We look forward to this opportunity each year to recap and highlight the important activities, successes and challenges of the San Diego Tourism Marketing District (SDTMD). We are inspired by the sound growth of our industry, the new hotels that are opening and the expanding understanding within our community of how the hotel industry benefits San Diegans in very positive and tangible ways. But with this inspiration comes the responsibility to maintain and even accelerate momentum because of the jobs and tax base that are at stake.

Hotel occupancy, room rates and the transient occupancy tax that San Diego's TMD hotels generate are all at record high levels. This is the result of a broad and ambitious team effort on the part of our hotel employees, our City government, the San Diego Tourism Authority and many more members of the community. While we celebrate these people and their accomplishments, we know that there is even more opportunity available. We benchmark our destination against other competitive cities and know that there is room for San Diego to increase business levels at a rate higher than our competitors. We know this because many of our competitors have eclipsed our rate of growth over the past five years. This fact represents the basis for SDTMD’s ongoing support for the original Destination Master Plan and how that detailed strategic plan is coming to life as Experience San Diego, Destination 2040.

Over the past year, with the SDTMD Board of Directors full support, Experience San Diego has become a foundational platform to stimulate the growth that we desire. A Steering Committee, working as an active advisory group, was formed and is chaired on a volunteer basis by the remarkable Patti Roscoe. She assisted us in recruiting a dozen other business, education, government, community and tourism leaders to help set directional strategy and priorities. Community outreach has taken place to create awareness, and to generate excitement and support. Significant activities have begun and include:

- Recapturing lost leisure market share from the Greater Los Angeles area.
- Unlocking the potential for a visit to Balboa Park to become a key reason visitors come to San Diego.
- Capturing our fair share of the growing inbound Chinese market.
- Elevating the group sales effort for hotel based meetings by selling in one voice across all hotel sales teams in the market.

When we accomplish these tasks, we will accelerate the tourism economy and by direct extension, provide our community a substantial economic benefit that enhances the quality of life for all San Diegans. Specifically, Experience San Diego’s ‘Declaration for Success’ is to increase hotel tax contributions more than 40 percent over the next five years compared to the most recent five years.

As exciting and energizing as the future is, one thing will never change: the Board of Directors of the Tourism Marketing District will maintain our commitment to strong stewardship of TMD dollars by generating the maximum return on investment to benefit TMD paying hotels and, in turn, the overall San Diego economy. When that happens, the community wins with plenty of good jobs, enhanced visitor infrastructure that all San Diegans can enjoy and maximized TOT collections that allow our civic leaders to provide quality services for all residents of San Diego.

Thank you for taking the time to read this Annual Report. We look forward to sharing the journey with you.

Very sincerely,

Scott Hermes, CMP  
Board Chairperson

Brian Hughes  
Executive Director
The San Diego Tourism Marketing District (SDTMD) is a Tourism Business Improvement District serving all areas within the City of San Diego. SDTMD allows assessed lodging businesses within the City of San Diego to support efforts to increase tourism in the City, which in turn increases hotel room night stays and, therefore, increases transient occupancy tax (TOT) revenue back to the City. Through this model, the Tourism Marketing District creates a true economic engine for the City and the region as a whole.

Lodging businesses with 70 rooms or more located in the City of San Diego are assessed a 2 percent fee on each room night. SDTMD uses these dollars to fund programs, services and special events that will deliver incremental new room night sales to its assessed members. Working together through SDTMD, the member lodging businesses continue to create strong, measurable results in bringing more visitors to San Diego.

### Goals

1. Attract tourism activity
2. Increase overnight stays
3. Increase market share
4. Activate the Experience San Diego, Destination 2040 master plan
5. TOT growth of 43 percent in five years
2007
- December: Hotels vote to participate in a tourism marketing district.
- January: Collection of assessments begins.
- April: SDTMD is approved for a five-year contract with the City of San Diego; First board meeting held.

2008
- March: City of San Diego approves an additional five-year contract with SDTMD.

2013
- November: SDTMD funds development of a Destination Master Plan.

2014
- November: SDTMD funds development of a Destination Master Plan.

2015
- December: First Destination Master Plan in the history of San Diego completed.

2016
- August: City approves district modification to assess properties of 70 rooms or more and five-year contract with SDTMD.

2017
- January: Experience San Diego, Destination 2040 (formerly known as Destination Master Plan) steering committee formed.
- March: SDTMD Board approves three major marketing projects recommended by the Experience San Diego Steering Committee: Chinese Tourism Market Development, Los Angeles Leisure Marketing and Balboa Park Marketing.
- June: San Diego City Council approves the release of funding for these initiatives.
- July: Declaration for Success adopted—$1.33 billion in TOT over the next five years (2018 - 2022), growth of $400 million or 43 percent over the preceding five years (2013 - 2017).
Experience San Diego Goals

- **Reimagine** San Diego as a compelling destination
  - Attract new leisure assets, expand meeting and convention tourism

- **Increase** visitor spending to grow the economy
  - Longer stays stimulate more visitor spending in the local economy

- **Enhance** quality of life for all San Diegans
  - Partner with community organizations to enhance quality of life

Experience San Diego Partnerships:
- Matching funds from Legler Benbough Foundation for Balboa Park
- Destination Care San Diego start-up funding from philanthropist Malin Burnham
- San Diego International Airport Authority financial partnership for international flight development

**Experience San Diego, Destination 2040**

Experience San Diego, Destination 2040 is the City of San Diego’s first destination master plan. A product of the input from more than 40 San Diego tourism, business and civic leaders and hundreds of hours of research, this 20-year plan lays out ambitious but attainable strategies to attract more visitors and increase visitor spending. The plan focuses on four main areas:

1. Investing in new and existing leisure assets
2. Expanding meeting and convention tourism
3. Improving transportation central to visitor access
4. Investing in the San Diego brand to grow and extend its reach

Experience San Diego’s Declaration for Success is to reach $1.3 billion in TOT over the next five years (2018-2022) and $948 million per annum by 2040. The TOT is a tax on visitor hotel nights. These funds produce a revenue stream for the City of San Diego that is used for infrastructure, street repair, parks, public safety, homeless services, the environment and more.

### TOT PROJECTIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>TOT Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$0</td>
</tr>
<tr>
<td>2017</td>
<td>$933 MILLION</td>
</tr>
<tr>
<td>2022</td>
<td>$1.33 BILLION</td>
</tr>
</tbody>
</table>

**$948M PER ANNUM BY 2040**

**BEFORE EXPERIENCE SAN DIEGO**

**WITH EXPERIENCE SAN DIEGO**
The global and U.S. economy are currently on solid footing, with developing economies once again leading GDP growth in the 4-5 percent range, while developed nations hover around 2-2.5 percent GDP growth. Travel is more and more global so world economies and political policy matter to the health of the U.S. travel industry, and San Diego.

The record high U.S. hotel room demand, occupancy and average daily rates over the last few years have been driven mainly by the leisure transient segment. This segment has expanded due to the growing number of international visitors to the U.S. and by Americans taking more leisure trips than ever before. While the meetings market recovered post-recession, it is currently flat and the average number of business trips per American has been declining. The usual cycle of hotel building that comes following strong demand is here once again with more than 10 cities adding supply at greater than 4 percent in 2017.

City of San Diego hotel performance in calendar year 2016 mirrored the U.S. trend and posted record high room demand of 11.7 million room nights sold, hotel occupancy of 79.1 percent and an average daily rate of $161.87. And in 2017, the year-end numbers are expected to surpass 2016. With the region reaching record occupancy levels above 80 percent, pricing power finally returned to the market as the average daily rate growth has been well above the occupancy growth the last few years, and ahead of most competitors in 2017.

San Diego's record demand has led to increasing supply growth. In 2018, hotel supply is expected to grow 2,000 hotel rooms or 3 percent in San Diego, well above the historic average of under 2 percent annually. Growing occupancy from 79 percent to beyond 80 percent will be no small task and is not expected to happen in the short term, but growing marketing dollars to invest in reaching more domestic markets is key to achieving our targets.

With solid global economic growth forecasted, the impact of President Trump's words and policy on inbound international travel remains uncertain. International visitors declined slightly in 2016, and international arrivals at U.S. airports through April 2017 show further declines. With an eye on long-term growth, especially among the outbound Chinese travel market, we continue investing in key international markets.

San Diego has always been perceived as one of the cleanest and safest cities in America. However, the unprecedented number of homeless people on our streets has increased the number of incidents with visitors, and that influences reputation. In addition, the Hepatitis A outbreak that was reported across the globe has created concerns among meeting planners about meeting in San Diego. While our City and County are working to address these issues, we are staying vigilant about reassuring customers that San Diego is a safe travel destination. Image tracking also is being done to understand any potential shifts and impacts.

A critical component to competing for conventions and leisure travel is the product offering. While many competitive cities are developing attractions and adding convention space, San Diego's product development has been minimal. According to Resonance’s City Tourism Index, product is San Diego’s weakest category. However, there are rays of light. The Port Authority development of the waterfront and the opening of the new Comic-Con Museum will be the next new product to draw visitors. A plan to expand the convention center is expected on a 2018 ballot, and if it passes, will allow San Diego to compete for the larger conventions that bring more economic impact. In the meantime, strategies to attract music, sports and other major events are being supported to maximize the product we currently have.
Tourism’s Economic Impact

San Diego City and County

191K+ TOURISM INDUSTRY JOBS
13% OF JOBS IN THE COUNTY (FY17)

17.4 MILLION OVERNIGHT VISITORS TO SAN DIEGO COUNTY

$165.60 AVERAGE DAILY RATE

79.6% AVERAGE HOTEL OCCUPANCY

$221 MILLION IN CITY TOT COLLECTIONS +9% YOY (FY17)

$10.4 BILLION TOTAL VISITOR SPENDING (COUNTY CY16)

$743 MILLION IN STATE AND LOCAL TAXES (COUNTY CY16)

Growth in TOT Collections

City of San Diego

FY 2013 $157M
FY 2014 $170M
FY 2015 $186M
FY 2016 $203M
FY 2017 $221M

Lodging Industry Performance

City of San Diego FY17

$221 MILLION IN CITY TOT COLLECTIONS +9% YOY (FY17)

$10.4 BILLION TOTAL VISITOR SPENDING (COUNTY CY16)

$743 MILLION IN STATE AND LOCAL TAXES (COUNTY CY16)

79.6% AVERAGE HOTEL OCCUPANCY

$165.60 AVERAGE DAILY RATE

17.4 MILLION OVERNIGHT VISITORS TO SAN DIEGO COUNTY

Source: San Diego Tourism Authority
SDTMD provides funding to support the marketing and promotional efforts of a variety of organizations that help provide incremental room nights for assessed hotels. These organizations also help the City of San Diego maintain its status as a competitive, first-tier visitor destination with compelling events and programming. The funding of these competitively-selected organizations by SDTMD has consistently resulted in growth in hotel room nights and revenue, which is vital to the strength and success of the tourism industry in San Diego.

Approximately 95 percent of SDTMD's contractor funding in FY 2017 was awarded to the San Diego Tourism Authority (SDTA), the City's Destination Marketing Organization of record. Remaining funds were allocated to local organizations that could demonstrate a projected increase in incremental room nights and a measurable return on investment.

All contractors supported by SDTMD are required to have clearly defined marketing strategies and activities that complement and enhance San Diego's tourism brand. The funded attractions and events must help fill TMD lodging business of all sizes. In addition, they are required to abide by all requirements set forth in the City's Operating Agreement with SDTMD.

Contractor Performance & Impact

**ROI**

FY 2017 All Events Combined*

<table>
<thead>
<tr>
<th>Total TMD Room Revenue</th>
<th>$817,448,179</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funding From SDTMD</td>
<td>$31,454,983</td>
</tr>
<tr>
<td>Total ROI for FY17</td>
<td>26.0:1</td>
</tr>
</tbody>
</table>

*Contracted with Real World Academics (RWA) to provide a consistent benchmark for SDTMD to compare event performance. Through a combination of electronic surveys and face-to-face interviews, RWA provides SDTMD with an analysis of each event that focuses on non-local attendees that stay in TMD assessed hotels. RWA calculates room revenue generated and divides by TMD investment to arrive at the ROI figures.

Contractor Funding FY 2017

- **San Diego Tourism Authority - Base**: $29,958,549
- **California State Games**: $150,000
- **San Diego Beer Week**: $63,586
- **San Diego Surf Challenge***: $40,000
- **San Diego Bowl Game Association**: $450,000
- **San Diego Crew Classic**: $190,970
- **Red Bull Air Races***: $400,000
- **Manchester City Tournament***: $20,000
- **USA Masters Games**: $135,667
- **Amgen Tour of California**: $46,211
- **Total**: $31,454,983

*Contracted with SDTA

The figures in the chart include only assessment funds. The TMD program includes contributions of assessment and non-assessment funds. If you would like a detailed allocation of the non-assessment funds contributed to the TMD program, please contact the Executive Director of the TMD.
The San Diego Tourism Authority is the primary sales and marketing engine for the San Diego region. As a sales and marketing organization, the main objective of SDTA is to promote and market San Diego as a preferred vacation and meeting destination for leisure and business travelers from around the world.

Incorporated in 1954, SDTA is a private not-for-profit 501(C)(6) organization governed by a 30-member board of directors. SDTA is nimble in the marketplace, and as market conditions shift, programs are updated in order to best capitalize on opportunities and maximize ROI.

Investment of marketing funds from SDTMD has helped fuel SDTA efforts to promote San Diego as a diverse tourism market appealing to leisure and group travelers, and domestic and international visitors.

ROI
26.9:1

FY2017 Funding Amount $29,958,549
TMD Hotel Room Nights* 4,784,385
Average Daily Rate (ADR) $168.73
Total Room Night Revenue $807,269,029

*Does not include Citywide convention room nights

Group Sales Highlights

- Booked 60 conventions representing over 1 million room nights
- Booked 396,152 new hotel meetings room nights in TMD properties
- The Sports Alliance team booked future events generating 121,700 hotel room nights
- Held 27 customer events with a total of 781 new clients for San Diego in attendance
- Client events and trade shows throughout the year generated 189 leads representing 132,707 new room nights for San Diego

Marketing Highlights

- Campaigns influenced 4.4 million room nights in TMD properties
- Generated more than 1.9 billion paid advertising gross impressions nationally and internationally through campaigns that utilized TV, digital, social, out-of-home and print mediums
- Generated $38.5 million in public relations unpaid media value
- Generated 11.1 million visitor inquiries to digital properties
- Hosted 60 Travel Trade Fam Tours with 553 clients
- Ended the year with 2,832 enrolled San Diego Specialists
SDTA Program Highlights

Kids Free San Diego/Fall Campaign
SDTA continued the highly successful Kids Free San Diego campaign in the Los Angeles and Phoenix markets promoting family travel during the month of October. This coincided with a fall brand advertising campaign in LA, Phoenix and national markets. Ad campaigns ran on TV, radio, digital/online and print mediums and were supported by earned editorial placements, social influencer programs and owned outlets including SDTA social media and the website. The fall program influenced nearly 800,000 TMD room nights and $118 million in hotel room revenue to the TMD district in Fall/Winter 2016-2017.

Peak Spring/Summer Travel Campaign
To capture travel during peak spring and summer travel seasons, a $7.83 million investment was made in the key markets of San Francisco, Sacramento, Seattle, Dallas, Chicago and New York City. The fully integrated campaign utilized the “Happiness is Calling” branding and included TV, digital, out-of-home and print layers as well as robust owned channel and earned media programs. Digital campaigns specifically targeted Millennial and Gen-X adults traveling without children and family travelers. The campaign generated nearly 543 million impressions leading into the peak travel season and is estimated to impact 1.9 million TMD hotel room nights.

Owned And Earned Media
Owned and earned media channels work to leverage paid media and boost audience reach. The social media marketing layers included highly focused campaigns and live video within Facebook, Twitter, Google+ and Instagram. In addition, the team launched regular leisure email campaigns as well as pay-per-click campaigns on Google to reach travelers. Public relations efforts generated $38.3 million in earned media coverage with feature articles in major dailies, print magazines, broadcast stations and online outlets. The communications team hosted 214 international and domestic media in San Diego and participated in media missions to Australia, China, Chicago, London, Mexico, New York, San Francisco and Texas.

International Campaign
SDTA engaged in a $1.97 million advertising program that included a co-op with Brand USA in Canada and the United Kingdom and a partnership with leading tour operators to promote the Edelweiss and Condor direct flights from Germany and Switzerland. Over 295 million media impressions were generated by the campaigns, which included TV, digital, paid social, out-of-home and OTA programs. SDTA also partnered with Visit California on the British Airways “California Sale” program, “All Dreams Welcome” social media campaign and CEO missions to Mexico and Canada. BrandUSA added over $386,000 in co-op dollars to support the international campaign.

Sub-Region Campaign
Luxury and value print, digital and OTA advertising campaigns promoting sub-region product and experiences delivered more than 35 million impressions. Print and advertorial ran in Family Fun, Sunset, Bon Appetit, Conde Nast Traveler and Departures magazines. Social, PPC and digital advertising campaigns complemented the program, as well as quarterly Facebook sweepstakes promotions.

Group Sales
The hotel sales team continued to focus on booking new group business for San Diego, which is defined as those meetings that have not booked in the last five years or at all. The hotel meetings team booked 396,152 new group room nights for TMD properties. Supporting the sales effort, the Meetings Certified training program continued for the hotel sales community and graduated 23 participants. To date, more than 300 sellers from San Diego hotels, venues and attractions have completed this program. In addition, 27 customer events were held with 781 new clients for San Diego in attendance. These client events and trade shows throughout the year generated 189 leads representing 132,707 new room nights for San Diego. Further group sales impacts include the signing of 60 conventions representing more than one million room nights by the Citywide sales team.

Cultural Tourism
SDTA launched a cultural tourism program aimed at illuminating San Diego’s diverse and vibrant neighborhoods by curating a photographic collection of the local scene. The photography was then distributed nationally by Travel & Leisure magazine and through paid social media with Facebook. Overall, the program generated more than 27 million impressions at a cost of $373,000.

Sports Alliance
The Sports Alliance team generated 121,700 hotel room nights through high-profile sports events including the Red Bull Air Races, Extreme Sailing Series and Navy vs. Notre Dame College Football Game. The team also had success in booking soccer events including Man City Premiere Youth Showcase, the CONCACAF Gold Cup and the US Soccer Summer Showcase. In addition to these events, the Sports Alliance team attended three annual tradeshows to grow San Diego exposure among national governing bodies and sport organizations.
The California State Games is a multi-sport, Olympic style series of events that occurred in July 2016 and February/March 2017 in San Diego. Ranging from archery to taekwondo in the summer, and including hockey and ice skating in the winter, the events took place at dozens of locations in the City.

### California State Games

**Highlights**

- The events connected to the California State Games bring thousands of families, spectators and players to San Diego during both the summer and winter months.
- Over 10,000 athletes participated in the winter and summer California State Games with each bringing a median of four family and friends.
- Facebook advertisements were used in the Bay Area for the first time.
- Some qualifying processes were changed, which increased the number of teams that were able to come to San Diego.
- Gymnastics were added to the games for the first time in San Diego.

**ROI**

21.8:1

**FY2017 Funding Amount** $150,000

**TMD Hotel Room Nights** 20,926

**Average Daily Rate (ADR)** $156.16*

**Total Room Night Revenue** $3,267,804

*Combined Average of Summer and Winter Events

---

San Diego Beer Week (SDBW) has become a premier, extended craft beer festival now lasting 10 days each November. Over 600 events helped to promote San Diego’s thriving craft beer culture. The 2016 celebration included some 60 breweries who participated in beer dinners, special releases, tastings, classes, beer and food pairing menus and a variety of other festivities.

### San Diego Beer Week

**Highlights**

- SDBW partnered with 16 TMD hotels to offer beer week lodging packages.
- Enhancements were made to the SDBW website focusing on being more user and mobile friendly, and making it easier for event goers to plan their week and research hotels.
- Media exposure generated 32 million impressions combined through television, radio, print, online, blogs and podcasts.
- Attendees came from 28 states and nine countries.

**ROI**

2.5:1

**FY2017 Funding Amount** $63,586

**TMD Hotel Room Nights** 984

**Average Daily Rate (ADR)** $161.72

**Total Room Night Revenue** $159,132
San Diego Surf Challenge

San Diego Surf Soccer Club is the premier youth soccer club established in 1980 and headquartered in San Diego. Their mission is to develop competitive soccer players with superior soccer skills, teamwork and sportsmanship to compete at the highest levels of the sport. The Surf Challenge soccer tournament is played each November over the Thanksgiving week, a typically low demand period for hotels in North San Diego.

**Highlights**

- Despite a reduction in available fields (due to rain) and one canceled day (due to rain) the event grew by focusing on an ongoing marketing campaign to attract a larger group of out of region teams.
- The Surf Thanksgiving Cup was rebranded as the Surf Challenge.
- Surf Soccer marketed directly to east coast teams, increasing their presence from 14 to 36.
- This is a showcase opportunity for aspiring college athletes. College coach attendance reached a record high of 538 (up from 475 last year), solidifying this as one of the premier showcase events in the country.

**ROI**

20.8:1

<table>
<thead>
<tr>
<th>FY2017 Funding Amount</th>
<th>$40,000</th>
</tr>
</thead>
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<tr>
<td>TMD Hotel Room Nights</td>
<td>5,640</td>
</tr>
<tr>
<td>Average Daily Rate (ADR)</td>
<td>$147.31</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
<td>$830,828</td>
</tr>
</tbody>
</table>

Holiday Bowl & Poinsettia Bowl

In December 2016, the San Diego Bowl Game Association produced two college football bowl games, the National Funding Holiday Bowl and the San Diego County Credit Union Poinsettia Bowl. The Poinsettia Bowl was played on December 21 and featured the Wyoming Cowboys from the Mountain West Conference and the BYU Cougars (independent). The Holiday Bowl was played on December 27 and featured the Washington State Cougars from the Pac-12 Conference and the Minnesota Golden Gophers from the Big Ten Conference.

**Highlights**

- In addition to the influx of room nights from the fans of the participating teams, both games were televised nationally on ESPN. During the telecasts, along with various mentions of San Diego by the on-air talent, the network featured a minimum of seven San Diego “beauty shots” to the approximately 8 million plus viewers combined for both games, showcasing San Diego as a “destination city.”
- In addition to the valuable on-air exposure in December when every other part of the country is experiencing inferior weather conditions, the dates of these two games coincide with some of the slowest nights of the year for the hotel industry. This means that the $3.7 million in room revenue is fully incremental to the economy.
- As previously reported to the Board, after the 2016 bowl season, the SDBGA ceased operations of the Poinsettia Bowl. The shift to one bowl game will allow the organization and its volunteers to focus all efforts on creating the nation’s premier bowl game experience at the Holiday Bowl.

**ROI**

8.1:1

<table>
<thead>
<tr>
<th>FY2017 Funding Amount</th>
<th>$450,000</th>
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</thead>
<tbody>
<tr>
<td>TMD Hotel Room Nights</td>
<td>26,219</td>
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<tr>
<td>Average Daily Rate (ADR)</td>
<td>$139.80*</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
<td>$3,665,416</td>
</tr>
</tbody>
</table>

* Combined average of both events
After 44 years, the San Diego Crew Classic is viewed as the premier Spring rowing event in the nation. Some 35 events took place with over 4,000 athletes participating in over 120 races along the shores of Mission Bay Park. The event includes retail kiosks, a variety of foods vendors and a Jumbotron viewing area as its center point.

**San Diego Crew Classic**

**Highlights**

- 125 local, national and international clubs participated in this year’s event.
- The Crew Classic generated significant attention to San Diego through live streaming views of the race and thousands of site visits to web pages.
  - 270,000 unique sessions on Row2k.com took place and 50,000 live streaming views occurred worldwide.
  - 9,000 site visits took place at Crewclassic.org.
  - 30,000 unique sessions occurred on HereNow.com race results. 4 million sponsor banner and ad impressions resulted.
- Freedom Rows raced at this year’s Crew Classic once again. Freedom Rows is a group of Wounded Warriors from all over the country who compete in an exhibition race.

**ROI**

5.9:1

<table>
<thead>
<tr>
<th>FY2017 Funding Amount</th>
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<tr>
<td>Average Daily Rate (ADR)</td>
<td>$205.09*</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$1,125,534</td>
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</tbody>
</table>

* Combined average of spectators and teams

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The Red Bull Air Race is an aerial race event established in 2003. This visual spectacle combines high speed racing and low altitude with highly maneuverable aircraft. In 2017, the Red Bull Air Race took place along the Embarcadero Marina Park during Easter weekend, April 15-16, 2017.

**Red Bull Air Races**

**Highlights**

- 71 percent of spectators attended the event for the first time.
- Some 54 percent of those who came from “far” away, including international visitors, stayed in a hotel during the event.
- 93 percent of attendees to the Red Bull Air Races would visit San Diego again if given the opportunity.
- The primary source of event awareness was word-of-mouth (33 percent) followed by Facebook (32 percent).

**ROI**

2.1:1

<table>
<thead>
<tr>
<th>FY2017 Funding Amount</th>
<th>$400,000</th>
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<tbody>
<tr>
<td>TMD Hotel Room Nights</td>
<td>5,664</td>
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<tr>
<td>Average Daily Rate (ADR)</td>
<td>$145.91</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
<td>$826,434</td>
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</tbody>
</table>
The Manchester City Tournament is a Surf Cup Sports managed youth soccer tournament in its third year, held over Memorial Day Weekend 2017. A total of 422 teams came to San Diego to compete over the three days, which is an increase of nearly 100 teams from 2016.

Highlights
- Three international teams participated in this year’s event from England, Canada and Mexico. In addition, eight MLS youth clubs competed in 2017.
- The Manchester City Tournament was only the 2nd youth soccer tournament ever broadcast on live television (Univision).
- Nearly 550,000 people watched the live telecast.
- Hotel usage for this event increased by almost 50 percent from 2016.

ROI

| FY2017 Funding Amount | $20,000 |
| TMD Hotel Room Nights | 1,769 |
| Average Daily Rate (ADR) | $171.85 |
| Total Room Night Revenue | $304,002 |

USA Masters Games

The USA Masters Games is the National Sports Festival for adult athletes ages 21 and over. The Games feature 24 sports, opening/closing ceremonies, a games village, social activities and live entertainment. FY17 TMD funding was used to support a bid for San Diego to host the games. This collaborative effort between the California State Games, the San Diego Tourism Authority and the San Diego Exploratory Foundation resulted in San Diego being awarded the contract to host the games annually beginning with the 2018 games. Following the funding award, the local organizing committee (LOC) decided to leverage the infrastructure of the California State Summer Games by hosting a “soft opening” of the games in July 2017. It was at that time that differences arose between the LOC and USA Masters Games. With a broader understanding of the event’s potential, the SDTMD Board of Directors voted to cancel future year funding of the event.

USA Masters Games $135,667

AMGEN $46,211

The Amgen Tour of California is a Tour de France-style cycling road race that challenges the world's top professional cycling teams to compete along a demanding course that traverses hundreds of miles of California’s iconic highways, byways and coastlines each spring. Amgen used TMD funding to give San Diego visibility at the 2017 race with a goal of securing a start or finish in San Diego for a future race. This was a sponsorship relationship through the San Diego Tourism Authority.
### Statements of Financial Position

**For Years Ended June 30, 2015, 2016 & 2017***

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
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<tbody>
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<td>City holdbacks current</td>
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<td>Prepaid expenses</td>
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<td>93,991</td>
<td>309,966</td>
</tr>
<tr>
<td>Accrued interest income</td>
<td>685,500</td>
<td>693,852</td>
<td>71,315</td>
</tr>
<tr>
<td>Advances to contractors</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>806,559</td>
</tr>
<tr>
<td>Total current assets</td>
<td>21,522,372</td>
<td>17,849,645</td>
<td>13,766,114</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td>1,362</td>
<td>1,362</td>
<td>1,538</td>
</tr>
<tr>
<td>City holdbacks, net of current portion</td>
<td>12,282,177</td>
<td>19,500,000</td>
<td>26,000,000</td>
</tr>
<tr>
<td>Total other assets</td>
<td>12,283,539</td>
<td>19,501,362</td>
<td>26,001,538</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$33,805,911</td>
<td>$37,351,007</td>
<td>$39,767,652</td>
</tr>
</tbody>
</table>

### Statements of Activities

**For Years Ended June 30, 2015, 2016 & 2017***

<table>
<thead>
<tr>
<th>REVENUE &amp; SUPPORT</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Marketing District revenue</td>
<td>26,918,042</td>
<td>33,005,359</td>
<td>33,074,241</td>
</tr>
<tr>
<td>Other income</td>
<td>2,500</td>
<td>37,959</td>
<td>30,874</td>
</tr>
<tr>
<td>Interest income</td>
<td>151,619</td>
<td>249,661</td>
<td>418,922</td>
</tr>
<tr>
<td>TOTAL REVENUE &amp; SUPPORT</td>
<td>$27,072,161</td>
<td>$33,292,979</td>
<td>$33,520,037</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations to contractors</td>
<td>24,299,828</td>
<td>29,878,224</td>
<td>31,454,983</td>
</tr>
<tr>
<td>Tourism development</td>
<td>500,000</td>
<td>700,000</td>
<td>182,560</td>
</tr>
<tr>
<td>TOTAL PROGRAM EXPENSES</td>
<td>$24,799,828</td>
<td>$30,578,224</td>
<td>$31,637,543</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPORT SERVICES</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management &amp; general</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDTMD operations</td>
<td>1,970,912</td>
<td>1,999,909</td>
<td>1,628,123</td>
</tr>
<tr>
<td>Administrative fee to the City of San Diego</td>
<td>401,101</td>
<td>427,226</td>
<td>529,275</td>
</tr>
<tr>
<td>TOTAL SUPPORT SERVICES EXPENSES</td>
<td>$2,373,013</td>
<td>$2,427,135</td>
<td>$2,157,398</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase (decrease) in unrestricted net assets</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in unrestricted net assets</td>
<td>(99,680)</td>
<td>287,620</td>
<td>(270,904)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>1,024,792</td>
<td>925,112</td>
<td>1,212,732</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>925,112</td>
<td>1,212,732</td>
<td>941,828</td>
</tr>
</tbody>
</table>

* Further detail on the SDTMD Corporation’s audited FY 2015, 2016 & 2017 financials can be obtained from our website at sdtmd.org/reports
Board of Directors FY18

Chair: Scott Hermes
General Manager, Westin San Diego Gaslamp Quarter

Vice-Chair: Matt Adams
Area Vice President, Manchester Grand Hyatt San Diego

Secretary: Colleen Anderson
General Manager, Omni San Diego

Treasurer: C. Terry Brown
President, Atlas Hotels

Richard Bartell
President, Bartell Hotels

Matt Greene
General Manager, Hard Rock Hotel San Diego

Elvin Lai
CEO and President, Ocean Park Inn

Christopher Ostapovicz
Regional Vice President, Host Hotels & Resorts, Inc.

Brian Hughes
Executive Director

STAFF