



**Morgan Hill Tourism Business
Improvement District & Visit
Morgan Hill**

ANNUAL REPORT

July 1, 2022 – June 30, 2023

OCTOBER 2023

Submitted by: Visit Morgan Hill

**VISIT
MORGAN HILL**

ANNUAL REPORT

This report serves as the Annual Report from Visit Morgan Hill (VMH), responsible for 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 three to four hotel representatives, 2) up to three community members representing the wineries, sports, and community at large; and 3) two representatives from the City of Morgan Hill representing Public Services and Economic Development. VMH was formed in March 2019.

As of June 30, 2023, the Visit Morgan Hill Board members, their representation areas, and terms are:

Representative	Industry	Appointment Term (2023)
Michael Meredith	Hotel	2023-2025
Chris Ghione	City	N/A
Edith Ramirez	City	N/A
Gene Guglielmo	Winery	2023-2025
Alexis Solis	Hotels	2023-2025
Doug Hall	Sports Recreation	2023-2024
David Dworkin	Hotels	2023-2024
John McKay	Community	2023-2024
Bina Roy Desai	Hotel	2023-2024

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. Assessments are not collected on stays of more than thirty (30) consecutive days or stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty. 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 has 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

See Appendix Item A

A summary is provided here. Please see detailed overview in Appendix Item A (pgs. 5-14).

- Developed and Implemented Annual Budget and Work Plan
- Conducted Required Tax, Insurance, and Administrative Filings
- Maintained Visitor Information & Business Listings on www.visitmorganhill.org
- Maintained Online Public Event Calendar
- Implemented Digital Advertising Campaigns, TV Commercials & Other Paid Media
- Generated Direct Partner Referrals (click throughs) to Hotels & Businesses
- Hosted Journalists and Influencers and Secured Travel Publication Articles
- Published Organic Social Media Campaigns and Routine Posting
- Generated 50+ Group Event Leads for Hotel Room Blocks and Venue Rentals
- Secured Host City Partnership Contract with Bay Area Panthers Team in MH
- Developed Print Tourism Brochure and Distributed at Travel Centers
- Maintained Travel Consumer Email Marketing Program

COST OF PROVIDING IMPROVEMENTS AND ACTIVITIES

See Appendix Items B & D (pgs. 15-16)

For the fiscal year July 1, 2022 – June 30, 2023, operating expenses totaled \$218,790.24.

INCOME STATEMENT

See Appendix Item B (pg. 15)

VMH's income for July 1, 2022 – June 30, 2023 was \$345,844.21. This amount is made up solely of TBID funds. There is a 2-month processing period before VMH receives monthly TBID funds. May and June 2022 TBID collections are distributed to VMH in July and August 2022, respectively. For July 1, 2022 – June 30, 2023 the TBID income collected, but not all distributed to VMH within FY 22-23 was \$342,303.33.

BALANCE SHEET

See Appendix Item C (pg. 16)

ESTIMATED AMOUNT OF SURPLUS OR DEFICIT REVENUES CARRIED OVER

See Appendix Item D (pg. 16)

A \$300,145.68 balance was carried over into FY 2023-2024.

CASH SUMMARY

See Appendix Item D (pg. 16)

TAXES WERE PREPARED WITHOUT AUDIT

Visit Morgan Hill's 2022 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 2022 California Exempt Organization Annual Information Return was also electronically filed. No audit conducted.

OTHER CONTRIBUTIONS

No other financial contributions to Visit Morgan Hill were made.

PROPOSED CHANGES

There are no proposed changes to the boundaries of the improvement district or to any of the 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, 2022 – June 30, 2023.

Strategy

Visit Morgan Hill has a multi-year Strategic Plan which serves as the long-term guide for the Improvements and Activities the organization implements. The strategy includes a comprehensive tourism asset analysis, opportunities/gaps, market assessments, key priorities, and tactical approach. The tourism goals and priorities may be summarized as:

1. Leisure Market Development (culinary, downtown, winery, farm, recreation, nature)
2. Sports & Private Event Group Development (flat field tournaments, family occasions)
3. Public Events & Product Development (advocacy and partnership for tourism assets)

Work Plan

Visit Morgan Hill establishes an Annual Work Plan & Budget, based on the Strategic Plan and market research. The Work Plan outlines the targeting and prioritization of limited staff and funds, for maximum efficiency and effectiveness. The Director reports monthly to the Board of Directors and leverages market and performance data on an ongoing basis.

Performance Indicators

The success of the MHTBID and the Activities and Improvements provided by VMH may be informed by a) high-level market indicators and b) tactical performance metrics:

Market Indicators show the health of the tourism industry but are influenced by economic factors and market fluctuations, outside of VMH's work. Indicators may include local, regional, and state hotel revenue figures such as local MHTBID & TOT income, Occupancy and ADR rates, and Travel-related Spending Figures.

Performance Metrics are varied in context, but directly attributed to VMH's activities, such as: website metrics, social media data, subscribers, advertising campaign click through rates, outbound referrals, leads generated, room block actualization, completed physical projects, etc. Sales/purchase transactions are not handled by VMH, so it is important for local hotels to monitor customer origin (referrals from VMH), and/or to set up mechanisms for reporting.

MARKET INDICATORS

The State of the Local Travel Industry

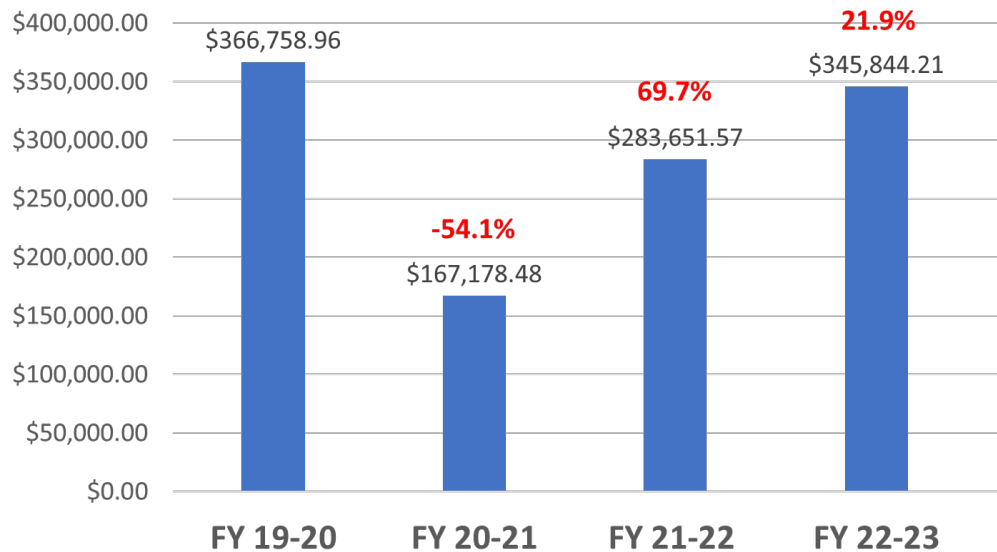
In FY 22-23, the local lodging industry continued to grapple with a declined business travel market due to COVID-19, inflation, and labor costs. Morgan Hill hotels have encountered a

shift in market mix with increased shares of leisure visitors, sports and private event groups, and construction-related travel. While Occupancy levels approach “normal” (64.9%*), rate peaks are inconsistent with prior patterns, resulting in lower Average Daily Rate (\$124.25*). Monthly TBID analysis shows lower monthly revenue during the non-summer seasons, when outdoor group events are less frequent due to weather. This reinforces VMH’s strategy to promote Morgan Hill to non-group, leisure travel markets that are not venue, weather, or event dependent.

* Figures provided are YTD averages as of July 2023.

Budget Analysis

In FY 22-23, Visit Morgan Hill received about 94% of FY 19-20’s income. However, the income remained short of the original District Management Plan estimate of \$410,000. The projected expense budget was lower than actual income, resulting in increased carry-over funds. Two other factors also contributed to the carryover: postponement of marketing agency services and the tourism symposium event.



Morgan Hill Visitor Spending

Visit Morgan Hill’s subscription-based data illuminates the representative value of visitor spending within tourism-related merchant categories in the city of Morgan Hill. Visitors make up substantial percentages of lodging, entertainment, restaurants, and retail spending. Each area had YOY increases, indicating a positive trend for spending at hotels, retail, restaurants, and entertainment. See chart:

Tourism Related Market Segment Spending (Representative Sample)

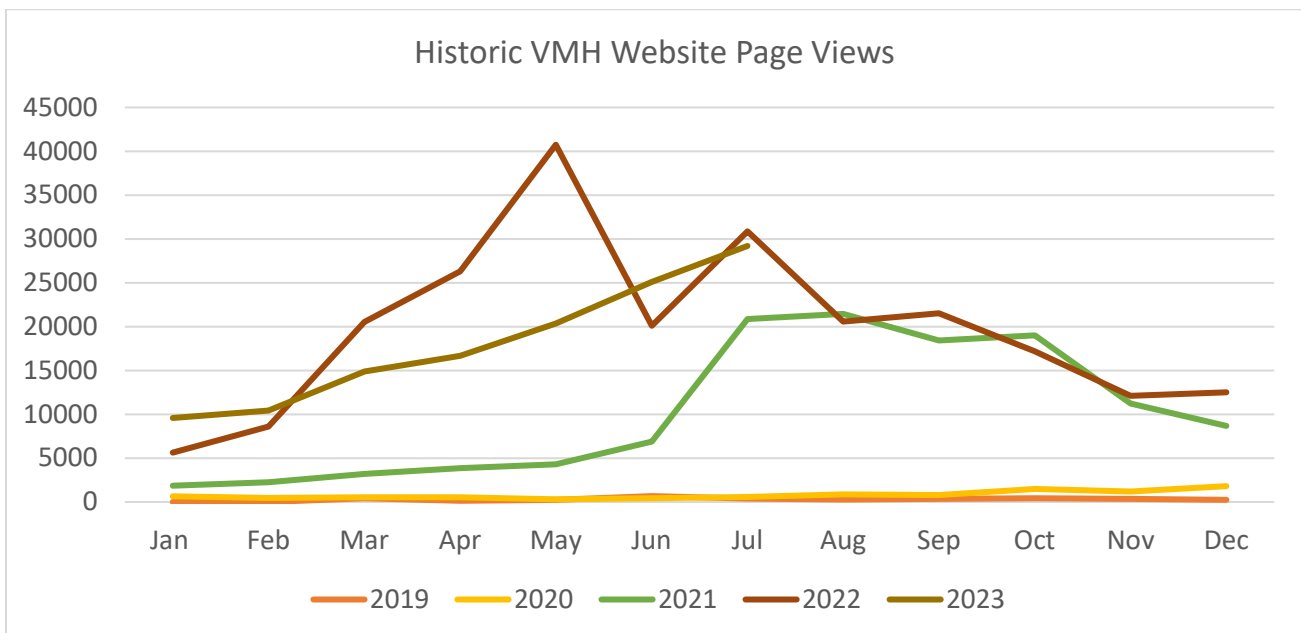
	Total Spend Increase FY 21-22 to FY 22-23 (Visitor & Resident)	Visitor Share of Total Spend (FY 22-23)
Hotel & Lodging	12%	75%
Entertainment	6%	63%
Restaurant & Dining	6%	45%
Retail	10%	42%

PERFORMANCE METRICS

Digital Visitor Content

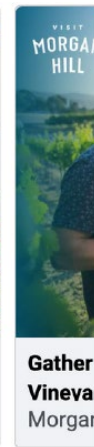
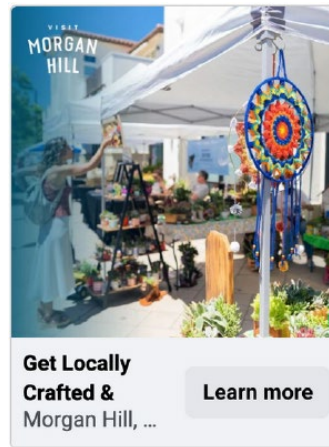
Visit Morgan Hill positions itself as the marketing authority for visitor information by increasing “discoverability” online, the predominant platform used for travel research and booking. This augments awareness of Morgan Hill as a travel destination and provides local business conversions. In addition to tourism business listings, VMH published 14 blogs and hundreds of local Event Calendar listings. This year’s approach was 100% organic, versus investing in paid search ads. The prior year, demonstrated by the red and green lines below, shows our brand launch campaign, a significant paid search investment from July 2021 to May 2022. VMH now maintains relative performance on a (mostly) unpaid strategy, shown by the brown line.

- **137,000** web visits
- **113,000** unique web visitors
- **211,000** page views
- **5,472** referrals from other websites
- **5,411** referrals from social media
- **16,959** referrals/click throughs to business partners



Fall-Winter Campaign

Tapping into the Unique Community theme, VMH crafted a Fall-Winter Instagram and Facebook ad campaign at a very affordable rate. The campaign delivered inspiring ads to San Francisco and Pacific Northwest “workationers,” teasing *4 Reasons to Plan a Trip to Morgan Hill* during the fall and winter. We highlighted what makes Morgan Hill special during the season: a conveniently accessible location, connected culinary culture, farms and vineyards, and the locally crafted and curated markets. Ads linked to a blog with more information and path to hotel page. The campaign captured interest at a 3.6% click through rate (4x the industry average) thanks to its substance, intrigue, and intentional targeting.



Instagram Boosts

We leveraged 5 strategic Instagram boosts, which is a paid method of pushing organic posts (versus “ads”) to a wider, targeted audience. Boosts supplement post frequency and are rewarded by Instagram, supporting overall account growth. Boost performance increased from double digits to triple over the course of the year.

Panthers Sponsorship & Marketing Package

Visit Morgan Hill played an instrumental role in securing the Bay Area Panthers 2023 HQ. VMH coordinated and conducted the introductory site tours and meetings with stakeholders. VMH presented one cohesive Morgan Hill package for the foundational facility requirements. By closely coordinating with the Morgan Hill Outdoor Sports Center and City of Morgan Hill to craft an enticing offer, VMH closed the deal and secured a significant marketing package:

- (18) :30 TV Commercials on KBCW-TV See Here (closing logos VMH, City, and MHOSC)
- (2) :15 TV Commercials on CBS Sports Network at Championship See Here
- (36) :30 Radio commercials on 95.7 The Game
- (9) Full Page Logo “Home of the Panthers” in Programs (VMH, City, and MHOSC)
- (4) LED Digital In-Arena Banner Logo (VMH, City, and MHOSC)
- (2) End Zone Logo Barrier Pads In-Arena (VMH and MHOSC)

- (2) Sideline Logo Barrier Pads In-Arena (VMH and MHOSC)
 - (2) Gameday Logo Giveaways – Plush Panther, Can Cozys
 - (1) Logo & Link on Bay Area Panthers Website
 - (1) Social Media Video Reel Post and Tags in Dozens of Team Posts
 - (1) 10-Yard Line Logo Barrier Pad
 - (2) Logo and Link on IFL & IFL Championship Websites
- PLUS, numerous indirect Morgan Hill mentions and VMH logo appearances in media outlets*



The Panthers agreement also included the coordination of 3 events – Meet the Coach, Meet the Players, and Morgan Hill Monday game. Additionally, Morgan Hill hosted an impromptu parade and ceremony, to celebrate the team winning the Championship. Alongside Visit Morgan Hill and the City, the Chamber of Commerce came into the fold as a fundamental community and event partner, with additional support from MHDA and Kiwanis.

For Panthers room night and economic generation, see the Business Development Section.

Regional Partnership

VMH leveraged Visit California’s rural region grant program to participate in additional marketing opportunities. The program grants “rural” regions with funding for self-managed promotion. Though Morgan Hill is in the “South Bay,” Visit California groups Morgan Hill with the rural Central Coast. Therefore, Morgan Hill may benefit from the program. VMH plays an influential role in the region’s marketing and was selected as a host location for a video shoot. This provides Morgan Hill with extra exposure through the regional promotions, as well as our own video inventory. VMH imagery was selected for a Visit California ad campaign and Visit California and Central Coast websites are among our top visitmorganhill.org referral sources.



3rd Party-Published Travel Guide and Map Placements

Visit Morgan Hill put Morgan Hill “on the map” in a prominent “Hidden Gem” spot on the award-winning Central Coast map. The map has a circulation of 200,000, with distribution in 20 California Welcome Centers, California, Phoenix, and Seattle Airports, Washington Ferries, Oregon Welcome Centers, San Jose/Santa Clara Hotels/Visitor Centers, San Francisco Hotels, Los Angeles Hotels/Visitor Center, and Central Valley Hotels/Visitor Centers. VMH also joined several Central California destinations in a discounted cooperative 2-page spread in Visit California’s Road Trip Guide. This piece has a 1 million print circulation, with 600,000 inserted in magazines: Travel + Leisure, Better Homes & Gardens, Food & Wine, and Real Simple. 400K are distributed direct to consumers plus there is an online digital version.



E Newsletters

VMH continued its consumer traveler newsletter “Hot, New, & Happening” and local tourism industry newsletter. The highly targeted audiences produced an average open rate of 58% (up from 47% last year) with 9.6% CTR. Total subscribers are at 1,377 and growing.

Journalist & Media Hosting

VMH secured an agency to attract travel journalist visits and articles featuring Morgan Hill. This term, VMH hosted 3 journalist visits: San Joaquin Magazine, Allegiant Air Magazine, and California Bountiful TV. A one-page feature in Allegiant Airline’s inflight magazine was published in Spring of 2023 and distributed in their Western US route seatbacks for 3 months. Other Morgan Hill features are due to be published and aired in September 2023. Through this agency, VMH tracks all media coverage of Morgan Hill, regardless of if it was a direct result of VMH efforts. For example, the Bay Area Panthers were featured in various vignettes on local television news segments, putting Morgan Hill in front of thousands of additional viewers.



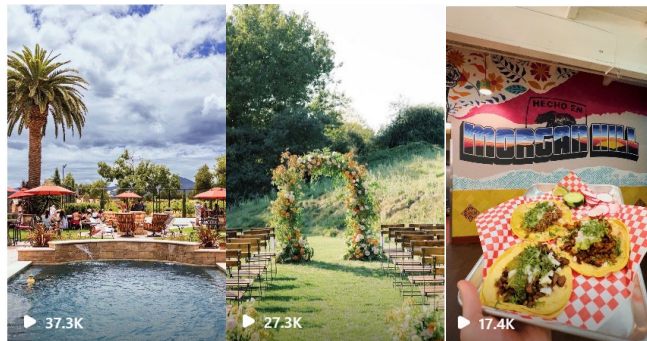
Media Story Pitching & Pickup

VMH conducted monthly proactive and reactive story pitching of themed Morgan Hill content to Visit California, Central Coast, and individual targeted journalists. This resulted in a record number of mentions and articles in travel related print and online publications. This brings massive additional exposure to Morgan Hill and its attributes in the context of trending travel themes.

- Visit California – 10 features (distributed to Visit California’s media list of 1000)
- Local and Regional Media – 20 features (examples – SFGate, 7x7, KRON, etc.)
- Central Coast Newsletters & Blog – 6 features (600 subscribers)

Social Media

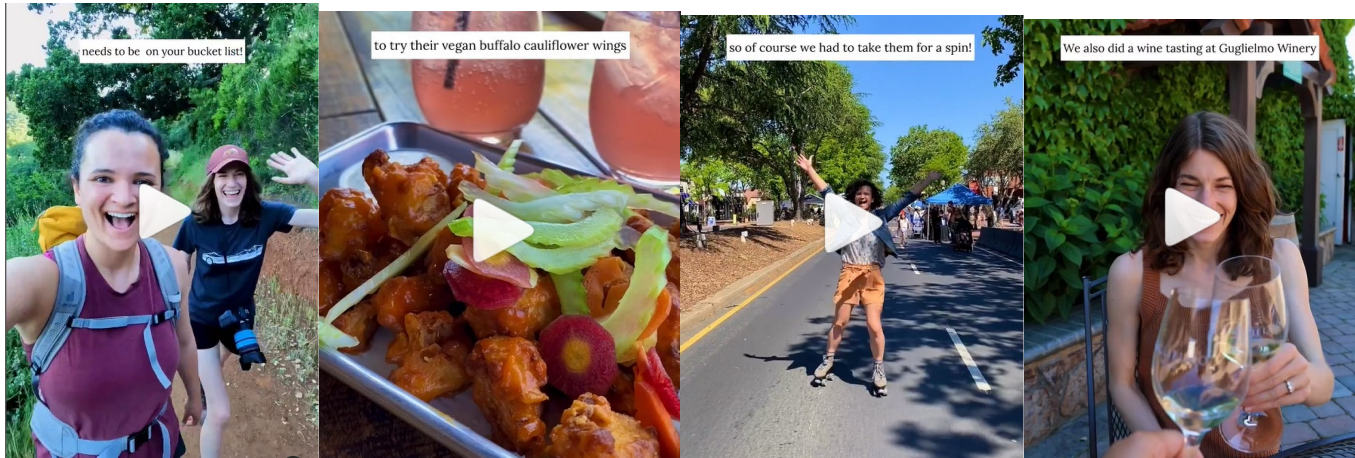
This year’s social media was all about *video*, with dedicated focus on in-house (and agency-supported) production of 43 social media reels. Two campaign themes “Things To Do” and “Hidden Gems” produced high quality, long lifespan, engagement-driving, new reach-generating content. Instagram is the most significant platform, with a 52.4% YOY increase in followers, a 6.43% average engagement rate (up from 4.55% YOY), and 341,735 impressions. Reels and posts are repurposed across several social media channels.



Social Media Influencers

VMH continued to see the fruits of its June 2022 “Influencer FAM Tour” with 3rd party content publishing into this reporting fiscal year. Examples include professionally written blog pieces

and a feature article in Cycle California magazine. In May 2023, VMH hosted a successful social media influencer partnership with travel couple, Gwyn & Ami, generating new reach for VMH and engagement with a targeted NorCal and PNW audience.



Google Story Network

VMH also participates in the Google Story Network, serving up visual content in online search (versus within a social media app) which strengthens VMH’s digital visibility through location tags and click throughs. This content has a longer lifespan than social media in terms of impressions and engagement. Our “story” collection had 168K impressions and a 2% click through rate. VMH was also shouted out by Visit California for having a top engagement post.



Morgan Hill Brochure

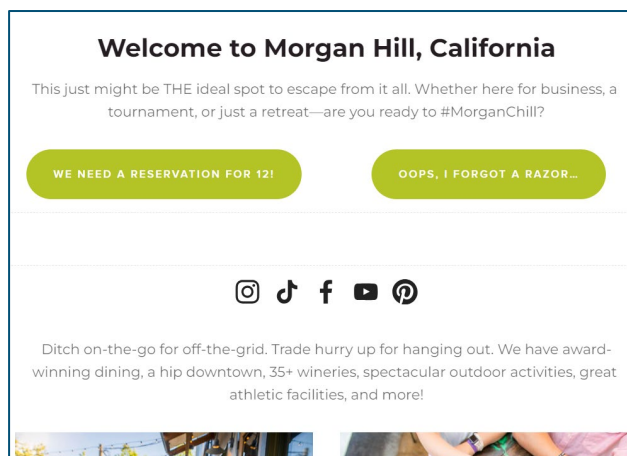
VMH revamped its print brochure this year, with a professional design and distribution company. The print run of 20,000 is stocked in racks at 5 California Welcome Centers, San Jose

and Oakland Airports, and +200 San Francisco hotels, car rentals, and airport. The brochure is also in digital format online as well as a clickable banner ad.



Sporting & Event Business Development

VMH played a part in several group sporting events this year. Most notably were the NCAA Men’s Golf Regionals and the Bay Area Panthers. VMH assisted San Jose Sports Authority with the NCAA hotel selection process, created info inserts for attendee packets, published a guest web page with group dining options, and hotel lobby signs. The event generated about 500 room nights in Morgan Hill. The Morgan Hill Aquatics Center also hosted 2 major West Coast swim meets, with a cumulative 8,000 attendees from nationwide and Canada. For 2023, the MHOSC and Aquatic Center will host 40 sporting events representing approximately 119,000 visitors *(not including daily practice/local use; counting multi-day event attendees just once)*.



The Bay Area Panthers Team Headquarters partnership resulted in:

- ~500 Room Nights (Group Room Blocks and Recurring Individual Stays)
- ~20 weeks of MHOSC Field Rental
- ~40 CRC & Aquatic Memberships
- Office Space & Apartment Rentals
- Job Creation
- Patrons of Local Businesses & Services (restaurants, storage, barber, etc.)

Leads/RFPs

VMH lists event venues and facilities on the website, which serves as an online lead generator for group room blocks. VMH generated 52 leads representing 1,548 room nights this year.

Leads are sent to hotels and venues/facilities, requesting rate quotes for the client. Long lead, relationship development efforts are also ongoing with key clients. VMH maintains partnership with local facility partners – the City Parks & Rec Department and Morgan Hill Outdoor Sports Center—and conducts recurring meetings keeping track of facility bookings, upcoming events, and facility planning. Our Sports Facility Calendar remains a popular tool for hotels and local businesses, as well as tournament attendees seeking rooms. The MHOSC is back to a full calendar of tournaments, meaning we take a more tailored and strategic approach to “tournament” lead generation.

Community Industry Partnership

Visit Morgan Hill provides advocacy around issues that impact the tourism and lodging industry. This term, VMH provided various levels of feedback, support letters, and/or comment on the Hotel Incentive Policy, the MOHI Hotel Project, USA BMX at Butterfield Park, Grade Separations and Quiet Zones, Downtown Parklet, and the T Mobile Hometown Grant Request. When aligned, the Chamber of Commerce, Downtown Association, and Visit Morgan Hill collaborate on letters. VMH also attends recurring board and/or committee meetings across partner organizations to provide report outs. VMH also collaborates with the City of Morgan Hill Economic Development Department and the Wineries of Santa Clara Valley. VMH served on the Wine Auction event committee (MHCF), advised on a Morgan Hill Historical Society video project, and posts events hosted by local groups such as LCAC.

Conclusion

The Activities and Improvements provided by VMH in FY 22-23 have increased Morgan Hill’s relevance and recognition as a travel destination, with notable broadcast and digital exposure. VMH’s early development of high-quality, branded visual assets created the ability to quickly seize commercial opportunities with the Bay Area Panthers and IFL. By introducing dedicated public relations efforts, VMH showcases Morgan Hill in a travel-specific context to a wider audience than ever before. VMH’s social media has matured in both quality and metrics, with enviable engagement rates. Being the first full fiscal year without pandemic restrictions on group events, VMH was also able to benchmark its generation of event and room night leads fitting for local sports facilities and hotels. Lastly, VMH has expanded partnership with community organizations. Thus, creating a more unified local base contributing to the vision of tourism growth that complements and enriches the community.

More information is available by request to Krista Rupp, Executive Director of Visit Morgan Hill at executivedirector@visitmorganhill.org or visit our website at www.visitmorganhill.org.

APPENDIX Item B: INCOME STATEMENT

Visit Morgan Hill

Income Statement

July 1, 2022 - June 30, 2023

Income

TBID	\$345,844.21
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Total Income	\$345,844.21
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Operating Expenses

Administrative

Salaries	\$138,560.22
Tax Services	\$750.00
Employer tax	
Employee tax	
Payroll service fees & wire fees	\$719.05
Insurance	\$2,791.00
Softwares, Systems (adobe, office, squarespace)	\$1,536.98
Dues and subscriptions data	\$3,500.00
Office Supplies, hardware, postage, misc	\$1,234.43

\$149,091.68

Marketing Communications

Agency Fees & Campaign Development	\$35,755.43
Additional Advertising	\$9,059.19
Content/Materials	\$6,514.84

\$51,329.46

Business Development & Industry

Sports & Event Development	\$580.94
Hosting Fees	\$1,790.39
Sponsorship	\$15,575.00

\$17,946.33

Industry & Community Relations

Local Partnership Campaigns	\$0.00
Partner & Industry Development	\$422.77

\$422.77

Total Operating Expense

\$218,790.24

Net Income

\$127,053.97

APPENDIX Item C: BALANCE SHEET

Visit Morgan Hill

Balance Sheet

June 30th, 2023

Assets

Current Assets	Checking	\$300,145.68
	AR	\$0.00
Total Current Assets		\$300,145.68

Liabilities & Equity

Liabilities	\$0.00
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	Balance	
Equity	7.1.22	\$173,091.71
	Year Earnings	\$345,844.21
	Less Op Exp	\$218,790.24
	Net	\$300,145.68

Total Liabilities & Equity	\$300,145.68
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APPENDIX Item D: CASH SUMMARY

Visit Morgan Hill

Cash Summary

Year Ending June 30th, 2023

Income

TBID	\$345,844.21
Total	\$345,844.21

Less Operating Expenses

Administrative & Salary	\$145,591.68
Dues & Subscriptions	\$3,500.00
Agency & Digital Campaign	\$35,755.43
Additional Ads & Promo Material	\$15,574.03
Business Development	\$17,946.33
Industry & Community Relations	\$422.77
Total	\$218,790.24

Summary

Opening Balance 7.1.22	\$173,091.71
Cash Movement	\$127,053.97
Closing Balance 6.30.23	\$300,145.68