

Tourism Marketing District Annual Performance Report Fiscal Year 2010

Budget & Finance Committee

December 1, 2010



TMD Overview

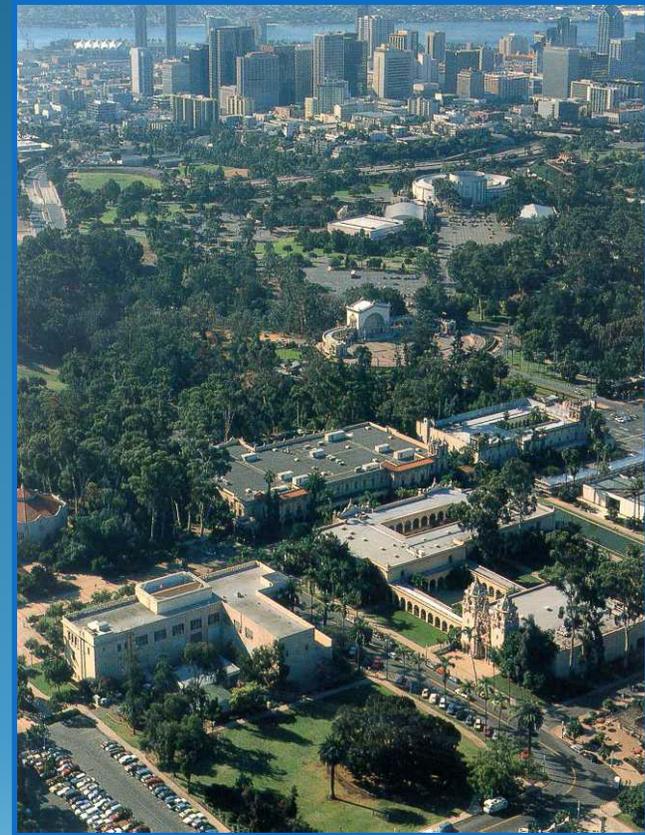
- FY 2010 Tourism Financial Impacts.
- TMD Management Plan and Actual Performance.
- Results of FY 2010 TMD Funding Contracts.
- Challenges and Next Steps.



Economics of Tourism for San Diego

According to ConVis in 2009/10

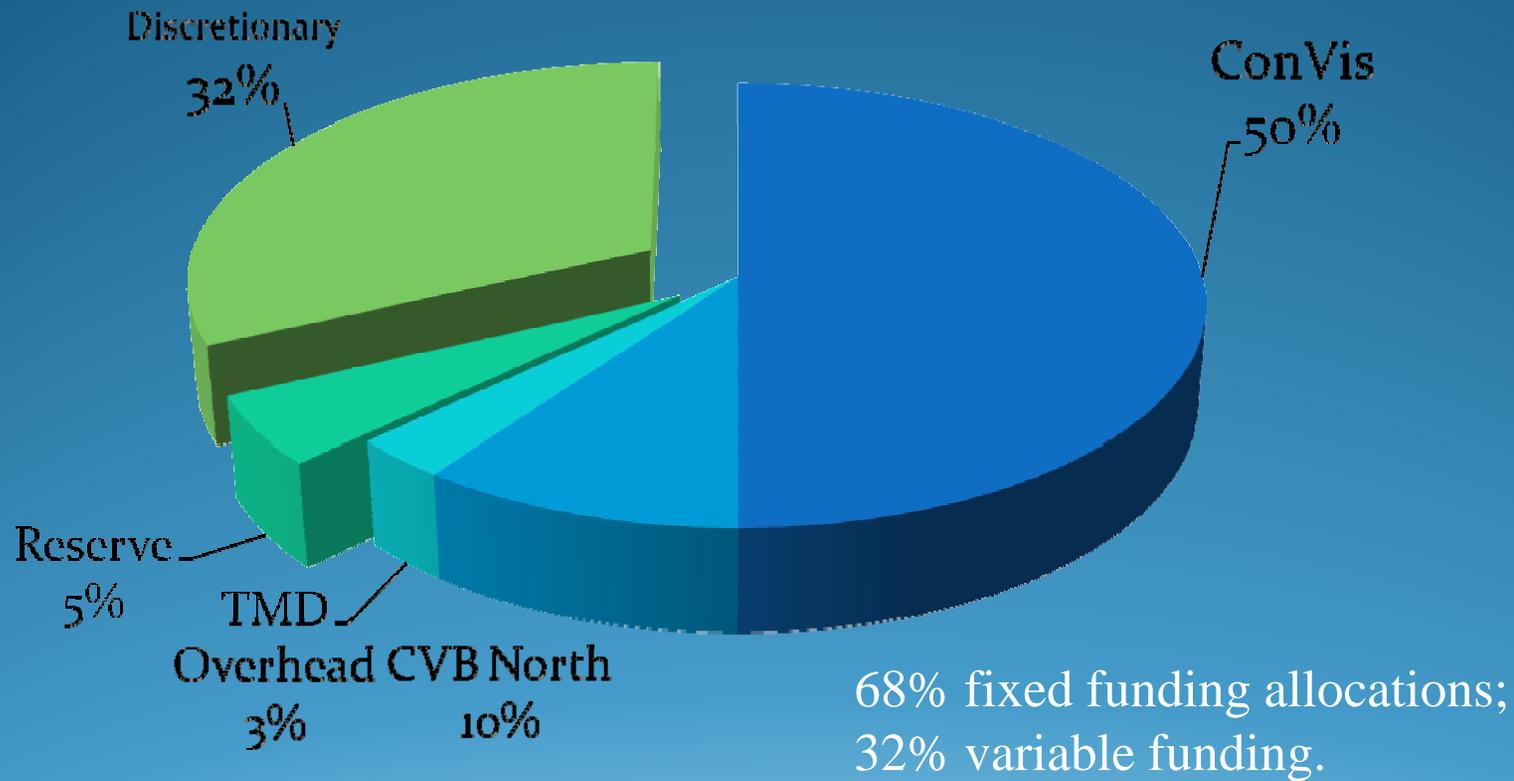
- 14.7 million overnight visits
- Direct Visitor Spending \$7 billion
- Visitor Industry 3rd largest (\$)
- Overall Impact \$16 billion
- 152,300 employed
- 458 Hotels and 56,625 rooms
- Total Sales Tax \$187.3 million
(net to City ~ \$7 million)



TMD: A public-private partnership

- Comprehensive Management Plan approved by Hotels in Sep 2007 and City Council in Dec 2007.
- SDTPC is a 501(c)(6) non-profit; required to deliver benefits to assessed hotels.
- Hotels in City with 70 or more rooms are assessed.
- 9 directors representing 183 TMD member hotels.
- Brown Act public meetings since start in 2008.
- One full time staff: Exec. Director Lorin Stewart.
- Supported by City staff: CPCI, Treasurer, Auditor, Comptroller, City Attorney.

TMD Management Plan Distribution Formula

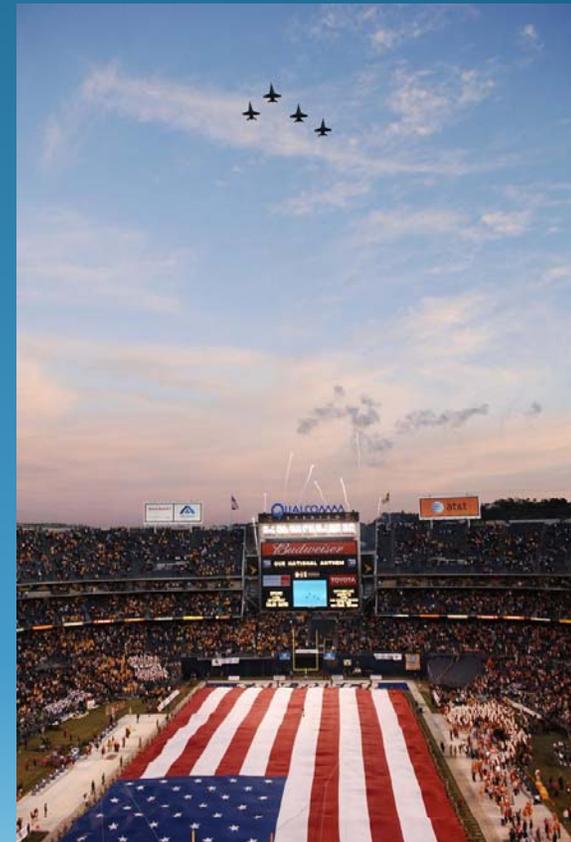


Management Plan

- FY2010 TMD Revenue Goal: \$31.8 million
 - FY2010 Actual Assessments: \$22.2 million
 - FY2010 Total Budget (incl carryover): \$25.9 million
 - Worldwide recession: hotel occupancy, average room rate, and RevPAR depressed.
- Essentially all “Contingency/Opportunity” reserve funds were expended for supplemental promotion.
- Administration expense savings were also expended on supplemental promotion.

Return on Investment: TMD is achieving its goals

- Continued accountability through standards, measurement, audits, and transparency.
- Relieving pressure on City General Fund (e.g. \$10.4 million in FY09)
- Stabilizing TOT against economic downturn.
- Holding our own or out-pacing other cities to attract tourist spending.



TMD Results

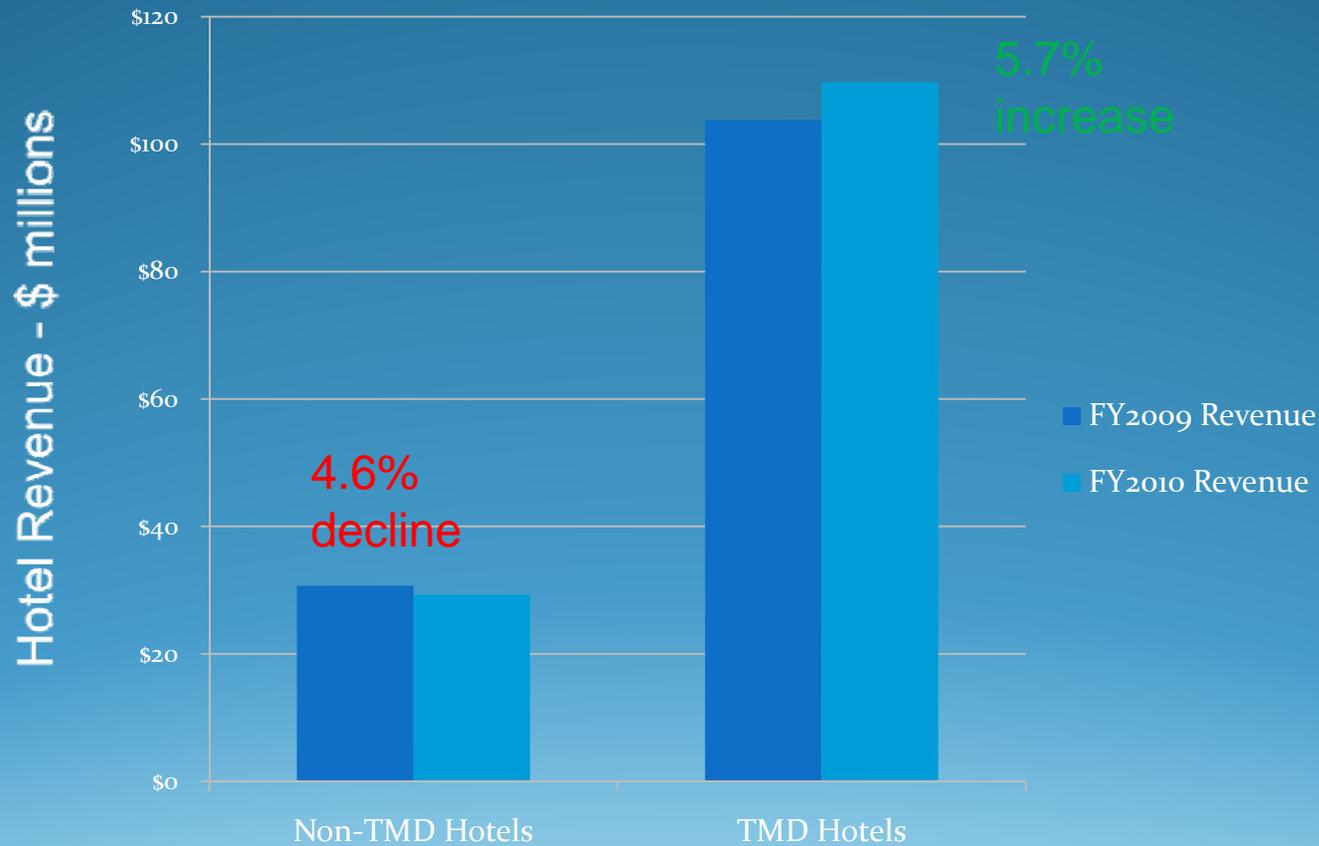
Although total TOT revenues dropped due to global recession and decline in tourism, FY2010 TMD funded programs directly supported:

- 2,703,608 room nights sold
- \$381,033,977 room revenue
- **\$40 million TOT**

*Based on stated ROI from contractors.
Audits of proof of performance underway now.*

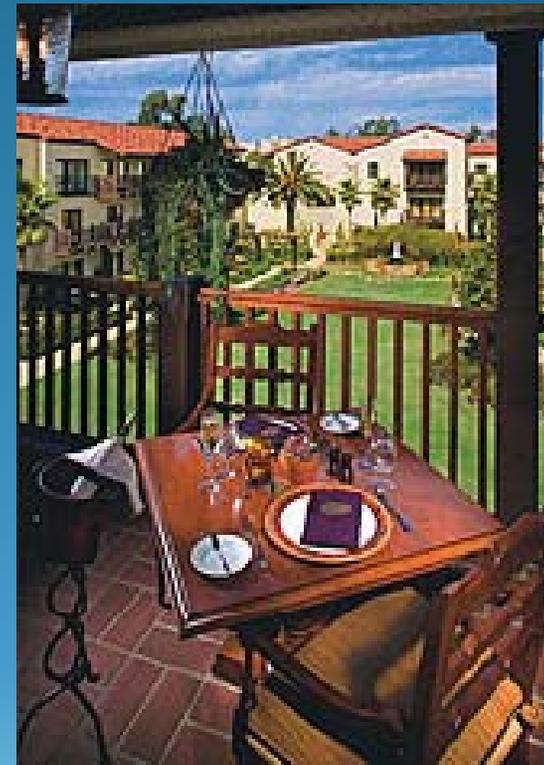


TMD hotels outperforming non-TMD hotels in SD County



Evaluating funding requests

- Application evaluation criteria focus on ROI in room nights/TOT.
- Multiple layers of review by industry experts.
- Proof of performance requirements.
- Independent audit of ROI (underway now).



Outreach & Education.

- Outreach to community groups.
- Annual meeting 400 attendees to review ROI evaluation process.
- Total of 30 applications reviewed.
- 17 contracts awarded for variable funding.
- Limiting factor: ability to compete for a TMD contract requires experience, expertise, measurable performance criteria.

Metrics, measurement, proof of performance for Variable Funding.

- Standardized scoring.
 - Minimum ROI of 5:1 peak periods
 - Minimum ROI of 3:1 for special need periods.
 - Special need geographic locations in City.
 - Incremental new room nights from existing and developing new programs.

2010 TMD Efforts had substantial positive impact

- National cable TV advertising.
- Los Angeles focused summer campaign.
- Late summer stimulus program.
- Online Travel Agency (OTA) promotions.
- Strategic special events, marketing, and promotions.
- Resulting in...

FY 2010 Contracts and Stated ROI

Organization	FY2010 Reimbursed	Room Nights	Hotel Revenue	ROI
CONVIS BASE	\$10,948,437	776,894	\$132,318,503	12:1
SD NORTH CVB	\$2,200,000	13,592	\$2,314,989	1:1
Accessible San Diego (base & incremental)	\$94,500	4,988	\$823,569	9:1
CA State Games	\$41,579	14,080	\$1,844,480	44:1
CONVIS/SDCCC: Nat. Business Travel Assoc.	\$150,000	12,733	\$2,915,857	19:1
CONVIS: FY 2010 Fall Stimulus	\$941,360	572,070	\$80,261,421	85:1
CONVIS: LA Market Spring Summer Stimulus	\$1,028,400	93,373	\$14,456,942	14:1
CONVIS: National Cable	\$2,886,868	155,772	\$21,504,325	7:1
CONVIS: On Line Travel Agencies	\$1,183,123	935,583	\$109,743,886	93:1
CONVIS: Restaurant Week	\$43,787	709	\$97,877	2:1
Craft Brewers Guild: Beer Week	\$22,320	1,050	\$115,500	5:1
MCCSN: Multicultural FAM <i>rev</i> Direct Bookings	\$88,200	3,330	\$396,270	4:1
SD Bay Wine and Food Festival	\$45,000	1,283	\$177,118	4:1
SD Bowl Game Association	\$450,000	55,494	\$5,993,352	13:1
SD Crew Classic	\$135,000	5,842	\$753,618	6:1
SD Film Commission (crews only)	\$655,200	16,624	\$1,987,067	3:1
SD Nat Hist Museum: Body World (Adjusted)	\$109,496	19,915	\$2,875,925	26:1
SD Sports Commission	\$382,500	17,292	\$2,105,473	6:1
The Old Globe	\$21,967	2,984	\$347,806	16:1
Totals	\$21,427,737	2,703,608	\$381,033,977	18:1

Challenges & Next Steps

- FY2010 revenue impacts for TOT and TMD
 - Recession and unemployment led to decline in leisure and business travel, especially group business = fewer rooms sold.
 - Reduced demand – lower room rates.
 - Hotels scheduled to open or expand were put on hold.
- Challenge: Maximize efficiencies among contractors.
- Independent audit of contract recipients to verify ROI performance for FY2010.
- Historic audited performance trends emerging
- SDTMD as catalyst for Industry Strategic Plan
- October 22 applications due for FY2012.

Questions?

