City of Tucson Independent Audit and Performance Commission

June 21, 2011

Subject: ***Second Report to Mayor and Council: City of Tucson Contract with Metropolitan Tucson Convention and Visitors Bureau***

Honorable Mayor and Council:

Attached is the second report from the City's Independent Audit and Performance Commission (IAPC) pertaining to its review of the City's contract with the Metropolitan Tucson Convention and Visitors Bureau (MTCVB). The report, prepared by an IAPC Subcommittee, was approved by the full Commission at its June 21, 2011 meeting. The report provides an overview of the review process since the April 7, 2011 report, and additional findings and recommendations.

A third report to Mayor and Council will be prepared following the IAPC's review of the report being prepared by Marshall Murdaugh Marketing, the consultant hired by Pima County to review the functions and practices of the MTCVB. That report is expected to be available in mid to late July.

Commission members continue to appreciate the opportunity to provide the Council with review of relevant issues.

Respectfully Submitted,

David Cormier

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IAPC Chair

City of Tucson
Independent Audit and Performance Commission

City of Tucson Contract with Metropolitan Tucson Convention and Visitors Bureau
Second Report – June 21, 2011

In December 2010, Mayor and Council requested that the City's Independent Audit and Performance Commission (IAPC) review the City's dealings with the Metropolitan Tucson Convention and Visitors Bureau (MTCVB). The Commission was requested to:

- Review and audit a period of three years (2008 to present), and include a review of the financial paperwork and other materials submitted to the City by the MTCVB under the Master Operating Agreement to determine if the terms of this agreement have been met.
- Review the findings and any recommendations generated by the audit being conducted by the Pima County Board of Supervisors, when that audit is made available.
- Review other peer cities' visitors bureau budgets, responsibilities and functions for comparison.
- Consult experts in the field of tourism and tourism marketing for this review and audit.
- Report back to the Mayor and Council within ninety days with an update.

The IAPC discussed the Council's request at its January 2011 meeting and established a Subcommittee to conduct the review. To date, that Subcommittee has met January 13th, January 18th, February 7th, March 21st, April 21st (special meeting to obtain stakeholder input), April 28th, and May 17th. The full IAPC voted on Subcommittee reports at the April 6th and June 21st Commission meetings.

MTCVB Budget and Economic Impact

The Bureau was established in 1982. In fiscal year 2009, the MTCVB had a budget of $7.5 million ($4.2 million from the City) and 37 employees. According to MTCVB staff, average staffing in other bureaus is 41.2 employees. In fiscal year 2010, the Bureau received $3.1 million (46% of their budget) from the City and staff was reduced to 34 employees. 83% of the MTCVB budget goes to marketing the Tucson metropolitan area, and 10% to administrative costs. The remaining 7% supports partner development and the film department.

In 2009, the Arizona Office of Tourism commissioned Dean Runyan and Associates to prepare a report on the importance of travel and tourism to the State of Arizona. This report, *Arizona Travel Impacts 1998-2009*, showed that travel/tourism generated $1.95 billion in Tucson area spending which generated $40.5 million in County tax revenue. Every dollar of the Bureau's budget for fiscal year 2009 produced an estimated $5.40 in sales tax revenue. Tourism dollars for the same period translated into an estimated 22,290 jobs directly related to the industry.

MTCVB gained accreditation from Destination Marketing Association International in June 2010. There are approximately 1,450 convention/visitor bureaus, destination marketing organizations, and tourism agencies in the country and only 115 have achieved this accreditation since its inception in 2007. The Destination Marketing Association Program for accreditation developed 58 mandatory and 30 voluntary standards by subject matter experts. An applicant is required to provide proof of compliance with many topics including management, visitor services, destination development, and stakeholder relationships (Attachment 1). More information about this program is available online at: http://www.destinationmarketing.org/ Click on Resources then click on Accreditation Program from the drop down menu.

Revenues Providing Funding for City Contract with MTCVB

A portion of the City's transient occupancy tax is the funding source behind the City's payments to the MTCVB. Arizona State legislation that took effect on April 1, 1990 impacted the disposition of a portion of the City of Tucson's transient occupancy tax revenues. That legislation (see Revised Statute Section 9-500.06) requires that when cities or towns with a population over 100,000 increase their discriminatory transaction privilege tax on hospitality industry businesses greater than any increase imposed on other types of businesses, *the proceeds of any increase above the existing tax shall be used exclusively by the city or town for the promotion of tourism.* Expenditures for the promotion of tourism are defined as a) direct expenditures by the city or town to promote tourism, including but not limited to sporting events or cultural exhibits, b) contracts between the city or town and nonprofit organizations or associations for the promotion of tourism by the nonprofit organization or association, or c) expenditures by the city or town to develop, improve or operate tourism related attractions or facilities or to assist in the planning and promotion of such attractions and facilities.

Effective in July 2003, the City's transient occupancy tax rate increased from 4% to 6%. Therefore, this incremental tax increase *must be used for the promotion of tourism.* This increase equates to one-third of the fiscal year's transient occupancy tax collections (not including revenues from the City's $2 per night surtax on hotel and motel room rentals). The contract with the MTCVB meets one of the state defined eligible expenditures from these increased transient occupancy revenues.

First Report to Mayor and Council and Subsequent Follow-up

In April 2011, the IAPC provided Mayor and Council with a report on its review of the City's and the MTCVB compliance with the *Master Operating Agreement (MOA)* and annual supplemental agreements. The IAPC also provided information on similar bureaus in other cities. These documents can be viewed using the following link to the April 12, 2011 Mayor and Council Study Session (Agenda Item 6 - Update on Independent Audit and Performance Commission Review and Audit of the Metropolitan Tucson Convention and Visitors Bureau).
http://www.tucsonaz.gov/sirepub/mtgviewer.aspx?meetid=743&doctype=AGENDA
Then, under Supporting Materials, click on *Update on Independent Audit and Performance Commis - Memo from IAPC Chair David Cormier dated April 7, 2011.*

The report provided the following recommendations:

1) Tucson Convention Center (TCC) Marketing Fund:
   a. The MTCVB should return unspent FY 2010 TCC Marketing Fund monies to the City in compliance with the MOA. [1]
   b. Approval for use of TCC Marketing Fund monies for marketing and advertising purposes should be documented in writing between the TCC Director and the MTCVB President.
   c. MTCVB should provide the City with an annual accounting of the use of TCC Marketing Fund when it submits its 4th quarter report to the City Manager.
2) The City should annually request documentation from the MTCVB for selected key indicators.
3) The City should prepare the required written annual evaluation of MTCVB's performance.
4) The City should determine what level of financial reporting detail from the MTCVB is appropriate for management of the contracts.
5) The Council should consider meeting annually with the MTCVB to discuss the Bureau's activities during the prior year, its successes and challenges, and its plans for the next year.

The above recommendations were approved by Council at the April 12, 2011 Study Session.

[1] MTCVB reimbursed the City by check on May 2, 2011.

Follow-up to First Report

At the Study Session Council asked the IAPC to conduct additional review into three areas.

Review of Marketing Fund Expenditures for FYs 2007, 2008, and 2009:

The Subcommittee asked City Internal Audit staff to review documentation to determine if Marketing Fund spending from FY 2007 through 2009 was in compliance with the MOA. Internal Audit staff requested documentation from City TCC staff. However, TCC staff was unable to provide documentation, resulting in the auditor meeting with staff from MTCVB to review documentation.

Finding: The review indicated that expenditures for marketing of the TCC were at or above the levels required annually.

Review of the Marketing Plan for the TCC:

The MOA requires the creation annually of a plan to market the TCC. No specific details as to what is to be included in the plan are provided within the contract. The agreement indicates the plan is to be created with the input from City TCC staff. The Commission requested and received a copy of the FY 2011 plan from the MTCVB (Attachment 2). That plan focuses on Sports, Convention Sales, and Marketing/ Advertising.

Finding: The plan meets the requirements of the MOA.

Additional Recommendation: MTCVB and City staff should present the TCC Marketing Plan to Mayor and Council as part of the City's annual budget preparation process.

Review of MTCVB Administration Versus Marketing Expenses:

Questions were raised about the MTCVB's budgets for administration/salaries versus marketing, especially in comparison with survey responses from other convention/visitor bureaus. The Subcommittee requested a copy of the "functional" financial statements, rather than standard financial statements, for FYs 2009 and 2010 (Attachment 3). These functional statements, prepared by the MTCVB independent auditor, Regier Carr & Monroe, LLP, allocate MTCVB expenses to four functional categories: Sales and Marketing, Partner Development, Film Department, General and Administrative. The statements indicate that over 80% of MTCVB expenses support marketing purposes.

Finding: While the Subcommittee did not review in detail underlying allocation factors, the results appeared reasonable and in line with industry standards.

Stakeholder Input Regarding MTCVB's Performance

Public Comment Meeting:

On April 21, 2011, the IAPC held a meeting in the Mayor and Council Chambers to hear public comment about MTCVB's performance. The week prior to the meeting the agenda was sent to approximately 50 people who responded to a survey regarding MTCVB performance (see *MTCVB Survey of Business Owners and Other Interested Citizens* below). The agenda was also sent to specific individuals (whose names were submitted by some Council Members and the MTCVB) and to the Mayor and Council for distribution to whomever they chose. The meeting was well attended (the chambers were approximately 80% full) and 32 people made comments to the Subcommittee.

Of the 32 comments, 29 were very positive regarding MTCVB's performance. Many of the speakers described MTCVB as a leader in the travel/destination industry and one of the top convention and visitors bureaus in the country. The overall message was that MTCVB is a valuable and essential organization that could accomplish even more if its funding were increased.

One speaker, whose business has provided technology consulting services for more than 165 destination marketing organizations, stated that he had analyzed data for 150 destinations and that MTCVB ranked highly in the following areas: leads generated per employee, room nights booked in the trailing twelve months, website visitor sessions over the past year, and its data base of leisure traveler email addresses and profiles.

Three speakers were critical of the MTCVB, citing 1) lack of involvement with local bed and breakfast businesses 2) an ineffective marketing committee and an irrelevant board of directors, and 3) not understanding the importance of cultural tourism and for cutting funding in this area.

The Subcommittee also received four emails after the April 21st meeting from citizens who were unable to attend or who wanted to add more comments. Two of these were positive comments and described MTCVB as an effective and important partner and an essential regional asset. The other two criticized cultural and promotional materials developed and distributed by MTCVB for being stereotypical and suggested that MTCVB form a "cultural tourism council" to develop effective ways to expand arts and culture in MTCVB's marketing materials.

Although the public comments at this meeting were overwhelmingly favorable, the Subcommittee asked the MTCVB to respond to the negative comments at the April 28, 2011 Subcommittee meeting. The following are the MTCVB responses:

1) MTCVB staff met with the owners of a local bed and breakfast on April 29, 2011 to discuss their concerns and see what assistance the MTCVB could provide. An email from the owners that same day thanked MTCVB staff for "all the valuable suggestions you made" and stated that "...as soon as you left, I "liked" Metropolitan Convention and Visitors Bureau." More on the MTCVB's Bed and Breakfast on-line information is available at: http://www.visittucson.org/visitor/accommodations/bedandbreakfasts/

2) MTCVB President and CEO, Jonathan Walker, stated that MTCVB receives good direction and cooperation from the 32 member Board of Directors. However, over 60% of the board members missed three or more of the six meetings during fiscal year 2010. Mr. Walker stated that there has always been adequate direction from the Board. Senior Vice President of Sales and Marketing, Richard Vaughan, pointed out that there is consistent and ongoing communication via the numerous Board committees throughout the year which include:

- Quarterly sales and marketing meetings for hotels in midtown, downtown, and airport properties
- Quarterly sales and marketing meetings for resorts and destination spa properties
- Quarterly Board Marketing Committee meetings to review strategies and receive input which can then be shared at the regular Board meetings
- Planned meetings with partners from hotels, attractions and arts who are interested in public relations, Mexico, sports, film, and convention sales and marketing to review strategies on sales missions and programs of the MTCVB
- Monthly luncheon meetings every first Tuesday of the month to educate MTCVB partners and provide a forum to share ideas

3) MTCVB staff provided the Subcommittee with a power point presentation that had been given to the Mayor and Council regarding heritage tourism at the January 4, 2011 Mayor and Council Study Session (Agenda Item 2 – Heritage-based Economic Development).

Other Concerns and Issues Reviewed by the Subcommittee:

A speaker at the April 21st public comment meeting questioned the City's use of the TCC facility user surcharge fee charged on all tickets, stating that it was to be used for capital improvements to the TCC. In June 2009 Mayor and Council adopted Ordinance #10688 which revised the policy for use of the surcharge fee. These fees can now be used for administrative *and/or* operating expenses and equipment purchases for the TCC in addition to capital improvements.

MTCVB Survey of Business Owners and Other Interested Citizens:

At the request of the Subcommittee, Internal Audit staff conducted a survey of business owners and other interested citizens regarding MTCVB services.

Surveys were sent to specific individuals (names were submitted by some Council Members and the MTCVB) and to the Mayor and Council for distribution to whomever they chose. Of the 46 responses, 34 were clearly positive and the general consensus was that MTCVB met or exceeded expectations and that the staff was extremely knowledgeable, helpful, and professional. Of those who responded positively, 27 were MTCVB members.

Six responses indicated that MTCVB met expectations but raised issues regarding the cost of membership, the openness of MTCVB management and the effectiveness of certain MTCVB programs and leads. Three of these respondents were members.

Six responses were definitely negative. Two of these respondents claimed that they were not members. Of these two, one claimed to be in competition with MTCVB and stated that MTCVB offered no usable services and the other made negative comments about MTCVB, the Mayor and Council, and the City Manager. Three of these respondents claimed to be former members. Of these three, one thought MTCVB was not sufficiently focused on arts and culture as a selling point for Tucson. Another thought MTCVB had not been committed or responsive to them and some other members. The third respondent felt that MTCVB offered little, if any, assistance to a business not directly involving a resort unless there was a problem and then MTCVB would become involved. One respondent claimed to be a member who believed that MTCVB's booking statistics were inflated since many bookings occurred regardless of MTCVB efforts. This respondent also believed that MTCVB was not sufficiently marketing the TCC and supported too many local events that did not generate visitor revenue.

The IAPC would like to note that MTCVB provided the Subcommittee with 22 letters from various agencies and individuals nationwide that expressed deep satisfaction with MTCVB and the value of the services provided.

A summary of comments from the April 21, 2011 meeting and copies of the survey responses are available for review in the Budget and Internal Audit Office.

Conclusion

As indicated by the *Arizona Travel Impacts 1998-2009* report, the tourism, travel, and convention industry generated revenues of $1.95 billion in 2009 which resulted in over $40 million in taxes for Pima County, its towns, and cities. In addition, the industry provided over 22,000 jobs for Pima County residents. These figures clearly demonstrate the importance of tourism to the region and indicate that the County's future financial stability is largely dependent on a healthy tourism industry.

The question then is whether the MTCVB is integral to the success of the industry as a whole. While it may not be possible to establish a direct correlation between MTCVB activities and individual

decisions of conventions or tourists to visit the region, a large majority of industry representatives who provided information to the Commission indicated that they consider the Bureau's activities an essential part of their success. Further, the figures show that for fiscal year 2009 every $1 provided to the Bureau returned an estimated $5.40 in taxes to County municipalities.

As noted earlier, the MTCVB is one of only 115 convention/visitor bureaus, destination marketing organizations, and tourism agencies in the country that has been accredited by the Destination Marketing Association International. Such accreditation indicates that the Bureau is highly professional and meets a strict set of industry standards in its day-to-day operations.

As is the case with any organization, the MTCVB should review several areas to determine whether it could improve its services. Several industry members stated that they had not benefited from the Bureau's activities. The Bureau must continue its outreach to these organizations to the extent funding allows.

In the first report to Council, the Commission recommended that the Council meet with the Bureau at least annually to discuss current year results and marketing plans for the upcoming year. It is also recommended that at this meeting the Bureau be prepared to describe the overall marketing strategy and budgets for program elements. If Council wishes to modify the marketing plan focus or budgets, the changes should be discussed at this meeting.

Next Steps

The Commission will review Pima County's audit of MTCVB, conducted by Marshall Murdaugh Marketing, when it is available in July and prepare a report to Mayor and Council.

Acknowledgements

The Commission wishes to thank the City and MTCVB staffs, especially Jonathan Walker and Richard Vaughan who ensured that the Commission Subcommittee received all requested information. Additional thanks go to Jane Prior, Internal Audit Manager, and Dennis Woodrich, Principal Auditor, for their efforts in peer research, auditing of the TCC Marketing Fund, and meeting coordination.

ATTACHMENT 1
DESTINATION MARKETING ACCREDITATION PROGRAM

DMAP

Destination Marketing
Accreditation Program

Readiness Checklist
For
Prospective Accreditation Applicants

The Destination Marketing Accreditation Program (DMAP) Board has prepared this checklist to assist prospective accreditation applicants in determining their ability to meet DMAP accreditation requirements before submitting their applications for review.

Potential applicants able to provide positive (yes) responses regarding compliance with each of the following statements are likely to be ready to submit their accreditation application. Potential applicants that provide a negative (no) response to a statement should carefully consider complying with all of these statements if they intend to apply for accreditation.

In addition, potential applicants should also conduct a thorough review of all of the current standards and review the DMAP Domains, Standards and Essential Elements before making a final decision to proceed with the application process.

Note: The term "DMO" is used throughout this document;it should be noted that DMAP is geared to organizations that also call themselves convention and visitor bureaus (CVBs) or tourism boards.

Eligibility

- The DMO is a legal organization or part of a legal organization
- Destination marketing is the primary function of the DMO
- The DMO has two or more years of destination marketing experience
- The DMO is the official highest governing entity authorized to provide destination marketing services for the jurisdiction(s) served
- The DMO leadership has read and abides by the DMAP Organizational Code of Ethics

Governance and Finance

- The DMO has a functioning governing body and a chief executive officer
- The DMO has articles of incorporation, bylaws and operating policies
- The DMO has vision and mission statements
- The DMO has a strategic plan with long term strategies, goals and objectives
- The DMO has conflict of interest policies and conducts a formal orientation program for new board members
- The DMO has written policies for the control of its financial operations
- A formal audit is conducted at least every two years
- The DMO maintains insurance coverage to cover potential estimated liabilities
- The DMO has appropriate avenues to report and document the misuse of funds

Human Resources and Technology

- The DMO maintains a current Human Resources (Personnel) Manual that complies with all government labor and employment laws for the jurisdiction served
- Periodic performance appraisals are conducted for all regular staff
- The DMO maintains job descriptions for all paid or volunteer positions; a formal orientation is conducted for all new employees
- The DMO has appropriate avenues for employees to report and document prohibited activities and has a policy that prohibits retaliation against any employee
- The DMO has e-mail and internet usage policy(ies)
- The DMO follows an information technology/network security policy(ies)
- Periodic data backups are conducted and data is stored externally

Marketing

- The DMO maintains an marketing plan
- The DMO maintains a comprehensive Web site
- The DMO generates reports on advertising and/or internet activity utilizing *DMAI Performance Reporting Marketing definitions

Individual and Group Visitor Services

Note: The group standards only apply if these services are provided by the DMO

- The DMO offers meetings and convention services for planner and provides a menu of services for the group market
- Trained staff are available to meet the needs of both (individual and group) markets

Sales and Communications

- The DMO has a comprehensive sales plan and has one or more dedicated sales position(s)
- The DMO complies with all applicable *DMAI Performance Reporting Sales definitions for convention sales and travel trade
- The DMO facilitates pre- and post-sale convention services, maintains a lead distribution and referral system
- The DMO maintains a media/press kit and a crisis communication plan
- The DMO has a media protocol
- The DMO complies with all applicable *DMAI Performance Reporting Public Relations definitions

Membership

Note: These standards only apply if the DMO has membership categories

- The DMO has membership policies and published guidelines for each category
- The DMO maintains a calendar of membership events
- The DMO complies with all applicable *DMAI Performance Reporting Membership definitions

Management and Facilities

- The DMO has a clear management structure showing lines of reporting responsibility
- The DMO demonstrates commitment to a process of continuous improvement
- The DMO has a business continuity/emergency operations plan

Destination Development and Research/Market Intelligence

- The DMO participates in periodic destination development assessment for infrastructure needs
- The DMO demonstrates a need for ongoing product enhancement for the destination
- The DMO demonstrates a commitment to research and conducts research in visitor and inquiry tracking

Stakeholder Relationships

- The DMO demonstrates stakeholder relationships with key community entities
- The DMO demonstrates evidence of active involvement that advances the profession

Compliance with the Readiness Checklist does do not ensure DMAP accreditation. The Readiness Checklist emphasizes key issues for accreditation; it does not include all standards. Accreditation is only granted after an applicant's completed application and supporting materials have been reviewed and it is determined by DMAP that the DMO is in compliance with all mandatory requirements.

*See Standard CVB Performance Reporting, A Handbook for CVBs. *Note will be updated starting in 2010. Available on myDMAI and the DMAP webpage.

Accreditation Costs – Four Year Period

Initial Application Fee:

- DMAI Members: US$1000
- Non-Members: US$2000

  **The application fee covers the first year of accreditation and must accompany the accreditation application.*

Yearly Maintenance:

- Maintenance Fee US$400

  **Beginning of 2nd, 3rd and 4th year of accreditation cycle*

Renewal Fee – End of 4th Year:

- DMAI Members US$350
- Non-Members US$1500

All accredited DMOs will have to renew their accreditation at the end of their 4th year of accreditation. The renewal application will be a scaled down version of the original application emphasizing the provision of evidence that the DMO is still in compliance with all current standards. At the end of the 2nd period (end of year 8) of being an accredited DMO, the organization will need to apply for Re-Accreditation to continue to be a DMAP accredited DMO.

**Fees are subject to change and do not include the costs that any individual DMO might incur in modifying its services or programs to comply with accreditation requirements.*

If you have questions, please call DMAP office at +1.202.296.7888 or email Andi Arabak, Director of Accreditation at dmap@destinationmarketing.org. Copies of the complete Domains. Standards and Essential Elements are available at www.destinationmarketing.org.

ATTACHMENT 2
TUCSON CONVENTION CENTER MARKETING PLAN
FISCAL YEAR 2011

Tucson Convention Center (TCC) FY 2010-2011 Aggregate Marketing Plan & Initiatives

Tucson Sports

- Promote TCC as regions primary indoor competition venue, leverage TCC Marketing Fund to underwrite competitions that meet desired profile (team sport or high value individual competition). Target $130,000 dollar investment for a $5 million in EEI return. Assign priority for use of fund $ to multiyear competition agreements vs. single events.

- Bid & Host events that feature "Regional, National or International "vs. local competition to elevate brand as elite competition location, and drive hotel occupancy and incremental spend per participant. Focus on "age groups" that promote larger travel parties.

- Grow and capitalize on Tucson Sports brand with National Governing Bodies (NGB's) and affiliation with sister organizations in key sport markets of Colorado Springs (USOC) and Indianapolis (NCAA).

- Maintain and enhance brand presence through active participation in Travel, Event & Management in Sports (TEAMS) and National Association of Sports Commissions (NASC) trade shows.

- Build and profit from state affiliation with "Arizona Sports Alliance" for co-op participation in bids, out bound sales travel & trade show participation.

Convention Sales

- Leverage TCC Marketing Fund to underwrite groups that maximize hotel occupancy potential and incremental spend. Target $41,500 investment for $18.3 million EEI return. Additional incentives for multi year events.

- Dedicated on line RFP generator and contact option, full venue capacity and description listing on: http://www.visittucson.org/meeting/conventioncenter/

- Market facilities to non traditional groups within the SMERF market segments, primarily religious groups, secondarily non sport "event" groups through participation in Connect Marketplace (Collinson Media).

- Re-Deploy and cross train all MTCVB sales staff from single to shared responsibility in marketing/presenting TCC Option in all markets. Comprehensive presentation at all 15 primary MTCVB attended trade shows. (Program amended 11/10)

- Out bound marketing and promotional campaign (e-blast, solicitation, planner fams & direct mail) to active database of over 200 groups/organizations that have considered utilization of the Tucson Convention Center and downtown lodging dynamic between 1/2005 and present, but choose to hold their event elsewhere due to the size/condition of the Convention Center or the lack of available or adequate guestrooms. (Program terminated 11/10)

Convention Services / Operational Support

- Prominently featured venue in Tucson Sports Facilities Guide, full feature venue in Professional Planners Edition of Official Visitors Guide.
- Downtown Merchant "Welcome Program" for groups utilizing the TCC.
- Directional art & signage program customized for primary groups.
- On Site information and registration support for TCC Groups.
- Use of TCC Marketing funds to offset transportation costs for groups using lodging option outside Downtown

Marketing / Ad Placements & Design

- Specific to FY2010, Marketing Department has promoted TCC through traditional and digital channels. These ad placements and advertorial mentions, which encompass paid, owned, and earned media, have generated over 2.9 million impressions.
- TCC is featured in every issue of the Tucson Official Destination Guide and is noted in the following sections: Downtown Points of Interest, Information, Listings, Group Services, and Maps. Half page ads – designed and placed by MTCVB in collaboration and cooperation with TCC – appear in each issue.
- TCC is featured in each issue of the Destination Downtown Tucson with four ICONS (front cover, two maps, and legend), which is inserted into the quarterly publications of both Tucson Guide and Tucson Home. Overprints are provided to downtown merchants and Convention Services as additional distribution channels, to promote downtown to business and leisure travelers.
- Marketing designs and prints the creative for directional signage and promotional materials for TCC events that Tucson Sports and Convention Services handle – such as BMX, Gem Show, and Mariachi, for example. These items include banners, buttons, magnets, and ribbons. Design, printing, and installation of these materials have included 70+ hours of estimated staff time and a value of nearly $16,000.

ATTACHMENT 3
SCHEDULE OF FUNCTIONAL EXPENSES
FISCAL YEARS 2009 AND 2010

METROPOLITAN TUCSON CONVENTION & VISITORS BUREAU
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010
(With Comparative Totals for June 30, 2009)

	2010					
	Sales and Marketing	Partner Development	Film Department	General and Administrative	2010 Total	2009 Total
Salaries	$ 1,815,237	$ 121,016	$ 121,016	$ 363,047	$ 2,420,316	$ 2,661,585
Employee benefits	261,021	17,401	17,401	52,204	348,027	398,771
Payroll taxes	139,328	9,289	9,289	27,866	185,772	201,671
Advertising/direct mail	2,017,149	-	8,810	-	2,025,959	2,951,404
Fams/sales missions and trade shows	416,309	-	24,172	-	440,481	634,572
Printing and publications	31,848	662	-	-	32,510	127,502
Community involvement	1,678	707	3,431	19,874	25,690	30,434
Memberships and subscriptions	30,153	2,385	1,704	15,535	49,777	59,712
Event sponsorships	91,078	-	-	-	91,078	236,446
Supplies - computers and office	20,521	1,368	1,368	4,104	27,361	47,015
Miscellaneous	-	-	-	14,450	14,450	16,517
Bank fees	-	-	-	15,476	15,476	13,550
Conv svc and trade show items	32,794	-	544	-	33,338	109,652
Rent	18,098	1,207	1,207	3,620	24,132	24,922
Interest expense	42,725	2,848	2,848	8,545	56,966	63,665
Travel - ptnr devel and admin	-	1,526	-	10,071	11,597	9,852
Insurance	12,301	820	820	2,460	16,401	15,948
Postage	88,784	5,919	5,919	17,757	118,379	132,882
Maintenance/utilities/CAM	103,215	6,881	6,881	20,643	137,620	136,627
Property and corporate taxes	39,766	2,651	2,651	7,953	53,021	57,238
Telephone	47,966	3,198	3,198	9,593	63,955	64,673
Auto and van expense	12,505	591	370	11,611	25,077	26,492
Parking	20,035	1,336	1,336	4,007	26,714	27,134
Depreciation	70,549	4,703	4,703	14,110	94,065	93,708
Accounting	-	-	-	24,835	24,835	18,179
Legal expense	2,519	-	-	2,519	5,038	3,426
Research	6,500	-	-	-	6,500	18,137
Rep fees/consultants	93,750	-	-	59,181	152,931	143,149
Education and prof development	16,257	618	618	1,853	19,346	26,775
Clipping service	12,996	-	-	-	12,996	16,789
Photo library	22,670	-	-	-	22,670	22,117
Partner services	-	57,822	-	-	57,822	104,923
In-kind services	121,431	9,140	-	-	130,571	148,116
Total	$ 5,589,183	$ 252,088	$ 218,286	$ 711,314	$ 6,770,871	$ 8,643,583
Percent of total	83%	4%	3%	10%	100%	100%

METROPOLITAN TUCSON CONVENTION & VISITORS BUREAU
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2009
(With Comparative Totals for June 30, 2008)

	2009					
	Sales and Marketing	Partner Development	Film Department	General and Administrative	2009 Total	2008 Total
Salaries	$ 1,889,725	$ 212,927	$ 159,695	$ 399,238	$ 2,661,585	$ 2,632,856
Employee benefits	283,127	31,902	23,926	59,816	398,771	348,604
Payroll taxes	143,186	16,134	12,100	30,251	201,671	199,351
Advertising/direct mail	2,906,374	-	45,030	-	2,951,404	3,957,579
Fams/sales missions and trade shows	587,928	-	46,644	-	634,572	786,617
Printing and publications	102,997	4,867	19,638	-	127,502	139,109
Community involvement	4,165	1,253	5,091	19,925	30,434	42,477
Memberships and subscriptions	28,965	2,480	1,727	26,540	59,712	66,405
Event sponsorships	236,446	-	-	-	236,446	292,503
Supplies - computers and office	33,381	3,761	2,821	7,052	47,015	79,645
Miscellaneous	-	-	-	16,517	16,517	18,426
Bank fees	-	-	-	13,550	13,550	10,723
Conv svc & trade show items	105,736	-	3,916	-	109,652	186,182
Rent	17,695	1,994	1,495	3,738	24,922	24,086
Interest expense	45,202	5,093	3,820	9,550	63,665	75,080
Travel - Ptnr Devel and Admin	-	2,024	-	7,828	9,852	14,729
Insurance	11,323	1,276	957	2,392	15,948	15,563
Postage	94,346	10,631	7,973	19,932	132,882	242,567
Maintenance/utilities/CAM	97,005	10,930	8,198	20,494	136,627	132,193
Property and corporate taxes	40,639	4,579	3,434	8,586	57,238	60,579
Telephone	45,918	5,174	3,880	9,701	64,673	58,063
Auto and van expense	12,360	1,425	3,126	9,581	26,492	28,987
Parking	19,265	2,171	1,628	4,070	27,134	27,473
Depreciation	66,533	7,497	5,622	14,056	93,708	86,584
Accounting	-	-	-	18,179	18,179	23,141
Legal expense	1,713	-	-	1,713	3,426	1,652
Research	18,137	-	-	-	18,137	77,754
Rep fees/consultants	101,600	-	-	41,549	143,149	150,867
Education and prof development	23,452	917	687	1,719	26,775	27,146
Clipping service	16,789	-	-	-	16,789	14,739
Photo library	22,117	-	-	-	22,117	14,519
Partner services	-	104,923	-	-	104,923	125,629
In-kind services	137,748	10,368	-	-	148,116	255,470
Total	$ 7,093,872	$ 442,326	$ 361,408	$ 745,977	$ 8,643,583	$ 10,217,298
Percent of total	82%	5%	4%	9%	100%	100%