

SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS REGULAR MEETING & CLOSED SESSION
The Westin Gaslamp Quarter Hotel: Harbor Room (open session)
& Sierra A Room (closed session)
910 Broadway Circle, San Diego, CA 92101
Wednesday, March 29, 2017
9:00 a.m.

MINUTES

CALL TO ORDER:

Bill Evans, Chair, called the meeting to order at 9:00 a.m.

Board members present: Bill Evans, Matt Adams, Matt Greene, Terry Brown, Richard Bartell, Colleen Anderson, Scott Hermes, Christopher Ostopovich (one vacancy)

Board member absent:

Also in attendance: Jere Batten, Batten Accountancy; Melanee Cottrill, paralegal; and Brian Hughes, Executive Director.

CLOSED SESSION PUBLIC COMMENT:

None.

CLOSED SESSION ITEMS:

Bill Evans announced the Board would be discussing the three items on the closed session agenda.

ADJOURN TO CLOSED SESSION:

Chair Evans adjourned the meeting to closed session at 9:02 a.m.

RECONVENED TO OPEN SESSION:

Chair Evans reconvened the meeting to open session at 10:00 a.m.

CLOSED SESSION REPORT:

Melanee Cottrill reported that there were no reportable actions taken by the Board in closed session.

INTRODUCTIONS:

Melanee Cottrill reported that members of the audience are welcome to address the Board on items on the agenda and items not on the agenda. Ms. Cottrill stated that Board members are discouraged from speaking with applicants and must disclose any communications they have had with an applicant. Ms. Cottrill also informed the Board of the rules associated with recusal.

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PUBLIC COMMENT:

Lorin Stewart presented on LEAD San Diego and invited the Board to attend an awards ceremony honoring San Diego leaders. Ann Evans is receiving a lifetime achievement award.

INFORMATION ITEMS:

- 1) Destination Master Plan Community Outreach Update: Scott Hermes reported on updates to the Destination Master Plan. The plan includes four pillars: 1) Meetings and Conventions – utilizing new branding to draw meetings and sell San Diego; 2) Leisure – focus on adding a new attraction by better utilizing Balboa Park; 3) Transportation – protect current International flights and work towards getting a flight from China; and 4) Branding – protect and grow international visitors.

ACTION ITEMS:

- 1) Approval of Minutes: Motion by Matt Greene, and second by Terry Brown 7 All, No 0, Abstain 0.
- 2) Board Member Resignation and Appointment to Fill Vacancy:
Bill Evans reported that Tuni Kyi has resigned from the Board. The Board Chair recommends Christopher Ostopovich, Regional VP Asset Manager of Host Hotels and Resorts. Motion to appoint by Matt Adams, seconded by Colleen Anderson. Yes 7, No 0, Abstain 0.
- 3) FY 2018 Director Ranking Sheet Revision: Brian reported that this is a clarification to the allocation sheet. Jere Batten reported that Master Games had been reported at 100,000 but should have been shown as 150,000. MASC and Ultimate Frisbee have been pushed from FY18 to FY19. Net change is now 99,700 available for FY18 – if not allocated today would roll into opportunity / catastrophe fund. Motion to accept including allocation to opportunity / catastrophe fund by Richard Bartell, second by Terry Brown. Yes 8, No 0, Abstain 0.
- 4) FY 2017 SDTMD Budget Line Item and Allocation Revision: This is a line item revision to reallocate \$3,000 to printing and production for the Destination Master Plan and \$2,000 of meeting expenses. Motion to approve by Matt Greene, second by Terry Brown. Yes 8, No 0, Abstain 0.
- 5) Destination Master Plan Branding: Scott Hermes reported. The name “Destination Master Plan” is not exciting. After much research, the committee recommends changing the name to “Experience San Diego – Destination 2040.” This plays well with all industries and millennials, based on the experience economy. Matt Greene noted the name will help tell the story and get everyone on board. ExperienceSanDiego.com has been purchased and could be trademarked. The name “Experience San Diego – Destination 2040” was approved Yes 8, No 0, Abstain 0.
- 6) AD HOC SDTA Budget Process Review Committee: Bill Evans reported. A similar deep dive was done 5 years ago. Bill Evans proposed forming an ad hoc committee to work with the SDTA to study their budgets on an ongoing basis, and appoint Adams and Anderson to the committee. Motion to approve by Scott Hermes, seconded by Matt Greene Yes 8, No 0, Abstain 0.

- 7) Records Retention Policy: Bill Evans reported that there have been recent changes to the law that will treat email as public records. Counsel will be making a presentation at the next meeting. Motion to continue by Colleen Anderson, seconded by Terry Brown Yes 8, No 0, Abstain 0.

- 8) FY 2018 SDTA Supplemental China Marketing Proposal: Joe Terzi and Kerri Kapich reported. They recognize that not enough funding is available for all requests. Bill Evans noted that funds are not currently available, approval today would direct the Executive Committee to identify funds. Kerri reported on China, which is forecasted to be the #1 overseas market to the US and is currently the 2nd largest overseas market for San Diego. Roughly 70% of arrivals from China spend the night in San Diego. Initiating direct air service into San Diego from China is a priority, SDTA is working to secure service by 2019. The estimated cost is \$1 million per year for FY18 and FY19. SDTA is partnering with BrandUSA and Visit California to streamline efforts in China. Kerri indicated that a \$500,000 allocation for FY18 would keep the effort moving just on a slower timeline. There is a BrandUSA deadline in April that must be met to work with them on the fall program this year. Matt Adams asked about ROI projections. There is no direct projection. Bill Evans noted San Diego's market share from China is significantly less than other major California destinations. Matt Greene stated China has the highest potential ROI. (See item 9 below for joint action on items 8 and 9.)

- 9) FY 2018 SDTA Supplemental Los Angeles Leisure Marketing Proposal: Kerri Kapich reported that the LA market is the largest source for San Diego visitors, both business and leisure. The visitor numbers have not yet recovered from the recession, there are fewer room nights as a result. Matt Greene requested any campaign be targeted towards hotels specifically. The request for FY18 is an additional \$1 million to supplement the \$500,000 already allocated. The projected ROI is 48:1 based on the total \$1.5 million request; ROI for the current allocation is slightly less. This would be a Spring 2018 campaign, no funds spent in calendar year 2017. Bill Evans noted the high ROI and asked how much the ROI would degrade if granted additional funding. Bill Evans requested SDTA determine how much money would be needed to implement an expanded program.

Motion to fund LA and China at \$1 million each, not from opportunity / catastrophe funds, with LA being higher priority as funds are available, contingent upon release of legal reserve funds, by Colleen Anderson, seconded by Richard Bartell. Yes 8, No 0, Abstain 0.

- 10) FY 2018 SDTA Supplemental Balboa Park Marketing Proposal: Joe Terzi reported that Balboa Park is underutilized as an attraction, as indicated in the Destination Marketing Plan. The goal is to leverage Balboa Park and have it become a motivator for travel. SDTA has commitments for \$1 million in other funding, over five years, to promote Balboa Park. SDTA would create the programming. Joe Terzi noted that this is not a program with an immediate ROI, but would serve as an attraction in the future. Bill Evans reminded the Board of a commitment made four years ago to fund Balboa Park at \$1 million per year for five years. The proposal includes creating one brand for the entire park and promoting the park as a reason to extend a stay for another day. This is a three-year ask. Matt Adams noted it is important that the park also have world-class exhibits in the museums; Bill Evans stated that the Board has funded exhibits in the past. Joe Terzi has been talking with the museums about developing a park-wide exhibit program in 2019

with multiple themed events per year; he envisions investing in programs contingent upon participation commitments from the various organizations in the park.

Motion to approve for one year, contingent upon legal reserve funds being released by the City by Matt Adams, seconded by Scott Hermes Yes 8, No 0, Abstain 0.

- 11) FY 2018 SDTA Supplemental USA Soccer Proposal: Mike McDowell presented. SDTA is working with the United States Soccer Federation (USSF), which in 2016 received a 28-year lease on fields in San Diego. The Summer Showcase event was in Indianapolis for the last two years; this year is adding women's soccer so will be larger than previous. They expect about 10,000 participants in events who will stay in San Diego, the already paid commitment in room nights from participants alone is 23,322 in 2018. There will also be an estimated 46,377 spectators attending the events. A local partnership of \$750,000 is required by USSF for event cost underwriting. The request of the SDTMD is for \$500,000 for 2018. Joe Terzi reported that occupancy during the event dates is usually in the mid-80-percent range, the benefit from this event is pricing, compression, and filling new room supply. Richard Bartell noted that this would make San Diego #1 for soccer, Bill Evans added that the family nature of soccer teams would also lead to a longer length of stay. Richard Bartell noted that this is a great regional event that is not Downtown-focused. Scott Hermes requested the teams be directed to TMD-hotels only. Motion to approve a \$500,000 allocation from the opportunity / catastrophe fund by Terry Brown, seconded by Richard Bartell. Yes 8, No 0, Abstain 0.

Chair Evans adjourned the meeting without objection at 11:57 a.m.

Approved _____
Matt Greene, Secretary

Date _____