
Morgan Hill Tourism Business Improvement District & Visit Morgan Hill

Annual Report

July 1, 2020 – June 30, 2021



OCTOBER 6, 2021

Submitted by: Visit Morgan Hill

VISIT
MORGAN HILL

Annual Report

This report serves as the Annual Report from Visit Morgan Hill (VMH) in charge of the Morgan Hill Tourism Business Improvement District (MHTBID) to the Morgan Hill City Council.

MHTBID BACKGROUND

The MHTBID assessment was implemented beginning March 1, 2019 and will continue for five (5) years through February 29, 2024. The assessment collects 1.5% of hotel tax revenue for the purpose of marketing and promoting Morgan Hill as an overnight sports, recreation, and wine tourism destination.

VISIT MORGAN HILL

The Owners Association responsible for the MHTBID is known as the Visit Morgan Hill Board of Directors (known as the advisory body) and is made up of four hotel representatives, three community members representing the wineries, sports, and community at large; and two representatives from the City of Morgan Hill Economic Development and Community Services departments, respectively. VMH was formed in March 2019.

As of June 30, 2021, the Visit Morgan Hill Board members, their areas, and terms are:

Representative	Industry	Appointment Term (2020)	Appointment Term (2021)
Michael Meredith	Hotel	2019-2021	2021-2023
Chris Ghione	City	N/A	N/A
Edith Ramirez	City	N/A	N/A
Andrew Firestone	Hotel	2019-2021	2021-2023
Gene Guglielmo	Winery	2019-2021	2021-2023
Carrie Benjamin	Sports/Recreation	2019-2021	2021-2023
Alexis Solis	Hotels	2021-2023	2021-2023
Doug Hall	Community	2020-2022	2021-2023
David Dworkin	Hotels	2020-2022	2021-2023

The initial appointment terms beginning at VMH's formation in March 2019 are as follows:

Representative	Industry	Initial Term (2019)
Michael Meredith	Hotel	2019-2021
Chris Ghione	City	N/A
Edith Ramirez	City	N/A

Andrew Firestone	Hotel	2019-2021
Gene Guglielmo	Winery	2019-2021
Carrie Benjamin*	Sports/Recreation	2019-2021
Karen Mendes	Hotels	2019-2020
Frank Leal	Community	2019-2020
Bina Roy Desai	Hotels	2019-2020

**formerly David Eadie*

METHOD AND BASIS OF LEVYING ASSESSMENT

The annual MHTBID assessment rate is one and a one-half of percent (1.5%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to December 31, 2018. The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the MHTBID. The MHTBID will have a five (5) year life, beginning March 1, 2019 through February 29, 2024. Pursuant to Streets and Highways Code §36670, once per year, beginning on the anniversary of MHTBID formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on MHTBID termination.

IMPROVEMENTS AND ACTIVITIES

A summary is provided here. Please see detailed overview found in Appendix Item A.

- Adopted a fiscal year budget and annual work plan
- Vastly expanded visitor information and business listings on www.visitmorganhill.org
- Developed and launched digital advertising campaign and original creative assets
- Distributed 20 lodging and event RFPs to local hotels & venues
- Executed January 2021 Restaurant Month in collaboration with City and other orgs
- Created Tourism Video in partnership with Economic Development

Results

- **16,000** web visits (**654%** YOY growth)
- **29,000** page views (**476%** YOY growth)
- **1300%** growth YOY in website referrals generated from social media
- **20** videos created (YouTube, Instagram, Facebook, TikTok)
- **170** requests submitted via web forms (subscribes, requests, event submissions)

COST OF PROVIDING IMPROVEMENTS AND ACTIVITIES

See Appendix Items B & D

For the fiscal year July 1, 2020 – June 30, 2021, operating expenses totaled \$245,745.57.

Admin & Operations – 52%

Professional Fees & Dues – 18%

Marketing & Advertising – 22%

Business Development & Industry Relations – 8%

INCOME STATEMENT

See Appendix Item B

VMH's income for July 1, 2020 – June 30, 2021 was \$182,181.48. This amount is made up of TBID funds equaling \$167,181.48, plus California Relief Grant funds of \$15,000.

There is a 2-month processing period before VMH receives monthly TBID funds. May and June 2021 TBID collections will be distributed to VMH in July and August 2021, respectively. For July 1, 2020 – June 30, 2021 the TBID income collected, but not all distributed to VMH within FY 20-21 is \$172,150.82.

There were outstanding TBID payments from FY 20-21 that were collected in FY 21-22 that will be reported on in the FY 21-22 report.

BALANCE SHEET

See Appendix Item C

ESTIMATED AMOUNT OF SURPLUS OF DEFICIT REVENUES CARRIED OVER

See Appendix Item D

A \$157,556.27 balance was carried over into the current fiscal year (July 1, 2021).

CASH SUMMARY

See Appendix Item D

TAXES WERE PREPARED WITHOUT AUDIT

Visit Morgan Hill's 2020 Federal Return of Organization Exempt from Income Tax has been electronically filed and accepted with the Internal Revenue Service, Federal and State. No tax is payable with the filing of this return. Visit Morgan Hill's 2020 California Exempt Organization Annual Information Return was also electronically filed. No audit conducted.

OTHER CONTRIBUTIONS

As noted in the above Income Statement section, Visit Morgan Hill received a \$15,000 California Relief Grant from the State of California.

PROPOSED CHANGES

There are no proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.

APPENDIX Item A: IMPROVEMENTS AND ACTIVITIES DETAIL

Below are the improvements and activities of Visit Morgan Hill July 1, 2020 – June 30, 2021.

State of Travel with COVID-19 & Wildfire Crisis

The fiscal year encompassed many COVID-19 related restrictions to lodging and tourism business operations and gatherings/events. Non-essential hotel stays, although briefly permitted July – Nov 2020, were not permitted until March 23, 2021. Low travel demand and sentiment persisted, greatly impacting hotel revenue, the ability to market to travelers, and TBID income. Visit Morgan Hill posted relevant health and safety information via its website: www.visitmorganhill.org. In August 2020, Visit Morgan Hill also compiled reduced room rates from local hotels and posted them on a Visit Morgan Hill Wildfire Evacuee Hotel webpage and Visit Santa Cruz County website. Other communication efforts around the SCU & CZU Complex fires included fire safety social media posts and ongoing updates regarding the fire status, evacuations, and closures.

Budget Analysis

The annual VMH budget of \$410,000 estimated by the District Management Plan pre-pandemic has not been achieved. The Morgan Hill market was made up of roughly 80% business travel pre-pandemic, which is expected to be one of the last travel markets to recover as corporations continue work-from-home. FY 20-21 resulted in an approximately 60% TBID income deficit from the original pre-pandemic estimate. VMH Board authorized reserve funding access to cover expenses exceeding TBID income.

FY 19-20 TBID Income - \$366,759

FY 20-21 TBID Income - \$167,181.48



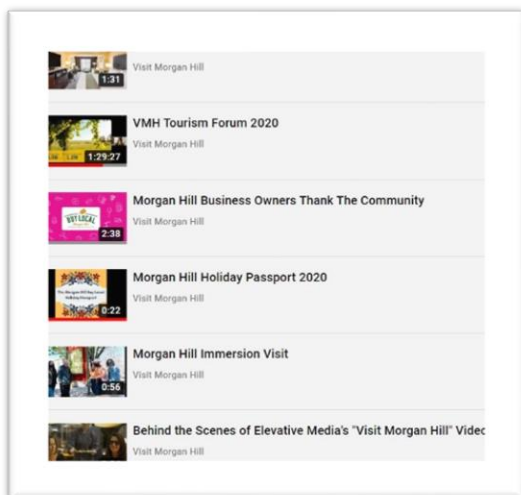
VMH Advocacy & Industry Partnership

Visit Morgan Hill provides a tourism industry voice locally and provided various public comments to the Morgan Hill City Council. VMH also joined MH organizations in writing to Caltrans regarding Highway Beautification and AB 239 Winery Container Bill. The Visit Morgan Hill Board of Directors wrote a letter supporting the general Traffic Calming concept in MH with expressed desire to see more data and research. Visit Morgan Hill partnered with Visit Gilroy, Morgan Hill Chamber of Commerce, and Gilroy Chamber of Commerce to write a letter to County of Santa Clara Public Health Department, asking for the metrics and goalposts informing travel guidelines, differing from the State of California. The essential travel-only mandate was removed before letter was sent, but the partnership is notable.

Tourism Forum & Local Partnership

VMH hosted a virtual Tourism Forum in October 2020, which included state and regional speakers: President & CEO of Visit California, Caroline Betetta, Visit San Jose VP of Communications Laura Chmielewski, Visit Gilroy's Director Jane Howard, and local partners Dan McCranie, Chris Ghione, and Brittney Sherman. VMH also played a role in ongoing local collaborative business support meetings with Economic Development, MHCOC, MHDA, the Wineries of SCV, and regional economic development task forces. VMH supported the Buy Local Campaign, winter shopping Passport, and January Restaurant Month through website, Google Ads, email marketing, organic and paid social media posts, in-house produced short-form videos, and a long-form "Business Leaders Thank You" video. We also nominated Bina Roy Desai, Co-Owner of Holiday Inn Express Morgan Hill for the Morgan Hill Community Foundation annual awards, producing a video, and supported creation of the City's pop-up park honoree video.

Videos @ Visit Morgan Hill YouTube "Tourism Industry" Playlist & Tourism Forum Screenshot



Expanded Visitor Content

Visit Morgan Hill implemented robust, new online content to inspire and inform visitors. Several new and updated web pages at visitmorganhill.org provide foundational visitor info and more detailed, thematic, and partner linked content. Several examples include adding “what we’re doing to keep you safe” to each hotel listing; “Things To Do” tab with complete tourism business listings and links to individual restaurants, wineries, parks, sports, retail, and farms; listing local visitor events on our Event Calendar; listing area Event Venues and Capacity Chart; a Parks Activity Chart; a new Blog with timely and themed stories highlighting partners; and an archive for the quarterly Visitor E-Newsletter, and a Travel Info index with 5 pages. Relevant social media links included on multiple pages of website. The addition of online web forms for event venues, visitor inquiries, email subscribes, and local partners resulted in 170 requests submitted. VMH partnered with MH City Economic Development to produce a high-quality video “tour” of Morgan Hill, with local visual creative storytelling agency, Elevative Media. The video will serve for years to come as a public facing “selling tool,” illustrating Morgan Hill as a tourism and development destination. This complements a robust playlist of VMH-created visitor-facing video content on YouTube and social media.

Website Page Navigation

HOME TRAVEL INFO PLACES TO STAY THINGS TO DO VENUES EVENT CALENDAR BLOG ABOUT

Things To Do
DINE
WINE
BREW
FARMS
PARKS
SPORTS
SHOP
TOP TEN

Travel Info
HEALTH & SAFETY
WHAT'S OPEN
LOCATION
EXPLORE MORGAN HILL
COVID 19
FILM

Lodging & Event Request Form

LODGING & EVENT REQUEST FORM

PLANNING A SPECIAL EVENT OR
IN NEED OF GROUP LODGING
QUOTES?

Please provide your details below
and we will assist you with finding
the perfect hotel or venue for your
needs!

Name *
First Name Last Name

Email *

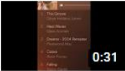
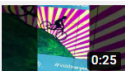

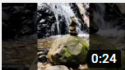

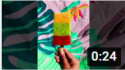

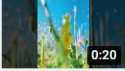

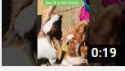


Phone *
Country Area Phone

Event Group Name *

Event Date Start *
Month Day Year

Event Date End *
Month Day Year

Visit Morgan Hill YouTube Videos Sample List

 <p>#MorganChill Playlists Visit Morgan Hill 0:31</p>	 <p>RESPECT Morgan Hill Responsible Travel Art Project with Moya Arts Visit Morgan Hill 0:25</p>
 <p>FridayNightMusic19 FinalVideo Morgan Hill Chamber of Commerce 1:53</p>	 <p>Uvas Canyon County Park Morgan Hill, California Visit Morgan Hill 0:24</p>
 <p>Free Outdoor Movie Series Downtown Morgan Hill, California Visit Morgan Hill 0:19</p>	 <p>La Playa Ice Cream Shop Downtown Morgan Hill, California Visit Morgan Hill 0:24</p>
 <p>Behind the Scenes of Elevative Media's "Visit Morgan Hill" Video Visit Morgan Hill 3:34</p>	 <p>Coyote Creek Parkway Morgan Hill, California Visit Morgan Hill 0:20</p>
 <p>Visit Morgan Hill, California Visit Morgan Hill 1:56</p>	 <p>Terra Amico Farms Morgan Hill-San Martin, California Visit Morgan Hill 0:19</p>
 <p>MOHI Social @ Leal Granada Theatre Morgan Hill, California Visit Morgan Hill 0:13</p>	 <p>Morgan Hill Business Owners Thank The Community Visit Morgan Hill 2:38</p>

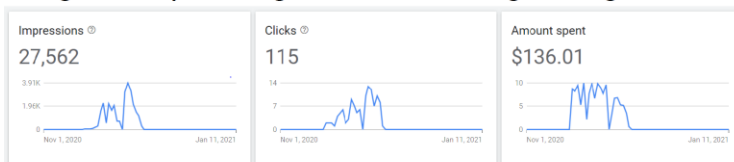
SEO & Google AdWords

VMH implemented SEO into the website back end, boosting searchability of pages. VMH also implemented ongoing Google AdWords search PPC campaigns, as well as ad hoc, targeted themed campaigns, to drive website traffic year-round. These efforts resulted in drastic increases of website performance for FY 20-21.

- 16,000 web visits (654% YOY growth)
- 29,000 page views (476% YOY growth)

PPC Campaign Example

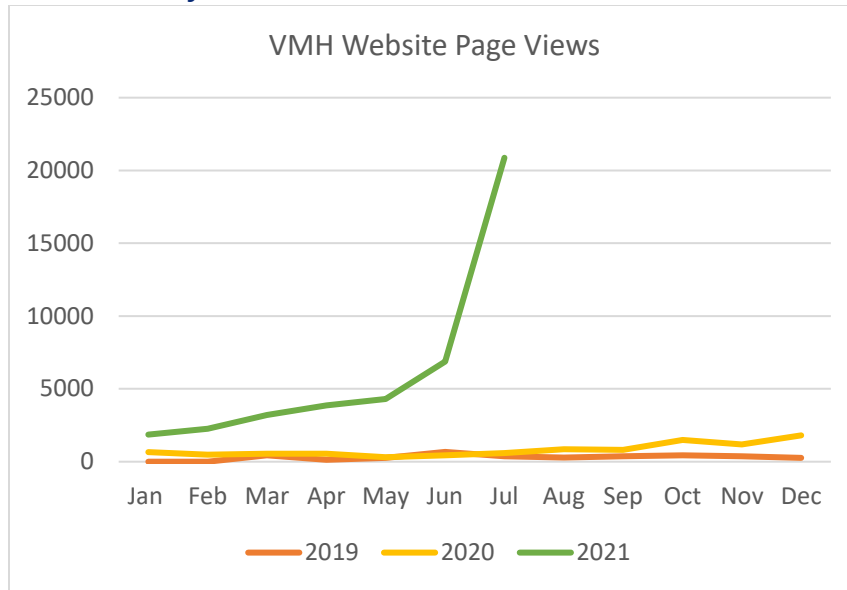
Google Ad – Explore Morgan Hill: www.visitmorganhill.org



Explore Morgan Hill | An Undiscovered CA Getaway | Things To Do
www.visitmorganhill.org
 Discover Incredible Wineries, Restaurants, Parks, and a Charming Downtown. Safely visit the Hidden...

- Nov 13 – Nov 30
- Paused after shelter in place order after thanksgiving
- \$150 monthly limit
- Santa Clara County audience
- Will revive this with new "plan your stay" messaging

Website Performance YOY



Paid Media & Campaigns

VMH embarked on a competitive RFP process to secure a full suite of digital marketing campaign services and selected Noble Studios, who created a paid media campaign strategy, conducted a professional photo and video shoot, created campaign creative/visuals for campaign ads/landing page, and developed campaign activations. The campaign launched in July 2021 and will be reported within FY 21-22. Other advertising VMH conducted includes placement in Visit California's annual Road Trip Guide, with a circulation of 1 million -- 600,000 copies poly-bagged with Western subscribers' issues of *Travel + Leisure*, *Parents*, and *Better Homes & Gardens* magazines. 400,000 are distributed via requests on VisitCalifornia.com, 1800-GO-CALIF and at welcome centers throughout the state.

Campaign Ad Examples

Top-Performing Ad Variation by CTR

Top-Performing Ad Variation by Conversions

Visit California Road Trip Guide Co-op



Communications/PR/Social Media

VMH continued its local industry-focused Tourism Community e-newsletter, informing local partners of community news, opportunities, tourism research, and pandemic information. VMH also created a strategy for a quarterly Consumer traveler newsletter, which launched in July 2021 and serves an important piece of VMH's overall content marketing. We switched email platforms to accommodate better email marketing and list management. VMH also added YouTube, TikTok and Pinterest accounts to its existing roster of social media channels (Facebook, Instagram, Twitter, LinkedIn). Through strategic linking, original content, and engagement, we saw a YOY increase in referrals to the VMH website from social media channels of 1300%. VMH captured, produced, and edited 20 short form videos in-house and nearly 100 online quality photos. VH secured additional photo and video, sourced from partners or local volunteers (i.e., drone aerials of MHOSC). Our Instagram engagement rate is above industry average at +5%. VMH also began proactive travel media story pitches through Visit California, which resulted in the Morgan Hill Freedom Festival being picked up by an online event publication and driving substantial web traffic to visitmorganhill.org. See examples:

Consumer E-Newsletter



Morgan Hill Times

Leisure time in Morgan Hill



Local nonprofit Visit Morgan Hill got off to a rough start in carrying out its mission to promote the city as a tourist destination, but now that travel demands and capacities are starting to return to consistent levels the organization's marketing campaign is in...

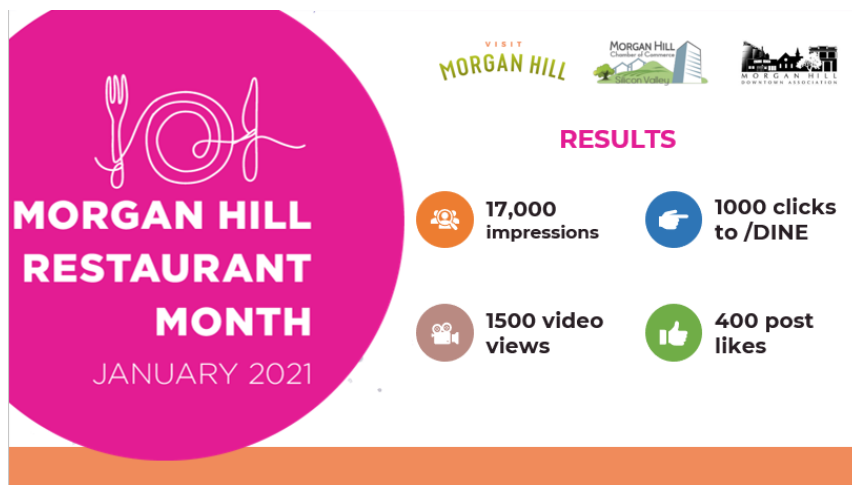
Instagram Engagement Rate



Restaurant Month Promotion

Visit Morgan Hill, in partnership with Economic Development, MH Chamber of Commerce, and the Downtown Association implemented a January 2021 Restaurant Month promotion called "Takeout Takeover." VMH created the digital campaign plan, sourced photography, made video, and created a Dining landing page with links, phone numbers and menus to all citywide restaurants, categorized by cuisine. Local designer/volunteer Amber Vo provided campaign creative assets for City produced signs and flags, while VMH developed a rollout guide/toolkit, for participating partners to leverage on their respective email/social channels. Visit Morgan Hill also set up a Google AdWords Campaign and promoted (paid) social media posts, implementing \$500 of VMH funding and dedicated staff time throughout December, January, and February. See examples:

Restaurant Month Overview

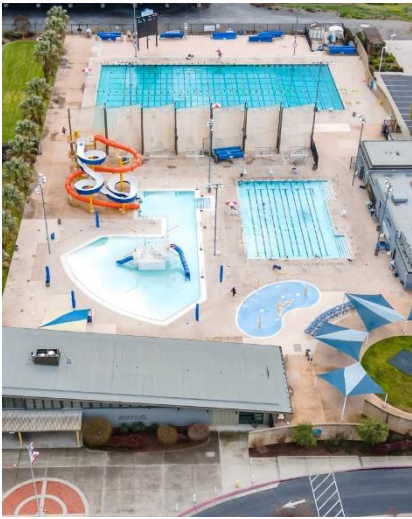


Business Development (Sports & Events)

Business development refers to the “group sales” market including sports tournaments, private events like weddings/baby showers, and larger privately organized events/festivals. VMH’s role is higher in the “funnel” than individual businesses, meaning we position MH as an option to event planners, putting Morgan Hill’s “hat in the ring” for private social, association, and corporate events, and refer placement leads to partners. VMH also plays a role in bids or funding for semi-public events. For events that actualize, VMH offers support with hotel room block placement on a more tactical level. With pandemic related restrictions, gatherings were extremely limited over the FY. However, VMH continued relationship and communication development over the course of the year. The foundational promotion of a “leisure” destination message through our other work further supports the overnight group markets by bringing awareness of MH’s attractive assets to a wider audience.

We contacted numerous regional sports organizations and compiled a template for sports tournament proposals and bids, based on an actual soccer tournament bid. We created an in-depth valuation tool for special events requesting sponsorship. The Sports Criteria Matrix outlines funding contribution levels based on VMH budget, hotel room nights generated, and other ROI events may bring. We also have an Event Criteria Matrix which serves a similar purpose for non-sports events. Visit Morgan Hill fielded 20 RFPs for private, day use events as well as sports tournaments over the course of the fiscal year. The CrossFit Games came to the Outdoor Sports Center, stayed in local hotels, and hosted a closing dinner. Visit Morgan Hill continued communications with the OSC and Visit San Jose, as referral sources for sports tournament overnight room blocks. The rebound of OSC facility events will be better measured within FY 21-22 and current bookings are predominantly local/non-overnight stay markets.

VMH-Sourced Donated Photography of OSC



Example of Rooming and Event Leads

VMH Rooming Lead

Event Name: Keeper Wars U.S. City Tour 2020-2021

Event Description: A soccer competition designed for goalkeepers to give an exciting platform to showcase their talents and compete! Keeper Wars Ink is working with with Cal North Soccer to bring this tournament to Morgan Hill Outdoor Sports Center. As the first year and during a pandemic, attendance may be limited. However, anticipated to bring 144 players, but is designed to fit within local, state and federal guidelines for COVID-19 safety, with limited numbers of players at and on the field at one time.

Event Date: September 5-6, 2020; with a backup date of September 26-27, 2020. Keeper Wars is looking for flexibility if COVID related orders force the September 5-6 event to cancel. A back up event date of September 26-27 has been identified for the registrants and event venue. If

Rooming Details:

Date:

Check In: Friday, September 4th, 2020

Check Out: Sunday, September 6th, 2020

(BACKUP DATE: September 25th- 27th, 2020)

Rate:

Looking for family friendly rooming rates to be bookable via link/code that may be provided to registered attendees. Hotel options will be narrowed to 2-3 properties.

APPENDIX Item B: INCOME STATEMENT

Visit Morgan Hill

Income Statement

July 1, 2020 - June 30, 2021

Income

TBID	\$167,181.48
CA Relief Grant	\$15,000.00
Total Income	\$182,181.48

Operating Expenses

Administrative

Salaries	\$121,070.85
Tax Services	\$760.00
Employer tax	
Employee tax	
Payroll service fees & wire fees	\$392.82
Insurance	\$2,807.00
Softwares, Systems (adobe, office, squarespace)	\$1,007.32
Office Supplies, hardware, postage, misc	\$1,423.84
	\$127,461.83

Dues and Subscriptions (Memberships, Subscriptions, Dues)

Visa Vue Data Subscription	\$3,500.00
	\$3,500.00

Professional Fees (Outside Services, Design, Printing, Shipping)

Strategic Plan Development	\$31,650.34
Brand and Creative Design	\$9,838.20
	\$41,488.54

Marketing Communications

Marketing Agency/Campaign Development	\$51,740.10
Digital Advertising/PR	\$2,709.85
	\$54,449.95

Business Development & Industry

Industry Hosting and Conference	\$736.94
Sport Bids, Sponsorship, Development	\$14,056.17
	\$14,793.11

Industry & Community Relations

Community Partnership Marketing	\$1,446.44
Mask Donation	\$2,615.70
	\$4,062.14

Total Operating Expense	\$245,755.57
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Net Income	-\$63,574.09
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APPENDIX Item C: BALANCE SHEET

Visit Morgan Hill

Balance Sheet

June 30th, 2021

Assets

Current Assets	Checking	\$157,556.27
	AR	\$0.00
Total Current Assets		\$157,556.27

Liabilities & Equity

Liabilities \$0.00

	Balance	
Equity	7.1.20	\$221,133.36
	Year Earnings	\$182,181.48
	Less Op Exp	\$245,755.57

Total Liabilities & Equity \$157,559.27

APPENDIX Item D: CASH SUMMARY

Visit Morgan Hill

Cash Summary

Year Ending June 30th, 2021

Income

TBID	\$167,181.48
CA Relief Grant	\$15,000.00
Total	\$182,181.48

Less Operating Expenses

Administrative & Salary	\$127,461.83
Dues & Subscriptions	\$3,500.00
Professional Fees	\$41,488.54
Marketing Communications	\$54,449.95
Business Development	\$14,793.11
Industry & Community Relations	\$4,062.14
Total	\$245,755.57

Summary

Opening Balance 7.1.20	221,133.36
Cash Movement	-\$63,574.09
Closing Balance 6.30.21	\$157,556.27