

**CITY OF SAN DIEGO
REQUEST FOR COUNCIL ACTION**

BUDGET & FINANCE COMMITTEE

COMMITTEE MEETING DATE: 4/20/2011
ORIGINATING DEPARTMENT: CPCI - Economic Development
SUBJECT: FY2012 Tourism Marketing District Report of Activities
COUNCIL DISTRICT(S): Citywide
CONTACT/PHONE NUMBER: Meredith Dibden Brown 619-236-6485

DESCRIPTIVE SUMMARY OF ITEM:

Approve the FY2012 Report of Activities for the San Diego Tourism Marketing District with an anticipated budget total of \$27,974,946 and authorize the Chief Financial Officer (CFO) to appropriate and expend the funds (contingent on availability) including: anticipated FY2012 TMD assessments of \$26,097,463; projected carryover of assessments/interest of \$1,837,483; and projected interest of \$40,000.

Authorize the CFO to appropriate and expend the TMD Fund Balance and Interest Fund Balance from FY2011 at year end (contingent on availability but excl. the estimated TMD assessments/interest carryover of \$1,837,483 to be included with the FY2012 budget) for FY2011 expenditures anticipated to be processed in FY2012.

STAFF RECOMMENDATION:

Approve Requested Actions

DISCUSSION

In 2005 hotel industry representatives were interested in developing a new source of revenue for marketing and promotion in order to retain and expand the tourism industry in San Diego so industry representatives proposed the creation of a San Diego Tourism Marketing District (TMD).

The City Council adopted the TMD Procedural Ordinance in May 2007 specifying procedures for establishing such a district. Proponents of the TMD then developed a TMD Management Plan [Plan] as required by the ordinance, and that was distributed to all of the hotels proposed to be included in the TMD along with a petition. The Plan and petitions were submitted to the City, staff conducted a mailed ballot procedure, and City Council held a noticed public hearing to determine if the affected hotels supported the TMD. In the absence of a majority protest, the resolution establishing the TMD was approved by the City Council in December 2007. The TMD became effective on January 1, 2008 for five years. The City then entered into a five year agreement with the San Diego Tourism Marketing District (SDTMD) Corporation, formerly San Diego Tourism Promotion Corporation, for operation of the TMD in accordance with the Plan.

The TMD includes the entire City and hotels with 70 or more rooms are assessed two percent (2%) of eligible gross room revenues to be remitted monthly to the City. This pooling of resources funds 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 Plan specifies certain categories of expenditure including fixed funding for the San Diego Convention and Visitors Bureau (ConVis), thus relieving the City of this obligation, and for San Diego North Convention and Visitors Bureau (North ConVis), and funding to be awarded through a competitive application process. Given organizational changes at North ConVis that occurred at the beginning of FY2011, that board has entered into agreements with ConVis to provide most services with ancillary sports-related marketing to be provided/coordinated by the Sports Commission. The Plan also specified limits on operating expenses, including reimbursement of City administration costs, and called for the creation of an opportunity / catastrophe fund.

In accordance with the Plan and the operating agreement, the SDTMD Corporation, developed an application process, conducted a workshop for interested organizations, solicited applications for funding, and then reviewed and made funding recommendations based on the applications and presentations to the board. Ranking factors included time of year, new versus existing rooms, potential for growth, and number of positive media impressions. A sample application is included with the Report of Activities as Attachment V and the rankings for all applications are included as Attachment VII. This year's application and review process was further refined based on experience gained from the FY2011 process. The SDTMD Board also requested detailed information from the two convention and visitors bureaus on their proposed activities and budgets for the fixed funding. Information on these proposed program and budgets and the board funding recommendations have been compiled into an FY2012 Report of Activities. An FY2011 Interim Report of Activities has also been submitted and is included as Attachment X to the FY2012 Report of Activities.

The tourism industry is the third largest revenue generator for the San Diego economy and a key employment sector. Current economic conditions mean that additional marketing of San Diego is critical to maintaining or increasing hotel occupancy rates. Promoting tourism to San Diego also provides spillover benefits in enhancing TOT revenues and sales tax received by the City.

FISCAL CONSIDERATIONS:

Pursuant to Resolution No. R- 303226, it is anticipated that approximately \$26,097,463 of TMD assessments will be collected in FY2012 by the City; approximately \$1,837,483 of TMD assessments and interest will be carried over from FY2011 and prior years; and that there will be approximately \$40,000 in interest in FY2012. So, a total of \$27,974,946 will be available for FY2012. These funds will be disbursed to the SDTMD Corporation to continue the implementation of the TMD Management Plan for FY2012, except for anticipated annual City administration costs as provided for in the Plan (estimated not to exceed \$307,756), to defray the costs of City services in administering the TMD for FY2012. THERE IS NO NEW FISCAL IMPACT.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

On July 19, 2006, the San Diego Lodging Industry Association provided an update on the proposed TMD to Budget and Finance Committee. The TMD Procedural Ordinance was approved by City Council and added to the SDMC on May 30, 2007 and became effective on June 29, 2007. The TMD was established by Resolution No. R-303226 on December 12, 2007 and effective January 1, 2008. The agreement with SDTMD Corporation for management of the TMD was approved by Resolution No. R-303621 on April 28, 2008, effective April 1, 2008 through March 31, 2012. The FY2011 Report of Activities was approved by the Budget and Finance Committee on May 20, 2009 and by the City Council on June 22, 2009. The FY2012 Report of Activities will likely be considered by the Budget and Finance Committee on April 20, 2011.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

SDTMD Corporation conducts regular meetings (at least monthly) with notice provided via mail, e-mail and postings on the TMD website. The meetings are open to the public and are typically attended by representatives of the San Diego County Hotel-Motel Association, ConVis, ConVis North, and other tourism-related entities. An opportunity for public comment is provided at each meeting. The TMD Request for Funding form was widely distributed and is also posted on the TMD website. A workshop was held for organizations seeking funding. Applicants are invited to make presentations on these funding requests and the deliberations by the board are conducted openly at the regular board meetings.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the hotels in San Diego with 70 or more rooms that are required to pay the TMD assessment. The basis of the assessment is unchanged and therefore no new impacts are anticipated.

William Anderson

Originating Department

Jay Goldstone

Chief Operating Officer

San Diego Tourism Marketing District



FY2012 Report of Activities (July 1, 2011- June 30, 2012)

Version
4/12/2011 11:05 AM

Introduction

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

The boundaries of the TMD coincide with the City boundaries and those lodging businesses within the City with 70 or more rooms are assessed two percent (2%) of eligible gross room revenues.

The guiding document for the TMD is the Tourism Marketing District Management Plan (Plan). The Plan specifies how the assessments may be used and the general funding procedures and criteria. It 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) (formerly named the San Diego Tourism Promotion Corporation) is the non-profit organization representing the assessed businesses which is under a five-year agreement through December 2012 to administer the TMD. At this point, almost three full years of programming has been implemented and the results to date have shown the effectiveness of the program. However, the SDTMD Board has also strived to continue refinement of the evaluation and recommendation process to ensure that the TMD assessments are invested in the most cost effective manner to generate the best return on investment.



Quick Facts

San Diego Tourism Marketing District:

Established by Resolution: R-303226 on December 12, 2007
Effective January 1, 2008 through December 31, 2012

Agreement between City and TMD Management Corporation:

Approved by Resolution: R-303621 on April 28, 2008
Effective April 1, 2008 through March 31, 2012

Advisory Board and Contracted TMD Management Corporation:

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

See Attachment I for further details on the organization.

Assessment Methodology Authorized by Resolution No. R-303226:

The assessment amount shall be, and shall not exceed, two (2) percent of gross room revenue, minus exempt revenues, for lodging businesses with seventy (70) or more sleeping rooms located within the TMD. Gross room revenue is defined as the “total consideration charged to a transient, as shown on the guest receipt for the occupancy of a room, or portion thereof, in a hotel.” For purposes of the collection of assessments, gross room revenue minus exempt revenues may also be referred to as “assessable rents.

No Changes to Boundaries or Assessment Methodology:

For FY2012, no changes are proposed to the boundaries or basis / method of assessment.
The TMD encompasses the entire City of San Diego

Benefit Zones:

There are no defined or proposed benefit zones.

FY2012 Budget Total

Estimated Available Tourism Marketing District (TMD) Funds for FY2012: **\$27,974,946**

Budget Summary

Calculation of Available Tourism Marketing District (TMD) Funds for FY2012:

Projected Assessments based upon current Market Forecast	\$26,097,463
Projected Interest	\$40,000
Projected FY2011 carryover *	\$1,837,483
Contributions from Other Sources:	\$--
Total FY2012 Funds Available	\$27,974,946

* See Attachment X "FY2011 Interim Report" for Details of Projected Carryover
Includes Opportunity/Catastrophe Reserve balance of \$1,545,872, Administration carryover of \$27,999, and San Diego North CVB carryover of \$263,612.

PROPOSED ACTIVITIES FOR FY2012

(Pursuant to San Diego Tourism Marketing District Management Plan September 2007)

San Diego CVB (50% of Assessments Collected) \$13,048,732

San Diego North CVB (10% of Assessments Collected+Carryover) \$ 2,873,358
 The estimated base is \$2,609,746 plus FY2011 carryover of \$263,612.

Total Fixed Allocations \$ 15,922,090

Variable Distribution (32% of Assessments Collected+Adjustments) \$9,579,800
 The Variable Distribution is based upon 32% of assessments estimated as \$8,351,188 plus \$1,228,612 from the Opportunity/Catastrophe Reserve. Per the FY2012 Application Guidelines the deadline for the annual Applications was October 22, 2010. All submitted applications have been reviewed, ranked, and allocations recommended.

Opportunity/Catastrophe Reserve (5% of Assessments Collected+Adjustments) \$1,662,133
 This is based upon 5% of FY2012 projected assessments or \$1,304,873 plus the current projected FY2011 Carryover of \$1,545,872, plus projected interest of \$40,000 less \$1,228,612 added to Variable Distribution.

Administration (3% of Assessments Collected+Carryover) \$810,923
 This is based upon 3% of FY2012 projected assessments of \$782,924 plus projected FY2011 Administration carryover of \$27,999. Actual City administration costs are reimbursed from the TMD fund up to a capped amount each fiscal year, which for FY2012 is \$357,756, but estimated actual expenses are only \$307,756.

Total \$27,974,946

FY12 Tourism Forecast

The national and local visitor economy is in recovery mode. Unemployment has stabilized and started to fall across the country. Strong corporate performance has been sustained for over a year now. As a result, travel demand is on a sustained track of recovery. Lodging demand has been the initial source of strength, and this is expected to continue through 2011, albeit at a slowing rate towards the end of the year. Day travel, which has underperformed over the past four years, is set for a rebound in 2011 with strong growth projected through 2013. In this environment of strong demand and modest supply increases, both occupancy and ADR are positioned for improvements over the next several years.

Looking ahead to FY2012 in San Diego, the forecast is one of continued modest growth. Room demand is forecasted to grow 2.4 percent and room supply only 0.2 percent. The lack of new supply will allow the industry to see a rise in hotel occupancy to 69.5 percent (up 2.2%) and ADR growth of 4.6% to \$130.19. RevPar is also expected to rise 7.1 percent to \$90.44.

While San Diego typically performs in the top tier of destinations nationwide, there are five key challenges facing this destination:

- California tourism domestic market share has leveled off over the past five years and international market share has been declining since 2007.
- Domestic airline capacity is down 10 percent from pre-recession levels and the airlines are operating at 80 percent plus load factors. This lack of capacity leads to higher fares and reduced air access for travelers.
- The “Great Recession” has forever changed American consumer values with greater emphasis now placed on savings, living within one’s means, and increased shopping for value.
- Corporate America has generated profits mostly through cost-cutting and many analysts predict that recent cost controls affecting travel will stay in place for years to come.
- The meetings and conventions industry continues to face cost containment pressures and the lingering issue of the “AIG effect”.



ConVis Budget Summary

San Diego Convention and Visitors Bureau (Base Portion of Integrated Scope of Work)

Marketing	
Media & Production	\$2,852,262
Outside Services	\$757,636
Research	\$331,254
Events, Travel, & Entertainment	\$435,008
Printing & Distribution	\$11,546
Tickets	\$--
Dues & Subscriptions	\$16,577
Supplies, Maintenance, Equip, Fees	\$1,612
Facility and Equipment Rent	\$21,142
Personnel Wages/Salaries	\$1,079,357
Commissions & Incentives	\$--
Personnel Tax & Benefits	<u>\$214,488</u>
Subtotal Marketing	\$5,720,882
Sales	
Outside Services	\$73,620
Events, Travel, & Entertainment	\$563,012
Dues & Subscriptions	\$24,351
Personnel Wages/Salaries	\$2,001,202
Commissions & Incentives	\$254,699
Personnel Tax & Benefits	<u>\$464,745</u>
Subtotal Sales	\$3,381,629
Operations/Administration	
Media and Production	\$--
Outside Services & Promotion	\$192,608
Events/ Travel and Entertainment	\$48,369
Printing and Distribution	\$22,936
Dues & Subscriptions	\$27,039
Personnel Wages/Salaries	\$1,289,716
Commissions and Incentives	\$--
Personnel Tax & Benefits	\$643,599
Supplies, Maintenance, Equipment, and Fees	\$396,919
Rent and Equipment Rent	\$501,300
Professional Fees, Services and Taxes	\$662,503
Depreciation	\$--
Miscellaneous	<u>\$--</u>
Subtotal Operations/Administration	\$3,784,989
Contingency	\$161,232
Total Proposed FY2012 ConVis Expenses (Base):	<u>\$13,048,732</u>

San Diego Convention and Visitors Bureau (Variable Portion of Integrated Scope of Work)

Marketing	
Media and Production	\$5,727,410
Outside Services	<u>\$772,590</u>
Subtotal	\$6,500,000

Total Proposed FY2012 ConVis Variable Distribution: \$6,500,000



ConVis Program of Work

Overview:

The San Diego Convention & Visitors Bureau (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 driving inbound travel.

Incorporated in 1954, ConVis is a private not-for-profit 501(C)(6) organization governed by a 30-member board of directors. Redirection of certain programs due to the economic climate along with new marketing funds from the TMD have helped ConVis 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. ConVis highlights San Diego as preferred destination brand, known for delivering a great experience and value.

Based on the projected level of TMD funding for FY2012, the program of work highlights are:

1. Deliver a minimum overall organization return on investment of 21 to 1.
2. Produce over 879 million paid advertising gross impressions.
3. Deliver \$17 million in unpaid media exposure through public relations editorial, unpaid media promotions and co-operative advertising partners.
4. Generate an estimated 5 million visitor inquiries through the web site, e-mail and phone.
5. Increase definite hotel meetings group room nights to 800,000.
6. Maintain 16.19% Market Share of Hotel Room Nights Sold in the Western Region Competitive Set.

Final marketing plans including functional calendars from the hotel sales, travel trade development, advertising, public relations, promotions, and interactive departments will be ready in July 2011.

ConVis will continue to be nimble in the marketplace. As market conditions shift, programs will be updated in order to best capitalize on opportunities and maximize ROI.

FY2012 Key Strategies:

1. Secure growth in single property hotel meetings by deploying group sales and direct marketing campaigns against existing accounts, high-value lost accounts, high-value turned down accounts, and new accounts that have not yet met in San Diego.
2. Partner with the San Diego Convention Center Corporation to host PCMA (Professional Convention Management Association) in January of 2012, using this event to showcase the destination to the meetings industry's most powerful customers.
3. Maximize leisure travel demand by protecting existing volume markets (Los Angeles and Phoenix) and building more opportunity source markets through paid advertising, public relations, promotions, interactive and co-operative campaigns.

4. Communicate San Diego's events, experiences, and travel products to attract new visitors and grow length of stay.
5. Invest in new web site development and interactive programs to reach, engage, and convert a broader audience of leisure travelers and meeting planners.
6. Based on forecasted business conditions, reduce the investment in the Online Travel Agencies (OTA) channel and shift marketing programs to focus on building business during need periods.
7. Align marketing and travel trade development programs with California Travel & Tourism Commission, capitalizing on their \$50 million domestic and international program budget.
8. Continue to partner with local government, civic organizations, industry organizations, the Port of San Diego, the San Diego Convention Center Corporation, the San Diego Regional Airport Authority, and regional visitor bureaus.
9. Provide members with sales and marketing opportunities to cost effectively reach the marketplace and grow potential business for the destination.
10. Continue partnering with community stakeholders including San Diego North CVB board of directors, San Diego East Visitors Bureau board of directors, Coronado Tourism Improvement District, Mission Bay Lessees Association, Mission Valley Tourism Promotion Council, and others to launch regional initiatives under the San Diego brand umbrella.

Funding Request -INTEGRATED WITH BASE	\$6,500,000
Funding Recommendation -INTEGRATED WITH BASE*	\$6,500,000
Return on Investment (ROI) - Projected:	
• FY12 Base Funding**	\$12,887,500
• Total FY12 Funding	\$19,387,500
• Total Projected Hotel Room Nights	2,611,639
• Return @ \$158.12 ADR (average daily rate)	\$412,952,358
• ROI: TOTAL INTEGRATED PROGRAM (BASE+VARIABLE)	21

**Excludes carryover of \$300,000 for OTA programs from FY2011 to be deployed in FY2012.*

*** Excludes Contingency of \$161,232*

North ConVis Budget Summary

Marketing	
Media	\$882,500
Outside Services & Promotion	\$110,000
Events, Travel & Entertainment	\$48,500
Printing & Distribution	-
Salaries & Wages	-
Commissions & Incentives	-
Taxes & Benefits	-
Subtotal Marketing	\$1,041,000
Sales	
Outside Services & Promotion	-
Sports Commission Partnership	\$200,000
Events, Travel & Entertainment	\$138,540
Dues & Subscriptions	\$4,670
Salaries & Wages	\$546,356
Incentives	\$62,650
Taxes & Benefits	\$107,784
Subtotal Sales	\$1,060,000
Operations/Administration	
Outside Services & Promotion	-
Salaries and Wages	-
Taxes & Benefits	-
Supplies, Maintenance, Equipment, and Fees	\$17,500
Facility & Equipment Rent	\$71,000
Professional Fees, Services & Taxes	\$11,500
SD ConVis Overhead Allocation	\$376,500
Debt Service	-
Subtotal Operations/Administration	\$476,500
Contingency	\$295,858
Total Proposed FY2011 San Diego North CVB Expenses:	<u>\$2,577,500</u>

Return on Investment (ROI) - Projected:

• Total hotel room nights	176,844
• Return @ \$132.84 ADR (average daily rate)	\$23,492,100
• ROI*	9

** Excludes Contingency of \$295,858 in calculating Projected ROI*

North ConVis Program of Work

Overview:

The San Diego North Convention and Visitors Bureau (SDNCVB) purpose is to market, sell, and promote the northern portion of San Diego as a year-round resort and visitor destination, generating hotel room nights into San Diego North City areas including La Jolla, UTC, Carmel Valley, Rancho Bernardo, and Rancho Penasquitos. A new nine-member San Diego North Advisory Board of Directors has been put in place consisting of hotel and attraction representatives whose businesses reside in the designated North area. For FY2012, the SDNCVB proposes to continue its arrangement with the the San Diego Convention & Visitors Bureau for management responsibility of the TMD funding associated with the 10% San Diego North allocation. In accordance with this arrangement, San Diego ConVis has developed an FY2012 operating budget which has been approved by the San Diego North Advisory Board of Directors. The major components of the FY2012 plan are outlined below.

Purpose:

The San Diego Convention & Visitors Bureau will ensure that funding allocated by TMD for the San Diego North is deployed to promote and sell those 43 hotels that have been designated as North ConVis Hotels.

Sales:

The sales efforts consists of a team of six sales professionals charged with the responsibility to book group business into the North TMD hotels and resorts. The team is deployed into verticals markets with emphasis on the west coast. These vertical markets have been identified by the hotels to have the greatest opportunity to produce business for the north hotel community.

The team includes a regional sales leader and five national sales directors. Vertical markets include financial, hi tech, education, biotech, pharmaceutical, medical devices, west coast incentive, entertainment, retail, food and beverage and affinity groups.

In addition each sales person has been assigned to be a liaison with a number of hotels, attending sales meetings and conducting regular meetings with the general manager and director of sales to ensure a high degree of communication between the hotels and the entire CVB sales community. These meetings include a review of leads sent and booking results.

The team focuses on direct sales in these various markets by directing their efforts to “new” business for the hotels. Because the existing ConVis sales team also sells the north hotels, the

dedicated North team can reach out to new customers through unique trade show and event attendance.

This sales expense also includes \$200,000 for the contract with the San Diego Sports Commission. This collaboration ensures that a focused sales and marketing approach is ongoing to increase the awareness of San Diego as an all encompassing sports destination. By their nature a good number of sporting event attendees will use hotels in the north due to field and other sports venue availability.

Marketing :

In the first year of marketing for the North County TMD properties, the SDCVB conducted a product analysis and determined two differentiating product categories: 1. Upper-tier resorts and boutiques and 2. Limited-service and accommodation properties. With upper-tier properties targeting the Affluent Traveler, messaging highlights resort, golf, and spa experiences, or the “good life”. With limited-service properties targeting the Value Traveler, messaging focuses on activities and convenient access to all Southern California attractions, a true “value for the money”.

This positioning will be incorporated into the Bureau’s year-long marketing efforts, including seasonal marketing campaigns, website and print promotions, events, sponsorships, corporate partnerships, public relations, and social media.

1. Marketing Objectives

- a. Capitalize on the strengths of SDCVB marketing infrastructure, market intelligence, marketing budget, and San Diego brand equity to generate new, efficient, and effective opportunities for North County TMD properties.
- b. Raise awareness and preference for the North County TMD properties and sub-region destinations.
- c. Generate hotel room-night demand for the assessed member properties.
- d. Leverage the new relationship between SDCVB and the Sports Commission to drive a significant increase in sports-related room nights for North County properties.

2. Marketing Strategies

- e. Media Campaigns (examples)
 - i. In a layered campaign with the SDCVB, develop fall and spring marketing campaigns that support both the San Diego North Affluent and Value Traveler positioning categories. Promoting the two product categories as a sub-brand of San Diego gives it a regional emphasis and allows for retail-oriented promotion, which ultimately maximizes revenue for the city of San Diego.
 - ii. Support product categories using print magazine advertising to target the Western region. The Affluent Traveler will see brand advertisements with North County resort messaging in publications such as *Departures*, *Saveur*, and *Bon Appétit*. The Value Traveler will see brand advertisements with North County convenience messaging in publications such as *Family Fun*, *Westways*, and *Sunset*. The North print plan will layer and complement the SDCVB print plan.

- iii. Support the golf message specifically by partnering with media entities such as The Golf Channel on targeted multimedia campaigns.
- iv. Support all campaigns using targeted digital media to deliver messaging to key audiences based on when, where, and how they consume media. Utilize strategies of geo-targeted banner ads, ad retargeting, dynamic ad serving, and behavioral and contextual targeting to maximize effectiveness.
- v. Support all campaigns through advertising with the three major online travel agencies: Travelocity, Expedia and Orbitz. These campaigns will complement the SDCVB plan.
- vi. Utilize our opt-in database to support all campaigns with email marketing, promoting signature events.
- vii. Support all campaigns with social media campaigns through a variety of outlets such as Facebook, Twitter, YouTube, Digg, and Delicious to generate support of Bureau efforts to promote San Diego North as a leading resort and value destination.

Administration

San Diego Tourism Marketing District

Personnel

Employee Benefits	\$5,000
Executive Director Wages	\$168,000
Admin Support Wages	\$--
Payroll Tax	\$11,760
Workers Compensation	<u>\$1,092</u>

Subtotal Personnel \$185,852

Contract Services

Accounting	\$160,000
Audit	\$10,000
Legal and Compliance	\$65,000
Marketing	<u>\$48,000</u>

Subtotal Contract Service \$283,000

Operations

Auto	\$9,000
Bank Service Fees	\$240
Dues and Subscriptions	\$300
Insurance	\$900
Total Occupancy (Rent, Reception, Cams, Utilities)	\$9,500
Parking	\$--
Payroll processing	\$1,800
Postage and Shipping	\$--
Printing and Reproduction	\$200
Supplies	\$500
Telephone	\$1,500
Website	<u>\$2,400</u>

Subtotal Operations \$26,340

Contingency \$7,975

Total Proposed FY2011 SDTPC Expenses: \$503,167

City of San Diego Administration Allowance \$307,756

Actual City administration costs are reimbursed from the TMD fund up to a capped amount each fiscal year which for FY2012 is \$357,756 but estimated actual expenses are only \$307,756.

Total Administration \$810,923

Variable Distributions

The Variable Distribution of 32% is estimated to be \$9,629,800. Per the FY2012 Application Guidelines the deadline for the annual Applications was October 22, 2010. All submitted applications have been reviewed, ranked, and allocations recommended as listed below. Ranking factors included time of year, new versus existing rooms, potential for growth, and number of media impressions. A sample application is attached as Attachment V and the rankings for all applications are shown on Attachment VII.

Competitive Annual Funding Recommendations

Accessible San Diego Core Program	\$75,000
Balboa Park 2015 Centennial Planning	\$300,000
California State Games	\$100,000
Comic-Con FY2012	\$100,000
ConVis British Airways Promotion	\$200,000
ConVis Integrated Incremental	\$6,500,000
ConVis PCMA (Professional Convention Management Assoc.)	\$550,000
Competitor Group R&R Marathon	\$250,000
Craft Brewers Guild Beer Week	\$78,000
Maritime Museum- <i>“Three Voyages to Paradise”</i>	\$100,000
San Diego Bayfair	\$50,000
San Diego Bay Wine and Food Festival	\$75,000
San Diego Bowl Game Association	\$450,000
San Diego Crew Classic	\$190,000
San Diego Sports Commission	<u>\$561,800</u>

Total Proposed FY2011 Variable Funding Allocations **\$9,579,800**

Includes annual Variable Distribution based upon 32% of assessments estimated at \$8,351,188 plus \$1,228,612 from the Opportunity/Catastrophe Reserve.

Opportunity/Catastrophe Reserve

Five percent of FY2012 estimated TMD Assessments	\$1,304,873
FY2011 Projected Principal and Interest Carryover	\$1,545,872
Projected Interest to be earned in FY2012	<u>\$40,000</u>
Sub-Total	\$2,890,745
Less allocation towards FY2012 Variable Distributions (Competitive Applications) (\$1,228,612)	
Net Opportunity/Catastrophe Reserve	<u>\$1,662,133</u>

Accessible San Diego Core Program

Accessible San Diego (ASD) is a nonprofit information and resource center for travelers and locals with disabilities. The organization provides detailed information on accessible hotels, restaurants, attractions and transportation via its Web site, ASD Information Center, San Diego Guide publication, and telephone hotline. Additionally, ASD performs ADA consultation for major events, hotels and attractions.

Funding Request	\$137,000
Funding Recommendation	\$75,000

Ranking:

- Directors' Aggregate Ranking: #12 of 13
- Room Night Ranking Calculations: Core Program Only



Balboa Park 2015 Centennial

Initial Investment

The 2015 Event:

The 2015 Centennial Celebration of the 1915 Panama-California Exposition will be a 12-month world class event that focuses on Balboa Park and extends to include 2015 events in all of San Diego. It will be marketed to local, national, and international visitors and will generate short-term and long-lasting positive impacts on the regions' economy, stature, and reputation. It will be a spectacular celebration producing an extraordinary visitor experience.

These initial TMD "seed funds" are predicated upon matching funds from the philanthropic community and the City of San Diego, as well as the development of a MOU with the City. The commitments of \$300,000 from the Tourism Marketing District for FY2012 along with \$300,000 from local philanthropic foundations will leverage the \$450,000 allocated in previous City budgets and held in reserve in the City's Major Event Revolving Fund to establish a \$1 million plus fund for the initial operations of a Host Committee.

Objectives Summarized for the 2015 Event:

1. Establish an organizational and administrative framework for creating, planning, governing, operating, and eventually dissolving the entity taking overall responsibility for the Event.
2. Formulate a Master Memorandum of Understanding (MOU) with the City of San Diego
3. Support, promote, and help implement two major Balboa Park initiatives – the Plaza de Panama and the Balboa Park Conservancy – so they are in place and functioning by 2015.
4. Establish a Funding and Financing Committee.
5. Identify and assess the legal, regulatory, and operational framework associated with the Event.
6. Create an event that appeals to locals and out-of-area visitors.
7. Establish mechanisms for marketing the celebration and ancillary events.
8. Create opportunities for visitors to link with business, recreational, educational, cultural, residential, and other opportunities within the San Diego region.
9. Develop and implement a comprehensive circulation, parking, and pedestrian/bicycle access plan appropriate to the Event.

Funding Recommendation (made 11.19.2010 for FY12)

\$300,000

For more information refer to: [www. www.balboapark.org/2015](http://www.balboapark.org/2015)



California State Games

The California State Games (CSG) is an annual Olympic-style sports festival featuring some of the top youth athletes in the state. It is a grass roots program of the United States Olympic Committee. Because of the TMD, the CSG was able to bid and win the rights to host the 2011 State Games of America. The 2011 CSG / SGA will host over 12,000 athletes competing in 25 sports August 4-7. These athletes come from all over the state to compete in this premier amateur event and vie for the Gold, Silver and Bronze medals. The sports venues are located throughout the City of San Diego, while Opening Ceremonies will be held at Qualcomm Stadium.

Funding Request	\$100,000
Funding Recommendation	\$100,000

Ranking:

- Directors' Aggregate Ranking: #5 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 24,900
- New hotel room nights of total 9,900
- Return @ \$124.50 ADR (average daily rate) \$3,100,050
- **ROI (FY12 only) 31**
- **ROI (Overall including Bid Fees from FY10) 25**



ConVis-SD / Regional Airport Authority British Airways Promotion

British Airways (BA) has announced new Daily Service from London's Heathrow Airport (LHR) to San Diego International Airport (SAN) starting on June 1, 2011. BA partnered with American Airlines and Iberia. With the new route and partnership, the SAN-LHR flight will connect 51 markets in both directions, providing direct service to San Diego's #1 overseas market (UK) and access to the rest of Europe.

This ConVis promotion is in partnership with the San Diego Regional Airport Authority and will provide the opportunity to capitalize on the new service through PR announcements, UK localized web site promotions, Travel Trade Packages, and Consumer Promotions.

Funding Request	\$250,000
Funding Recommendation	\$200,000

Ranking:

- Directors' Aggregate Ranking: #4 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 40,646
- Return @ \$125.25 ADR (average daily rate) \$5,090,911
- **ROI** 25



ConVis-SD / SDCCC PCMA 2012 Annual Meeting

Hosting the 2012 Professional Convention Management Association’s Annual Meeting provides the San Diego hospitality community with an exceptional opportunity to showcase the destination to over 1,500 professional meeting planners; PCMA’s Professional Meeting Planners members represent annual buying power of more than \$18 billion. The average planner plans 34 meetings yearly with an average economic value of \$4 million for their largest meetings.

The opportunity to capture more group business comes at a critical stage in San Diego’s tourism industry recovery. PCMA provides an opportunity to increase communications and aggressively sell the destination to grow group demand from a core target audience. Over the next several years, the San Diego Convention Center Corporation (SDCCC) and ConVis will capitalize on the event to secure new tentative group business and stimulate first time citywide and hotel meetings from PCMA member associations.

As the host city, San Diego collective sponsorship is targeted to bring:

- 3,500 total attendees
- 2,500 peak room nights- 10,600 total room nights for the event alone.
- 300,000 projected room nights from future bookings due to PCMA meeting / exposure.

Funding Request	\$550,000
Funding Recommendation	\$550,000

Ranking:

- Directors’ Aggregate Ranking: #1 of 13

Direct Return on Investment (ROI) – Annual Meeting Spending

- | | |
|--|-------------|
| • Total hotel room nights | 10,600 |
| • New hotel room nights of total | 10,600 |
| • Return @ \$225.00 ADR (average daily rate) | \$2,385,000 |
| • ROI (Including FY11 \$250,000 allocation) | 3 |

Overall Return on Investment (ROI) – PCMA Impact- Future Bookings

- | | |
|--|--------------|
| • Total hotel room nights | 300,000 |
| • New hotel room nights of total | 300,000 |
| • Return @ \$225.00 ADR (average daily rate) | \$67,500,000 |
| • ROI (Including FY11 \$250,000 allocation) | 84 |



Competitor Group Rock & Roll Marathon & Half Marthon

The Competitor Group's Rock and 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*, *Velonews* and *Competitor* magazines. In combination with their web counterparts and top-tier events such as the *Rock 'n' Roll Marathons* and *Muddy Buddy* off-road 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. Among the marketing programs supported by TMD funds, the Competitor Group will create and purchase advertising space in an expanded print campaign. Publications will include: *Runner's World*, *Self Magazine*, *Shape Magazine*, *Women's Health Magazine*, or *Outside Magazine*, and a full page in a TBD international race event guide. Also planned will be a printing and distribution of more than 100,000 Save the Date cards highlighting San Diego as the destination. There will also be a public relation effort, working with a PR firm, to bring in celebrity running talent and generate exposure on mainstream shows such as *Access Hollywood*, *ET*, *The Insider*, etc. Also supported will be a Web-based viral campaign of purchased geo-targeted ad space on popular exercise enthusiast web sites such as *MapMyRun.com* and *Active.com*.

Funding Request	\$350,000
Funding Recommendation	\$250,000

Ranking:

- Directors' Aggregate Ranking: #7 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 42,623
- New hotel room nights of total 857
- Return @ \$164.74 ADR (average daily rate) \$7,021,713
- **ROI 28**



Craft (San Diego) Brewers Guild 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 22 Brewing Companies representing 35 working brew houses, 15 Allied Pub members, and 14 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.

The mission of SD Beer Week is to promote San Diego's thriving craft beer culture by sponsoring a ten-day festival that attracts beer tourism, fosters knowledge of our regional brewing heritage, and serves to showcase San Diego as a craft brewing destination. It is anticipated that there will be more than 350 beer-oriented events this year. Over time, the goal of Beer Week is to become a signature regional tourism-oriented festival attracting 25,000+ out of town visitors to San Diego representing 30,000 hotel room nights annually.

To accomplish this, the FY12 TMD funding will support their detailed campaign marketing plan that includes an online campaign through SDBW.org, media buys through premiere craft beer publications, and an integrated PR strategy.

Funding Request	\$78,000
Funding Recommendation	\$78,000

Ranking:

- Directors' Aggregate Ranking: #9 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 2,500
- New hotel room nights of total 1,000
- Return @ \$123.62 ADR (average daily rate) \$309,050
- **ROI 4**



Maritime Museum of San Diego

EXHIBIT: “Three Voyages to Paradise: Cook, Melville, and Gauguin”

The mission of the Maritime Museum of San Diego is to serve as the community memory of San Diego’s seafaring experience by collecting, preserving, and presenting the diverse and rich maritime heritage and historic connecting with the Pacific world, while serving as an engine for the growth of tourism in the San Diego region through its day-to-day activities, special initiatives, and related appropriate marketing activities.

The FY12 TMD funding will directly support the marketing plan (out of market) for the MMSD exhibit: *Three Voyages to Paradise: Cook, Melville, and Gauguin*, between late May 2011 and January 2, 2012. The exhibition will include paintings by the three artists that sailed with Captain Cook, and artifacts associated with Cook himself; artifacts associated with Herman Melville and his period, and content related to his impressions of the South seas; and approximately 20 original art works by the great post-impressionist artist Paul Gauguin. Exploring these men’s lives and works, and the evolution of the concept of “paradise” as one closely associated with tropical isolation, this exhibition may prove to be one of the most significant artistic and cultural events hosted by San Diego.

The detailed marketing plan targets arts, culture, and history enthusiasts with high household incomes within the consumer travel segment. With a reach to the US West, Southern California, the International Arts Community, and the LA and San Francisco Arts Communities, the media plan launches in March 2011 to promote the exhibit in advance of its opening and the summer travel season. Advertising runs March-September with various flight dates within this timeframe. March-April ads promote the exhibit while people are making their summer travel plans. Advertising is heightened from May-July to promote the exhibit during the summer season. Advertising continues through September to encourage visitors during the upcoming holiday season until the exhibit closes at the beginning of January 2012.

Funding Request	\$100,000
Funding Recommendation	\$100,000

Ranking:

- Directors’ Aggregate Ranking: #8 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 31,339
- New hotel room nights of total 31,339
- Return @ \$124.00 ADR (average daily rate) \$3,886,036
- **ROI 39**



San Diego Bayfair

San Diego Bayfair is a beach festival and powerboat racing event set for September 16-18, 2011 on Mission Bay in San Diego. The event has been a yearly tradition since 1964 and has grown well beyond its regional attendance base.

Close to 100 race teams from nearly every region in the United States compete in various professional and amateur boat racing classes at Bayfair. Teams that are under the American Power Boat Association (APBA) umbrella, H1 Unlimited, drag boats, PWC, tunnel boats and wakeboarding series take part in what is promoted as “The World Series of Powerboat Racing.”

To broaden the event’s appeal, Bayfair is looking to add a limited-scale event on Fiesta Island called the “Air Guard Games.” This is a physical fitness competition that will attract 20-something college students and military personnel to compete.

Marketing and Media: Outreach will include extensive social media campaigns on popular sites including banner ads and promotions on various boating enthusiast websites; FM and AM radio campaigns involving several radio stations; and cable television advertising in the Riverside and San Diego markets to target race fans to attend and spend a weekend on Mission Bay. Other efforts will include PR in targeted enthusiast publications, such as marine and travel magazines. Press releases and contacting editors will start in April to meet the print schedule for late summer.

Sales: Collateral materials. Funding to create and develop new marketing materials and brochures to solicit corporate sponsors.

Technology: San Diego Bayfair redesigned its website in 2010 and will enhance it with additional lifestyle content to attract race fans including a monthly email newsletter to promote the event and region.

Operations and Administration: Funding will be used to support bringing race teams to San Diego. Money will be used for, but not limited to, providing cranes, safety crews and a secured wet pit for the boats and equipment.

Funding Request	\$100,000
Funding Recommendation	\$50,000

Ranking:

- Directors’ Aggregate Ranking: #9 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 3,900
- New hotel room nights of total 500
- Return @ \$125.00 ADR (average daily rate) \$487,500
- **ROI 10**



San Diego Bay Wine and Food Festival

The San Diego Bay Wine & Food Festival is an international showcase of the world's premier wine and spirits, chefs and culinary personalities, and gourmet foods. Held in late November, the event draws just over 10,000 affluent attendees into the city for the weeklong festivities. Ranked by Forbestraveler.com, LA Times, and BizBash Magazine among the top wine and culinary events in the country, it is nationally known to be the largest festival of its kind in Southern California. Within their mission is the goal to have 45% of their attendance come from outside of the San Diego market during the November "off peak" season.

The FY12 TMD funding:

- 100% to place out of market advertising promoting Getaway Packages in association with the San Diego Bay Wine & Food Festival.

Funding Request	\$75,000
Funding Recommendation	\$75,000

Ranking:

- Directors' Aggregate Ranking: #11 of 13

Return on Investment (ROI) - Projected:

- | | |
|--|-----------|
| • Total hotel room nights | 3,000 |
| • New hotel room nights of total | 1,500 |
| • Return @ \$149.00 ADR (average daily rate) | \$447,000 |
| • ROI | 6 |



San Diego Bowl Game Association

The San Diego Bowl Game Association produces two college football bowl games, the Pacific Life Holiday Bowl and the San Diego County Credit Union Poinsettia Bowl. It is expected the Poinsettia Bowl will be played either on December 21st or 22nd and the Holiday Bowl on December 28th or 29th.

The Holiday Bowl will be celebrating its 34th annual game in 2011. The matchup is teams from the Pac-10 and the Big 12. The Holiday Bowl is able to attract major college football programs because of its team payout. In 2010, the combined team payout will be a minimum of \$4.2 million.

The Poinsettia Bowl will be playing its seventh annual game in 2011. Since the game was created in 2005, the Poinsettia Bowl has generated an average of 12,788 hotel room nights the week before Christmas, a very slow period for the local tourism industry. In December 2010, the United States Naval Academy will be traveling to San Diego to play a team from the Mountain West Conference.

Funding Request	\$450,000
Funding Recommendation	\$450,000

Ranking:

- Directors' Aggregate Ranking: #2 of 13

Return on Investment (ROI) - Projected:

- | | |
|--|-------------|
| • Total hotel room nights | 47,000 |
| • Return @ \$110.00 ADR (average daily rate) | \$5,170,000 |
| • ROI | 11 |



San Diego Crew Classic

The San Diego Crew Classic is a nonprofit organization that orchestrates the world's largest rowing regatta held exclusively for eight-oared shells. Since 1973, the regatta has showcased the city of San Diego to tens of thousands of rowers and hundreds of thousands of spectators. With worldwide recognition, the regatta is a unique San Diego tradition. The San Diego Crew Classic is a two-day, nationally acclaimed regatta consisting of 90 races for more than 3,400 athletes competing at the Junior, Collegiate, and Masters level. In 2010, 100 rowing programs from 22 states and two countries competed on Mission Bay on March 27th & 28th.

Since receiving TMD funding, beginning in 2009, the Crew Classic each year has consistently delivered additional incremental hotel room nights. TMD funding was used to attract top nationally ranked teams to the coveted Copley and Jessop/Whittier Cups. TMD funding was used to augment the video budget resulting in ESPN broadcasts. The SD Crew Classic remains the only regatta to have national broadcast exposure. TMD funding completely underwrote the Crew Classic's national ad campaign that resulted in an unprecedented uptick in attendance from both competitors and spectators.

Funding Request	\$215,000
Funding Recommendation	\$190,000

Ranking:

- Directors' Aggregate Ranking: #6 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 7,953
- New hotel room nights of total 2,153
- Return @ \$129.00 ADR (average daily rate) \$1,026,000
- **ROI** **5**



San Diego Sports Commission

The San Diego Sports Commission (SDSC) serves San Diego as the region's sports events development, marketing and sales organization. SDSC employs a multifaceted solicitation and sales strategy based on building events, buying events or bidding on events to bring to San Diego. SDSC is adding sales support personnel, business development and client relations personnel as well as broadening the events support group to establish national market segment experts to more fully exploit their market assets. This includes the new submarket branding presenting San Diego North as a national amateur sports tournament destination as well as building the region from Mission bay-North and East as America's preferred destination for Lifestyle Sports events and activities.

This strengthened body of work is geared towards increasing hotel utilization in all regions of the TMD as well as improving the general economic impact across all aspects of San Diego's tourism industry.

Funding Request	\$561,800
Funding Recommendation	\$561,800

Ranking:

- Directors' Aggregate Ranking: #3 of 13

Return on Investment (ROI) - Projected:

- Total hotel room nights 40,705
- Return @ \$125.25 ADR (average daily rate) \$5,098,301
- **ROI 9**



Attachments

I.	San Diego Tourism Marketing District Corporation (formerly San Diego Tourism Promotion Corporation)	Page 31
II.	Management Plan Highlights	Page 36
III.	Funding Cycle for FY2012	Page 43
IV.	Variable Distribution (Competitive Application) Guidelines and Requirements for FY2012	Page 45
V.	Sample Application for FY2012	Page 57
VI.	Return on Investment (ROI) Measurement Policy	Page 67
VII.	FY2012 - SDTMD Corporation Directors Ranking of Applications for Funding – Summary	Page 69
VIII.	SDTMD Agreed Upon Procedures Program Recipient Return on Investments Calculations for Fiscal Year Ended June 30, 2010 <i>(FY2010 Performance Audits ROI Report)</i> <ul style="list-style-type: none">• San Diego Convention & Visitors Bureau - Base Program• San Diego North Convention & Visitors Bureau – Base Program• San Diego Convention & Visitors Bureau – LA Market Fall Stimulus• San Diego Convention & Visitors Bureau - LA Market Spring Summer Stimulus• San Diego Convention & Visitors Bureau – National Cable• San Diego Convention & Visitors Bureau – Online Travel Agencies• California State Games – The 2009 California State Games	Page 71
IX.	SDTMD Agreed Upon Procedures Program Recipient Return on Investments Calculations for Fiscal Year Ended June 30, 2010 <i>(FY2010 Performance Audits ROI Report)</i> <ul style="list-style-type: none">• San Diego Film Commission• San Diego Sports Commission• San Diego Bowl Game Association• San Diego Crew Classic• San Diego Bay Wine & Food Festival• San Diego Brewers Guild: Beer Week	Page 106
X.	FY2011 Interim Report of Activities	Page 138

Attachment I

San Diego Tourism Marketing District (Corporation)

5 Pages

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 tourism and hotel 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 promotion, marketing and advertising programs.

Board of Directors:

C. Terry Brown, Chair
Richard Bartell, Vice Chair
Luis Barrios, Secretary
Ray Warren, Treasurer
Patrick Duffy
Bill Evans
Mohsen Khaleghi
Bob Rauch
Keri Robinson

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

SDTMD Corporation

Management & Oversight:

The implementation of the TMD District 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 **June 17, 2011**. 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 be 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, and that are in addition to the programs fund by fixed allocations within its budget.

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. (See Attachment IV for the FY2012 Application Guidelines and Requirements and Attachment V for the Sample Application).

Limiting Contact Between Applicants and the Board of Directors:

It is vital that the application and allocation process for funding from the SDTPC 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 1,095 TMD rooms in the Mission Valley and Harbor regions 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.

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 expires on June 30, 2011.

Ray Warren, Treasurer

General Manager, San Diego Marriott Hotel and Marina
San Diego Marriott Hotel and Marina represents 1,354 TMD rooms in the Downtown region of the City of San Diego. Mr. Warren's initial three-year term expires on June 30, 2011.

Luis Barrios, Secretary

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 expires on June 30, 2012.

Patrick Duffy

General Manager, Hilton La Jolla Torrey Pines
Hilton La Jolla Torrey Pines represents over 400 TMD rooms in the La Jolla (SD North) region of the City of San Diego. Mr. Duffy's initial three-year term expires on June 30, 2011.

William L. Evans

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 expires on June 30, 2012.

Mohsen Khaleghi

General Manager, Hyatt Regency Mission Bay Spa and Marina
Hyatt Regency Mission Bay Spa and Marina represents over 420 TMD rooms in the Mission Bay region of the City of San Diego. Mr. Khaleghi's initial two-year term expired June 30, 2010 and he was elected for another term of three years.

Robert A. Rauch, CHA

General Manager/Partner, Hilton Garden Inn-San Diego/Del Mar representing over 200 TMD rooms in the Sorrento Valley (SD North) region of the City of San Diego. Mr. Rauch's initial two-year term expired June 30, 2010 and he was elected for another term of three years.

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 will expire on June 30, 2012.

Attachment II

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. The lodging industry representatives worked to create the foundation for such a district and developed the guidelines for operation and administration which became the Tourism Marketing District Management Plan (Management Plan).

The Tourism Marketing District began on January 1, 2008.

Assessments:

The TMD assessment is designed to benefit, and is levied upon, lodging businesses with 70 or more sleeping rooms in the City of San Diego. Business means any and all types of hotels where a structure, or any portion of a structure, is held out to the public as being occupied, or designed for occupancy, by transients for dwelling, lodging or sleeping purposes. The owner(s), operator(s), or an authorized representative who is noted on City records as the responsible party for remitting and reporting Transient Occupancy Tax for each lodging business is responsible for paying the assessment.

The annual assessment is based upon 2% of gross room revenue from transient stays for lodging businesses with 70 or more sleeping rooms operating within the City of San Diego. The rate of 2% will remain fixed for the duration of this District. Certain room revenue will be exempt from assessment.

Assessments are remitted on a monthly basis to the City Treasurer by each business using a self-reporting form that identifies the accounting periods for the previous month and the applicable gross room revenue and District assessment for each of those accounting periods.

Assessments levied for the purpose of providing improvements and promoting 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.

Uses of Assessments:

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.

San Diego Tourism Marketing District funded programs and services may include, but are not limited to:

- Marketing of the Area
- Tourism Promotion Activities
- Special Events and Programs

The San Diego Tourism Marketing District will NOT fund:

- 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 to the area.
- Expenditures not consistent with the terms of this District Management Plan.

SDTMD - A Non-Marketing Entity:

The SDTMD is not envisioned as a marketing entity, but rather as a funding conduit for the development and implementation of effective marketing programs and services that benefit the assessed businesses within the District. SDTMD will be responsible for the allocation and distribution of the available revenue and will contract with qualified third-party vendors to supply marketing programs and services as required and approved by the Board of Directors.

SDTMD Budget Guidelines:

The San Diego Tourism Promotion Corporation (SDTPC) will contract for marketing programs and services to promote the City of San Diego as a tourism destination and to fund projects, programs, and activities that specifically benefit hotels within the boundaries of the District.

General Guidelines:

- 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 marketing and communication technologies.
- Marketing programs and services will take many traditional and/or innovative forms based on the target market and proposed strategy and tactics for implementation. Therefore, marketing programs and services could include, but not be limited to: i) advertising; ii) marketing promotion; iii) direct sales; iv) press and/or public relations; v) new product development; vi) prospective marketing; vii) visitor services; viii) market research; ix) e marketing & web strategies, x) partnership marketing; xi) special events, and more as identified.
- Marketing programs and services will seek to benefit all assessed hotels within the boundaries of the District through a diverse mix of projects, programs and activities. It is recognized that all marketing programs and services will have multi-level benefits to the hotels in the District. Primary benefits will be realized directly by hotels in the target market area or market segment served by a particular contract program or service. Secondary benefits will be realized by all hotels in the District through the successful implementation of marketing programs and services that increase hotel occupancies, reduce available hotel inventory and create compression within the marketplace.
- Marketing programs will have measurable result. The Board of Directors of the SDTMD will establish and regularly update a clearly defined application process for proposed marketing programs. This application will articulate the required qualifications of applicants, the target return-on-investment, and the measurement of results, among other criteria.

Fixed Allocations:

- At a minimum, the SDTMD shall annually allocate fifty percent (50%) of its District revenue and resources to a single comprehensive entity for the purpose of destination marketing for the City of San Diego, which, for the initial five (5) year term of this District, shall be the San Diego Convention & Visitors Bureau or its successor organization.
- The SDTMD shall annually allocate ten percent (10%) of its District revenue and resources to a single comprehensive entity for the purpose of destination marketing for the northern region of the City of San Diego, which, for the initial five (5) year term of this District, shall be the San Diego North Convention & Visitors Bureau or its successor organization. This ten percent (10%) shall represent the annual minimum and maximum allocation available to the San Diego North Convention & Visitors Bureau.
- The SDTMD shall annually allocate five percent (5%) of its revenue to a marketing opportunity/catastrophe reserve fund for the specific purpose of maximizing unique and unforeseen opportunities or reacting to unforeseen situations to positively impact the tourism economy in the San Diego region. For the initial five (5) year term of the district, the SDTMD marketing opportunity/catastrophe reserve fund shall be capped at a maximum of \$10,000,000 in principal contributions until such time as it is required for use.

Interest returned on the holding and investment of the principal shall be re-invested into the SDTMD marketing opportunity/catastrophe reserve fund.

- Operating Expenses: the SDTMD may annually allocate a maximum of three percent (3%) of its revenue to the operation and management of the SDTMD and for City Administration. SDTMD expenses include: wages, benefits, administrative and overhead costs such as rent, supplies, utilities, mileage, insurance (City-required and D&O), and audits. City administration is capped at \$357,756 for FY2012 though actual expenses are not anticipated to exceed \$307,756.

Variable Distributions (Marketing Support Programs):

- The Board of Directors will annually allocate a portion of the annual revenue from the District to marketing support programs and services, either directly or indirectly through a competitive application process, that can deliver a measurable return on investment, and that are in addition to the programs funded by fixed allocations within the budget.

Framework For Application Criteria & Process:

The SDTMD will solicit and/or receive applications for funding from numerous, diverse organizations, and entities. Specific application guidelines will be created at the sole discretion of the Board of Directors of the SDTMD. Changes to the guidelines, criteria and application can only be made by an action of the Board of Directors. The criteria below will form the basis for the subsequent guidelines.

Legal Status:

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

Tourism Mission:

- While an applicant's primary mission need not be tourism related, the applicant's mission must include an acknowledgement of tourism marketing as a component of that mission.

Use of Funds:

- An applicant's income from the SDTPC must be solely used for the purpose of fulfilling the tourism marketing portion of its mission as articulated in its application for funding.

Track Record:

- An applicant must have a 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 SDTPC must be applied to, or in support of, programs designed for the measurable benefit of hotels (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.

Application:

- Each applicant for funding will be required to submit an “Application Request for Funding” that will require significant information about the applying organization or entity, as well as a specific proposal for how the requested funds will be spent, the expected result and the proposed method for measuring results.

Fundamental Requirements:

- Fundamental to the funding of any application will be the clearly articulated benefit to hotels in the City of San Diego. While benefit may be delivered in numerous ways, by far the most important benefit will be measured in the delivery of room nights. Successful applications will clearly describe the strategy and tactics for delivering room nights as well as the number of room nights projected and estimated gross room revenue. Letters of intent for hotel room blocks and/or tentative agreements with hotels will provide the necessary back up to support the above projections and estimates.
- When considering these fundamental application requirements, priority will be given to:
 - Special need periods of the year
 - Special need geographic locations within the City
 - Incremental new room nights from existing programs or sponsoring organizations

Determining Return On Investment:

- All successful applicants will clearly demonstrate a measurable Return On Investment (ROI) for the programs or services they propose. That Return On Investment can be determined in a number of different ways. Applicants are encouraged to develop and demonstrate their suggested method of measuring ROI for their particular program as a part of their application.

Application Timeline:

- An application calendar and timeline will be published annually to guide applicants through the application process

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 SDTPC and the organization and the organization’s scope of work, anticipated results and mutually agreed upon method(s) for measuring those results.

Attachment III
Funding Cycle for FY2012

1 Page

Funding Cycle for FY2012

Except for the Application Deadline, all dates are approximate and may change without notice.

September – December 2010 / January 2011:

- FY2012 Applications available upon request
- Preliminary staff review of applications received
- Formal board reviews of qualified applications at public meetings
- **FY2011 Application Deadline: October 22, 2010**

February 2011:

- Funding recommendations of programs by board on February 18, 2011
- Notification of funding intention

March 2011:

- Budgets from approved organizations due March 7, 2011
- SDTMD submits FY2012 Budgets with R.O.I. projections and Scope of Work assumptions to City.

April-June 2011:

- FY2012 Budget presentation to City Budget Finance Committee / City Council
- FY2012 Contracts Issued

July 1, 2011:

- FY2012 Begins

Attachment IV

Variable Distribution (Competitive Application) Guidelines and Requirements for FY2012

11 Pages

FY2012 SDTMD FUNDING APPLICATION GUIDELINES AND REQUIREMENT

The San Diego Tourism Marketing District is not a marketing entity, but rather a funding conduit for the development and implementation of effective marketing programs and services that benefit the assessed businesses within the District. SDTMD is responsible for the allocation and distribution of the available revenue and will contract with qualified third-party vendors to supply marketing programs and services as required and approved by the Board of Directors.

The San Diego Tourism Marketing District will contract for marketing programs and services to promote the City of San Diego as a tourism destination and to fund projects, programs, and activities that specifically benefit the assessed hotels within the boundaries of the District.

General Guidelines:

- a) 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 marketing and communication technologies.
- b) Marketing Programs and services will take many traditional and /or innovative forms based upon the target market and proposed strategy and tactics for implementation. Therefore, marketing programs and services could include, but shall not be limited to:
 - i) advertising;
 - ii) marketing promotion;
 - iii) direct sales;
 - iv) press and/or public relations;
 - v) new product development;
 - vi) prospective marketing; visitor services;
 - vii) market research;
 - viii) e marketing & web strategies;
 - ix) partnership marketing; and
 - x) special events / promotion
- c) Marketing programs and services will seek to *benefit all assessed hotels within the boundaries of the Tourism Marketing District* through a diverse mix of projects, programs and activities. It is recognized that all marketing programs and services will have multi-level benefits to the hotels in the District. Primary benefits will be realized directly by hotels in the target market area or market segment served by a particular contract program or service. Secondary benefits will be realized by all assessed hotels in the District through the successful implementation of marketing programs and services that increase hotel occupancies, reduce available hotel inventory and create compression within the marketplace.

- d) Each applicant for funding will be required to submit an “Application Request for TMD Funding” that will require significant information about the applying organization or entity, as well as a specific proposal for how the requested funds will be spent, the expected result, and the proposed method for measuring results.

Funding Requirements:

- a) Fundamental to the funding of any application will be the clearly articulated benefit to assessed hotels in the City of San Diego. **While benefit may be delivered in numerous ways, by far the most important benefit will be measured in the delivery of hotel room nights within the City of San Diego’s Tourism Marketing District. Successful applications will clearly describe the strategy and tactics for delivering room nights as well as the number of room nights and estimated gross room revenue projected.**

Additionally, the method for calculating and verifying the ROI results must be described.

- b) When considering these fundamental application requirements, priority will be given to:
 - a. Special need periods of the year;
 - b. Special need geographic locations within the City of San Diego; and
 - c. Incremental **new** room nights from existing programs or sponsoring programs.

Determining Return on Investment (ROI):

- a) All successful applicants, including the organizations receiving guaranteed annual funding, will clearly demonstrate a measurable Return on Investment (ROI) for the programs or services they propose. Applicants must develop and demonstrate their suggested method of measuring ROI for their particular program as part of their application and their quarterly performance reports**. All ROI results may be subject to a third-party audit.

The current Average Daily Rate (ADR) from Smith Travel Research (STR) for San Diego City hotels will be used as the factor to determine the ROI.

**** Please refer to attached APPENDIX A: “Metrics Criteria for the San Diego Tourism Marketing District-ROI Measurement Policy”.**

Oral Presentation:

- a) 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.

Agreement Between Contractor and SDTMD:

- a) 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 February 28, 2011, whichever is earlier. This applies for all Annual Funding recipients.

- b) 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. All items for reimbursement must include proof of payment of the expense. 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 marketing initiatives, etc. These quarterly reports must detail the way in which all assessed businesses (TMD hotels) 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 2012 Quarterly Performance Report Schedule: Provides two months to file each quarterly report

Quarter One: July 2011- September 2011	Due November 30, 2011
Quarter Two: October 2011-December 2011	Due February 29, 2012
Quarter Three: January 2012-March 2012	Due May 31, 2012
Quarter Four: April 2012-June 2012	FY 2012 ANNUAL REPORT Due August 31, 2012

FUNDING ELIGIBILITY

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

Tourism Mission: While an applicant's primary mission need not be tourism related, the applicant's mission must include an acknowledgement of tourism marketing as a component of that mission.

Use of Funds: An applicant's income from the SDTMD must be solely used for the purpose of fulfilling the tourism-marketing portion of its mission as articulated in its application for funding.

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 applied for, or in support of, programs designed for the measurable benefit of assessed hotels (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.

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

- 1) 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.
- 2) SDTMD subcontractors shall not be paid for any expenditure that has been (or should be) properly charged to any funding source other than the TMD assessment fund, nor paid for expenditures which are ineligible under applicable City policies.
- 3) TMD assessment funds shall not be used 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.

In addition, expenditures are prohibited for the following and are not to be included in the proposed Contractor budget:

- a) Programs which have already been completed by July 1, 2011.
- b) 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.
- c) The closing, opening, widening or narrowing of existing or new streets.
- d) Facilities or equipment, or both, to enhance security and safety of persons or property within the area, unless included in a specific proposal to benefit the assessed businesses.
- e) Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the City to the area.
- f) Expenditures not consistent with the terms of the District Management Plan.

- g) Capital Outlay for improvements and / or construction of buildings or facilities, or capital outlay for the purchase of equipment.
- h) Programs not accessible to people with disabilities.
- i) Tuition assistance payments or reimbursements.
- j) Trusts or endowment funds.
- k) Job training or job placements.
- l) Indirect cost recovery.
- m) Penalties, fines or late charges.
- n) Gifts, contributions, or donations.

ADDITIONAL REQUIREMENTS

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

- a) Commercial General Liability Insurance, providing coverage for bodily injury, including death, personal injury, and property damage with limits of at least Two Million Dollars (\$2,000,000) per occurrence, subject to an annual aggregate of at least Four Million Dollars (\$4,000,000);
- 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 a credit line acknowledging the **SDTMD grant of TMD funds** for financial support on all promotional materials (including but not limited to, brochures, newsletters, advertising, fact sheets, news releases, and Internet web sites): An example of a credit line might be: ***“Funded in part by the San Diego Tourism Marketing District Funds”***. Such acknowledgement shall be prominently displayed on all related promotional material.

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 DO I APPLY?

GETTING STARTED

Request for Application Form: All new and returning applicants may obtain an application in MS Word by contacting Lorin Stewart, Executive Director, at (619) 209-6108 or lstewart@SDTMD.org. Applications may also be downloaded from the SDTMD website at: www.SDTMD.org.

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

Application Categories: Applications are categorized by the eligibility criteria below:

- 1) Annual Funding:** The SDTMD Fiscal Year 2012 begins on July 1, 2011 and ends on June 30, 2012. **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, October 22, 2010. Applications received after the deadline will not be accepted.**

2) Short Term / Incremental / Special “Spot” Initiatives:

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 Incremental programs such as a single event or a specialized advertising / marketing promotion. 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.

Process for Organizations with Fixed Funding:

The SDTMD contract with the City of San Diego mandated that two organizations receive fixed funding for the life of the current contract. The two organizations are the San Diego Convention and Visitors Bureau and San Diego North Convention and Visitors Bureau.

By contract, the San Diego Convention and Visitors Bureau shall receive a minimum of 50% of the TMD assessment and may apply for incremental funding; while the San Diego North CVB is given a 10% minimum and maximum of the TMD assessment collections, and is not eligible for incremental funding.

Though the amount of base funding is stipulated, the SDTMD Board has a specific contractual obligation with the City “to establish measurable target outcomes for marketing programs and services, including return-on-investment and other criteria, for *fixed allocations* and funds awarded through the application process.” (Doc RR 30362 sec 3.5.1) (Emphasis added.) In short, the distribution of the TMD funds to all recipient organizations, regardless of fixed or variable, is subject to oversight by the SDTMD Board of Directors to ensure that the return on investment to the assessed businesses (hotels) is maximized.

With the majority of the Tourism Marketing District Funds directed to the two CVB organizations, it is critical that the annual funding cycles for all funded organizations be aligned. Additionally, it is essential that the specific sales and marketing initiatives proposed for each fiscal year are clearly detailed (with projected Budgets and ROI) in order to ensure that the SDTMD Board is able to award other annualized and incremental programs in concert with the programs receiving fixed funding.

As such, the San Diego Convention and Visitors Bureau and the San Diego North Convention and Visitors Bureau must present their Proposed Scope of Work Narrative, supporting Preliminary Budget detailing the use of TMD funds, and a projected Return on Investment (ROI) in hotel room night consumption, as required by the City. **The deadline for submittal of these items to the SDTMD is: 5:00 p.m. on October 22nd, 2010.**

The application format detailed in this document is to be used for the submittal.

Public Presentation to the SDTMD Board: After receiving the FY 2012 proposed Scope of Work and Budgets from the San Diego Convention & Visitors Bureau and San Diego North Convention and Visitors Bureau, the SDTMD will schedule each respective organization to present their FY 2012 proposed Scope of Work, Budget of Proposed Use of TMD Funds, and ROI projections in hotel room night consumption to the Board of Directors for review and approval at a public meeting. **The FY 2012 funding recommendations for ConVis and SD North CVB 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 at its discretion 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 typewritten in black ink in an easy to read format and font.
- All material is to be submitted on one-sided, 8.5 x 11 inch white paper. 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 directed to Executive Director, Lorin Stewart. Mr. Stewart's email is : lstewart@sdtmd.org
- The application is available for download from the San Diego Tourism Marketing District website: www.SDTMD.org . Click on the "Funding, Applications, Guidelines & Requirements" tab.

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

- Signed Application Cover Page**
- Proposed Scope of Work Narrative**
- Attachment A: FY 2012 Budget for Proposed Scope of Work**
- Attachment B: Targeted Return on Investment In Hotel Room Night Revenue Worksheet**
- Attachment C: 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):**
- Work Force Report:** Completed City of San Diego Work Force Report
- 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.

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: One original and Eleven (11) copies of all items listed above are required for submittal (total 12).

Packaging Directions:

When completing the packets, please keep the following information in mind:

- Label each page with the organization name and page number.
- Use binder clips: **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 One original and Eleven (11) copies of all items listed above (total 12).

Submit your application to:

**San Diego Tourism Marketing District
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 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. Except for the annual review of funding for the San Diego Convention and Visitors Bureau and the San Diego North Convention and Visitors Bureau, the SDTMD application review process will consist of **two phases** to be held in a public meeting format.

I. San Diego Convention and Visitors Bureau and San Diego North CVB:

After receiving the FY 2012 proposed Scope of Work and Budgets from the San Diego Convention & Visitors Bureau and San Diego North Convention and Visitors Bureau, the SDTMD will schedule each respective organization to present their FY 2012 proposed Scope of Work, Budget of Proposed Use of TMD Funds, and ROI projections in hotel room night consumption to the Board of Directors for review and approval at a public meeting. **The FY 2012 funding recommendations for ConVis and SD North CVB 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. **It is expected that Phase One will take a number of months to complete until all applications and presentations have been publically reviewed.**

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 competitive application.**

III. Short Term / Incremental / Special "Spot" Initiatives Review:

After all Annual Funding applications (submitted by the October 22, 2010 deadline) have been reviewed, FY 2012 funding allocations have been recommended by the SDTMD Board, and if TMD funds are available, qualifying organizations may apply for Incremental "Spot" Initiative programs such as a single event or spot advertising promotion.

Qualifying “short term” initiatives may be applied for after the October 22, 2010 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 incremental 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 competitive 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.

Attachment V

Sample Application for FY2012

9 Pages

FY2012 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.

IS YOUR ORGANIZATION A NON-PROFIT ORGANIZATION?

Yes / No

If Yes:

1) **Board of Directors Disclosure:** 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

2) **Mandatory Disclosure of Business Interests: 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 (“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.*

IS YOUR ORGANIZATION A FOR-PROFIT ORGANIZATION?

Yes / No

If Yes: Mandatory Disclosure of Business Interests: 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 (“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.*

Closing Date of Applicant's Most Recently Completed Fiscal Year: ____/____/____

CPA REVIEW/AUDIT (Please answer the following questions)

Does your organization receive an 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 2012? Yes No

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

Is your organization applying for any other public funding in FY 2012? Yes No

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

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**
- Proposed Scope of Work Narrative**
- Attachment A: FY 2012 Budget for Proposed Scope of Work**
- Attachment B: Targeted Return on Investment In Hotel Room Night Revenue Worksheet**
- Attachment C: 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):**
- Work Force Report:** Completed City of San Diego Work Force Report
- 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 2012 Application

On separate paper, 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*:

1) Proposal for Scope of Work:

- Describe in detail the scope of work of your proposed marketing / promotional program and/or event.
- Describe how your event or promotion will support the current San Diego branding efforts.
- Describe how you will be working in collaboration with other TMD funded organizations and programs to maximize the effectiveness of Tourism Marketing District Funds.

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 (Attachment "A"), 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 (Attachment "B"), 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 (hotels), "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.**

ATTACHMENT A

**San Diego Tourism Marketing District
FY 2012 Budget for Proposed Scope of Work**

APPLICANT ORGANIZATION: _____

TOTAL TMD FUNDS REQUESTED: \$ _____

**TOTAL ANNUAL OPERATING BUDGET
OF APPLYING ORGANIZATION:** \$ _____

SUMMARY OF PROPOSED USE OF TMD FUNDS- "BUDGET"

MARKETING		\$ _____
Advertising	\$ _____	
Public Relations	\$ _____	
Personnel Wages /Salaries*	\$ _____	
Commissions / Bonuses*	\$ _____	
Personnel Tax and Benefits	\$ _____	
Special Promotions	\$ _____	
Other (specify)	\$ _____	
SALES		\$ _____
Collateral	\$ _____	
Lead Generation	\$ _____	
Technology	\$ _____	
Personnel Wages /Salaries*	\$ _____	
Commissions / Bonuses*	\$ _____	
Personnel Tax and Benefits	\$ _____	
Other (specify)	\$ _____	
OPERATIONS / ADMINISTRATION		\$ _____
Personnel Wages /Salaries*	\$ _____	
Commissions / Bonuses*	\$ _____	
Personnel Tax and Benefits	\$ _____	
Other (specify)	\$ _____	
<u>TOTAL PROPOSED EXPENSES:</u>		\$ _____
(Must equal TMD Funds requested)		

*** Must include "Attachment C": Personnel Schedule-FY2012 for all positions being claimed against San Diego Tourism Marketing District Funds.**

**ATTACHMENT B
San Diego Tourism Marketing District**

FY 2012 TARGETED ROI WORKSHEET	
<i>All ROI results for awarded TMD funds will be subject to a third-party audit.</i>	
TMD FUNDS REQUESTED	A \$
DATES OF EVENT OR PROMOTION :	
HISTORIC AVERAGE DAILY RATE (ADR) for EVENT OR PROMO DATES*	\$
<i>* USE SAN DIEGO CITY ADR in TMD Hotel Room Night Revenue from Smith Travel Research /CONVIS</i>	

Number of TMD Room Nights Historically Generated by Event or Promotion **	
Total Estimated TMD Room Night Revenue @ above ADR	\$
Number of NEW TMD Room Nights Generated by Event or Promotion **	
Total Estimated NEW TMD Room Night Revenue @ above ADR	\$
TOTAL ESTIMATED SAN DIEGO CITY TMD ROOM NIGHTS (combined) **	
TOTAL ESTIMATED SD CITY TMD ROOM NIGHT REVENUE (combined) **	B \$

TOTAL RETURN ON INVESTMENT	
Total TMD Room Night Revenue Generated : TMD Funds Requested	
<i>(B/A :1)</i>	: 1

<u>MEDIA IMPRESSIONS (If Applicable):</u>	
International Media (attach separate page if necessary)	
National / Regional Media (attach separate page if necessary)	
Web (attach separate page if necessary)	

**** Please refer to attached APPENDIX A: "Metrics Criteria" for the San Diego Tourism Marketing District-ROI Measurement Policy.**

ATTACHMENT B
San Diego Tourism Marketing District

SAMPLE

FY 2012 TARGETED ROI WORKSHEET

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

TMD FUNDS REQUESTED	A	\$ 25,000.
DATES OF EVENT OR PROMOTION : November 10-15, 2011		
HISTORIC AVERAGE DAILY RATE (ADR) for EVENT OR PROMO DATES*		\$ 123.
* USE SAN DIEGO CITY ADR in TMD Hotel Room Night Revenue from Smith Travel Research /CONVIS		

Number of TMD Room Nights Historically Generated by Event or Promotion **		3,500
Total Estimated TMD Room Night Revenue @ above ADR		\$ 430,500.
Number of NEW TMD Room Nights Generated by Event or Promotion **		500
Total Estimated NEW TMD Room Night Revenue @ above ADR		\$ 61,500.
TOTAL ESTIMATED SAN DIEGO CITY TMD ROOM NIGHTS (combined)**		4,000
TOTAL ESTIMATED SD CITY TMD ROOM NIGHT REVENUE (combined)**	B	\$ 492,000

TOTAL RETURN ON INVESTMENT Total TMD Room Night Revenue Generated : TMD Funds Requested (B/A :1)	19.68 : 1
--	-----------

<u>MEDIA IMPRESSIONS (If Applicable):</u>	
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

** Please refer to attached APPENDIX A: "Metrics Criteria" for the San Diego Tourism Marketing District-ROI Measurement Policy.

Attachment VI

Return on Investment (ROI) Measurement Policy

1 Page

San Diego Tourism Marketing District Return on Investment (ROI) Measurement Policy

The San Diego Tourism Marketing District (SDTMD) measures the Return on Investment (ROI) for funding granted to support organizations and specific programs that help generate and/or increase hotel room night revenue for hotels within the City of San Diego. ROI is measured by dividing the hotel room revenue generated by the SDTMD funded amount.

To ensure consistent and valid contractor ROI reports, the SDTMD uses the following guidelines for measurement of ROI.

Hotel room night revenue can be reported as a definitive measure or estimated when actual revenue cannot be measured. Definite measurements of bookings can be captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines like ARES (Advanced Reservation Systems).

When definite measurement is not possible, SDTMD hotel consumption may be estimated using valid survey methodologies. There are two types of survey approaches to consider, depending on the use of the SDTMD funding:

Visitor surveys – SDTMD funding recipients conduct intercept surveys of visitors at events/venues or by phone/mail/email to estimate district room-night revenues for all attendees.

Campaign surveys – SDTMD funding recipients conduct random sample or online access panel surveys of campaign target markets to measure district hotel consumption of ad aware populations.

The SDTMD will provide survey assistance to contractors to best measure ROI for SDTMD purposes. Organizations are welcome to also use their surveys to measure other event or campaign results including effectiveness of promotional creative or tools, attendee satisfaction, expenditures beyond SDTMD hotels consumption or overall economic impacts. The costs to capture these additional results are to be covered independently from assistance available through the SDTMD.

SDTMD survey assistance includes district hotel consumption questionnaire development, definition of the survey population and survey administration and reporting. The type and amount of fieldwork, data tabulation, analysis and reporting will vary based on the scale of events and campaigns, and be determined by an authorized professional research organization and approved by the SDTMD.

To balance the cost of data collection against the benefits to be gained, sample sizes will be set to yield a 95% confidence level with a margin of error of ± 5 percentage points on all survey results.

This document was included as APPENDIX A of the FY2012 Guidelines and Application packet.

Attachment VII

FY2012 SDTMD Corporation Directors Ranking of Applications Summary

1 Page

FY2012 - SDTMD Corporation Directors - Ranking of Applications for Funding - Summary												
Applicant	Requested Amount	Director Name									Average Rank Order	Awarded Amount
		Luis Barrios	Richard Bartell	C. Terry Brown	Patrick Duffy	Bill Evans	Mohsen Khaleghi	Bob Rauch	Keri Robinson	Ray Warren		
Fixed: SD CONVIS: Base	\$12,887,500										n/a	
Fixed :SD North CVB: Base	\$ 2,577,500										n/a	
Comic-Con	\$ 100,000										n/a	\$ 100,000
Balboa Park 2015	\$ 300,000										n/a	\$ 300,000
SD CONVIS: Integrated Variable	\$ 6,500,000										n/a	\$ 6,500,000
SD CONVIS: PCMA	\$ 550,000	1	1	1	1	1	1	2	1	r	1.13	\$ 550,000
SD Bowl Game Assoc.	\$ 450,000	3	4	4	3	4	5	1	5	r	3.63	\$ 450,000
SD Sports Commission	\$ 561,800	4	6	2	4	2	6	4	2	3	3.67	\$ 561,800
SD CONVIS: BA Promotion	\$ 250,000	2	2	12	2	3	2	3	6	2	3.78	\$ 200,000
CA State Games	\$ 100,000	5	3	3	9	5	3	5	3	8	4.89	\$ 100,000
San Diego Crew Classic	\$ 215,000	7	8	8	8	7	4	7	4	9	6.89	\$ 190,000
Comp. Group: RR Marathon	\$ 350,000	13	5	5	6	12	7	6	9	5	7.56	\$ 250,000
Maritime Museum of SD	\$ 100,000	6	7	7	12	6	10	8	10	12	8.67	\$ 100,000
SD Brewers Guild Beer Week	\$ 78,000	10	10	6	11	8	8	11	7	7	8.67	\$ 78,000
SD Bayfair: Thunderboats	\$ 100,000	8	9	9	10	9	11	9	12	10	9.67	\$ 50,000
SD Bay Wine & Food Fest	\$ 75,000	12	11	10	13	10	9	10	8	R	10.38	\$ 75,000
Accessible SD: Core Budget	\$ 137,000	9	12	13	7	11	12	13	11	13	11.22	\$ 75,000
SD Film Commission	\$ 530,000	11	13	11	5	13	13	12	13	11	11.33	\$ -
Totals	\$10,396,800	91	91	91	91	91	91	91	91	80		\$ 9,579,800

Attachment VIII

SDTMD

Agreed Upon Procedures Program Recipient Return on Investments Calculations Fiscal Year Ended June 30, 2010

(FY2010 Performance Audits ROI Report)

**San Diego Convention & Visitors Bureau - Base Program
San Diego North Convention & Visitors Bureau – Base Program
San Diego Convention & Visitors Bureau – LA Market Fall Stimulus
San Diego Convention & Visitors Bureau - LA Market Spring Summer Stimulus
San Diego Convention & Visitors Bureau – National Cable
San Diego Convention & Visitors Bureau – Online Travel Agencies
California State Games – The 2009 California State Games**

34 pages

San Diego Tourism Marketing District

AGREED-UPON PROCEDURES
PROGRAM RECIPIENT RETURN ON INVESTMENT
CALCULATIONS –

FISCAL YEAR ENDED JUNE 30, 2010

SAN DIEGO CONVENTION & VISITORS BUREAU – BASE PROGRAM
SAN DIEGO NORTH CONVENTION & VISITORS BUREAU – BASE PROGRAM
SAN DIEGO CONVENTION & VISITORS BUREAU – LA MARKET FALL STIMULUS
SAN DIEGO CONVENTION & VISITORS BUREAU – LA MARKET SPRING SUMMER STIMULUS
SAN DIEGO CONVENTION & VISITORS BUREAU – NATIONAL CABLE
SAN DIEGO CONVENTION & VISITORS BUREAU – ON LINE TRAVEL AGENCIES
CALIFORNIA STATE GAMES – THE 2009 CALIFORNIA STATE GAMES

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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") formerly known as San Diego Tourism Promotion Corporation, 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.

Our procedures and findings related to the following programs: San Diego Convention & Visitors Bureau ("ConVis") – Base Program, LA Market Fall Stimulus, LA Market Spring Summer Stimulus, National Cable, On Line Travel Agencies; San Diego North Convention & Visitors Bureau ("North ConVis") – Base Program; California State Games. Our procedures and findings for these programs are documented in Exhibit I.

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.

Robert R. Redwitz & Co.

ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

La Jolla, California
March 10, 2011

EXHIBIT I

San Diego Convention & Visitors Bureau Base Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for the ConVis Base Program. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 16.40:1 and the ROI in the FY 2010 Annual ROI Report is 12.08:1. This difference is due to different room nights and different average daily rates ("ADR") used and a revision to funding in the final detailed calculation. Actual room nights of 1,153,547 and an ADR of \$157.13 (a weighted average rate of three programs described in procedure 4b below) were used in the final detailed ROI calculation while estimated room nights of 776,894 and an ADR of \$170.32 were reported in the FY 2010 Annual ROI Report. The final funding of \$11,036,305 was used in the final detailed ROI calculation while the original funding of \$10,948,437 was reported in the FY 2010 Annual ROI Report.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the funding amount and the ADR used. The original budgeted funding request was \$11,925,750 while the actual funding amount used in the ROI calculation was \$11,036,305. The original approved budget used an estimated ADR of \$158.06, based on Tourism Economics Forecast released December 2008, while the actual ADR used in the ROI calculation was \$157.13.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)

San Diego Convention & Visitors Bureau Base Program (continued)

Procedure (continued)

- b. Method of collecting information.
- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

Finding

4a. TRN were calculated based on the combination of room nights generated from advertising, room nights booked on the ConVis website, and hotel meeting group room nights. Advertising room nights totaled 513,503 TMD room nights and were calculated based on a study performed by Taylor Nelson Sofres Brand and Communications (“TNS”), a consultant specializing in market research, dated December 2010, see procedure 4b below. Website room nights totaled 8,673 and represented actual room nights booked through the ConVis website. Hotel meeting room nights totaled 633,262 TMD room nights and consisted of each group meeting booked through ConVis. These meetings were electronically confirmed by the hotel via the ConVis ILead system. For small groups of meetings not confirmed through ILead, ConVis obtained a paper booking notice signed by the hotel to verify the room nights booked.

4b. Advertising room nights were based on a study conducted by TNS. TNS analyzed ad effectiveness in the national market, spot markets (San Francisco, Las Vegas, Salt Lake City, and Phoenix), and Los Angeles in its 2010 Spring Ad Effect Analysis (“2010 Spring Ad Study”). TNS conducted two waves of online surveys in order to quantify the effectiveness of ConVis advertising. In the first wave, residents of various markets in which advertising was done were asked to indicate their awareness of radio, online, and television ads and ad campaigns specific to San Diego sponsored by ConVis. The first wave of surveys was conducted during April 5-11 and June 15-24, 2010 for the ConVis ad campaigns that ran from February through June 2010. A total of 12,742 households completed the first wave of surveys. Of these 12,742 households, 2,980 indicated that they were ad aware and participated in the second survey. The results of the first survey indicated that approximately 43.4% of households in the spot markets of San Francisco, Phoenix, Las Vegas, and Salt Lake City were ad aware and 4.6% of the remainder of the Western United States were ad aware. The second wave of surveys was conducted during September 14-21 and October 27-November 2, 2010, in order to track travel behavior of the ad aware households from the first survey and measure their visits and hotel stays in San Diego for February through September, 2010. When the ad aware participants from the first wave of surveys were later contacted to participate in the second wave of surveys, approximately 8.6% reported that they subsequently traveled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS. Website room nights was supported by a report from a third party, ARES booking engine, which summarized the hotel room nights sold via ConVis. The ADR used in the ROI calculation was the average of the actual room rates associated with the room nights sold through ARES on sandiego.org. Hotel meeting room nights were those that were booked with TMD properties in San Diego which are supported by hotel confirmation obtained from the ILead system and signed paper booking notices. The average room rate used in the ROI calculation was based on the group ADR for FY 2010 from the STR Segmentation Reports by Smith Travel Research (“STR”), a consultant specializing in hotel performance trends.

San Diego Convention & Visitors Bureau Base Program (continued)

Finding (continued)

4c. For advertising room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the ConVis 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 2010 Spring Ad Study, TNS attempted to estimate TMD room nights by asking survey participants what location they stayed in based on a map which identified the TMD districts and non-TMD districts. TNS did not ask the participants what hotel they stayed at. The result of the advertising room night survey indicated 79% in the four spot markets and 71% in the Western United States market nights were within the TMD district, arriving at an estimate of 513,503 TMD room nights. Since the survey participants were asked what area they stayed in to determine if they were in the TMD district, the area includes hotels within the TMD district that are non-TMD hotels with less than 70 rooms. ConVis included only estimated TMD room nights of 1,153,547 in its ROI calculation. Actual website room nights booked through ConVis were reported with no attempt by ARES to identify only TMD room nights; therefore, ConVis estimated that 78.2% of hotel bookings were TMD bookings. This estimate was based on city transient occupancy tax ("TOT") representing approximately 78.2% of county TOT in FY 2009. This percentage was then applied to the total website room nights to estimate the TMD hotel room nights of 6,782, which was used in the ROI calculation. Hotel meeting room nights of 633,262 were those that were booked with TMD hotel properties in San Diego. Only the TMD funding of \$11,036,305 was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
 - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
 - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. We agreed the total room nights calculation to the source data described in procedure 4 above and agreed it to the detailed ROI calculation with no exception.

San Diego Convention & Visitors Bureau Base Program (continued)

Finding (continued)

5b. *ConVis did not prepare a report that summarizes TRN by TMD hotel property.*

5c. *The weighted average room rate of \$157.13 used in the ROI calculation was based on 1) the result of the study conducted by TNS, 2) actual room rates associated with the room nights sold through ARES, and 3) the ADR from STR Segmentation Reports for hotel meeting room nights. The estimated room rate per the original approved budget was \$158.06, based on Tourism Economics Forecast released December 2008.*

5d. *The funding amount in the original budgeted funding request was \$11,925,750 while the actual funding reported by ConVis in its detailed ROI calculation was \$11,036,305, with a difference of \$889,445.*

5e. *We recalculated the ROI and noted that the average of actual room rates associated with the room nights sold through ARES was \$116.77 from the ARES report while \$118.45 was used to calculate the website room revenue in the ROI calculation. The revenue generated from the website room nights would be \$11,394 lower if the ADR of \$116.77 was used in the ROI calculation.*

5f. *We obtained a copy of the hotel room night detailed tracking list of ConVis group meeting sales for FY 2010 and recalculated the total room nights and agreed the total to the detailed ROI calculation without exceptions.*

5g. *We selected 25 hotel meeting groups and traced to the booking verification by ILead system and signed booking notices. We agreed the findings to the number of room nights reported by ConVis without exceptions.*

5h. *TNS designed the criteria for measuring advertising ROI. 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 ConVis. The second wave of surveys was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*

5i. *We obtained a copy of the TNS report that describes the findings and the method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in the target markets. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights. The result of the surveys indicated that 79% of room nights in the four spot markets and 71% of room nights in the Western United States were TMD room nights. The numbers of room nights in the four spot markets and the West market were multiplied by the 79% and 71%, respectively, to arrive at the estimated number of TMD room nights in the four spot markets and the Western United States generated by the various ads and ad campaigns sponsored by ConVis in the ConVis Spring 2010 Campaign.*

To the Board of Directors
San Diego Tourism Marketing District

San Diego Convention & Visitors Bureau Base Program (continued)

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

San Diego North Convention & Visitors Bureau Base Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

The detailed ROI calculation was prepared by the TMD since the prior management of San Diego North Convention & Visitors Bureau ("North ConVis") has been disbanded. We compared the actual ROI calculation for North ConVis to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agreed to the FY 2010 Annual ROI Report of 1.05:1. However, the ADR used in the detailed ROI calculation was \$170.32, estimated by ConVis, while the ADR identified in the FY 2010 final North ConVis report was \$127.55, based on the trending rate for 12 months through March 2010. The funding amount used in the detailed ROI calculation was \$2,200,000, reported in the annual ROI report, while the actual funding received by North ConVis for FY 2010 was \$2,174,144.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

San Diego North Convention & Visitors Bureau Base Program (continued)

Finding

4a. TRN were calculated based on group room nights reported by North ConVis, based on booking notice from hotels. In addition, there were leisure room nights booked with TMD properties in North San Diego through ARES, a third party booking engine, for the period in which the advertising campaign ran, July 2009 through June 2010.

4b. Group room nights were booked with hotel properties in North San Diego for which North ConVis received a signed booking notice. The ADR of \$170.32 used in the detailed ROI calculation was projected by ConVis. The ADR of \$127.55 identified in the final North ConVis report was based on the trending rate in North San Diego through March 2010 for the last rolling 12 months.

4c. The total group room nights claimed by North ConVis were taken into account in the ROI calculation. Of 13,592 claimed group room nights, 6,545 were actual group room nights booked with TMD properties in North San Diego. Only TMD funding was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
 - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
 - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. Group room nights claimed by North ConVis were 13,592. We obtained a booking summary that shows 6,545 of the group room nights were at TMD properties in North San Diego. If only TMD group room nights were taken into account in the ROI calculation, the ROI revenue would be decreased by \$898,844.85, with the average room rate of \$127.55, identified by North ConVis. In addition, we obtained a copy of the ARES report that presented actual leisure room nights booked in North San Diego. Actual leisure room nights of 524 for TMD properties were not taken into account in the final ROI calculation. If the ARES leisure room nights of 524 at the average room rate of \$152.83 reported by ARES were added, the ROI revenue would be increased by \$80,082.

San Diego North Convention & Visitors Bureau Base Program (continued)

Finding (continued)

5b. *TRN data by TMD hotel property was not available for publication.*

5c. *The average room rate of \$127.55 identified in the FY 2010 final North ConVis report was reported to be based on the trending rate in North San Diego through March 2010 for the last rolling 12 months. Based on the San Diego ConVis Industry Summary for the period from April 2009 to March 2010, we recalculated the rolling 12 month county ADR average at March 2010 at \$120.70. If the recalculated rate were applied rather than the \$127.55 claimed by North ConVis, ROI would be decreased by \$44,833. The ADR used in the detailed ROI calculation was the estimated room rate of \$170.32 per the summary presented in the FY 2010 Annual ROI Report, projected by TMD.*

5d. *The funding amount in the original approved funding request was \$2,200,000, while the actual funding received by North ConVis was \$2,174,144, a difference of \$25,856.*

5e. *We recalculated the ROI using TMD group room nights of 6,545 at the ADR of \$120.70 and TMD leisure room nights from the ARES report of 524 at the ADR of \$152.83, which is the weighted average room rate associated with the TMD room nights booked through ARES, and arrived at 0.40:1 while the ROI reported in the FY 2010 Annual ROI Report was 1.05:1. The difference is due to different room nights, different ADRs, and different funding amounts used in the ROI calculation. The FY 2010 Annual ROI Report provided by the TMD used total group room nights of 13,592 at an estimated ADR of \$170.32 and the budgeted funding of \$2,200,000 in the detailed ROI calculation, while the actual funding amount was \$2,174,144 received by North ConVis.*

5f. *We obtained a copy of the ARES report for leisure room nights and the detail by property supporting the booking summary of group room nights. The totals for the detail of group room nights are accurate and agree to the summary of group room nights. The room nights claimed by North ConVis was 13,592, including non-TMD room nights of 7,022 and excluding TMD leisure room nights of 524 booked through ARES.*

5g. *For group room nights, we were not provided with booking notices from the hotels to test the detail information.*

5h. *This procedure is not applicable. Total group room nights generated were based on the booking summary of actual room nights. Total leisure room nights were based on ARES report of actual room nights.*

5i. *This procedure is not applicable. The data obtained did not rely on sampling.*

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

ConVis Incremental Program – LA Market FY 2010 Fall Stimulus

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (“ConVis 2010 FS”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 66.67:1 and the ROI in the FY 2010 Annual ROI Report is 85:1. This difference is due to different room nights used in the detailed calculation. Actual TMD room nights of 447,359 was used in the detailed ROI calculation while total county room nights of 572,070 was reported in the FY 2010 Annual ROI Report.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR and the amount of funding. The original approved budget used an estimated ADR of \$121.30 and total funding of \$1,000,000 while the actual ADR used in the ROI calculation was \$140.30 and actual funding was \$941,360.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (continued)

Finding

4a. TRN were calculated based on room nights generated from advertising in Los Angeles for the FY 2010 Fall Stimulus. Advertising room nights were calculated based on a study performed by TNS, a consultant specializing in market research, dated March 2010, see procedure 4b below.

4b. The information used to calculate the estimated total county hotel room nights was based on a study conducted by TNS. TNS conducted two waves of online surveys in order to quantify the effectiveness of ConVis 2010 FS advertising. The first wave of surveys was conducted in November 2009 to identify ad aware households for TV commercials, radio, and online advertising campaigns that ran early September 2009. In the first wave, residents of Los Angeles were asked to indicate their awareness of various ad campaigns sponsored by ConVis 2010 FS. A total of 730 households completed the first wave of surveys. The results of the first wave indicated that approximately 58.6% of households in Los Angeles were ad aware. The second wave of surveys was conducted in February 2010 in order to track ad aware households from the first wave and measure their visits and hotel stays in San Diego. When the ad aware participants from the first wave of surveys were later contacted to participate in the second wave of surveys, approximately 16.2% reported that they subsequently travelled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS.

4c. In order to estimate the effect of incremental room nights, TNS asked the second wave, ad aware survey participants if they had booked travel in San Diego prior to seeing or hearing the ad and deducted those nights from the total number of hotel room nights. Total estimated room nights in San Diego were reported with no attempt by TNS to identify only TMD room nights; therefore ConVis 2010 FS estimated that 78.2% of hotel bookings were TMD bookings. This estimate was based on city transient occupancy tax ("TOT") representing approximately 78.2% of county TOT in FY 2009. This percentage was then applied to the total number of hotel room nights estimated in the TNS study to estimate the number of TMD hotel room nights of 447,359. Only TMD funding was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.

ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (continued)

Procedure (continued)

- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

- 5a. *We obtained a copy of the report prepared by TNS and agreed the findings in the report to the detailed ROI calculation with no exception.*
- 5b. *ConVis 2010 FS did not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by TNS.*
- 5c. *The average room rate of \$140.30 used in the ROI calculation was based on the study conducted by TNS. The estimated room rate per the original approved budget was \$121.30, based on the September and October 2009 county ADR, reported by STR, a consultant specializing in hotel performance trends.*
- 5d. *The funding amount in the original approved funding request was \$1,000,000, while the actual funding reported by ConVis 2010 FS in its detailed ROI calculation was \$941,360, a difference of \$58,640.*
- 5e. *We recalculated the detailed ROI and noted there were no discrepancies.*
- 5f. *See above information in procedure 4 for detail of information collected.*
- 5g. *This procedure is not applicable. We relied on TNS study for the number of total estimated hotel room nights.*
- 5h. *TNS designed the criteria for measuring advertising ROI. The results were collected through two surveys. TNS selected a panel that demographically represented the population of Los Angeles to participate in the initial wave of surveys. Wave 1 was designed to determine awareness of the various ads and ad campaigns sponsored by ConVis 2010 FS. Wave 2 was designed to measure their subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*
- 5i. *We obtained a copy of the TNS report that describes the findings and method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in Los Angeles. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights generated by the various ad campaigns sponsored by ConVis 2010 FS.*

To the Board of Directors
San Diego Tourism Marketing District

ConVis Incremental Program – LA Market FY 2010 Fall Stimulus (continued)

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

ConVis Incremental Program – LA Market Spring Summer Stimulus

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for ConVis Incremental Program – LA Market Spring Summer Stimulus (“ConVis LA SS”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 66.56:1 and the ROI in the FY 2010 Annual ROI Report is 14:1. This difference is due to different room nights and different ADRs used in the detailed calculation. Actual room nights of 545,513 and an ADR of \$125.48 (based on a study conducted by TNS, a consultant specializing in market research, dated December 2010) were used in the detailed ROI calculation while projected room nights of 93,373 and an ADR of \$154.83 were reported in the FY 2010 Annual ROI Report.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used and the amount of funding. The original approved budget used an estimated ADR of \$154.83 and total funding of \$1,100,000 while the actual ADR used in the ROI calculation was \$125.48 and actual funding was \$1,028,400.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.

ConVis Incremental Program – LA Market Spring Summer Stimulus (continued)

Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

Finding

4a. TRN were calculated based on room nights generated from advertising in the Los Angeles market. Advertising room nights were calculated based on a study conducted by TNS, see procedure 4b below.

4b. The information used to calculate the estimated total hotel room nights was based on the 2010 Spring Ad Study performed by TNS. TNS conducted three waves of online surveys in order to quantify the effectiveness of ConVis LA SS advertising. In the first and second waves, residents of Los Angeles were asked to indicate their awareness of radio, online, and television ad campaigns specific to San Diego sponsored by ConVis for the LA market. Data in the first and second waves of surveys was collected during April 5-11, 2010 and June 15-24, 2010 for the ConVis ad campaigns that ran from February to June 2010. A total of 1,727 households completed the first and second waves of surveys. The results of the first two waves indicated that approximately 40.6% of households in Los Angeles were ad aware. The third wave of surveys, conducted during September 14-21 and October 27-November 2, 2010, tracked those ad aware households and measured their visits and hotel stays in San Diego from February to September, 2010. When the ad aware participants of the first two surveys were later contacted to participate in the third wave of surveys, approximately 18.3% reported that they subsequently travelled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS.

4c. In order to estimate the effect of incremental room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the ConVis advertising and excluded those nights from the total number of hotel room nights. In the 2010 Spring Ad Study, TNS attempted to estimate TMD room nights by asking survey participants what location they stayed in based on a map which identified the TMD districts and non-TMD districts. TNS did not ask the participants what hotel they stayed at. The result from the survey data indicated 78% of total estimated room nights was within TMD. Hotels within the TMD district include non-TMD hotels with less than 70 rooms. TMD room nights of 545,513 were used in the ROI calculation. ConVis LA SS received co-op partner funding from Sea World to match the TMD's investment. Only TMD funding of \$1,028,400 was used in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.

ConVis Incremental Program – LA Market Spring Summer Stimulus (continued)

Procedure (continued)

- e. Recalculate ROI and report any discrepancies or mathematical errors.
- f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. We obtained a copy of the advertising campaign ROI study prepared by TNS and agreed the findings in the report to the detailed ROI calculation with no exceptions.

5b. ConVis LA SS did not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by TNS.

5c. The average room rate of \$125.48 used in the ROI calculation was based on the study conducted by TNS. The estimated room rate per the original approved budget was \$154.83, based on the projected rate from ConVis.

5d. The funding amount in the original approved funding request was \$1,100,000, while the actual funding reported by ConVis LA SS in its detailed ROI calculation was \$1,028,400, a difference of \$71,600.

5e. We recalculated the ROI and noted no discrepancies.

5f. See above information in procedure 4 for detail of information collected.

5g. This procedure is not applicable. We relied on TNS study for the information collected.

5h. TNS designed the criteria for measuring advertising ROI. The results were collected through three surveys. TNS selected a panel that demographically represented the population of Los Angeles to participate in the first two waves of surveys. Wave 1 and 2 were designed to determine participants' awareness of the various ads and ad campaigns sponsored by ConVis. Wave 3 was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.

5i. We obtained a copy of the TNS report that describes the findings and the method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in Los Angeles. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights. The result of the surveys indicated that 78% of total

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San Diego Tourism Marketing District

ConVis Incremental Program – LA Market Spring Summer Stimulus (continued)

Finding (continued)

number of room nights was TMD room nights. Total number of room nights was multiplied by the 78% to arrive at the estimated number of TMD room nights generated by the various ads and ad campaigns sponsored by ConVis.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

ConVis Incremental Program – National Cable Spring 2010

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for ConVis Incremental Program – National Cable Spring 2010 (“ConVis Cable”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed actual ROI is 14.15:1 and the ROI in the FY 2010 Annual ROI Report is 7.45:1. This difference is due to different room nights and different ADRs used in the detailed calculation. Actual room nights of 345,642 and an ADR of \$118.15 (based on a study conducted by TNS, a consultant specializing in market research, dated December 2010) were used in the detailed ROI calculation while projected room nights of 155,772 and an ADR of \$138.05 were reported in the FY 2010 Annual ROI Report.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used. The original approved budget used an estimated ADR of \$138.05 while the actual ADR used in the ROI calculation was \$118.15.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.

ConVis Incremental Program – National Cable Spring 2010 (continued)

Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

Finding

4a. TRN were calculated based on room nights generated from advertising for the national cable program. Advertising room nights were calculated based on a study performed by TNS, see procedure 4b below.

4b. The information used to calculate the estimated total hotel room nights was based on the 2010 Spring Ad Study performed by TNS. TNS conducted two waves of online surveys in order to quantify the effectiveness of ConVis Cable advertising. In the first wave, residents of various markets in which advertising was done were asked to indicate their awareness of radio, online, and television ads and ad campaigns specific to San Diego sponsored by ConVis. The first wave of surveys was conducted during April 5-11, 2010 for the ConVis ad campaigns that ran from February through April 2010. A total of 8,089 households completed the first wave of surveys. The result of the first survey indicated that approximately 18.3% of households participating in the first survey were ad aware. The second wave of surveys was conducted during September 14-21 and October 27-November 2, 2010, in order to track travel behavior of the ad aware households from the first wave and measure their visits and hotel stays in San Diego for February through September, 2010. When the ad aware participants from the first wave of surveys were later contacted to participate in the second wave of surveys, approximately 2.2% reported that they subsequently traveled to San Diego and stayed in paid accommodations. The average room rate used in the ROI calculation was based on the study conducted by TNS.

4c. In order to estimate the effect of incremental room nights, TNS asked the survey participants if they had booked travel to San Diego prior to seeing or hearing the ConVis advertising and excluded those nights from the total number of hotel room nights. In the 2010 Spring Ad Study, TNS attempted to estimate TMD room nights by asking survey participants what location they stayed in based on a map which identified the TMD districts and non-TMD districts. TNS did not ask the participants what hotel they stayed at. The result from the actual data indicated 75% of total number of estimated room nights was within the TMD district. Hotels within the TMD district include non-TMD hotels with less than 70 rooms. Only TMD room nights of 345,642 were used in the ROI calculation. Only TMD funding of \$2,886,868 was used in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.

ConVis Incremental Program – National Cable Spring 2010 (continued)

Procedure (continued)

- e. Recalculate ROI and report any discrepancies or mathematical errors.
- f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. *We obtained a copy of the report prepared by TNS and agreed the findings in the report to the detailed ROI calculation with no exceptions.*

5b. *ConVis Cable did not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by TNS.*

5c. *The average room rate of \$118.15 used in the ROI calculation was based on the result of the study conducted by TNS. The estimated room rate per the original approved budget was \$138.05, based on historical average room rates for the county of San Diego from ConVis, reported by STR, a consultant specializing in hotel performance trends.*

5d. *We agreed the funding amount in the approved funding request of \$2,886,868 to the actual funding amount reported by ConVis Cable in its detailed ROI calculation.*

5e. *We recalculated the ROI and noted no discrepancies.*

5f. *See above information in procedure 4 for detail of information collected.*

5g. *This procedure is not applicable. We relied on TNS study for the information collected.*

5h. *TNS designed the criteria for measuring advertising ROI. The results were collected through two surveys. TNS selected a panel that demographically represented the population of the United States 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 ConVis. The second wave of surveys was designed to measure ad aware participants' subsequent visits and hotel stays in San Diego. As a leader in media and marketing intelligence, TNS feels that the criteria they designed and the results collected are appropriate, and they would not recommend an alternative method of collecting results.*

5i. *We obtained a copy of the TNS report that describes the findings and the method of sampling for their study, as described in procedure 4b above. The estimated percentage of travelers later staying in paid accommodations in San Diego was extrapolated to the entire census of households in the United States. Data collected by TNS during their surveys was used to estimate the average number of room nights per stay. The estimated number of households who subsequently traveled to and stayed in paid accommodations in San Diego was multiplied by the estimated average number of room nights per stay to arrive at the total estimated number of room nights. The result of the surveys indicated that 75% of room nights*

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San Diego Tourism Marketing District

ConVis Incremental Program – National Cable Spring 2010 (continued)

Finding (continued)

were TMD room nights. Total room nights were multiplied by the 75% to arrive at the estimated number of TMD room nights generated by the various ads and ad campaigns sponsored by ConVis in the National Cable Spring 2010 Campaign.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

ConVis Incremental Program – Online Travel Agencies

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for ConVis Incremental Program – Online Travel Agencies (“ConVis OTA”). We compared the detailed actual ROI calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agreed to the FY 2010 annual ROI of 92.76:1 without exception.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used and the amount of funding. The original approved budget used an estimated ADR of \$110 and total funding of \$1,555,000 while the actual ADR used in the ROI calculation was \$117.30, provided by the online travel agencies for the period of the campaign, July 2009 through June 2010, and actual funding was \$1,183,123.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

ConVis Incremental Program – Online Travel Agencies (continued)

Finding

4a. TRN were calculated based on actual rooms booked on the Travelocity.com, Expedia.com, and Orbitz.com websites for the period in which the advertising campaign ran, July 2009 through June 2010.

4b. Information was collected based on actual room nights booked on the Travelocity.com, Expedia.com, and Orbitz.com websites for the period of the advertising campaign. The data was internally generated. ADR used in the ROI calculation was based on the average room rate from the online travel agencies for the period of the advertising campaign.

4c. ConVis 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, Travelocity.com, Expedia.com, and Orbitz.com isolated TMD room nights booked and ConVis OTA used only TMD room nights in their ROI calculation. Only TMD funding was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
 - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
 - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. We obtained a copy of the report that detailed TRN generated through website bookings from Travelocity.com, Expedia.com, and Orbitz.com. We agreed the TRN of 935,583 in the report to the sum of the booking notices provided by the three online travel agencies and also agreed the TRN in the report to the number of hotel room nights used in the detailed ROI calculation without exception.

5b. ConVis OTA did not prepare a report that summarizes TRN by TMD hotel property.

5c. The average room rate of \$117.30 used in the ROI calculation was based on the average room rate from the online travel agencies for the period of the advertising campaign. The estimated room rate per the original approved budget was \$110, the room rate projected by ConVis.

ConVis Incremental Program – Online Travel Agencies (continued)

Finding (continued)

5d The funding amount in the original approved funding request was \$1,555,000, while the actual funding reported by ConVis OTA in its detailed ROI calculation was \$1,183,123, a difference of \$371,877.

5e. We recalculated the ROI and noted no discrepancies.

5f. See above information in procedure 4 for detail of information collected.

5g. This procedure is not applicable. We relied on the detail of room nights generated from the reports provided by Travelocity.com, Expedia.com, and Orbitz.com. No exceptions were noted between total room nights generated and total room nights reported.

5h. This procedure is not applicable. Total room nights generated were based on actual room nights booked on the three online travel agency websites for the period of the advertising campaign.

5i. This procedure is not applicable. The data obtained did not rely on sampling.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

California State Games – The 2009 California State Games

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained a copy of the approved recipient funding request and the detailed ROI calculation for California State Games (“CSG”). We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. We agreed the detailed ROI of 44.36:1 to the FY 2010 Annual ROI Report with no exceptions.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR and the amount of funding. The original approved budget used an ADR of \$145, based on the 2008 YTD ADR for the City of San Diego, reported by STR, a consultant specializing in hotel performance trends, and total funding of \$50,000, which includes the funding for the 2009 California State Games and the 2010 Winter Games. The actual ADR used in the ROI calculation was \$131 and the portion of funding for the 2009 California State Games was \$41,579. The average room rate is the average rate charged by hotels in the room block and does not represent the weighted average room rate. The TMD has not defined the average rate calculation method.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.

California State Games – The 2009 California State Games (continued)

Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

Finding

4a. 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. CSG staff reviewed their database of athletes/teams that shows where they were traveling from, which part of town their hotels were located at, and how many days they stayed, and used the number of out-of-town athletes/teams to estimate TRN. CSG also obtained room block pickup reports from the host hotels to collect actual room nights.

4b. Room night information was collected based on hotel pickup reports from the hotels where CSG had rooms blocked for the 2009 summer event and estimated room nights based on the number of out-of-town athletes/teams. Athletes/teams entered their information into CSG's registration database that showed where they were traveling from and what sport they competed in which relates to which part of town their hotels were located at. 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. Then CSG staff estimated TRN based on the information in the database. The ADR was determined by the actual average room rate of their room blocks provided by the host hotels. The actual average room rate of \$131 for the 2009 California State Games was used in the ROI calculation.

4c. The event would have taken place regardless of TMD funding; however, the TMD funding enabled the event to recruit more teams to participate and track hotel room nights more efficiently. Although most of the host hotels are within the TMD and all the venues are close to TMD hotels, total room nights were estimated with no attempt to isolate only TMD room nights. There was no attempt to measure the incremental impact in TMD room nights in reference to the TMD funding. No funding was received from other sources for marketing or housing. Only the TMD funding was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.

California State Games – The 2009 California State Games (continued)

Procedure (continued)

- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. We traced the total room nights from the source data described in procedure 4a and 4b above to the detailed ROI calculation without exceptions. Of 14,080 estimated room nights, 1,699 are actual TMD room nights collected from room block pickup reports, which includes 162 room nights generated from non-TMD hotels.

5b. See Schedule B attached. Of the 1,861 actual room nights, 1,699 room nights were at hotels within the TMD district.

5c. The ADR of \$131 used in the ROI calculation was based on the actual average room rate of the host hotel room blocks rather than the weighted average calculated from actual room rates times the TRN by hotel. The estimated room rate per the original approved funding request was \$145, based on the 2008 YTD ADR for the City of San Diego, reported by STR.

5d. The total funding request amount for FY 2010 annual funding was \$50,000, which includes the funding for the 2009 California State Games and the 2010 Winter Games. Actual funding used by CSG in its detailed ROI calculation was \$41,579 only for the 2009 California State Games. We agreed the actual funding amount to the amount reported by the TMD.

5e. We recalculated the detailed ROI and noted there were no discrepancies. We also recalculated the ADR of the actual host hotel room blocks.

5f. See above information in procedure 4 for detail of information collected.

5g. We selected 5 hotels and agreed the number of room nights reported by CSG to the room block reports without exceptions.

5h. The procedure is not applicable. TRN data was generated internally.

5i. This procedure is not applicable. The data collected did not rely on sampling.

Procedure

- 6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

SCHEDULE A - PROGRAM COMPARISONS

Base Programs	Type of Marketing						Total Room Nights (TRN)	Sponsored events	Trade shows	Website	Online banner	Print (Magazine, paper)	Media (Radio, TV)	How TRN was calculated (Source)	Average Daily Rate (ADR)	How ADR was determined (Source)	Reported ROI vs. Actual ROI	How actual ROI was calculated	How program takes "incremental" room nights into account
	X	X	X	X	X	X													
ConVis Base Program	X	X	X	X	X	X	1,153,547							Advertising room nights - Estimated room nights based on a study conducted by TMS dated 10/10/09. Hotel meeting room nights were calculated based on actual room nights booked through ConVis and confirmed via lead system or signed booking notices from the hotels.	Advertising: \$155.83; Website: \$127.74; Hotel Meetings: \$183.74	Reported ROI: 12.09:1 Actual ROI: 16.40:1	TRN times ADR was divided by the final funding of \$1,150,950.05.	Advertising room nights: TMS included room nights booked through ConVis and estimated TMD room nights by asking survey participants the location of the hotel they stayed. Hotels within the TMD district include non-TMD hotels with less than 70 rooms. Website room nights: ARES did not attempt to isolate only TMD room nights from the actual room nights. Hotel meeting room nights: ARES did not attempt to isolate only TMD room nights from the actual room nights. Percentage of the City of San Diego TOT in the total TOT collected in the County of San Diego in FY 2009) to apply to total room nights to estimate TMD room nights. Hotel meetings room nights: Only TMD room nights were taken into account.	
San Diego North ConVis Base Program				X	X	X	13,592							ADR used in the detailed ROI calculation: \$170.32. ADR identified in the final North ConVis report was \$127.55. Actual ADR based on procedures: \$120.70	ADR used in the detailed ROI calculation: \$170.32. ADR identified in the final North ConVis report was \$127.55. Actual ADR based on procedures: \$120.70	Reported ROI: 1.05:1 Actual ROI: 0.40:1	TRN times ADR was divided by the revised funding amount of \$2,174,144.	TRN used in the ROI calculation are total TMD group room nights booked with hotel properties in North San Diego and TMD leisure room nights from the ARES report.	
Incremental Programs																			
ConVis - LA Market FY 2010 F&I Stimulus	X	X	X	X	X	X	447,359							Total advertising room nights were calculated based on a study conducted by TMS dated 10/10/09. Hotel meeting room nights: TOT based on 2009 TOT to estimate TMD room nights of 447,359.	\$140.30	ADR was determined based on the study conducted by TMS.	Reported ROI: 85.26:1 Actual ROI: 66.67:1	TRN times ADR was divided by the actual funding of \$94,276.00.	To estimate the effect of incremental room nights, TMS deducted those nights that were booked by survey participants prior to seeing or hearing the SDCVB ad campaign. TMS did not attempt to identify only TMD room nights; thus ConVis used 78.2% City TOT to apply to total advertising room nights to estimate TMD room nights.
ConVis - LA Market Spring Summer Stimulus	X	X	X	X	X	X	545,513							Advertising room nights was calculated based on a study conducted by TMS, dated December 2010.	\$125.48	ADR was determined based on the study conducted by TMS.	Reported ROI: 14.06:1 Actual ROI: 66.56:1	TRN times ADR was divided by the actual funding of \$1,038,400.	To estimate the effect of incremental room nights, TMS deducted those nights that were booked by survey participants prior to seeing or hearing the SDCVB ad campaign. TMS attempted to estimate TMD room nights by asking survey participants the location of the hotel they stayed at, and the result indicated 75% of hotel advertising room nights were within the TMD district. However, hotels within the TMD district include non-TMD hotels with less than 70 rooms.
ConVis - National Cable	X	X	X	X	X	X	345,642							Advertising room nights was calculated based on a study conducted by TMS, dated December 2010.	\$118.15	ADR was determined based on the study conducted by TMS.	Reported ROI: 7.46:1 Actual ROI: 14.15:1	TRN times ADR was divided by the actual funding of \$2,386,968.	To estimate the effect of incremental room nights, TMS deducted those nights that were booked by survey participants prior to seeing or hearing the SDCVB ad campaign. TMS attempted to estimate TMD room nights by asking survey participants the location of the hotel they stayed at, and the result indicated 75% of hotel advertising room nights were within the TMD district. However, hotels within the TMD district include non-TMD hotels with less than 70 rooms.
ConVis - Online Travel Agencies	X	X	X	X	X	X	935,583							TRN was calculated based on actual room nights booked through Travelocity.com, Expedia.com, and Orbitz.com.	\$117.30	ADR used in the ROI calculation was based on the actual average room rate from the online travel agencies.	Reported ROI: 92.76:1 Actual ROI: 92.76:1	TRN times ADR was divided by the actual funding of \$3,183,123.	The three online travel agencies isolated TMD room nights booked in their production report; however, the agencies did not attempt to isolate only TMD visitors who had decided to book a trip before their website visit.
California State Games - The 2009 CSG							14,080						X	TRN was estimated based on the number of out-of-town athletes/teams from the CSG registration database of athletes/teams that showed where they were traveling from and the location of the hotel they stayed at. Among 14,080 estimated room nights, 1,861 were actual hotel room nights from host hotel room block reports.	\$131.00	ADR used in the ROI calculation was based on the actual average room rate of the hotel room blocks rather than the weighted average room rates calculated from actual room rates times the TRN by hotel.	Reported ROI: 44.36:1 Actual ROI: 44.36:1	TRN times ADR was divided by the actual funding of \$41,579.	Although most of the host hotels are within the TMD and all the venues are close to TMD hotels, the CSG estimated the TRN without attempting to isolate only TMD room nights. Among 1,861 actual room nights from the hotel pick-up reports, 1,672 room nights were generated from non-TMD hotels.

See agreed upon procedures report.

SCHEDULE B - CALIFORNIA STATE GAMES PRODUCTION REPORT OF TRN BY TMD HOTELS

San Diego Tourism Marketing District

**Schedule B: The 2009 California State Games TRN by TMD Hotels
Year Ending June 30, 2010**

Hotel Name	Hotel Room Nights	Hotel Revenue
Comfort Inn & Suites- Zoo/SW	26 \$	4,004.00
Springhill Suites Scripps	117 \$	15,093.00
Comfort Inn & Suites- Mission Valley	8 \$	1,192.00
Hilton San Diego	104 \$	13,416.00
Holiday Inn-Mission Valley	53 \$	7,897.00
Courtyard Marriott-Mission Valley	5 \$	745.00
Hampton Inn-Kearny Mesa	171 \$	18,639.00
Courtyard Marriott-Kearny Mesa	132 \$	17,820.00
Doubletree Golf Resort	36 \$	4,644.00
Courtyard Marriott Rancho Bernardo	38 \$	4,902.00
Holiday Inn Rancho Bernardo	185 \$	23,865.00
Radisson Rancho Bernardo	132 \$	19,668.00
Hilton Garden Inn RB	139 \$	17,931.00
Ramada Plaza Hotel Circle	62 \$	6,758.00
Holiday Inn Miramar	11 \$	1,419.00
Best Western Poway	27 \$	3,753.00
Town & Country	453 \$	53,422.29
Total	1,699 \$	215,168.29

Note: This represents actual room nights based on hotel pickup reports which was used in the projection of estimated total room nights.

Attachment IX

SDTMD

Agreed Upon Procedures Program Recipient Return on Investments Calculations Fiscal Year Ended June 30, 2010

(FY2010 Performance Audits ROI Report)

**San Diego Film Commission
San Diego Sports Commission
San Diego Bowl Game Association
San Diego Crew Classic
San Diego Bay Wine & Food Festival
San Diego Brewers Guild: Beer Week**

31 pages

San Diego Tourism Marketing District

AGREED-UPON PROCEDURES
PROGRAM RECIPIENT RETURN ON INVESTMENT
CALCULATIONS –

SAN DIEGO FILM COMMISSION
SAN DIEGO SPORTS COMMISSION
SAN DIEGO BOWL GAME ASSOCIATION
SAN DIEGO CREW CLASSIC
SAN DIEGO BAY WINE & FOOD FESTIVAL
SAN DIEGO BREWERS GUILD: BEER WEEK
FISCAL YEAR ENDED JUNE 30, 2010

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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") formerly known as San Diego Tourism Promotion Corporation, 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.

Our procedures and findings related to the following programs: San Diego Film Commission; San Diego Sports Commission; San Diego Bowl Games Association – Holiday Bowl and Poinsettia Bowl; San Diego Crew Classic; San Diego Bay Wine & Food Festival; and San Diego Brewers Guild: Beer Week. Our procedures and findings for these programs are documented in Exhibit I.

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.

Robert R. Redwitz & Co.

ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

La Jolla, California
February 11, 2011

EXHIBIT I

San Diego Film Commission Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained a copy of the approved recipient funding request and the detailed ROI calculation for San Diego Film Commission. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. Total hotel revenue of \$1,987,102 was used in the detailed ROI calculation by San Diego Film Commission while \$1,987,067 was used in the summary provided by TMD. However, the difference of \$35 in hotel revenue does not affect the result of ROI calculation. The detailed calculation of ROI agrees to FY 2010 Annual ROI of 3.03:1.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than average daily rate ("ADR"), there were no specific measurable criteria included in the original budget approved by the TMD.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

There were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

San Diego Film Commission Program (continued)

Finding

4a. TRN were calculated based on a survey internally generated by San Diego Film Commission ("Film Commission"). Film Commission staff collected surveys completed by the production or location manager of the filming customer, and entered the survey information into a database. TRN used in the ROI calculation were calculated only for film crews from the surveys and did not including the tourists induced to visit San Diego by the filming programs. The hotel room nights are direct numbers reported by film customers using TMD hotels.

4b. Room night information was collected through direct surveys obtained from projects working with the Film Commission between July 2009 and June 2010. A number of questions were asked in the survey, such as number of days the project shot in San Diego, what hotel the film crews stayed at, and the number of city hotel room nights utilized by the production. ADR used for each month was from the ConVis Visitor Industry Summaries from 2009 and 2010. The ADR provided on the ConVis website is published by Taylor Nelson Sofres Brand and Communications ("TNS"), a consultant specializing in market research. The ADR used for each project was based on the ConVis ADR for the month production began.

4c. The Film Commission relies on TMD for approximately 75% of its funding and uses this to permit the filming projects. The Film Commission receives funding from the County of San Diego and the Port of San Diego specifically to permit for filming on their properties. Only TMD funding was taken into account in the ROI calculation. Without this funding, the Film Commission would close, and the projects would not come to San Diego.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
 - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
 - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

San Diego Film Commission Program (continued)

Finding

5a. TRN used in the ROI calculation was traced to the summary schedule which shows a breakdown of the data collected from direct surveys collected from filming projects. The breakdown lists the projects that shot in San Diego, the production company, the type of project, the production days, the number of city hotel room nights utilized, the ADR used for each project, as well as the estimated city hotel revenue using the corresponding ADR. The detail totals agree to the TRN and the estimated hotel revenue used in the ROI calculation in the FY2010 Annual Report with no exceptions.

5b. See Schedule B attached. Of the 16,624 TMD room nights, 713 room nights were at hotels within the TMD district that were not assessed TMD fees because they have less than 70 rooms.

5c. The average room rate used each month was from the ConVis Industry Summaries for 2009 and 2010. Each project's average room rate was calculated by the month it began production. We compared the average room rates used in the detailed ROI calculations to the information from ConVis Industry Summary for FY2010. We noted that the Film Commission calculated the ROI in June 2010 using the May ADR of \$118.83. The June 2010 published ADR was \$127.54. Based on the June 2010 published ADR, the estimated room night revenue would increase by \$4,602 and ROI would increase from 3.03 to 3.04:1.

5d The funding amount reported by TMD was \$655,200 for FY2010 annual funding. We agreed the funding amount to the amount reported by the Film Commission in its detailed ROI calculation.

5e. We recalculated city hotel revenue during the survey testing and ROI using the total hotel room nights and total hotel revenue from the data collected from direct surveys from the film projects and agreed to the ROI on the FY2010 Annual Report. The total hotel revenue collected from direct surveys was \$1,987,102 while \$1,987,067 was reported on the TMD summary report. However, the discrepancy of \$35 in total hotel revenue does not affect the result of ROI on the Annual Report.

5f. See above information in procedure 5a and 5b for detail of information collected.

5g. We selected four projects from the detail of survey data and agreed TRN for the project selected to the customer survey. In addition we called the production or location manager that completed the form to substantiate that the information was accurate. There were no discrepancies noted as a result of the procedures.

5h. TRN data was generated internally. No outside sources were used

5i. This procedure is not applicable. The data collected did not rely on sampling.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

San Diego Sports Commission Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained a copy of the approved recipient funding request and the detailed ROI calculation for San Diego Sports Commission. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. Total hotel revenue of \$2,105,554 was used in the detailed ROI calculation by San Diego Sports Commission while \$2,105,473 was presented in the summary provided by TMD. However, the difference of \$81 in hotel revenue does not affect the result of ROI calculation. The detailed calculation of ROI agrees to FY 2010 Annual ROI of 5.50:1.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

San Diego Sports Commission Program (continued)

Finding

4a. TRN were calculated based on hotel room block reports, estimated based on fan surveys projected from ticket purchases by out-of-town attendees or on attendance numbers of the events. Hotel room block reports were used to track room block utilization, and also attendance numbers of the events were collected from information provided by the local organizing committee. Those numbers were used to estimate room nights based on the type of event and the event length. The data for TRN was collected from hotels and event organizers by internal event management team. There were ten events that the San Diego Sports Commission supported. For Aflac All-American Baseball Classic, NCAA Men's Soccer Regional, Foot Locker Cross Country National Championship, AtaHolding Field Hockey World Cup Qualifier, NCAA Men's Golf Regional, and USA Water Polo Masters, actual room nights were used based on pick-up reports provided by TMD hotels. The UCI BMX Supercross World Cup room nights were an estimate based on total tickets sold; 54.8% of total ticket sales and an average of 2.84 room nights per stay were used to determine the estimated 5,444 room nights generated by the event. The ABA/BMX US Open Nationals room nights were an estimate based on a survey of participants; 52% of total participants surveyed stayed an average of 2.6 room nights per stay were used to determine the estimated 1,216 room nights generated by the event. For NCAA Women's Water Polo Championship and Mountain West Conference Baseball Championship, a combination of hotel room block reports and estimated room nights was used to determine the TRN generated by the event. To measure the hotel room nights for team participants in these two events, the Sports Commission used hotel room block reports and the number of teams staying within the room blocks to project an average room nights each team consumed and extrapolated to TRN for all teams. Fan attendees' room nights for these two events were estimated using ticket sales collected by San Diego State Athletics and an average length of stay.

4b. Total estimated room nights were calculated based on hotel room block reports and attendance figures from the local organizing committees of the events. For events where hotel room blocks were utilized, actual room nights were used to calculate the total number of hotel room nights. For events where hotel room block reports were not available San Diego sports Commission and event staff conducted surveys among fans in attendance and data obtained was used to project room nights based on attendance figures and ticket sales obtained from the event organizers. ADR was based on the known rate for the room block provided by individual hotels, as outlined in the hotel utilization report. For events in which the room nights were estimated the ADR was obtained from the San Diego ConVis Industry Summary for the month the event occurred.

4c. There was no attempt to identify only TMD room nights. San Diego Sports Commission used the TMD funding to staff the appropriate business development and sales personnel to secure the events. Without this funding, there would not have been enough staff to pursue the events that were brought to San Diego. Only TMD funding was taken into account in the calculation of ROI. However, the San Diego Sports Commission receives funding from other sources and did not attempt to isolate the effect that TMD funding had on the ROI calculation.

San Diego Sports Commission Program (continued)

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
 - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
 - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. We traced TRN from source data, such as hotel pickup reports and the results of surveys conducted during events as described in procedure 4a above, except for UCI BMX Supercross World Cup and ABA/BMX US Open Nationals, for which we received no data to support the results of the two surveys. The San Diego Sports Commission claimed 2,438 room nights for Mountain West Conference Baseball Championship while the source data reflected only 2,408 room nights. The difference of 30 room nights results in \$3,565 less hotel revenue than originally stated. In addition, we found that Foot Locker Cross Country National Championship used Hotel Del Coronado, which is not a TMD hotel. If this event is excluded from ROI, the hotel room nights generated are decreased by 387 with corresponding decrease in hotel revenue of \$83,592.

5b. The San Diego Sports Commission does not prepare a report that summarizes TRN by TMD hotel property.

5c. We agreed the average room rates used in the detailed ROI calculation to the actual rates provided by the individual hotels for those events where room blocks were utilized. For events where information was gathered from event organizers, we agreed the average room rates to City/County ADR in the San Diego ConVis Industry Summaries for the period the events took place.

5d. The funding amount reported by TMD was \$382,500 for FY2010 annual funding. We agreed the funding amount to the amount reported by San Diego Sports Commission in its detailed ROI calculation.

San Diego Sports Commission Program (continued)

Finding (continued)

5e. We recalculated ROI using the total hotel room nights and total hotel revenue from the data collected through hotel pickup reports and surveys. The discrepancies are described in procedure 5a above. With a consideration of the aforementioned discrepancies, we arrived at the revised total hotel room nights of 16,875 and the revised total hotel revenue of \$2,018,397. The revised ROI is 5.3:1, 0.2 lower than originally stated in the FY2010 Annual ROI Report, which was 5.5:1.

5f. We compared and agreed the source data collected to the summary information provided by San Diego Sports Commission except for the discrepancies described in procedure 5a. See above information in procedure 5a and 5b for detail of information collected.

5g. We obtained a sample of hotel pickup reports and agreed to the hotel room nights reported by San Diego Sports Commission except for the discrepancies of room nights associated with Mountain West Conference Baseball Championship and Foot Locker Cross Country National Championship, described in procedure 5a above.

5h. TRN data was collected and summarized internally. No outside sources were used.

5i. As described in procedure 4a above, the NCAA Women's Water Polo Championship and Mountain West Conference Baseball Championship had TRN projected based on the average room nights per team staying in room blocks which were then extrapolated to TRN for all teams participating in the two events. For these events, 778 actual room nights and 7,646 estimated room nights resulted in a total of 8,424 room nights.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

San Diego Bowl Game Association Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained a copy of the approved recipient funding request and the detailed ROI calculation for San Diego Bowl Game Association. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agrees to the summary presented in the FY 2010 Annual ROI of 13.32:1.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. The original approved budget used an estimated ADR of \$145 while the ADR used in the ROI calculation was \$108 (determined by the San Diego State University Center for Hospitality and Tourism Research "SDSU").

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

San Diego Bowl Game Association Program (continued)

Finding

4a. TRN were calculated based on room nights generated from visitors to San Diego for the 2009 Holiday Bowl and Poinsettia Bowl Games. The information was calculated based on a study performed by San Diego State University Center for Hospitality and Tourism Research (SDSU).

4b. 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. SDSU estimated hotel room nights but did not attempt to estimate the number of TMD room nights associated with the travelers. Of 779 interviews conducted for the Holiday Bowl and 375 interviews conducted for the Poinsettia Bowl, 98.9% and 98.4%, respectively, were usable responses. Based on the announced attendance figures for the 2009 Holiday Bowl and Poinsettia Bowl Games and the surveys, SDSU estimated the numbers of non-local attendees to be 43,933 and 16,659, respectively. The surveys also indicated that 94% and 88% 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, 73% and 68%, respectively, stayed in a hotel for an average of 2.8 and 2.2 room nights, respectively. The results were divided by 1.9 due to the fact that most people share rooms and resulted in estimated TRN of 43,951 and 11,543 for the Holiday Bowl and the Poinsettia Bowl, respectively. A combined total of 55,494 room nights were generated. The average room rate was determined using the data collected in the surveys. Only those attendees who came to San Diego specifically to attend the games were used. 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 without exceptions.

4c. In order to estimate the effect of incremental room nights, during the survey, SDSU asked the participants if they had planned to travel to San Diego had they not attended the games. Those who would have traveled to San Diego anyway were removed from the total estimated room night calculations. TRN in San Diego were reported with no attempt to identify or estimate only TMD room nights. The participants were not asked which hotel they stayed at, but SDSU estimated that over 90% of the room nights were in the TMD. The estimate was based on analysis of the room rates reported by survey participants (there are not a lot of rooms in La Mesa or El Cajon that exceed \$100 per night) and the distance to Coronado or North County. Without TMD funding, long-term operation of the Bowl Association would be seriously at risk from a financial perspective. Only TMD funding was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.

San Diego Bowl Game Association Program (continued)

Procedure (continued)

- f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. *We agreed the TRN calculations to the source data collected by SDSU as described in procedure 4a and 4b above and also agreed to the detailed ROI calculation without exceptions.*

5b. *The San Diego Bowl Game Association does not prepare a report that summarizes TRN by TMD hotel property. TRN is projected from surveys conducted by SDSU.*

5c. *We agreed the average room rate used in the detailed ROI calculation to the information provided by SDSU. The average room rate was determined from the results of the economic impact survey by SDSU.*

5d. *The funding amount reported by TMD was \$450,000 for FY2010 annual funding. We agreed the funding amount to the amount reported by San Diego Bowl Game Association in its detailed ROI calculation.*

5e. *We recalculated ROI using the combined total hotel room nights and the total hotel revenue from the data collected by SDSU. We found no discrepancies or mathematical errors.*

5f. *See above information in procedure 4b for detail of information collected.*

5g. *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. No exceptions were noted in the report.*

5h. *The TRN data was generated by SDSU. We obtained a copy of the report on the economic impact analysis regarding the Holiday Bowl and the Poinsettia Bowl. The results were collected through surveys of non-local spectators of each Bowl game. A team of interviewers were assigned strategic locations around Qualcomm Stadium during the pre-game activities on each Bowl day to conduct intercept-surveys. SDSU designed the criteria used in the report and believed the measurement of estimated room nights was appropriate.*

5i. *We obtained a copy of the SDSU Economic Impact Analysis report that describes the findings and method of sampling for their study, as described in procedure 4b above. The estimated percentage of the Holiday Bowl and the Poinsettia Bowl visitors who stayed in a hotel during their visits in San Diego was extrapolated to all non-local attendees to each Bowl game. Data collected by SDSU during their surveys was used to estimate the average number of room nights per stay. The estimated number of Bowl visitors who stayed in a hotel was multiplied by the estimated average room nights per stay to arrive at the total estimated number of room nights generated by each Bowl game.*

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bowl Game Association Program (continued)

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

San Diego Crew Classic Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained the detailed ROI calculation for San Diego Crew Classic. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agrees to FY 2010 Annual ROI of 5.6:1 provided by TMD.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

There were no specific measurable criteria included in the original budget approved by the TMD.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

There were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

San Diego Crew Classic Program (continued)

Finding

4a. TRN included participants' room nights and family room nights. TRN were estimated based on internally generated surveys conducted by San Diego Crew Classic staff. All participants of the Crew Classic were asked to fill out questionnaires during the mandatory check-in for the event. The questionnaire asked what team they were on, what hotel they stayed at and how many nights they would be staying. Based on past history they estimated 10 people per boat that is registered and used actual nights the team indicated they were staying to get the participants' room nights. To project family room nights, San Diego Crew Classic conducted surveys in two ways. One was performed among spectators to measure how many spectators stayed at hotels, and the other was performed through crew survey based on the crew's age range to estimate how many family/fans attached with the crew (described in procedure 5i). San Diego Crew Classic staff also spot-checked with coaches to verify their estimates on family room nights.

4b. As discussed in 4a, participant room night surveys were collected by the Crew Classic at check-in for the event. The information used to project family room nights was based on surveys conducted by San Diego Crew Classic. Based on the historical experience, the crew's age range, and discussion with coaches, San Diego Crew Classic projected family room nights which were then compared to the formula they developed based on the results of surveys and analysis for estimating family room nights, as described in procedure 5i. They also compared the numbers to available hotel pickup reports. ADR was based on the average of actual room rates of hotels in the program that provided courtesy room blocks for the weekend of the regatta.

4c. There was no attempt to isolate only TMD room nights associated with TMD funding. However, San Diego Crew Classic has had a hotel program since 2006. Without the TMD funding, San Diego Crew Classic's would have hotel room nights generated but registration numbers would have been static for a number of years. In 2009 and 2010, due to the TMD funding, San Diego Crew Classic realized an increase of approximately 1,000 room nights each year. Prior to the funding and based on experience, San Diego Crew Classic believes that they would have sold 3,000 room nights. TRN for 2009 with the funding were 4,566, an increase of 1,566 room nights. TRN for 2010 with the funding were 5,842, an increase of 1,276 room nights over 2009. Only TMD funding was taken into account in calculating ROI.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.

San Diego Crew Classic Program (continued)

Procedure (continued)

- g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. *TRN used in the ROI calculation was traced to the "2010 Hotel Room Night Tracking", which shows a summary of the data collected from the direct survey from crew teams attending the 2010 Regatta. The breakdown lists the name of the crew team, the number of boats in the crew, as well as their length of stay during the event. The detail totals of 5,842 room nights consisting of 3,837 participant room nights and 2,005 family room nights agree to the TRN used in the ROI calculation in the FY2010 Annual Report. However, 185 room nights at unknown hotels were included in the ROI calculation. If we excluded the 185 room nights from the ROI calculation, there would be a decrease in hotel revenue by \$23,865 and a decrease in ROI of 0.2.*

5b. *The San Diego Crew Classic does not prepare a report that summarizes TRN by TMD hotel property.*

5c. *The average room rate used in the detailed ROI calculation was based on actual room rates obtained from hotels that provided San Diego Crew Classic with courtesy room blocks for the 2010 regatta. We obtained a list of each TMD hotel's actual room rate and agreed the average room rates of \$129 to the ADR used in the detailed ROI calculation.*

5d. *The funding amount reported by TMD was \$135,000 for FY2010 annual funding. We agreed the funding amount to the amount reported by San Diego Crew Classic in its detailed ROI calculation.*

5e. *We recalculated total projected hotel revenue generated in this event and the ROI and agreed to the FY2010 ROI Annual Report without exception.*

5f. *See above information in procedure 4a, 4b and 5a for detail of information collected. We agreed the detail information collected to the summary information.*

5g. *We selected seven crew teams to compare the information on customer surveys to the "2010 Hotel Room Night Tracking" chart. We also recalculated hotel room nights associated with each crew using the formula that San Diego Crew Classic developed internally. We agreed our results to the recipient data. We tested the family room night total obtained from surveys, the historical experience, and talking to coaches by multiplying 30% by total number of rowers times 2 average room nights and agreed that the family room nights that San Diego Crew Classic projected are reasonable.*

5h. *TRN data was generated internally. No outside sources were used*

San Diego Crew Classic Program (continued)

Finding (continued)

5i. *A formula developed by San Diego Crew Classic to determine hotel room nights was based on results of surveys. 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 since most people shared a room to arrive at the number of hotel room nights for crew participants. We recalculated total estimated participants. Family room nights were estimated on a team by team basis from data obtained in the crew surveys and discussions with coaches. This resulted in an estimated 2,005 family room nights. We added the amounts to arrive at the same total estimated family room nights. As a check to see if the amounts were reasonable the Crew Classic used two methods of analysis. Under the first method, the results of their survey indicated that 30% of spectators stay at hotels for an average of 2 nights which would be 2,400 nights. The second method used to analyze the estimated family room nights was based on results of the crew survey. San Diego Crew Classic extrapolated how many spectators might have been attached to a crew, based on a number of factors such as the crew's age range, the historical experience, and talking to coaches, to arrive at 30% as well. Under the second analysis method, San Diego Crew Classic looked at the estimated number of participants times 30% and multiplied by 2 room nights and arrived at 2,034 family room nights. We recalculated the weighted average room nights from the survey to be 2.47 which would result in 2,516 nights for the second analysis. The actual estimate is lower than the results the two methods of analysis produced. Since these were developed by the Crew Classic for analysis only we have not calculated the effect these amounts would have on the ROI.*

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

San Diego Bay Wine & Food Festival Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained a copy of the detailed ROI calculation for San Diego Bay Wine & Food Festival. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The summary annual ROI report initially provided to the TMD shows 1,283 room nights with hotel revenue of \$177,118 and the ROI of 4:1. Subsequently an independent audit was performed by SDSU. An estimated range of TRN hotel revenue and resulting ROI reported by SDSU was based on travelers staying 2 or 3 nights which resulted in an estimated range of 1,303 – 1,606 room nights, hotel revenue of \$194,147 – \$239,294, and resulting ROI of 4.3 – 5.3:1. The ROI calculation prepared by SDSU was 0.3 – 1.3 higher than the summary initially provided to the TMD.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

Other than ADR, there were no specific measurable criteria included in the original budget approved by the TMD. We compared the ROI calculation used for the annual performance report with the proposed measurement that was approved for the budget and noted a difference in the ADR used. The original approved budget used an estimated ADR of \$138 while the ADR used in the ROI calculation was \$149.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

Other than ADR, there were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.

San Diego Bay Wine & Food Festival Program (continued)

Procedure (continued)

- c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

Finding

4a. San Diego Bay Wine & Food Festival ("Festival") 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 Complete Ticket Solutions (CTS), which is an independent ticketing agency. During the survey, customers were asked questions regarding the location and the number of hotel room nights booked during their stay for the Festival. Additionally, a third party hotel agent, Conference Housing, was utilized to book room nights for exhibitors who chose to stay within various hotel room blocks. To estimate room nights booked outside the room blocks, post-event surveys among exhibitors and sponsors was conducted by the Festival management. The Festival submitted data it collected to SDSU for an independent review and analysis of the hotel room nights. The data collected did not delineate that all room nights were for TMD hotels. The surveys did not ask whether the Festival was the primary reason that the attendees came to San Diego, and the question was not asked of the exhibitors, who were assumed to be here for the Festival.

4b. Data was collected internally and through the third party ticketing/hotel agency as well. See procedure described in 4a above. The ADR used in the ROI submitted to the TMD and the SDSU study was \$149.

4c. Prior to the TMD funding, the Festival had an average of 300 traceable hotel room nights. With the TMD funding, hotel room nights grew significantly for the 2009 Festival. The incremental room nights were not taken into account in the ROI calculation. All market advertising associated with the Festival came from the TMD funding. Only the TMD funding was taken into account in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.

San Diego Bay Wine & Food Festival Program (continued)

Procedure (continued)

- h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
- i. Where data relied on sampling, obtain method of extrapolation and recalculate.

Finding

5a. We traced 695 hotel room nights on the SDSU report to the survey provided by CTS and noticed that there were 64 room nights associated with unknown hotels or non-TMD hotels, resulting in TMD room nights of 631. The summary initially submitted to TMD reflected 636 room nights. A total of 271 exhibitors and sponsors were surveyed, and approximately 50% or 135 exhibitors stayed at a TMD hotel during the festival. Based on the number of out-of-town badges issued to exhibitors and sponsors, a total of 1,235 individuals came from 271 exhibitors for an average of 4.6 individuals per exhibitor group. Each exhibitor attended the festival for 2-3 days. SDSU estimated that 2 people shared a room. Based on the exhibitor survey, SDSU projected a range of hotel room nights from 608 – 911. The estimated range is due to the length of stay for 2 or 3 days, based on the fact that the event lasted for 3 days and exhibitors were required to stay at least 2 days. The Festival did not ask how many room nights during the exhibitor survey. The hotel pickup summary initially submitted to TMD indicated 647 room nights generated from the exhibitors and attendees, which is within the range that SDSU estimated. A Conference Housing hotel pickup report with actual hotel room nights was also obtained to support the room nights estimated from the exhibitor survey. We recalculated the range of TRN of 1,303 – 1,606 used in the detailed ROI calculation; however the estimated TRN includes unknown hotels and non-TMD hotels.

5b. The San Diego Bay Wine & Food Festival does not prepare a report that summarizes TRN by TMD hotel property.

5c. The average room rate used in the ROI calculation was \$149. The ADR for the City as listed on the San Diego ConVis Industry Summary was \$119.12 for November 2009. The weighted average hotel rate of room blocks booked through Conference Housing was \$187.17.

5d. The funding amount reported by TMD was \$45,000 for FY2010. We agreed the funding amount to the amount reported by the Festival in its detailed ROI calculation.

5e. We recalculated the ROI using the data reported by SDSU instead of the one the Festival submitted to TMD originally and used the ADR of \$149 submitted to the TMD and used in the SDSU study (See procedure 4b.). The recalculated total hotel revenue range was \$194,147 – \$239,294 resulting in a ROI of 4.3 – 5.3:1. We agreed our recalculation to the detailed ROI calculation reported by the Festival.

5f. See above information in procedure 5a and 5b for detail of information collected.

5g. This procedure is not applicable. We relied on SDSU report on the data collected by the Festival.

5h. TRN data was collected by the Festival and validated by SDSU. The criteria, assumptions, and procedures performed were described in procedures 4a and 5a above.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bay Wine & Food Festival Program (continued)

Finding (continued)

5i. 87 of 271 total exhibitors and sponsors were surveyed, representing 32.1%. Based on the survey, approximately 51.72% of the respondents stayed at a hotel during the festival. With this representative sample, SDSU projected that 135 exhibitors (51.72% of 271) stayed at a hotel.

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

San Diego Brewers Guild: Beer Week Program

Procedure

1. Obtain detailed ROI calculation and compare to the summary presented in the FY 2010 Annual ROI Report and a copy of the original approved recipient funding request which shows the proposed method for calculating ROI for each recipient selected for funding.

Finding

We obtained a copy of the approved recipient funding request and the detailed ROI calculation for San Diego Brewers Guild: Beer Week. We compared the calculation to the summary presented in the FY 2010 Annual ROI Report provided by the TMD. The detailed calculation of ROI agrees to FY 2010 Annual ROI of 5.17:1.

Procedure

2. Compare ROI calculation used for annual performance report with proposed measurement that was approved for the budget or incremental project and report any discrepancies or changes from proposed calculation to actual calculation used. Report any differences.

Finding

San Diego Brewers Guild was unable to complete a study for the ROI report for 2009 Beer Week due to timing and the fact that hotels did not respond to requests for information. Therefore, they used the TRN originally approved for the budget by TMD as their basis for the final Annual ROI Report for FY2010.

Procedure

3. Compare approved ROI calculations in budgets for similar programs. Look at whether consistent measurement requirements are required in the approval process.

Finding

There were no specific measurement requirements in the budget approval process.

Procedure

4. Obtain understanding of how recipient calculated ROI and obtain source data used in calculation including any third party reports. Report on the following:
 - a. Method for calculating total room nights (TRN). (i.e., Surveys of hotels, participants or travelers, study, questionnaires, web traffic driven to specific website, etc.)
 - b. Method of collecting information.
 - c. How were incremental room nights taken into account? (i.e., For an event that would take place regardless of SDTMD funding, was there a determination of how many room nights would have been expected without SDTMD funding? Was this taken into account in the ROI calculation? If recipient receives funding from other sources is this taken into account in calculating ROI?)

San Diego Brewers Guild: Beer Week Program (continued)

Finding

4a. San Diego Brewers Guild used projected TRN on the approved budget as the basis for the final annual ROI report to TMD. The projected TRN was based on the number of events that San Diego Brewers Guild assumed they would get over the 10-day period of the events. There were over 300 events throughout the ten days. Even though they believed that there were actually more room nights generated, they were not able to collect surveys from hotels to support this.

4b. San Diego Brewers Guild distributed surveys to TMD hotels and also created online surveys distributed via e-mail or social media outlets, such as Facebook. They also used ticket sales to conduct surveys among attendees to track the ROI information. However, due to lack of response, San Diego Brewers Guild was unable to complete the data collection and produce an official ROI report for 2009 Beer Week and thus used the projected hotel room nights as budgeted for the ROI calculation. In addition, ADR used in the ROI calculation was \$110 as originally budgeted.

4c. There was no attempt to identify only TMD room nights. Without TMD funding, San Diego Brewers Guild: Beer Week would have had minimal exposure and would not have driven any tourism to San Diego. There was no funding from other sources used and considered in the ROI calculation.

Procedure

5. Test ROI calculated.
 - a. Trace TRN from source data to ROI calculation.
 - b. If applicable, obtain production report which summarizes TRN by TMD hotel and provide schedule.
 - c. Trace average room rate used in calculation to approved rate per contract.
 - d. Agree funding amount to award.
 - e. Recalculate ROI and report any discrepancies or mathematical errors.
 - f. For TRN source data collected and summarized by recipient, look at detail information collected and compare results to summary information.
 - g. If applicable, select a sample of recipient data and re-perform procedure. Summarize any variances noted.
 - h. For TRN data generated or validated by outside sources, such as TNS, San Diego State University Hospitality & Tourism Research, etc., we will obtain report and discuss criteria used, assumptions made and procedures performed by them to calculate or substantiate TRN calculated
 - i. Where data relied on sampling, obtain method of extrapolation and recalculate.

San Diego Brewers Guild: Beer Week Program (continued)

Finding

5a. *San Diego Brewers Guild was unable to complete the data collection and produce an official ROI report for 2009 Beer Week due to lack of data and timing and thus used the projected hotel room nights of 1,050 as originally budgeted for the ROI calculation.*

5b. *San Diego Brewers Guild was unable to provide a production report that summarized TRN by TMD hotels because they did not complete data collection for 2009 Beer Week. San Diego Brewers Guild indicated that a survey was sent out to TMD hotels but they did not receive responses.*

5c. *The average room rate used in the ROI calculation was \$110. The San Diego ConVis Industry Summary reflected \$119.12 for City ADR and \$115.61 for County ADR in November 2009.*

5d. *The funding amount reported by TMD was \$22,320 for FY2010 annual funding. We agreed the funding amount to the amount reported by San Diego Brewers Guild: Beer Week in its detailed ROI calculation.*

5e. *We recalculated ROI using the total hotel room nights and the hotel revenue from the budgeted amount and agreed to the ROI presented in the FY2010 Annual ROI Report by TMD.*

5f. *See above information in procedure 5a and 5b for information collected.*

5g. *Since the grant recipient was unable to collect detailed data and instead used the ROI information proposed for budget approved by TMD, this procedure is not applicable.*

5h. *TRN data was generated internally.*

5i. *This procedure is not applicable. The data collected did not rely on sampling.*

Procedure

6. Report differences in how recipients with similar marketing programs calculate ROI.

Finding

See Schedule A, attached.

SCHEDULE A - PROGRAM COMPARISONS

Event	Type of Marketing						Total Room Nights (TRN)	How TRN was calculated (Source)	Average Daily Rate (ADR)	How ADR was determined (Source)	ROI in Budgets vs. Actual	Were only TMD room nights estimated in ROI calculation	How program takes "incremental" room nights into account
	Media (Radio, TV)	Print (Magazine, Paper)	Online banner	Website	Trade Shows	Sponsored events							
San Diego Film Commission	X	X		X			TRN was calculated based on an internally generated survey among film crews.	ADR used for each project varied by the month the project began production. The average rate is \$119.53.	ADR from ConVis Visitor Industry Summary for the month of filming in 2009 and 2010.	Budgeted ROI: 5.47:1 Reported ROI: 3.03:1	Yes, only TMD room nights were taken into account in the ROI calculation.	Without TMD funding program would cease to exist, therefore, room nights in ROI calculation represent incremental room nights.	
San Diego Sports Commission					X		For some events, TRN was collected by hotel room block reports. For other events, TRN was projected from the survey results to the number in attendance of the event. TRN was generated from 2,569 actual room nights and 14,306 estimated room nights.	The ADR ranged from \$105.00 to \$216.00 depending on event.	ADR was based on the known rate of the hotels providing room blocks. For rooms projected from survey results, ADR was obtained from the ConVis Visitor Industry Summary, for the month the event took place.	Budgeted ROI: 5.58:1 Reported ROI: 5.50:1 Revised ROI based on Procedures: 5.30:1	The event Foot Locker Cross Country National Championship generated 387 room nights, which were not at a TMD hotel. These room nights were included in the actual ROI calculation. For events where TRN were projected from surveys, no attempt was made to estimate only TMD room nights.	Incremental room nights were not isolated in the ROI calculation.	
San Diego Bowl Game Association	X				X		TRN was estimated based on a study 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 a hotel and average room nights per stay to project TRN.	\$108.00	ADR was determined from the results of the survey by SDSU. Only those attendees who came to San Diego specifically for the bowl games were used in the calculation.	Budgeted ROI: 12.8:1 Reported ROI: 13.32:1	Bowl game participants were not asked which hotel they stayed at, SDSU estimated that 90% of the room nights were within the TMD, based on consideration of hotel room rates and the distance to Coronado or North County.	There were no incremental isolated in the ROI calculation.	
San Diego Crew Classic	X	X		X			Estimates of participant room nights were based on surveys among crew participants. Estimates of family room nights were based on historical experience, crew's age range, discussion with coaches, and surveys among spectators. TRN combined 3,837 participant room nights and 2,005 family room nights.	\$129.00	ADR was the average room rate for participants staying in room blocks.	Budgeted ROI: 4.78:1 Reported ROI: 5.58:1	Yes, only projected TMD room nights were taken into account in the ROI calculation.	There was no attempt to isolate TMD room nights associated with TMD funding in the ROI calculation. Without the TMD funding, Crew Classic would have hotel room nights generated but with the TMD funding, San Diego Crew Classic had an increase of approximately 1,000 room nights each year.	
San Diego Bay Wine & Food Festival	X	X	X	X	X		TRN was gathered by an online survey through Complete Ticket Solutions (CTS) at the time of ticket purchase. Conference Housing was used to collect room nights outside the room blocks. For room nights outside the room blocks, an exhibitor survey was conducted internally to measure other hotel room nights.	\$149 was used in the ROI calculation reported to TMD. Actual ADR for the City as listed on the San Diego ConVis Industry Summary was \$119.12 for November 2009. The weighted average room rate for actual room blocks booked through Conference Housing was \$187.17.	ADR used was the \$149 amount submitted in the original funding request.	Budgeted ROI: 4.13:1 Reported ROI: 4.1: ROI estimated by SDSU report: 4.3 - 5.3:1	SDSU indicated in the report that the data did not delineate that all room nights were consumed in TMD hotels.	Prior to TMD funding, San Diego Bay Wine & Food Festival had an average of 300 hotel room nights. This incremental room nights were not isolated in the ROI calculation.	
San Diego Brewers Guild: Beer Week	X	X	X	X	X		San Diego Brewers Guild used the projected TRN on the approved budget to TMD in their final ROI calculation. TRN was projected based on the number of events (300+) throughout 10-day period of the events.	\$110.00	ADR was based on estimate used in the original budget included in the funding request.	Budgeted ROI: 5.2:1 Reported ROI: 5.2:1	There was no attempt to identify only TMD room nights.	There was no attempt to isolate only TMD room nights.	

See agreed upon procedures report.

SCHEDULE B - FILM COMMISSION PRODUCTION REPORT OF TRN BY TMD HOTELS

San Diego Tourism Marketing District

Schedule B: Film Commission Production Report of TRN by TMD Hotels
Year Ending June 30, 2010

Hotel Name	Hotel Room Nights	Hotel Revenue
American Best Value Inn Loma Lodge	14 \$	1,657.88 *
Andaz Hotel (The Ivy Hotel)	334 \$	40,130.80
Best Western Bayside Inn	74 \$	9,126.18
Best Western Blue Sea Lodge	14 \$	1,557.64
Best Western Inn By The Sea	5 \$	654.05
Best Western Island Palms & Marina	100 \$	11,682.27
Best Western Mission Bay	30 \$	3,573.60
Best Western Seven Seas	50 \$	5,904.41
Catamaran Hotel	6 \$	696.84
Comfort Inn & Suites Hotel Circle	18 \$	2,354.58
Comfort Inn at the Harbor	95 \$	13,384.55
Courtyard by Marriott Liberty Station	15 \$	1,962.15
Courtyard by Marriott San Diego Mission Valley	396 \$	47,627.60
Courtyard Marriott Gaslamp	61 \$	7,245.94
Courtyard Marriott Old Town	490 \$	64,096.90
Courtyard San Diego Central	79 \$	9,391.05
Days Inn	50 \$	5,955.71
Days Inn Hotel Circle	5 \$	594.15
Doubletree Club Hotel San Diego -Hotel Circle	874 \$	104,939.96
Doubletree Del Mar	12 \$	1,463.84
Doubletree Hotel San Diego Downtown	25 \$	2,970.75
Doubletree Sorrento Valley	20 \$	2,225.20
Embassy Suites	398 \$	47,627.26
Empress Hotel	147 \$	17,574.05
Estancia La Jolla	165 \$	19,409.34
Four Points by Sheraton San Diego	2 \$	236.84
Grand Del Mar	44 \$	5,433.09
Grande Colonial La Jolla	40 \$	4,753.20
Hard Rock Hotel	98 \$	11,751.36
Hilton Gaslamp Quarter	4 \$	465.56
Hilton Mission Bay Resort	49 \$	5,726.58
Hilton Mission Valley	93 \$	12,298.72
Hilton San Diego Bayfront	38 \$	4,711.66
Holiday Inn Express Old Town	6 \$	696.84
Holiday Inn Hotel San Diego Bayside	9 \$	1,177.29
Holiday Inn Mission Valley	4 \$	523.24
Holiday Inn San Diego - On the Bay	166 \$	21,317.29
Homestead Inn and Suites	45 \$	5,347.35
Hotel Indigo	678 \$	78,227.13 *
Hotel La Jolla	24 \$	2,851.92
Hotel Parisi	2 \$	238.24 *
Hotel Solamar	325 \$	38,671.74
Hyatt La Jolla Aventine	86 \$	10,244.32
Hyatt Regency Mission Bay	24 \$	2,842.08
Kona Kai Resort	11 \$	1,233.17
La Jolla Inn -Prospect St	11 \$	1,307.13
La Pensione	8 \$	931.12

San Diego Tourism Marketing District

Schedule B: Film Commission Production Report of TRN by TMD Hotels
 Year Ending June 30, 2010
 (Continued)

Hotel Name	Hotel Room Nights	Hotel Revenue
La Quinta Mission Valley	44 \$	6,199.16
La Valencia	65 \$	7,549.10
Mission Valley Resort	10 \$	1,184.20
Omni Hotel	29 \$	3,470.52
Paradise Point Resort	95 \$	11,143.89
Park Manor Hotel	5 \$	556.30
Pearl Hotel	7 \$	828.94 *
Quality Inn	10 \$	1,191.20
Ramada Kearny Mesa	20 \$	2,616.20
Residence Inn by Marriott San Diego	45 \$	5,202.20
Residence Inn La Jolla	3,550 \$	423,616.00
Residence Inn San Diego Mission Valley	1,834 \$	213,557.31
San Diego Marriott Gaslamp	24 \$	2,802.28
San Diego Marriott Mission Valley	2,427 \$	291,574.03
San Diego Marriott Marina	57 \$	6,769.21
Se San Diego	294 \$	33,727.38
Sheraton Harbor Island	53 \$	6,500.33
Sheraton La Jolla	145 \$	17,219.33
Sheraton Mission Valley	272 \$	33,115.02
Sheraton Symphony Tower (Downtown)	319 \$	35,167.78
Sofia Hotel	32 \$	4,354.06
Sommerset Suites	9 \$	1,045.26
Spring Hill Suites by Marriott	12 \$	1,335.12
The Dana on Mission Bay	802 \$	96,125.74
The Grande Colonial	82 \$	9,653.18
The Lodge at Torrey Pines	135 \$	17,659.35
Tower 23	12 \$	1,446.84 *
US Grant Hotel	97 \$	11,524.61
W Hotel	643 \$	76,983.48
Westin Gaslamp	251 \$	28,191.56
Total	16,624 \$	1,987,102.15

* 713 room nights were at hotels within the TMD district that were not assessed TMD fees since they have less than 70 rooms.

Attachment X

FY2011 Interim Report of Activities

12 pages

San Diego Tourism Marketing District



FY2011 Interim Report of Activities (July 1, 2010 – December 31, 2010)

Overview

San Diego Tourism Marketing District:

Established by Resolution: R-303226 on December 12, 2007
Effective January 1, 2008 through December 31, 2012

Agreement between City and TMD Management Corporation:

Approved by Resolution: R-303621 on April 28, 2008
Effective April 1, 2008 through March 31, 2012

Advisory Board and Contracted TMD Management Corporation:

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

Assessment Methodology Authorized by Resolution No. R-303226:

The assessment amount shall be, and shall not exceed, two (2) percent of gross room revenue, minus exempt revenues, for lodging businesses with seventy (70) or more sleeping rooms located within the TMD. Gross room revenue is defined as the “total consideration charged to a transient, as shown on the guest receipt for the occupancy of a room, or portion thereof, in a hotel.” For purposes of the collection of assessments, gross room revenue minus exempt revenues may also be referred to as “assessable rents.

No Changes to Boundaries or Assessment Methodology:

For FY2011, no changes were proposed to the boundaries or basis / method of assessment. The TMD encompasses the entire City of San Diego.

Benefit Zones:

There are no defined or proposed benefit zones.

Budget and Expenditure Summary

Available Tourism Marketing District (TMD) Funds for FY 2011:

Projected Assessments Based Upon Current Market Forecast:	\$ 24,389,497
Projected Interest	\$ 40,000
Projected FY 2010 Carryover	\$ <u>2,573,544</u>
Total FY 2011 Funds Available:	\$ 27,003,041

Expenditures For FY2011:

Pursuant to San Diego Tourism Marketing District Management Plan September 2007:

FY2011 Fixed Allocations:

San Diego CVB:(50% of Assessment Collected) \$ 12,509,51
(FY2011 \$12,194,748+ FY2010 Carryover of \$ 314,769)

San Diego North CVB:(10% of Assessment Collected) \$ 3,386,612
(FY2011 \$2,438,950+ FY 2010 Carryover of \$947,662)

Total Fixed Allocations \$ 15,896,129

Administration \$ 763,240

Variable Distribution \$ 8,769,801

Opportunity / Catastrophe Reserve (5% of Assessment Collected) \$ 0

Total FY2011 Budgeted Expenditures \$ 25,429,170

TOTAL REMAINING FOR FY 2011 CARRYOVER to FY 2012 \$ 1,573,871

Includes Opportunity/Catastrophe Principal Reserve and administrative interest totaling \$1,545,872 and Administrative carryover of \$27,999.

Variable Distributions for FY2011

Based on Competitive Annual Funding Recommendations

Accessible San Diego Core Program	\$	75,000
California State Games & Winter Games	\$	75,000
CONVIS 2011 Integrated Incremental	\$	6,450,000
CONVIS-PCMA Sponsorship	\$	250,000
Competitor Group- R&R Marathon	\$	145,510
Craft Brewers Guild Beer Week	\$	50,000
MCCSN: Multicultural FAM Tour	\$	52,500
SD Bay Wine and Food Festival	\$	45,000
SD Bowl Game Association: HB and PB	\$	375,000
SD Crew Classic	\$	100,000
SD Film Commission	\$	511,400
SD Sports Commission-Base	\$	395,391
SD Sports Commission-SDSEA-RC44	\$	125,000
SDSU Certificate Course	\$	20,000
Thunderboats Unlimited / SD Bayfair	\$	50,000
SDTMD: BP 2015 Program Framework	\$	<u>50,000</u>
Total FY11 Variable (Competitive Incremental) Funding	\$	8,769,801

FY2011 FUNDING ROI & RANKING DETAIL

As of submittal date, only First Quarter (Q1) and Second Quarter (Q2) Return on Investment (ROI) reports have been received for the periods ending September 30, 2010, and December 31, 2010 respectively. The due date for the Q2 reports was February 28, 2011. The Third Quarter (Q3) ROI reports are due on May 31, 2011.

a. Accessible San Diego Core Program: \$ 75,000

Accessible San Diego (ASD) is a nonprofit information and resource center for travelers and locals with disabilities. The organization provides detailed information on accessible hotels, restaurants, attractions and transportation via its Web site, ASD Information Center, San Diego Guide publication, and telephone hotline. ASD promotes local tourism at consumer and trade shows to the untapped market of people with disabilities and generates increased hotel room nights and revenue. Additionally, ASD performs ADA consultation for major events, hotels and attractions.

i. Score Ranking:

- Directors' Aggregate Score: #11 of 17
- Room Night Ranking Calculation N/A

ii. Return on Investment (ROI)-projected:

- NA- Core only

b. California State Games & Winter Games: \$75,000

The California State Games (CSG) is an annual Olympic-style sports festival featuring some of the top youth athletes in the state. It is a grass roots program of the United States Olympic Committee. The 2010 CSG will host over 9,500 athletes competing in 22 sports July 8-11, 2010. These athletes come from all over the state to compete in this premier amateur event and vie for the Gold, Silver and Bronze medals. The sports venues are located throughout the City of San Diego, while Opening Ceremonies will be held at Qualcomm Stadium

i. Score Ranking:

- Directors' Aggregate Score: #4 of 17

ii. Return on Investment (ROI)-projected:

- 16,650 total hotel room nights
- \$ 2,097,900 @ Original ADR
- 28: 1

iii. Actual FY 2011 ROI Q1 &Q2:

- Approximately 11,622 rooms produced in August '10 event yielding approximately \$1,417,884 in revenue.
- Winter Games ROI results(Q3) will be reported out by May 31, 2011.

c. CONVIS 2011 Integrated Incremental: \$6,450,000

The San Diego Convention & Visitors Bureau (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 driving inbound travel.

Based on the projected level of TMD funding for FY 2011, the program of work highlights are:

- Deliver a minimum overall organization return on investment of \$14 to \$1.
 - Produce over 625 million paid advertising gross impressions.
 - Deliver \$15 million in unpaid media exposure through public relations editorial, unpaid media promotions and co-operative advertising partners.
 - Generate an estimated 4,690,000 visitor inquiries through the web site, e-mail and phone.
 - Increase definite hotel meetings group room nights to 800,000.
 - Maintain Market Share of Hotel Room Nights Sold in the Western Region Competitive Set.
- i. Score Ranking:**
- Directors' Aggregate Score: #1 of 17
- ii. Return on Investment (ROI)-projected:**
- 1,974,612 total hotel room nights
 - \$252,000,000 @ original ADR
 - 14:1
- iii. Actual FY 2011 ROI Q1 & Q2:**
- Campaigns run through Q4 of FY 2011
 - TNS reports results after campaigns
 - Sales @ 46% to annual goal (on track)

d. CONVIS PCMA Sponsorship (Pt. 1): \$250,000 of \$800,000

Hosting the 2012 Professional Convention Management Association's Annual Meeting provides the San Diego hospitality community with an exceptional opportunity to showcase the destination to over 1,500 professional meeting planners; PCMA's Professional Meeting Planners members represent annual buying power of more than \$18 billion. The average planner plans 34 meetings yearly with an average economic value of \$4 million for their largest meetings.

As the host city, San Diego collective sponsorship is targeted to bring:

- 3,500 total attendees in FY12
 - 2,500 peak room nights- 10,600 total room nights for the event alone.
 - 300,000 projected room nights from future bookings due to PCMA meeting/exposure.
- i. Score Ranking:**
- Mid-Year Variable
- ii. Return on Investment (ROI)-projected:**
- 10,600 total hotel room nights FY12 Convention

- \$2,385,000 @ original ADR
- 3:1 for Jan 2012 convention attendees, etc.
- 300,000 projected overall hotel room nights
- \$67,500,000 @ original ADR
- 84:1 Overall bookings resulting from PCMA

iii. Actual FY 2011 ROI Q1 &Q2:

- NA: PCMA Annual Meeting will be January 2012

e. Competitor Group: Rock& Roll + ½ Marathon: \$145,510

The Competitor Group’s Rock ‘n’ Roll Marathon, which aims to be one of the world’s premier running events, serves as a magnet to draw out-of-area visitors to San Diego. The event draws a minimum of 20,000 entrants of which more than 70% are from outside San Diego County.

i. Score Ranking:

- Directors’ Aggregate Score: #6 of 17

ii. Return on Investment (ROI)-projected:

- 27,774 total hotel room nights
- \$3,492,303 @ original ADR
- 24:1

iii. Actual FY 2011 ROI Q1 &Q2:

- NA: Event occurs in June of 2011

f. Craft Brewers Guild SD Beer Week: \$50,000

The San Diego Brewers Guild (SDBG) is at the vanguard of the nation’s brewers guilds and is one of the most active brewing societies with 22 Brewing Companies representing 33 working brew houses, 15 Allied Pub members, ad 14 Affiliate members. SDBG takes an active role in promoting San Diego’s internationally celebrated craft brewing scene garnering national media attention for its annual Brewers Guild Festivals and Beer Week in November.

i. Score Ranking:

- Directors’ Aggregate Score: #7 of 17

ii. Return on Investment (ROI)-projected:

- 2,500 total hotel room nights
- \$307,500 @original ADR
- 6:1

iii. Actual FY 2011 ROI Q1 &Q2:

- There were over 300 FY11 events. 178 of the small events (less than 100) were not surveyed.
- Partial Sample: 1,435 total hotel rooms
- \$179,734 @ original ADR
- 4:1 to date (minimum)

g. MCCSN: Multicultural FAM tour: \$52,500

The Multi-Cultural Convention Services Network is a full service convention and visitor management company that aggressively markets and promotes San Diego as a premiere meeting destination to national multicultural convention planners and leisure travel groups. These planners and executives are invited to a 3-day Multicultural FAM Tour, held the 3rd week in September. The purpose of the FAM is to put San Diego on the map as the “go to” place for multicultural business, pleasure and special events.

i. Score Ranking:

- Directors’ Aggregate Score: #13 of 17

ii. Return on Investment (ROI)-projected:

- 6,000 total hotel room nights
- \$768,000 @original ADR
- 15:1

iii. Actual FY 2011 ROI Q1 &Q2:

- Stated Actual Booking Estimate: 688 rooms produced approximately \$87,376 in revenue.
- Pending Room Nights: 4,039
- \$512,953 @ \$127 ADR
- Approx: 9.8 to date

h. SD Bay Wine and Food Festival: \$45,000

The San Diego Bay Wine & Food Festival has become a signature event for the city, drawing 31 percent of its annual attendee base from outside of the county, and visitors from all points throughout the United States. Their charter mission with the Festival is to continue to increase the number of culinary tourism visitors to the city in the month of November, an off peak month, to drive affluent and high-net-worth consumers into restaurants, hotels and city businesses. In fact, over 100 of the city’s restaurants, port tenants, and hoteliers currently participate with the Festival in some capacity.

i. Score Ranking:

- Directors’ Aggregate Score: #10 of 17

ii. Return on Investment (ROI)-projected:

- 2,000 total hotel room nights
- \$298,000 @original ADR
- 7:1

iii. Actual FY 2011 ROI Q1 &Q2:

- 2085 tracked rooms
- \$328,721 @157.66 ADR
- 7.3:1

i. SD Bowl Game Association HB & PB: \$375,000

The San Diego Bowl Game Association produces two college football bowl games, the Pacific Life Holiday Bowl and the San Diego County Credit Union Poinsettia Bowl. The Holiday Bowl will be celebrating its 33rd annual game in 2010. The matchup is teams from the Pac-10 and the Big 12. The Holiday Bowl is able to attract major college football programs because of its team payout. In 2010, the combined team payout will be a minimum of \$4.15 million. The Poinsettia Bowl will be playing its sixth annual game in 2010. Since the game was created in 2005, the Poinsettia Bowl has generated an average of 14,709 hotel room nights the week before Christmas, a very slow period for the local tourism industry. In December 2010, the United States Naval Academy will be traveling to San Diego to play a team from the Mountain West Conference.

i. Score Ranking:

- Directors' Aggregate Score: #3 of 17

ii. Return on Investment (ROI)-projected:

- 43,000 total hotel room nights
- \$5,289,000 @ original ADR
- 14:1

iii. Actual FY 2011 ROI Q1 & Q2:

- Approximately 31,630 rooms produced yielding approximately \$3,321,150 in revenue. Approx: 9:1 to date.

j. i. SD Crew Classic: \$100,000

The San Diego Crew Classic is a nonprofit organization that orchestrates the world's largest rowing regatta held exclusively for eight-oared shells. Since 1973, the regatta has showcased the city of San Diego to tens of thousands of rowers and hundreds of thousands of spectators. With worldwide recognition, the regatta is a unique San Diego tradition. The San Diego Crew Classic is a two-day, nationally acclaimed regatta consisting of 90 races for more than 3,400 athletes competing at the Junior, Collegiate, and Masters level. In 2009, 100 rowing programs from 29 states and two countries competed on Mission Bay during the first weekend of April. The Copley Cup, in which powerhouse crews such as Harvard, the University of Washington, Cal, Princeton, and Yale compete, draws the largest crowds of spectators, support personnel, and family member to the regatta. The Copley Cup's success also has a positive ripple effect on the entire regatta, making it a more desirable event for other Collegiate, Junior and Master crews.

i. Score Ranking:

- Directors' Aggregate Score: #8 of 17

ii. Return on Investment (ROI)-projected:

- 5,500 total hotel room nights
- \$704,000 @original ADR
- 7:1

iii. Actual FY 2011 ROI Q1 &Q2:

- NA: This program occurs in Q3 FY 11

k. SD Film Commission: \$511,400

The San Diego Film Commission is the non-profit organization tasked with attracting filmmaking activities to the San Diego region. This is the only organization that works specifically to attract television shows, feature films, commercials and still photo shoots to San Diego. The Film Commission employs former production industry professionals who have real world knowledge of production which helps anticipate the needs of each project. The Film Commission tracks the room night stays of production crews and talent for the projects that film in San Diego.

i. i. Score Ranking:

- Directors' Aggregate Score: #5 of 17

ii. Return on Investment (ROI)-projected:

- 17,500 total hotel room nights
- \$2,170,000 original ADR
- 4:1

iii. Actual FY 2011 ROI Q1 &Q2:

- Approximately 4,142 rooms produced yielding approximately \$511,410 in revenue. Approx: 1:1 to date.

l. San Diego Sports Commission (Base): \$395,391

The San Diego Sports Commission (SDSC) promotes San Diego as the preferred destination for sports events and activities, and fosters economic development and quality of life through sports. The SDSC is the combination of two legacy organizations: the San Diego Hall of Champions and the San Diego International Sports Council. The SDSC intends to serve as the central hub for all regional sports and sports related activities. They are building a research, marketing, promotion, sponsor acquisition and activation team that is driven to differentiate San Diego from other markets. Additionally, the SDSC is forming a team dedicated to “new event” creation and implementation so that San Diego can produce and own the rights to locally based events.

i. Score Ranking:

- Directors' Aggregate Score: #2 of 17

ii. Return on Investment (ROI)-projected:

- 23,010 total hotel room nights
- \$3,2345,206 @ original ADR
- 8:1

iii. Actual FY 2011 ROI Q1 &Q2:

- Approximately 17,819 rooms produced yielding approximately \$2,403,614 in revenue. Approx: 15.6:1 to date

m. SD Sports Commission. SDSEA-RC44 Event: \$125,000

The San Diego Sports Commission (SDSC) promotes San Diego as the preferred destination for sports events and activities, and fosters economic development and quality of life through sports. The RC44 Class Regatta was created to develop racing sailboats and to organize high profile sailboat racing regattas in top flight sailing venues. The successful RC44 Class Regatta in San Diego in (March 2011) positioned San Diego well to be a venue for preliminary America's Cup qualifying regattas starting in 2011. These regattas attract substantial interest and media coverage. The specific venue for shore side activities of the San Diego RC44 Class regatta was the new Broadway Pier Cruise Ship and Events Center. The Unified Port of San Diego has been very supportive of the efforts to utilize this venue as a base for the RC44 Class teams and their boats as well as a center for spectators to view the race and enjoy both casual and high end hospitality. The RC44 Class will promote the event as a part of their overall international media campaign.

i. Score Ranking:

- Mid-Year Variable

ii. Return on Investment (ROI)-projected:

- 7,200 total hotel room nights
- \$836,208 @ original ADR
- 7:1

iii. Actual FY 2011 ROI Q1 &Q2:

- NA: This program occurs in Q3 FY 11

n. SDSU Certificate Course: \$20,000

San Diego State University L. Robert Payne School of Hospitality & Tourism Management created the new Revenue Management Certificate Course with the grant from the Tourism Marketing District. With the hospitality industry stabilizing, it is critical to educate the TMD hoteliers with the most current market trends. The SDSU Revenue Management Certificate Course provided free tuition for two (2) members of every TMD hotel to attend courses on Revenue Management.

i. Score Ranking:

- Mid-Year Variable

ii. Return on Investment (ROI)-projected:

- RevPar Certificate Course for TMD Hotels

iii. Actual FY 2011 ROI Q1 &Q2:

- NA: Performance results analysis pending year end

o. Thunderboats Unlimited / SD Bayfair: \$50,000

San Diego Bayfair has staged on behalf of the region, the World Series of Powerboat racing as an element to Bayfair, San Diego's largest annual family beach festival and sports competition. Bayfair has been a San Diego tradition since Mission Bay Park was completed in the design we enjoy today. The World Series of Powerboat Racing event occurred September 17-19, 2010 on Mission Bay, San Diego. The Family

Beach Festival was targeted at regional and national attendance base. Over 150 powerboat racing teams from every region of the nation, competed in over a dozen professional and amateur powerboat racing classes to including: Unlimited Lights, G Boats, American Power Boat Racing Association Classes, Offshores, and Jet Skis.

i. Score Ranking:

- Mid-Year Variable

ii. Return on Investment (ROI)-projected:

- 9,000 total hotel room nights
- \$1,107,000 @ original ADR
- 22:1

iii. Actual FY 2011 ROI Q1 &Q2:

- 3,402 total hotel room nights
- \$410,790 @ \$118
- 8.21:1

p. SDTMD: BP 2015 Planning Framework : \$50,000

The 2015 Centennial Celebration of the 1915 Panama-California Exposition will be a 12-month world class event that focuses on Balboa Park and extends to include 2015 events in all of San Diego. It will be marketed to local, national, and international visitors and will generate short-term and long-lasting positive impacts on the regions' economy, stature, and reputation. It will be a spectacular celebration producing an extraordinary visitor experience. In FY11, the SDTMD issued a public RFP for a 2015 Centennial Consultant. J&S Silverman Consulting was selected to perform the preliminary research that resulted in the development of BP2015 Planning Framework for the organization of a Host Committee and the articulation of a framing vision for the 2015 Balboa Park Centennial Celebration

i. Score Ranking:

- Mid-Year Variable

ii. Return on Investment (ROI)-projected:

- NA: R&D for 2015 Centennial

iii. Actual FY 2011 ROI Q1 &Q2:

- NA: This program occurs in FY2015