

DIVISION OF TOURISM, FILM AND THE ARTS
PROCUREMENT EXEMPTION REPORT

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DIVISION OF TOURISM, FILM AND THE ARTS PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division entered into four (4) cooperative marketing agreements in calendar year 2008 under Maryland Department of Business & Economic Development (DBED) tourism procurement exemption authority. This authority exempts DBED from some of the requirements of state procurement law regarding certain marketing activities related to the promotion of tourism.

Under this authority, DBED contributes no more than 50% of total project costs. This has been a great opportunity for the State of Maryland to pay less for more products/services and receive increased economic benefits. The attached chart describes each project in terms of actual dollar amounts committed, and below is a brief summary of each project. All cooperative marketing projects under this exemption were reviewed by the Department's Assistant Attorney General and approved by the Secretary of Business and Economic Development or his designee prior to implementation.

Capital Region USA

Through this cooperative marketing agreement and the funds contributed by the Virginia Tourism Corporation, the Washington DC Convention and Visitors Association, and DBED's Division of Tourism, Film and the Arts, the Capital Region USA, Inc. (CRUSA) continues to gain recognition by the travel trade, travel and consumer press and generate international visitors to the region in general and Maryland more specifically. Formed in 1991, CRUSA has created a strong, unified marketing effort to attract the lucrative overseas visitor from our primary markets of the United Kingdom and Germany, and our secondary markets of BeNeLux, France, Argentina, Brazil, and the Nordic Countries (Norway, Sweden, Denmark, Finland and Iceland) by combining limited marketing funds from each partner. Investments by each partner funds a fully integrated, professionally managed international marketing campaign with a budget nearing \$1.3 million representing a leverage factor of nearly 4 to 1. Through private sector support (advertising, educational tour assistance, tradeshow participation, etc.) the net value of the CRUSA program is \$1.9 million, or a leverage factor of 6.3 to 1.

The group has revised its branding to read "Washington DC and the Capital Region USA" to capitalize on the national attention Washington DC receives every day. CRUSA, since its inception, has promoted the development and growth of the international visitor market to Maryland and the region. International travel to the US is

showing signs of a strong recovery since the downturn after 9-11 and the beginning of the conflict in the Middle East.

The value of the dollar to the Euro and other international currency has put America as a travel destination on sale. Many of our partners have seen dramatic upsurges in booking of U.S. destinations and CRUSA is uniquely poised to take advantage of this trend with its strong destination appeal.

Additionally, the Office of Tourism Development (OTD) has developed relationships within Maryland to increase its sales into the international market. For example, at the Travel Industry Association (TIA) 2008 International Pow Wow, OTD had five DMOs or private sector exhibitors and Baltimore had an expanded presence with a double booth, showing its commitment to the international tourism market.

While the Department of Commerce conducts in-flight surveys from which visitor volumes are calculated, CRUSA measures its efforts in more tangible ways: projects completed, conversion studies, advertising inquiry generation and comparable ad value for press generated about the region. As mentioned previously, private sector support of CRUSA's marketing efforts represents about 28% of the program's net value and this number is expected to grow with the anticipated growth of international tourism to the USA and consequently the region.

Live Global Network

The Maryland Tourism Development Board (MTDB) entered into a cooperative partnership with Live Global Network to provide video-based contact for the Maryland Tourism web site. The video will be an enhancement to the site as many consumers would like to have visual representation of a destination prior to selecting it as a travel destination. MTBD's share of the cost is zero.

Baltimore Child, Inc.

The Maryland Office of Tourism entered into a cooperative marketing agreement with the publisher of Baltimore Child. For the past six years, OTD has produced its own its guide to Field Trips throughout the state. After realizing that a private company was also producing its own guide to Field Trips, we entered into discussions with the company producing the guide. Baltimore's Child had been producing their guide for more than a decade. During this time, they have developed an extensive network of distribution to all of the schools throughout the school systems throughout the state including public, private and home-schools. The state's distribution during its publishing of the guide was 3,000 to primarily those third-party sellers of field-trip packages. The cost for the guide for the state was \$10,000, which was the cost when we did the guide in-house.

The Tourism Council of Frederick County

The Maryland Office of Tourism entered into a cooperative marketing agreement with the Tourism Council of Frederick County to jointly produce an economic impact study to measure the effect of tourism spending at the county and State level. The State's previous economic impact study's methodology was too broad to provide statistically accurate numbers at the local level. This study is vitally important for the State and the counties to demonstrate the impact of visitor spending and activity on Maryland and its jurisdictions. The cooperative agreement is with Frederick County, the Maryland Office of Tourism, and the research provider, Global Insights.

TOURISM PROMOTION PROCUREMENT

Exemption Report – Fiscal Year 2009

<u>Contractor</u>	<u>Term</u>	<u>Private Sector Investment</u>	<u>State Investment</u>	<u>Description</u>
Capital Region USA	7/01/07-6/30/08	\$1,808,868	\$350,000	Promoting awareness of Maryland and the Capital Region (Maryland, Washington D.C. and Virginia) as an international tourist destination.
Live Global Network	4/01/04-3/31/09	\$100,000	-0-	Live Global Network in conjunction with –LocalLink will create web video content and web video marketing tools for the the Maryland tourism website. Host all web videos, providing bandwidth, technical support and maintenance, v-mail and continually update the technology and offer enhancement where available.
Baltimore Child, Inc.	2/7/08-10/1/08	\$67,590	\$10,000	Print and online publication of “The Maryland Field Trip and Teachers Guide”.
The Tourism Council Of Frederick County	7/20/08-10/31/10	\$189,438	\$94,719	Annual economic impact study on Maryland, the 23 counties, Baltimore City and Ocean City.
TOTAL		\$2,565,896	\$454,719	