



We are pleased to present the first San Francisco Tourism Improvement District (TID) annual report. Tourism is San Francisco's largest industry, generating nearly \$8 billion in direct spending, benefitting San Francisco's residents and businesses.

The mission of the TID is to ensure that funding for the San Francisco Convention & Visitors Bureau's sales, marketing and promotional efforts on behalf of San Francisco as a visitor destination, and the renovation and potential expansion of Moscone Center, is maintained at an aggressive and competitive level.

During our first year, the foundation of the TID was built. The San Francisco Tourism Improvement District Management Corporation (SFTIDMC) was formed to manage the TID, which included forming a Board of Directors, adopting governing documents, and creating of several task forces in furtherance of the TID's goals.

This report reviews achievements of the past year and documents the TID's activities. Some highlights of initiatives that were made possible due to TID funding include:

San Francisco Convention & Visitors Bureau sales and marketing initiatives:

- Maintained or enhanced all existing major sales and marketing activities
- Hired three extra sales staff in national sales offices
- Hired additional convention services manager to focus on self-contained groups
- Conducted review and assessment of sales and marketing practices
- Performed in-depth and comprehensive visitor research
- Conducted extensive branding review.

Moscone Center activity:

- Began laying foundation for the \$55 million renovation for Moscone North and South
- Developed scope of work, retained project managers, general contractor and architectural design firm for Moscone renovation;
- Funded a study on the economic impact and feasibility of a Moscone expansion.

In a time when many businesses and organizations were facing economic uncertainty and instability, the establishment of the TID has allowed the San Francisco visitor industry to focus on building strong foundations, thoughtfully and thoroughly assessing sales and promotional activity, and ensuring that the industry is in a strong position to move forward.

With the continued support of the hotels that care deeply about the success of this industry, the TID looks forward to another year of continued success.

Sincerely,

Dan Kelleher, TIDMC Board Chair



SALES AND MARKETING PROGRAM

The purpose of the sales and marketing program of work is to set industry standards and position San Francisco as the most compelling destination in the world. The TID contracts the services of the San Francisco Convention & Visitors Bureau (SFCVB), which, with more than 100 years' of expertise, is well positioned to fulfill this goal.

With the benefit of TID funding, the SFCVB has been able to conduct a comprehensive review and strategic analysis of the industry, and has created a plan that focuses on being proactive and setting new, visionary strategies to lead San Francisco's tourism industry.

Highlights of SFCVB activity during FY 2009-2010:

Convention and Meeting Sales

- Maintained and/or enhanced all principal existing sales programs at the SFCVB.
- Added a new citywide (Moscone Center groups using multiple hotels) sales manager in Washington, D.C., allowing the SFCVB to better prospect and provide customer support in the DC Metro area, New York, and other areas in the Eastern United States.
- Added a new self-contained (groups not using Moscone Center) sales manager in Chicago, allowing the SFCVB to have both a dedicated citywide and self-contained manager in the Midwest.
- Added a new convention services manager, allowing the SFCVB to provide support to large self-contained groups (500+ rooms on peak) for the first time as well as better coverage and support of site inspections for citywide customers.
- Booked 1,751,210 room nights for future citywide and self-contained meetings, 97.5% of goal and 102.0% of optimal year target.
- Generated 5,067,132 lead room nights for future citywide and self-contained meetings, 101.0% of goal.
- While many other CVB teams' sales production dropped 30% or more (e.g. Atlanta dropped from 1.9 million future booked rooms to 1.3 million), TID funding helped the SFCVB maintain the highest booked rooms per sales manager and highest booked rooms per square foot of dedicated convention center exhibit space in the country.
- TID funding allowed SFCVB sales staff to participate in 32 industry trade shows/conventions, including several third-party planner partner conferences for the first time.

1.8 million

room nights booked for future meetings



Marketing

- The SFCVB website – onlyinsanfrancisco.com – exceeded the established goals to reach 3.5 million unique visits, which represents \$53,574,300 in economic impact to San Francisco.

3.5 million
unique visits to onlyinsanfrancisco.com

Additionally, our social media efforts are generating huge recognition among “fans” of the City, and we’re in regular communication with hundreds of thousands of people on Facebook and Twitter who’ve signed up to be part of the San Francisco community.

- As part of strategic planning, and in direct result to a Destination Management Association report in which bureaus across the country face challenges of relevance, the SFCVB began an extensive review and analysis of the San Francisco/SFCVB brand, and of the SFCVB’s role in managing and curating that brand.
- A comprehensive visitor research program was established to gain insight into what makes San Francisco a compelling destination, and what will ultimately motivate and drive visitation. This comprises a hotel guest survey as well as in-market intercept survey, and will also include specific leisure visitor and arts & culture visitor components co-funded by industry partners.
- The third annual Summer arts program – this year titled ArtBash – brought together several cultural institutions to support and create awareness of blockbuster museum exhibitions. Marketed with festival style creative and promotion of the major exhibitions, as well as other Arts & Culture offerings in San Francisco, it ran from May-September (results being tallied now) in key feeder markets including New York Metro, Seattle Portland, Los Angeles, San Diego and Sacramento. Media included combination of print, online, radio and social media. Publications included The New Yorker, Vanity Fair, Conde Nast Traveler, New York Times Magazine and local publications, and along with the advertisements, posters and rack cards were distributed locally and in Seattle and Sacramento. Overall program impressions (does not include radio): 30 million.
- As part of the SFCVB’s ongoing commitment to the LGBT community – a segment of the population less affected by the economic downturn than many others – an integrated marketing program was launched in April to promote gay travel to San Francisco. With national media and an emphasis in San Diego and Los Angeles, our media included a combination of national and local print, and national and local online, and received 16 million impressions from April-June.





MOSCONE RENOVATION

The TID has begun work on the renovation of the Moscone Convention Center, and expects the bulk of the work to be completed in July 2012. 2009/10 was a year of setting the stage for a successful completion. The TID, working closely with the City's Department of Public Works, retained Jones Lange LaSalle Americas, Inc. in late 2009 to develop a scope of work that identified and prioritized the upgrades needed for the renovation, and a complex schedule of work in multiple phases that would fit in to the busy calendar of Moscone Center. After the scope of renovations was defined, the TIDMC went out to bid for a project manager, architect and general contractor for the entire renovation project. In June and July of 2010, the TID retained Jones Lange LaSalle as project manager, Hellmuth, Obata & Kassalbaum as architect, and Webcor Construction LP as general contractor.

The construction work will take place from August 2010 through late 2012. The upgrade and renovation work ranges from basic aesthetic improvements to significant infrastructure projects, including:

- New carpet, paint, lighting and ceilings
- Restroom renovations with new fixtures, tile, paint and partitions
- Upgraded lobbies
- Upgraded kitchen
- Digital displays and telecom/data cabling upgrades
- Elevator and escalator improvements
- Variable-speed control and other HVAC upgrades
- Meeting new ADA requirements
- Pursuing LEED Silver Certification



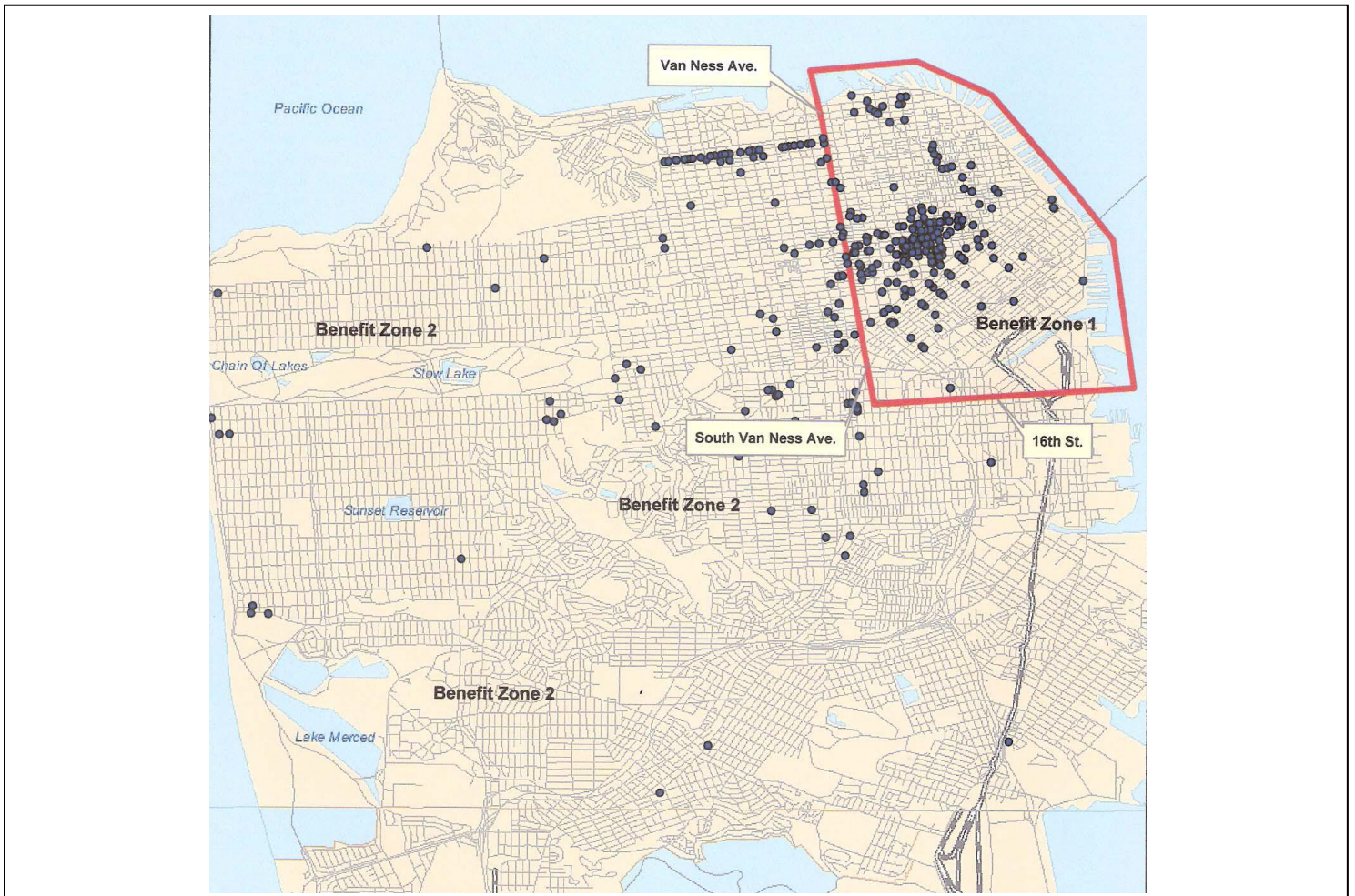


TID COLLECTION METHODOLOGY

Tourist hotels are broken up into two Zones. Tourist hotels in Zone 1 are 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 are 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.

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.





San Francisco Tourism Improvement District Management Corporation (TIDMC)

BUDGET & BALANCE SHEET

JULY 2009-JUNE 2010 ACTUAL

INCOME	ACTUAL	BUDGET	OVER/(UNDER) BUDGET
Assessment Fee	\$18,817,509	\$17,950,000	\$867,509
Interest Income	\$62,840	\$0	\$62,840
TOTAL INCOME	\$18,880,349	\$17,950,000	\$930,349

EXPENSES	ACTUAL	BUDGET	OVER/(UNDER) BUDGET
SFCVB Marketing & Operations	\$11,530,000	\$11,530,000	\$0
Moscone Convention Center Services and Improvements	\$1,751,455	\$5,520,000	(\$3,768,545)
SFTIDMC Administration	\$486,300	\$900,000	(\$413,700)
TOTAL EXPENSES	\$13,767,755	\$17,950,000	(\$4,182,245)
NET INCOME	\$5,112,594	\$0	\$5,112,594

JULY 2009-JUNE 2010 BALANCE SHEET

ASSETS	
Cash	\$9,820,897
Accounts Receivable, Net	\$4,591,544
TOTAL ASSETS	\$14,412,441
LIABILITIES	
Accounts Payable	\$1,516,586
Accrued Liabilities	\$30,500
TOTAL LIABILITIES	\$1,547,086
TOTAL NET ASSETS (CARRYOVER)	\$12,865,355
TOTAL LIABILITIES & NET ASSETS	\$14,412,441



JULY 2010-JUNE 2011 BUDGET	
INCOME	BUDGET
Assessment Fee	\$18,770,000
Interest Income	\$0
TOTAL INCOME	\$18,770,000
EXPENSES	BUDGET
SFCVB Marketing & Operations	\$12,175,000
Moscone Convention Center Services and Improvements	\$5,995,000
SFTIDMC Administration	\$600,000
TOTAL EXPENSES	\$18,770,000
NET INCOME	\$0

PROJECTED CARRYOVER DISBURSEMENT			
CARRYOVER	TOTAL	TO BE USED IN FY 2010-2011	TO BE USED IN FUTURE YEARS
SFCVB Marketing & Operations	\$5,567,079	\$788,277	\$4,778,802
Moscone Convention Center Services and Improvements	\$6,626,887	\$4,324,317	\$2,302,570
Contingency/Reserve	\$671,389	\$0	\$671,389
TOTAL CARRYOVER DISBURSEMENT	\$12,865,355	\$5,112,594	\$7,752,761



SFTID Board of Directors

BOARD CHAIR

Dan Kelleher, Marriott Marquis

BOARD VICE-CHAIR

Monique Moyer, Port of San Francisco

SECRETARY/TREASURER

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John Noguchi, City and County of San Francisco

Ingrid Summerfield, Joie de Vivre

Jan Misch, Tuscan Inn

Jerry Simmons, Hyatt Regency

Michael Dunne, Hilton San Francisco

Rodney Fong, Wax Museum at Fisherman's Wharf

Toni Knorr, St Regis

Jon Kimball, Westin St. Francis

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