



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604

www.cityofsacramento.org

CONSENT

November 1, 2005

Honorable Mayor and
Members of the City Council

Subject: APPROVAL OF THE 2005-2006 BUDGET OF THE SACRAMENTO
TOURISM BUSINESS IMPROVEMENT DISTRICT (STBID)

Location/Council District: Cities of Sacramento, Isleton and Rancho Cordova
County of Sacramento (Unincorporated area)

Recommendation:

Adopt a Resolution: Approving the 2005-06 Budget for the Sacramento Tourism Business Improvement District (STBID)

Contact: Steve Hammond, President & CEO
Sacramento Convention & Visitors Bureau (SCVB), 808-7782
Barbara Bonebrake, Director
Convention, Culture and Leisure Department, 808-8225

Presenters: Steve Hammond, President & CEO, SCVB
Department: Convention, Culture and Leisure Department
Division: Administration
Organization No: 4310

Summary: This report recommends that the Sacramento City Council approve the 2005-06 Budget of the Sacramento Tourism Business Improvement District (Exhibit A) including a review of past performance, description of spending priorities, marketing goals and performance benchmarks. The total spending plan is \$3,208,750.

Committee/Commission Action: The 2005-06 STBID Budget was reviewed and approved by the STBID Advisory Board at their meeting on August 24, 2005. The meeting included a review of 2004/05 STBID collections and approval of key goals and marketing strategies based on the 2005/06 SCVB Strategic Business Plan. Minutes of the August 24 meeting are included as Attachment 1.

Background Information:

- On November 14, 2000, the Sacramento and Isleton City Councils and the Sacramento County Board of Supervisors approved formation of the Sacramento Tourism Business Improvement District to generate additional revenue for marketing convention and tourism activities in the City of Sacramento, City of Isleton and the County's unincorporated area. Money is generated by an assessment on occupied rooms.

- On December 5, 2000, the Sacramento City Council adopted Ordinance 2000-051 adding Chapter 3.98 to the Sacramento City Code to establish the STBID. The Ordinance also included the formation of an Advisory Board comprised of hotel operators within the District to advise the City of Sacramento on the amount of the District’s assessments and on the programs and activities funded by those assessments. The STBID Advisory Board consists of the following members:

Bill Cox	Operator, Delta Daze Inn (Isleton)
Steve Mammet	General Manager, Embassy Suites Hotel (City)
Dwight Miyakawa	General Manager, Holiday Inn-Northeast (County)
Gunter Stannius	General Manager, Sheraton Grand Sacramento (City)
Ralph Suda	General Manager, Marriott Rancho Cordova (County)
Liz Tavernese	General Manager, Holiday Inn-Capitol Plaza (City)

- Under Agreement 2001-021, the Sacramento Convention & Visitors Bureau (SCVB) administers the STBID, including preparation of an annual budget for approval by the Sacramento City Council.
- On July 1, 2003, the City of Rancho Cordova came into existence and continues to collect the STBID assessment as an incorporated city.

Financial Considerations:

The STBID FY 2005-06 Proposed Budget is \$3,208,750. Approximately 66 percent of the total budget will be funded from revenues collected within the City (\$2,130,669) and 31 percent from the unincorporated area of Sacramento County and Cities of Isleton and Rancho Cordova combined (\$992,908). The remainder of the budget (\$85,173 or 3 percent) will be funded from unspent BID revenue received in prior years.

Expenditures are proposed in the following areas:

Marketing	\$ 1,372,053
Convention Sales	919,747
Tourism	491,100
Partner Marketing	46,500
Community Relations	389,200
TOTAL	\$ 3,208,750

Under Agreement 2001-021, the City, County and Cities of Isleton and, since July 1, 2003, Rancho Cordova collect the STBID assessments from occupied rooms in eligible properties within their respective jurisdictions. Each may retain 2 percent of total collections to cover administrative costs. The City has established a dedicated fund (Fund 236) where its collections are deposited. From there, the money is transferred, less the administrative fee, to a Bureau account for all STBID expenses and revenues. This account also receives directly the STBID revenues the County and the Cities of Isleton and Rancho Cordova administer/collect for hotel operators outside of the City of Sacramento.

Listed below is the summary of collections (less administrative fees) and expenses for the STBID program over the past three years and the proposed spending plan for 2005/06:

	FY 03 <u>Actual</u>	FY 04 <u>Actual</u>	FY 05 <u>Actual</u>	FY 06 <u>Proposed</u>
Beginning Balance	\$1,042,803	\$ 688,511	\$ 256,971	\$ 175,827
Net City Collections	\$2,084,728	\$2,036,145	\$2,077,648	\$ 2,130,669
Net County/Isleton/RC	\$ 884,782	\$ 934,468	\$ 996,494	\$ 992,908
Total Revenues	\$2,969,510	\$2,970,613	\$3,074,142	\$ 3,123,577
Total Expenses	\$3,323,802	\$3,399,154	\$3,135,805	\$ 3,208,750
Surplus/ (Deficit)	\$ (354,292)	\$ (428,541)	\$ (81,144)	\$ (85,173)
Use of Prior-Year Unspent Collections	\$ 354,292	\$ n/a	\$ n/a	\$ 85,173
Available Balance (cumulative)	\$ 688,511	\$ 256,971	\$ 175,827	\$ 90,654

Environmental Considerations:

The activities of the STBID are not considered a "project" in accordance with Section 21065 of the Public Resources Code, will not "cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment" and therefore exempt from the California Environmental Quality Act (CEQA).

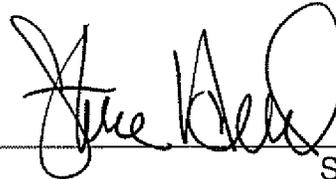
Policy Considerations:

The activities of the STBID are consistent with local and regional economic development goals.

Emerging Small Business Development (ESBD):

There is no requirement for purchase of goods or services associated with this item.

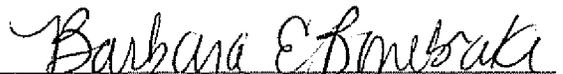
Respectfully Submitted by: _____



Steve Hammond

President and CEO, Sacramento Convention & Visitors Bureau

Approved By: _____



Barbara Bonebrake

Director, Convention, Culture and Leisure Department

Recommendation Approved:



ROBERT P. THOMAS
City Manager

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Attachment I

SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT

Minutes

Regular Meeting of the STBID Advisory Board

Wednesday, August 24, 2005

Sheraton Grand Sacramento

1230 J Street, Sacramento, CA

Call to Order / Roll Call

Gunter Stannius, Chair, called the meeting to order at 12:20 p.m. and welcomed those in attendance. Roll call was taken as follows:

Advisory Board members present at the meeting:

Bill Cox, Steve Mammet, Gunter Stannius, Liz Tavernese

Advisory board members absent from the meeting:

Dwight Miyakawa, Ralph Suda

Sacramento Hotel Association (SHA) staff present at the meeting:

Teresa Stephenson

Sacramento Convention & Visitors Bureau (SCVB) staff present at the meeting:

Steve Hammond, Tom Bennett, Leonard Hoops

Guests present at the meeting:

None

Review of FY2004-05 STBID Assessment Collections

Steve Hammond reported that the STBID 2004-05 collections met budget and ended the year at \$2,077,648 from the City, \$696,765 from the County, and \$310,048 from Rancho Cordova. The SCVB is budgeting \$3,123,577 for 2005-06. Steve also reported that the Rancho Cordova STBID budget would probably double when the portion of Rancho Cordova east of Sunrise Blvd. becomes completely incorporated.

Review and Approval of STBID FY2005-06 Marketing Activities

Steve Hammond, Tom Bennett and Leonard Hoops presented the marketing activity highlights and strategies of the 2005-06 business plan and the associated budget with each strategy. They focused on the Bureau's major programs and the budget needed to meet the Bureau's goals and objectives. Steve's, Tom's and Leonard's remarks included:

Overall

- Draft budget of \$6.49 million reflects an anticipated increase of approximately 4% in revenue and expenses compared to initial FY 04-05 budget (before mid-year adjustments were made).

- STBID funding represents approximately 48% of SCVB revenues, all of which is applied to sales and marketing programs to drive hotel room nights and/or enhance the image of the Sacramento region as a visitor destination.
- SCVB ended the most recent fiscal year with approximately \$200,000 in reserves. The FY 05-06 draft budget is balanced to maintain that level of reserves.

Administration

- Annual membership meeting expenses reduced from \$20,000 to \$12,000 with format change from dinner to lunch. This date/time change also helped double attendance from approximately 200 to 400 with revenues exceeding the budget by 35%.
- Contingency funds of \$6,000 budgeted for possible convention/tourism study mission to another city; this may be combined with board retreat if the board is so inclined.

Marketing

- \$50,200 included for travel and/or trade show participation by the senior management team and Travel Media director, as well as fam trip expenses for film location scouts and travel media visiting Sacramento. (Travel and trade show expenses for convention and tourism sales staff are included in other sections of the budget.)
- \$15,000 miscellaneous advertising includes funding for the "Friends" campaign where local residents invite friends/family to visit them in Sacramento (promoted through TV campaign on WB-58 during "Friends" show).
- \$18,000 tentatively budgeted for in-flight destination video on America West flights (currently in discussion); however, funds may be re-allocated to support Gold Card program if final terms are not acceptable.
- Continue to print two visitors guides and two issues of The Gold Standard annually.
- \$107,000 budgeted for website/e-marketing, including completion of projects put on hold in FY 04-05 (interactive maps, video virtual tours of convention center and various attractions), as well as re-design of discovergold.org site (first in three years) and regular monthly content changes and new page development.
- \$36,500 in research funding includes participation in Metropoll XI, which collects and analyzes customer perceptions of Sacramento and our competitors.
- National PR line reduced to \$10,000 as SCVB is partnering with SACTO and the Sacramento Regional Marketing Council to jointly use DCI, a PR agency which specializes in economic development and tourism promotion, to promote the region to business and travel media.
- \$30,000 in Gold Card funding includes adding new partners to the program, ordering new cards, enhancing the efficiency/reporting of the program, and updating customer collateral.
- \$2,500 added to update Sacramento County display in State Capitol building.
- \$80,000 commitment to Rancho Cordova tourism committee as revenue share of STBID collections from that area. SCVB and Rancho Cordova hoteliers will jointly decide how to utilize those funds.

Convention Sales & Services

- Convention trade show and sales mission schedule virtually identical to past year, with budget slightly less as FY 04-05 budget included more than \$30,000 in one-time funding to host SGMP national education conference.

- \$50,000 Cal Expo line item moved from “sales collateral” to “advertising” as past collateral projects have been completed and majority of upcoming funding expected to be used for advertising. Final convention-related advertising schedule will be determined after further negotiation with trade media, and will include print and on-line buys.
- Printing (updated inserts for meeting planning guide) and direct mail campaign (outside of direct mail related to trade show promotions) was put on hold in FY 04-05 and has returned to budget for upcoming year. Direct mail line includes funding for both regular mail as well as quarterly customer/prospect e-newsletters.
- \$40,000 again budgeted to contract with Hyland Group for representation in Chicago/Midwest market, as well as lead generation in Washington, D.C., market.
- \$90,000 budgeted to fulfill past bid support commitments to groups that will be convening during FY 05-06. This line item does not affect the SCVB’s ability to offer additional bid support to groups we will be pursuing in FY 05-06 which would not convene until a future year.
- \$50,000 signage program funding includes \$9,000 for new 60” LCD welcome signage at Sacramento International Airport (SCVB sharing expense with Sacramento County Airport System) which have replaced vinyl welcome banners. Remaining signage budget is for changes to downtown banners and welcome signs for citywide convention groups.
- Passkey housing program is a budget wash with \$30,000 in expenses and \$30,000 in revenue for on-line management of convention room blocks.
- Multicultural Affairs department budget remains essentially the same as past years except for a reduction in advertising specific to ethnic meeting planners (many of whom are reached through general industry trade publications).

Travel Industry Sales & Visitor Center

- Trade show and sales mission budget reduced significantly as FY 04-05 budget included more than \$80,000 in one-time funding to sponsor and host National Tour Association Spring Meet event. FY 05-06 budget does include a \$20,000 increase for the California Travel Market trade show which Sacramento will be hosting in spring 2006, as well as funding to attend the World Travel Market (which we did not attend in FY 04-05).
- Advertising budget includes \$225,000 for promoting the Sacramento Gold Card program, an increase of \$45,000 (with 25% of that increase funded by co-op partner revenue). These funds will be used for two inclusions in the Southwest Airlines Featured Destination program, print media such as Sunset and Via, Sunday newspaper inserts and radio promotions in the Central Valley and Redding, family-targeted media buys in the Bay Area, and full year e-marketing partnership with Travelocity (only 8 months in FY 04-05).
- \$27,000 in direct mail funding budgeted to reach targeted households in the Central Valley and Redding.
- \$42,000 budgeted to continue participation with State of California’s international representatives to promote Sacramento as a tour destination to international tour operators. An additional \$6,000 budgeted as Sacramento’s share of state’s international public relations representation.
- \$25,000 in new funding budgeted to fulfill National Tour Association promotion where the SCVB incentivizes tour operators who attended the NTA Spring Meet and bring new business to Sacramento.

- Visitor Center funding budgeted to decrease significantly from FY 04-05 actuals with closing of downtown visitor center and site improvements made to Old Sacramento Visitor Center.

Partner Marketing

- Collateral budget reduced significantly as FY 04-05 budget included \$17,000 in one-time funding for new membership plaques.
- SCVB budgeting \$16,000 (zero net) for member networking events.
- \$4,000 in new funding budgeted to recognize existing and potential major partners (e.g. title sponsors for events, key partners in convention and tourism promotions) for their partnerships and solicit them for future support.
- Note: private revenue generated through this department's efforts are reflected throughout the budget, not just this section of the budget (e.g. sponsor revenue related to special events included in the Community Relations section of the budget, co-op marketing for the Sacramento Gold Card included in Travel Industry Sales, etc.).

Community Relations

- Department salary increased with elimination of key contract services position which was converted to a salaried position (Libby Siino) and internal transfer of event support position (Bret Freeman). As a result, the contract services line item was significantly reduced (leaving \$5,000 funding for short-term, event-related assistance).
- \$2,000 added to budget for product development-related advocacy with local media.
- Special event expense line items remain similar to past years with anticipated increase in sponsor revenues. The Bridge-to-Bridge event remains tentatively scheduled for 2006 as the SCVB has found support for this event from our city partners and Old Sacramento businesses less than enthusiastic (financially and otherwise).

At the end of the presentation, Bill Cox moved to approve the FY2005-06 marketing activities; Steve Mammet seconded. The marketing activities were unanimously approved.

Review and Approval of STBID FY2005-06 Budget

Following the approval of the marketing activities, Chairman Stannius asked for a motion to approve the budget. Liz Tavernese moved to approve the FY2005-06 STBID budget; Bill Cox seconded. The budget was unanimously approved.

Board Member Terms

Teresa Stephenson, reviewed the appointments by the City of Sacramento, the County of Sacramento, and the Town of Isleton, as well as the terms of the STBID Advisory Board. She reported that the Sacramento Hotel Association will be reviewing either the extension of expiring terms, or identifying replacements for the outgoing board members. The existing terms are as follows:

Sacramento City Representatives – Three (3):

- Gunter Stannius: Term continues through March 2006
- Liz Tavernese: Term continues through March 2006
- Steve Mammet: Term continues through May 2007

Sacramento County Representatives – Two (2):

- Dwight Miyakawa: Term continues through March 2006
- Ralph Suda: Recently appointed; term through May 2007

Town of Isleton Representative – One (1):

- Bill Cox: Term continues through May 2007

Future Meetings and Agenda Items

No future meetings were scheduled, however, the date and time of a future meeting will be set by Chairman Stannius.

Adjournment

The meeting adjourned at 1:40 p.m.

RESOLUTION NO. _____

Adopted by the Sacramento City Council

Date: _____

APPROVING THE 2005/06 PROPOSED BUDGET FOR THE SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT (STBID)

BACKGROUND

- A. In 2000, the Sacramento Tourism Business Improvement District (STBID) was established to generate additional revenue for marketing convention and tourism activities in the Cities of Sacramento, Isleton, Rancho Cordova and the County of Sacramento's unincorporated area. Money is generated by an assessment on occupied hotel/motel rooms.
- B. Under Section 3.98.060 of the Sacramento City Code and Agreement 2001-021, the Sacramento Convention & Visitors Bureau (SCVB) administers the STBID, including preparation of an annual budget for approval by the Sacramento City Council.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Approve the 2005/06 budget for the Sacramento Tourism Business Improvement District as shown in Exhibit A.
- Section 2. Authorize the City Manager to adjust the City dedicated account (Fund 236) to reflect the approved budget, less the 2 percent administrative fee and transfers to the Sacramento Convention & Visitors Bureau.

236-750-7119-4258	BID Program	\$26,000
236-750-7119-3641	BID Fees	\$26,000

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Exhibit A: 2005/06 STBID Proposed Budget – 1 Page

Exhibit A

EXPENSES		Proposed STBID Budget FY 2005/06	Subtotal
Program	Description		
Marketing	Employees	\$ 512,853	
	Travel Marketing	\$ 50,200	
	Advertising	\$ 66,000	
	Marketing Collaterals	\$ 191,000	
	Marketing Support	\$ 542,000	\$ 1,362,053
Convention Sales	Employees	\$ 89,247	
	Travel Marketing	\$ 176,700	
	Advertising	\$ 132,500	
	Sales Collaterals	\$ 56,000	
	Sales Support	\$ 304,500	
	Convention Services	\$ 65,900	
	Housing Services	\$ 31,500	
	Multicultural Affairs	\$ 63,400	\$ 919,747
Travel Industry Sales	Travel Marketing	\$ 86,700	
	Advertising	\$ 244,400	
	Sales Collaterals	\$ 43,500	
	Sales Support	\$ 116,500	\$ 491,100
Partner Marketing	Travel Marketing	\$ 8,200	
	Sales Support	\$ 38,450	\$ 46,650
Community Relations	Travel Marketing	\$ 2,500	
	Advertising	\$ 500	
	Sales Collaterals	\$ 2,500	
	Sales Support	\$ 383,700	\$ 389,200
TOTAL EXPENSES		\$ 3,208,750	
REVENUES			
	City BID Collections	\$ 2,130,669	
	County/Isleton	\$ 702,667	
	Rancho Cordova	\$ 290,241	
	Subtotal--Proposed BID	\$ 3,123,577	
	Prior-Year Unspent BID	\$ 85,173	
TOTAL REVENUES		\$ 3,208,750	