

SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN SAN FRANCISCO, CALIFORNIA

*Formed Under California Streets and Highways Code Sections 36600 et seq.
"Property and Business Improvement District Law of 1994," Augmented by Article
15 of the San Francisco Business and Tax Regulations Code*

SUBMITTED TO:
THE SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT
STEERING COMMITTEE

THE HOTEL BUSINESS OWNERS AND OPERATORS OF THE
PROPOSED SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT AND

THE SAN FRANCISCO BOARD OF SUPERVISORS

PRESENTED BY:
NEW CITY AMERICA INC.

DECEMBER 9, 2008

*As amended in conformance with the Board of Supervisors Resolution to Establish
The Tourism Improvement District
Adopted by the Board of Supervisors on December 16, 2008*

**SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN
DECEMBER 9, 2008
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A. EXECUTIVE SUMMARY

OVERVIEW

Travel and tourism is San Francisco's largest industry, generating over \$8 billion in annual economic impact.¹ However, the San Francisco Convention & Visitors Bureau (hereinafter "SFCVB"), which operates the convention and hotel sales and marketing efforts for San Francisco, does not have adequate, reliable resources to grow or even maintain current market share of the convention, business and leisure business.² The hotel industry is a significant employment sector in the City and it relies on a robust travel and tourism industry for its survival. San Francisco competes for tourist and convention business with cities throughout the world. Some of those destinations such as San Diego and Los Angeles are taking away a significant market share of the tourism business from San Francisco due to their improved marketing/promotion activities and convention facility budgets. As a result local hotels need more resources. Expanding the SFCVB marketing and sales programs and improving the Moscone Convention Center, will immediately and directly help the local hotel industry better compete for business.

The Board of Directors of the SFCVB, comprised of representatives of all segments of the San Francisco tourism community, including hotels, attractions, and transportation providers, created the Sustainable Funding Task Force (hereinafter the "Task Force"). The Task Force explored various ways to increase marketing and programs for attracting convention, business and leisure visitors to the City. In January 2008, after six months of review, the Task Force chose a strategy employed by other cities in California, most recently the city of San Diego, whereby a business-based hotel assessment district is established to fund a specific set of services and improvements that directly benefits their industry sector.

In March 2008, the Task Force established a Tourism Improvement District Steering Committee, which hired New City America Inc., a company that has formed 8 property and/or business assessment districts in the City, to serve as its primary consultant in the development of a citywide Tourism Improvement District (hereinafter "TID").³

¹ See Appendix 1 for 2007 Estimate of Visitor Volume and Spending Report by SFCVB and Destination Analysts.

² See Appendix 2 for comparative destination marketing organization budgets.

³ Since October 2007, the Sustainable Funding Task Force and/or the Tourism Improvement District Steering Committee, have met thirteen times. The dates of those meetings were: October 1, 2007, November 13, 2007, January 22, 2008, March 12, 2008, April 8, 2008, May 19, 2008, June 11, 2008, July 1, 2008, August 27, 2008, September 17, 2008, October 6, 2008, November 11, 2008 and December 2, 2008.

The proposed TID is a key strategy designed to strengthen the local tourism hotel industry by 1) increasing funding available for SFCVB-created marketing programs that specifically target tourist hotels; and 2) by renovating and expanding the City's Moscone Center convention facilities.⁴

If adopted, the TID will be implemented in coordination with other revenue generating strategies recommended by the Task Force. The TID proposes to assess each tourist hotel in San Francisco a percentage of gross revenue from tourist rooms. The TID will be divided into two geographic areas to coincide with the expected benefits to be derived from establishment of the TID. Zone 1 includes tourist hotels that are anticipated to benefit more directly from the SFCVB marketing programs and convention facility upgrades proposed in this plan. Zone 2 includes tourist hotels that are generally located farther from the convention center facilities and related tourist attractions, and with somewhat different access to the City's transportation infrastructure, and as a result derive benefits somewhat less directly than tourist hotels located in Zone 1. The formulas used to calculate assessments in each zone are set forth below. The proposed TID would go into effect on January 1, 2009 with services beginning on July 1, 2009 and has a term of 15 years.

BENEFITS OF ADDITIONAL RESOURCES

The TID assessment revenues will approximately double funding currently available for SFCVB marketing and sales programs focused on tourist hotels, and will replace City general fund contributions to the SFCVB. In addition, the TID funds will approximately triple the current funds available to the Moscone Convention Center five-year capital improvement plan.

The Task Force is continuing to develop programs whereby additional tourist-serving businesses can contribute to targeted SFCVB activities and improvements. The focus here will be on enhanced tourist marketing programming for other specific types of businesses within the tourism and hospitality sectors such as: retail centers, rental cars, San Francisco International Airport (SFO), land and sea tour operators and other hospitality and non-hotel sector businesses.

⁴ See Appendix 3 for TID Marketing Budget and Moscone Convention Center Capital Improvement Plan.

TID START DATE, ASSESSMENT FORMULA, COLLECTION PROCESS & PROJECTED REVENUE

If the TID is established, tourist hotels in San Francisco will be assessed as follows beginning on January 1, 2009:

- During years 1-5 of the TID, tourist hotels in Zone 1 will be assessed 1.5% of gross revenues from tourist rooms, and tourist hotels in Zone 2 will be assessed 1% of gross revenues from tourist rooms;
- During years 6-15 of the TID the assessment rate will decrease and, tourist hotels in Zone 1 will be assessed 1% of gross revenues from tourist rooms, and tourist hotels in Zone 2, will be assessed 0.75% of gross revenue from tourist rooms.

The TID assessment will be collected by the Treasurer and Tax Collector of the City and County of San Francisco (hereinafter the "Treasurer and Tax Collector"). The Treasurer and Tax Collector shall transfer the assessment payments on a quarterly basis to a newly established non-profit corporation known as the San Francisco Tourism Improvement District Management Corporation (hereinafter "SFTIDMC"). The SFTIDMC will manage and administer the TID pursuant to a management contract with the City as approved by the Board of Supervisors. The management contract may also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, hotel and recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds. No bonds will be issued to fund the TID.

TID assessments are projected to generate approximately **\$27,000,000** in year one and be allocated as follows:

Two-thirds or approximately **\$18,000,000** (representing the assessment for Zone 1 tourist hotels that constitutes 1% of gross revenues from tourist rooms, and the assessment for Zone 2 tourist hotels that constitutes 0.75% of gross revenues from tourist rooms) will be allocated to hotel-specific SFCVB marketing and sales programs as well as the associated operational costs of the SFCVB and the SFTIDMC.

One-third or approximately **\$9,000,000** (representing the assessment for Zone 1 tourist hotels that constitutes 0.5% of gross revenues from tourist rooms, and the assessment for Zone 2 tourist hotels that constitutes 0.25% of gross revenues from tourist rooms) for the first five years of the District would be allocated to the renovation and upgrade of the Moscone Convention Center, as well as to planning, engineering, design and

entitlements for the possible expansion of the Moscone Convention Center. It is expected that a substantial portion of the \$9,000,000 will be applied to the renovation and upgrade of the Moscone Convention Center.

A proportional allocation would also be applied to the associated TID operational costs.

The City shall not collect assessments from any hotel or distribute assessments to the SFTIDMC unless and until the City authorizes the execution and delivery of approximately \$35 million of its certificates of participation, the proceeds of which would be used to pay for certain capital improvements at the Moscone Convention Center that will not be funded by the TID assessment funds.

MANAGEMENT AND EXPENDITURE OF TID ASSESSMENT FUNDS

The SFTIDMC will administer and allocate all TID revenues. The SFTIDMC will be governed by a Board of Directors ("SFTIDMC Board"), with the majority of seats allocated to the hotel industry and the balance of seats allocated to other visitor-related organizations in San Francisco.

The SFTIDMC Board will have full authority to manage the expenditure of all assessment funds collected through the TID for the purposes described in this Management Plan. The SFCVB will present an annual budget to the SFTIDMC outlining its hotel-specific marketing operations programs as well as Moscone upgrade programs that need funding from the TID assessments.

SUMMARY OF TID ELEMENTS

Businesses to be Assessed:	All tourist hotels operating in the City and County of San Francisco that generate revenue from tourist rooms shall be included in the District throughout the term of the TID. Tourist hotels will be divided into two zones, as explained below. This will be a business-based district only.
Categories of Services and Improvements:	<ol style="list-style-type: none">1. Hotel-specific marketing and promotions programs of the SFCVB, including associated operational costs for staff, administrative support and services, administration of SFCVB satellite offices, and adequate reserve funds for the SFCVB.2. Moscone Convention Center (North, South and West facilities) capital improvements/renovations/upgrades; and planning, design, engineering, and entitlement activities and services associated with the Moscone

	<p>Convention Center expansion improvements.</p> <p>3. Contingency/Reserve/Operation and Administration of the TID</p>
Zones and Rates of Assessment, Assessment Formula:	<p>The City's tourist hotels will be divided into two zones, based largely on geographic proximity to the Moscone Convention Center and access to the regional and City transportation infrastructure. Tourist hotels in Zone 1 will be assessed 1.5% of gross revenue from tourist rooms for years 1-5, and 1% of gross revenue from tourist rooms for years 6-15. Tourist hotels in Zone 2 will be assessed 1% of gross revenue from tourist rooms for years 1-5, and 0.75% of gross revenue from tourist rooms for years 6-15.</p>
Location and Rationale for Zones:	<p>Zones have been created as part of the TID to reflect the proportion of special benefits that hotels in each zone will receive from expenditure of funds by the TID. Factors taken into account in creating the Zones include:</p> <ol style="list-style-type: none"> Proximity to Moscone Center and the convention activity that fills rooms due to Moscone Center; Concentration of tourist hotel rooms in proximity to Moscone Center creates a critical mass of tourist hotel rooms providing the visitor with additional amenities when visiting the City; Access and proximity to the existing transportation infrastructure, (BART and MUNI), which allows for easy access to the Convention Center, and The anticipated increase in room occupancies and room rates resulting from the proximity to the Convention Center and convention related activities.⁵ <p>The following hotels in the City and County of San Francisco will be included in Zone 1 of the TID:</p> <ul style="list-style-type: none"> All tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as

⁵ See Appendix 4 for PFK Report on Historical Performance of the SF Lodging Market as compared to Convention Activity.

	<p>if it continued east to the Bay.</p> <p>The following tourist hotels in the City and County of San Francisco will be included in Zone 2:</p> <ul style="list-style-type: none"> • All tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.
Annual Budget and Duration:	<p>The TID will have a duration of 15 years. The annual budget for year one is projected to be approximately \$27,000,000 during the first year. Of that amount, approximately \$18,000,000 will be allocated for programs and operations of the SFCVB and the costs of administration of the TID, and approximately \$9,000,000 will be allocated toward the renovation and upgrade of the City-owned Moscone Convention Center, as well as fund the planning, engineering and design for the possible expansion of the Moscone Center.</p> <p>The maximum total assessment for the first five years of the TID is \$182,043,000. While the assessment formula will remain constant, actual assessments collected are expected to fluctuate annually, depending on market conditions. Although actual dollar amounts collected may vary, the proportionate allocations to the SFCVB component and to the Moscone Convention Center component are expected to remain approximately the same for all five years (two-thirds to SFCVB, one-third to Moscone Convention Center).</p> <p>During years 6-15 of the TID, it will generate a maximum total assessment of \$735,085,395 for hotel-specific marketing programs and associated operational costs of the SFCVB, and the operational and administrative costs of the TID.</p> <p>No bonds will be issued to fund this TID.</p>
Annual Changes:	<p>The assessment formula shall remain unchanged for the duration of the TID. The annual total gross revenue from tourist rooms is expected to fluctuate annually based on market conditions. The maximum TID assessment collected will not exceed the annual maximum assessment schedule as stated in this plan.</p>
Definition of	<p>For purposes of calculating the TID assessment, "gross</p>

<p>"gross revenues from hotel rooms" and types of hotel room visitors to be assessed</p>	<p>revenue from tourist rooms" means: the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom whatsoever. Gross revenue from tourist rooms will include only the following charges, regardless of how such charges are characterized:</p> <ul style="list-style-type: none"> • Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room • Charges for additional guests to occupy the room • Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed "no-show" charges) regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers) <p>For purposes of this plan, "tourist room" and "guest room" are used interchangeably.</p> <p>Gross revenue from tourist rooms <i>does not</i> include</p> <p>(a) charges for guest rooms occupied by permanent residents, defined as: "Any occupant as of a given date who has or shall have occupied, or has or shall have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;"</p> <p>(b) revenue from the lodging of airline crews, <i>i.e.</i>, lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews' performance of their jobs for the airline, including layovers between flights; or</p> <p>(c) the City's Transient Occupancy Tax collected on the room rent and remitted to the City and County of San Francisco.</p> <p>d) charges for guest rooms located in non-profit, purely private social clubs that make guest rooms available only for the use of their members. The term "purely private social clubs" means non-profit, private membership clubs, whose primary purpose is social, which are owned by a limited membership, and which do not advertise or promote the use of their facilities by the public. Further, entities that allow guest rooms to be occupied by non-members, including via reciprocal arrangements with other clubs or organizations or upon referral of a member, shall not constitute "purely private</p>
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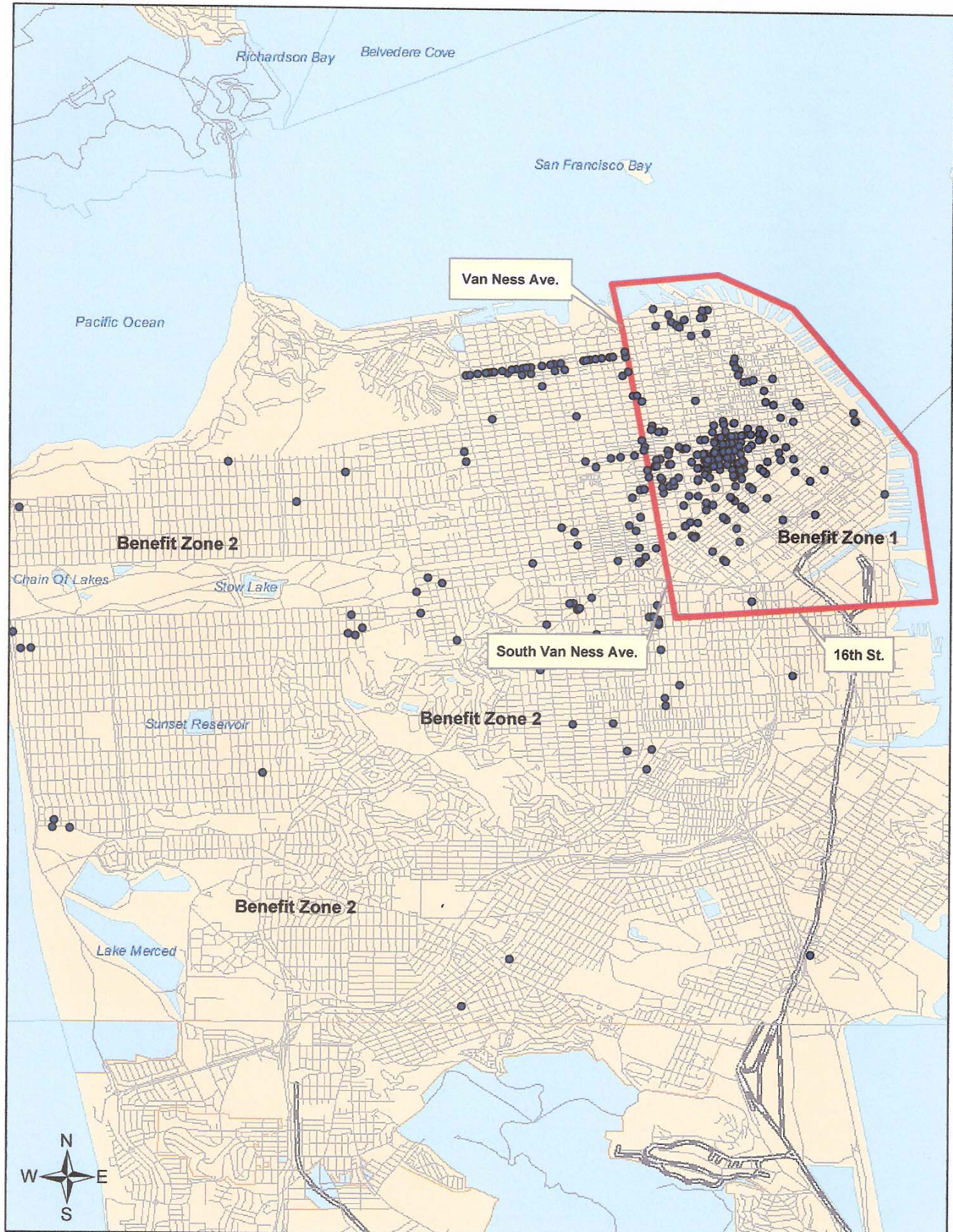
	social clubs" as defined herein.
Formation:	District formation requires submission of petitions from hotel business owners/operators representing at least 50% of the total proposed assessments, followed by approval of a resolution of intention to form the TID by the Board of Supervisors (BOS) of the City and County of San Francisco, a public meeting and a public hearing, a special weighted ballot election resulting in no majority protest to establish the TID by hotel business owners/operators, and a final vote of approval by BOS in support of the establishment of the TID.

B. SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT

B.1. DISTRICT BOUNDARIES AND MAP

See map on page 12, below, for boundaries of the proposed TID, including zones, and locations of assessed tourist hotels, which are represented as dots on the map. See pages 27-36 for the list of tourist hotels in the proposed TID, including for each hotel the zone location and address.

San Francisco Tourism Improvement District



B.2. SERVICES & IMPROVEMENTS PLAN AND BUDGET

This services & improvements plan and budget describes the activities to be funded by the TID assessment.

MARKETING AND OPERATIONS OF SFCVB:

1% of gross revenue from tourist rooms in Zone 1 tourist hotels, and 0.75% of gross revenue from tourist rooms in Zone 2 tourist hotels, to be in place for 15 years shall fund:

1. Marketing and Promotions by the SFCVB for the benefit of tourist hotels, including but not limited to:
 - Satellite office operations and start up costs;
 - Satellite office staffing;
 - Marketing and promotions programs;
 - Marketing and promotion staff oversight;
 - Shall not be duplicative of existing marketing and promotional programs funding by other Business Improvement Districts and Community Benefit Districts in the City;
2. SFCVB Operations and Administrative Support
3. SFCVB Contingency and Reserves
4. Contingency/Reserves/Administration Costs of the TID
 - Will be used to cover unforeseen costs and escalation for services and improvements listed under 1 - 3, above
 - Will be used to cover administrative costs and expenses related to the administration of the new non-profit management corporation that will administer the TID revenues, including but not limited to reimbursement of cost of services and other expenses to the City Treasurer and Tax Collector, the Office of the City Attorney, the Controller's Office, and other City departments for audit, collection and disbursement of the assessment and related administration functions. Administration, assessment and enforcement functions related to the TID assessment are contingent on the management contract between the City and the TID.
 - Includes payment of up to \$400,000 to cover costs incurred in forming the TID, including costs incurred by the TID steering committee, the San Francisco Convention & Visitors Bureau and by the City and County of San Francisco during the formation process. Such reimbursable costs include, for example, costs arising out of or related to preparation of the management plan, development of the petitions and ballots, administration of the election process related to the petition and ballots, set up the TID assessment billing

and collection systems by the City and County of San Francisco, reimbursement of actual costs to the City Treasurer and Tax Collector, and related consultant and attorney fees, consistent with Section 1511(d) of the San Francisco Business and Tax Regulations Code.

SERVICES AND IMPROVEMENTS TO MOSCONE CONVENTION CENTER: (SEE TABLE D-2)

0.5% of gross revenue from tourist rooms in Benefit Zone 1 tourist hotels, and 0.25% of gross revenue from tourist rooms in Benefit Zone 2 tourist hotels, to be in place for five years, shall fund, for the benefit of tourist hotels:

1. Renovation and upgrades shall include capital improvements to Moscone Convention Center North, South and West;
2. Monitor expenditures of TID assessment funds for improvements to the Moscone Convention Center;
3. Design, engineering, planning and entitlements (permits issued by the Planning Department or other regulatory agencies) activities and services pertaining to the proposed expansion of Moscone Convention Center as a whole.
4. Contingency/Reserves/Administration of the TID. Includes payment of unforeseen costs and escalation for improvement areas listed under #1 and #2 above; and a proportionate share of SFTIDMC administrative and operational costs and expenses related to the administration of the new non-profit management corporation that will administer the TID revenues, including but not limited to reimbursement of cost of services and other expenses to the City Treasurer and Tax Collector and other City departments for audit, collection and disbursement of the assessment and related administration functions. Administration, assessment and enforcement functions related to the TID assessment are contingent on the management contract between the City and the TID.

B.3. ASSESSMENTS, ASSESSMENT METHODOLOGY, AND ZONES

SPECIAL BENEFITS OF THE PROPOSED TID

The proposed TID will provide funds to the SFCVB to develop and implement a hotel-specific marketing program as well as a program to renovate and improve the Moscone Convention Center in order to benefit tourist hotels and ensure that these industry drivers continue to fuel a robust tourism and hospitality sector. During the first year of operation, it is anticipated that the TID will collect and spend approximately \$27,000,000.

The hotel-specific marketing and promotions component of that overall budget is estimated to be \$18,000,000, representing approximately 67% of the overall first year TID budget. These marketing and promotional benefits funded by the TID will take the form of a comprehensive marketing programming for assessed hotels including enhanced print, radio, web and tv advertisement; improved event services; technological improvements including enhanced online room booking, which will result in increased advertising exposure, increased occupancies, increased room rates, and increased overall commercial activity in the tourist hotels and their related auxiliary enterprises.

The Moscone Convention Center upgrade and improvements component of the overall budget is estimated to be \$9,000,000, representing approximately 33% of the overall first year TID budget. The benefits to tourist hotels will take the form of an improved facility with state-of-the-art technology upgrades and new convention fixtures and equipment, which will result in increased advertising exposure, increased occupancies, increased room rates, and increased overall commercial activity in the tourist hotels and their related auxiliary enterprises.

The current SFCVB budget is \$15,466,000, which in 2006 helped to generate \$1.594 billion in spending on hotel accommodations by visitors to San Francisco. In its first year, the TID assessments will fund SFCVB marketing and promotions programs which currently generate approximately \$302,000,000 in hotel room revenue. In its first year, the TID assessments will increase the SFCVB marketing and promotions budget by approximately \$7,500,000 and is expected to produce an additional \$49,000,000 in hotel room revenue. In total, the first-year TID assessments will fund SFCVB marketing and promotions programs which are expected to generate approximately \$351,000,000 in hotel room revenue, an amount that far exceeds the \$18,000,000 in TID assessment.

The current Moscone Convention Center upgrade and improvement budget is \$2,357,000. In its first year, the TID assessments will increase the Moscone Convention Center upgrade and improvement budget by approximately \$6,643,000 which is critical to ensuring that existing convention business equivalent to more than \$17,000,000 in annual hotel room revenue will continue to choose Moscone Convention Center for their groups. In addition, the improvements and upgrades supported by the TID assessments are projected to help generate an additional \$11,000,000 in annual hotel room revenue from new Moscone Convention Center customers. In total, the upgrades and improvements to the Moscone Convention Center are projected to generate more than \$28,000,000 in annual hotel room revenue, an amount

that far exceeds the \$9,000,000 in TID assessments to be applied to Moscone upgrades and improvements⁶.

The percentage assessment that each hotel will pay to the TID is reasonably expected to be proportionate to the benefit each hotel will receive. A 2002 study shows that tourism promotion return on investment ratios yielded 592% and 385% returns for two states with targeted and robust tourism promotion budgets. In general the study shows that robust tourism promotion spenders (i.e., Convention and Visitor Bureaus) enjoy lucrative returns on their promotional investments, both in overall return on investment and in revenue generated per person.⁷

A 2005 study of the economic impact of conventions, convention site selection processes, and the impact of destination marketing and CVB operations shows that when convention facilities are properly maintained and well marketed, there is a vast economic impact to the hotel industry.⁸

FACTORS USED IN ASSESSING TID TOURIST HOTELS

For purposes of calculating the TID assessment, "gross revenue from tourist rooms" means: the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom whatsoever. Gross revenue from tourist rooms will include only the following charges, regardless of how such charges are characterized:

- Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room
- Charges for additional guests to occupy the room
- Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed "no-show" charges) regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers)

For purposes of this plan, "tourist room" and "guest room" are used interchangeably.

Gross revenue from tourist rooms *does not* include

(a) charges for guest rooms occupied by permanent residents, defined as: "Any occupant as of a given date who has or shall have occupied, or has or shall

⁶ See Appendix 5 for the Economic Impact of Conventions, and Benefits of Destination Marketing, and Convention Centers, to Tourist Hotel and Tourism-Related Businesses.

⁷ See Appendix 6 for article "Examining the Economic Value of Publicity and Promotional Activities among State Tourism Communication Programs."

⁸ See Appendix 7 for abstract "A Review of Economic Value Drivers in Convention and Meeting Management Research"

have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;"

(b) revenue from the lodging of airline crews, i.e., lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews' performance of their jobs for the airline, including layovers between flights; or

(c) the City's Transient Occupancy Tax collected on the room rent and remitted to the City and County of San Francisco.

(d) charges for guest rooms located in non-profit, purely private social clubs that make guest rooms available only for the use of their members. The term "purely private social clubs" means non-profit, private membership clubs, whose primary purpose is social, which are owned by a limited membership, and which do not advertise or promote the use of their facilities by the public. Further, entities that allow guest rooms to be occupied by non-members, including via reciprocal arrangements with other clubs or organizations or upon referral of a member, shall not constitute "purely private social clubs" as defined herein.

TID ZONES

Tourist hotels in Zone 1 will be assessed 1.5% of gross revenue from tourist rooms for years 1-5, and 1% of gross revenue from tourist rooms for years 6-15 of the proposed TID. Tourist hotels in Zone 2 will be assessed 1% of gross revenue from tourist rooms for years 1-5, and 0.75% of gross revenue from tourist rooms for years 6-15, of the proposed TID.

Zone boundaries were created based upon the difference in special benefits that tourist hotels will receive from TID.

Zones have been established based upon:

- Proximity to Moscone Center and the convention activity that fills rooms due to Moscone Center;
- Concentration of tourist hotel rooms in proximity to Moscone Center creates a critical mass of tourist hotel rooms providing the visitor with additional amenities when visiting the City;
- Access and proximity to the existing transportation infrastructure, (BART and MUNI), which allows for easy access to the Convention Center; and
- The anticipated increase in room occupancies and room rates resulting from the proximity to the Convention Center and convention related activities.

Zone 1 Tourist hotels: All tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street

from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay.

Zone 2 Tourist hotels: All tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.

Based upon the data available at the time of the writing of this Management Plan, it is estimated that assessed hotels will contribute the following percentage of revenues to the TID during Year One, and that these percentages will remain approximately the same for each year of the TID:

Table D-1
TID hotels by Zone and Projected TID Assessment Percentage, Year One

Zone	# of hotels	Projected TID Assessment Percentage, Year One
1	234 hotels	67.6%
2	115 hotels	32.4%
Total	349 hotels	100%

ANNUAL ASSESSMENT CHANGES, ANNUAL BUDGET, DURATION

The assessment formula shall remain unchanged for the 15-year duration of the TID. The dollar amount of assessment is expected to fluctuate up or down based on the annual total gross revenue from tourist rooms, which will depend on market conditions. Although actual dollar amounts collected may vary, the proportionate allocations to the SFCVB component and to the Moscone Convention Center component are expected to remain approximately the same for all five years (two-thirds to SFCVB, one-third to Moscone Convention Center). The maximum TID assessment will not exceed the annual maximum assessment schedule as stated in this plan.

The TID assessment is projected to generate approximately \$27,000,000 during the first year and a maximum total of \$182,043,000 for the first five years. Of that, \$18,000,000 will be allocated and spent during first year for the marketing and operations of the SFCVB and the administration of the TID, and an estimated \$9,000,000 in year one will be allocated and spent toward the following improvements and services: the renovation and upgrade of the City-owned Moscone Convention Center, as well as funding of the planning, engineering and design for the possible expansion of the Moscone Convention Center, and a proportionate share of the TID administrative and operational costs. During years 6-15, it is projected that the TID will generate a total maximum of

\$735,085,395 for the marketing and operations and administration services and improvements of the SFCVB, and administrative and operational costs of the SFTIDMC.

No more than a total maximum of \$917,128,395 in assessment funds will be collected during the 15 year term of the TID. The maximum TID assessment in each year will not exceed the amounts set forth in Tables D-4 and D-5. This maximum assessment for each year reflects a potential 15% increase over the previous year's maximum assessment.

Table D-2
YEAR ONE OF THE 15 YEAR MARKETING AND SFCVB PROGRAM SERVICES AND IMPROVEMENT
BUDGET ⁹

TID: Types of Services and Improvements – 15 year plan	Percent of Budget Allocated to Types of Services,	Annual Budget
Marketing and Promotions , including contingencies and reserves such as: ad creation and media placement, marketing, operation and start up costs related to satellite CVB offices, contracted and SFCVB staff related to this function of the budget, and contingencies and reserves.	70%	\$ 12,500,000
Administration and Personnel for Operations of the SFCVB	22%	\$ 4,000,000
Contingency/Reserves/Administration Costs of the TID ; surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SFTID. Will be used to cover administrative costs and expenses related to the administration of the new non-profit management corporation that will administer the TID revenues, including but not limited to reimbursement of cost of services and other expenses to the City Treasurer and Tax Collector, the Office of the City Attorney, the Controller's Office, and other City departments for audit, collection and disbursement of the assessment and related administration functions. Administration, assessment and enforcement functions related to the TID assessment are contingent on the management contract between the City and the TID. Also includes payment of up to \$400,000 to cover costs incurred in forming the TID, including costs incurred by the TID steering committee, the San Francisco Convention & Visitors Bureau and by the City and County of San Francisco during the formation process. Such reimbursable costs include, for example, costs arising out of or related to preparation of the management plan, development of the petitions and ballots, administration of the election process related to the petition and ballots, set up the TID assessment billing and collection systems by the City and County of San Francisco, reimbursement of actual costs to the City Treasurer and Tax Collector, and related consultant and attorney fees, consistent with Section 1511(d) of the San Francisco Business and Tax Regulations Code.	8%	\$ 1,500,000
Total	100%	\$ 18,000,000

⁹ See Appendix 8 for the current SFCVB budget which does not include additional TID funding. Refer to Appendix 3 for the 15-year SFCVB marketing plan.

TABLE D-3
YEAR ONE OF THE 5 YEAR MOSCONE CONVENTION CENTER UPGRADE AND EXPANSION BUDGET
FUNDED BY THE TID¹⁰

<i>TID: Types of Services and Improvements – 5 year plan</i>	<i>Percent of Budget Allocated to Types of Services and Improvements</i>	<i>Annual Budget</i>
Moscone Convention Center Upgrade and Expansion	80%	\$ 7,200,000
Administration, Contract Management and oversight of TID assessment funds allocated for improvements to the Moscone Convention Center	10%	\$ 900,000
Contingency/Reserves; at the conclusion of any year surplus funds in this category may be transferred to other service categories upon a vote of the SFTIDMC. Includes payment of unforeseen costs and escalation for the two improvement areas listed just above; and a proportionate share of the SFTIDMC administrative and operational costs and expenses related to the administration of the new non-profit management corporation that will administer the TID revenues, including but not limited to reimbursement of cost of services and other expenses to the City Treasurer and Tax Collector and other City departments for audit, collection and disbursement of the assessment and related administration functions. Administration, assessment and enforcement functions related to the TID assessment are contingent on the management contract between the City and the TID.	10%	\$ 900,000
<i>Total</i>	<i>100%</i>	<i>\$ 9,000,000</i>

¹⁰ See Appendix 3 for the 5-year Moscone Convention Center Capital Improvement Plan.

TABLE D-4
PROJECTION OF MAXIMUM MARKETING AND OPERATIONS ASSESSMENTS OVER THE LIFE OF THE
DISTRICT FOR SFCVB MARKETING AND OPERATIONS – 15 YEARS

YEAR OF THE TID	CALENDAR YEAR	Total Maximum Annual TID Assessment Revenue for SFCVB Marketing & Operations
1	2009	\$ 18,000,000
2	2010	\$ 20,700,000
3	2011	\$ 23,805,000
4	2012	\$ 27,375,750
5	2013	\$ 31,482,113
6	2014	\$ 36,204,429
7	2015	\$ 41,635,094
8	2016	\$ 47,880,358
9	2017	\$ 55,062,412
10	2018	\$ 63,321,773
11	2019	\$ 72,820,039
12	2020	\$ 83,743,045
13	2021	\$ 96,304,502
14	2022	\$ 110,750,177
15	2023	\$ 127,362,704
TOTAL ASSESSMENTS		\$856,447,395

TABLE D-5
PROJECTION OF MAXIMUM IMPROVEMENT-RELATED ASSESSMENTS
FOR MOSCONE CONVENTION CENTER SERVICES, IMPROVEMENTS AND EXPANSION – 5 YEARS

YEAR OF THE TID	CALENDAR YEAR	Total Maximum Annual TID Assessment Revenue for Moscone Services/Improvements
1	2009	\$ 9,000,000
2	2010	\$ 10,350,000
3	2011	\$ 11,902,500
4	2012	\$ 13,687,875
5	2013	\$ 15,741,056
TOTAL ASSESSMENTS		\$ 60,681,431

B.4. TIME AND MANNER OF COLLECTING AND DISTRIBUTING ASSESSMENTS; ENFORCEMENT

The hotels subject to the TID assessments will be billed quarterly and/or will complete a quarterly assessment payment form provided by the Treasurer and Tax Collector, as called for in the management contract with the TID. The assessment payments will be remitted by hotels on a quarterly basis to the Treasurer and Tax Collector based on the gross revenue collected for tourist guest rooms each quarter during the calendar year. The assessments collected by the Treasurer and Tax Collector will be distributed to the SFTIDMC on a quarterly basis.

Nonpayment of the TID assessment may subject hotels to penalties, interest, and possibly other remedies.

B.5. NUMBER OF YEARS ASSESSMENTS WILL BE LEVIED; ESTABLISHMENT AND DISESTABLISHMENT

The City shall not collect assessments from any hotel or distribute assessments to the SFTIDMC unless and until the City authorizes the execution and delivery of approximately \$35 million of its certificates of participation, the proceeds of which will be used to pay for certain capital improvements at the Moscone Convention Center that will not be funded by the TID assessment funds.

This TID will be established for a period of fifteen years beginning on January 1, 2009, with services beginning July 1, 2009. The assessments levied during years 1-5 will be 1.5% of gross revenue from tourist rooms for tourist hotels located in Zone 1 and 1% of gross revenues from tourist rooms for tourist hotels located in Zone 2. The assessments levied during years 6-15 will be 1% of gross revenue from tourist rooms for tourist hotels located in Zone 1, and 0.75% of gross revenues from tourist rooms for tourist hotels located in Zone 2.

ESTABLISHMENT

The TID formation requires submission of petitions from hotel business owners/operators representing at least 50% of the total proposed first year assessments, followed by approval of a resolution of intention to form the TID by the Board of Supervisors (BOS) of the City and County of San Francisco, a public meeting and a public hearing, a special weighted ballot election of hotel business owners/operators that does not result in a majority protest against establishment of the TID and a final vote of approval by BOS in support of the establishment of the TID.

The petition and the ballot vote weighted count will be based on the assessment formula of 1.5% and 1% for tourist hotels located in Zones 1 and 2 respectively, of calendar year 2007 gross room revenue from tourist rooms, as reported by hotel. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2007 gross room revenue from tourist rooms in relation to its portion of the total TID assessment.

Once the affected hotel business owners/operators representing a minimum of 50% of the tourist hotel assessments in the City, by weight, have submitted petitions in support of forming the TID, the Board of Supervisors may adopt a Resolution of Intent to establish the District and levy the assessments. The City will mail out assessment ballots and notice of a public meeting and a public hearing to the affected hotel business owners/operators included in the proposed District.

The Board of Supervisors will hold a public meeting and a public hearing after mailing the ballots and notices. After the weighted ballots are counted the Board may form the TID and levy the assessments unless there is a majority protest opposing formation of the district. "Weight" is determined by the percentage of monetary contribution (assessment) each hotel business owner/operator will pay to the TID, in relation to the total TID assessment. A majority protest exists if written protests are received from businesses representing 50% or more of the total assessments proposed to be levied, and in that case the Board may not proceed to form the district.

DISESTABLISHMENT

Each year that the TID is in existence there will be a 30-day period during which the hotel business owners/operators will have the opportunity to request disestablishment of the TID. This 30-day period begins each year on the anniversary of the date the Board of Supervisors established the TID. Within that 30-day period, if a written petition is submitted by the TID-assessed businesses representing 50% or more of the assessments levied, the TID shall be disestablished by the Board of Supervisors.

Without regard to any petition filed by hotel business owners/operators, a majority of the Board of Supervisors (six members) may initiate disestablishment at any time based on improper actions by the SFTIDMC, such as misappropriation of funds, malfeasance, or violations of law.

A supermajority (eight members) of the Board of Supervisors may initiate disestablishment proceedings for any reason. All outstanding indebtedness must be paid prior to disestablishment of the TID.

B.6. TOURISM IMPROVEMENT DISTRICT TIMELINE

TABLE G-1
TIMELINE FOR DISTRICT FORMATION

Task	<i>Time task is anticipated to be, or was completed</i>
Final approval of Management District Plan by TID Steering Committee	September
Circulate petitions endorsing plan to affected TID hotel business owners/operators	October 6 th
Submit minimum 50% weighted petitions endorsing Plan and proposed assessments to the Board of Supervisors (BOS)	October 17 th
BOS Introduction of Resolution of Intent to Form the TID, public hearing at BOS, final vote on Resolution of Intent	Late October
BOS holds public meeting	Mid-November
Ballots due, final public hearing at BOS, ballots counted, District formed.	December 16 th
San Francisco TID Management Corporation formed, management contract with City executed	December 2008 –March 2009
TID Assessment becomes effective	January 1, 2009
First Quarterly TID Assessment payment transferred to SFTIDMC	May 2009
TID services initiated	July 1, 2009

B.7. MANAGEMENT OF THE TOURISM IMPROVEMENT DISTRICT

A non-profit TID Management Corporation (SFTIDMC) will be formed to administer the San Francisco Tourism Improvement District. The SFTIDMC will be governed by a Board of Directors ("SFTIDMC Board").

Once the TID has been established by the Board of Supervisors, the current TID Steering Committee will begin to establish the SFTIDMC, which will obtain a business registration certificate from the Tax Collector's Office, obtain and provide verification of non-profit status, create by-laws, obtain insurance, and complete other requirements imposed by law and/or the management contract with the City and County of San Francisco. The current TID Steering Committee is cognizant of the need to have this non-profit SFTIDMC be very transparent and responsive to all sectors of the diverse TID hotel community.

In addition to allocating funds in support of the SFCVB and the Moscone Center as set forth in this Management District Plan, the SFTIDMC may hire paid staff and retain sub-contractors, such as the SFCVB, to implement the services and improvements as outlined in this plan. The SFTIDMC may reallocate funding within the service categories, not to exceed 10% of the annual budgeted amount for the category, consistent with the Management Plan. If the SFTIDMC wishes to reallocate funding between the SFCVB and the Moscone Convention Center, as represented in Tables D-2 through D-5, above, it may do so by seeking to modify this management plan and by obtaining such approvals as may be required by law.

The SFTIDMC Board seats shall be fixed at eleven (11), a majority of which shall be filled by persons representing tourist hotels. Further, a majority of board members shall be present or former directors of the SFCVB. Allocation of the seats shall be to the following sectors, and /or appointees:

- Six (6) seats shall be filled with appointees representing tourist hotels;
- One (1) seat shall be filled by the SFCVB Chair;
- One (1) seat shall be filled by a representative of Moscone Convention Center;
- Three (3) seats shall be at-large from the tourism business community of San Francisco;

The SFTIDMC Board may make rules and procedures that aid in the implementation and intent of the TID Management Plan.

The SFTIDMC Board shall aim to meet the following operational objectives for the TID consistent with the provisions of this plan:

- *Fund programs in support of the SFCVB and the Moscone Convention Center that best respond to the top priorities of San Francisco Tourism Improvement District stakeholders;*
- *Maximize coordination with the City and County of San Francisco and other business improvement districts and community benefit districts to avoid duplication of services and improvements and to leverage resources;*
- *Ensure delivery of services and improvements through a cost-effective, non-bureaucratic and easy to access organizational structure; and*
- *Provide accountability and responsiveness to those who pay assessments into the District.*

PUBLIC ACCESS TO MEETINGS AND TID RECORDS

When conducting any business related to TID activities the SFTIDMC and its governing Board are subject to the Ralph M. Brown Act (Government Code

§§54950 *et seq.*) and the California Public Records Act (Government Code §§6250 *et seq.*). SFTIDMC and governing Board meetings regarding any TID business shall be open to the public. Any SFTIDMC records concerning the TID are subject to public inspection in accordance with the California Public Records Act (Government Code §§6250 *et seq.*).

B.8. LIST OF TOURIST HOTELS IN TOURISM IMPROVEMENT DISTRICT BY ZONE

All tourist hotels operating in the City and County of San Francisco that generate revenue from tourist rooms shall be included in the TID and assessed throughout the term of the TID, as more specifically provided for in this plan. Tourist hotels will be divided into two zones, by location. Following is a list of tourist hotels in each zone, as known to proponents at the time this Management District Plan is issued.

Hotel	Address	Zip Code	Zone 1
1184-1198 JACKSON ST APTS	1184 JACKSON ST	94133	Zone 1
ABIGAIL HOTEL THE	246 MCALLISTER ST	94102	Zone 1
ADANTE HOTEL	610 GEARY ST	94102	Zone 1
ALDRICH HOTEL	439 JONES ST	94102	Zone 1
ALEXANDER INN	415 O'FARRELL ST	94102	Zone 1
AMERICA HOTEL	1075 POST ST	94109	Zone 1
AMERICAS BEST VALUE INN SOMA	10 HALLAM ST	94103	Zone 1
AMSTERDAM HOSTEL	749 TAYLOR ST	94108	Zone 1
ANDREWS HOTEL THE	624 POST ST	94109	Zone 1
ARGONAUT HOTEL	495 JEFFERSON ST	94109	Zone 1
ARTMAR HOTEL	433 ELLIS ST	94102	Zone 1
BALBOA HOTEL	120 HYDE ST	94102	Zone 1
BALDWIN HOTEL	321 GRANT AVE	94108	Zone 1
Baldwin House Hotel	74 6th St	94103	Zone 1
BALMORAL RESIDENCE CLUB	1010 BUSH ST	94109	Zone 1
BAY BRIDGE MOTEL	966 HARRISON ST	94107	Zone 1
BEL-AIR HOTEL	344 JONES ST	94102	Zone 1
BERESFORD ARMS HOTEL	701 POST ST	94109	Zone 1
BERESFORD HOTEL	635 SUTTER ST	94102	Zone 1
BEST WESTERN AMERICANIA	121 7TH ST	94103	Zone 1
BEST WESTERN CARRIAGE INN	140 7TH ST	94103	Zone 1
BEST WESTERN CIVIC CENTER	364 9TH STREET	94103	Zone 1
BILTMORE HOTEL	735 TAYLOR ST	94108	Zone 1
BOHEMIAN CLUB	624 TAYLOR ST	94108	Zone 1
BROADWAY MANOR INN	2201 VAN NESS AVE	94109	Zone 1
CABLE CAR COURT HOTEL	1499 CALIFORNIA ST	94109	Zone 1

Caldrake Hotel	1541 California St	94109	Zone 1
CALIFORNIA HOTEL	910 924 GEARY ST	94109	Zone 1
CAMPTON PLACE SF A TAJ HOTEL	340 STOCKTON ST	94108	Zone 1
CARLTON HOTEL	1075 SUTTER ST	94109	Zone 1
CARTWRIGHT HOTEL ALARKSPUR HTL	524 SUTTER ST	94102	Zone 1
CASA MELISSA	615 UNION ST	94133	Zone 1
CASTLE INN MOTEL	1565 BROADWAY ST	94109	Zone 1
CATHEDRAL HILL HOTEL	1101 VAN NESS AVE	94109	Zone 1
CENTRAL YMCA	220 GOLDEN GATE AVE	94102	Zone 1
CHANCELLOR HOTEL	433 POWELL ST	94102	Zone 1
CHARLIE HOTEL	1030 GEARY ST	94109	Zone 1
CHASE HOTEL	1278 MARKET ST	94109	Zone 1
CIVIC CENTER INN	790 ELLIS ST	94109	Zone 1
CLUB QUARTERS IN SAN FRANCISCO	424 CLAY ST	94111	Zone 1
Columbia Hotel	411 O'Farrell St	94102	Zone 1
COLUMBUS MOTOR INN	1075 COLUMBUS AVE	94133	Zone 1
COMMODORE HOTEL	825 SUTTER ST	94109	Zone 1
CORNELL HOTEL dba "Cornell Hotel De France"	715 BUSH ST	94108	Zone 1
COURTYARD BY MARRIOTT AT FW	580 BEACH ST	94133	Zone 1
COVA HOTEL	655 ELLIS ST	94109	Zone 1
CROWNE PLAZA dba "Hotel 480"	480 SUTTER ST	94108	Zone 1
DAKOTA HOTEL	606 POST ST	94109	Zone 1
DAYS INN CIVIC-CENTER	465 GROVE ST	94102	Zone 1
DESMOND HOTEL	42 6TH ST	94103	Zone 1
DONNELLY HOTEL	1272 MARKET ST	94109	Zone 1
ECONO LODGE	825 POLK ST	94109	Zone 1
EDDY HOTEL	640 EDDY ST	94109	Zone 1
EMBASSY U M A dba "Embassy Hotel"	610 POLK ST	94102	Zone 1
EMPEROR NORTON	615 POST ST	94109	Zone 1
Europa Hotel	310 Columbus Ave	94133	Zone 1
EXECUTIVE HOTEL VINTAGE CT LLC	650 BUSH ST	94108	Zone 1
FAIRMONT HOTEL SAN FRANCISCO	950 MASON ST	94108	Zone 1
Fitzgerald Hotel	620 Post St	94109	Zone 1
FLAMINGO INN	114 7TH ST	94103	Zone 1
FOUR SEASONS HOTEL SF	757 MARKET ST	94103	Zone 1
GALLERIA PARK HOTEL	191 SUTTER ST	94104	Zone 1
GARLAND HOTEL	505 OFARRELL ST	94102	Zone 1
GATEWAY INN	438 O'FARRELL ST	94102	Zone 1
GOLDEN EAGLE HOTEL	402 BROADWAY ST	94133	Zone 1
GOLDEN GATE HOTEL	775 BUSH ST	94108	Zone 1
GRAND HYATT ON UNION SQUARE	333 POST ST	94108	Zone 1

GRANT HOTEL INC	753 BUSH ST	94108	Zone 1
GRANT PLAZA HOTEL	465 GRANT AVE	94108	Zone 1
GROSVENOR HOUSE - "Grosvenor Suites"	899 PINE ST	94108	Zone 1
HALCYON HOTEL	649 JONES ST	94102	Zone 1
HANDLERY UNION SQUARE HOTEL	260 OFARRELL ST	94102	Zone 1
HARBOR COURT HOTEL	165 STEUART ST	94105	Zone 1
HARCOURT HOTEL	1105 LARKIN ST.	94109	Zone 1
HAVELI HOTEL	37 6TH ST	94103	Zone 1
HELEN HOTEL	166 TURK ST	94102	Zone 1
HERBERT HOTEL	161 POWELL ST	94102	Zone 1
HERITAGE MARINA HOTEL	2550 VAN NESS AVE	94109	Zone 1
HILTON S F FINANCIAL DISTRICT	750 KEARNY ST	94108	Zone 1
HILTON S.F. FISHERMAN'S WHARF	2620 JONES ST	94133	Zone 1
HILTON SAN FRANCISCO	333 O'FARRELL ST	94102	Zone 1
HOLIDAY INN - CIVIC CENTER	50 8TH ST	94103	Zone 1
HOLIDAY INN EXPRESS HOTEL	550 NORTH POINT ST	94133	Zone 1
HOLIDAY INN FISHERMAN'S WHARF	1300 COLUMBUS AVE	94133	Zone 1
HOLIDAY INN GOLDEN GATEWAY	1500 VAN NESS AVE	94109	Zone 1
HOTEL AMERICA dba "Aida Hotel"	1087 MARKET ST	94109	Zone 1
Hotel Astoria	510 Bush St	94108	Zone 1
HOTEL BIJOU	111 MASON ST	94102	Zone 1
HOTEL BOHEME	444 COLUMBUS AVE	94133	Zone 1
HOTEL BRITTON	112 7TH ST	94103	Zone 1
HOTEL DALWONG dba "Stratford Hotel"	242 POWELL ST	94102	Zone 1
HOTEL DES ARTS	447 BUSH ST	94108	Zone 1
HOTEL DIVA	440 GEARY ST	94102	Zone 1
HOTEL FUSION	140 ELLIS ST	94102	Zone 1
HOTEL GRIFFON	155 STEUART ST	94105	Zone 1
HOTEL KRUPA	700 JONES ST	94109	Zone 1
HOTEL MARK TWAIN	345 TAYLOR ST	94102	Zone 1
HOTEL METROPOLIS	25 MASON ST	94102	Zone 1
HOTEL MILANO	55 5TH ST	94103	Zone 1
HOTEL MONACO	501 GEARY ST	94102	Zone 1
HOTEL NIKKO SAN FRANCISCO	222 MASON ST	94102	Zone 1
Hotel Olympic	140 Mason Street	94102	Zone 1
HOTEL PALOMAR	12 4TH ST	94103	Zone 1
HOTEL REX	562 SUTTER ST	94102	Zone 1
HOTEL TRITON	342 GRANT AVE	94108	Zone 1
HOTEL UNION SQUARE	114 POWELL ST	94102	Zone 1
HOTEL VERONA	317 LEAVENWORTH ST	94102	Zone 1
HOTEL VITALE	8 MISSION ST	94105	Zone 1

HOTEL WHITCOMB	1231 MARKET ST	94103	Zone 1
HUNTINGTON HOTEL & BUSINESSES	1075 CALIFORNIA ST	94108	Zone 1
HYATT AT FISHERMAN'S WHARF	555 NORTH POINT ST	94133	Zone 1
HYATT REGENCY SAN FRANCISCO	5 EMBARCADERO CENTER	94111	Zone 1
IL TRIANGOLO HOTEL	524 COLUMBUS AVE	94133	Zone 1
INN AT SUTTER-STOCKTON dba "Allison Hotel"	417 STOCKTON ST	94108	Zone 1
INN AT UNION SQUARE THE	440 POST ST	94102	Zone 1
INTERCONTINENTAL SAN FRANCISCO	888 HOWARD STREET	94103	Zone 1
JONES HOTEL	515 JONES ST	94102	Zone 1
JW MARRIOTT SAN FRANCISCO	500 POST ST	94102	Zone 1
KENSINGTON PARK HOTEL	450 POST ST	94102	Zone 1
KING GEORGE HOTEL	334 MASON ST	94102	Zone 1
LAYNE HOTEL	545 JONES ST	94102	Zone 1
LE MERIDIAN	333 BATTERY ST	94111	Zone 1
LUZ HOTEL	725 GEARY ST	94109	Zone 1
MANDARIN ORIENTAL SAN FRAN	222 SANSOME ST	94104	Zone 1
MARINE MEMORIAL ASSN dba "Marines Memorial Club & Hotel"	609 SUTTER ST	94102	Zone 1
MARK HOPKINS HOTEL dba "InterContinental Mark Hopkins"	999 CALIFORNIA ST	94108	Zone 1
MAXWELL HOTEL	386 GEARY ST	94102	Zone 1
MAYFLOWER HOTEL	975 BUSH ST	94109	Zone 1
MERIT HOTEL	1105 POST ST	94109	Zone 1
METROPOLITAN CLUB	640 SUTTER ST	94108	Zone 1
MITHILA HOTEL	972 SUTTER ST	94108	Zone 1
MONTICELLO INN THE	127 ELLIS ST	94102	Zone 1
MOSSER FINANCIAL HOTEL	640 CLAY ST	94111	Zone 1
MOTEL 6	895 GEARY ST	94109	Zone 1
NATIONAL HOTEL	1139 MARKET ST	94103	Zone 1
NAZARETH HOTEL	556 JONES ST	94102	Zone 1
New Central Hotel	1412 Market St	94102	Zone 1
NOB HILL HOTEL	835 HYDE ST	94109	Zone 1
NOB HILL INN CITY PLAN ETC	1000 PINE ST	94109	Zone 1
NOB HILL LAMBOURNE	725 PINE ST	94108	Zone 1
NOB HILL MOTOR INN	1630 PACIFIC AVE	94109	Zone 1
NORMANDIE HOTEL	251 9TH ST	94103	Zone 1
Oak Hotel	587 15th St	94102	Zone 1
OLYMPIC CLUB THE	524 POST ST	94102	Zone 1
OMNI SAN FRANCISCO HOTEL	500 CALIFORNIA ST	94104	Zone 1
ORCHARD GARDEN HOTEL	466 BUSH ST	94108	Zone 1
ORCHARD HOTEL	665 BUSH ST	94108	Zone 1

PACIFIC UNION CLUB	1000 CALIFORNIA ST	94108	Zone 1
PALACE HOTEL	2 NEW MONTGOMERY ST	94105	Zone 1
PALO ALTO HOTEL	1685 SACRAMENTO ST	94109	Zone 1
PARC 55 HOTEL	55 CYRIL MAGNIN	94102	Zone 1
PARK HOTEL LLC	325 SUTTER ST	94108	Zone 1
PETITE AUBERGE	863 BUSH ST	94108	Zone 1
PHOENIX HOTEL	601 EDDY ST	94109	Zone 1
PONTIAC HOTEL	138 6TH ST	94103	Zone 1
POST HOTEL	589 POST ST	94102	Zone 1
POTTER HOTEL	1288 MISSION ST	94103	Zone 1
POWELL HOTEL	28 CYRIL MAGNIN ST	94102	Zone 1
PRESCOTT HOTEL	545 POST ST	94102	Zone 1
PROPARK AMERICA WEST LLC	500 POST ST	94102	Zone 1
QUALITY INN-SAN FRANCISCO dba "Comfort Inn By the Bay	2775 VAN NESS AVE	94109	Zone 1
RADISSON AT FISHERMAN'S WHARF	250 BEACH ST	94133	Zone 1
RAMADA LIMITED - DOWNTON	240 7TH ST	94103	Zone 1
RAM'S HOTEL	80 9TH ST	94103	Zone 1
RED COACH MOTOR LODGE	700 EDDY ST	94109	Zone 1
RENOIR HOTEL	45 MCALLISTER ST	94102	Zone 1
RITZ CARLTON SAN FRANCISCO THE	600 STOCKTON ST	94108	Zone 1
RODEWAY INN dba "Rodeway Inn San Francisco Downtown"	101 9TH ST	94103	Zone 1
ROYAL PACIFIC MOTOR	661 BROADWAY ST	94133	Zone 1
SAM WONG HOTEL dba "SW Hotel"	615 BROADWAY ST	94133	Zone 1
SAN FRANCISCO INN	579 OFARRELL ST	94102	Zone 1
SAN FRANCISCO MARRIOTT	55 4TH ST	94103	Zone 1
SAN REMO HOTEL THE	2237 MASON ST	94133	Zone 1
SERRANO HOTEL	405 TAYLOR ST	94102	Zone 1
SESTRI HOTEL	1411 STOCKTON ST	94133	Zone 1
SF DOWNTOWN COURTYARD MARRIOTT	299 2ND ST	94105	Zone 1
SF MARRIOTT FISHERMAN'S WHARF	1250 COLUMBUS AVE	94133	Zone 1
SHERATON FISHERMANS WHARF	2500 MASON ST	94133	Zone 1
SHIRLEY HOTEL	1544 POLK ST	94109	Zone 1
SIR FRANCIS DRAKE HOTEL	450 POWELL ST	94102	Zone 1
SONOMA INN	1485 BUSH ST	94109	Zone 1
SOUTH BEACH MARINA APTS	2 TOWNSEND ST	94107	Zone 1
SPAULDING HOTEL LLC	240 OFARRELL ST	94102	Zone 1
ST CLARE HOTEL	1334 VAN NESS AVE	94109	Zone 1
ST MORITZ HOTEL	190 OFARRELL ST	94102	Zone 1
ST PAUL HOTEL	935 KEARNY ST	94133	Zone 1

ST REGIS HOTEL SAN FRANCISCO	657 MISSION ST	94103	Zone 1
STANFORD COURT HOTEL dba "Renaissance Stanford Court"	905 CALIFORNIA ST	94108	Zone 1
STANLEY HOTEL	1544 CALIFORNIA ST	94109	Zone 1
STEINHART HOTEL	952 SUTTER ST	94109	Zone 1
SUITES AT FISHERMANS WHARF O/A	2655 HYDE ST	94109	Zone 1
SUNNYSIDE HOTEL	135 6TH ST	94103	Zone 1
SUNSET HOTEL	161 SIXTH ST	94103	Zone 1
SUTTER/LARKIN ST	1048 LARKIN ST	94109	Zone 1
SWEDEN HOUSE HOTEL	570 OFARRELL ST	94102	Zone 1
SYNERGY CORPORATE HOUSING	685 FOLSOM ST	94108	Zone 1
TAYLOR HOTEL	615 TAYLOR ST	94102	Zone 1
THE CLIFT HOTEL	495 GEARY ST	94102	Zone 1
THE DONATELLO HOTEL	501 POST ST	94102	Zone 1
THE GAYLORD SUITES	620 JONES ST	94102	Zone 1
THE HOTEL ADAGIO	550 GEARY ST	94102	Zone 1
THE HOTEL CALIFORNIA dba "Best Western Hotel California"	580 Geary St	94102	Zone 1
THE MONARCH HOTEL	1015 GEARY ST	94109	Zone 1
THE MOSSER HOTEL	54 4TH ST	94103	Zone 1
THE OPAL SAN FRANCISCO	1050 VAN NESS AVE	94109	Zone 1
THE PICKWICK HOTEL	85 5TH ST	94103	Zone 1
THE RITZ-CARLTON CLUB	690 MARKET ST	94108	Zone 1
THE VILLA FLORENCE	225 POWELL ST	94102	Zone 1
Touchstone Hotel	480 Geary St	94102	Zone 1
TRAVELODGE dba "Bayside Inn at the Wharf"	1201 COLUMBUS AVE	94133	Zone 1
TUSCAN INN AT FISHMANS WHARF	425 NORTH POINT ST	94133	Zone 1
UNION SQUARE PLAZA HOTEL	432 GEARY ST	94102	Zone 1
UNIVERSITY CLUB	800 POWELL ST	94108	Zone 1
USA HOSTELS SAN FRANCISCO dba "Ansonia Hotel"	711 POST ST	94109	Zone 1
UTAH HOTEL	504 4TH ST	94107	Zone 1
VAGABOND INN	385 9TH ST	94103	Zone 1
VAN NESS MOTEL dba "America's Best Inns San Francisco Fisherman's Wharf"	2850 Van Ness Ave	94109	Zone 1
VANTAGGIO SUITES	835 TURK ST	94102	Zone 1
VANTAGGIO SUITES COSMO	761 POST ST	94109	Zone 1
VANTAGGIO SUITES UNION SQR LLC	580 O'FARRELL ST	94102	Zone 1
W SAN FRANCISCO	181 3RD ST	94103	Zone 1
WARWICK REGIS HOTEL THE	490 GEARY ST	94102	Zone 1
WASHINGTON SQUARE INN	1660 STOCKTON ST	94133	Zone 1
WESTERN HOTEL	335 LEAVENWORTH ST	94102	Zone 1
WESTIN S F ON MARKET STREET	50 3RD ST	94103	Zone 1

WESTIN ST FRANCIS THE	335 POWELL ST	94102	Zone 1
WHARF INN THE	2601 MASON ST	94133	Zone 1
WHITE SWAN INN	845 BUSH ST	94108	Zone 1
WINSOR HOTEL	20 6TH ST	94103	Zone 1
WINTON HOTEL	445 OFARRELL ST	94102	Zone 1
WOMENS HOTEL	642 JONES ST	94102	Zone 1
WORLDMARK THE CLUB	590 BUSH ST	94108	Zone 1
YALE HOTEL	633 LARKIN ST	94109	Zone 1
YORK HOTEL	940 SUTTER ST	94109	Zone 1

Hotel	Address	Zip Code	Zone 2
1007 DE HARO RENTALS	1007 DE HARO ST	94107	Zone 2
24 HENRY ST	24 HENRY ST	94114	Zone 2
ADELAIDE HOSTEL LLC	5 DUNCAN ST	94110	Zone 2
ALBION HOUSE INN	135 GOUGH ST	94102	Zone 2
Allen Hotel	1693 Market St	94103	Zone 2
AMAZON MOTEL	5060 MISSION ST	94112	Zone 2
AMERICAS BEST VLE-GOLDEN GATE	2322 LOMBARD ST	94123	Zone 2
AMIT HOTEL	2060 MISSION ST	94110	Zone 2
Archbishop's Mansion	1000 Fulton St	94117	Zone 2
ASCOT HOTEL	1657 MARKET ST	94103	Zone 2
AT THE PRESIDIO TRAVELODGE	2755 LOMBARD ST	94123	Zone 2
BEACH MOTEL	4211 JUDAH ST	94122	Zone 2
BECK'S MOTOR LODGE	2222 MARKET ST	94114	Zone 2
BELVEDERE HOUSE	598 BELVEDERE ST	94117	Zone 2
BEST INN dba "Country Hearth Inn & Suites"	2707 LOMBARD ST	94123	Zone 2
BEST WESTERN HOTEL TOMO	1800 SUTTER ST	94115	Zone 2
BRIDGE MOTEL THE	2524 LOMBARD ST	94123	Zone 2
BUENA VISTA MOTOR INN	1599 LOMBARD ST	94123	Zone 2
CAPRI MOTEL	2015 GREENWICH ST	94123	Zone 2
CARL HOTEL	198 CARL ST	94117	Zone 2
CASA BUENA VISTA RENTAL	783 BUENA VISTA W	94117	Zone 2
CASA FRANCISQUITA	4336 20TH ST	94114	Zone 2
Casa Loma Hotel	610 Fillmore St	94117	Zone 2
CASTILLO INN	48 HENRY ST	94114	Zone 2
CHATEAU TIVOLI	1057 STEINER ST	94115	Zone 2
CHELSEA MOTOR INN	2095 LOMBARD ST	94123	Zone 2
CIVIC CENTER HOTEL	20 12TH ST	94103	Zone 2
COVENTRY MOTOR INN	1901 LOMBARD ST	94123	Zone 2

COW HOLLOW MOTOR INN	2190 LOMBARD ST	94123	Zone 2
CRYSTAL HOTEL	2766 MISSION ST	94110	Zone 2
DAYS INN LOMBARD	2358 LOMBARD ST	94123	Zone 2
DAYS INN-SLOAT BLVD	2600 SLOAT BLVD	94116	Zone 2
DOLORES PLACE	3842 25TH ST	94114	Zone 2
DUNCAN HOUSE	173 DUNCAN ST	94110	Zone 2
ECONO LODGE dba "Alpha Inn & Suites	2505 LOMBARD ST	94123	Zone 2
ECONOMY INN	1 RICHARDSON AVE	94123	Zone 2
Edward II Inn	3155 Scott St	94123	Zone 2
EDWARDIAN SAN FRANCISCO HOTEL	1668 MARKET ST	94102	Zone 2
EL CAPITAN HOTEL	2361 MISSION ST	94110	Zone 2
EL DRISCO HOTEL dba "Hotel Drisco"	2901 PACIFIC AVE	94115	Zone 2
EULA HOTEL	3061 16TH ST	94103	Zone 2
EXECUTIVE SUITES INC	1388 SUTTER ST	94109	Zone 2
FRANCISCAN MOTEL	6600 3RD ST	94124	Zone 2
FRANCISCO BAY INN	1501 LOMBARD ST	94123	Zone 2
GEARY PARKWAY MOTEL	4750 GEARY BLVD	94118	Zone 2
GRAYWOOD HOTEL	3308 MISSION ST	94110	Zone 2
GREAT HIGHWAY MOTOR INN	1280 GREAT HWY	94122	Zone 2
GREENWICH INN	3201 STEINER ST	94123	Zone 2
HAYES VALLEY INN dba "Gough Hayes Hotel"	417 GOUGHT STREET	94102	Zone 2
HIDDEN COTTAGE BED & BREAKFAST	1186 NOE ST	94114	Zone 2
HOME AWAY FROM HOME	210 5TH AVE	94118	Zone 2
HOTEL DEL SOL	3100 WEBSTER ST	94123	Zone 2
HOTEL JERRY	3032 16TH ST	94103	Zone 2
HOTEL KABUKI	1625 POST ST	94115	Zone 2
Hotel Majestic	1500 Sutter St	94109	Zone 2
HOTEL MIRABELLE LLC	1906 MISSION ST	94102	Zone 2
HOTEL TROPICANA THE	663 VALENCIA ST	94110	Zone 2
INN 1890	1890 PAGE ST	94117	Zone 2
INN AT THE OPERA	333 FULTON ST	94102	Zone 2
INN GROVE THE	890 GROVE ST	94117	Zone 2
INN ON CASTRO	321 CASTRO ST	94114	Zone 2
INN SAN FRANCISCO THE	943 S VAN NESS AVE	94109	Zone 2
JACKSON COURT CITY SHARES	2198 JACKSON ST	94115	Zone 2
KRISHNA HOTEL	2032 MISSION ST	94110	Zone 2
LA LUNA INN	2555 LOMBARD ST	94123	Zone 2
LAUREL SPE LLC	444 PRESIDIO AVE	94115	Zone 2
LOMBARD MOTOR INN	1475 LOMBARD ST	94123	Zone 2
LOMBARD PLAZA MOTEL	2026 LOMBARD ST	94123	Zone 2

Marina Courtyard Motel	2576 Lombard St	94123	Zone 2
MARINA INN	3110 OCTAVIA ST	94123	Zone 2
METRO HOTEL THE	319 DIVISADERO ST	94117	Zone 2
MISSION INN	5630 MISSION ST	94112	Zone 2
MOFFATT HOUSE	431 HUGO ST	94122	Zone 2
MONTE CRISTO THE	600 PRESIDIO	94115	Zone 2
MY ROSEGARDEN GUEST ROOMS	75 20TH AVE	94121	Zone 2
NEIL HOTEL	2072 MISSION ST	94110	Zone 2
NOE PLACE LIKE HOME	1187A NOE ST	94114	Zone 2
NORMA HOTEL	2697 MISSION ST	94110	Zone 2
OASIS INN UMA	900 FRANKLIN ST	94109	Zone 2
OCEAN PARK MOTEL	2690 46TH AVE	94116	Zone 2
OCEANVIEW MOTEL	4340 JUDAH ST	94122	Zone 2
PACIFIC HEIGHTS INN	1555 UNION ST	94123	Zone 2
PAMELA MCGARRY	2383 GREENWICH ST	94123	Zone 2
PARKER GUEST HOUSE	520 CHURCH ST	94114	Zone 2
PERRAMONT HOTEL 2162 MARKET	2162 MARKET ST	94114	Zone 2
PRESIDIO INN	2361 LOMBARD ST	94123	Zone 2
PRITA HOTEL	2284 MISSION ST	94110	Zone 2
QUEEN ANNE HOTEL	1590 SUTTER ST	94109	Zone 2
RADHA HOTEL	2042 MISSION ST	94110	Zone 2
RAMADA LTD - GOLDEN GATE	1940 LOMBARD ST	94123	Zone 2
RED VICTORIAN BED/BREAKFAST	1665 HAIGHT ST	94117	Zone 2
REDWOOD INN	1530 LOMBARD ST	94123	Zone 2
ROBERTS AT THE BEACH MOTEL	2828 SLOAT BLVD	94116	Zone 2
RODEWAY INN dba "Rodeway Inn San Francisco Civic Center"	860 EDDY ST	94116	Zone 2
SAUER'S GUEST HOUSE	10 JUDAH ST	94122	Zone 2
SEAL ROCK INN MOTEL	545 POINT LOBOS AVE	94121	Zone 2
SF MOTOR INN	1750 LOMBARD ST	94123	Zone 2
STANYAN PARK HOTEL	750 STANYAN ST	94117	Zone 2
Star Motel	1727 Lombard Street	94123	Zone 2
STUDIO ON SIXTH	1387 6TH AVE	94122	Zone 2
SUNSET MOTEL	821 TARAVAL ST	94116	Zone 2
SUPER 8 MOTEL	2440 LOMBARD ST	94123	Zone 2
SURF MOTEL	2265 LOMBARD ST	94123	Zone 2
THE PARSONAGE	198 HAIGHT ST	94102	Zone 2
THE UNION STREET INN	2229 UNION ST	94123	Zone 2
THE WILLOWS INN	710 14TH ST	94114	Zone 2
TOWN HOUSE MOTEL	1650 LOMBARD ST	94123	Zone 2
TRAVELODGE BY THE BAY THE	1450 LOMBARD ST	94123	Zone 2
TRAVELODGE CENTRAL	1707 MARKET ST	94103	Zone 2

TRAVELODGE GOLDEN GATE	2230 LOMBARD ST	94123	Zone 2
TWIN PEAKS HOTEL	2160 MARKET ST	94114	Zone 2
UNION HOTEL	2030 MISSION ST	94110	Zone 2
WELCOME HOME RENTAL PROPERTIES	126 FILLMORE ST	94117	Zone 2
WESTMAN HOTEL	2056 MISSIONS ST	94110	Zone 2
WHITT	1359 4TH AVE	94122	Zone 2

C. IN ADDITION TO THE TID: PROPOSED CITY FINANCING OF MOSCONE CONVENTION CENTER IMPROVEMENTS

The City recognizes the significance of the tourism, leisure and convention industry to the overall economic health of the City. To that end, and in recognition of the critical component that the Moscone Convention Center plays with respect to sustaining growth in this area, and in addition to the proposed establishment of the TID, in December 2008 the City will consider authorizing the execution and delivery of approximately \$35 million of its certificates of participation, the proceeds of which will be used to pay for certain capital improvements at the Moscone Convention Center that will not be funded by the TID assessment funds. The issuance of the certificates of participation will replace City funding for the convention and tourism bureau. When combined with amounts to be derived from the proposed TID, funds spent on capital improvements and long term planning for the Moscone Convention Center will total as much as \$95,000,000 over the five (5) years period. It is expected that such enhancements will provide much needed capital improvements to the Moscone Convention Center, and correspondingly sustain and enhance the City's competitiveness with respect to the convention and tourist and leisure industry.¹¹

Further, during the first five years of the TID, the City and the SFTIDMC intend to explore opportunities for further expansion and further improvements to the Moscone Convention Center, including strategies for utilizing tax advantaged public financing. Such financing would supplement (a) the TID assessment funds allocated to Moscone Convention Center under this Plan, and (b) the funds that would be raised from issuance of Certificates of Participation described above.

¹¹ See Appendix 9 for the letter San Francisco's top meeting planners sent to the Mayor regarding intent to book elsewhere if funding is not allocated to the maintenance and repair of Moscone Center.

Appendices

<i>Page Number</i>	<i>Appendix Document Included</i>	<i>Rationale for Inclusion in TID Plan</i>
Appendices page 2	1. Economic Impact Data for Visitors to San Francisco, 2006 and 2007	Breakdown of number of visitors to the city, and their spending, demonstrating the economic impact of visitors to San Francisco
Appendices page 5	2. Chart of comparable visitor bureau budgets in U.S.	Graph showing the dollar amounts that other cities allocate to destination sales and marketing efforts
Appendices page 7	3. Special Assessment Budget	Tourism Improvement District Marketing Program Services and Improvement Assessment Budget and Moscone Convention Center Capital Improvement Plan
Appendices page 17	4. PKF Report on Historical Performance of the SF Lodging Market as compared to Convention Activity	Shows correlation between hotel room occupancy and room rates and convention activity.
Appendices page 24	5. Economic impact of conventions and Benefits of destination marketing, and convention centers, to tourist hotel and tourism-related businesses	Report demonstrating the economic impact of conventions, specifically the dollars convention attendees spend while in the city, and rationale showing how special benefit funded marketing efforts and improvements to Moscone Center will benefit tourist hotels contributing to the TID
Appendices page 32	6. Article "Examining the Economic Value of Publicity and Promotional Activities Among State Tourism Communication Programs"	Report demonstrating the direct economic value to hotels of Convention and Visitor Bureau marketing and promotional expenditures.
Appendices page 45	7. Abstract "A Review of Economic Value Drivers in Convention and Meeting Management Research"	Report demonstrating the direct economic value to hotels of investment in convention facilities.
Appendices page 58	8. SFCVB 2008/09 Budget	Current SFCVB Budget
Appendices page 60	9. Customer Advisory Council letter to Mayor Newsom	Letter from representatives of San Francisco's top meeting clients, requesting funding be directed to the maintenance and repair of Moscone

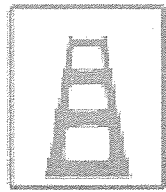
San Francisco Tourism Improvement District Management Plan

APPENDICES

San Francisco Tourism Improvement District Management Plan

APPENDICES

- 1. Economic Impact Data for Visitors to San Francisco:**
2007: Visitor Volume and Spending Report | SFCVB/ Destination Analysts
2006: State of California Travel Impact Study for San Francisco | Dean Runyan & Associates



Only in San Francisco
SAN FRANCISCO CONVENTION & VISITORS BUREAU

BREAKDOWN OF SAN FRANCISCO ANNUAL VISITOR VOLUME & SPENDING, 2007

VISITOR VOLUME

(Number of visitors to San Francisco in millions)

Place of stay	2007
San Francisco Hotel	4.59
Private Home in San Francisco	1.17
Other Bay Area Locations	5.93
Bay Area Residents on Leisure Trips	4.42
Total	16.12

VISITOR SPENDING

(Visitor spending in San Francisco in billion dollars)

Place of stay	2007
San Francisco Hotel	\$5.06
Private Home in San Francisco	\$0.95
Other Bay Area Locations	\$0.89
Bay Area Residents on Leisure Trips	\$1.35
Total	\$8.24

OTHER KEY VISITOR INDUSTRY STATISTICS, 2007

Taxes generated for City of San Francisco	\$497.8 million
Jobs supported in San Francisco	72,176
Total payroll	\$1.94 billion
Visitors in San Francisco on an average day	129,146
Visitor spending in San Francisco on an average day	\$22.58 million
Annual visitor spending per San Franciscan	\$10,302

*SOURCE: SFCVB Education & Research Foundation, Economics
Research Associates, Destination Analysts, Inc.*

**San Francisco County
Travel Impacts, 1992-2006**

	1992	2001	2002	2003	2004	2005	2006
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	4,343	6,021	5,853	6,118	6,685	7,332	7,826
Other Travel*	2,177	2,157	2,045	1,947	1,993	2,225	2,484
Total Direct Spending	6,520	8,178	7,898	8,065	8,678	9,557	10,310
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	2,955	4,382	4,227	4,465	4,910	5,395	5,776
Private Campground	0	0	0	0	0	0	0
Public Campground	0	0	0	0	0	0	0
Private Home	794	785	765	728	773	867	940
Vacation Home	23	32	32	32	33	34	35
Day Travel	572	822	829	893	969	1,037	1,076
Spending at Destination	4,343	6,021	5,853	6,118	6,685	7,332	7,826
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	757	1,295	1,132	1,172	1,287	1,430	1,594
Food & Beverage Services	778	1,205	1,250	1,377	1,530	1,660	1,733
Food Stores	68	108	110	121	134	141	144
Ground Tran. & Motor Fuel	184	292	283	324	366	423	464
Arts, Entertainment & Recreation	538	863	878	957	1,040	1,092	1,122
Retail Sales	634	1,007	997	1,053	1,118	1,174	1,200
Air Transportation (visitor only)***	1,384	1,251	1,203	1,114	1,209	1,411	1,570
Spending at Destination	4,343	6,021	5,853	6,118	6,685	7,332	7,826
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodations & Food Service	584	960	940	1,032	1,142	1,226	1,315
Arts, Entertainment & Recreation	260	418	425	463	504	534	565
Retail**	95	150	149	160	170	178	185
Auto Rental & Ground Tran.	12	24	25	26	27	29	30
Air Transportation (visitor only)***	22	25	25	21	22	21	23
Other Travel*	100	132	110	83	79	77	93
Total Direct Earnings	1,073	1,710	1,674	1,785	1,944	2,064	2,211
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accommodations & Food Service	23.2	28.9	28.6	31.3	33.0	34.1	35.0
Arts, Entertainment & Recreation	10.5	12.7	11.5	12.5	13.0	12.8	12.5
Retail**	3.6	4.1	4.0	4.3	4.5	4.5	4.7
Auto Rental & Ground Tran.	0.6	0.8	0.8	0.8	0.8	0.8	0.8
Air Transportation (visitor only)***	0.7	0.7	0.6	0.5	0.5	0.5	0.5
Other Travel*	3.4	3.1	2.5	2.0	1.8	1.8	1.9
Total Direct Employment	42.0	50.3	47.9	51.4	53.6	54.6	55.4
Tax Receipts Generated by Travel Spending (\$Million)							
Local Tax Receipts	104	205	186	199	214	234	257
State Tax Receipts	115	173	178	191	210	229	239
Total Direct Tax Receipts	219	378	363	390	424	463	496

Details may not add to totals due to rounding.

***Visitor spending on air travel to SFO airport is allocated to San Francisco. All employment and earnings impacts are allocated to San Mateo 'Other Travel.'

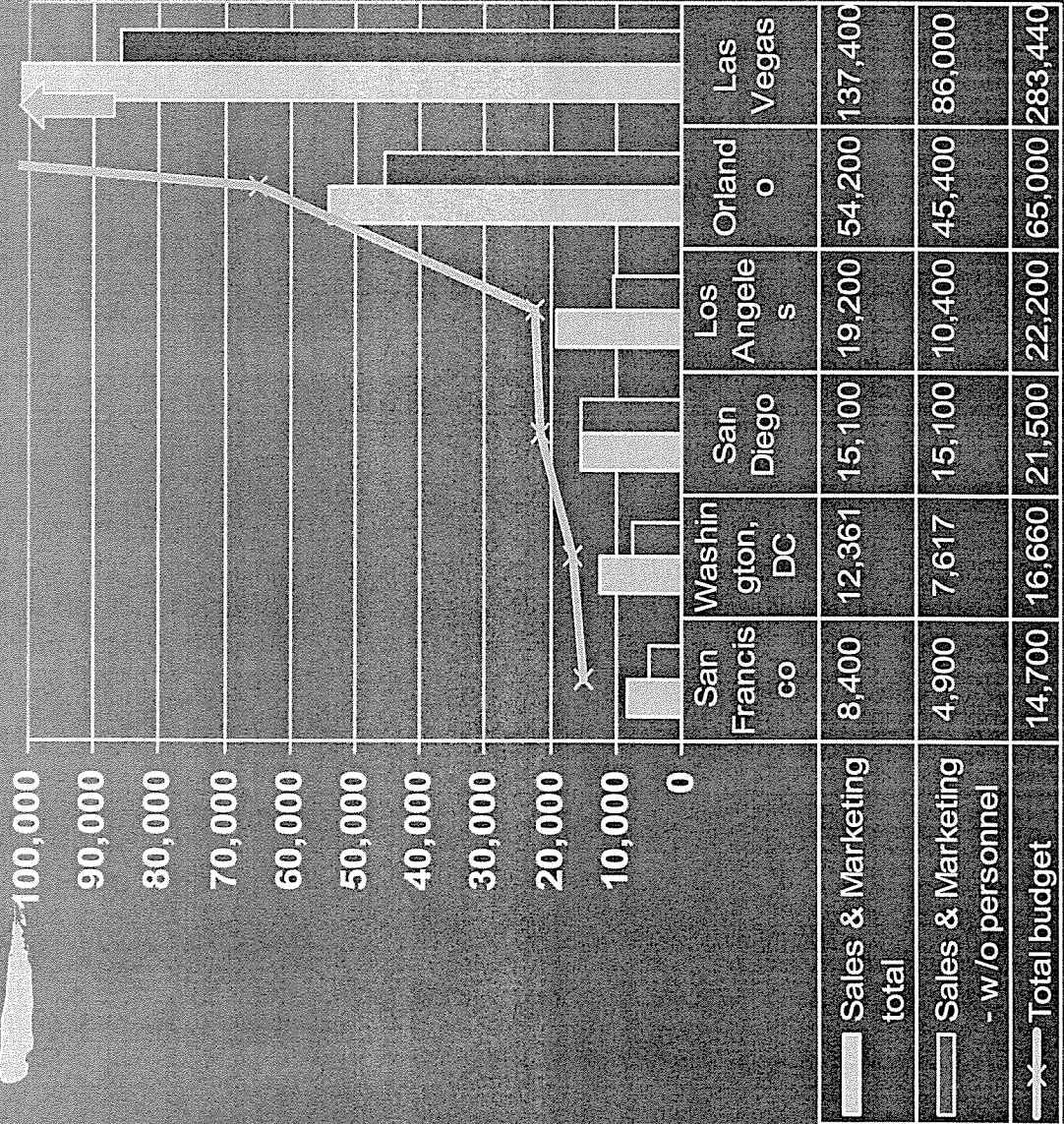
San Francisco Tourism Improvement District Management Plan

APPENDICES

2. Chart of Comparable Visitor Bureau Budgets in U.S.

Competitive CVB Budgets

2007/08 (in thousands)



SOURCE: Data gained from feedback from individual Bureaus

San Francisco Tourism Improvement District Management Plan

APPENDICES

3. Special Assessment Budget: Marketing and Programs Moscone Capital Improvements

15 Year Marketing Program Services and Improvement Special Assessment Budget

Year 1	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$12,500,000
	Administration and personnel for operations of the SFCVB	22%	\$4,000,000
	Contingency/Reserves/Administration and City Administration Costs of the TID/Formation Costs: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$1,500,000
	Total Year 1: Marketing Program Services & Improvement Special Assessment Budget	100%	\$18,000,000

Year 2	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$14,375,000
	Administration and personnel for operations of the SFCVB	22%	\$4,600,000
	Contingency/Reserves/Administration and City Administration Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$1,725,000
	Total Year 2: Marketing Program Services & Improvement Special Assessment Budget	100%	\$20,700,000

Year 3	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$16,531,250
	Administration and personnel for operations of the SFCVB	22%	\$5,290,000
	Contingency/Reserves/Administration and City Administration Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$1,983,750
	Total Year 3: Marketing Program Services & Improvement Special Assessment Budget	100%	\$23,805,000

Year 4	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
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15 Year Marketing Program Services and Improvement Special Assessment Budget

	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$19,010,938
	Administration and personnel for operations of the SFCVB	22%	\$6,083,500
	Contingency/Reserves/Administration and City Administration Costs of the TID : surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$2,281,313
	Total Year 4: Marketing Program Services & Improvement Special Assessment Budget	100%	\$27,375,750

Year 5	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$21,862,578
	Administration and personnel for operations of the SFCVB	22%	\$6,996,025
	Contingency/Reserves/Administration and City Administration Costs of the TID : surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$2,623,509
	Total Year 5: Marketing Program Services & Improvement Special Assessment Budget	100%	\$31,482,113

Year 6	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$25,141,965
	Administration and personnel for operations of the SFCVB	22%	\$8,045,429
	Contingency/Reserves/Administration and City Administration Costs of the TID : surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$3,017,036
	Total Year 6: Marketing Program Services & Improvement Special Assessment Budget	100%	\$36,204,429

Year 7	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$28,913,260
	Administration and personnel for operations of the SFCVB	22%	\$9,252,243

15 Year Marketing Program Services and Improvement Special Assessment Budget

	Contingency/Reserves/Administration and City Administration		
	Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$3,469,591
	Total Year 7: Marketing Program Services & Improvement	100%	
	Special Assessment Budget		\$41,635,094

Year 8	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$33,250,249
	Administration and personnel for operations of the SFCVB	22%	\$10,640,080
	Contingency/Reserves/Administration and City Administration		
	Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$3,990,030
	Total Year 8: Marketing Program Services & Improvement	100%	
	Special Assessment Budget		\$47,880,358

Year 9	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$38,237,786
	Administration and personnel for operations of the SFCVB	22%	\$12,236,091
	Contingency/Reserves/Administration and City Administration		
	Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$4,588,534
	Total Year 9: Marketing Program Services & Improvement	100%	
	Special Assessment Budget		\$55,062,412

Year 10	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$43,973,454
	Administration and personnel for operations of the SFCVB	22%	\$14,071,505
	Contingency/Reserves/Administration and City Administration		
	Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$5,276,814

15 Year Marketing Program Services and Improvement Special Assessment Budget

	Total Year 10: Marketing and SFCVB Program Services and Improvement Budget	100%	\$63,321,773
Year 11	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$50,569,472
	Administration and personnel for operations of the SFCVB	22%	\$16,182,231
	Contingency/Reserves/Administration and City Administration Costs of the TID : surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$6,068,337
	Total Year 11: Marketing Program Services & Improvement Special Assessment Budget	100%	\$72,820,039

Year 12	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$58,154,892
	Administration and personnel for operations of the SFCVB	22%	\$18,609,566
	Contingency/Reserves/Administration and City Administration Costs of the TID : surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$6,978,587
	Total Year 12: Marketing Program Services & Improvement Special Assessment Budget	100%	\$83,743,045

Year 13	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$66,878,126
	Administration and personnel for operations of the SFCVB	22%	\$21,401,000
	Contingency/Reserves/Administration and City Administration Costs of the TID : surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$8,025,375
	Total Year 13: Marketing Program Services & Improvement Special Assessment Budget	100%	\$96,304,502

15 Year Marketing Program Services and Improvement Special Assessment Budget

Year 14	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$76,909,845
	Administration and personnel for operations of the SFCVB	22%	\$24,611,150
	Contingency/Reserves/Administration and City Administration Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$9,229,181
	Total Year 14: Marketing Program Services & Improvement Special Assessment Budget	100%	\$110,750,177

Year 15	SF TID: Types of Services and Improvements	Percent of Budget Allocated to Types of Services and Improvements	Amount of Budget Allocated to Types of Services and Improvements
	Marketing and Promotions , including but not limited to: ad creative and media placement, marketing, Satellite Offices, contracted and SFCVB staff related to this function of the budget	70%	\$88,446,322
	Administration and personnel for operations of the SFCVB	22%	\$28,302,823
	Contingency/Reserves/Administration and City Administration Costs of the TID: surplus funds in this category, at the conclusion of any year may be transferred to other service categories upon a vote of the SF TID Management Corporation	8%	\$10,613,559
	Total Year 15: Marketing Program Services & Improvement Special Assessment Budget	100%	\$127,362,704

Moscone Center North, South and West
Capital Improvement Plan

Year 1	Description	Location	Budgeted	City Funds	Estimated TID Funds	Comments
1	Large panel digital display - North Lower Lobby	All	\$2,000,000		\$2,000,000	Contemporize facility
1	Public area digital displays - All	All	\$3,000,000		\$3,000,000	Contemporize facility
1	Replace lobby furniture	South	\$300,000		\$300,000	
1	Restroom Upgrades - 11 South	South	\$4,700,000	\$4,700,000		27 year old restrooms, fixtures, surfaces, dividers, ventilation, recirculating hot water, music, etc
1	Double lighting level in concourse, over escalator & mezz Lan	North/South	\$300,000		\$300,000	
1	Purchase additional compactor	North	\$45,000	\$45,000		For recycling compostables
1	Airwalls - Replace IAC units - East/West Mezz	South	\$1,800,000	\$1,800,000		27 year old units
1	Re-landscape south upper lobby interior	South	\$50,000		\$50,000	Create new look
1	Fiber infrastructure	North/South	\$500,000	\$500,000		Upgrade to 10 gig system
1	Install variable speed drivers in Esplanade	Esplanade	\$420,000	\$420,000		Four units
1	Replace Modernfold airwalls - Hall E	North	\$2,300,000	\$2,300,000		
1	Add 6,000 auditorium chairs and racks	North/South	\$660,000	\$660,000		5,000 new/replace 1,000 existing
1	Polish Concrete Floor Hall A	South	\$200,000	\$200,000		
1	Upgrade Water Service Hall A	South	\$250,000	\$250,000		
1	Sub Total		\$16,525,000	\$10,875,000	\$5,650,000	
1	10% Contingency		\$1,652,500	\$1,087,500	\$565,000	
1	TID Assessment Contingency (to account for maximum fluctuation in assessme		\$1,285,000		\$1,285,000	
1	Buy Down Fund		\$1,500,000		\$1,500,000	
	Total Year 1		\$20,962,500	\$11,962,500	\$9,000,000	

Year 2	Description	Location	Budgeted	City Funds	Estimated TID Funds	Comments
2	Restroom Upgrades - 8 North	North	\$3,700,000	\$3,700,000		27 year old restrooms, fixtures, surfaces, dividers, ventilation, recirculating hot water, music, etc.
2	Life/Safety System upgrade (phases 2 & 3)	North/South	\$1,900,000	\$1,900,000		
2	Remove SUL kiosks	South	\$100,000		\$100,000	
2	Repair Hall A leaks	South	\$2,500,000	\$2,500,000		
2	Repair C Hall leaks	South	\$1,500,000	\$1,500,000		
2	Replace airwalls in north meeting rooms	North	\$750,000	\$750,000		
2	Replace north driveway	North	\$500,000	\$500,000		
2	Replace one passenger elevator	North	\$250,000	\$250,000		
2	Replace four escalators	North	\$1,750,000	\$1,750,000		
2	Replace glass entrance doors & frames	North	\$1,500,000		\$1,500,000	Add sliding door for 4th St access
2	Complete Two Retail Spaces	West	\$500,000		\$500,000	2nd & 3rd Floors
2	Replace AMX controls	West	\$250,000	\$250,000		
2	Terrazzo repairs	West	\$200,000	\$200,000		
2	Refurbish primary passenger elevator	West	\$45,000	\$45,000		Surfaces
2	Replace wooden lecterns with contemporary models	All	\$320,000	\$320,000		
2	One additional scissor lift	North	\$75,000	\$75,000		
2	Two additional forklifts w/rotary heads	North	\$100,000	\$100,000		
2	Replace two existing compactors	North/South	\$75,000	\$75,000		Now 5 years old
2	Purchase 60 new tolers	All	\$12,000	\$12,000		
2	Purchase 75 new 2-yr tolers	All	\$15,000	\$15,000		
2	Paint all ceiling surfaces in ABC	South	\$250,000	\$250,000		
2	Replace south driveway	South	\$250,000	\$250,000		

Moscone Center North, South and West
Capital Improvement Plan

2	Sub Total	\$16,542,000	\$14,442,000	\$2,100,000
2	10% Contingency	\$1,654,200	\$1,444,200	\$210,000
2	TID Assessment Contingency (to account for maximum fluctuation in assessment)	\$6,540,000		\$6,540,000
2	Buy Down Fund	\$1,500,000		\$1,500,000
	Total Year 2	\$26,236,200	\$15,886,200	\$10,350,000

Year 3	Description	Location	Budgeted	City Funds	Estimated TID Funds	Comments
3	Seismic damper upgrade	West	\$1,500,000	\$1,500,000		
3	Meeting room digital display units - AI	All	\$2,000,000		\$2,000,000	Comptorize facility
3	Add eight digital marquees	South	\$2,000,000		\$2,000,000	Interior and Exterior
3	Rebuild horseshoes	South	\$200,000		\$200,000	Four at \$50,000 each
3	Contemporize landscaping	South	\$300,000		\$300,000	Replace ivy areas with eco-friendly landscape
3	Convert mtg rm doors to card locks (includes hardware & pow	All	\$360,000		\$360,000	90 doors @ \$4,000 ea
3	Honeywell Upgrade: Data Gathering Process	South	\$2,400,000	\$2,400,000		DGP
3	Reconfigure South Lobby entrances	South	\$750,000		\$750,000	
3	Reconfigure ABC Hall entrances	South	\$750,000		\$750,000	27 years old
3	Replace (red) entrance doors	North/South	\$400,000		\$400,000	27 years old
3	Upgrade kitchen	South	\$4,000,000	\$4,000,000		
3	Replace lobby air handlers	South	\$400,000	\$400,000		
3	Replace three freight elevators	South	\$1,000,000	\$1,000,000		Two southeast/one southwest
3	Add digital marquee	North	\$250,000		\$250,000	Exterior only
3	Sub Total		\$16,310,000	\$9,300,000	\$7,010,000	
3	10% Contingency		\$1,631,000	\$930,000	\$701,000	
3	TID Assessment Contingency (to account for maximum fluctuation in assessme		\$2,691,500		\$2,691,500	
3	By Down Fund		\$1,500,000		\$1,500,000	
	Total Year 3		\$22,132,500	\$10,230,000	\$11,902,500	

Year 4	Description	Location	Budgeted	City Funds	Estimated TID Funds	Comments
4	Replace Esplanade roof	South	\$1,100,000	\$1,100,000		
4	Replace glass doors/frames & restructure four exterior entran	South	\$3,000,000		\$3,000,000	Include sliding glass door and ADA access
4	Replace primary telephone switch	South	\$1,200,000	\$1,200,000		Replace w/upgraded switch
4	Build out five overlooks	South	\$2,000,000		\$2,000,000	Create exhibit floor overlooks
4	Replace four passenger elevators	South	\$1,250,000	\$1,250,000		
4	Replace PERS	South	\$500,000	\$500,000		Replace w/permanent collection units
4	Replace Strand lighting in Esplanade	Esplanade	\$500,000	\$500,000		
4	Install Folsom St gate	South	\$200,000	\$200,000		
4	Replace glass entrance doors & frames	North	\$1,000,000		\$1,000,000	Include sliding glass door and ADA door
4	Replace cooling tower	North	\$500,000	\$500,000		
4	Recarpet facility	North/South	\$1,600,000	\$1,600,000		Every four years
4	Reconfigure 3rd & 4th St ramp gates	South	\$200,000	\$200,000		To allow operation from Control Room
4	Plumb key locations for permanent water stations	North/South	\$2,500,000		\$2,500,000	Provide free water service
4	Install variable speed drives (Trane)	North/South	\$400,000	\$400,000		Chillers
4	Replace interior doors	North/South	\$700,000		\$700,000	
4	Sub Total		\$16,650,000	\$7,450,000	\$9,200,000	
4	10% Contingency		\$1,665,000	\$745,000	\$920,000	
4	TID Assessment Contingency (to account for maximum fluctuation in assessme		\$2,067,875		\$2,067,875	
4	Buy Down Fund		\$1,500,000		\$1,500,000	
	Total Year 4		\$21,882,875	\$8,195,000	\$13,687,875	

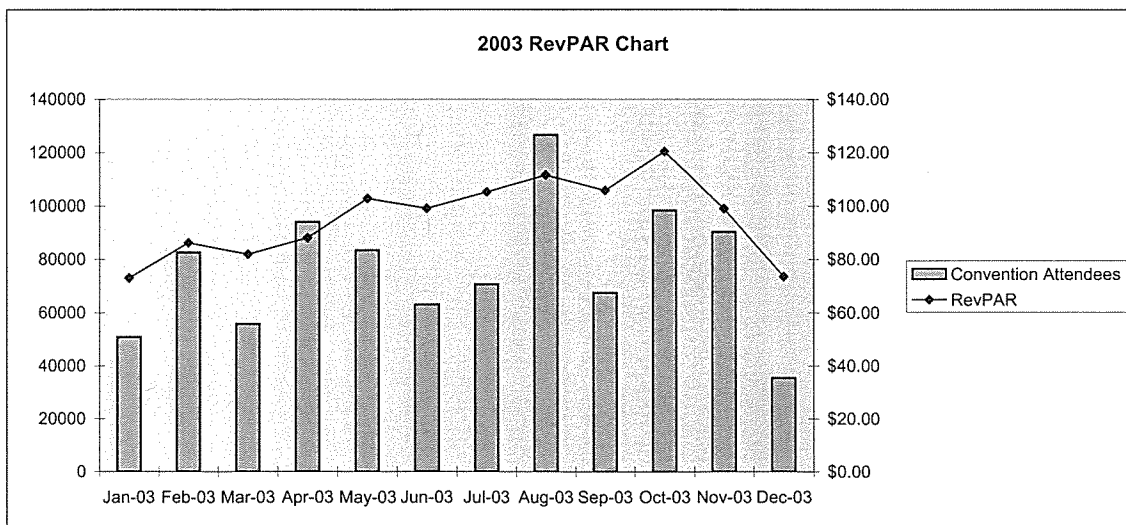
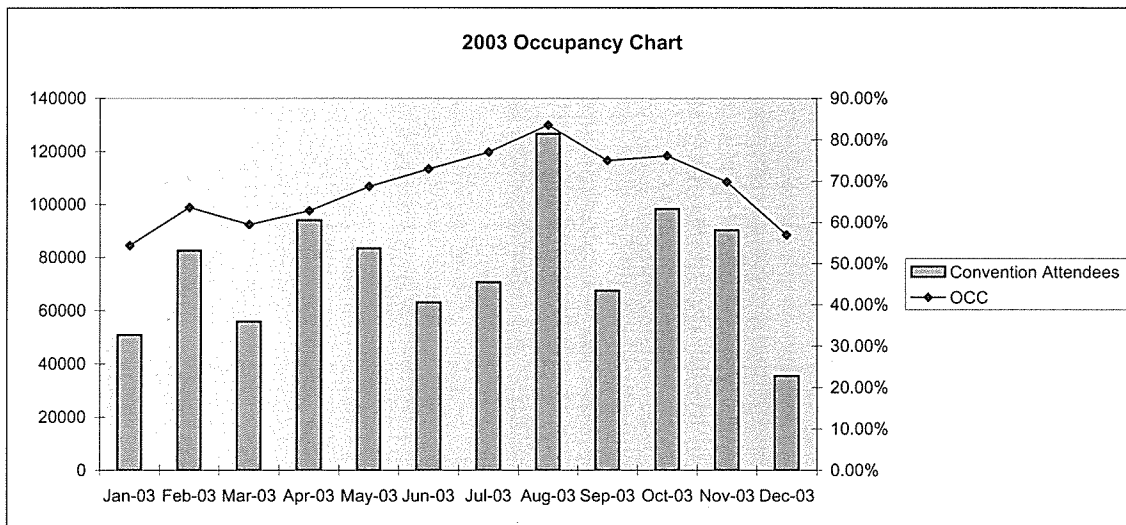
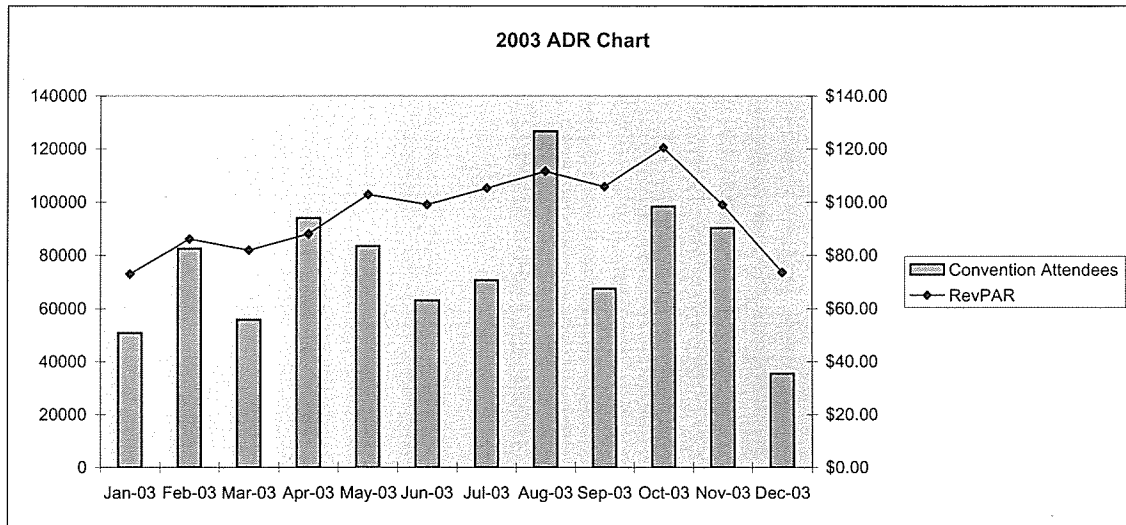
Year 5	Description	Location	Budgeted	City Funds	Estimated TID Funds	Comments
5	Construct Broadcast Studio	West	\$750,000		\$750,000	
5	Create Esplanade patio access and upgrade space	Esplanade	\$450,000		\$450,000	Adds 4,000 sq. ft. of exterior space
5	Obtain LEED certification	North/South	\$200,000		\$200,000	
5	Replace all carpet	West	\$1,750,000	\$1,750,000		Every four years
5	Replace trash/recycling receptacles	All	\$250,000	\$250,000		3-compartment stainless units
5	Replace 15' stake bed truck	All	\$45,000	\$45,000		Now 11 years old
5	Re-purpose FACSIMILE	West	\$100,000		\$100,000	
5	Replace ramp gate w/remote controlled unit	West	\$250,000	\$250,000		Ability to control from both control rooms
5	Sub Total		\$3,795,000	\$2,295,000	\$1,500,000	
5	10% Contingency		\$379,500	\$229,500	\$150,000	
5	TID Assessment Contingency (to account for maximum fluctuation in assessments)		-\$3,104,744		-\$3,104,744	
5	Buy Down Fund		\$1,500,000		\$1,500,000	
5	Architectural Engineering Fees Expansion		\$15,695,800		\$15,695,800	
	Total Year 5		\$18,265,556	\$2,524,500	\$15,741,056	

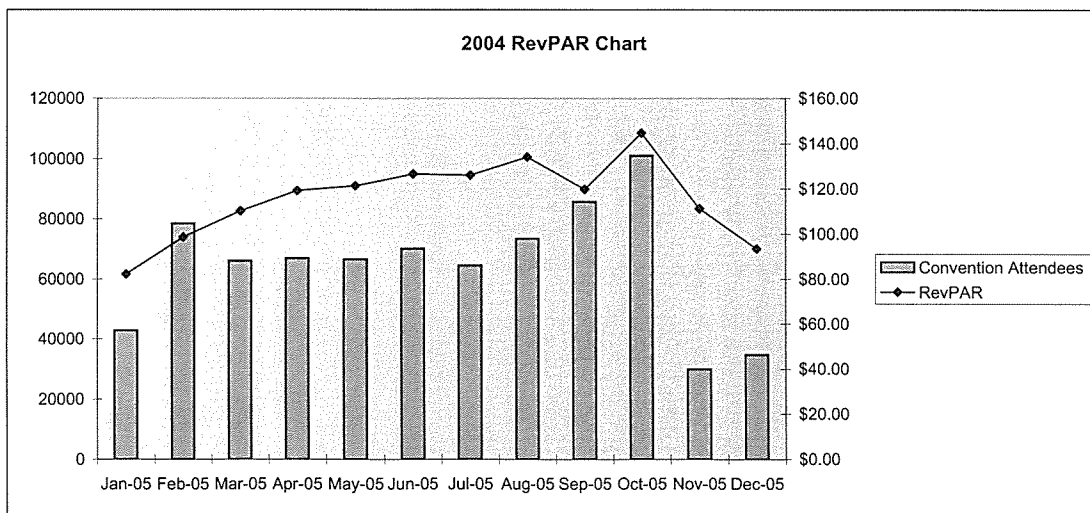
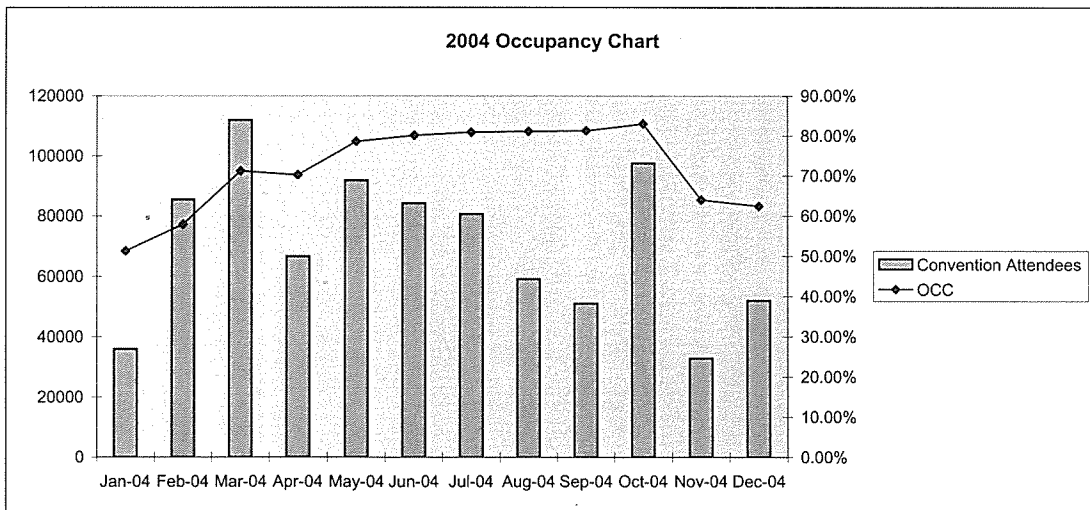
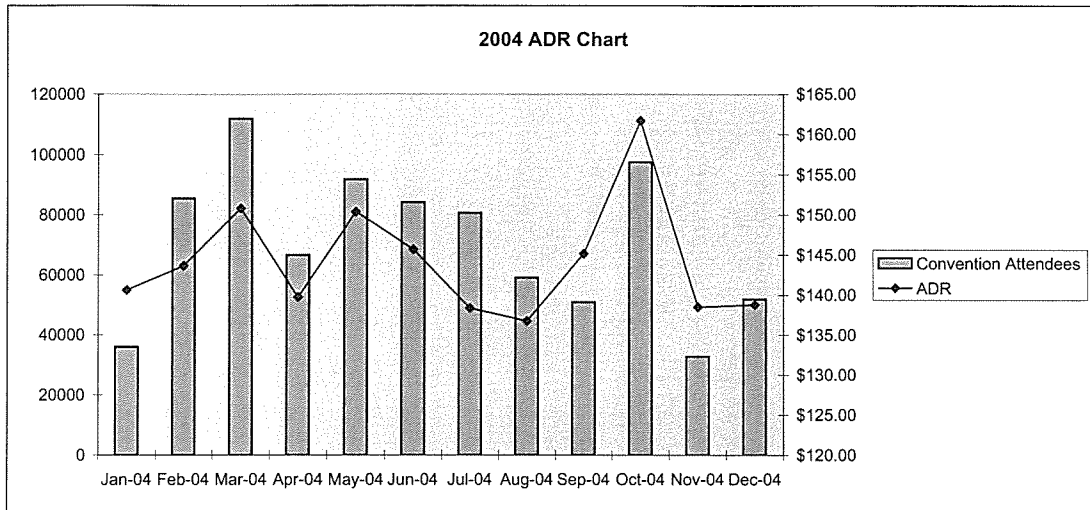
Summary:	Year 1	\$19,677,500	\$11,962,500	\$9,000,000
	Year 2	\$19,696,200	\$15,886,200	\$10,350,000
	Year 3	\$19,441,000	\$10,230,000	\$11,902,500
	Year 4	\$19,815,000	\$8,195,000	\$13,687,875
	Year 5	\$21,370,300	\$2,524,500	\$15,741,056
	Grand Total	\$100,000,000	\$48,798,200	\$60,681,431

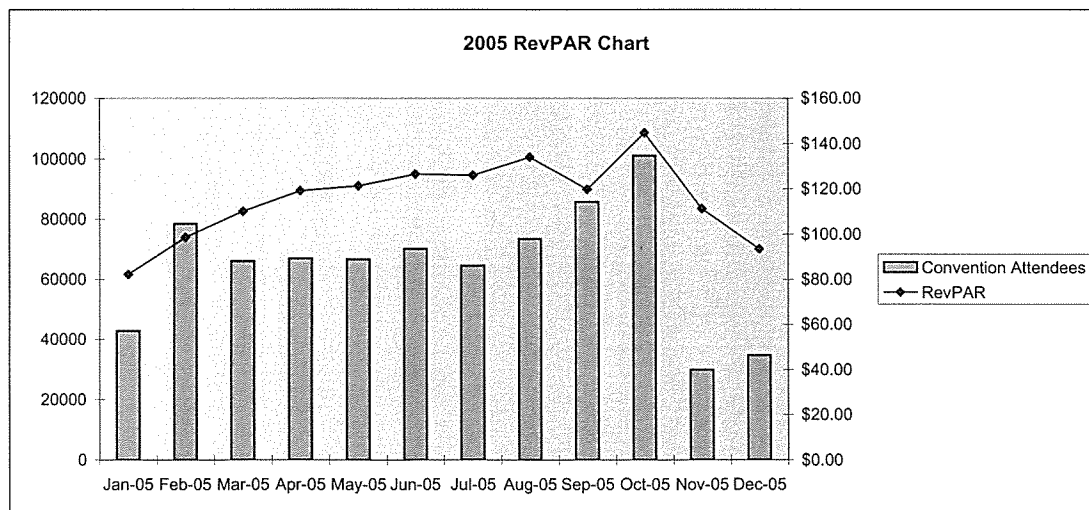
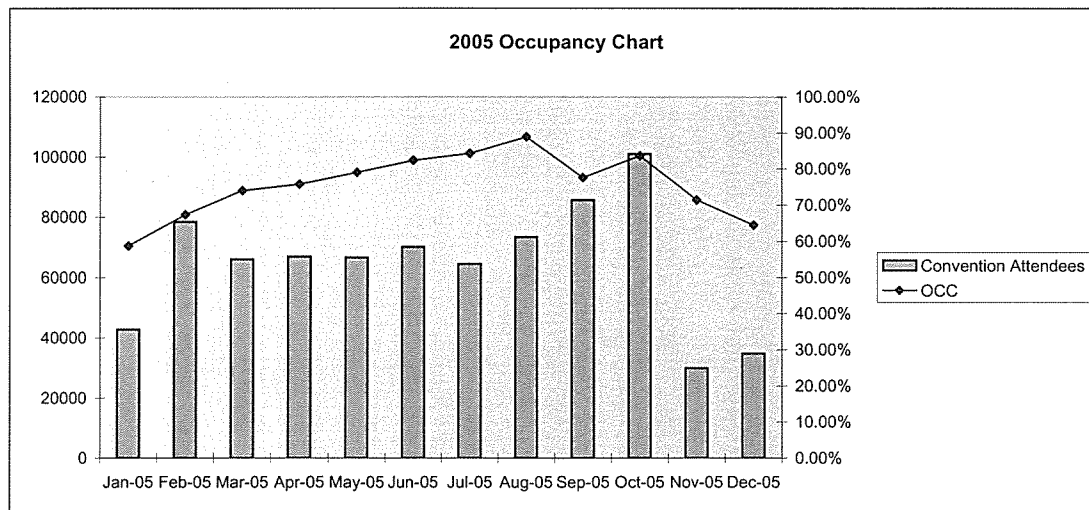
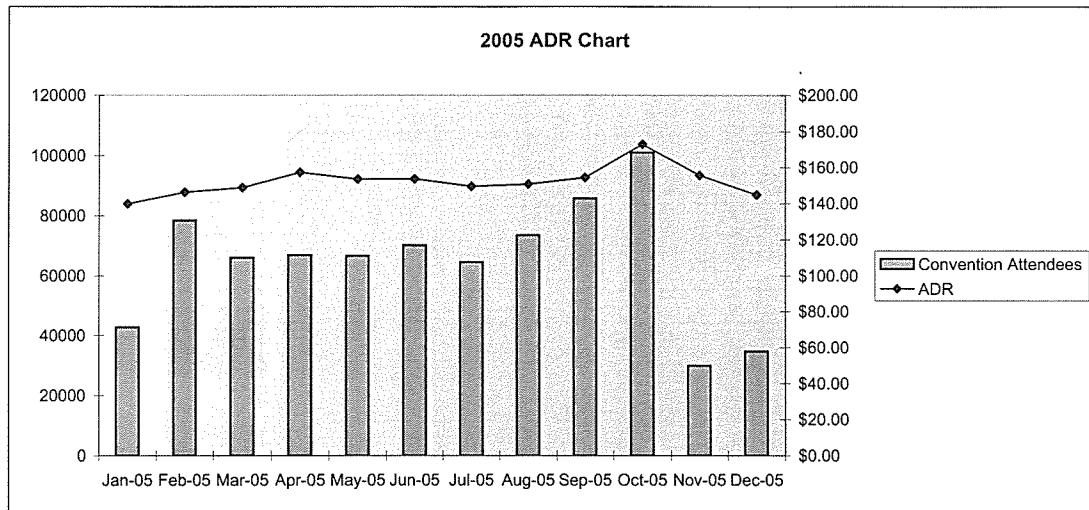
San Francisco Tourism Improvement District Management Plan

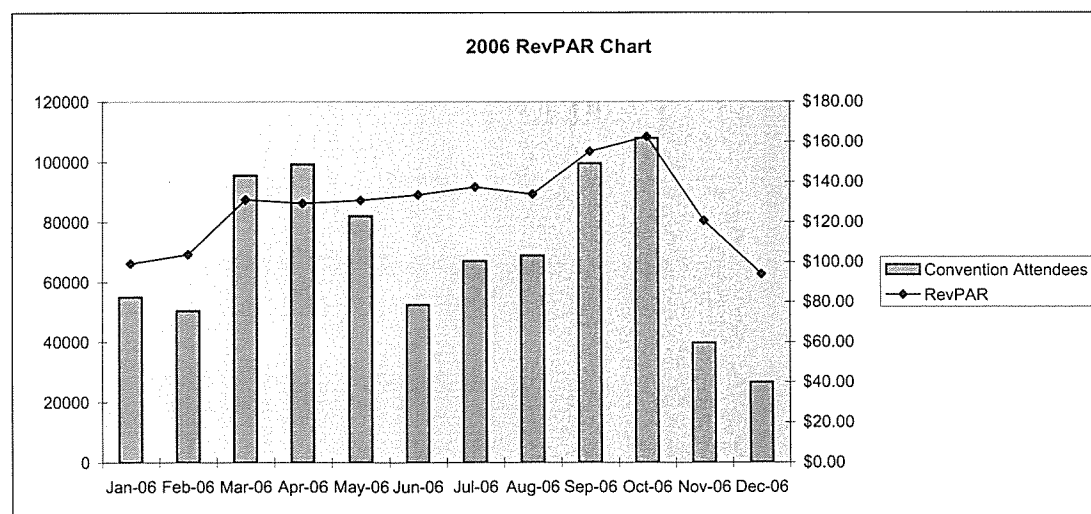
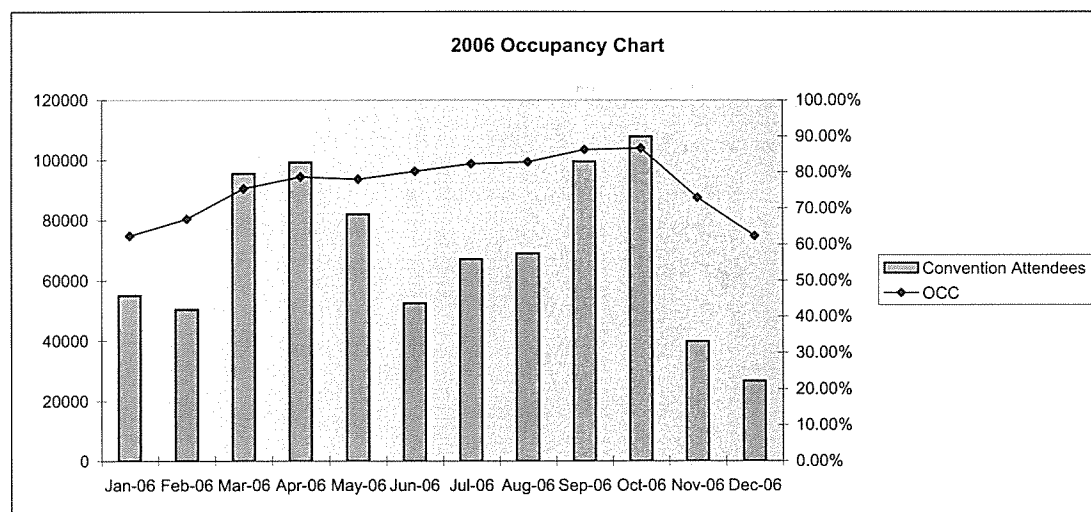
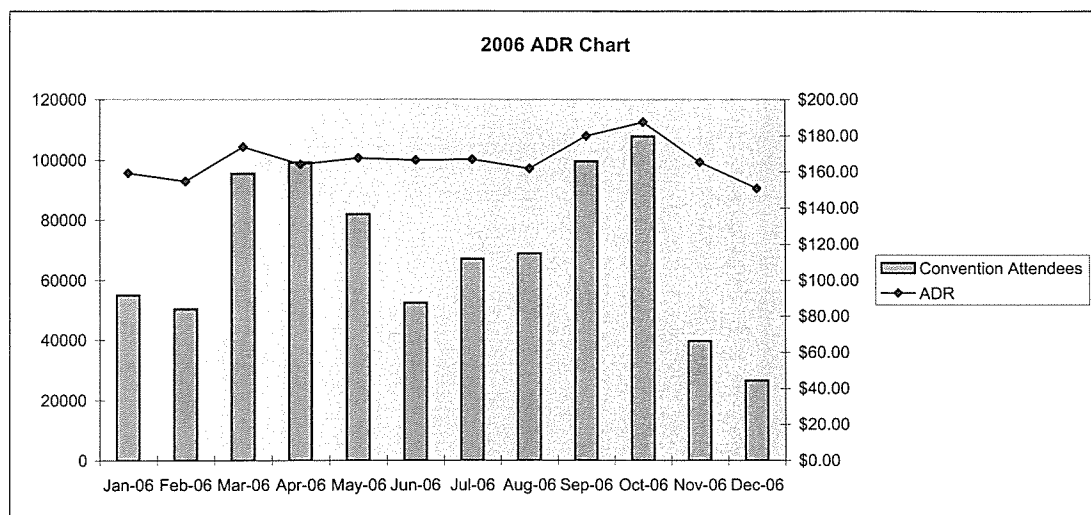
APPENDICES

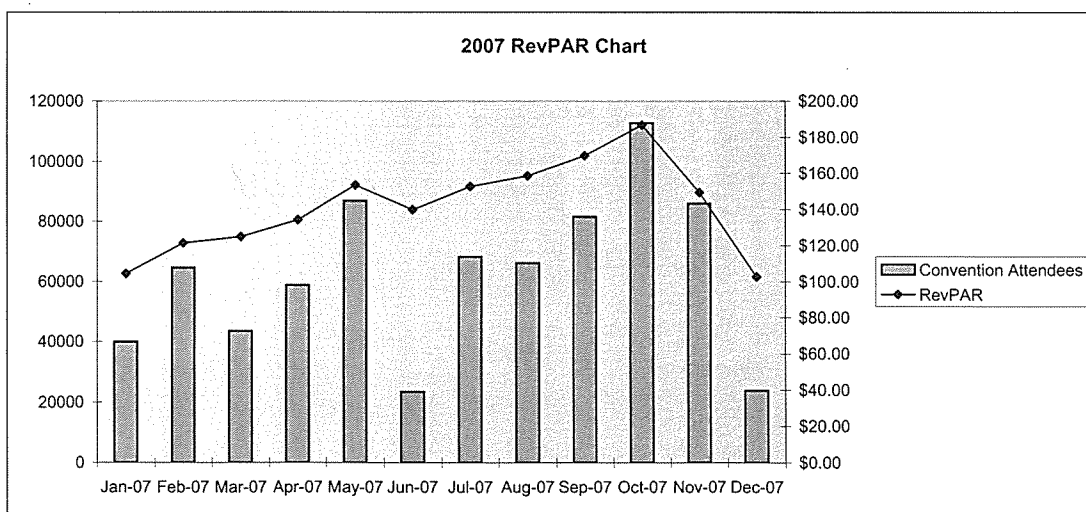
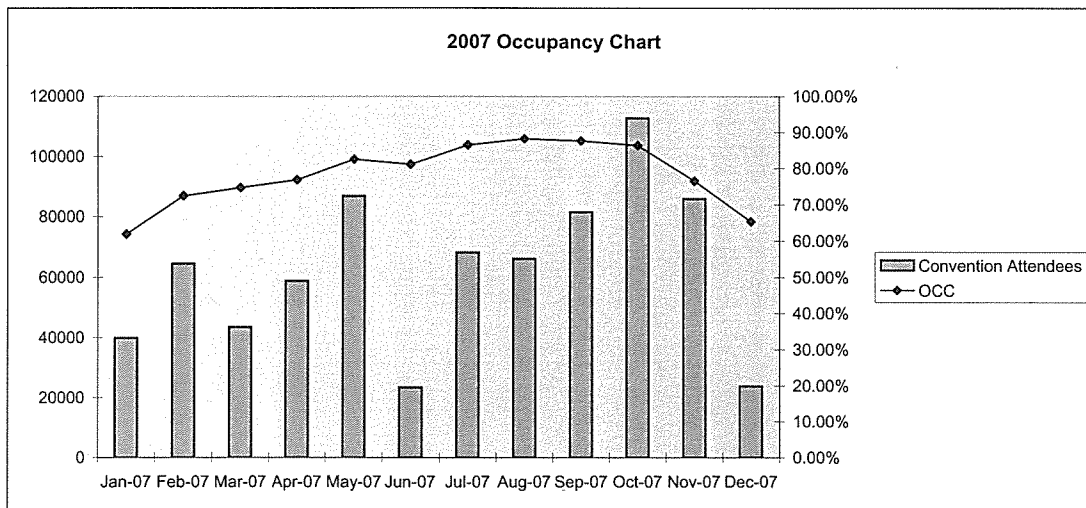
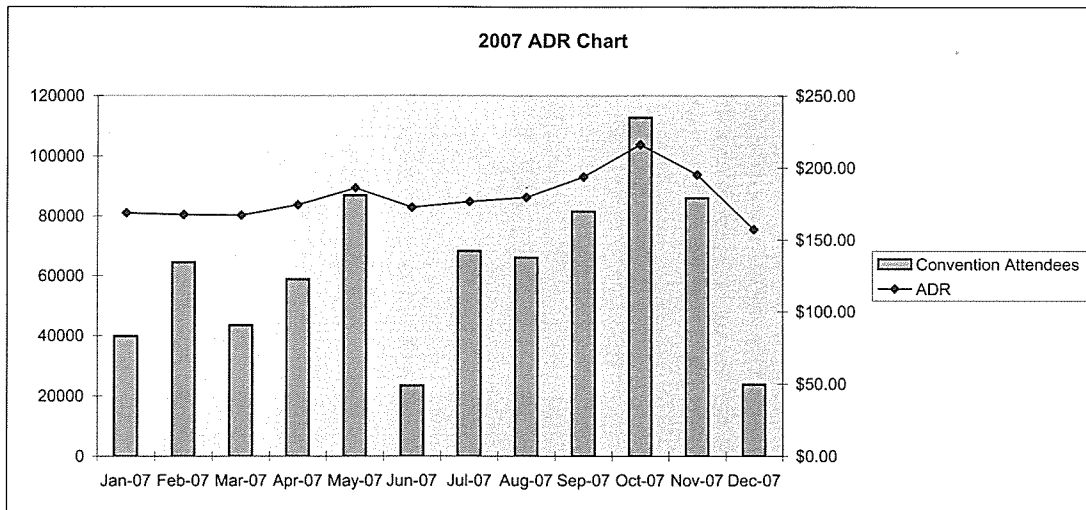
- 4. PKF Report on Historical Performance of the San Francisco Lodging Market as Compared to Convention Activity**

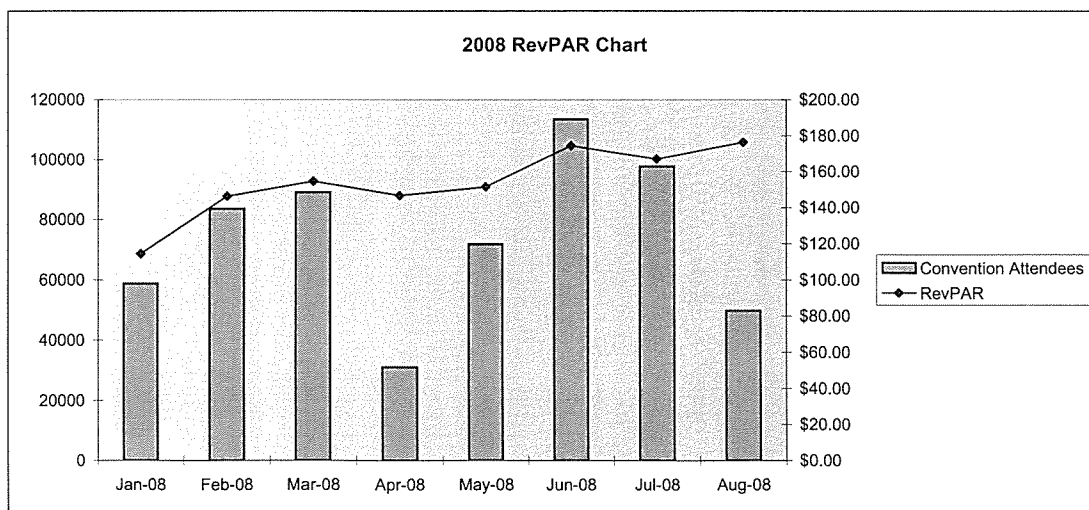
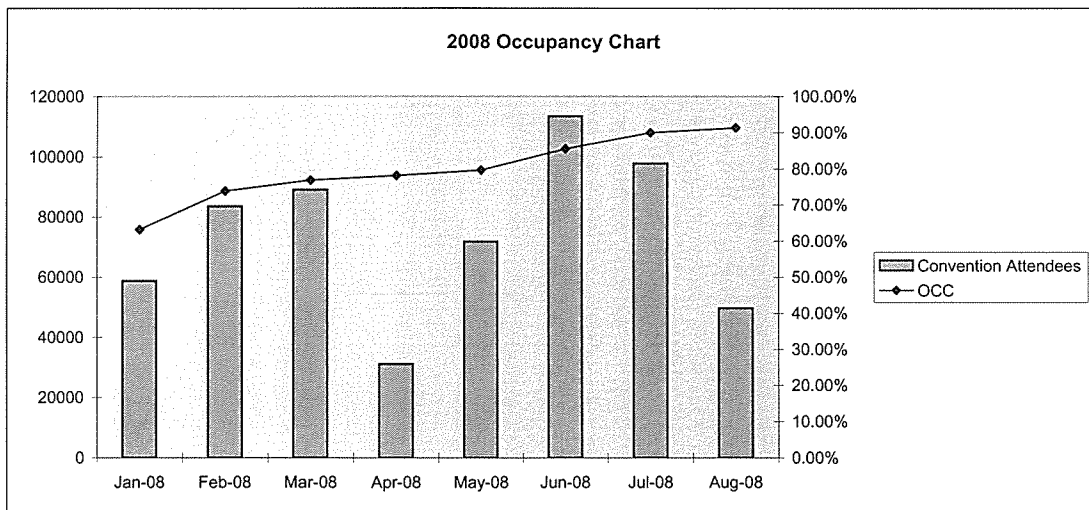
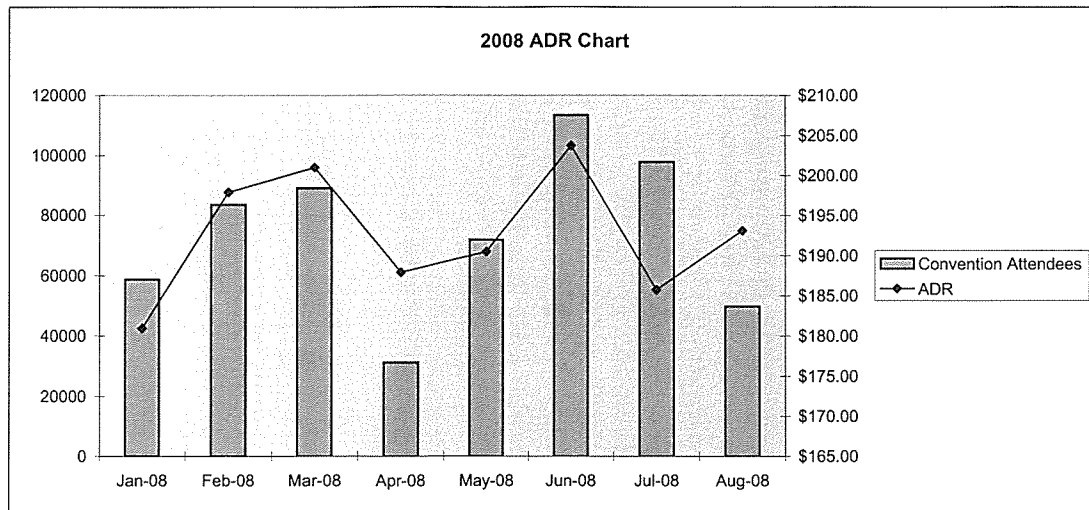












San Francisco Tourism Improvement District Management Plan

APPENDICES

- 5. Economic Impact of Conventions, and Benefits of Destination Marketing, and Convention Centers, to Tourist Hotels and Tourism-Related Businesses**

2007 Convention & Group Meeting Impact

Conventions, trade shows and group meetings are major contributors to San Francisco's tourism industry. The table below compares performance in this area for 2006 and 2007.

Calculation of Annual Expenditures Related to Trade Shows and Conventions

	2006	2007
Total city-wide room nights	9,152,743	9,332,443
Percent group meeting	35.5%	32.3%
Total citywide group meeting nights	3,253,535	3,011,281
Length of stay	4.0	4.0
Attendees in SF Hotels	813,384	752,820
Total out-of-town attendees	813,384	752,820
Spending per day	290	303
SF hotel attendee spending	\$942,951,654	\$912,014,151
Multiple occupancy factor	1.51	1.51
Total spending (direct) stayed in hotel	\$1,423,856,997	\$1,377,141,368
Total association spending	\$48,895,095	\$46,378,878
Total exhibitor spending	\$580,082,290	\$597,888,019
Total Association/Exhibitor Spending	\$628,977,385	\$644,266,897
Grand total: Convention Impact	\$2,052,834,382	\$2,021,408,265

Economic impact of four largest 2007/08 conventions				
Account	Total number of hotel rooms booked by attendees	Overall economic impact of the convention	Total attendees	Total attendee spending
Oracle	66,985	\$ 48,964,611	45,000	\$ 13,635,000
National Automobile Dealers Association	65,160	\$ 45,765,891	30,000	\$ 9,090,000
American Dental Association	48,040	\$ 48,336,119	50,000	\$ 15,150,000
American Academy of Orthopaedic Surgeons	77,592	\$ 52,870,515	33,000	\$ 9,999,000

BENEFITS OF DESTINATION MARKETING, AND CONVENTION CENTERS, TO HOTEL AND TOURISM-RELATED BUSINESSES

The more competitive a destination and its convention center amenity, the more demand there is for that destination and its center. The more demand that there is for the center, the higher the rates for hotel rooms grow, either due to customer competition for preferred dates in their preferred destination convention center or the general compression on hotel room supply created by significant demand from the citywide convention.

The table below shows the impact of major citywide conventions on hotel room bookings from the past two years (note: the rooms booked figures below are for convention attendees only and do not include other transient business in the city during that period):

Start Date	End Date	Meeting Account Name	Meeting Name	Peak night rooms booked	Total rooms booked	Attend
07/11/06	07/13/06	Semiconductor Equipment and Materials International	SEMICON West 2006	8,370	33,094	50,000
10/22/06	10/26/06	Oracle Corporation	OracleWorld 2006	11,736	55,226	35,000
04/14/07	04/17/07	National School Boards Association	Annual Conference & Exposition	8,031	34,399	17,000
05/18/07	05/23/07	American Thoracic Society	Annual - 2007	6,000	28,374	18,000
05/28/07	06/02/07	California Building Industry Association	PCBC 2007: The Premier Building Show	7,137	20,899	20,000
07/17/07	07/19/07	Semiconductor Equipment and Materials International	SEMICON West 2007	7,276	27,748	50,000
09/27/07	10/01/07	American Dental Association	Annual	9,268	39,291	50,000
10/13/07	10/17/07	American Society of Anesthesiologists	Annual October National Convention	6,317	28,622	20,000
10/31/07	11/05/07	American Society of Nephrology	Renal Week	6,087	26,326	14,221
11/12/07	11/16/07	Oracle Corporation	Oracle Openworld - 2007	15,000	66,985	45,000
02/09/08	02/12/08	National Automobile Dealers Association	Annual 2008	8,437	34,693	30,000
03/05/08	03/09/08	American Academy of Orthopaedic Surgeons	Annual - 2008	15,530	77,592	33,000
05/14/08	05/17/08	Heart Rhythm Society	Heart Rhythm 2008	7,500	33,225	13,535
06/06/08	06/10/08	American Diabetes Association	68th Scientific Sessions	10,860	49,762	20,652
06/25/08	06/27/08	California Building Industry Association	PCBC 2008: The Premier Building Show	7,000	20,993	20,000
07/15/08	07/17/08	Semiconductor Equipment and Materials International	SEMICON West 2008	7,600	40,460	25,000

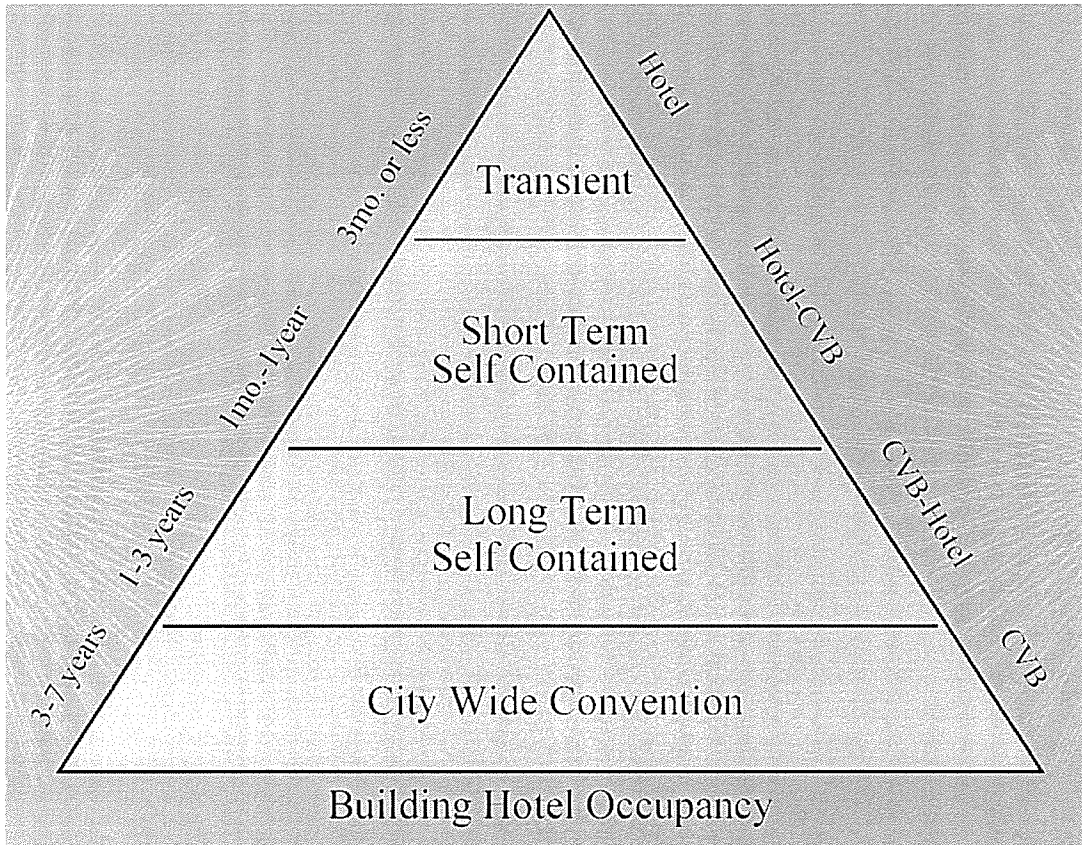
SOURCE: SFCVB 2006-07 and 2007-08 data on major citywide conventions

Building Hotel Occupancy

Destination marketing organizations ("Convention & Visitors Bureaus", or "CVBs"), convention centers and hotels are partners in creating demand for a destination.

As the figure on the next page illustrates, CVBs take primary responsibility for building a foundation of solid future convention business, often 3–7 years out but up to 15 or more years in the future. Knowing that core groups are on the books allows the CVB and hotel to work together to book long-term self-contained business, and hotels then focus on short-term self-

contained business with assistance from the CVB. Finally, transient (consumer or non-group business travel) business is layered on. The successful combination of all layers of this pyramid is critical to increasing hotel occupancy, average daily rate, and economic impact in the destination.



Source: Center for Exhibition Industry Research, "Role of CVBs and Their Relationship with Facility Management," 2003

Impact of Conventions, Convention Centers and CVB Marketing Programs

Attracting large, citywide conventions, particularly those with a trade-show component, provides positive economic impact on a destination. According to Destination Marketing Association International's (DMAI) most recent study of spending:

- Just over 80% of all convention delegates stayed in hotels. 12% commuted daily to the event from home and 7% stayed with friends or relatives.
- For those delegates staying in a hotel, 81% stayed in a designated hotel.
- Convention delegates spent an average of \$1,036 per event or \$290 per day. The average length of stay was 3.56 nights.
- 77% of all delegate spending was accounted for by lodging (47%) and food & beverage (28%).

- Per delegate spending by event organizers averaged \$101 per event or \$24 per day. Food and beverage accounted for the largest share of their expenditures.
- Tradeshows and conventions all have an exhibition component, which contributed additional spending to the local economy. The average event lasted approximately 3.8 days with total exhibiting company expenditures averaging \$375 per delegate, or \$100 per day.
- Over 65% of exhibitor spending in the host city was attributed to staff lodging, meals and transportation.
- Consistent with previous studies, events held in larger destinations tend to produce more spending. Larger destinations also tend to host events that are broader in scope (e.g., drawing a regional, national or international audience), which also translates into additional spending.

SOURCE: DMAI's 2005 ExPact Study, updated June 2008. ExPact is a direct spending study for meetings, conventions and tradeshows. Data was collected from 12,920 convention delegates, 1,286 exhibiting companies and 77 event organizers.

Measuring ROI on CVB activity

As outlined in the news article on the following page, it has always been difficult to measure the direct return on investment (ROI) for marketing and advertising programs. Using performance metrics developed (and annually audited by third-party sources, as well as presented quarterly to the full Board of Directors), the San Francisco Convention & Visitors Bureau (SFCVB) reports performance in categories such as:

- Number of rooms booked for conventions;
- Number of programs created for travel industry partners;
- Number of web user sessions generated by the Bureau's sales and marketing efforts.

At the end of the Fiscal Year 2007/08, the SFCVB's performance was:

	07/08 Goal	07/08 FYTD	06/07 FYTD	% FY07/08 vs FY 06/07	% FYTD vs Goal
Convention Room Nights - Bookings	2,160,500	2,366,842	2,055,036	15%	110%
Convention Room Nights - Leads	6,100,000	6,781,677	5,888,218	15%	111%
Travel Industry Sales - New Programs	72	70	72	-3%	97%
Travel Industry Sales - Leads	625	626	602	4%	100%
Web Site User Sessions	2,544,000	2,948,940	1,772,951	66%	116%
Private Revenue Raised	\$5,348,500	\$6,392,215	\$5,721,130	12%	120%
Budget	End year with balanced budget (+/- 1% net)	N/A	N/A	N/A	N/A



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**Sent via email to: Jennifer.matz@sfgov.org
No Hard Copy to follow**

Ms. Jennifer Entine Matz
Managing Deputy Director
Office of Economic and Workforce Development
City and County of San Francisco
City Hall
1 Dr. Carlton B. Goodlett Place, Room 448
San Francisco, CA 94102-4689

Re: San Francisco Tourism Improvement District

Dear Ms. Matz:

As we understand it, the Board of Supervisors of the City and County of San Francisco is considering the establishment of a Tourism Improvement District ("TID"). The proposed TID is designed to strengthen the local tourism hotel industry by 1) increasing funding available for San Francisco Convention and Visitors Bureau ("SFCVB") created marketing programs that specifically target tourist hotels; and 2) by renovating and expanding the City's Moscone Center convention facilities.

If adopted, the TID proposes to assess each tourist hotel in San Francisco a percentage of gross revenue from tourist rooms. The TID will be divided into two geographic areas to coincide with the expected benefits to be derived from establishment of the TID. Zone One includes hotels that are anticipated to benefit more directly from the SFCVB marketing programs and convention facility upgrades proposed in this plan. Zone Two includes hotels that are generally located farther from the convention center facilities and related tourist attractions, and with more limited access to the City's transportation infrastructure, and as a result derive benefits somewhat less directly than tourist hotels located in Zone One. Hotels in Zone One will be assessed 1.5 percent of gross revenue from tourist rooms for years 1-5, and 1.0 percent of gross revenue from tourist rooms for years 6-15. Tourist hotels in Zone Two will be assessed 1.0 percent of gross revenue from tourist rooms for years 1-5, and 0.75 percent of gross revenue from tourist rooms for years 6-15.

Member, PKF International Ltd.

As we further understand it, Zone One will include all hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street from South Van Ness to the Bay, including all hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay. Zone Two will include all hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all hotels south of 16th Street.

Based on our general knowledge of the San Francisco hotel industry we concur that due to their proximity to the Moscone Convention Center and the City's transportation infrastructure, the hotels located in Zone One will benefit more from the TID than the hotels located in Zone Two. Accordingly, we agree that hotels located in this area of the City should contribute more to the TID than the hotels located in Zone Two.

If you have any questions on the foregoing, or if I can be of further assistance, please don't hesitate to contact me.

Yours sincerely,

PKF Consulting



By: Thomas E. Callahan, CPA, CRE, FRICS, MAI
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San Francisco Tourism Improvement District Management Plan

APPENDICES

- 6. Article: “Examining the Economic Value of Publicity and Promotional Activities
Among State Tourism Communication Programs”**

Examining the Economic Value of Publicity and Promotional Activities Among State Tourism Communication Programs

Lisa T. Fall

ABSTRACT. The purpose of this paper is to demonstrate financial value of the publicity and promotions programs being carried out by top state tourism spenders in the United States. The discussion is broken down into three sections. First, the overall economic impact of the travel, tourism, and hospitality (TT&H) industry is discussed. Second, various techniques applicable for evaluating and measuring public relations promotional activities for this particular industry are reviewed. And third, each of the states' expenditures-to-revenues figures are calculated to determine the cost-effectiveness of the tourism campaign promotion efforts. Results substantiate the value communication earns and that the states under investigation are earning a healthy return on their promotional efforts related to three economic aspects: return-on-investment ratio, per person revenue generated, and per person cost. Implications for managers are discussed and future studies are proposed. *[Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <getinfo@haworthpressinc.com> Website: <<http://www.HaworthPress.com>> © 2002 by The Haworth Press, Inc. All rights reserved.]*

KEYWORDS. Cost-benefit analysis, economic impact, evaluating campaign effectiveness, financial accountability, government, hospitality in-

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dustry, promotions, public relations, publicity, return-on-investment (ROI), states, tourism, Travel Industry Association of America

INTRODUCTION

One of the most difficult, yet necessary demands on communications professionals—especially public relations practitioners sense—is to be able to quantify the value of their efforts. However, accountability continues to be a growing concern (e.g., Cowlett, 2000; Lindenmann, 1997; Kersey and Hillman, 1997). Due to the somewhat intangible and varied activities that fall under the public relations umbrella, there is no single “magic” formula one can use to measure its effectiveness. This issue of quantifying the value of communication is no different for the travel, tourism, and hospitality industry, which was projected to spend \$686 million on tourism development and promotions in 2001, according to the Travel Industry Association of America (TIA).

The purpose of this paper is to demonstrate, by means of a return-on-investment (ROI) and cost-benefit analysis, the financial value of promotional campaign programs being carried out by top state tourism spenders in the United States. The discussion is broken down into three sections. First, the overall economic impact of the travel, tourism, and hospitality industry is discussed. Second, various techniques applicable for evaluating and measuring promotional activities for this particular industry are reviewed. And third, each states’ expenditures-to-revenues figures are calculated to determine the cost-effectiveness of the promotional campaign.

LITERATURE REVIEW

Travel, Tourism and Hospitality Industry’s Economic Impact

When consumers travel sense—either for business or pleasure sense—they probably have no idea of the contribution they are making to the economy by supporting one of the country’s most impacting industries. In 2000, the travel, tourism and hospitality (TT&H) industry generated an estimated \$560 billion in total expenditures in the United States (including both domestic and international travel). Expenditures for 2001 were projected to increase 4% to \$582 billion and climb to \$615 billion in 2002. During 2000, spending by U.S. residents and international travelers in the U.S. averaged \$1.53 billion a day, \$64 million an hour, translating to \$1.1 million a minute and \$17,695 a second, according to TIA.

Travel and tourism is the third largest industry in the United States, behind automotive and food stores. As reported by TIA, this industry is the first, second, or third largest employer in 32 states, and it is second in employment behind health services. In 2000, the U.S. travel/tourism industry directly generated 7.8 million jobs, accounting for more than \$171 billion in payroll income for Americans and more than \$99 billion in tax revenue for federal, state and local governments.

But economic impact is not the only poignant characteristic about the TT&H industry. In terms of output, this industry spends an enormous amount of money to promote its products and services to its key consumers: travelers. State travel offices are projected to spend nearly \$686 million on tourism promotion and development throughout the 2000-2001 fiscal year. This figure averages out to \$13.7 million per state. From the \$686 million total, more than \$178 million is earmarked for domestic advertising, representing a 6% increase over last year's figures. In all, the average state tourism budget has increased 30% during the past five years, reports TIA. Competition continues to heighten among states as they try to secure a larger share of the growing tourism market. States continue to spend more on an array of communication tactics to increase visitation.

Techniques for Measuring Message Efficiency

Communication professionals and researchers who are directly involved in measuring the effectiveness of these tourism messages have quite a challenge. Due to the never-ending problem of the "blurred lines" of what exactly constitutes public relations versus marketing versus publicity and promotions, it is difficult to differentiate just how much revenue is being generated by each of these entities, all of which are prominent contributors to the overall communication mix. For example, one state tourism office may assign publicity and promotional duties to its in-house corporate communications department while another office may delegate this particular responsibility to an outside public relations, marketing or advertising agency.

Trying to determine how much revenue is generated by each individual segment of the communication campaign sense—to include components such as advertising, marketing, public relations, promotions, and interpersonal strategies and tactics sense—is close to impossible. Consequently, an undivided perspective may be more feasible due to the varied nature of each state's promotional activities. Additionally, the promotional function is often considered more of a traditional responsibility for public relations managers employed in the travel, tourism and hospitality industry than it may be in other industries.

One of the most important tasks for communications professionals is to be able to quantify the value of their efforts (Freitag, 1998; Lindenmann, 1997; Smith, 1996; Fleisher and Burton, 1995). Due to the somewhat imperceptible

benefits resulting from effective communication campaigns, no one unified formula can be used. The same has been said for public relations, which, too, is a valuable part of the promotional campaign process.

In an article that reviews minimum standards for measuring public relations effectiveness, Lindenmann (1997) outlines four major components for credible public relations evaluation. First, measurable public relations goals and objectives must be determined. Second, public relations outputs must be measured. Examples include assessment of a specific event, a direct mail campaign, or a brochure's content and appearance. Regarding media output, content analysis is one of the primary methods used, according to Lindenmann.

Third, public relations outcomes must be measured. Examples include message awareness and retention; and opinion, attitude, and/or behavioral changes as a result of a message. Oftentimes, quantitative research techniques are employed to measure public relations outputs, to include surveys, multi-variate, quasi-experimental, and pre- and post-test studies; and Q-sorts, factor and cluster analyses. Lindenmann points out that qualitative techniques also are useful, and may include focus groups, qualitative depth surveys and ethnographic studies. Fourth, business and/or organizational outcomes must be measured; the later suggestion serves as the framework for this study.

In an article by Hon (1997), she examines various public relations evaluation strategies among 42 different public relations practitioners and other executives. From this study Hon learned that there is extreme variability among organizations in terms of prioritizing goals and objectives. Further, her findings demonstrate the varied measurement techniques for assessing public relations' economic value. Along these lines of varying objectives, the promotional/publicity function of public relations is traditionally practiced more regularly among practitioners employed in the travel, tourism, hospitality and entertainment sectors than it is in other industries.

Freitag (1998) cites 12 measurement tenets as they relate to public relations, many of which are directly applicable to the TT&H industry. For example, he suggests employing simple, daily procedures to track and document ongoing measurements. Also, he says to use "bottom-line" measurements but not to limit these measurements to short-term effects. He also recommends measuring outcomes sense—not just outputs. And, measurement techniques should be clearly tied to the organization's overarching goals and objectives.

Efficiency assessment is an essential, yet oftentimes neglected, step in the communication program development process. Regardless of the industry being examined, it is critical that managers be able to demonstrate their programs' success. This clarification is especially important for managers who compete for a portion of the overall communication budget. Marketing, advertising, public relations, new media sense—and even human resource departments in some organi-

zations sense—may all be vying for a piece of the same pie. Therefore, it is crucial that message objectives are measurable. Otherwise, when it comes time to justifying why the allocated funding should be extended, and possibly increased, the evidence will be less than convincing.

Cost-benefits and cost-effectiveness analyses provide a viable frame of reference for relating costs to results. Although similar in respect to what these two analyses work toward accomplishing, the main difference is in the way in which the effects of a given program (campaign) are expressed. While the outcomes of programs in a *cost-benefit analysis* are expressed in monetary terms, outcomes of programs in a *cost-effectiveness analysis* are expressed in substantive terms (Rossi and Freeman, 1993). For example, a *cost-benefit analysis* of a campaign that aims to reduce cigarette smoking will focus on the difference between the dollars spent on the antismoking campaign and the dollars saved on reduced medical care. The *cost-effectiveness analysis* of the same campaign would estimate the dollars spent to convert each smoker into a non-smoker, according to Rossi and Freeman (1993, p. 364). A similar communication measurement technique, *cost efficiency*, attempts to measure the success of the communications tasks by calculating the dollar value of *results* in relation to the effort and/or dollar value *investment* (Kendall, 1996).

In the “perfect world,” a cost-benefit analysis would seem like the most obvious choice if asked to come up with an accurate revenue-to-expenditure figure for a given program. However, as Rossi and Freeman indicate, there are two distinct problems with this formula. First, oftentimes there are only speculative estimates of costs and impacts resulting directly from a particular project. And second, as is the case with many public-relations driven objectives (especially those whose focus is on informing and/or increasing awareness of an event, product, service, or issue), translating benefits and costs into monetary units is often a difficult, or even an unrealistic expectation. To take the argument one step further, oftentimes public relations benefits are “intangible.” One prime example is the value of an organization’s corporate reputation, which is often partnered with the organization’s public relations behavior, or lack thereof.

Hence, either the cost-benefit or cost-efficiency analysis offers a practicable alternative. Using the reputation example again, a *cost-effectiveness analysis* would examine the costs associated with a damaged reputation due to lack of proper and appropriate public relations activities. Further, a *cost-effectiveness analysis* provides a flexible tool for examining the efficiency of variations of a campaign, as opposed to the rigidity of a *cost-benefit analysis*, which requires related costs to be expressed in specific monetary terms. Similarly, a *cost-efficiency analysis* (Kendall, 1996) would compare the dollar value investment needed to carry out the communications activities to the projected dollar of value

of the negative repercussions resulting from lack of implementation of an appropriate communications campaign.

A national study conducted by Ketchum Public Relations' Pittsburgh B2B Group among 480 communication and marketing executives explore various techniques for measuring return-on-investment (ROI). Overall, the results indicate that executives do realize they need to conduct more research and that evaluation and measurement methods are sporadic, at best (Corder, Deasy and Thompson, 1999). Further, these professionals agree that within the next five years, there will be an increase in market research. The following projections cited during the study are directly related to the issues addressed in this paper: 57% of these executives will increase their reliance on research to determine market strategies; 54% will expand their use of research to evaluate marketing, communications or advertising ROI; and 50% will conduct more proprietary promotional research to generate publicity.

Lubbers (1995) discusses a ROI analysis as a viable technique for validating public relations' fiscal accountability. This measurement method focuses on demonstrating how public relations activities increase the net income for an organization. In the ROI budgeting method, promotional activities are considered "investments," like human resources and equipment. Thus, the budgetary appropriation (investment) leads to certain returns. Like other aspects of an organization's varied efforts, the communication component is expected to produce a certain return. In short, these activities should make a contribution to the organization's bottom line.

The overarching question being posed in this study is: How cost-effective are state tourism offices' promotional campaigns? In order to address this question, the following three research questions were examined during this study:

RQ1: What is the tourism promotions return-on-investment (ROI) ratio among the top state tourism promotional spenders?

RQ2: What is the per-person *revenue* generated among the top state tourism promotional spenders?

RQ3: What is the per-person *cost* among the top state tourism promotional spenders?

METHOD

States Under Investigation

Secondary data obtained from the TIA website were used in the analyses. When examining the top ten state tourism promotional spenders from 1997 through 2001, Illinois and Hawaii consistently were identified among the top three. Therefore, they were chosen as the two states for the study. (See Table 1.)

Analyses

To address the cost-effectiveness of the two states' tourism promotional campaigns, the following calculations were determined: overall expenditures-to-revenue, per-person revenue generated, and per-person cost. The most recent and complete data available for variables being analyzed in this study at the time the research was conducted were from the 1998 fiscal year. Therefore, 1998 data were examined in the value assessment analyses.

RESULTS

To address RQ1, a revenue-to-expenditures ratio demonstrates the monetary value (return-on-investment or ROI) of each state's promotional efforts by dividing the revenue generated from tourism into the overall promotional budget. The ROI for Illinois is 552%. In other words, for every \$1 spent on promotional efforts, there is a \$5.92 return. The ROI for Hawaii is 385%, meaning that every \$1 spent on promotions sees a \$3.85 return. In short, both calculations indicate a profitable bottom line in relation to tourism promotional spending. (See Table 2.)

TABLE 1. Top Five States with Largest Tourism Promotional Budgets for 1998-2001

RANK	1997-1998	1998-1999	1999-2000	2000-2001
#1	Illinois: 35.3	Illinois: 40.1	Florida: 64.1	Illinois: 61.1
#2	Hawaii: 35.8	Hawaii: 37.9	Hawaii: 60.0	Hawaii: 61.1
#3	Texas: 25.3	Texas: 29.4	Illinois: 55.5	Florida: 59.3
#4	Florida: 23.0	Florida: 27.2	Penn.: 33.6	Penn.: 45.9
#5	Penn.: 19.4	Penn.: 23.0	Texas: 28.4	Texas: 32.2

Source: Travel Industry Association of America.

Note: Data are listed in millions of dollars.

TABLE 2. Return-On-Investment (1998 Figures)

	<u>Promotional Cost</u>	<u>Revenue</u>	<u>Return on Promotional Investment</u>
Illinois	\$ 35.3 million	\$ 20.9 billion	592% (\$5.92)
Hawaii	\$ 35.8 million	\$ 13.8 billion	385% (\$3.85)

RQ2 addresses the revenue generated per-person (visitor). Hence, to calculate this figure, the revenue generated by tourism was divided by the number of visitors. This analysis demonstrates that the state of Hawaii is generating \$2,059 per person whereas Illinois' efforts are only generating \$274 per person. (See Table 3.)

Finally, a per-person cost analysis was calculated to answer RQ3. Using a formula of dividing the number of visitors into the money spent on tourism promotions, results indicate that Illinois is spending \$2.16 per visitor and Hawaii is spending \$.19 per person. (See Table 4.)

DISCUSSION

In summary, results from this study demonstrate that both of the country's top state tourism promotion spenders are enjoying a lucrative return on their promotional investment. Hawaii is nearly tripling its investment and Illinois is nearly doubling its investment. As for revenue generated per person, Hawaii is clearly bringing in an average of more revenue per person at \$2,059 than is Illinois at \$274 per person. Additionally, Hawaii officials are only having to spend a paltry \$.19 per visitor on promotions while Illinois is spending \$2.16 per visitor to disseminate its messages. Accordingly, Hawaii and Illinois tourism officials seem to be getting back a healthy return on their promotional efforts. Reviewing these states' expense-per-person (cost) results demonstrate that tourism officials are paying a pittance price for promotions if they take into consideration the annual revenue generated by these visitors.

Another indicator to investigate is whether people are actually traveling to, and spending money in, the states that have the largest promotional budgets. It would make good business sense to demonstrate that if a state allocates a large portion of its budget to the dissemination of messages that encourage prospective travelers to visit, then these travelers would indeed travel to that particular state. Visitors would then spend money while there, which generates revenue for the tourism industry at the state level. Hence, revenue generated serves as another

TABLE 3. Per Person Revenue Generated (1998 Figures)

	<u>Revenue</u>	<u>Number of Visitors</u>	<u>Revenue per Person</u>
Illinois	\$ 20.9 billion	76.3 million	\$ 274
Hawaii	\$ 13.8 billion	6.7 million	\$ 2,059

TABLE 4. Per Person Cost (1998 Figures)

	<u>Promotional Cost</u>	<u>Number of Visitors</u>	<u>Cost per Person</u>
Illinois	\$ 35.3 million	76.3 million	\$ 2.16
Hawaii	\$ 35.8 million	6.7 million	\$.19

Sources: Travel Industry Association of America, Tourism Research Laboratory of Illinois and Hawaii Tourism Authority.

factor in the evaluation formula. This concept is known as the “multiplier effect,” and it can negatively, or positively, affect a bottom line.

Using the total sum of revenue generated as an indicator, end-of-year reports reveal that between 1997 and 2000, both of these top state tourism promotion spenders ranked among the top ten states based on total travel (international and domestic) spending during this four-year duration. (See Table 5.)

But there are other issues here to consider. One of the major “cash cows” in the TT&H industry is the lodging sector. Again using the 1998 data for consistency, U.S. visitors who stayed in U.S. hotels and motels during this year accounted for an estimated \$255.5 billion in expenditures; the national average hotel tax was 12.36%. Directly related to the value assessment of TT&H promotions is *where* the hotel tax revenue is being reinvested. On average, 36% of the city hotel tax revenue is being reinvested in travel and tourism promotion and development, according to TIA market research. Convention and visitors bureaus, other travel-related programs, state travel offices, and special events rank among the top ten ways cities reinvest these taxes, according to TIA.

Therefore, launching a proficient tourism promotion campaign is a cyclical “win-win” situation. Here is why: If these communication programs are effective, then the campaigns’ messages will generate more visitors to the state. Visitors staying overnight then pay hotel and lodging taxes, which range anywhere from 9% to 17% above and beyond the guests’ hotel room rate. In turn, this money is filtered back into the budget to help fund future tourism promotion campaigns and projects.

TABLE 5. Top Ten States for Total (Domestic and International) Traveler Spending for 1997-2000

STATE	Year: 1996-1997	Year: 1997-1998	Year: 1998-1999	Year: 1999-2000
California	65.8	67.0	71.3	71.4
Florida	52.1	53.6	55.7	55.8
New York	32.9	34.2	36.3	36.3
Texas	29.2	31.4	33.1	33.1
Illinois	19.5	21.1	22.1	22.1
Nevada	18.4	18.7	21.0	21.0
New Jersey	13.9	14.6	15.0	15.1
Pennsylvania	13.7	14.2	14.7	14.8
Hawaii	14.2	13.8	14.2	14.5
Georgia	12.6	13.7	14.5	14.2

Source: *Tourism Works for America*, 10th annual edition.
 Note: Data in billions of dollars.

An example clarifies the magnitude of revenue hotel taxes generate. Someone spending three nights at a local hotel in Chicago attends a convention and pays a room rate of \$110 per night and an additional \$16.39 per night for the 14.9% hotel/lodging taxes. Over a three-night stay, this one guest alone has contributed \$49.17 to a fund, which could, ultimately, be filtered back into the State of Illinois' tourism promotion budget. Expand this figure to include the other 1,499 conference attendees who also stay over three nights at the same hotel—and this figure now totals \$73,705. Using TIA's average 36% reinvestment figure as a baseline, from this \$73,705 total, about \$26,534 can feasibly be allocated toward future tourism promotion tactics and strategies. In short, an effective communications campaign is—in a sense—creating more of its *own* funding for future campaigns and message dissemination.

CONCLUSIONS

This study serves as a mere jump-start for other investigations. Since public relations has established itself as a mainstay factor in the travel, tourism and hospitality industry, future studies should focus on precisely those tactics related to this facet of the communication mix. Suggestions include surveying state tourism bureaus to determine how much of their communication budget is designated specifically to public relations activities and whether these efforts are paying off.

Tourism revenue and visitation statistics can provide some insight. Further, organizations in the industry need to continuously be asking their target publics, "how did you hear about us" rather than just speculating.

In keeping with the spirit of relationship management, TT&H managers also need to unceasingly employ ways to develop, maintain and nurture relationships with their visitors so these travelers *will* return. In the long-run, it is much more cost-effective for a satisfied visitor to recommend a company's products or services to a friend, via word-of-mouth, than for that company to spend its promotional budget on "potential" visitors. And, given the fact that the TT&H industry is a service industry, organizations need to make sure that their communication efforts are, indeed, service-oriented. One way they can assure this behavior is by incorporating public relations strategies and tactics into their promotional campaigns that offer two-way channels for their guests to provide them with feedback.

This study demonstrates by means of three cost-benefit analyses that Illinois and Hawaii, states that consistently committed to spending money to earn money, are earning an enormous "bank for their communication buck." These quantifiable measures reinforce the tenet that promotional strategies employed in the TT&H industry positively impact the United States' economy on a state, as well as a national, level. These figures also demonstrate the economic value promotional activities contribute to the communication mix.

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APPENDICES

7. Abstract: “A Review of Economic Value Drivers in Convention and Meeting Management Research”



A review of economic value drivers in convention and meeting management research

Review of
economic value
drivers

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Myong Jae Lee and Ki-Joon Back

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Abstract

Purpose – Proposes to review convention and meeting management articles published in the hospitality and tourism literature.

Design/methodology/approach – Uses content analysis of 147 articles published in hospitality and tourism journals for the 14 years from 1990 to 2003.

Findings – Identifies five core research themes, i.e. economic impact of conventions, site selection, meeting participation processes, destination marketing, and advances in technology.

Originality/value – Offers the first thematic view of convention and meeting management issues, derived from the literature.

Keywords Conventions, Marketing, Research work

Paper type Research paper

Introduction

A review of past research efforts in a particular field provides an understanding of that field's research issues and the boundaries of a discipline. This effort is particularly valuable in a relatively new and developing field, such as the convention and meeting sector, where few indicators delineate the maturity and sophistication of a field (Reid and Andereck, 1989; Baloglu and Assante, 1999). In that regard, researchers have attempted to determine the direction of convention and meeting management research (hereafter "convention research") through the content analysis of articles published in academic journals. However, their reviews are limited to specific research themes (Barrows, 1994; Crouch and Ritchie, 1998) and specific regions (Carlsen, 1999). An overall review of convention research published in hospitality and tourism journals across regions has not been conducted to date. Thus, the purpose of this study is to review, from the thematic perspective, convention literatures published in major hospitality and tourism journals for the 14 years from 1990 to 2003 and to identify research issues discussed most frequently and rigorously during that period.

Researchers collected 147 convention articles, including 137 studies published in academic journals, seven papers from conference proceedings, and three dissertation and thesis studies. Trade publications, except a few containing industry data, were not included in this review. Through content analysis, we identified five major themes that reflect the major strands of convention research during the review period. The five themes identified are:

- (1) economic impact of conventions;
- (2) convention site-selection process;



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- (3) meeting participation process;
- (4) destination marketing and convention and visitors bureau (CVB) operations;
and
- (5) advances in technology.

In this study, each research theme is briefly described, followed by an overall summary, discussion issues, and the direction of future convention research.

Economic impact of conventions

Over the past decades, the growth of the convention industry has sparked an awareness of the economic significance of conventions to local, state, and national economies. Authors, both industrial and academic, agree that conventions are a major contributor to regional and national economies (Crouch and Ritchie, 1998; Rutherford and Kreck, 1994). Not only do conventions contribute economically to their host destinations, but they also accelerate the growth of overall travel and tourism activities through repeat visits and word of mouth communications (Rutherford and Kreck, 1994). According to recent industry data, the total spending for the convention and meeting industry in 2000 in the US was \$122.1 billion (Successful Meetings, 2001). This figure, which includes spending on corporate and association meetings and incentive travel market segments, represents an average 9 percent year-over-year growth since 1992. From this data, it was estimated that even with the current economic climate, and with a conservative 5 percent growth projection, the convention and meeting market would represent a \$141.3 billion in total spending for 2003. Also, Convention Liaison Council (CLC) data (1995) and the Meeting Market Report (2000), two of the most commonly cited data in convention research, indicate the significant size of the convention and meeting industry.

However, many researchers have observed that the existing industry data and statistics on the economic impact of conventions have been underestimated for several reasons. First, published figures provide only national totals and therefore fail to record the regional impact of convention activities (Zelinsky, 1994). Second, tracking total convention spending by delegates, sponsors, or exhibitors is difficult (Kim *et al.*, 2003). Third, published data almost always fail to distinguish conventions from trade shows, expositions, incentive travels, and other types of meetings, which makes it difficult to gauge the exact influence of conventions on the host community (Fenich, 1998; Crouch and Ritchie, 1998). Lastly, reported data often underestimate the fact that nearly 70 percent of convention attendees combine business and family leisure. Therefore, the total impact of convention activities is much larger than the spending associated with attending a convention (Braun, 1992; Grado *et al.*, 1998; Kim *et al.*, 2003). Each dollar of convention-related spending initiates a broad set of economic interactions that produce additional spending in other sectors of a region's economy (Braun, 1992), and thus the economic impact of conventions can be doubled or tripled because of the extensive indirect influence on host cities' economies. Crouch and Ritchie (1998) noted that, given these shortcomings and the obvious difficulty of measuring the true impact of the convention industry, existing estimates of the size of the industry should be treated and interpreted with great caution.

Realizing the shortcomings of the existing industry data on the economic impact of conventions, researchers have adopted more systematic frameworks, such as the

input-output (I-O) model, in estimating the convention sector's true economic impact. Frechtling and Horvath (1999) noted that the input-output (I-O) model is an appropriate approach to estimate visitor spending in an area, which generates economic activity directly in the form of sales, income to residents, employment, taxes, and other economic benefits. Considered as the first systematic approach to estimate the true economic impact of conventions, Braun's (1992) study adjusted readily available national and state information for local analysis and used multipliers and industry linkage methods to estimate convention impact on Orlando, Florida. In Braun's (1992) study, the total impact of 1.67 million delegates in 1989 was estimated at more than 65,000 jobs, \$457 million in wages, \$2.28 billion in output, \$88 million in local taxes, and \$15 million in state taxes. On the other hand, Kim *et al.* (2003) assessed the economic impact of international conventions on the Korean national economy by multiplying the total convention receipts by the corresponding convention-related sectors' multipliers in terms of output, employment, income, value added, indirect tax, and import. The results of their study indicate that in 2001, the total expenditure of international delegates and convention hosts was approximately \$130.4 million. These convention receipts generated \$217.3 million in total output, 13,702 in full-time jobs, \$47.4 million in residents' personal income, \$114.6 million value added, and \$11.9 million in taxes. Additionally, many researchers introduced similar frameworks to estimate the true economic impact of conventions in different settings.

Although some of the studies in this area were not conducted impartially, those studies with a systematic approach helped estimate the size of the convention industry and, specifically, helped destinations legitimize public support for convention development projects by endowing it with an aura of substantial economic benefits (Crompton and McKay, 1994).

Convention site-selection process

While the individual traveler is the key decision-maker for pleasure travel, association members typically do not have input in site selection for their annual meetings or conventions (Baloglu and Love, 2001). Instead, association executives and meeting planners play a key role in the selection of a meeting site. The meeting site selection is the critical moment for both associations and host destinations. For associations, the choice of a meeting destination significantly influences attendance level, which in turn determines the success or failure of the meeting. For host destinations, understanding meeting planners' site-selection processes helps them position themselves appropriately in the convention market, personalize meeting services for target meetings and conventions, and therefore attract more meetings. Because of this reason, the subject of the site-selection process has drawn considerable interest from both meeting buyers and meeting suppliers. Particularly, identifying meeting planners' perceptions and preferences of site-selection criteria has been a main research topic in this area.

As competition in the convention industry grows, it becomes more critical for destinations and facilities to identify key destination factors influencing associations' site-selection decisions and to develop marketing strategies based on those identified factors (Go and Govers, 1999). A review of relevant literatures indicates that most publications attempting to identify important site-selection factors appeared to report similar findings. Major site selection factors frequently identified in empirical studies

include “accessibility”, “availability of facility”, “quality of service”, “affordability”, “destination image”, “attractions/entertainment”, and “safety/security”. Particularly, adequacy of physical facilities and accessibility appear to be the two most important factors for meeting planners when they select meeting sites. The physical convention facility is closely related to the basic meeting considerations: meeting size, anticipated volume of meeting attendance, purpose of the meeting, and predilections of attendees. Meeting planners select the physical facility that can meet these basic requirements of the meeting. On the other hand, potential attendees may be disappointed if the site cannot be reached quickly and comfortably (Zelinsky, 1994). The issue of accessibility is also relevant to cost, which has been identified as a main inhibitor of meeting participation in many previous studies (Oppermann, 1995). The farther attendees have to travel, the more they have to spend. As a way of dealing with accessibility, associations whose members are broadly dispersed often rotate their convention sites annually to provide all members with legitimate traveling distances.

Many convention literatures on site-selection criteria have focused not only on identifying the perceived importance of an attribute to association meeting planners, but also on their evaluation of performance for identified convention attributes. In fact, destinations and facilities have been forced to re-examine their image and service quality as perceived by professional meeting planners (Bonn *et al.*, 1994). A review of literature in this area reveals that many researchers used the importance-performance analysis (IPA) to evaluate destination or facility performance for important attributes affecting meeting planners’ site decision-making. Because of its applicability to various areas of the convention sector, such as targeting association meeting planners, presenting bids, and creating product and promotion strategies, the IPA has been used extensively by researchers (Baloglu and Love, 2003).

While most site-selection studies made some effort to identify important site-selection factors, some research went further to understand the dynamics of convention site selection. Hu and Hiemstra’s (1996) study evaluated how trade-offs are made among site-selection factors. They found that price was the most important factor and subsequently suggested that pricing strategy is the key for the destinations and facilities in competing effectively in the highly saturated meeting market. Bonn *et al.* (1994) examined the differences in the attributes and services sought by association and corporation meeting planners. Their findings showed that there were no significant differences between corporate and association meeting planners with respect to the facilities and services, while significant differences occurred with respect to various recreational activities. With 15 relevant attributes selected based on previous studies, Oppermann (1998) compared large-half and small-half meeting planners’ perceptions of destination attributes affecting their decision-making. The results of Oppermann’s study proved that meeting planners’ perceptions of destination attributes are very similar regardless of meeting size. Obviously, these research efforts enhanced the knowledge in this area.

Meeting participation process

An understanding of association members’ meeting participation factors is important for both associations and destinations because association members’ meeting participation is closely related to an association’s annual revenue and the direct and indirect economic impact on host destinations. Despite the important role of attendees

in the convention industry, relatively little research to date has been done on meeting attendees and their participation decision-making processes. How to identify meeting attendees' needs and whether these needs can be associated with tangible variables have been topics for only some convention researchers.

In order for a meeting to be successful and lucrative, associations and meeting planners must increase the attendance level by understanding what motivates an individual to attend the meeting and designing the meeting accordingly (Grant and Weaver, 1996). In the first empirical study of this nature, Price (1993) identified four factors that influence meeting participation decision-making. According to Price, potential meeting participants consider "leadership", "networking", "education", and "professional savvy" during the participation decision-making process. Those motivational factors were empirically supported by several other researchers. Also, destination image is of considerable importance for associations and meeting planners. Generally, associations can often build good attendance at their conventions by simply holding it at more favorably perceived destinations (Zelinsky, 1994; Oppermann, 1995). Oppermann (1996) asserted that when selecting destinations, meeting planners need to turn to potential meeting attendees to get their insights into which destinations are more or less favored. This process can help associations and meeting planners maximize attendance and financial return from the meeting.

Although many researchers have focused primarily on identifying primary motivations of association members' meeting participation, motivation factors alone do not explain how association members' meeting participation decisions are made. Arguably, even more important is to know why many association members choose not to attend the conventions. Previous studies on travel decision-making processes suggest that travel inhibitors are more important than travel motivators during the travel decision-making process (Um and Crompton, 1992; Sonmez and Graefe, 1998). In the convention sector, some researchers have tried to identify situational constraints that deter association members from participating in conventions. "Lack of funding", "time constraints", "inaccessibility of the destination", and "family obligations" were frequently cited as main barriers to convention participation.

An overall review of convention research on the meeting participation factors indicates that meeting participation decision-making factors are relatively similar among professional association members. However, it is important for associations and meeting planners to identify unique factors reflecting their associations, and design meetings based on general and unique factors. In doing so, associations can achieve a higher turnout and a higher satisfaction level, which will ultimately lead to participation in future meetings.

Destination marketing and CVB operations

As the competition among destinations to host conventions intensifies, destination managers face numerous marketing challenges in creating positive destination images. Accordingly, the role of a convention and visitors bureau (CVB), the primary destination marketing organization of a destination, has become more important. The primary role of a CVB is to protect the interests of meeting planners while bringing more meetings and conventions to its members or local meeting facilities (Weber, 2001). Specifically, Morrison *et al.* (1998) summarized the roles of CVBs in five primary functions:

- (1) economic driver;
- (2) community marketer;
- (3) industry coordinator;
- (4) quasi-public representative; and
- (5) builder of community pride.

However, the fact that many meeting planners do not use even free CVB services challenges the role of the CVB as a main destination marketer, specifically the CVB's liaison role between the meeting planners and meeting suppliers (Weber, 2001). Weber speculated that the main reason for this trend is due to the misconception that CVBs are not interested in addressing the needs of small meetings.

One of the most critical factors influencing the success of a meeting is to build long-term relationships between meeting planners and the destination staff. Gartrell (1992) noted that one challenge facing today's CVBs and destination marketers is to enhance long-term relationships with meeting planners. For destination and meeting facility staff, positive long-term relationships with meeting planners are crucial in achieving a stable profit, easy handling, and an enhanced reputation while minimizing any risk of becoming less in demand (Lee and Hiemstra, 2001). Meeting planners may represent millions of dollars worth of business to destinations and facilities over the course of a lifelong relationship (Breiter and Bowen, 1998). Many studies on the relationship between destinations/facilities staff and meeting planners have empirically identified key elements to enhancing the positive relationship between two parties. Among many key factors, salespeople's willingness to take responsibility and solve problems (employee empowerment) was the most important factor in improving relationship quality between two parties.

A major trend in destination marketing is the widespread use of technology, particularly information technology (IT). Promoting and communicating through the internet have become integral parts of destination marketing. Destinations used to send new information to associations and meeting planners in marketing communication formats, such as meeting planner guides, direct mail pieces, and newsletters. Also, investing money in sales items, familiarization trips (site tour), and advertisements in trade publications were effective marketing strategies (Vogt *et al.*, 1994). However, this internet-based alternative marketing method is fast and cost-effective, and therefore is widely applicable in the present market situation (Cheung and Law, 2002).

Advances in technology

Technology is one of many changes that meeting professionals and meeting providers have had to face in today's meeting environment, and it therefore affects how conventions are marketed and managed. Given the growing importance of technology as a new marketing tool in the convention industry, a fair amount of research has been devoted to the use of technology as a primary tool in planning and managing conventions and meetings (West and Upchurch, 2001). Today, it is not an unusual practice for association and meeting planners to set up a web site for each event, which usually includes detailed information about the venue, programs, destination attractions, travel, and so on. Through the web site, associations and meeting

planners directly contact potential delegates. Greenhill (2001) reported that 60 percent of associations use internet web sites to market their events to potential attendees. Particularly, the internet is an effective meeting planning tool for online registrations, online post-convention surveys, collecting and disseminating conference abstracts and papers, and providing useful meeting and destination information, all of which are extremely cost-efficient and all of which provide an excellent service standard (Mistilis and Dwyer, 1999). Another reason for the popular use of the internet by meeting planners and associations is mainly due to the need to meet potential attendees' expectations. Today's meeting attendees are college-educated, middle-aged, and internet-friendly (Bonn *et al.*, 1994). Web marketing toward technology-savvy attendees is a critical factor in successful meetings. Through the internet, potential meeting attendees can register for the meeting and get information about the destination, the meeting and hotel room facilities, educational programs, and other area attractions.

Similarly, hotel sales and marketing managers have also expressed more interest in the use of the internet for meeting businesses (Davidson *et al.*, 2002). Today, destinations and facilities provide meeting planners with information like rates, service availability, and online request for proposals (RFP) through the internet. Such practices have helped them create effective communication channels with associations and thus market more effectively.

Despite such benefits of technology in the convention setting, not all technological advances have been welcomed by the industry. The potential of information technology (IT) to make physical attendance at the meetings unnecessary has been widely discussed and studied (Zelinsky, 1994; Davidson *et al.*, 2002). Meeting professionals feared that modern technology, such as video-conferencing, virtual exhibition, e-mail communication, and the internet itself, would strip away opportunities for human interaction, diminish the need to gather at one place, and ultimately remove the role of physical space from the meeting experience. This fear was especially apparent in the corporate meeting market, where teleconferencing has been popularly used as an alternative to traditional meetings because of both the cost-effectiveness and the efficacy of communication (Zelinsky, 1994; Davidson *et al.*, 2002). However, many empirical studies asserted that, contrary to early fears, technological advances have failed to eliminate the need to huddle together periodically and exchange fresh information in a timely and pleasant fashion, and that technology makes the human touch even more necessary, so meeting will remain important in building relationships.

Summary and discussion

This study has provided some insight into the boundaries and directions of convention research, primarily from a standpoint of research themes. For a developing field such as convention and meeting management, it is important to know how the field has advanced in research (Baloglu and Assante, 1999). Through a thorough review of 147 convention articles published from 1990 to 2003 in academic journals, conference proceedings, and dissertations/theses, five major research themes were identified and discussed. The five themes discussed in this review reflect some of the emerging research issues important to convention and meeting researchers.

A better understanding of the economic impact of conventions on host destinations has been always needed to create an accurate database for convention planning and development. In that regard, recent economic impact studies in the convention sector tend to provide systematic frameworks, mostly using the input-out (I-O) model, to assess the true economic impact of conventions and therefore help produce more accurate forecasts and better assessments of the return on investment. However, these frameworks may not be completely free from critical errors. Crompton and McKay (1994) cited five notable errors frequently found in proposed frameworks:

- (1) the use of incremental rather than true multipliers;
- (2) the use of sales rather than income multipliers;
- (3) the misrepresentation of employment multipliers;
- (4) the inclusion of local residents; and
- (5) the failure to exclude "time-switchers" and "casuals".

Because each of these errors may have a significant impact by magnifying or underestimating the real economic impact of conventions on host destinations, researchers must caution the use of frameworks.

This review of convention literatures revealed that the site-selection process has drawn the most attention from researchers. Although research on the site-selection process has produced broad knowledge, there was little empirical effort in measuring the relationship between the importance of site-selection factors and the structure of influence for associations having different organizational characteristics. The lack of this effort eventually resulted in very similar findings of many studies on associations' site-selection processes. Also, the research trend to combine the destination selection and the meeting facility selection process together has failed to provide a clear picture of associations' decision-making processes. Two processes have different structures and decision-makers. Usually, associations' boards of directors typically decide meeting destinations with relatively long lead times (5-10 years) while meeting planners select meeting venues when lead time is relatively short (Fenich, 2004). Therefore, the overall site-selection process should be viewed and investigated from two different perspectives.

Due to the direct and indirect economic benefits of conventions, more destinations and facilities have entered the market and competed aggressively for the right to host meetings and conventions. In such growing competition among destinations and facilities, the importance of destination marketing and the role of the CVB have been emphasized in many studies. The key word in destination marketing is "relationship". Building long-term relationships with their major clients, associations and meeting planners is extremely important for destinations because it helps stabilize a revenue stream for destinations over a long period. One major marketing tool widely used by meeting planners and destination managers in today's convention practices is information technology (IT). The widespread use of technology is understood as a way to maintain service standards in a context of intense competition. However, there were also some concerns about the use of IT in the convention industry. Mistilis and Dwyer (1999) provided three major concerns about the use of IT in the convention industry:

- (1) meeting organizers may not be able to adopt IT for their meetings due to lack of experience in its use;

- (2) technology is developing rapidly enough that budgeting does not include particular technological development; and
- (3) software to coordinate many different suppliers of organizers has not been developed.

It is important for both destinations and associations to look at the power of technology only as a means of expediting routine business activities. This would allow them to concentrate on the facet of the business that requires direct human interaction.

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Finally, close examination of convention literature indicated that convention research has been concentrated on two convention players – meeting buyers (associations and meeting planners) and meeting providers (destinations and facilities) – while relatively little attention has been granted to meeting attendees. Only a limited number of articles dealt with association members' meeting participation decision-making processes, with a focus on identifying meeting participation motivators and inhibitors. Given that attendance levels influence the success or failure of the meeting and the direct and indirect economic impacts on host destinations, the lack of research efforts on meeting attendees and their meeting participation processes is somewhat surprising. A better understanding of what it takes to increase attendance levels may reduce wasteful expenditure and result in improved attendee satisfaction, which benefits both associations/meeting planners and host destinations/facilities.

Future research

While each of the articles reviewed sheds insight on each theme, there obviously remain many more areas to be investigated. Each of the research issues discussed above could serve as a starting point for future research. Four areas in particular seem to be of critical importance.

First, studies of the impact of conventions have tended to emphasize the economic benefits that accrue to host destinations, such as increased income and employment throughout the community, increased tax receipts, and infrastructure. Little research has been done on the socio-cultural impact of convention tourism on the host community from the perspective of residents, including such negative impacts as noise, congestion, pollution, and increased prices of goods. Including the socio-cultural impact of conventions will help host destinations evaluate the comprehensive impacts of conventions and the possible trade-off between the economic and socio-cultural impacts of conventions. Fortunately, the issue of the socio-cultural impact of visitors has been broadly discussed in the research on general tourism. The abundance of research on socio-cultural impacts of tourism activities can help convention researchers explore the socio-cultural impact of the convention sector.

Second, although existing studies have identified important factors or criteria for associations' site-selection processes, there is a more pressing need to understand the relative role of the various site-selection factors and how their relative importance might vary as a function of some of the key situation variables. Little research has attempted to measure empirically the relationship between the importance of site-selection factors and the structure of influence for associations having different organizational characteristics (Crouch and Ritchie, 1998). Identifying important factors unique to the nature of associations and the circumstances surrounding a particular

site-selection decision can help destinations position themselves wisely in the competitive association meeting market. Also, future studies need to discuss potential attendees' roles and their relative influences on associations' site-selection processes. A common error made by associations and meeting planners is to assume that the convention itself is enough to lure association members to conventions.

Third, there should be more systematic and theoretical research approaches to understand association members' meeting participation behaviors. Existing studies tended to focus on simply identifying motivational and inhibiting factors from similar association meetings, which resulted in similar findings. Association members' meeting participation behaviors are extremely complicated, so they cannot be explained by a few motivational or inhibiting factors affecting the same type of association members. The key motivation and inhibiting factors in the decision-making process could be largely due to the type of respondents or the nature of conventions. Therefore, extensive empirical research is needed first to identify motivating and prohibiting factors for different types of respondents and association meetings. Based on the comprehensive findings, researchers must apply conceptually sound human behavior theories to the context of meeting participation behaviors in order to better understand and predict association members' meeting participation behaviors. Finally, subsequent empirical testing of a robust model of meeting participation that combines motivational aspects and various situational constraints must be followed to verify the predictive power of the model. A theoretically sound model of meeting participation sought through this process will ultimately help destinations and meeting planners in striving for highly attended meetings and conventions.

Lastly, there is a need for research on the optimal combination of destination mix that might appeal to different conventions and meetings. During this period of increased competition among destinations for the right to host meetings and conventions, destination marketers need to make decisions on the levels and types of services that they should offer their target associations and meeting planners. Determining the needs of their clients and matching them with destination resources is critical for the survival of destinations in an era of unlimited competition for a limited number of conventions and meetings.

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San Francisco Tourism Improvement District Management Plan

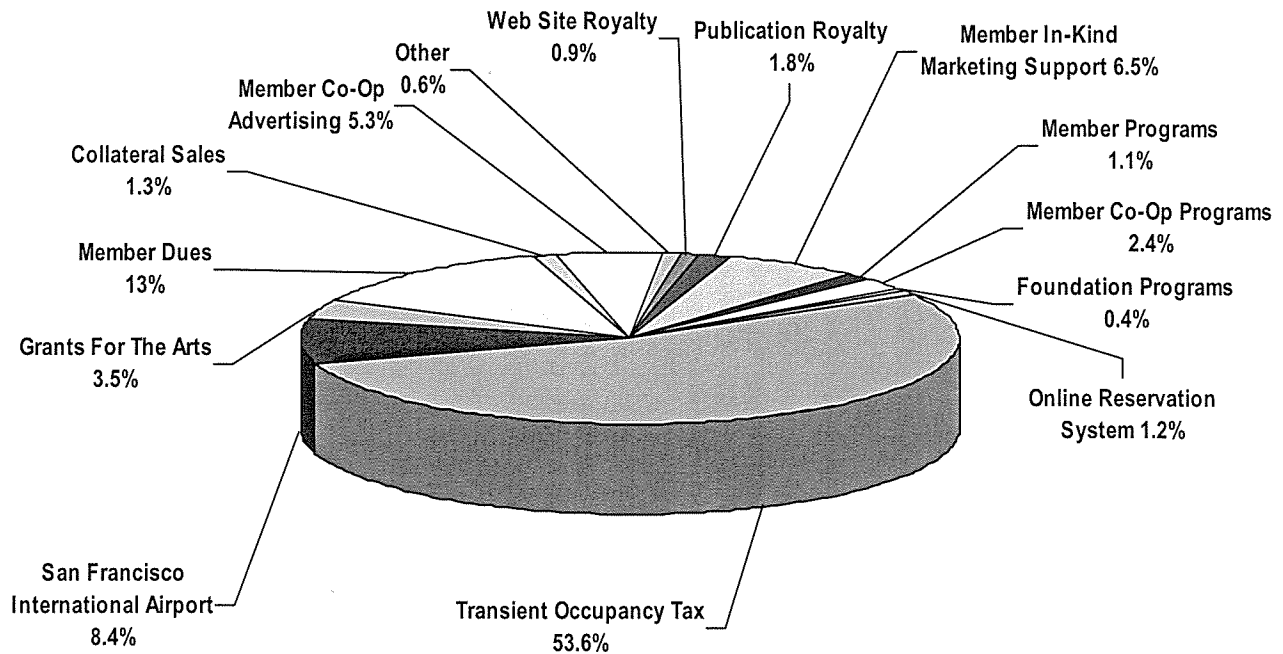
APPENDICES

8. San Francisco Convention & Visitors Bureau 2008/09 Budget

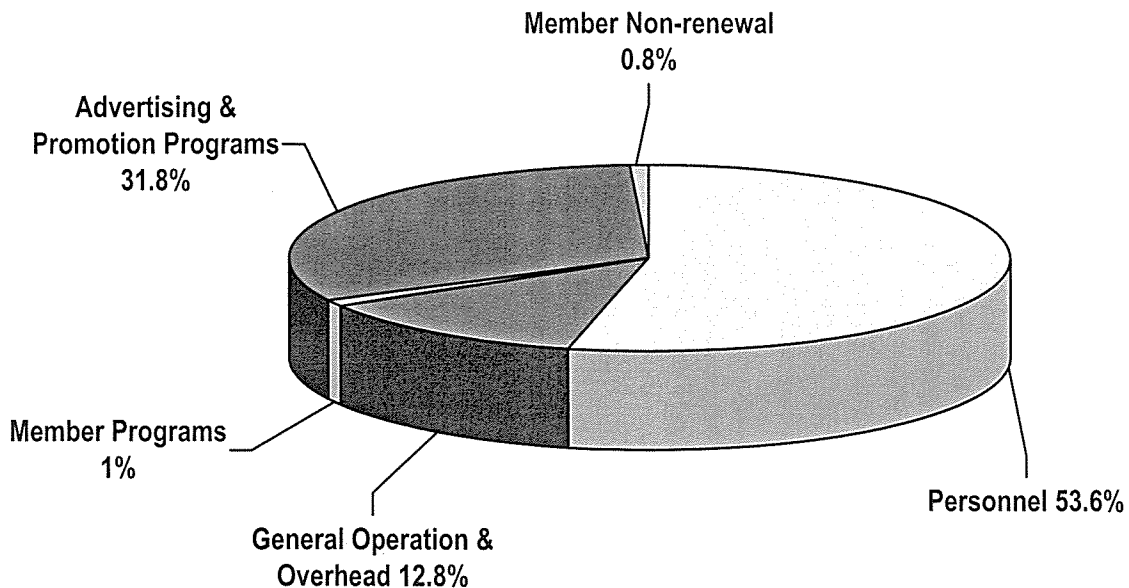
2008/09 BUSINESS PLAN: BUDGET OVERVIEW

The 2008/09 budget is \$15,466,338, which represents a 2% increase in revenue and expenses compared to the 2007/08 forecast. The budget is funded by a variety of sources: the City and County of San Francisco Convention Facilities Fund using revenue generated by the 14% tax on hotel rooms (53.6% of 2008/09 budget); San Francisco International Airport (8.4%); Grants for the Arts (3.5%); and member dues, co-op marketing and other private revenue (34.5%). The SFCVB expects to end 2007/08 with a zero bottom line, as forecast, and the 2008/09 budget is balanced.

Revenue by Source



Expense by Function



San Francisco Tourism Improvement District Management Plan

APPENDICES

9. Convention Customer Advisory Council Letter to Mayor Newsom

SAN FRANCISCO CUSTOMER ADVISORY COUNCIL

March 4, 2008

The Honorable Gavin Newsom
Mayor
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102

Dear Mayor Newsom:

The San Francisco Customer Advisory Council (CAC), a group of industry-leading meeting professionals who volunteer as advisors to the San Francisco Convention & Visitors Bureau, strongly requests the immediate replacement of the air walls in Esplanade Ballroom, Hall E, and East & West Mezzanine Room and the upgrade of Moscone's HVAC controls system.

The air walls and HVAC system have deteriorated due to years of heavy use and the CAC considers them a disruption and hindrance to the successful outcome of meetings and events at Moscone Center.

We fully appreciate the fiscal crisis San Francisco is experiencing and the substantial cost of the capital improvements (\$5.8 million). However, the potential negative economic impact to the City and County of San Francisco should it lose just a few large events and conventions is far in excess of the cost of these required improvements.

While we recognize the diligent efforts of the Moscone Center and SFCVB staffs to make our events a success, the continual neglect to make these capital improvements is embarrassing for a first-tier city. Should these capital improvements not be undertaken quickly, many meeting professionals, including some of us on the CAC, may be forced to take their meeting business elsewhere.

We hope the City leaders will allocate the necessary resources to make these capital improvements as soon as possible.

Sincerely,

The San Francisco Customer Advisory Council

(See attached list)

cc: Joe D'Alessandro, President, San Francisco Convention & Visitors Bureau
John Noguchi, Director, Convention Facilities Department, City & County of San Francisco
Dick Shaff, Vice President & General Manager, Moscone Center

Letter to Mayor Gavin Newsom
San Francisco Customer Advisory Council
March 4, 2008

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Director, Division of Convention & Meeting
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