

*Our Mission: The Arlington Convention and Visitors Service (ACVS) is a destination marketing organization that works to attract, inform, and serve Arlington visitors and hospitality partners while supporting an exceptional visitor experience.*

## CONVENTION AND VISITORS SERVICE

ACVS's success is reflected in continually growing shares of the Washington area's meeting, convention, and leisure markets as well as in increased visitor spending and repeat visitation. ACVS strategically targets meeting/group professionals and domestic/international leisure travelers to build awareness of, and drive bookings to, Arlington hotels – particularly during the off-peak periods of late summer, mid-winter, and weekends year-round. ACVS also partners closely with local hotels, restaurants, stores, attractions, and arts organizations to bring visitors the best and latest information, ensuring they have an excellent local experience that inspires increased spending and repeat visitation. ACVS marketing and client/partner engagement is directly tied to increased Transient Occupancy Tax revenue and Sales and Meals Tax revenues that support County initiatives through the General Fund.

### Important Strategic Objectives for ACVS include:

1. **Visitor Attraction:** Aggressively market Arlington as a premier destination for domestic and international leisure travel, meetings, and conventions, and as the best place to stay, shop, dine, and be entertained when visiting the nation's capital. Apply best practices in destination marketing, meetings and conventions sales, and small business/arts promotion to attract business travelers, vacationers, meetings, and groups to Arlington resulting in increased hotel occupancy.
2. **Increased Visitor Spending:** Creatively and proactively provide compelling, high-quality information to Arlington guests, influencing them to dine, shop, and be entertained in our lively, walkable urban villages. Strategically inform local hospitality employees about Arlington stores, restaurants, arts organizations, and transportation options to drive spending and repeat visitation.

### Programs and primary activities of ACVS include:

- Destination marketing and promotion
- Meetings and conventions sales
- Visitor and convention services
- Small business and arts promotion
- Tourism infrastructure
- Hospitality community engagement

Arlington County's enabling legislation to levy a Transient Occupancy Tax add-on (0.25 percent) to support this fund was reinstated by the Virginia General Assembly in the FY 2019 budget year with a sunset effective July 1, 2021. In the 2020 legislative session, a bill was passed and signed by the Governor to remove that sunset date.

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**SIGNIFICANT BUDGET CHANGES**

The FY 2022 proposed expenditure budget for the Travel and Tourism Promotion Fund is \$952,700, a 21 percent decrease from the FY 2021 adopted budget. The FY 2022 proposed budget reflects:

- ↓ Personnel decreases primarily due to the reduction itemized below.
- ↓ Non-personnel decreases due to a reduction in annual expense for maintenance and replacement of County vehicles (\$564) and the reductions itemized below.
- ↓ Revenue decreases due to lowered projections of hotel occupancy and rates (\$462,882), partially offset by one-time funding for increasing the General Fund transfer (\$206,000).

**FY 2022 Proposed Budget Reductions**

**Arlington Convention and Visitors Service**

- ↓ Freeze a vacant Destination Sales Manager (\$115,413, 1.0 FTE) and reduce operating budget funds (\$131,333).

IMPACT: Targeted reductions in marketing, outreach, training, and office supplies will slow down programmatic efforts that target business and leisure hotel stays in Arlington. Specific reductions include:

- Freeze a vacant Destination Sales Manager (\$115,413, 1.0 FTE);
- Leisure marketing campaigns and ad optimization project (\$40,268);
- Memberships and postage (\$24,065);
- International marketing and regional partnerships (\$20,000);
- Meetings and convention sales activities (\$20,000);
- Consultants and contracted services related to data/research tools (\$15,000); and
- Employee Training (\$12,000).

**PROGRAM FINANCIAL SUMMARY**

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed	% Change '21 to '22
Personnel	\$591,074	\$791,205	\$666,220	-16%
Non-Personnel	493,519	418,377	286,480	-32%
<b>Total Expenditures</b>	<b>1,084,593</b>	<b>1,209,582</b>	<b>952,700</b>	<b>-21%</b>
Transient Occupancy Tax	827,893	962,882	500,000	-48%
Transfer from the General Fund	246,700	246,700	452,700	84%
Grants	10,000	-	-	-
<b>Total Revenues</b>	<b>\$1,084,593</b>	<b>\$1,209,582</b>	<b>\$952,700</b>	<b>-21%</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Permanent FTEs (Funded)	7.00	7.00	6.00	
Permanent FTEs (Frozen, Unfunded)	-	-	1.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	

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TRAVEL AND TOURISM PROMOTION FUND  
FUND STATEMENT

	FY 2020 ACTUAL	FY 2021 ADOPTED	FY 2021 RE-ESTIMATE*	FY 2022 PROPOSED
<b>Beginning Balance, July 1</b>	-	-	-	-
Transient Occupancy Tax Revenue	\$827,893	\$962,882	\$240,000	\$500,000
General Fund Transfer In	246,700	246,700	246,700	452,700
Grants	10,000	-	20,000	-
<b>Total Revenues</b>	<b>1,084,593</b>	<b>1,209,582</b>	<b>506,700</b>	<b>952,700</b>
<b>Total Balance, Revenues and Transfers In</b>	<b>1,084,593</b>	<b>1,209,582</b>	<b>506,700</b>	<b>952,700</b>
Personnel	591,074	791,205	609,986	666,220
Operating	493,519	418,377	331,169	286,480
<b>Total Expenditures</b>	<b>\$1,084,593</b>	<b>\$1,209,582</b>	<b>941,155</b>	<b>\$952,700</b>
<b>Closing Balance, June 30</b>	-	-	(\$434,455)	-

\*The FY 2021 re-estimate projects a budget gap of \$434,455 due to declining transient occupancy taxes. The fund will be balanced at year-end with savings from Arlington Economic Development’s General Fund budget.

PERFORMANCE MEASURES

FY 2020 Performance Measures reflect COVID-19 impacts to services in the final months of the fiscal year while FY 2021 and FY 2022 estimates are based on current conditions and anticipated impacts on the performance measures. Additionally, FY 2022 estimates do not incorporate the impact of proposed budget reductions; the impact of those reductions are included in the impact statements shown in the Department Budget Summary.

Critical Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Average daily rate of hotel rooms in Arlington	\$164.46	\$165.17	\$161.97	\$148.78	\$116.37	\$112.86
Hotel occupancy	77.4%	76.7%	74.0%	54.4%	29.4%	41.7%
Internet visits to ACVS	149,815	171,460	278,517	235,296	236,740	250,000
Leads for the booking of group room nights	50,575	67,136	67,615	116,018	10,374	18,000

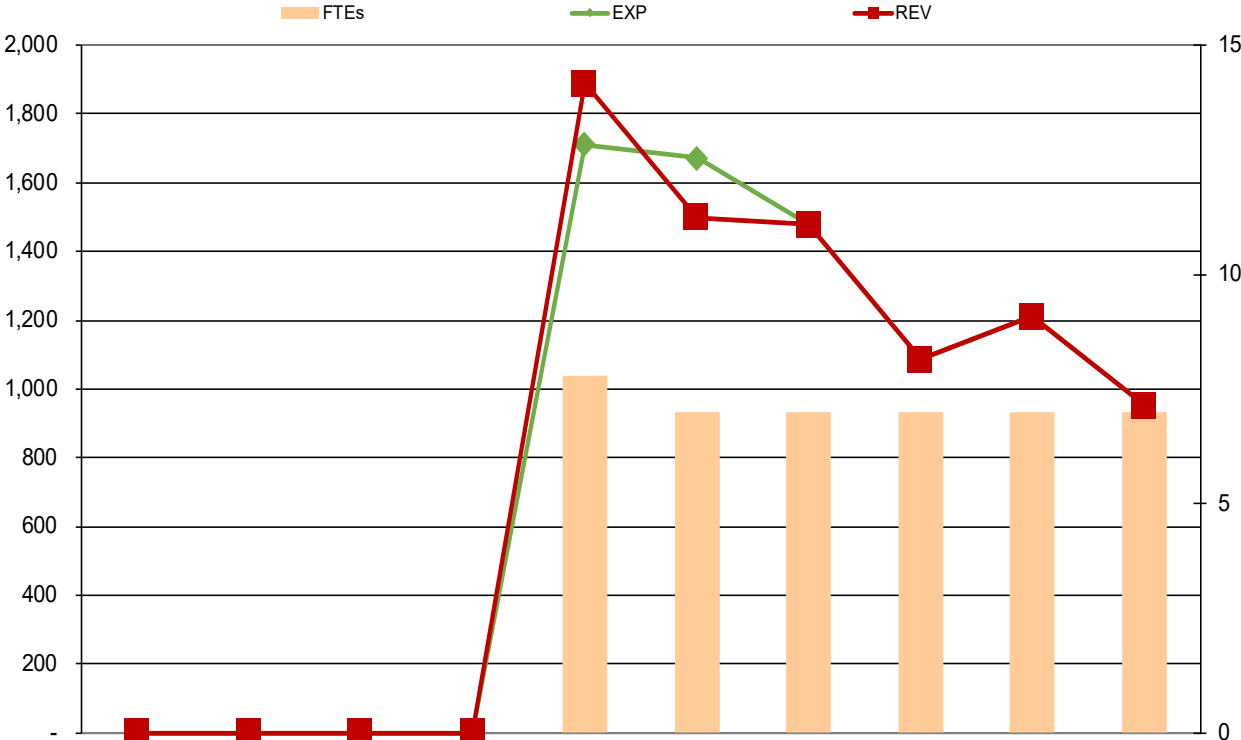
Supporting Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Conversion rate of leads to actual bookings for group room nights	52%	44%	53%	20%	19%	33%
Group room nights booked	26,391	29,261	36,065	23,719	2,000	6,000
Visitor services in-person	13,198	17,210	19,822	12,602	1,000	6,000
Visitors guides and other distributions	118,419	114,569	107,675	51,342	10,000	30,000
Visitor maps distributed	94,725	175,124	183,421	99,070	20,000	60,000

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- FY 2020 Actuals, FY 2021 Estimates, and FY 2022 Estimates reflect 1) the dramatic short- and longer-term impacts of the COVID-19 crisis on Arlington’s hospitality industry, and 2) resulting reductions to the ACVS marketing budget and promotional activities.
- FY 2021 and FY 2022 Hotel Average Daily Rates (\$) and Hotel Occupancy (%) estimates are informed by a combination of Arlington actuals through August 2020 and extrapolation of data patterns from Tourism Economics/Virginia Tourism Corporation “downside scenario” projections for Northern Virginia.
- FY 2021 and FY 2022 Estimates for Internet Visits to ACVS reflect a pause in marketing activity from March through May 2020 due to COVID-19, and subsequent reductions of the ACVS marketing budget of nearly \$600,000 (to-date) due to lower Transient Occupancy Tax revenue projections for both fiscal years.
- Group room night leads, bookings and the resulting conversion rate have been reduced due to the evaporation of group meetings and events due to coronavirus/public health concerns. Even with COVID-19 vaccinations in 2021, national industry data forecasts a slow (and likely incomplete) recovery stretching to at least 2023 or 2024.
- In-person visitor services via the Mobile Visitors Center stopped in March 2020 and are not expected to resume until community spread of COVID-19 has ceased. A minimal demand for visitor services is expected through FY 2021 (the small number of inquiries are being handled by phone and email), and orders for printed brochures and maps are being fulfilled at a fraction of the normal volume. Additionally, plans to publish a new 2021 Arlington Visitors Guide, Meeting Planners Guide and Map are highly uncertain, as the established advertising-based publishing model is failing as local businesses face extreme financial challenges.

**TRAVEL AND TOURISM PROMOTION FUND**  
TEN-YEAR HISTORY

**EXPENDITURE, REVENUE, AND FULL-TIME EQUIVALENT TRENDS**



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Proposed Budget
<b>EXP</b>	-	-	-	-	\$1,711	\$1,673	\$1,478	\$1,085	\$1,210	\$953
<b>REV</b>	-	-	-	-	\$1,889	\$1,498	\$1,478	\$1,085	\$1,210	\$953
<b>FTEs</b>	-	-	-	-	7.80	7.00	7.00	7.00	7.00	7.00

**TRAVEL AND TOURISM PROMOTION FUND**  
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
FY 2013	<ul style="list-style-type: none"> <li>▪ The additional Transient Occupancy Tax add-on (0.25 percent) which has supported the fund since January 1, 1991, was not re-established by the State Assembly in the spring of CY 2011. Arlington County’s enabling legislation to impose this add-on tax expired on January 1, 2012.</li> <li>▪ For FY 2013, the Travel and Tourism Promotion Fund did not exist as a Special Revenue fund. The County Board adopted a reduced convention and visitor services program in Arlington Economic Development’s General Fund budget.</li> </ul>	
FY 2017	<ul style="list-style-type: none"> <li>▪ <i>Arlington’s enabling legislation to levy the additional Transient Occupancy Tax add-on (0.25%) was re-established by the General Assembly for the FY 2017 budget year. The County Board adopted an ordinance after budget adoption to amend Chapter 40 (Transient Occupancy Tax) of the Code of Arlington County to add an additional 0.25 percent transient occupancy tax levy for the purpose of promoting tourism and business travel in Arlington County. The County Board appropriated \$1.25 million in revenue and expense to the Travel and Tourism Promotion Fund along with 2.0 limited term positions.</i></li> <li>▪ <i>After budget adoption, the County Board transferred Arlington Convention and Visitor Services from the General Fund to the Travel and Tourism Fund (\$626,148, 5 FTEs, 0.80 Temporary FTEs).</i></li> </ul>	2.0  5.8
FY 2018	<ul style="list-style-type: none"> <li>▪ A 0.80 temporary FTE was transferred to the AED Director’s Office line of business in the General Fund.</li> </ul>	(0.8)
FY 2019	<ul style="list-style-type: none"> <li>▪ Decreased trade and promotion funding (\$159,163) and reallocated a portion of this funding for contracted services related to website maintenance (\$110,000).</li> <li>▪ Revenue increased due to projections of hotel occupancy and rates hotel (\$27,500).</li> <li>▪ Arlington’s enabling legislation to levy the additional Transient Occupancy Tax add-on (0.25%) was re-established by the General Assembly for the FY 2019 budget year with a sunset effective July 1, 2021.</li> </ul>	
FY 2020	<ul style="list-style-type: none"> <li>▪ <i>Arlington’s enabling legislation to levy the additional Transient Occupancy Tax add-on (0.25%) was made permanent by the General Assembly in the 2020 legislative session.</i></li> </ul>	
FY 2021	<ul style="list-style-type: none"> <li>▪ Decreased trade and promotion funding (\$288,940) as a result of lower revenue projections.</li> </ul>	

**TRAVEL AND TOURISM PROMOTION FUND**  
TEN-YEAR HISTORY

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<b>Fiscal Year</b>	<b>Description</b>	<b>FTEs</b>
	<ul style="list-style-type: none"><li>Revenue decreased due to lower revenue projections in Transient Occupancy Taxes (\$337,118) as a result of the COVID-19 outbreak.</li></ul>	