

## ARLINGTON CONVENTION &amp; VISITORS SERVICE

## PROGRAM 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. 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

## SIGNIFICANT BUDGET CHANGES

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 for the FY 2017 budget year with a sunset effective June 30, 2018. There is currently legislation at the state level to eliminate this sunset. The County Manager will continue to monitor developments at the state level and update the County Board as more information is available.

The FY 2019 proposed expenditure budget for the Travel and Tourism Promotion Fund is \$1,546,700, a two percent increase from the FY 2018 adopted budget. The FY 2019 budget reflects:

- ↑ Personnel increases due to employee salary increases, an increase in the County's cost for employee health insurance, and retirement contributions based on current actuarial projections.

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- ↓ Non-personnel decreases primarily due to a decrease in funding for trade and promotion (\$159,163) and reallocation of a portion of this funding for contracted services related to website maintenance (\$110,000).
- ↑ Revenue increases due to projections of hotel occupancy and rates hotel (\$27,500).

PROGRAM FINANCIAL SUMMARY

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$673,880	\$783,870	\$848,045	8%
Non-Personnel	1,037,006	735,330	698,655	-5%
<b>Total Expenditures</b>	<b>1,710,886</b>	<b>1,519,200</b>	<b>1,546,700</b>	<b>2%</b>
Transient Occupancy Tax	1,262,988	1,272,500	1,300,000	2%
Transfer from the General Fund	626,148	246,700	246,700	-
<b>Total Revenues</b>	<b>1,889,136</b>	<b>\$1,519,200</b>	<b>\$1,546,700</b>	<b>2%</b>
<b>Change in Fund Balance</b>	<b>\$178,250</b>	<b>-</b>	<b>-</b>	<b>-</b>
Permanent FTEs	7.00	7.00	7.00	
Temporary FTEs	0.80	-	-	
<b>Total Authorized FTEs</b>	<b>7.80</b>	<b>7.00</b>	<b>7.00</b>	

TRAVEL AND TOURISM PROMOTION FUND  
FUND STATEMENT

	FY 2017 ACTUAL	FY 2018 ADOPTED	FY 2018 RE-ESTIMATE	FY 2019 PROPOSED
<b>Beginning Balance, July 1</b>	<b>-</b>	<b>-</b>	<b>\$178,250</b>	<b>-</b>
Transient Occupancy Tax Revenue	\$1,262,988	\$1,272,500	1,272,500	\$1,300,000
General Fund Transfer In	626,148	246,700	246,700	246,700
<b>Total Revenues</b>	<b>1,889,136</b>	<b>1,519,200</b>	<b>1,519,200</b>	<b>1,546,700</b>
<b>Total Balance, Revenues and Transfers In</b>	<b>1,889,136</b>	<b>1,519,200</b>	<b>1,697,450</b>	<b>1,546,700</b>
Personnel	673,880	783,870	783,870	848,045
Operating	1,037,006	735,330	913,580	698,655
<b>Total Expenditures</b>	<b>1,710,886</b>	<b>\$1,519,200</b>	<b>\$1,697,450</b>	<b>\$1,546,700</b>
<b>Closing Balance, June 30</b>	<b>\$178,250</b>	<b>-</b>	<b>-</b>	<b>-</b>

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PERFORMANCE MEASURES

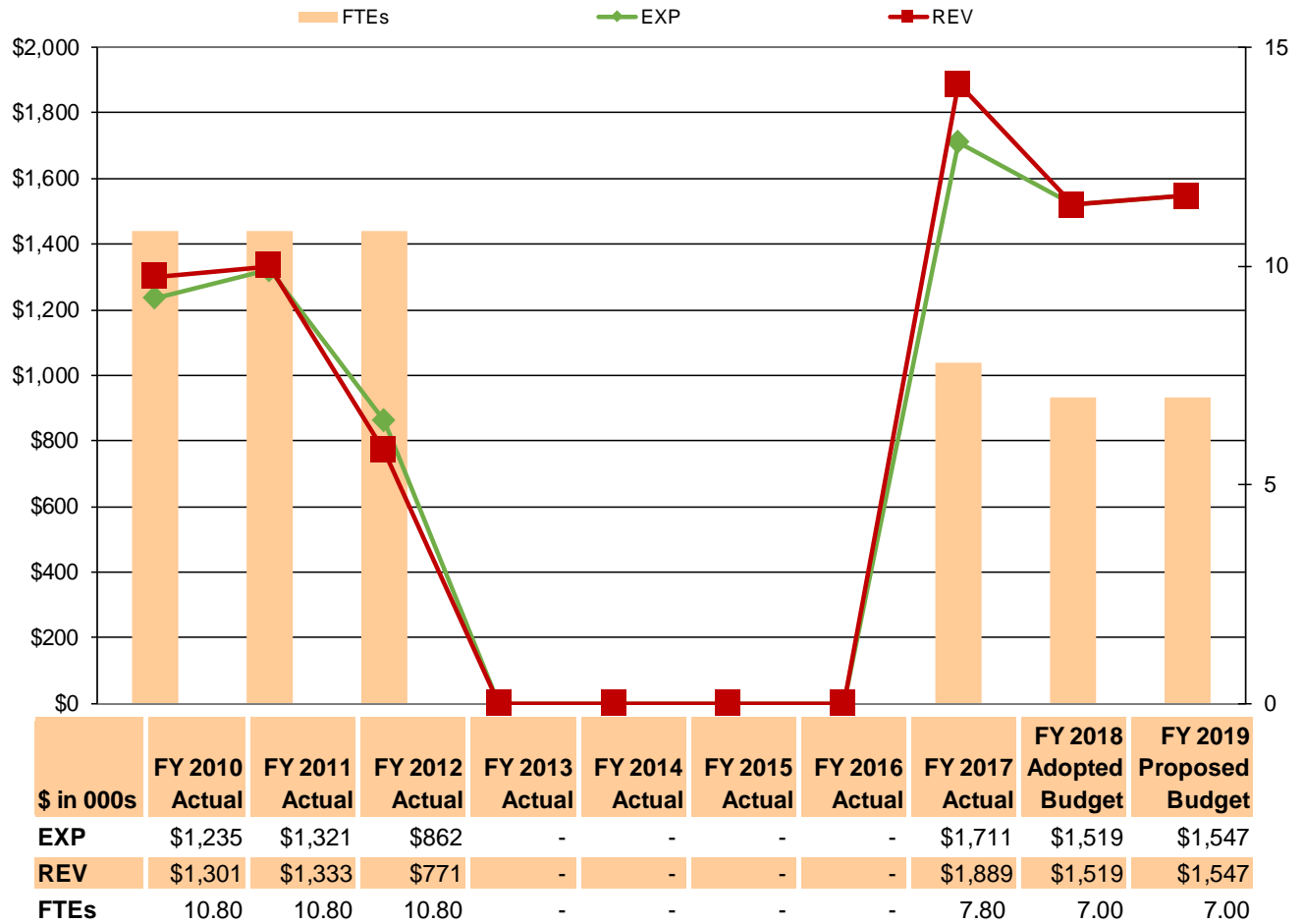
Critical Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Average daily rate of hotel rooms in Arlington	\$146.44	\$154.37	\$157.54	\$164.46	\$164.00	\$164.00
Hotel occupancy	72.8%	76.9%	77.2%	77.4%	77.0%	77.0%
Internet visits to ACVS	56,582	68,872	57,410	149,815	202,000	222,000
Leads for the booking of group room nights	42,111	46,305	48,257	50,575	57,000	60,000

Supporting Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Conversion rate of leads to actual bookings for group room nights	57%	49%	49%	52%	50%	52%
Group room nights booked	24,077	22,875	23,920	26,391	29,000	31,000
Visitor services in-person	4,604	4,155	18,259	13,198	14,000	15,000
Visitors guides and other distributions	50,753	47,952	9,711	118,419	120,000	125,000
Visitor maps distributed	201,851	75,872	43,627	94,725	135,000	140,000

- Significant increases occurred in FY 2017 actuals for “visitors guides and other distributions” and “visitor maps distributed” due to a new visitor-materials publisher contract that allowed for an increased capacity for these distributions.
- FY 2018 estimates have been updated for the FY 2019 Proposed Budget to better reflect realized data to date. These include estimates for:
  - The average daily rate of hotel rooms in Arlington increased from \$160.00 to \$164.00 as a result of generally improved demand in the market;
  - Internet visits to ACVS increased from 90,000 to 202,000 as a result of the new website which was implemented during FY 2017;
  - Leads for the booking of group room nights decreased from 62,000 to 57,000 and group room nights booked decreased from 31,000 to 29,000 as a result of a staff vacancy that was focused on meeting and convention bookings;
  - Visitors guides and other distributions increased from 80,000 to 120,000 and Visitor maps distributed increased from 80,000 to 135,000 both as a result of increased effort and visibility in visitors services through the Mobile Visitor Center.

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

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



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

Fiscal Year	Description	FTEs
FY 2010	<ul style="list-style-type: none"> <li>▪ The County Board approved a one-time lump-sum payment of \$500 for employees (\$5,000).</li> <li>▪ The Travel and Tourism Promotion Fund (202) was restructured in order to absorb the functions of an eliminated General Fund position. A position was reclassified to focus on providing pre-trip and on-site support information regarding Arlington shopping and dining to increase visitor spending in the County.</li> <li>▪ Reallocated Arlington Visitors Center rental/operational expenses for March-June 2010 (approximately \$28,000) to neighborhood-focused visitor services initiatives in Crystal City, Rosslyn, Ballston and Pentagon City. The Visitors Center closed in February 2010 in order to facilitate improved visitor services activities in the key hotel neighborhoods stated above.</li> </ul>	
FY 2011	<ul style="list-style-type: none"> <li>▪ No significant changes.</li> </ul>	
FY 2012	<ul style="list-style-type: none"> <li>▪ Personnel expenses decrease primarily due to reduction in operations based on lower Transient Occupancy Tax (TOT) which supports this fund. The County Board has directed staff beginning January 1 to focus on other Arlington Economic Development (AED) activities such as promoting and marketing businesses and cultural events within Arlington County, as well as enhancing small business initiatives.</li> <li>▪ Transient Occupancy Tax (TOT) revenues decrease by 52 percent due to the loss of the TOT for hotel stays beginning January 1, 2012. The state legislation that authorizes Arlington County to assess this additional 0.25 percent transient occupancy tax was not renewed by the State Assembly and expires on December 31, 2011.</li> <li>▪ Miscellaneous revenues decrease (\$2,500) due to the closure of the Visitor Center at Pentagon Row which sold County merchandise. The new Mobile Visitor Center is purely informational with no merchandise or retail sales. County merchandise can now be purchased at the Plaza Library branch location.</li> </ul>	
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 will no longer exist as a Special Revenue fund. The County Board has adopted a reduced convention and visitor services program in Arlington Economic Development's General Fund budget.</li> </ul>	

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

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Fiscal Year	Description	FTEs
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> </ul>	2.0
	<ul style="list-style-type: none"> <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>	5.80
FY 2018	<ul style="list-style-type: none"> <li>▪ <i>An 0.80 temporary FTE was transferred to the AED Director's Office line of business in the General Fund.</i></li> </ul>	(0.8)