MILLION TMD BUDGET**

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Q1 Actuals July-Sept</th>
<th>FY 2014 Annual Goal</th>
<th>% to Annual Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel Sales Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Definite Room Nights Booked</td>
<td>97,370</td>
<td>430,000</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Marketing Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Media Leveraged (Co-op, PR, Promo)</td>
<td>$4,422,095</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>Out-of-Market Visitor Inquiries Generated</td>
<td>2,576,956</td>
<td>TBD</td>
<td></td>
</tr>
</tbody>
</table>

Q1 ACCOMPLISHMENTS

**2014 SALES & MARKETING WORKSHOP**

On September 17, the San Diego Tourism Authority held the 2014 Sales and Marketing Workshop at the Omni San Diego Hotel. The event was free thanks to our generous sponsor, San Diego Gas & Electric. At the event members heard from SDTA President & CEO Joe Terzi on the upcoming program of work, PKF Consulting on lodging industry performance expectations and saw a demonstration of the new m.sandiego.org mobile website. In addition, the 2014 Member Business Opportunities Plan and 2014 Market Research Planning Brief were distributed to assist members in planning the year ahead.

**SAN DIEGO CONVENTION CENTER EXPANSION NEWS**

The proposed expansion of the San Diego Convention Center cleared its final regulatory hurdle Thursday, October 10, 2013, when it was approved by the California Coastal Commission. The addition of 740,000 square feet to the building will give it the largest amount of contiguous floor space on the West Coast, prompting an addition of 25 major conventions and trade shows annually — equivalent to a year’s worth of business currently.
SALES DIVISION

The SDTA’s hotel sales team has a definite room night goal of 430,000 room nights for Fiscal Year 2014 (July 2013 – June 2014) and the Citywide team has a goal of 800,000.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Q1 Actuals</th>
<th>FYTD Actuals</th>
<th>YTD Goal</th>
<th>% to YTD Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Sales Definite Room Nights Booked</td>
<td>97,370</td>
<td>97,370</td>
<td>430,000</td>
<td>23%</td>
</tr>
</tbody>
</table>

In addition to ongoing direct sales efforts, the program of work toward the goal included:

**HOTEL SITES**

In the first quarter, the SDTA hosted 49 potential clients on hotel site inspections aimed at persuading them to book their business in San Diego.

**SALES EVENTS**

During Q1, the SDTA sales team partnered with member hotels to host a total of 4 client events and attend 4 trade shows, which yielded a preliminary total of 41 leads and 13,600 potential room nights. The client events, which took place across the U.S., were attended by approximately 94 clients. Clients enjoyed activities ranging from dinners and receptions, to baseball games and spa.

Each event was uniquely designed to showcase the benefits of San Diego as a desirable meetings destination.
**PACIFIC NORTHWEST CLIENT EVENT**

In August, Jenna Bisesi and a team of eight hotel partners conducted two client events in the PNW. The first event was a breakfast program at Nordstrom in Pine Square, Portland, Oregon, and the second was also a breakfast program at the flagship Nordstrom in downtown Seattle. Between the two events, 52 clients were present learning about San Diego and the hotels that were represented. From those client events, there have been 10 leads so far, with more to come, 4,400 definite room nights so far, with approximately 800 tentative room nights that should be booked by end of the year.

**ASAE THE CENTER FOR ASSOCIATION LEADERSHIP**

August 3-6, San Diego team members Phyllis Azama and Maria Andriol joined SDTA partners from the Town and Country Resort & Convention Center, San Diego Zoo/Safari Park and Paradise Point in Atlanta for ASAE. This year’s event had the highest Association Executive attendance since 2008 with 2,918 Executives and 1,808 Exhibitors. The ratio was 62% buyers to 38% sellers. The attendees consist of 76% final decision makers or have significant influence which makes for a great place to garner leads. SDTA walked away with 63 Citywide leads and 66 Hotel Meeting Leads.

**INCENTIVEWORKS IN TORONTO, CANADA**

IncentiveWorks is Canada’s largest event for professionals who plan, organize or influence meetings and events. This two-day event is specifically tailored for meeting planners to connect with suppliers, engage the industry and learn how to plan better events. Ernie Rossow attended the 2013 show with the following partners; Hornblower Cruises & Events, Loews Coronado Bay Resort, Hilton San Diego Bayfront, The Westgate Hotel, DCI, Rancho Bernardo Inn and The Lodge at Torrey Pines. This event is organized by Meetings + Incentive Travel Magazine.
MARKETING DIVISION

The SDTA public relations, promotions and cooperative advertising efforts through September generated $4,422,095 in unpaid media value for the destination. Further, all marketing efforts, including e-mail marketing, social media and search engine initiatives generated 2,576,956 visitor inquiries.

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY 2014 Q1 Jul -Sept Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Media Leveraged (Co-op, PR, Promo)</td>
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</tr>
<tr>
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<td>2,576,956</td>
</tr>
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The above performance metrics track influence in the market of the SDTA program of work on an ongoing basis. However, return on investment studies are conducted to measure the hotel room nights generated (and revenue) from the advertising program of work.

Marketing program of work in the fourth quarter included the following:
ADVERTISING

There was no significant advertising in Q1 of FY14 due to budget constraints.

FALL FREE STANDING INSERT

The fall Free Standing Insert (FSI) was published in ten key western region markets on August 25. This co-op program delivered a total distribution of 500,000, targeted to upscale households, adults 25-54, with a household income of $75K+. The creative followed the “Happiness is Calling” campaign messaging, influencing both adults without children and family travelers. Half of the FSI targeted family travelers by featuring the “Kids Free in San Diego” campaign; the other half targeted adult travelers by featuring golf, spa, dining and events. The FSI ran in the following newspapers; Los Angeles Times, Orange County Register, Arizona Republic, Las Vegas Review Journal, San Francisco Chronicle, Salt Lake City Tribune, Sacramento Bee, Seattle Times, Denver Post (BONUS), Dallas Morning Star (BONUS).

The FSI raised $80,050 in partner coop dollars.
PROMOTIONS

In the first quarter, the SDTA and 39 member partners ran in 12 promotions generating $506,215 in unpaid media value. The promotions ran in Phoenix, Ventura County, Las Vegas, Salt Lake City, and Portland, as well as one national promotion.

Promotions included the following:

SDTA partnered with Clear Channel radio in Phoenix for a 4-week promotion was valued at $51,780. The San Diego Getaway promotion that was featured on their #1 Hit Music Station, KISS-FM. Partners included The Horton Grand and Hornblower Cruises and Events.

In August, SDTA partnered with KMXB and KLUC radio to run an “Escape The Heat” promotion in Las Vegas valued at $60,000. The promotion ran more than 150 times on the radio and featured a 2-night stay at Paradise Point and tickets to Belmont Park.

Gold Coast Broadcasting, Q104.7, ran a Kids Free promotion in Los Angeles that included radio, web, and social media promotion that was valued at $63,910. Member partners included Mission Bay Hilton Resort and Spa and SeaWorld.
Web and Interactive

**KIDS FREE SAN DIEGO RETURNED THIS FALL**

The Kid Free in San Diego program kicked off in September and ran through October as the key fall promotional campaign. The program featured over 100 SDTA members participating with kids free tickets, amenities and upgrades. While this year’s campaign doesn’t feature paid advertising, it is being promoted through the website, social media channels, public relations, e-mail and by our marketing partner Amtrak.

During Q1 FY2014, the team aggressively promoted ComicCon, Del Mar Thoroughbred Racing and Restaurant Week as destination visitation drivers. The interactive team also distributed 3 monthly consumer news emails during the first quarter to 145,000 e-mail subscribers. Additionally 34 blogs were written and posted.
PUBLIC RELATIONS

In the first quarter, Public Relations generated $3,835,830 million in unpaid media value, representing 234,730,475 media impressions.

In July, Public Relations pitched San Diego stories and hosted media on assignment including international media from the Daily Mail (UK), Sunday Mirror (UK), Active Instinct (UK sports magazine), Golf Digest (Japan), Chosun Ilbo newspaper (Korea), Viajar pelo Mundo (Brazil), and Amelia (Sweden) and KK (Norway), two women’s lifestyle magazines. Other national media hosted in July include, Denver Life Magazine, L.A. Parent Magazine, About.com/Honeymoons, Insider Magazine, Around Town Magazine, M Magazine (Bay Area), and Up! Magazine, (WestJeMAirline’s inflight).

International media hosted in August included a crew shooting a Japanese TV show called, “World Summer Resort,” a writer from Skyward, Japan Airline’s inflight magazine for a November feature, and daily newspaper, Kerby News Canada. Other media hosted in August include South Jersey Times newspaper, CityTraveller.com, Arizona TV show AAA Highroads with Dan Davis, and the CW
TV network, who filmed two travel segments featuring San Diego family friendly activities, resorts and restaurants.

Public Relations conducted deskside meetings with publications in Orange County including *Orange County Family, OC Metro, Coast Magazine, Southland Golf Magazine, AAA Westways*, and the *Orange County Register*. Public Relations hosted international media on assignment from *Express & Echo* (UK) and *L’Express* (France). Other media hosted in September include *Chicago Parent Magazine, Antelope Valley Press* newspaper, and *Passport* magazine.
TRAVEL TRADE DEVELOPMENT

The SDTA Travel Trade team continued to lead destination promotion efforts targeted at the trade.

VISIT CALIFORNIA CANADA SALES MISSION

Benjamin Eastman, Director of Travel Trade Development, participated in Visit California’s Canada Sales Mission in early July – training Tour Operators and Travel Agents in Toronto, Montreal and Vancouver. The Sales Mission included presentations to Call Center staff at Air Canada Vacations, Globus, G Adventures as well as large scale receptions and table top presentations in all three cities. The sales mission underscored how much Canadians are interested in the California region and the need for continued presence and promotion in the region.

LOS ANGELES RECEPTIVE OPERATOR SALES CALLS

Riki Suzuki, Travel Trade Manager, traveled to the Los Angeles area to meet one-on-one with a number of Japanese, Chinese and Korean Tour Operators and Receptives. These appointments were with a combination of clients who are already well established in sending travelers to San Diego as well as with clients that are currently only sending day visitors. Riki will continue to work with all clients from this region to push for overnight stays and longer length of stays.

JATA TRAVEL SHOWCASE

San Diego was represented at the JATA Travel Showcase in Tokyo by the San Diego Airport and by SDTA’s Japanese Representation firm, Marketing Garden. Interest in the region was greater at this year’s show in part due to the non-stop Japan Airlines flight that has now been operating for a number of months as well as some excellent recent TV coverage in the region.
TRAVEL TRADE FAMS:

- Travel Trade hosted JetSet Voyages (France)
- Visit California International Office Staff (India, Italy, UK & Japan)
- British Airways Holidays (UK)
- Hemisphere Educational Travel (US)
- Japan Hotel Coupon (Japan)
- Despegar.com (South America)
- Venture Holidays (Australia)
- Visit California International Office (China)
- America Unlimited (Germany)
- CanUSA Touristik (Denmark)
- BonVoyage Travel & Tours (UK)
- Air New Zealand/Visit California UK
- Ola Argentina (Argentina)

Total Agents Hosted during Q1: 62

MARKETING PARTNERSHIPS

SDTA MEETING PLANNER GUIDE SALES KICK-OFF

The SDTA Sales Account Executives began contacting members to renew their space in the 2014 Meeting Planner Guide. This important resource is a key fulfillment for our Citywide and Single Property Sales Teams, and is completely supported by our advertisers.

NEW DIGITAL MEETING ADVERTISING OPPORTUNITIES

During the first quarter, the team launch a new e-mail and online advertising program specifically targeting the meetings market. The new program provides greater visibility for members to meeting planners already engaged with SDTA through e-mail or actively researching San Diego on sandiego.org/meetings.
Fiscal Year 2014 Quarter 2
Program of Work Update for
The San Diego Tourism Marketing District

Prepared by
The San Diego Tourism Authority
### San Diego County Tourism Industry Performance
**FY14 Through Quarter 2**

<table>
<thead>
<tr>
<th>Visitor Volume</th>
<th>FY 2014</th>
<th>YOY Percent Change</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day Visitor</td>
<td></td>
<td>Day Vis (Exc Mex)</td>
<td>7,170,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mexican Day Vis</td>
<td>2,078,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>9,248,000</td>
</tr>
<tr>
<td>Overnight Visitor</td>
<td></td>
<td>Hotel/Motel</td>
<td>4,504,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Household</td>
<td>3,804,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other Overnight</td>
<td>475,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>8,783,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>Grand Total</td>
<td>18,031,000</td>
</tr>
</tbody>
</table>

#### Visitor Spending and Economic Impact

| FY 2014 | Visitor Spending | $4,421,710,000 | Economic Impact | $10,125,715,900 |

#### Attractions / Arts and Museums

| FY 2014 | Arts and Museums | 956,109 | Attraction | 7,936,217 |

#### Traffic Volume

<table>
<thead>
<tr>
<th>Traffic Type</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport Arrivals</td>
<td>4,580,838</td>
</tr>
<tr>
<td>Border Crossings</td>
<td>23,337,068</td>
</tr>
<tr>
<td>Highways</td>
<td>32,557,646</td>
</tr>
<tr>
<td>Train (Amtrak)</td>
<td>398,532</td>
</tr>
</tbody>
</table>

### Hotel Performance

**Source: STR**

#### Hotel Actuals

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego City</td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td>74.61%</td>
</tr>
<tr>
<td>Average Daily Rate</td>
<td>$142.73</td>
</tr>
<tr>
<td>Avg. RevPAR</td>
<td>$108.35</td>
</tr>
<tr>
<td>Supply</td>
<td>7,409,711</td>
</tr>
<tr>
<td>Demand</td>
<td>5,531,383</td>
</tr>
</tbody>
</table>

| San Diego County |         |
|Occupancy | 72.57% |
|Average Daily Rate | $137.81 |
|Avg. RevPAR | $101.92 |
|Supply | 10,832,628 |
|Demand | 7,864,836 |

#### Hotel YOY Percent Change

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego City</td>
<td></td>
</tr>
<tr>
<td>YOY Occupancy</td>
<td>2.13%</td>
</tr>
<tr>
<td>YOY Average Daily Rate</td>
<td>2.97%</td>
</tr>
<tr>
<td>YOY RevPAR</td>
<td>5.24%</td>
</tr>
<tr>
<td>YOY Supply</td>
<td>0.64%</td>
</tr>
<tr>
<td>YOY Demand</td>
<td>2.79%</td>
</tr>
</tbody>
</table>

| San Diego County |         |
|YOY Occupancy | 2.56% |
|YOY Average Daily Rate | 3.44% |
|YOY RevPAR | 6.18% |
|YOY Supply | 1.08% |
|YOY Demand | 3.61% |
SDTA Program of Work
Quarter 2 Performance Recap

KEY SALES AND MARKETING PERFORMANCE METRICS AGAINST A $4.4 MILLION TMD BUDGET

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Q2 Actuals July-Dec</th>
<th>FY 2014 Annual Goal</th>
<th>% to Annual Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel Sales Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Definite Room Nights Booked</td>
<td>234,590</td>
<td>430,000</td>
<td>55%</td>
</tr>
<tr>
<td><strong>Marketing Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Media Leveraged</td>
<td>$9,943,762</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>(Co-op, PR, Promo)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-Market Visitor Inquiries Generated</td>
<td>3,567,007</td>
<td>TBD</td>
<td></td>
</tr>
</tbody>
</table>

Q2 ACCOMPLISHMENTS

MOBILE SITE LAUNCHED
In November, the team launched the new mobile website m.sandiego.org. Currently, around 25% of traffic to sandiego.org is coming from a mobile device and continues to grow. The mobile site is intended to provide visitors an on-the-go resource for travel to San Diego including destination information and member listings for hotels, attractions, activities, restaurants, transportation and more. Visitors are automatically redirected to either the desktop or mobile version of the site based on their access device.
SALES DIVISION

The SDTA’s hotel sales team has a definite room night goal of 430,000 room nights for Fiscal Year 2014 (July 2013 – June 2014) and the Citywide team has a goal of 800,000.

### Fiscal Year 2014

<table>
<thead>
<tr>
<th>Measure</th>
<th>FYTD Actuals</th>
<th>Annual Goal</th>
<th>% to Annual Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Sales Definite Room</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nights Booked</td>
<td>234,590</td>
<td>430,000</td>
<td>55%</td>
</tr>
<tr>
<td>Citywide Room Nights</td>
<td>292,955</td>
<td>800,000</td>
<td>37%</td>
</tr>
</tbody>
</table>

In addition to ongoing direct sales efforts, the program of work toward the goal included:

**HOTEL SITES**

The SDTA site inspection team hosted 28 potential clients on hotel site inspections aimed at persuading them to book their business in San Diego.

**SALES EVENTS**

The SDTA sales team partnered with member hotels to host a total of 8 client events and attend 2 trade shows, which yielded a preliminary total of 40 leads and 6,890 potential hotel sales room nights. The client events, which took place across the U.S., were attended by approximately 269 clients. Clients enjoyed activities ranging from dinners and receptions, to baseball games and spa. Each event was uniquely designed to showcase the benefits of San Diego as a desirable meetings destination.
GROUP SALES & SDCC CITYWIDE SALES

IMEX AMERICA
In October, the citywide and hotels sales teams, along with 18 member partners exhibited at the IMEX America show in Las Vegas. IMEX America is the U.S.’s largest worldwide exhibition for the incentive travel, meetings and events industry. Approximately 2,700 hosted buyers attended – 72 percent were from North America and 28 percent were international with a large representation from Europe, Asia and South America.

SACRAMENTO CLIENT EVENT
On October 22nd, hotel sales and a team of 11 hotel partners hosted 44 customers from the Sacramento area for an exclusive “demonstration dinner” and networking experience at one of the state’s most renowned restaurants. Always a popular draw, this event generated five leads for the destination.

WASHINGTON, D.C. CLIENT EVENT
On November 13th, the Washington, D.C. regional office was joined by 12 member partners for the Washington, D.C. Signature Client Event. 55 existing and potential group and citywide clients were hosted to a spa treatment and an opportunity to create their very own facial products.

HOLIDAY SHOWCASE/BREAKFAST
On December 17th, citywide sales directors joined 11 member partnering companies for the AFOC Holiday Showcase Tradeshow in Chicago. The Association Forum of Chicagoland has 3,000+ members representing more than 44,000 association professionals from Chicago organizations. Preceding the showcase, 12 partnering companies joined citywide sales directors for the 21st Annual San Diego Holiday Breakfast where over 80 clients and 27 partners attended.
CALSAE SEASONAL SPECTACULAR

On December 5th, hotel sales NSDs were joined by four member partners for the annual CalSAE Seasonal Spectacular Tradeshow in Sacramento. Fifty customers visited the booth, which generated nine leads representing 4,190 room nights.

BAY AREA CLIENT EVENTS

In December, the hotel sales and citywide sales teams along with six partners hosted 70 potential and existing clients in a three-day roadshow to San Jose, Berkeley and San Francisco. The events included a breakfast program at Macy's Flagship Union Square, Spa receptions, and a cable car ride touring the holiday lights of San Francisco.
MARKETING

The SDTA public relations, promotions and cooperative advertising efforts through December generated $9,943,762 in unpaid media value for the destination. Further, all marketing efforts, including e-mail marketing, social media and search engine initiatives generated 3,567,007 visitor inquiries.

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY 2014 Q2 Jul-Dec Actuals</th>
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The above performance metrics track influence in the market of the SDTA program of work on an ongoing basis. However, return on investment studies are conducted to measure the hotel room nights generated (and revenue) from the advertising program of work. Marketing program of work in the second quarter included the following:

**Kids Free Program**

The Kids Free in San Diego program kicked off in September and ran through October as the key fall promotional campaign. The program featured over 100 SDTA members participating with kids free tickets, amenities and upgrades. While this year’s campaign didn’t feature paid advertising, it was promoted through the website, social media channels, public relations, e-mail and by our marketing partner Amtrak. Kids Free content on sandiego.org had more than 144,000 pageviews, down 35% compared to last year.
ADVERTISING

Online Travel Agencies
The Online Travel Agency campaign ran in November and December on Expedia, Priceline, Orbitz and Trip Advisor, generating 41 million impressions for San Diego in the OTA channel. The campaign included high traffic placements such as wallpaper and core offer placements. Trip Advisor and Orbitz also included video to increase engagement with the San Diego brand. Thirty TMD hotels participated in this promotional opportunity. Room nights sold in November and December within the TMD grew 25% over the previous year.

PROMOTIONS

DREAM BIG CALIFORNIA GETAWAY
SDTA partnered with Visit California France for a Dream Big California Getaway promotion featured on OUI 102.3FM music radio in France. Partners included the Town & Country Resort & Conference Center and SeaWorld San Diego. The week long promotion was valued at $82,366.
WEB AND INTERACTIVE

During Q2 FY2014, the team aggressively promoted Kids Free in San Diego, San Diego Beer Week, Holidays in San Diego and New Years Eve as destination drivers. The interactive team also distributed 3 monthly leisure emails and a Kids Free promotional email during the second quarter to an average of 132,000 active e-mail subscribers. Additionally, 49 posts covering a variety of topics were published to the San Diego Travel Blog.
PUBLIC RELATIONS

The Public Relations team generated $4.99 million in unpaid media value in Q2. Public Relations conducted deskside meetings with publications in Los Angeles and Riverside including The Daily Breeze, La Opinion, L.A. Parent magazine, Advocate magazine, OurTraveler, San Gabriel Valley Tribune and Beer Magazine. In addition, the team hosted international media on assignment from Fabulous (UK), Golf Digest (France), Spicy Vanilla (Brazil), Folho de Sao Paulo (Brazil), Donnaventura (Italian reality travel TV show), and TVC Deportes (Mexican sports TV show). Other media hosted in October included a WestJet Airlines TV crew, Los Angeles Times, Van Nuys newspaper, Houston Lifestyles & Homes, Family Vacation Critic, San Gabriel Valley Tribune, The Santa Fe Traveler and The Desert Sun.
The Public Relations team also conducted deskside meetings with publications in San Francisco including The San Francisco Chronicle, San Francisco Magazine, San Mateo Daily Journal, Sunset magazine and VIA magazine (AAA Northern California, Nevada and Utah). The hosting of international media continued with the visits from Take a Break Magazine, The Escale Guide, and De Morgen Belgium newspaper.

TRAVEL TRADE

WORLD TRAVEL MARKET & UK VIP CLIENT EVENT

Benjamin Eastman joined Visit California’s UK sales and marketing efforts November 12-17 by participating in their UK VIP Client Event as well as exhibiting at the World Travel Market tradeshow. The VIP Client Event included an afternoon of networking surrounding the Sneak Preview of Disney’s “Saving Mr. Banks” at which nearly 100 clients were in attendance. World Travel Market, had an estimated attendance of over 20,000 people, providing Travel Trade the opportunity to meet one-on-one with top UK clients.

VISIT CALIFORNIA CHINA SALES MISSION

Riki Suzuki attended the Visit California China Sales Mission to Guangzhou, Hangzhou and Shanghai in October. He trained over 50 travel professionals and members of the media during one-on-one appointments and presentations. Chinese Operators’ knowledge of San Diego was not deep but many of them showed strong interest in the destination and since the Sales Mission’s completion, one client has already sent 5 agents to San Diego on a FAM.

VISIT CALIFORNIA ASIA SALES MISSION

Riki Suzuki attended the Visit California Asia Sales Mission in November where he participated in presentations and tradeshows for over 300 key travel professionals and media in Tokyo, Osaka and Seoul. In addition to providing high level destination information to those clients who weren’t as familiar with San Diego, Riki also presented new product ideas to those clients who are already selling San Diego. Many Japanese clients are keen to keep promoting the destination along with Japan Airline’s direct Tokyo flight. A number of Korean clients are also interested to add more San Diego product to their offerings.
AAA ARIZONA CONSUMER TRAVEL SHOW
Benjamin Eastman travelled with 12 members to Phoenix to showcase San Diego to AAA Arizona members at their annual Travel Show on November 16-17. San Diego was once again the largest regional presence at the show.

TRAVEL TRADE FAMS
The Travel Trade team coordinated 11 International FAMs for a total of 110 agents and 4 domestic FAMs for 44 agents. One of the biggest achievements this quarter was San Diego’s hosting of the Visit California UK Super FAM in October -which included more than 50 top-tier travel agents from throughout the UK.

VISITOR SERVICES
The IVIC team assisted 25,000 visitors via phone, email and walk-in inquiries. Collected almost $250,00 in gross ticket & tour sales during the second quarter of FY14. Volunteers contributed 2,400 hours helping visitors and locals with information and ticket sales. October was the busiest month of the 2013-2104 San Diego cruise ship season with 13 cruise ship calls by Holland America, Celebrity and Princess Cruise.

The following members hosted educational FAM Tours this last quarter:

- Wyatt Earp Gaslamp Walking Tour with Epic Tours
- Embarcadero Segway Tour with Wheel Fun Bike
- Patriot Jet Boat San Diego Bay tour with Flagship Cruises & Events
- Lunch/dining experience at Fogo de Chao Brazilian Steakhouse – Gaslamp guided tour of the Frida Kahlo Exhibit at Liberty Station
- Property tour and lunch at Pio Pico RV Resort & Campground