

SACRAMENTO TOURISM MARKETING DISTRICT

MINUTES

Special Meeting of the Tourism District Committee

Monday, May 8, 2017

Visit Sacramento

1608 I Street, Sacramento, CA

The original agenda was prepared and posted in compliance with the provisions of the Ralph M. Brown Act noting that board action may occur on any identified agenda item.

A. Call to Order / Roll Call

Committee Chair Doug Warren called the meeting to order at 12:12 p.m. and conducted a roll call of the committee as follows:

PRESENT

Committee Members

Zone 1: Kathleen Gilbey

Zone 2: Sami Qureshi, Doug Warren (Chair)

Zone 3: Steve Young

Zone 4: Jeroen Gerrese

Visit Sacramento Staff

Steve Hammond, Mike Testa, Sonya Bradley, Sarah Atilano, Mike Sophia, Dan Santucci, Sherlynn Clifford
(Recording Secretary)

Guests present for a portion or the entire meeting

None

ABSENT

Committee Members

Zone 1: Liz Tavernese, Scott VandenBerg

B. Public Comments – Matters Not on the Agenda

Chair Warren called for public comment on items not listed on the agenda; there were no matters presented.

C. Review and Approval of STMD Tourism Committee Meeting Minutes: April 10, 2017

There being no discussion, *Sami Qureshi motioned to approve the April 10, 2017, minutes as submitted; Steve Young seconded. [Vote: Unanimous]*

D. Review, Discussion and Approval of the STMD Portion of Visit Sacramento Draft Budget for FY2017-18

Chair Warren said the draft budget was emailed to the committee a couple of weeks ago and that after today's initial presentation, members have the opportunity to further review before approval at July's quarterly meeting. Steve Hammond said that in addition to the draft budget, Visit Sacramento staff developed an accompanying document that identifies the most important line items – highlighted in the budget – with significant or recurring expenses. Hammond then explained the projected revenue represents the following sources as identified by account number in the budget: 1: TOT; 2-STMD; 3: Sport and 6: Private Revenue. Hammond said all four funding sources balance to the revenue, and added the committee is welcome to review the entire budget – not just the STMD portion – and to ask any questions in this regard.

Jeroen Gerrese asked about any differences between last year’s budget and this year, particularly regarding partnerships and private revenue. Hammond said the budget was reduced slightly by \$500K this year due to the expense reduction of USATF as most of those expenses will be accounted for in FY2016-17.

Hammond also said that staff will be following the finance and executive committee’s instruction to set aside an additional \$234K and, thus, some of the expenses and programs have been reviewed and reduced to maximize the effectiveness of the remaining programs. The committee and staff then reviewed the draft budget and highlights as follows:

BUDGET PAGE 1: REVENUES

Projected Revenue

- City, Community Center Fund: \$1,286,349 (Actual + 1.5% CPI)
- City, General Fund 473,248 (No reduction anticipated)
- STMD – City 5,837,167 (Projection based on 2016-17 YTD Growth: 2%)
- STMD – County 660,000 (Projection based on \$55,000/month)
- Sports Marketing – City 141,600 (Contracted Funding)
- Sports Marketing – County 70,000 (Contracted Funding)
- County TOT 125,000 (No reduction anticipated)
- Membership Dues 170,000 (No reduction anticipated)

Note: Hammond reminded the committee that, per the approval of the Visit Sacramento board of directors, staff spends much more of their time courting potential sponsors than attracting new members so this revenue projection remains flat. Staff’s time and energy to secure sponsorships has grown that revenue from \$400K when the decision was made to more than \$2M.

- Partnership & Private Revenue 2,071,013(Budget revenue rollup)

TOTAL: \$10,834,377

BUDGET PAGE 2: ADMINISTRATION

Property/Equipment/Fees: Contract/City of Sacramento (\$74,000)

- Bookkeeping
Note: The City maintains Visit Sacramento’s financial accounts and an online general ledger.
- Cash Receipts
Note: Visit Sacramento deposits cash and records cash receipts using City’s accounts receivable system.
- Disbursements
Note: The City disburses Visit Sacramento funds for budgeted Visit Sacramento expenses and the disbursements are printed on City’s check stock.
- Tax Returns and Other Reporting
Note: The City prepares Visit Sacramento’s annual Federal and California exempt organization information and business income tax returns. The City also prepares quarterly sales tax returns and business property statements.
- Annual Independent Audit
Note: The City contracts for an annual independent audit of Visit Sacramento’s financial statements with a Certified Public Accountant.
- Financial Statements
Note: The City compiles Visit Sacramento’s annual full disclosure financial statements in accordance with generally accepted accounting principles.

- Accounting Journals
Note: General ledger entries are prepared by Visit Sacramento and are forwarded to the City for approval, posting and storage.
- Cash and Investments
Note: The City holds and invests Visit Sacramento's cash balances.
- Other Financial Support and Consultation
Note: The City accounting division staff is available to consult on proper accounting treatment of financial transactions, if needed.

Property/Equipment/Fees: Computer Maintenance (\$15,000)

Note: City maintenance services include, but are not limited to, desktop support, purchasing, maintenance, and software support, including installing, configuring and troubleshooting desktop applications, as well as installing, configuring, and troubleshooting network phones and voicemail.

Property/Equipment/Fees: Mortgage Loan Principal (\$30,000) & Interest (\$17,760)

Note: In November 2013, Visit Sacramento's corporate office was appraised for \$2.1 million and a loan extension was signed. The loan was negotiated down to 4.7% interest rate and the monthly payment is \$3,979. The current loan balance is \$275,276.

Staff Expense/Board Activities: Annual Board Retreat (\$30,000)

Note: The Hyatt North Lake Tahoe continues to provide a favorable rate but F&B and service costs did increase slightly because the retreat date was moved to October which is in high demand.

BUDGET PAGE 3: MARKETING

Marketing Collaterals: Promotional Giveaways (\$35,000)

Note: Continued consolidation of all departmental promotional giveaways under Marketing. This is to ensure brand consistency, inventory management and quality control. Departments retain small budgets for limited, low quantity promotional item needs.

Marketing Collaterals: Video/Promo (\$15,000)

Note: Update destination video and develop targeted, informational videos for various market segments.

Marketing Collaterals: Brand Development (\$20,000)

Note: Ongoing development of creative for brands (Visit Sac, AF2FC, Sac Sports, etc.)

Marketing Support: Contract/CRM Simpleview (\$75,000), Web & Digital Development (\$85,000)

Note: Two line items represent annual licenses and fees for CRM and CMS that includes monthly support, hosting, email, dashboard, etc. Plus, migration and/or redesign of F2F.com and Sac Sports to Simpleview CMS.

Marketing Support: Contract/Research (\$50,000)

Note: Purchasing new, updated research including Visitor Profile, Destination MAP, nSight and Visa Vue.

Marketing Support: Contract/Lou Hammond Assoc. (\$35,000)

Note: To build upon our successful relationship with national tourism PR firm Lou Hammond in New York, the team will extend our contract to expand opportunities for media FAM trips, desk sides and media experiences in key markets and enhanced media outreach collaborations in the 2017-18 year.

Marketing Support: Contract/Visitor Center (\$30,000)

Note: Visit Sacramento negotiated a contract with the Historic Old Sacramento Foundation to take over the operation of the Visitor Center in Old Sacramento, which includes gathering visitor data for Visit Sacramento use. This will reduce our operational costs while extending the hours of operation at the Visitor Center. We signed a five-year sponsorship agreement but have the ability to void the contract after two years.

BUDGET PAGE 4: SPORTS MARKETING

Mike Sophia said his portion of the budget shows a zero figure for the contract with the City of Sacramento as that contract obligation has been completed.

Property/Equipment/Fees: Contract/CSUS (\$190,000)

Note: Represents Visit Sacramento's commitment to a new track surface installation at Sacramento State University. The investment has already paid big dividends from the large track meets that have committed to Sacramento. In addition to the USATF and NCAA events we've hosted, the track has also given us the opportunity to bid on the 2020 Track and Field Olympic Trials.

Tradeshows & Travel Marketing (\$18,000)

Note: The Sports Commission will have a significant presence at select industry conferences, to continue to solidify our brand and destination within the industry. We have also shifted our focus to "sales missions" with the intent to have a presence at a variety of championship events and meetings with our key target clients.

Marketing Collaterals: Sports Promotion (\$200,000)

Note: Represents Visit Sacramento's commitment to a Loft Suite in the new Arena and tickets for the River Cats and Republic FC. We expect to recoup \$110,000 from partner participation in loft suite and ticket sales.

Sales/Event Support: Bid Support (\$70,000)

Note: Each of these events will generate a significant return on investment based on total room nights and economic impact generated.

- Financial support for upcoming Sports Commission events including, but not limited to: NCVA (\$5,000), CIM Basketball (\$2,500), CIM Football (\$25,000), Senior Softball (\$20,000), and a variety of other smaller events.

Sales/Event Support: Host/NCAA (Outdoor T&F Regionals) (\$225,000)

Note: Line items for Host events, such as the 2018 NCAA Outdoor Regional Track and Field Championships, represent the projected expenses associated with hosting the event. The NCAA is one of several major events that the Sports Commission will host in 2018. The budget represents some expenditures associated with the bid process, but additional revenues and expenses would be expected if these events are secured and/or hosted. It would be anticipated that revenues associated with those events would offset a majority of the expenses associated with operating the events. Since the NCAA event is held at the very end of the fiscal year, expenses and revenues will be fine-tuned as we get closer to the event.

Sales/Event Support: Facility Development (\$5,000)

Note: This line item will launch the Sports Commission Facility Development program to support the development and completion of a sports facility development plan. Through the vision and direction of the Board and staff, we anticipate the need to bring on an outside consultant to verify our assumptions, execute a needs assessment and assist in the development of a comprehensive business plan. The plan moving forward would also include continuing our conversation with the STMD Committee about exploring future funding options for the development of a youth sports complex.

Doug Warren asked if \$5K in expenses was enough for this line item and why the note regarding \$40K in revenue. Hammond said that based on prior conversations with the STMD committee, he was hoping STMD might consider putting aside \$40K in revenue to start a fund that would build a future sports complex. Hammond said Clint Reed, when he was an STMD Committee member for Zone 3, was a big proponent of creating a youth complex in North Natomas. Sophia also explained the \$5K in expenses is to begin the initial process of collaborating with people and resources. Hammond then said Mayor Steinberg is very interested in getting this project done.

BUDGET PAGE 5: CONVENTION SALES

Tradeshows & Travel Marketing: Key Tradeshows, Industry Events & Third-Party Companies

Note: Attending tradeshows and appointment based shows is one of the best ways for our sales team to have face-to-face time with meeting planners. It is also a great way for us to gain knowledge and exposure to new trends in our industry to learn what our competition is doing so we can evaluate our strengths and weaknesses to better support our sales efforts. Each of the shows we are participating at will generate a significant return on investment based on total room nights booked into the market and economic impact for Sacramento.

The shows budgeted are a combination of shows that we participate in annually, education conferences and shows that are new or that we would like to enhance by encouraging our hotel partners to participate with us.

Shows that we participate in annually where we meet with meeting-planning executives that book for all markets (National and State Associations, Religious, Corporate, Specialty, etc.):

- ASAE American Society of Association Executives (\$8,000)
- CalSAE Seasonal Spectacular (\$20,000)
- RCMA Religious Conference Management Association (\$12,000)
- Connect Faith (\$5,500)
- Destination DC by Destination Management Association International (\$8,000)
- Holiday Showcase by Association Forum (\$8,200)
- CalSAE Elevate (\$16,000)
- IMEX America The Worldwide Meetings and Incentive Travel Exhibition (\$22,000)

Third-party and appointment-based shows:

- Connects Marketplace (\$18,000)
- Connect Marketplace CA (\$5,000) *
- Connect Marketplace DC (\$11,500) *
- Cvent Connect (\$9,700)
- Smart Meetings West (\$6,900) *
- Connect Chicago (\$6,000) *
- Helms Briscoe Annual Partner Meeting (\$4,000) *

** New shows: These third-party appointment-based tradeshows that allow us to schedule appointments with meeting planners that we have identified as having business that would be a good fit for Sacramento. We selected shows in Chicago, Washington, DC and California with the intent of adding a sales mission and/or organizing a client event in conjunction with the show to maximize our travel budget. We will also encourage participation from our hotel partners so they can be included in our sales efforts in these key cities. These are new shows for us for 2017 and 2018.*

Hammond said that appointment-based shows are proving to be more successful than simply participating in a tradeshow booth. Sarah Atilano concurred saying it looks like appointment-based shows are the wave of the future. Atilano also mentioned next year's budget does not include as many FAMs because of potential convention center construction; however, the department is planning a group outing with meeting planners at the Golden1 Center and significant additional national marketing of the new convention center.

Tradeshows & Travel Marketing: Sales Missions (\$27,000)

Note: Sales events and sales missions allow us to influence more decision-makers by personally introducing them to Sacramento through the following:

- Customer events scheduled during third party reverse and appointment-based tradeshows
- Additional customer sales events in major convention markets
- Expanded sales missions with our hotel partners
- Sales calls/outreach efforts with hotel national sales offices and third-party planners

Tradeshows & Travel Marketing: Site Visits (\$20,000)

Note: Site visits allow us to host decision-makers. Not only are we able to tour hotels and conference facilities but we get the opportunity to include many of our destination suppliers by organizing meals and activities during their trip. It allows us to spend a great deal of time with the decision-makers where we can strengthen relationships, answer questions and concerns, and listen for other opportunities and items that should be addressed to close business for Sacramento.

Atilano added the sales team typically has about 50-60 site visits per year that result in great success with an 80% conversion in average citywide bookings.

Advertising: Ad Place, Email Marketing and Partnerships (\$197,000)

Note: The advertising/media plan digital campaign is targeted to meeting planners and decision-makers through search and display advertising, digital and video. Also, ConventionPlanit (new), email and digital. The rest is for new opportunities that may arise during the year.

Sales Support: Dues/Subscriptions (\$9,000)

Note: Allows for renewal of industry association memberships and purchase of monthly industry reports. The Smith Travel Research (STR) report provides data on how the Sacramento market is trending in occupancy, average daily rate, and revenue per available room. It also shows the same information on a select set of competing cities that we identify annually. We are also budgeting for one Hotel Horizon report from PKF Hospitality Research that shows market projections for Sacramento for future years or a special one-time run STR report based on our needs throughout the year.

Sales Support: Contract/TAP Report (\$32,000)

Note: Allows for three reports monthly: TAP Report, TAP Peer Set Report and Daily Hotel Inventory Report. We also have access to the TAP website. These market analytics allow us to compare our city's performance to that of a select group or groups of competing destinations in a variety of categories including, but not limited to, definite groups by size of group, specific venue booked, and geographic origin of booking. Any time frame can be selected up to 10 years in the past and 20 years into the future.

Sales Support: BID Support (\$450,000)

Increase financial incentives to help influence prospective customers to select Sacramento

Note: This fund will allow us to be more competitive and book more business. The five-year Jehovah's Witnesses booking is a good example of what can be done with additional incentive dollars.

Atilano said \$447,500 in BID support has already been committed for 2017-18. Mike Testa said this was to partially help support those groups affected by the convention center expansion.

NOT HIGHLIGHTED on BUDGET - Sales Support: STMD Sales, Zones 1-4 (\$500,000)

Hammond said he and Dan Santucci reviewed the history and from that information could project the actuals for the draft budget.

NOT HIGHLIGHTED on BUDGET - Sales Support: STMD Expenses (\$64,600)

Hammond said this line item puts aside 1% of the total STMD projected collections required by Ordinance with a portion being dedicated to renewing Jose Hermocillo's contract. Hammond said this year's figure exceeded the budget as it includes expenses for Hermocillo for the convention center expansion process, though he dropped his rate by half for the remainder of 2017.

BUDGET PAGE 6: CONVENTION SALES

Sales Support: Future Sales Opportunities (\$5,000)

Note: Allows for funds to be available for unfunded opportunities that present themselves during the year after the budget has been finalized. Some of these opportunities may be meeting-planner incentives, familiarization trips and client events.

Convention Services: Signage Program (\$32,000)

Note: One of the services that we provide for citywide conventions is signage. This can be anything from banner poles to directional signage within the convention center. We evaluate our program annually to ensure it is competitive and to look for ways to minimize spend where we can. This budget is based on the orders and estimates for groups scheduled to arrive in this fiscal year.

Housing Services: Passkey Program (\$14,000)

Note: One of the services that we provide for citywide conventions is our Passkey housing program. Our contract is reviewed and re-negotiation annually based on our forecasted room night production through the system. Our budget for our housing is based on the number of groups that we currently have scheduled to be open in passkey through the fiscal year. We also consider the short-term booking window we continue to experience and budget for this as well.

BUDGET PAGE 6: TRAVEL INDUSTRY SALES

Tradeshows & Travel Marketing

Note: Attendance at key industry shows such as Pow Wow, NTA, ABA and the Go West Summit is vital for the tourism sales team. Each show we attend focuses on a different tourism market in an effort to reach the most clients in the most cost-effective manner.

- NTA (\$5,000)
- Pow Wow (\$25,000)
- SYTA (\$4,000)
- Tradeshows/Consumer Shows (\$14,000)
- ABA (\$5,000)
- Go West Summit (\$5,000)

Tradeshows & Travel Marketing: Sales Missions (\$2,000)

Note: By leveraging our relationship with Visit California's foreign offices we can make international sales missions affordable and highly-effective.

- International Sales Mission (\$7,000)

Tradeshows & Travel Marketing: Familiarization Tours (\$35,000)

Note: Bringing clients to town to experience Sacramento first-hand is our most effective sales practice. The past few years have seen the number of industry familiarization tours to Sacramento increase dramatically. To accept the groups, the tourism team is often required to cover meals and lodging for all participants. We expect to welcome more than 200 FAM participants in 2017-18.

BUDGET PAGE 7: TRAVEL INDUSTRY SALES

Advertising: Ad Place/Consumer Leisure Travel (\$335,000)

Note: Continuing campaigns with Expedia and Reach Local, and digital campaigns to include display, search, retargeting and native advertising.

BUDGET PAGE 8: PARTNER MARKETING

Sales Support: Sponsor Recognition VIP Event (\$0)

Note: Event eliminated due to cost savings goals.

NOT HIGHLIGHTED on BUDGET – Sales Support: Contract/Sponsorship Sales (\$78,000)

Testa said Catchlight Sports and Entertainment has been retained for six months which he believes is a good investment and will also be a cost savings. This is a temporary replacement until a full-time sales professional can be hired to lead our sponsorship efforts.

BUDGET PAGE 8: COMMUNITY RELATIONS

Sales Support: Special Events

Note: Visit Sacramento-produced special events are designed to drive hotel room nights and private revenue. The New Year's Eve expenses are offset by a contribution from the City of Sacramento.

- Sponsor/Gold Rush Days (\$50,000 budgeted equals \$50,000 less than FY15/16)
- Sponsor/New Year's (\$70,000)
- Sponsor/Taste of Summer (\$115,000)

BUDGET PAGE 9: FARM-TO-FORK

Advertising: Entercom Radio (\$40,000)

Note: Entercom owns six radio stations in the market and has committed to a million-dollar advertising campaign that targets regional residents on why they should care that Sacramento is America's Farm-to-Fork Capital. They've made a three-year commitment (this year represents year 3) and Visit Sacramento is investing \$40K to tailor specific messaging that reinforces Farm-to-Fork locally and offsets event advertising expenses.

Sales/Event Support: Farm-to-Fork Events

Note: Farm-to-Fork events are designed to drive hotel room nights and private revenue. Private revenue earned through sponsorships and admission fees is designed to help offset the costs of salaries, event production and additional Visit Sacramento marketing programs.

- Host/F2F Dinner (\$228,500)
- Host/F2F Wine Event (\$39,500)
- Host/F2F Festival (\$393,000)
- Host/F2F Kickoff Event (\$1,500)

The Farm-to-Fork events are poised to grow even further. While we've budgeted \$661,700 in expenses, we expect to drive more than \$758K in revenue. That revenue will be re-invested in Farm-to-Fork, with the goal of having the department continue to be self-sufficient, and then some.

Warren asked if there were expenses included for the food economy trip and the Chamber's Cap-to-Cap trip to Washington, DC. Hammond said, based on Warren's earlier recommendations, that \$1,500 was reestablished in the budget for a farm-to-fork marketing trip this year, and for Cap-to-Cap, staff included \$2,500 in the budget to attend. Testa also said the Sacramento Food Conference is scheduled for February 2018 with an outside organization managing the event.

Concluding the budget presentation, Hammond said the committee has typically scheduled another meeting so they have time to further review prior to approval; however, all committee members are also Visit Sacramento board members per the Management District Plan so the next opportunity for review will be at the Visit Sacramento board meeting on June 15, 2017. Hammond said that if anyone had any suggestions or changes to the budget to contact him by May 22, 2017.

E. Future Meetings and Agenda Items

The next regular quarterly meeting is scheduled for July 10, 2017.

F. Adjournment

Chair Warren adjourned the May 8, 2017, meeting at 1:24 p.m.