

**LOS ANGELES**  
**Tourism Marketing District**

Attachment 1

March 13, 2014

Ms. June Lagmay  
Office of the City Clerk  
Special Assessments Unit  
200 North Spring Street, Room 224  
Los Angeles, CA 90012

**RE: 2014-2015 Annual Planning Report for the Los Angeles Tourism Marketing District**

Dear Ms. Lagmay:

On behalf of the Board of Directors, I submit the following 2014-15 Annual Planning Report for the Los Angeles Tourism Marketing District ("LATMD") to the Office of the City Clerk. The LATMD Board of Directors unanimously approved this planning report at their March 12, 2014 meeting. Through agreement number C120101, the LATMD contracted with the City of Los Angeles to perform the activities outlined in the LATMD Management Plan.

The LATMD has contracted with The Los Angeles Tourism and Convention Board, a California Non-Profit Corporation ("LATCB"), which will be the management company for the administration of District services.

Please contact Stef Dietrich of LATCB at (213) 236-2380 if you have any questions on this report.

  
Sincerely,

Javier Cano, Chairman  
The Los Angeles Tourism Marketing District

# 2014-15 Annual Planning Report

## The Los Angeles Tourism Marketing District

**District Name:** This report is for the Los Angeles Tourism Marketing District

**Fiscal Year of Report:** This report applies to the April 1, 2014 to March 31, 2015 fiscal year only.

**Background:**

The Los Angeles Tourism Marketing District was started in 2011 by a steering committee of dedicated hotel property owners, hotel general managers, and tourism industry business people. The first 5-year agreement with the City of Los Angeles is from April 1<sup>st</sup>, 2011 to March 31<sup>st</sup>, 2016.

**Boundaries:**

The LATMD includes all lodging businesses with fifty (50) rooms or more, existing and in the future, available for public occupancy within the boundaries of the City of Los Angeles. New lodging businesses with 50 or more rooms opening during the term of the district, and lodging businesses expanding to 50 or more rooms during the term of the district, will be assessed in the LATMD upon their expansion or opening. Lodging businesses with 50 or more rooms which reduce the number of rooms to less than fifty during the term of the district will cease to be assessed upon reduction of rooms to less than fifty.

The boundary is estimated to include approximately 177 lodging businesses with 50 or more rooms.

There are no proposed changes to the boundaries for fiscal year 2014 - 2015.

**Benefit Zones:**

The LATMD has one benefit zone in the district. There are no changes to the benefit zone.

**Improvements and Activities for 2014-15:**

This planning report is provided for informational purposes. Actual projects are subject to LATMD board approval. Below are the improvements and activities planned for the fiscal year 2014-15. The ideas presented below are subject to change during the course of the year depending on circumstances and availability of funds.

## **1) Marketing and Sales:**

LATMD continues to engage the Los Angeles Tourism & Convention Board to perform the sales and marketing activities in fiscal 2014-15, as outlined in the Management District Plan.

The district's marketing efforts will continue to be directed at improving traveler's misperceptions about the size, diversity and complexity of the experience Los Angeles offers. The affordability of Los Angeles, as well as the great weather and the frequency of direct flights from within the US and international destinations will be emphasized to potential hotel travelers. Repeat visitors to Los Angeles have a greater affinity for Los Angeles as a travel destination than first time visitors.

Our consumer insights department will continue to research attitudes and perceptions of attendees at conventions, meetings and leisure traveler. Whether the attendees at tradeshow, business meetings, as well as the leisure traveler, are aware of Los Angeles but may not consider it a relevant city for their travel plans. This will focus on traveler perceptions, likes and dislikes about Los Angeles. Previous research found the consumer views Los Angeles as a very large city that is almost too big and diverse to understand. The consumer insights information will allow LATMD to focus on the positives of each region of Los Angeles and market the strengths of each. This regional focus will allow LATMD to provide distinct direct benefits to the TMD hotel members in each region.

Program efforts will include continuing to expand the [www.latmd.org](http://www.latmd.org) website, including making it more user friendly and informative.

Marketing efforts will continue the expanded advertising campaign for Los Angeles, in conjunction with advertising by the Los Angeles Tourism & Convention Board. The television broadcast campaign will include Phoenix, San Francisco, San Diego, Fresno and Sacramento. Domestic digital campaigns will be conducted in Chicago and New York, as well as the five cities in the TV campaign. International digital campaigns will be conducted in Australia, Canada, China and the UK.

Convention sales strategies and initiatives will include continued collaboration with the Los Angeles Convention Center to implement business strategies directed at maximizing revenue for TMD hotels and the City of Los Angeles. This involves re-evaluating vertical and territory market needs, while refining the target list of top priority accounts and identifying high potential sales windows. It includes completing a joint communications plan with LACC for citywide conventions. LATMD will continue partnering with LACC and the hotels to not only meet, but to exceed, client expectations thereby increasing the likelihood of repeat bookings and positive comments in the conventions industry.

Pursuant to requests made by the TMD hotels, sales efforts will continue to focus on the needs of the separate regions to help increase hotel demand, occupancy and rates in those regions. Sales efforts for self-contained hotel business meetings will be increased with the expansion of dedicated sales staffing.

The TMD will focus marketing programs and direct sales activities on the production of Requests For Proposals from associations and businesses considering Los Angeles as a site for future meetings. The National direct sales structure and lead conversion process will ensure maximum productivity and effectiveness of the sales team.

A coordinated program of trade shows, targeted collateral, partnerships and client familiarization tours will result in direct hotel sales that will increase sales leads and bookings in all regions of the TMD.

Additional promotions, aimed at increasing both meetings and leisure travel to Los Angeles, will be developed. These efforts will also be directed at increasing the length of stay in TMD hotels by those travelers.

## **2) Administration:**

In fiscal 2014-15 the District will continue to work with LATCB, the contracted management company, for administration of District services. LATCB will continue to provide staffing to perform the work required by the District along with an office, and a dedicated phone number. LATCB holds contracts with various companies for marketing and sales services performed on behalf of the District. The management company works with the City of Los Angeles, handling all financial and administrative requirements expected of the Los Angeles Tourism Marketing District as stipulated in its agreement C120101 with the City.

The cost of administration for the LATMD in fiscal 2014-15 is estimated at \$575,970 or approximately 3% of the 2013-2014 budget plus \$191,990 for City of Los Angeles administrative fees.

## **3) Contingency:**

Contingency funds for fiscal 2014-15 are expected to be \$1,109,950 which will be used in the future to cover uncollected assessments and expenditures.

## **Total Estimate of Costs for Fiscal 2014-15:**

A breakdown of the total estimated \$22,199,000 budget for fiscal 2014-15 is attached to this report as Appendix A.

## **Method and Basis of Assessment:**

The LATMD annual assessment rate is 1.5% of gross room rental revenue for lodging businesses with 50 or more rooms. Based on the benefit received, the following stays shall not be subject to assessment:

- (1) A stay for which it is beyond the power of the City to impose the assessment herein provided;
- (2) A stay by any Federal or State of California officer or employee, including employees of federal credit unions, who provides proof that he or she is on Federal or State business;
- (3) A stay by any officer or employee of a foreign government who is exempt by express provision of federal law or international treaty;

- (4) A stay by any person to whom rent is charged at the rate of \$2.00 per day or less;
- (5) A stay for which rent is paid from a fund administered by the Emergency Food and Shelter National Board Program;
- (6) Stays by airline crews;
- (7) Stays of more than thirty (30) consecutive days; and
- (8) Stays pursuant to contracts executed prior to commencement of the LATMD.

The service area includes approximately 177 lodging businesses.

**Amount of Surplus/Deficit from previous Fiscal Year:**

Because initial funding was not received until late February 2012, the LATMD was not able to begin its sales and marketing activities until then and therefore there were \$5,829,000 of surplus revenues at the end of fiscal 2011-12. A portion of this surplus was rolled over into both the 2012-13 and 2013-14 fiscal years. Because 2013-14 collections will exceed the Management District Plan, the surplus will be carried forward into the 2014-15 fiscal year. The LATMD Board of Directors authorized the rollover at the March 12, 2014 Board of Director's meeting.

Furthermore, the LATMD will maintain a budget surplus at the end of each year to ensure adequate cash flow for the first quarter of each operating year.

**Amount of Contributions from other sources:**

There are no plans to apply for funding from other sources.

Thank you for the opportunity to present our Annual Planning Report for fiscal 2014-15. If you have any questions regarding this report, please call Stef Dietrich of the Los Angeles Tourism & Convention Board at (213) 236-2380.

**APPENDIX A - TOTAL ESTIMATED COSTS FOR THE  
LOS ANGELES TOURISM MARKETING DISTRICT  
FISCAL 2014 - 2015**

**REVENUES**

2014 - 2015 ASSESSMENTS	\$19,199,000
2013 - 2014 ESTIMATED CARRYOVER	<u>\$3,000,000</u>
<b>TOTAL ESTIMATED BUDGET</b>	<b><u><u>\$22,199,000</u></u></b>

**EXPENDITURES**

**SALES AND CLIENT SERVICES**

TRADESHOWS, SITE INSPECTIONS, FAM TRIPS, SALES MISSIONS	\$2,912,800
STAFFING	<u>\$1,557,000</u>

**SALES SUBTOTAL** **\$4,469,800**

**MARKETING**

ADVERTISING	\$11,500,000
PROMOTIONAL PROGRAMMING	\$2,344,290
STAFFING	<u>\$2,007,000</u>

**MARKETING SUBTOTAL** **\$15,851,290**

**ADMINISTRATIVE COSTS** **\$575,970**

**CITY OF LOS ANGELES ADMINISTRATIVE COSTS** **\$191,990**

**CONTINGENCY AND RENEWAL** **\$1,109,950**

**\$22,199,000**