

Sacramento Tourism Marketing District

Funding Guidelines and Application Process

The current Sacramento Tourism Marketing District (STMD) Management District Plan became effective July 1, 2012, and will be in effect for a period of five (5) years. Prior to expiration on June 30, 2017, the STMD District Tourism Committee will evaluate the results of the marketing district and will either apply for a term extension (five or ten years) or propose to modify the plan based on the then-current economic conditions.

To submit an application for funding an event, activity or service within the current five-year term of the Sacramento Tourism Marketing District, please complete the online application as found from the STMD link on the Sacramento Convention & Visitors Bureau’s website: www.visitsacramento.com and submit to the STMD Zone Funding Subcommittee c/o Sacramento Hotel Association at info@sacramentohotelassociation.com.

Applications will be reviewed at the start of each quarter and notification to approve or decline the applications will be provided by mid-month in the first month of each quarter.



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SACRAMENTO TOURISM MARKETING DISTRICT

Mission

The Sacramento Tourism Marketing District (STMD) was implemented on July 1, 2012; it replaced the Sacramento Tourism Business Improvement District (STBID). The STMD was established to provide additional funding to increase the level of sales and marketing activity as it relates to Sacramento as a tourism, meeting and event destination. The funding, raised by the industry, is directed by the industry. The funds raised flow directly into the Sacramento CVB's budget and will enable the organization to provide specific sales and marketing activities that will be reviewed, approved and monitored by a Tourism District Committee of industry peers-hotel managers who are appointed by the Sacramento Hotel Association (SHA). Each member of the Tourism District Committee is also a member of the Board of Directors of the Sacramento Convention & Visitors Bureau (SCVB). The Sacramento Convention & Visitors Bureau serves as the District Owners' Association. By STMD policy, the Chairman position of the STMD Committee is prohibited from simultaneously holding a chairmanship position on either the SCVB board or the SHA board of directors.

Purpose

The purpose of the STMD is to increase the promotion and marketing of tourism and increase hotel room-night consumption in the City of Sacramento and the unincorporated area of the County of Sacramento. The specific purpose of this marketing district is to create a positive economic, fiscal, and employment impact on the lodging businesses in the City of Sacramento and the unincorporated area of the County of Sacramento through the effective and judicious allocation of STMD revenue to measurably effect successful tourism promotion, marketing and advertising programs.

Tourism Marketing District services may include, but are not limited to:

- a. Marketing of the Destination
- b. Tourism Promotion Activities
- c. Sales Lead Generation

There are many benefits to Tourism Marketing Districts (TMDs):

- a. Funds cannot be diverted to government programs
- b. TMDs are customized to fit the needs of each tourism district
- c. TMDs allow for a wide range of services, including those listed above
- d. TMDs are designed, created and governed by those who pay the assessment
- e. They provide a stable funding source for tourism promotion

STMD District Tourism Committee

The Board of Directors of the Sacramento Hotel Association is responsible for selecting lodging property representatives to serve on the STMD District Tourism Committee. Contact the Sacramento Hotel Association regarding the selection/appointment process.

Sacramento Hotel Association

Executive Director

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2015 STMD DISTRICT TOURISM COMMITTEE

The Board of Directors of the Sacramento Hotel Association has appointed the following hotel-industry representatives to the seven-member STMD District Tourism Committee:

Zone 1 (Downtown)

Richard Hill, Sheraton Grand

Liz Tavernese, Holiday Inn Capitol Plaza

Scott VandenBerg, Hyatt Regency

Zone 2 (Point West Area)

Ibrahim Measher, DoubleTree by Hilton

Doug Warren, Marriott Courtyard Cal Expo and Marriott Fairfield Inn Cal Expo

Zone 3 (Natomas Area)

Clint Reed, Geweke Hospitality

Zone 4 (Balance of Unincorporated Area of Sacramento County)

Jeroen Gerrese, Lions Gate Hotel & Conference Center

STMD Committee Chair: Liz Tavernese

STMD Committee Vice Chair: Doug Warren

Subcommittees

The STMD District Tourism Committee has created three subcommittees within the District Tourism Committee. Those subcommittees include:

STMD Budget Subcommittee (Ad Hoc)

Ibrahim Measher, Clint Reed and Doug Warren

STMD Governance Subcommittee (Ad Hoc)

Scott VandenBerg and Richard Hill

STMD Zone Funding Subcommittee (Ad Hoc)

Scott VandenBerg, Jeroen Gerrese and Liz Tavernese

SACRAMENTO TOURISM MARKETING DISTRICT OVERVIEW

What is a Tourism Marketing District?

Tourism Marketing Districts (TMDs) utilize the efficiencies of private sector operation in the market-based promotion of local and regional tourism. Tourism Marketing Districts, such as the STMD allow lodging and other tourism-related business owners to organize their efforts to increase tourism. In Sacramento, lodging business owners within the district assess themselves to fund the district; those funds are used to provide programs and services that specifically benefit the assessed lodging businesses.

Location

The Tourism Marketing District is inclusive of all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Sacramento and the unincorporated areas of the County of Sacramento. The District is divided into four geographic zones representing the four areas within the City and County limits. A map of the District is included with the Sacramento Tourism Marketing District Plan.

Funding Source Entirely from Assessed Businesses

The STMD assessment is designed to benefit, and is levied upon, lodging businesses within the four geographic zones of the City of Sacramento and the unincorporated area of the County of Sacramento. Business means any and all types of hotels/lodging properties where a structure, or any portion of a structure, is held out to the public as being occupied, or designed for occupancy, by transients (guests) for dwelling, lodging or sleeping purposes. The owner(s), operator(s), or an authorized representative who is noted on City or County records as the responsible party for remitting and reporting Transient Occupancy Tax (TOT) for each lodging business is responsible for paying the STMD tourism assessment. The annual tourism assessment is based upon 3.0%, 2.5%, 2.0% or 1.0% of gross room revenue from transient stays in the lodging business as described above and according to which zone the property is located.

Zone 1 (Downtown):	3.0%
Zone 2 (Point West Area):	2.5%
Zone 3 (Natomas Area):	2.0%
Zone 4 (Balance of Unincorporated Area of County):	1.0%

Zone Micro Marketing

Up to ten percent (10%) of the budget shall be dedicated to individual zones for zone specific tourism improvement activities as described below.

The zone marketing funds will be utilized for local zone activities that promote, support and enhance zone-based marketing efforts. Each zone shall receive ten percent (10%) of the amount collected within the zone to fund eligible programs and activities. These programs are an exclusive privilege and shall provide a direct specific benefit to assessed businesses in the zone, incremental room night sales.

Individual zone marketing funding is designed to support zone-based activities that promote, support and enhance room night sales, including but not limited to:

- Internet marketing efforts to increase awareness and optimize Internet presence
- Print ads in magazines and newspapers targeted at potential visitors
- Television ads targeted at potential visitors
- Attendance at trade shows
- Sales blitzes
- Familiarization tours
- Preparation and production of collateral materials such as brochures, flyers and maps
- Attendance at professional industry conferences and affiliation events
- Lead generation activities designed to attract tourists and group events to Sacramento
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits
- Education of lodging business management and the owners' associates on marketing strategies best suited to meet Sacramento's needs.

GUIDELINES AND REQUIREMENTS

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

The Sacramento Tourism Marketing District (STMD) will contract for marketing programs and services to promote the City of Sacramento and County of Sacramento as a tourism destination and to fund projects, programs, and activities that specifically benefit the assessed hotels within the boundaries of the district by driving room-night consumption in the district.

General Guidelines

- a. Marketing programs and services will be broadly defined by the STMD Tourism District Committee to remain current with changing consumer demands, tourism products, and marketing and communication technologies.
- b. Marketing programs and services will take many traditional and/or innovative forms based upon the target market, proposed strategy and tactics for implementation.

Therefore, marketing programs and services could include, but not be limited to:

1. Advertising
 2. Marketing promotion
 3. Direct sales
 4. Press and/or public relations
 5. New product development
 6. Prospective marketing
 7. Visitor services
 8. Market research
 9. Marketing & web strategies
 10. Partnership marketing
 11. Special events/promotion
- c. Marketing programs and services will seek to *benefit all assessed hotels/lodging businesses within the boundaries of the Tourism Marketing District* through a diverse mix of projects, programs and activities. It is recognized that all marketing programs and services will have multi-level benefits to the hotels/lodging businesses within the District. Primary benefits will be realized directly by hotels/lodging businesses in the target market area or market segment served by a particular contract program or service. Secondary benefits will be realized by all assessed hotels in the District through the successful implementation of marketing programs and services that increase hotel/lodging property occupancies, reduce available room inventory and create compression within the marketplace.
- d. Each applicant for bid assistance funding will be required to submit an "Application Request for STMD Funding" that will require significant information about the applying organization or entity, as well as a specific proposal for how the requested funds will be spent, the expected result, and the proposed method for measuring results.

Funding Approval Requirements

Fundamental to approving any proposed event funding application will be the clearly articulated benefit to assessed hotels/lodging properties in the City of Sacramento and unincorporated area of the County of Sacramento.

While benefit may be delivered in numerous ways, by far the most important benefit will be measured in the delivery of room nights within the Sacramento Tourism Marketing District. Successful applications will clearly describe the strategy and tactics for delivering room nights as well as the number of room nights and estimated gross room revenue projected. Additionally, the method for calculating and verifying the ROI results must be described.

When considering these fundamental application requirements, priority will be given to:

- a. Special need periods of the year
- b. Special need geographic locations within the City/County of Sacramento
- c. Incremental **new** room nights from existing programs or sponsoring programs
- d. The proposal helps more than one property in the zone

Determining Return on Investment (ROI)

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

The current Average Daily Rate (ADR) from Smith Travel Research (STR) for Sacramento hotels/lodging businesses combined with projected or actual room nights will be used as the factor to determine the projected ROI or actual ROI.

STMD MEETING SCHEDULE

The STMD District Tourism Committee meets on the first Monday of each quarter at 11:00 a.m. to review all applications submitted in the previous quarter. The STMD District Tourism Committee meetings take place on the first Monday in January, April, July and October (subject to holiday and scheduling exceptions).

APPLICATION PROCESS

All applications for proposed funding of any event, activity or service that is expected to generate room-night consumption are available from the STMD link on the Sacramento Convention & Visitors Bureau's website at www.visitsacramento.com.

Application Categories

Applications are categorized by the eligibility criteria below:

- 1. Annual Funding:** The STMD Fiscal Year begins July 1 and ends June 30.
Regardless of delivery method, all organizations applying for "annualized" funding for this period must have their completed application packets submitted to the STMD by June 15.
- 2. Short-Term/Incremental/Special Initiatives:** After all Annual Funding Programs have been reviewed and allocated by the STMD District Tourism Committee and if STMD funds are available, qualifying organizations may apply for incremental programs such as a single event or a specialized advertising/marketing promotion. All such proposals are required to follow the STMD application schedule as noted below.

Preparing and Submitting the Application (Part 1)

To assist with the preparation and submittal of your application for District Tourism Committee review, please adhere to the guidelines below.

- Present the application in the order and format requested. Failure to do so may result in the disqualification of your application.
- All sections of the application must be typewritten in black ink in an easy to read format and font.
- Marketing collateral and any audio-visual materials must be clearly labeled with the applicant's name and title(s) of the piece.
- Upon completion, submit to the STMD Zone Funding Subcommittee c/o Sacramento Hotel Association at info@sacramentohotelassociation.com.

[When the online application form is available, please complete and submit all material through the online option.]

Application Schedule

All applicants requesting STMD zone funding are asked to adhere to the application due dates as referenced below:

<u>Application Due Date</u>	<u>For Review by STMD Committee</u>
December 15	First Monday of January
March 15	First Monday of April
June 15	First Monday of July
September 15	First Monday of October

Applicants will be advised of funding approvals or denials by mid-month in January, April, July and October, or as appropriate based on action by the STMD Committee at any special meeting.

Time-Sensitive Application

Any applicant submitting a time-sensitive application may request action on said application before the next regularly scheduled STMD meeting as referenced above. An applicant may request a special meeting of the STMD Committee if:

- a. The applicant is a hotel within the STMD District; or
- b. The applicant represents an outside organization and the submitted application is presented or sponsored by a STMD hotel.

In either case, the applicant must be able to demonstrate that the request for zone funding meets the STMD's ROI criteria and that the event or marketing activity benefits two or more hotels within the STMD District.

Agreement Between Applicant and STMD

- a. Once the **STMD District Tourism Committee** has approved funding, a Funding Approval Letter will be issued to the successful applicant. The Funding Approval Letter will specify the terms and conditions of the funding arrangement, including the organization's specific project or event, the funding amount, and the limitations and/or conditions associated with the funding.

Site Visits by STMD District Tourism Committee and SCVB Staff

At its discretion, the STMD Committee may arrange site visits with applicants and potential applicants.

Cost Reimbursement

All funds are awarded on a cost-reimbursement basis. All items for reimbursement must include proof of payment of the expense via cancelled check/money order or wire transfer. Reimbursement requests may be submitted upon conclusion of the event along with a performance report. There can be no payment in advance, unless approved by the **District Tourism Committee** for special circumstances and in compliance with the STMD application agreement with the organization/entity/event requesting funding.

Performance Reports/Event Recaps (Part 2)

Performance reports will be required within 60 days of the conclusion of funded events/activities detailing the target and actual outcomes by type of activities, specific marketing initiatives, etc. These post-event reports can be found on the original online application that was filed and must detail the way in which all assessed businesses (STMD hotels/lodging properties) were benefited, along with the details of all STMD funds expended.

FUNDING ELIGIBILITY

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

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

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

Track Record: An applicant must have a demonstrable history of successful, ongoing programming or business performance prior to submitting an application.

Location: Regardless of where an applicant is headquartered or physically located, or where a particular marketing program is implemented, 100% of the funding received from the STMD must be applied for, or in support of, programs designed for the measurable benefit of assessed hotels (lodging businesses) within the City of Sacramento and the unincorporated area of the County of Sacramento.

ADA: Applicants will comply with the federally mandated Americans with Disabilities Act. Applicants and any project providers will be individually responsible for their own ADA compliance.

EEO: Applicants will comply with Title VII of the Civil Rights Acts of 1964, as amended; the California Fair Employment Practices Act; and any applicable federal and state laws and regulations.

FUNDING LIMITATIONS

1. STMD assessment funds cannot be used for alcoholic beverages. Applicants shall not use STMD assessment funds for travel, meals, lodging, or entertainment expenses, unless authorized by STMD in advance.
2. STMD applicants or project providers shall not be paid for any expenditure that has been (or should be) properly charged to any funding source other than the STMD assessment fund.
3. STMD assessment funds shall not be used for political activity. The term, "political activity" shall mean a communication made to any electorate in support of, or in opposition to, a ballot measure or candidate in any federal, state or local government election. In addition, expenditures are prohibited for the following and are not to be included in the proposed Applicant budget:
 - a. The acquisition, construction, installation or maintenance of any tangible property, including parking facilities, parks, planting areas, fountains, benches, booths, kiosks, display cases, pedestrian shelters, signs, trash receptacles, public restrooms, ramps, sidewalks, plazas, pedestrian malls, lighting and heating facilities; unless it can be demonstrated that the improvements can generate significant room nights to the Zone.
 - b. The closing, opening, widening or narrowing of existing or new streets.
 - c. Facilities or equipment, or both, to enhance security and safety of persons or property within the area, unless included in a specific proposal to benefit the assessed businesses.
 - d. Regular public safety and security personnel and programs, maintenance and repair, sanitation, nor other municipal services normally and historically provided by the City or County to the area.
 - e. Expenditures not consistent with the terms of the District Management Plan.
 - f. Capital Outlay for improvements and/or construction of buildings or facilities, or capital outlay for the purchase of equipment.
 - g. Programs not accessible to people with disabilities.
 - h. Salaries of other entities or tuition assistance payments or reimbursements.
 - i. Trusts, grants or endowment funds.
 - j. Job training or job placements.
 - k. Indirect cost recovery.
 - l. Penalties, fines or late charges.
 - m. Gifts, contributions, or donations.

ADDITIONAL REQUIREMENTS

Insurance: All STMD applicants shall comply with the following insurance requirements for the term of the Agreement.

- a. Commercial General Liability Insurance, providing coverage for bodily injury, including death, personal injury, and property damage with limits of at least Two Million Dollars (\$2,000,000) per occurrence, subject to an annual aggregate of at least Four Million Dollars (\$4,000,000);
- b. Automobile Liability Insurance, providing coverage for all bodily injury and property damage, with a limit of at least One Million Dollars (\$1,000,000) per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) on the Premises. Coverage shall be written on ISO form CA00 01 12 90, or a substitute form providing equivalent liability coverage; and
- c. Worker's Compensation Insurance, as required by the laws of the State of California for all Applicant's employees who provide services under the STMD funding grant with a limit of at least One Million Dollars (\$1,000,000).
- d. Any organization/entity/event receiving STMD funds must supply a certificate of insurance naming the Sacramento Convention and Visitors Bureau (SCVB) as a certificate holder. Non-compliance with supplying the certificate of insurance may be grounds for denial or withdrawal of funds. The sponsoring organization/entity/event assumes the entire responsibility and liability for losses, damages and claims arising out of injury or damage, including that by fire and theft, to equipment and other property used by or for the sponsoring organization/entity/event and shall indemnify and hold harmless the Sacramento Convention and Visitors Bureau (SCVB) and its agents, employees, volunteers, officers, directors, staff and members. Each applicant receiving funds, by signing the Funding Agreement expressly understands that they release the SCVB from, and agree to indemnify it against, any and all claims for such loss, injury or damage. If the SCVB shall be held liable for any event that might result from a particular organization's/sponsor's action or failure to act, such organization/sponsor shall reimburse and hold harmless the SCVB against any liability resulting therefrom. Organizations/event sponsors must adequately insure their materials, goods, and wares against loss or injury of any kind and must do so at their own expense. The Sacramento Convention and Visitors Bureau (SCVB) is not responsible for any loss (however caused) to any property of any sponsor or participant or bystander.

Certificate of Good Standing: Applicants must be in good standing with the Secretary of State and Franchise Tax Board. All required filings must be current and the status of the business/corporation must be active. "Active" status means that your corporation has not been dissolved, suspended, surrendered or forfeited.

Promotional Material Requirement: STMD funded entities shall include a credit line acknowledging the **STMD allocation of TMD funds** for financial support on all promotional materials (including but not limited to, brochures, newsletters, advertising, fact sheets, news releases, and Internet websites): An example of a credit line might be: ***“Funded in part by the Sacramento Convention & Visitors Bureau through funds generated by the Sacramento Tourism Assessment Fee.”*** Such acknowledgement shall be prominently displayed on all related promotional material.

No Political Activity: Applicant shall not use and require its project providers not to use, any of the funds received pursuant to this Agreement, or any personnel or material paid for with funds pursuant to the STMD agreement, for political activity. The term “political activity” shall mean a communication made to any electorate in support of, or in opposition to, a ballot measure or candidate in any federal, state or local government election.

Limiting Contact Between Applicants and the STMD District Tourism Committee: It is essential that the application and allocation process for funding from the STMD be open, fair and efficient. To this end, the electronic/written submission of the application and supporting materials as well as any public presentation that may be required from applicants will be the foundation for STMD District Tourism Committee discussion and deliberations. STMD District Tourism Committee members are encouraged to limit their contact and communication with applicants regarding their applications or proposed application, and to disclose any such contact or communication prior to participating in the consideration of that applicant's submission.

AMENDMENT TO AGREEMENTS AND TERMS AND CONDITIONS

Any and all points not covered specifically herein are subject to the decision of the STMD Tourism District Committee. The Committee may, in its sole discretion, make reasonable changes, amendments or additions to agreements and terms and conditions. Any such changes shall be equally binding on the applicant.

QUESTIONS / CONTACT INFORMATION

If you have any questions regarding the Sacramento Tourism Marketing District funding eligibility or policy, please contact the executive director of the Sacramento Hotel Association at (916) 441-6110, or info@sacramentohotelassociation.com.