



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
December 4, 2007

Honorable Mayor and Members of the City Council

Title: Sacramento Tourism and Business Improvement District (STBID)

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

Recommendation: Adopt a Resolution approving the 2007-08 Budget for the Sacramento Tourism and Business Improvement District (STBID).

Contact: Steve Hammond, President & CEO, Sacramento Convention & Visitors Bureau, 808-7782

Barbara Bonebrake, CC&L Director, 916-808-8225

Presenters: Not Applicable

Department: Convention, Culture and Leisure

Division: Administration

Organization No: 4310

Description/Analysis

- **Issue:** In November 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.

In December 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)
Barry Miller	General Manager, DoubleTree Hotel (City)
Dwight Miyakawa	General Manager, Holiday Inn-Northeast (County)
Ulrich Samietz	General Manager, Hyatt Regency 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.

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

Environmental Considerations: The activities of the STBID are not considered a "Project" under the California Environmental Quality Act, Public Resources Code section 21065, because they will not "cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment".

Commission/Committee Action: The 2007-08 STBID Budget was reviewed and approved by the STBID Advisory Board at their meeting on September 24, 2007. The meeting included a review of 2006-07 STBID collections and approval of key goals and marketing strategies based on the 2007-08 SCVB Business Plan. Minutes of the September 24, 2007 meeting are included as Attachment 1.

Rationale for Recommendation: Approval of the 2007/2008 STBID Budget will provide the funding to implement marketing activities and strategies as approved by the STBID Advisory Board.

Financial Considerations: The STBID FY 2007-08 Proposed Budget is \$3,332,991. Approximately 68 percent of the budget will be funded from revenues collected within the City (\$2,254,170) and 28 percent from the unincorporated area of Sacramento County and Cities of Isleton and Rancho Cordova combined (\$927,516). Since the STBID revenues are projected to be less than needed to execute the STBID marketing plan, the budget will be balanced with other non-BID funds (\$151,304) from SCVB private revenues.

Expenditures are proposed in the following areas:

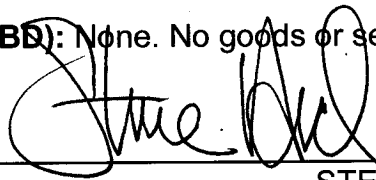
Marketing	\$ 1,360,390
Convention Sales	942,051
Tourism	525,250
Partner Marketing	52,900
Community Relations	<u>452,400</u>
TOTAL	\$ 3,332,991


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 2007-08:

	FY 05 Actual	FY 06 Actual	FY 07 Actual	FY 08 Proposed
Beginning Balance	\$ 256,971	\$ 175,827	\$ 95,337	\$ 0
Net City Collections	\$ 2,077,648	\$ 2,095,028	\$ 2,205,066	\$ 2,254,170
Net County/Isleton/RC	\$ 996,494	\$ 930,621	\$ 933,889	\$ 927,517
Total Revenues	\$ 3,074,142	\$ 3,025,649	\$ 3,234,292	\$ 3,181,687
Total Expenses	\$ 3,135,805	\$ 3,106,139	\$ 3,542,895	\$ 3,332,991
Surplus (Deficit)	\$ (81,144)	\$ (80,490)	\$ (308,603)	\$ (151,304)
Use of Prior-Year Unspent Collections	\$ 256,971	\$ 175,827	\$ 0	\$ 0
Funds from SCVB Private Revenue	\$	\$	\$ 308,603	\$ 151,304
Available Balance (cumulative)	\$ 175,827	\$ 95,337	\$ 0	\$ 0

Emerging Small Business Development (ESBD): None. No goods or services are being purchased.

Respectfully Submitted by: 
 STEVE HAMMOND
 President & CEO, Sacramento Convention & Visitors Bureau

Approved by: 
 BARBARA E. BONEBRAKE
 Director, Convention, Culture and Leisure Department

Recommendation Approved:

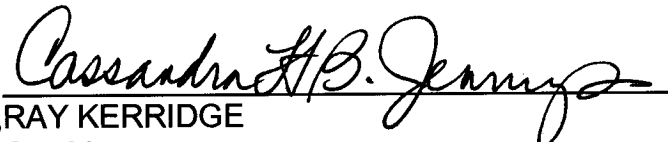

 for RAY KERRIDGE
 City Manager

Table of Contents:

Report	Pgs.	1-3
Attachments		
1 STBID Advisory Board Minutes (9/24/07)	Pgs.	4-9
2 Resolution	Pg.	10
3 Exhibit A: FY 2008 STBID Proposed Budget	Pg.	11

ATTACHMENT I

SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT

Minutes

Regular Meeting of the STBID Advisory Board

Monday, September 24, 2007

Hyatt Regency Sacramento

1209 L Street, Sacramento, CA

I. Call to Order / Roll Call

Board member Liza Tavernese called the meeting to order at 9:15 a.m. and welcomed those in attendance. Roll call was taken as follows:

Advisory Board members present at the meeting:

Bill Cox, Barry Miller, Dwight Miyakawa, Ulrich Samietz, Ralph Suda, Liz Tavernese

Advisory board members absent from the meeting:

None

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, Sonya Bradley, Mike Testa, Paul Miller, Dustin Teichman

Guests present at the meeting:

None

II. Review of Board Member Terms

Teresa Stephenson presented the Terms of Office as approved by the City and County per the STBID Ordinance:

Bill Cox (Isleton representative): Owner, Delta Daze Inn

The Isleton Town Council reappointed Bill Cox to a three-year term on the STBID Advisory Board; term through May 2010.

Barry Miller (City representative): General Manager, DoubleTree Hotel

The Sacramento City Council appointed Barry Miller to a three-year term on the STBID Advisory Board; term through May 2010.

Dwight Miyakawa (County representative): General Manager, Holiday Inn Sacramento Northeast

The Sacramento County Board of Supervisors reappointed Dwight Miyakawa to a three-year term on the STBID Advisory Board; term through May 2009.

Ulrich Samietz (City representative): General Manager, Sheraton Grand Sacramento
The Sacramento City Council appointed Ulrich Samietz to complete Gunter Stannius' three-year term on the STBID Advisory Board; term through March 2009.

Liz Tavernese (City representative): General Manager, Holiday Inn Capitol Plaza
The Sacramento City Council reappointed Liz Tavernese to a three-year term on the STBID Advisory Board; term through March 2009.

Ralph Suda (County representative): General Manager, Sacramento Marriott Rancho Cordova
The Sacramento County Board of Supervisors reappointed Ralph Suda to a three-year term on the STBID Advisory Board; term through May 2010.

III. Election of Chair and Vice Chair

Liz Tavernese made a motion to nominate Ulrich Samietz as chair; Barry Miller seconded. Barry Miller made a motion to nominate Liz Tavernese as vice chair; Dwight Miyakawa seconded. Both motions were approved unanimously.

IV. Review of STBID Assessment Collections

Steve Hammond reported that the STBID FY2007-08 budget was projected to be \$2,254,170 from the City, \$687,517 from the County, and \$240,000 from Rancho Cordova. The SCVB is budgeting \$3,181,687 for FY2007-08. Steve also reported that the Rancho Cordova STBID budget was projected to decrease by \$56,000 from last year. This is a result of an aggressive and over-stated Rancho Cordova STBID budget in 2006-07.

V. Review and Approval of STBID FY2007-08 Marketing Activities

Steve Hammond, Tom Bennett, Sonya Bradley, Mike Testa, Paul Miller and Dustin Teichman presented the highlights of the marketing activities and strategies of the FY2007-08 business plan along with the FY2007-08 budget. They focused on the Bureau's major programs and the budget allocated to meet the Bureau's goals and objectives. Their remarks included:

Overall

- The SCVB budget of \$6,863,374 reflects a projected increase of \$186,107, or approximately 2.8%, in revenue and expenses compared to the FY 06-07 approved budget.
- The anticipated increase is the result of projected City and County STBID revenues, expanded event sponsorship agreements, and the return of \$120,000 in TOT funding from the City of Sacramento (which had cut \$120,000 in the SCVB's share of TOT funding several years ago).
- The preliminary budget includes funds for an average 3.5% increase for staff compensation.

Administration

- Due to the attendance and financial success of last year's annual membership luncheon meeting, we are continuing with that format and the budget remains the same.
- Additional funds have been budgeted for the board retreat to accommodate an anticipated increase in attendance.
- Contingency funds of \$6,000 are again budgeted for a possible convention/ tourism study mission to another city such as San Antonio.
- \$68,000 budgeted with the City of Sacramento for accounting, computer services and I.T.
- \$35,000 budgeted for new Hybrid delivery vehicle.

Marketing

- \$48,150 included for travel and/or trade show participation by the senior management team and Travel Media staff, as well as fam trip expenses for travel media visiting Sacramento. (Travel and trade show expenses specific to convention and tourism sales staff is included in other sections of the budget.)
- \$199,000 budgeted for marketing collateral which is a 12% decrease over last year primarily due to the discontinuation of the bi-annual Gold Standard stakeholder publication (which is being replaced by an inexpensive and more efficient online stakeholder newsletter) . Budget does, however, include a \$9,500 increase to produce customized trade show booth materials for the multicultural and sports-related markets.
- \$112,000 budgeted for web site/e-marketing, including the re-design of the discovergold.org site and regular monthly content changes and new page development.
- \$30,000 in market research funding includes the annual contract for the four handheld survey PDA's; these electronic surveying tools will allow the SCVB to gauge the impact 'rooms outside the block' and 'rooms outside the contracted hotels' are having on SCVB room night tracking. Budget also includes funding for Metropoll XII (Volumes 1 and 2), the biennial research report on the site selection process by meeting decision makers, as well as customer perceptions of Sacramento and how those perceptions compare to customer views of our competitors.
- \$15,000 in Gold Card funding includes adding new partners to the program, ordering additional cards, quality control programs and updating customer collateral.
- \$60,000 commitment to Rancho Cordova tourism committee as revenue share of STBID collections. This is part of an agreement with the Rancho Cordova Chamber and our mutual hotel partners. SCVB and Rancho Cordova hoteliers will jointly decide how to utilize those funds.
- \$112,000 budgeted for expenses and \$152,000 for revenue related to The Da Vinci Experience exhibit in Sacramento. The SCVB has partnered with the exhibit's LLC and the Aerospace Museum of California to promote the exhibit locally and regionally and in return receives a share of ticket revenue, gift shop sales, food & beverage sales and sponsorship revenue.

Convention Sales & Services

- The SCVB will be continuing the \$1 million sweepstakes promotion. Last year, the scratch card program was replaced with a touch-screen table top kiosk system, where trade show attendees brought their pre-mailer cards with the printed bar codes to the SCVB exhibit booth and had them scanned to determine if they were qualified for the \$1 million drawing and grand prize event. Staff will be reviewing new games for FY07-08.
- \$226,350 budgeted for convention trade shows, sales missions and site visits, a 10% increase. This includes funding for new sales opportunities such as the Helms Briscoe Annual Meeting and the Annual Meeting for Conference Direct (both are association management/third party organizations) and also the Nursing Organizations Alliance, a target market segment the SCVB seeks to grow.
- \$127,500 advertising budget is \$5,500 over last year's budget. The convention sales and marketing emphasis continue to be on lead-producing trade shows and sales missions (though some level of core advertising is necessary to build product and brand awareness throughout the year).
- \$10,000 budgeted for annual participation in TAP Report program. TAP Report analyzes product variables, competitive set, past booking results and other empirical data to help CVBs refine pace reports, market segment analysis, goal setting and assess convention room night market share.
- \$18,000 for a print/direct mail campaign includes updating the pre-mailers for the Discover Gold Sweepstakes and new online marketing to targeted and key (VIP) customers.
- \$80,000 budgeted to fulfill bid support commitments to groups that will be convening during FY 07-08, as well as allow some flexibility for opportunities that arise for "in the year, for the year" commitments. This line item does not impact what the SCVB can/will offer for bid support to groups we will be pursuing in FY 07-08 but will not convene until a future year.
- \$4,960 (\$2,400 net) budgeted for continued partnership with SMUD on the "Green-ergy" program that allows all SCVB-booked conventions at the Sacramento Convention Center to be considered "Certified Green" and promote that fact to their delegates. This will also be a key selling point to "eco"-focused organizations as we try to generate more business with those groups. Half of the funds are rebated to the SCVB by SMUD to promote the program to our prospects and customers.
- Passkey housing program is basically a budget wash/pass with \$35,000 in expenses and \$30,000 in revenues.
- Multicultural Affairs department budget remains essentially the same as past years.

Travel Industry Sales & Visitor Center

- Overall trade show and sales mission budget of \$63,000 is reduced 9% from last year. No additions/subtractions of shows from last year, just a slight reduction in expenses for each show as staff attending is reduced. (Director was attending with Sales Manager last year for training purposes. Sales Manager attending on own this year). Also reduction in Site visits/fam tours as we move away from group fams to more targeted one-on-one visits.
- Advertising budget includes \$250,000 for promoting the Sacramento Gold Card program, which will be used for new online promotions, including a partnership with tripadvisor.com and continued inclusions in the Southwest Airlines Featured Destination program, print media such as Sunset and Via, Sunday newspaper inserts (and possibly radio promotions) in the Central Valley and Redding, family-targeted media buys in the Bay Area, and continuing e-marketing partnership with Travelocity. Advertising budget also includes \$12,000 for co-op advertising with the State of California and adds \$9,050 for new buys in key group travel industry publications, as well as co-op with GCVA.
- \$23,000 in direct mail funding budgeted to reach targeted households in the Central Valley and Redding.
- \$48,000 budgeted to continue participation with State of California's international representatives in the UK and Germany/Austria/Switzerland to promote Sacramento as a travel destination internationally plus Sacramento's share of the state's international public relations representation (partnering with San Francisco, Anaheim/OC, Lake Tahoe, Palm Springs).
- New line item under Advertising (SYTA Publication) and Sales Support (Sponsorship/SYTA) to support bid for 2010 SYTA Conference.
- \$12,000 (reduced from \$15,000 last year) in funding budgeted to fulfill California Travel Market promotions where the SCVB incentivized tour operators who attended those shows to bring new business to Sacramento (2008 is final year for such rebates).
- Visitor Center budget basically flat with exception of small increase in equipment for brochure rack upgrade.

Partner Marketing

- Travel budget increased \$1,500 to add more IEG professional development programs for driving more sponsor revenue.
- Collateral budget decreased by \$11,000, which reflects last year's one-time funding to re-order partnership plaques.
- SCVB budgeting \$18,000 for member networking events.
- \$7,500 in 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

- Added \$15,000 for monthly presence in SacTown Magazine.
- Grape Escape line item increase reflects new partnership and bigger event.
- Other special event expense line items remain similar to past years with anticipated increase in sponsor revenues.

At the end of the SCVB presentation, Barry Miller moved to approve the FY2007-08 marketing activities; Ralph Suda seconded. The marketing activities were unanimously approved.

However, there was a marketing opportunity that was not discussed during the Bureau's presentation that the STBID Advisory Board wanted to address so Barry Miller moved to reopen the marketing activity discussion; Bill Cox seconded. After the motion to reopen the marketing discussion was unanimously approved, Steve Hammond was asked to explain a \$50,000 funding request for a capital campaign being conducted by the Sacramento Science and Space Center. The topic was discussed at great length and Barry Miller made a motion to approve a contribution of \$5,000 per year for the next five (5) years to the capital campaign of the Sacramento Science and Space Center with the caveat that the STBID Advisory Board would review their commitment on an annual basis to ensure that the Sacramento Science and Space Center is continuing to make significant progress in their quest to secure the PG&E building as their new location. Liz Tavernese seconded the motion. The motion was unanimously approved.

VI. Review and Approval of STBID FY2007-08 Budget

Following the approval of the request from the Sacramento Science and Space Center, Bill Cox moved to approve the FY2007-08 STBID marketing activities and budget; Ralph Suda seconded. The marketing activities and budget were unanimously approved.

VII. Future Meetings and Agenda Items

No future meetings were scheduled, however, the date and time of the 2008-09 annual meeting will be set by newly-elected Chairman Ulrich Samietz.

VIII. Adjournment

Chairman Samietz adjourned the meeting at 11:25 a.m.

RESOLUTION NO. 2007-

Adopted by the Sacramento City Council

**APPROVING THE 2007-08 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. The 2007-08 Budget for the Sacramento Tourism Business Improvement District, shown in Exhibit A hereto, is approved.

Table of Contents:

Exhibit A: 2007-08 STBID Proposed Budget – 1 Page

EXHIBIT A
FY 2007-08 PROPOSED BUDGET
SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT

<u>Program</u>	<u>Description</u>	<u>Proposed STBID Budget FY 2007/08</u>	<u>Subtotal</u>
EXPENSES			
Marketing	Employees	\$ 506,934	
	Travel Marketing	\$ 48,150	
	Advertising	\$ 43,500	
	Marketing Collaterals	\$ 188,000	
	Marketing Support	\$ 573,806	\$ 1,360,390
Convention Sales	Employees	\$ 109,051	
	Travel Marketing	\$ 226,350	
	Advertising	\$ 127,500	
	Sales Collaterals	\$ 70,000	
	Sales Support	\$ 236,250	
	Convention Services	\$ 77,200	
	Housing Services	\$ 35,000	
	Multicultural Affairs	\$ 60,700	\$ 942,051
Tourism Sales	Travel Marketing	\$ 63,000	
	Advertising	\$ 291,250	
	Sales Collaterals	\$ 44,000	
	Sales Support	\$ 127,000	\$ 525,250
Partner Marketing	Travel Marketing	\$ 12,800	
	Sales Support	\$ 40,100	\$ 52,900
Community Relations	Travel Marketing	\$ 5,000	
	Advertising	\$ 15,000	
	Sales Collaterals	\$ 0	
	Sales Support	\$ 432,400	\$ 452,400
TOTAL EXPENSES		\$ 3,332,991	
REVENUES			
	City BID Collections	\$ 2,254,170	
	County/Isleton	\$ 687,517	
	Rancho Cordova	\$ 240,000	
	Subtotal--Proposed BID	\$ 3,181,687	
	Prior-Year Unspent BID	\$ 0	
	Other Funding	\$ 151,304	
TOTAL REVENUES		\$ 3,332,991	