

DEPARTMENT OF  
CONVENTION, CULTURE  
AND LEISURE

BARBARA E. BONEBRAKE  
DIRECTOR

CITY OF SACRAMENTO  
CALIFORNIA

1030 15TH STREET  
SUITE 250  
SACRAMENTO, CA  
95814-4009

PH 916-808-8225  
FAX 916-808-7279

January 6, 2005

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: APPROVAL OF THE 2004-2005 BUDGET OF THE SACRAMENTO  
TOURISM BUSINESS IMPROVEMENT DISTRICT (STBID)**

**LOCATION:** Cities of Sacramento, Isleton, and Rancho Cordova  
County of Sacramento (Unincorporated area)

**STAFF RECOMMENDATION:**

It is recommended that the City Council of Sacramento adopt the attached Resolution to approve the 2004-05 Budget (Attachment 1) for the Sacramento Tourism Business Improvement District (STBID)

**CONTACT PERSONS:** Steve Hammond, President & CEO, 808-7782  
Sacramento Convention & Visitors Bureau (SCVB)

Barbara Bonebrake, Director, 808-8225  
Convention, Culture and Leisure Department

**FOR MEETING OF:** January 18, 2005

**SUMMARY:**

This report recommends that the Sacramento City Council approve the 2004-05 Budget of the Sacramento Tourism Business Improvement District including a review of past performance, description of spending priorities, marketing goals and performance benchmarks.



**COMMITTEE/COMMISSION ACTION:**

The 2004-05 STBID Budget was reviewed and approved by the STBID Advisory Board at their meeting on November 1, 2004. At that same meeting, SCVB staff presented the 2004/05 SCVB Strategic Business Plan that included FY 2003/04 accomplishments and FY 2004/05 key goals and strategies to achieve them. (Executive Summary of Plan included as Attachment 2)

**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 & Visitor's 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 2004-05 Proposed Budget is \$3,135,805. Approximately 70 percent of the total budget will be funded from revenues collected within the City (\$2,148,026) and 30 percent from the unincorporated area of Sacramento County and Cities of Isleton and Rancho Cordova combined (\$987,779).

City Council  
 Approval of 2004-05 Budget of the Sacramento Tourism BID  
 January 6, 2005

---

Expenditures are proposed in the following areas:

Marketing	\$1,249,734
Convention Sales	941,971
Tourism	496,100
Partner Marketing	43,900
<u>Community Relations</u>	<u>404,100</u>
<b>TOTAL</b>	<b>\$3,135,805</b>

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 administers/collects 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 2004/05:

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Proposed</u>
Beginning Balance	\$ 347,651	\$1,042,803	\$ 688,511	\$ 269,635
Net City Collections	\$1,967,822	\$2,084,728	\$2,036,145	\$2,148,026
Net County/Isleton/RC	\$ 946,529	\$ 884,782	\$ 934,468	\$ 987,779
<b>Total Revenues</b>	<b>\$2,914,351</b>	<b>\$2,969,510</b>	<b>\$2,970,613</b>	<b>\$3,135,805</b>
<b>Total Expenses</b>	<b>\$2,219,199</b>	<b>\$3,323,802</b>	<b>\$3,389,489</b>	<b>\$3,135,805</b>
Surplus/(Deficit)	\$ 695,152	\$ (354,292)	\$ (418,876)	\$ 0
Use of Prior-Year Unspent Collections	\$ n/a	\$ 354,292	\$ n/a	\$ n/a
Available Balance (cumulative)	\$1,042,803	\$ 688,511	\$ 269,635	\$ 269,635

**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.

**ESBD CONSIDERATIONS:**

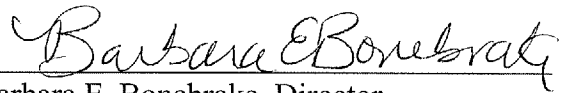
There is no requirement for purchase of goods or services associated with this item.

Respectfully submitted,



---

Steve Hammond  
President & CEO  
Sacramento Convention & Visitors Bureau



---

Barbara E. Bonebrake, Director  
Convention, Culture and Leisure Dept.

**RECOMMENDATION APPROVED:**



---

Robert P. Thomas  
City Manager

Table of Contents

1.	Attachment 1: 2004/05 STBID Proposed Budget	Page 5
2.	Attachment 2: 2004/05 SCVB Business Plan Exec Sum	Pages 6-21
3.	Resolution:	Page 22

**FY 2004/05 PROPOSED BUDGET  
SACRAMENTO TOURISM BUSINESS  
IMPROVEMENT DISTRICT**

Attachment 1

<i>EXPENSES</i>		Proposed STBID Budget FY 2004/05	<i>Subtotal</i>
<b>Program</b>	<b>Description</b>		
Marketing	Employees	\$ 430,717	
	Travel Marketing	\$ 37,000	
	Advertising	\$ 57,500	
	Marketing Collaterals	\$ 167,323	
	Marketing Support	\$ 557,194	\$ 1,249,734
Convention Sales	Employees	\$ 102,842	
	Travel Marketing	\$ 190,000	
	Advertising	\$ 86,000	
	Sales Collaterals	\$ 104,000	
	Sales Support	\$ 306,129	
	Convention Services	\$ 72,500	
	Housing Services	\$ 4,000	
	Multicultural Affairs	\$ 76,500	\$ 941,971
Travel Industry Sales	Travel Marketing	\$ 154,000	
	Advertising	\$ 204,100	
	Sales Collaterals	\$ 37,500	
	Sales Support	\$ 100,500	\$ 496,100
Partner Marketing	Travel Marketing	\$ 4,500	
	Sales Support	\$ 39,400	\$ 43,900
Community Relations	Travel Marketing	\$ 2,000	
	Advertising	\$ 500	
	Sales Collaterals	\$ 500	
	Sales Support	\$ 401,100	\$ 404,100
<b>TOTAL BUDGET</b>		<b>\$ 3,135,805</b>	
 <i>REVENUES</i>			
	City BID Collections	\$ 2,148,026	
	County/Isleton/Rancho	\$ 987,779	
<b>TOTAL BUDGET</b>		<b>\$ 3,135,805</b>	

---

 SACRAMENTO CONVENTION & VISITORS BUREAU
 

---

**➤ FY 2004-05 STRATEGIC BUSINESS PLAN EXECUTIVE SUMMARY**

The following information highlights market conditions, competitive issues, new programs and key changes in funding, strategy, and/or tactics for FY 2004-05. Greater detail for all of the objectives can be found in the next section, "Market Intelligence & Program of Work."

**Budget Overview**

- The final FY 04-05 budget is approximately \$6.24 million, down 6.6 percent from FY 03-04's budget (\$6.68 million, which included \$224,000 funding from reserves) but up 3.3 percent from last year's actual revenue collections (\$6.04 million). The SCVB is budgeting a 5 percent decrease in city funding compared to last year's budget as a buffer against a possible mid-year reduction, and budgeting flat STBID and county funding compared to the FY 03-04 budget. Private revenue is forecast to be 13 percent less than last year's budget but reflects a 5 percent increase compared to FY 03-04 actual collections. In addition, the FY 04-05 budget does not include any funding from reserves.
- The FY 04-05 administration budget has been reduced by 15 percent compared to FY 03-04 actuals, reflecting the elimination or reduction of various expenses related to the SCVB's move into its new office building at 1608 I Street (e.g. moving expenses, new furniture and equipment, additional building improvements, etc.). The budget also includes a reduction in funding for marketing related to the overall reduction in revenues, as well as to maintain budget levels for travel industry sales and provide a small increase in convention sales funding.

**Objective 1: Generate Visitor-Related Economic Impact for the Sacramento Region**

The SCVB is a specialized economic development agency that markets and sells four Sacramento "products" – convention/meeting product (including sports events), travel producer product (tour operators, travel agents, etc.), consumer travel product, and film/video location product.

*Convention/Meeting Product*

The SCVB targets meeting planners, association executives and other decision-makers in several vertical segments (state/regional associations, national associations, government, religious, SMERF, sports events, corporate, and multicultural/ethnic) and two geographic segments (Chicago/Midwest and Washington, D.C./East Coast) to generate hotel room nights, Convention Center revenues, and other meetings-related revenue.

- The SCVB will continue to position Sacramento as a meeting destination for groups that want to be a "big fish," but we are also guardedly optimistic that Sacramento will be increasingly perceived (once again) as a value destination. This is dependent on increased business travel in key competitive destinations such as San Francisco, San Jose, San Diego, and Long Beach which would likely drive up group room rates and reduce room block sizes.

- The SCVB has developed a "Meeting De-Terminator" marketing campaign to leverage the popularity of Gov. Schwarzenegger and generate more convention leads. The campaign features elements fashioned after a motion picture promotion, including a movie "trailer" (90-second fake movie preview) and print ads which look like "coming soon" posters. The SCVB will develop a custom web page on [discovergold.org](http://discovergold.org) and encourage planners to view the movie trailer through web and print advertising and a "viral marketing" e-mail campaign (encouraging planners who enjoy the trailer to forward the web link to their friends in the industry). The movie theme will also be integrated into the convention sales trade show booth, direct mail promotions, and other marketing collateral.
- Sacramento will host the 2005 annual convention of the Society of Government Meeting Professionals (SGMP) and has budgeted \$40,000 for this year's show. Convention attendees include decision-makers for many of the largest government meetings in the country, providing Sacramento with an opportunity to generate significant new leads.
- The SCVB has contracted with The Hyland Group, a representation firm with offices in Chicago and Washington, D.C., to help the SCVB generate new convention sales leads in those two critical geographic markets. The Hyland Group will represent Sacramento in Chicago and assist the SCVB's satellite sales office in Washington, D.C.
- With sales managers having to spend more time managing the logistics of bids, customer negotiations, etc. and having less time to prospect, the SCVB is filling a vacant position with a new Market Intelligence Manager position. The position will be responsible for identifying new leads for all convention sales managers by analyzing IACVB MINT (Meeting Industry Network) reports, trade show attendee rosters, outdated sales files, industry directories, and other lead resources. The position will also collect intelligence on Sacramento's competitors and identify industry trends that are relevant to booking business.
- The Multicultural Affairs department will be seeking to leverage the recent booking of the 2008 U.S. Hispanic Chamber of Commerce annual convention to generate more Hispanic and other culturally focused meeting business. Many cultural organizations consider a destination's resume of hosting "like organizations" when making meeting site selection decisions, suggesting this booking could be a strong catalyst to drive additional business.
- The proposed budget includes \$60,000 for in-year group subsidies (SCVB-provided funding to offset customer costs when those costs materially affect our ability to book business). This bid support reflects funding for groups convening during "need periods" in the current fiscal year and does not limit what the SCVB can offer groups for future fiscal years.
- The SCVB will be developing additional meeting-related sales and marketing collateral for our Meeting Planning Guide, including new hotel and convention services inserts, as well as a lure brochure highlighting Point West hotels, restaurants and attractions. The SCVB will be developing new content for the meetings section of the [discovergold.org](http://discovergold.org) website, including 360-degree virtual tours of the Sacramento Convention Center and meeting-oriented points of interest, as well as interactive maps.

- Because of increasing challenges accurately tracking room nights booked due to “ROB” (rooms booked outside a room block in a contracted hotel) and “ROCH” (rooms booked outside a contracted hotel), the SCVB will be working with IACVB and other industry resources to determine if there are more accurate methods to track convention sales results.

#### *Travel Producer Product*

The SCVB targets decision-makers with tour operators (including domestic motorcoach groups, student tour groups, international wholesalers, and American receptive operators), group tour leaders, and travel agents to bring group leisure business to Sacramento, generating hotel room nights and other revenue.

- The National Tour Association (NTA) Spring Meet will be held in Sacramento in March 2005, an event the SCVB has been planning for two years. The show is critical to positioning a destination as a “must see” tour stop and generating additional domestic group tour business. The Tourism budget includes \$88,000 for hosting NTA, which includes contractually required sponsorship funds related to winning the bid and marketing funds to maximize show attendance. The SCVB has also developed an enticing attendance incentive, offering tour operators who attend the Spring Meet up to \$2,000 in rebates for booking business in Sacramento.
- The SCVB will be seeking to leverage Gov. Schwarzenegger’s connection to Sacramento in our travel industry sales and marketing efforts and to generate additional coverage in travel industry media. The SCVB will be creating a “Tour De-Terminator” campaign similar to the program being developed for the convention/meeting product, which we expect to be particularly effective with international tour operators based in Germany and Austria.
- The SCVB will be developing new lure brochures and other collateral to promote Sacramento to tour operators. The SCVB will also be re-designing our “Technical Tour” manual to drive more business from the receptive operators in California who fulfill tours for international tour groups from Asia and Australia, as well as our student group travel planner to drive more student business with the 10,000+ California teachers and administrators who book this travel.
- Sacramento has successfully lobbied to host California Travel Market events for the next two fiscal years, including serving as a “gateway city” to Lake Tahoe, the site of next year’s CTM. This opportunity will allow the SCVB to promote Sacramento as an integral element of Northern California tour itineraries to international tour operators who book California.
- Sacramento will be hosting several major familiarization trips during the next fiscal year, including a pre- Pow Wow trip for more than 25 top international tour operators to participate in a Ryder Cup style golf tournament. (Pow Wow is the U.S. travel industry’s largest international tour operator event.) Another key fam trip will include more than 40 group leaders from the Midwest who are considering Sacramento as a “hub and spoke” destination for a broader Northern California itinerary.

*Consumer Travel Product*

The SCVB targets primarily families along the I-5 and I-80 corridors, key direct flight markets within California, and niche markets (related to specific events or attractions) to generate sales of overnight hotel packages and other visitor revenue. The SCVB also targets local and regional markets to drive attendance to SCVB-managed community events, generating economic impact and community pride.

- The SCVB will continue to enhance our ground-breaking tourism promotion, the Sacramento Gold Card. This will include adding additional hotel, restaurant, attraction and retail partners in downtown, the Point West/Cal Expo area, and Rancho Cordova, as well as monitoring usage at partners to ensure that the offers are compelling. The SCVB's negotiated exclusivity to the technology application ends Oct. 31, 2004, and we anticipate other destinations will be developing similar programs in the near future.
- The SCVB will focus the majority of its \$180,000 consumer tourism advertising budget promoting the Sacramento Gold Card to regional target audiences, primarily families with younger children, through mixed media – newspapers and magazines, e-marketing (email and sites such as redding.com), and direct mail (likely dropping radio and spot cable TV). In addition, the SCVB plans to establish an integrated marketing partnership with Travelocity to promote the Sacramento Gold Card and drive more leisure room nights to Sacramento. Travelocity and the SCVB's on-line booking partner, World Choice Travel, are owned by the same company which presents opportunities for the SCVB to build Gold Card content into Travelocity listings and email confirmations (areas typically not accessible to general advertisers).
- The SCVB will enhance the discovergold.org website with 360-degree virtual tours of the region's top tourist attractions, interactive maps highlighting Sacramento Gold Card participants, and other functions to further entice travelers to book a hotel room through our site and ask for the Sacramento Gold Card at check-in.
- With the election of Arnold Schwarzenegger as governor, the SCVB will be seeking to leverage the movie icon's connection to Sacramento in our consumer marketing efforts and to generate additional coverage in consumer travel media. This may include development of a "Vacation De-Terminator" type promotion similar to programs being created for the convention/meeting and travel producer products.
- The SCVB will continue to develop new programming for SCVB-managed events, including the New Year's Eve Sky Concert, Bridge-to-Bridge Waterfront Festival, Gold Rush Days, and the Grape Escape. We are particularly interested in identifying programming which will generate more overnight hotel visitors, as the majority of attendees to these event are primarily local residents (though we increase event-related room nights each year). The SCVB is also working with independently managed events, such as the Jazz Jubilee, Salmon Festival, and others to develop an "official lodging partner" relationship to drive more overnight visitors and maximize event attendees staying in STBID hotels.

*Film/Video Location Product*

The SCVB targets film production decision-makers (including location scouts, producers, etc.) to bring on-site film production to the Sacramento region, generating hotel room nights and economic impact from film crews, short-term jobs for local production staff, media exposure and, in many cases, community pride.

- California film locations continue to lose business to other states and Canada and that trend is likely to continue as there are no provisions for financial incentives in the current state budget. However, Gov. Schwarzenegger has pledged his support to the California film industry by appointing several high-profile individuals such as Clint Eastwood and Danny DeVito to the California Film Commission board. In addition, the governor has mandated cooperative relationships between government agencies and departments and the California Film Commission. Due to the nature of the market, the SCVB focuses its film-related resources on responding quickly and effectively to requests for location and permit assistance rather than allocating significant resources to proactive marketing programs.
- The SCVB's Film Commission office is also responsible for generating travel media coverage (newspaper and magazine articles, travel TV shows, etc.) and personnel costs for two staff members is split between these two departments. The Film Commission has a nominal marketing budget of less than \$15,000 to generate awareness at several industry tradeshow and host familiarization trips for film location decision-makers.

**Objective 2: Satisfy Our Customers**

The SCVB provides a variety of services to our customers to deliver on our sales and marketing promises, and to generate repeat business and positive word-of-mouth referrals. SCVB-managed programs include convention services and housing, visitor centers, Visitors Guides and other tourism collateral, information specialists, website information and on-line hotel booking, toll-free hotel reservations center, and film location and permitting assistance.

- The SCVB will continue to enhance the quality of the new Visitor Center in Old Sacramento, including further development of an interpretive center and living history programming, and introduction of rotating museum displays. The SCVB anticipates closing the downtown Visitor Center due to insufficient visitor traffic and to better focus customer service resources on the Visitor Center in Old Sacramento.
- To better provide service to travelers before their visits to Sacramento, the SCVB will be enhancing the content of the [discovergold.org](http://discovergold.org) website to include 360-degree virtual tours of key visitor attractions, interactive maps, and more user-friendly event calendars. The SCVB is also investigating the cost-effectiveness of incorporating the 108-page printed Visitors Guide as an "e-magazine" on the website.
- The SCVB will continue to regularly test the Sacramento Gold Card activation and redemption system at participating hotels and other partners to ensure that the program is being effectively implemented, that customers can take advantage of the offers, and that the

SCVB can accurately track the results. In addition, the SCVB will be investigating the technical feasibility and cost-effectiveness of adapting the "smart card" technology for a convention group "dine around" program.

- The SCVB is implementing a new PDA-based electronic survey system to measure customer satisfaction at citywide conventions, SCVB-managed events (e.g. Gold Rush Days, the Grape Escape) and other venues. The system allows the SCVB to download survey questions from the Internet and upload customer responses to a website for immediate processing of the information. The system reduces the cost of measuring customer satisfaction as well as the time needed to process the information.
- The SCVB has developed a Visitors Guide task force to review the current guide and make recommendations for improvements in future issues. This includes the design and editorial content of the guide, advertising and membership considerations, sponsorship opportunities, and circulation and distribution.
- The Convention Services department will continue to provide downtown banners and retail signage to welcome citywide convention customers. The Housing department will continue to promote the use of Passkey services to enhance the experience of delegates making reservations into a convention group room block.

### **Objective 3: Position Sacramento for Long-Term Visitor Business**

The SCVB is committed to continually improving the Sacramento region's image and visitor amenities to ensure long-term success as a convention and visitor destination. The SCVB delivers on this commitment through brand strategy ("Discover Gold") and product development advocacy.

- The SCVB will continue to execute the "Discover Gold" brand strategy, now in its fourth year, for promoting our tangible products and the destination as a whole. While Sacramento is the actual "brand," the SCVB's brand strategy helps shape the image of Sacramento to our target markets as a premier, enticing, high-value, and modern convention and visitor destination without losing the distinction of our unique Gold Rush heritage. The SCVB will continue to integrate this brand strategy across all product lines and tactical programs (website, collateral, etc.) to maximize the equity and impact of the message.
- The SCVB, both at board and staff levels, will continue to work with the city's economic development agencies and other product development stakeholders to advocate for new products and/or product improvements, including Old Sacramento, waterfront master plan, UP Railyards, K Street Mall, a new sports and entertainment facility, I-5 decking, and site selection for the proposed California Indian Museum.
- The SCVB will continue to take the lead role in booking long-term group business to establish a foundation of business for the Convention Center and hotel partners. The SCVB focuses on booking groups meeting 18+ months into the future.

- Staff will work the SCVB Board to develop a possible tourism-oriented destination study mission in 2005 to San Antonio (which has similar history and river-oriented assets) or another destination selected by the Board to generate ideas and support of additional visitor-related product development.

#### **Objective 4: Foster Positive Relationships with Our Stakeholders**

The SCVB serves many stakeholders – some of which contribute directly to the SCVB's budget while others impact the organization's ability to effectively execute our mission. Stakeholders include the SCVB Board, City of Sacramento, County of Sacramento, Sacramento Tourism Business Improvement District (STBID) Advisory Committee and hotel partners, SCVB members and marketing partners, and local media. The SCVB must develop and manage positive relationships with these stakeholders to ensure the organization has the resources and support needed to successfully execute our mission.

- The SCVB will continue to produce the award-winning *Gold Standard* magazine and *BureauChat* monthly (and as-needed) e-newsletter, as well as industry events (e.g. National Tourism Week, Annual Dinner), and seek local speaking opportunities and media coverage to communicate the convention and visitors industry's impact on the community and the SCVB's contributions to generate that impact.
- The SCVB will be developing new advertisements for the local market to better communicate the organization's return on investment to the community. The new ad will focus on the SCVB's 25-to-1 ROI, emphasizing the benefits of funding our organization while comparing it to the "world's best mutual fund."
- The SCVB plans to enhance the content of the "About the SCVB" section of the [discovergold.org](http://discovergold.org) website to include profiles of board members and information on key industry issues.
- While the SCVB has shifted the focus of what had been our Membership department to focus instead on partner marketing, we will continue to offer membership and membership services to businesses in the community. Membership is essentially the most basic form of partner marketing and while it generates minimal net revenue for the SCVB, we believe providing membership is important to fostering positive relationships in the region.
- The SCVB will continue to work with ethnic chambers of commerce and other cultural organizations to co-manage and support regional cultural events, including Juneteenth and Festival de la Familia.

#### **Objective 5: Run an Effective Business**

The SCVB, like any other organization, must effectively manage its business operations to deliver the highest possible return on investment to its stakeholders. This includes the SCVB's human resources programs, office management, and financial management.

- The Partner Marketing department will continue to lead the effort to identify new private funding sources and grow the SCVB's private revenue collections. This includes membership, sponsorships, co-op marketing programs, negotiated rebates, in-kind contributions (particularly those that reduce costs such as airline tickets) and other partnership-oriented programs. The department is exploring the impact of offering membership benefits in exchange for in-kind contributions from restaurants (which are often more "cash sensitive" than other members).
- With the completion of the move into our new office building, the SCVB is saving approximately \$120,000/year compared to current rent in our previous location. As the SCVB builds equity in the property it also provides the organization an additional resource for emergency reserve funding (by drawing on the equity) if ever needed. The SCVB is also seeking other opportunities for internal costs savings.
- The SCVB will continue to reasonably invest in employee training and professional development, team building, new technology, and other areas that improve staff productivity and retention. The SCVB also believes in promoting an office culture where employees enjoy their jobs and camaraderie with co-workers while operating each day with a sense of urgency to deliver bottom-line results.
- The proposed budget includes \$25,000 for "Professional Services/STBID" to ensure quick response funds are available if the STBID funding mechanism is ever challenged. This has been budgeted in past years and can be re-allocated later in the year if not used and needed to fund sales and marketing programs.

## ➤ FY 2004-05 KEY GOALS

	FY 04-05 Goal	FY 03-04 Actuals	% Change
Convention Sales Room Nights	167,000	151,880	+10%
Travel Industry Sales Economic Impact	\$2,222,000	\$1,931,747	+15%
Consumer Travel Economic Impact	\$1,454,000	\$969,262	+50%
Private Revenue (including Membership)	\$715,000	\$710,335	+1%

**Convention Sales:**

The SCVB bases its convention/meeting room night results on contracted room blocks or, in some cases, estimated expected room night pick-up as provided by the customer and independently verified whenever possible. It should be noted that in many cases, meeting planners are intentionally underestimating their room block needs to ensure their organizations will not have to pay significant attrition penalties if their groups do not deliver the room nights promised. Planners have seen that many delegates are booking rooms outside the official group room block ("ROB") or at a non-room block hotels ("ROCH") as the delegates often book their rooms through independent travel websites.

**Travel Industry Sales:**

The travel industry sales goal represents incremental group travel business booked in the fiscal year applied to an economic impact algorithm (based on several industry formulas). Because tour operators and other travel producers typically work directly with hotels, restaurants, attractions and other partners when re-booking their business (even if they worked with the SCVB to initially establish itineraries and rates), the travel industry sales results do not reflect the SCVB's total economic impact for group travel in the fiscal year. The Tourism Department estimates the group travel business actually generates approximately \$60-80 million annually in economic impact to the Sacramento region.

**Consumer Travel:**

The consumer travel goal reflects only the economic impact hotel room nights tracked for SCVB promotions, which include Sacramento Gold Card activations, on-line and call center reservations, airline promotions (e.g. Southwest Airlines Featured Destination), special event sponsorships (where the SCVB is the event's official lodging partner), Golf Sacramento hotel packages, and other special packages.

Every attempt is made to ensure that results are not double counted (e.g. comparing reports on Gold Card activations to on-line bookings to identify matches in home zip code, check-in date and hotel). The results do not include incremental leisure customers who book hotel

rooms through non-SCVB channels and do not request a Gold Card (even if the SCVB promotion generated the initial interest in visiting the destination), Gold Card activations for convention delegates, day visitors or "VFRs" (travelers staying overnight in the homes of friends and relatives). Consumer travel room nights tracked by the SCVB are applied to an economic impact algorithm based on the results of the SCVB's most recent conversion study, conducted by Gerard Murphy & Associates in March 2003.

**Private Revenue:**

The SCVB's private revenue goal includes funds produced through memberships, co-op marketing programs, sponsorships, negotiated rebates (e.g. Sacramento Gold Card terminals) and other partnership-oriented programs. It does not currently reflect in-kind contributions, including those that reduce costs (e.g. airline tickets which can be used to offset staff or client travel costs) or "true value" contributions (e.g. restaurant gift cards which can be used for employee recognition, consumer promotions, etc.).

➤ **FY 2003-04 ACCOMPLISHMENTS**

The SCVB's efforts are driven by the following five strategic business objectives:

- Generate visitor-related economic impact for the Sacramento region
- Satisfy our customers
- Position Sacramento for long-term visitor business
- Foster positive relationships with our stakeholders
- Run an effective business

**Objective 1: Generate Visitor-Related Economic Impact for the Sacramento Region**

*Convention/Meeting Product*

- Booked 151,878 room nights, an increase of approximately 14 percent over the previous year. These room nights will generate more than \$93 million in future economic impact.
- Produced first-time bookings of several major national organizations: 2004 American Nurses Credentialing Center (partnering with UC Davis Medical Center), 3,720 room nights; 2004 International Association of Chiefs of Police LEIM Conference, 1,440 room nights; 2004 National Organization for Victims Assistance, 5,717 room nights; 2006 National Technical Investigators Association, 5,642 room nights; 2004 Seventh Day Adventist General Youth Conference (meeting during a slow business period, Dec. 15-19), 1,200 room nights; 2005 Right Aid Corp.'s Health & Beauty Exposition (which may become a repeat customer), 1,421 room nights; and the 2005 USDA Forest Service New Employee Orientation, 2,700 room nights.
- Produced first-time bookings of three prestigious California state associations: 2005 Association of California School Administrators (1,460 room nights), 2007 Association of California Water Agencies (2,670 room nights), and 2005 California Student Financial Aid Administrators (2,800 room nights). The SCVB had pursued all of these groups for several years before winning the business.
- Produced first-time bookings of two key sporting events: 2005 California State Bowling Championships and 2005-07 Northern California Volleyball Association's "No Dinx" California Finals. The bowling event will bring more than 1,400 five-man teams to Sacramento over the course of 17 weekends. The volleyball tournament had been previously held in Reno, Nevada.
- Produced repeat bookings with several major customers, including: 2005 U.S. Fencing Association (4,934 room nights); 2009 California Association for the Education of Young Children (2,450 room nights); 2007 International Career Development Conference (1,840 room nights); 2006 American Society of Enology & Viticulture (2,593 room nights); and the 2007 California YMCA Legislative Court (3,513 room nights).
- Multicultural Affairs department identified several new leads and delivered an in-person presentation to the U.S. Hispanic Chamber of Commerce for its 2008 annual convention (which led to winning this business early in the current fiscal year). Department also

promoted the SCVB's family reunion planning services at the Sacramento Black Business Expo, which attracted more than 35,000 attendees from throughout the state.

- Hosted the closing dinner at 2004 Society of Government Meeting Professionals annual convention in Nashville, Tenn., which featured the debut of the SCVB's new "Meeting De-Terminator" marketing campaign. Sacramento will be hosting the 2005 SGMP annual convention which is expected to produce numerous new leads for government meeting business.
- Conducted Chicago & Washington, D.C., customer events at Kings-Bulls and Kings-Wizards games, generating new leads from prospects in these two critical national association markets. Also conducted event at Raley Field (a Doobie Brothers concert) for local customers and prospects to remind them of the appeal of their own area for meetings.
- Participated in 20 industry trade shows to generate new leads. Developed and executed new tradeshow promotions to better align with "Discover Gold" brand strategy and increase booth traffic, including a promotion which enticed attendees to try their luck with a "scratcher" (similar to lottery tickets) to win an actual gold bar.
- Produced new meeting planning guide with custom inserts for full-service hotels and meeting venues, and completed design for a Point West/Cal Expo lure brochure (for production in FY 04-05). Produced and placed 30 convention sales advertisements to promote Sacramento as a meeting destination, generating approximately 575,000 customer impressions.
- Generated approximately 9,700 meeting planner-related page views and added "Hot Rates & Dates" section to discovergold.org website. Partnered with cvbhotrates.com to promote the hot dates feature to meeting planners throughout the country.
- Hosted a New York media luncheon and pitched story ideas with industry PR experts Lou Hammond & Associates to generate convention trade media coverage. Key trade media placements included *Association Management*, *Association News*, *Meeting Professional*, *Black Meetings & Tourism*, *Smart Meetings*, and *Meetings West*.

#### *Travel Producer Product*

- Booked more than \$1.9 million in trackable, incremental economic impact from group travel business, a 120 percent increase over the previous year. (Note: This figure does not include untracked repeat bookings – which are generally handled directly between operators and hotels, restaurants, attractions, etc. – or "assists" by the SCVB. Total Sacramento group tour business is estimated to produce \$60-80 million in economic impact annually.)
- Helped New World Travel and Globus/Cosmos, our two largest group tour customers, increase their summer tour overnight bookings in Sacramento by 100 percent and 70 percent, respectively. Both operators are considering adding additional nights in Sacramento in 2005 and/or 2006. Also booked nine new tours for April-October 2005 with San Diego-based AFC Tours, producing 675 new room nights.
- Assisted WorldStrides, the largest educational student travel company in the country, with collateral and other support to increase their bookings. WorldStrides annually brings 300 groups totaling approximately 9,000 students from throughout California to Sacramento.

- Revamped Tourism department sales and reporting procedures to increase prospecting calls and lead generation, and developed a Student & Youth Travel Market task force to increase group business from this key segment.
- Participated in several major trade shows to generate new leads, including: Visit USA Expo, meeting with all 35 of the Asia-based tour operators present; World Travel Market, meeting with 27 tour operators from the United Kingdom and Western European market; and the National Tour Association annual convention, where the SCVB met with 72 domestic tour operators.
- Hosted the closing luncheon at the 2004 National Tour Association "Spring Meet," which featured the debut of the SCVB's new "Tour De-Terminator" marketing campaign and the unveiling of a subsidy incentive to boost attendance at the 2005 Spring Meet in Sacramento. The Spring Meet is a premier opportunity to showcase our destination to current and potential domestic customers and the SCVB has been meeting with community partners throughout the year to ensure a successful event.
- Produced and placed travel industry sales advertisements in *Courier*, *Group Tour*, *Packaged Travel Insider*, and *Travel Tips* to promote Sacramento as a group tour destination, generating approximately 209,000 customer impressions. Produced a student tour manual, technical tour manual, rack cards, itineraries and other collateral for customers. Generated more than 10,000 tour operator-related page views on discovergold.org website.
- Conducted New York & Los Angeles media luncheons and pitched story ideas with industry PR experts Lou Hammond & Associates to generate travel trade media coverage. Key trade media placements included *Travel Tips*, *Travel Weekly*, *Destinations*, and *Student & Youth Traveler*.

#### *Consumer Travel Product*

- Generated approximately \$1 million in trackable, incremental consumer room night economic impact, an increase of more than 230 percent over the previous year. (Note: Economic impact based on room nights produced through on-line bookings, Discover Gold hotel package vouchers, Golf Sacramento partnership, Southwest Airlines "Featured Destination" promotions, and May-June tracking of Sacramento Gold Card activations.)
- Launched the highly acclaimed Sacramento Gold Card program to generate new consumer travel room nights and better track the impact of those room nights. Sacramento is the first destination in the nation to utilize "smart card" technology in a free, value-added hotel promotion. The card technology allows the SCVB to provide hotel guests with VIP offers and analyze their usage of the card at restaurant, attraction, and retail partners. The SCVB developed the concept, identified a technology partner (which specialized in retail gift cards), negotiated cost-free development of custom technology and aggressive terminal/card pricing, established offers with hotels and other partners, and trained participants. The program has generated significant "buzz" in the industry and led to inquiries from CVBs in Orlando, Ft. Lauderdale, Houston and other cities considering launching similar programs.
- Produced and placed print advertisements in consumer publications such as *Sunset*, *VIA*, *Good Housekeeping*, and *Reader's Digest*, as well as regional newspapers, generating approximately 15.6 million consumer impressions. The SCVB also participated in *Sunset*

Magazine's "Best of California" syndicated television show/website promotion which reached approximately 10 million viewers in six key in-state markets and included features on Old Sacramento and the Sacramento Delta.

- Participated in several in-state consumer travel shows to drive additional leisure travel to Sacramento, including: Los Angeles Times Travel Show, which was attended by nearly 13,000 consumers and approximately 900 travel agents, produced more than 1,000 new names and addresses for the SCVB's direct mail consumer database; Bay Area Travel Show, which was attended by more than 5,000 consumers and 500 travel agents, also produced more than 1,000 new names addresses for the SCVB's direct mail consumer database.
- Produced two 108-page Visitors Guides with cover stories featuring "the allure of gold" and the election of Gov. Arnold Schwarzenegger, Sacramento's newest high-profile "attraction."
- Generated more than 198,000 website user sessions and more than 819,000 page views on discovergold.org website, the majority of which were for leisure travel information. Developed new leisure travel content, including pages promoting the Sacramento Gold Card, on website. Worked with our on-line reservation partner, World Choice Travel, to remove non-STBID hotels from their booking engine.
- Generated nearly \$1.9 million ad equivalency in travel media placements reaching 44 million readers, including coverage in the *New York Times*, *Los Angeles Times*, and *San Francisco Chronicle*, and *Westways*, *VIA*, and *Sunset magazines*. Supported Sacramento Gold Card launch by developing and distributing high-impact media kit, complete with card sample and CD-ROM fact sheets/digital photos, to 300 major travel editors across the nation (with emphasis on California).
- Drew more than 200,000 attendees at SCVB-managed events: Bridge-to-Bridge Waterfront Festival, Gold Rush Days, Grape Escape and New Year's Eve Sky Concert. The Grape Escape is a new regional event developed to promote the area's wineries and fine dining; the SCVB also added new programming to the existing events. The SCVB formed partnerships with News 10, Clear Channel and Infinity Radio, and renewed existing relationships with KCRA/KQCA and Entercom Radio, to promote the events.
- Continued marketing support of other established regional events, including the Jazz Jubilee, California State Fair, Salmon Festival, Eppie's Great Race, etc.

#### *Film/Video Location Product*

- Assisted with shoots for "Gone But Not Forgotten" (a cable feature starring Brooke Shields), "Her Minor Thing" (a locally produced film featuring Sacramento as Sacramento), "Buy California" TV commercial (with Gov. Schwarzenegger), "Elimidate" reality TV show (shot in several restaurants and night clubs in the region), and "Newlyweds" (with pop icons Jessica Simpson and Nick Lachey), plus various music videos and TV commercials.
- Conducted joint sales calls with Placer & El Dorado County film commissions to promote region to location scouts and production companies.
- Developed new website content to better assist location scouts with site selection and generated approximately 7,400 film location-related page views on discovergold.org.

## Objective 2: Satisfy Our Customers

- Managed housing for 10 citywide conventions, processing 6,763 reservations (44 percent of which were processed through the Internet, well above the industry average).
- Delivered signage programs for 33 groups (including 16 citywide conventions which received airport and downtown welcome banners), staffed information booths for 20 groups, and distributed more than 162,000 pieces of collateral to meeting delegates.
- Opened new Visitor Center in Old Sacramento's B.F. Hastings Building and began development of interpretive center and small theater for the new center. Continued to operate downtown Visitor Center.
- Developed user-friendly new content for the discovergold.org website, including on-line maps, simple RFP forms, and expanded listings for home page promotions.
- Distributed 285,000 visitor guides directly to visitors throughout the region (primarily through hotel rooms and convention delegate registration materials) as well as via mail to travelers planning visits to Sacramento.
- Continued to provide leisure customers with convenient options for booking SCVB member hotel rooms through discovergold.org website and a centralized toll-free call center, and for booking golf tee times and/or hotel packages through the SCVB's partnership with Golf Sacramento.
- Communicated the need for, and importance of, regional emphasis on quality customer service through editorial content in an issue of the SCVB's *The Gold Standard* magazine.

## Objective 3: Position Sacramento for Long-Term Visitor Business

- Continued pursuing long-term (meeting 18+ months out) convention groups to establish foundation of business.
- Continued developing and implementing the Discover Gold brand strategy to uniquely identify Sacramento as a destination with intriguing history and attractive modern amenities, delivering the concept across all product lines while customizing sales pitches based on target segment.
- Participated in Historic Old Sacramento Foundation strategic plan process and provided seed funding to organization.
- Continued to advocate for new tourism-related product development such as a new downtown sports and entertainment facility, waterfront master plan, UP Railyards, Old Sacramento and other key areas critical to the long-term success of Sacramento as a convention and visitor destination.

## Objective 4: Foster Positive Relationships with Our Stakeholders

- Produced several issues of *The Gold Standard* magazine, which is distributed to 5,000 community, government and corporate leaders. The magazine won a CAPPIE Award from the Sacramento Public Relations Association. Issues focused on the importance of advocating for continued tourism-related product development and the benefits of good customer service to satisfy our customers and generate repeat business.

- Launched the new electronic version of the *BureauChat* newsletter, which includes regular updates on new SCVB bookings and convention groups currently meeting in Sacramento.
- Generated approximately \$2 million advertising equivalency in local media coverage (TV, radio, print and web) re: SCVB and industry issues, a new SCVB record.
- Multicultural Affairs produced the annual Juneteenth event, which drew more than 8,000 attendees; partnered with Sacramento Metropolitan Arts Commission and the California Cultural Tourism Coalition to produce an Asian/Pacific Islander themed promotional insert in several tourism publications distributed to 1.2 million leisure travelers; and continued to lead the Multicultural Advisory Committee, a group of influential community leaders who have helped the SCVB bring new group business to Sacramento.
- Continued to work with Sacramento Regional Marketing Council, Downtown Sacramento Partnership, Sacramento Metropolitan Chamber of Commerce and others to collectively promote Sacramento to multiple audiences under the "Sacramento. Discover Gold." brand strategy.
- Provided membership services to approximately 630 members, including print and web-based informational listings, convention calendars, co-op marketing opportunities (such as advertising, trade shows, and monthly mailers), member orientations, mixers and networking opportunities, and brochure distribution.
- Partnered with City and County to produce a California State Fair exhibit celebrating the fair's 150<sup>th</sup> anniversary; the exhibit collected four awards, including a Gold Ribbon.

#### **Objective 5: Run an Effective Business**

- Moved into new office building at 1608 I Street, saving \$120,000 a year compared to renting previous office space.
- Generated more than \$710,000 in private revenue, nearly an 18 percent increase over the previous year. The SCVB has continued to increase total private revenue despite a small decline in memberships as a result of the organization's strategy to focus on developing strong partnerships (quality) rather than total memberships (quantity).
- SCVB's objective-based strategic business plan recognized as a "best practice" with requests from organizations such as the California Travel Industry Association (CaTIA) to present a case study on it at CaTIA's 2004 annual educational conference.
- Completed successful financial audit verifying accuracy of SCVB's financial statements
- Developed and implemented a new compensation plan, establishing salary grades and performance-based salary adjustments; developed and implemented a cross training plan in the Accounting department; and continued development of a new employee handbook (for distribution in FY 04-05).

**RESOLUTION NO.**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**A RESOLUTION APPROVING THE FY 2004-05 BUDGET FOR THE SACRAMENTO  
TOURISM BUSINESS IMPROVEMENT DISTRICT (STBID)**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

- (1) The FY 2004-05 Budget for the Sacramento Tourism Business Improvement District is hereby approved, as required under Section 3.98.060 of the Sacramento City Code and City Agreement 2001-021.
- (2) The City Manager is authorized to adjust the City dedicated expense and revenue accounts (Fund 236) as follows, to reflect the approved FY 2004-05 City STBID revenue budget, less the 2 percent administrative fee, and transfers to the Sacramento Convention & Visitor's Bureau:

236-750-7119-3641	BID fees	\$148,000
236-750-7119-4258	BID program	\$ 9,000
236-110-1121-4384	Admin fee	\$ 43,000

The dedicated expense account reimbursements result in general fund budgets of:

101-110-1121-4399	Miscellaneous service	43,000
101-110-1121-4374	Admin collection	(43,000)

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_