SAN DIEGO TOURISM MARKETING DISTRICT

REPORT OF ACTIVITIES FOR FY 2015

Budget and Government Efficiency Committee

April 16, 2014
TMD OVERVIEW

- Renewed: Jan 1, 2013 for 39.5 years
- Updated Management Plan
- Citywide - all Lodging Businesses
- Assessment Categories A & B
  - 2.00% (A & B) - 30 or more rooms/units
  - 0.55% (B only) - 29 or fewer rooms/units
- SDTMD Corporation - 5 Yr Agreement/Amendments
TOURISM ENVIRONMENT

- Competitive
  - 84 TMDs in California (as of March 2014)
- Forecast for CY 2014
  - US domestic trips +1.7%
  - San Diego overnight visits +2.1%
- SDTMD / SDTA Efforts
  - Advertising Program Jan – June 2014
  - Sales and Marketing programs
REVENUE PROJECTION

- Tourism Forecast for CY 2015
  - Room Demand +2.3%
  - Room Supply +0.7%
  - Average Occupancy rate +1.6% to 73.6%,
  - Average Daily Rate (ADR) +4.3% to $146.38

- FY 2015 TMD Funds Available $ 46.212 M
  - TMD Assessments (Cat. A & B) $ 31.294 M
  - FY2014 Carryover $ 14.888 M (incl. Litigation Reserve of $5.5 M)
  - FY2014 Interest & Penalties $ 0.030 M
LIABILITY RESERVE AND WAIVERS

- One Pending Validation Lawsuit Remains
- Operating Agreement: 1\textsuperscript{st} & 2\textsuperscript{nd} Amendments
- Second Amendment Litigation Reserve:

<table>
<thead>
<tr>
<th>FY</th>
<th>Annual $</th>
<th>Cumulative $</th>
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</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>$5.5 M</td>
<td>$5.5 M</td>
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<tr>
<td>FY2015</td>
<td>$6.5 M</td>
<td>$12.0 M</td>
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<tr>
<td>FY2016</td>
<td>$7.5 M</td>
<td>$19.5 M</td>
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<tr>
<td>FY2017</td>
<td>$10.5 M</td>
<td>$30.0 M</td>
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BUDGET DEVELOPMENT & COMPETITIVE APPLICATION PROCESS

- Budget Guidelines for Funding Categories
- Return on Investment (ROI)
- Application format
- Process refinements – New District
- Brown Act Board meetings and presentations
- Scoring and Allocation Procedures
MANAGEMENT PLAN - BUDGET GUIDELINES

- A1 - Meeting/Group + Consumer Direct Sales & Marketing Programs
  - A1.1 - Hotel Meeting Sales
  - A1.2 - Event Management and Group Sales Dev.
  - A1.3 - Tourism Development incl. Travel & Trade
  - A1.4 - Group Meeting Direct Marketing
  - A1.5 - Consumer Direct Sales & Marketing Programs
  - A1.6 – Multi-Year Tourism Development (SDTMD)

- A2 - Sub-Regional Targeting

- A3 - Competitive Targeting

- B - Advertising Campaigns/Earned Media
FY 2015 FUNDING RECOMMENDATION

Allocations

Category A1 & B - DMO $20.795 M
Category A2 - Sub-Region - DMO $3.000 M
Category A3 - Competitive Targeting $1.727 M
A1.6 - Tourism Development $0.500 M
A3 - BP 2015 carryover $2.000 M
Opportunity/Catastrophe (Cat. A & B) $3.426 M
City & SDTMD Administration $2.764 M
Includes $1.12 M Contingency
FY15 Projected Year-End Litigation Reserve $12.000 M
Total $46.212 M
SAN DIEGO TOURISM AUTHORITY
(formerly known as ConVis)

- FY2015 Allocations $
  20.795 \text{ M} + \$3\text{M Categories A+B}$
- Target ROI overall $\sim \$27$ to $\$1$.
- Produce 900+ million paid advertising gross impressions.
- Deliver $15+ \text{ million unpaid media exposure}$
- Generate 8 million visitor inquiries
- Increase definite meetings group room nights
<table>
<thead>
<tr>
<th>Entity</th>
<th>Allocation</th>
<th>Room Nights</th>
<th>Room Rev</th>
<th>ROI</th>
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<tbody>
<tr>
<td>SD Tourism Authority</td>
<td>$20,794,736</td>
<td>3,444,000</td>
<td>$552,881,834</td>
<td>26.59</td>
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<tr>
<td>A1 &amp; B</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>A2</td>
<td>$3,000,000</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>SD Bowl Game Assoc.</td>
<td>$450,000</td>
<td>30,500</td>
<td>$3,507,500</td>
<td>7.79</td>
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<td>Craft Brewers Guild Beer Week</td>
<td>$74,900</td>
<td>6,943</td>
<td>$997,431</td>
<td>13.31</td>
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<td>SD Sports Commission</td>
<td>$328,900</td>
<td>22,873</td>
<td>$3,286,000</td>
<td>10.00</td>
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<td>CA State Games</td>
<td>$150,000</td>
<td>15,600</td>
<td>2,059,200</td>
<td>13.70</td>
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<td>SD Bayfair</td>
<td>$85,000</td>
<td>14,194</td>
<td>$1,817,683</td>
<td>23.81</td>
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<td>San Diego Crew Classic</td>
<td>$120,500</td>
<td>9,000</td>
<td>$1,292,940</td>
<td>10.73</td>
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<td>La Jolla Playhouse “Hunchback”</td>
<td>$18,114</td>
<td>1,470</td>
<td>$211,196</td>
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<td>Comp. Group: RR Marathon</td>
<td>$300,000</td>
<td>42,000</td>
<td>$7,473,060</td>
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<td>Farmers Open – Century Club</td>
<td>$200,000</td>
<td>30,825</td>
<td>$4,218,093</td>
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<td>TOTAL</td>
<td>$25,522,150</td>
<td>3,717,425</td>
<td>$593,975,867</td>
<td>23.27</td>
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**FY2015 ALLOCATIONS & PROJECTED RESULTS**
QUESTIONS