

**Convention and Visitors Bureau - Departmental Performance Report**

<b>Convention and Visitors Bureau</b>						
The mission of the Convention and Visitors Bureau is to facilitate the creation and enhancement of convention, tourism, sports events, and resort related-improvements in order to maximize tax revenues.						
<b>Objective/Performance Measure</b>	<b>Unit</b>	<b>Annual Target</b>	<b>Actual 2008</b>	<b>Actual 2009</b>	<b>Est. 2010</b>	<b>Proj. FY 2011</b>
<b>Customer</b>						
<b>Host Events at the Va Beach Convention Center</b>						
Virginia Beach Convention Center Revenue (in thousands)	\$	3,900	3,697	3,810	3,132	3,233
<b>Increase Convention and Meeting Bookings</b>						
Internet Inquiries (in thousands)	#	1,500.0	0.0	1,475.0	1,490.0	1,505.0
Room Nights from Convention Sales and Sports Marketing	#	215,000.0	218,266.0	214,182.0	208,827.0	215,092.0
<b>Increase Room Nights</b>						
Visitors Assisted at Visitor Centers and Kiosks	#	145,000.0	138,812.0	143,777.0	140,183.0	144,388.0
Year Round Hotel Occupancy Rate	%	60.0	58.9	57.9	56.5	58.2
<b>Financial</b>						
<b>Increase Visitor Spending</b>						
Public Relations Advertising Equivalency (in thousands)	\$	5,000	4,860	4,958	5,007	5,057
Total Tax Revenue (in millions)	\$	78	78	78	76	79
Visitor Spending (in millions)	\$	865	890	864	841	865

**Major Changes**

The Convention and Visitors Bureau (CVB) budget is \$651,457, or 7.0% less than the FY 2009-10 amount in the general fund. This Tourism Growth Investment Fund (TGIF) and the Tourism Advertising Program Fund (TAP) have a combined reduction of \$2,025,652, or 10%. As a result, this department had to reduce their number of positions by 7.39 FTEs. Most of the reductions are in the Virginia Beach Convention Center unit and reflect a decrease in the number of events.

Change	Impact
Reduction of business volume at the Virginia Beach Convention Center with the elimination of 6.85 FTEs.	<ul style="list-style-type: none"> <li>• Convention Center revenues for FY 2010-11 are projected to be about \$700,000, or 18% less than the FY 2009 actual amount, and 2.7% more than the FY 2010 amount.</li> <li>• The reduction in permanent staff results in the need to increase dependence on third party contractors.</li> </ul>
Reduction of \$958,000 in the advertising and promotion budget, and \$88,305 in marketing travel.	<ul style="list-style-type: none"> <li>• The TAP Fund appropriation has been reduced to reflect projected declines in revenue for the fiscal year. This reduction will result in a decline of meetings and conventions, leisure transient and leisure group advertising media budgets, cutbacks in interactive marketing programs, elimination of some local and regional marketing sponsorships, elimination of some research projects, and changing the annual vacation guide to essentially a two-year guide.</li> </ul>

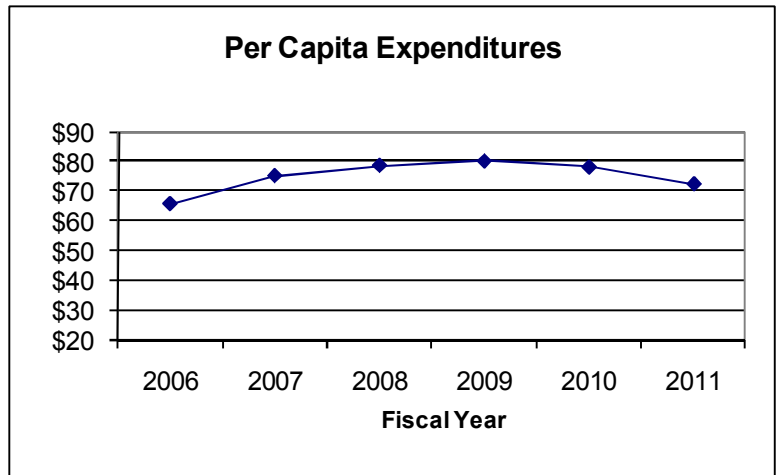
Additional information about program reductions is available in the Requested But Not Funded listing in the Resource Management Plan document.

**Departmental Overview**

- This Convention and Visitors Bureau’s FY 2010-11 budget totals \$31,515,310 and includes the General Fund, the Tourism Growth Investment Fund, and the Tourism Advertising Program Special Revenue Fund. In previous years, this department also included the Parking Enterprise Fund, which was moved to the newly created Strategic Growth Area Office in FY 2009-10.
- **Tourism Promotion/Advertising** - Advertising for the resort area is provided through the Tourism Advertising Program (TAP) Fund. The fund dedicates revenues from one cent of the transient lodging tax, one half cent of the restaurant meal tax, and a flat lodging tax of one dollar to support the City’s advertising and marketing program and related activities, including the operation of the Visitor Center. The advertising campaign uses a combination of newspaper and magazine advertisements, and television for national advertising to promote tourist visitation. Other marketing strategies include a convention sales program, sports marketing initiatives, a public relations program, a comprehensive research program and related collateral materials. The development of new markets is important to maintain and to increase the number of visitors to the City, especially during the shoulder seasons.
- **Tourism Growth Investment Fund (TGIF)** - Established by the City Council to provide a dedicated resource for tourism related projects. The sources of funding are from 2.5 cents Hotel tax, 0.5 cents Meal tax, 10% Admissions tax, and other tourist related taxes and fees. This revenue is used for special events, entertainment, operation and maintenance of the beach and boardwalk, and debt service payments on capital projects located in the resort area. The majority of funding for oceanfront and entertainment events is shown in the newly created Strategic Growth Area Office.
- **Convention Promotion and Facility** - Provides the operations and marketing for the City’s convention center as a destination for conventions, trade shows, and meetings. This division promotes the City and convention center on a nation-wide basis with the objective of increasing the number and quality of events.

### Trends and Issues

- The per capita expenditures for prior fiscal years have been adjusted to reflect the transfer of the Parking Enterprise Fund and oceanfront entertainment budget from Convention and Visitors Bureau to the Strategic Growth Area Office. The increase in FY 2008 is a result of the completion of the Virginia Beach Convention Center, and the transfer of \$1 million to the Capital Improvement Program, from the Tourism Growth Investment Fund for storm water outfall improvements at the beachfront. The downward trends in recent years reflect the decline in Convention Center utilization.



- The Convention Center, fully opened in January 2007, and held 363 events in FY 2008-09, resulting in 124,753 room nights, and producing \$39.2 million in direct spending. In FY 2008-2009, the Convention Center was home to 118 community events, and 29 consumer shows.
- The Virginia Beach Convention Center (VBCC) saved \$210,000 in FY 2008-09 through energy conservation initiatives. An ENERGY STAR partner for nearly two years, the center has cumulatively saved over \$410,000 in utilities. The first Virginia Green certified convention center, and currently in pursuit of the Leadership in Energy and Environmental Design (LEED) certification, the VBCC decreased consumption of power, gas and water by a 49% decrease over the prior year.
- Inquiries to the City's website and Visitor Center were up again in 2009, increasing 7% over 2008 despite the weak economy. Virginia Beach continues to have a strong presence on the internet, with four out of five visitors using it as a source of information about Virginia Beach and 52.2% of visitors using the internet to purchase some travel service.
- The effectiveness of a public relations program is measured in part by the number of clips generated and their advertising equivalency. In 2009, the public relations program generated 464 clips with a record media value of \$4,957,736, for a 2% increase over 2008.
- The May 2009 Virginia Beach Tourism Annual Economic Impact Study indicates that there were 2.47 million overnight visitors to Virginia Beach in 2008, spending \$864 million and generating \$78.4 million in direct revenue, the same as the prior year, even with the weak national economy. The City provided \$68.4 million in visitor related expenditures which resulted in a net direct dollar return of \$10.0 million, an average rate of return from the tourist industry of 14.6%. In 2008, visitor spending was responsible for generating about 9,700 jobs in Virginia Beach.
- In FY 2008-09, Convention Sales and Sports Marketing booked 174 future events with 46 of those events being held in the Virginia Beach Convention Center. These 174 events are estimated to generate 214,182 hotel room nights and have an impact of \$62.7 million in direct spending.

The following data reflects the impact on the City's hotel industry as a result of actions taken to promote tourism, conventions, and special events in the City.

<b>HOTEL/INDUSTRY PERFORMANCE FOR CALENDAR YEAR 2009</b>	
Hotel Occupancy	57.9% (1.6% decrease)
Average Daily Rate	\$102.9 (3.2% decrease)
Revenue Per Average Room	\$59.16 (4.8% decrease)
Room Nights Booked	2,526,254 (4.5% increase)
Hotel Room Sales	3.2% decrease
Restaurant Sales	0.3% increase
Visitor Inquiries	1.6 million (new methodology for internet inquiries - no prior year comparison)

- While the recent hotel and industry related numbers are down compared to previous years, our City did relatively well when compared to our competitors.
- The rates for all of the services offered at the Virginia Beach Convention Center are reviewed annually to ensure that the City is both maximizing revenue and remaining competitive.
- The Visitor Information Center acts as a sales outlet to major tourism attractions, such as Busch Gardens, Water Country USA, and Ocean Breeze Water Park, and receives 10% or 20% of gross ticket prices.

**Convention and Visitors Bureau - Departmental Resource Summary**

	FY 2009 Actual	FY 2010 Adjusted	FY 2011 Adopted	Variance from FY 2010
<b><u>Program Summary</u></b>				
<b><u>002 General Fund</u></b>				
<b><u>Expenditures</u></b>				
Director's Office	983,356	1,014,205	994,782	(19,423)
Tourism Marketing and Sales	326,181	407,927	434,941	27,014
Sports Marketing	543,117	552,076	456,942	(95,134)
Convention Marketing and Sales	1,072,166	1,075,133	946,572	(128,561)
Virginia Beach Convention Center	5,787,612	6,288,358	5,853,005	(435,353)
Total Expenditures	<u>8,712,432</u>	<u>9,337,699</u>	<u>8,686,242</u>	<u>(651,457)</u>
<b><u>Revenues</u></b>				
Virginia Beach Convention Center	3,810,039	3,131,865	3,214,930	83,065
Total Revenues	<u>3,810,039</u>	<u>3,131,865</u>	<u>3,214,930</u>	<u>83,065</u>
General City Support	<u>4,902,393</u>	<u>6,205,834</u>	<u>5,471,312</u>	<u>(734,522)</u>
<b><u>152 Tourism Growth Investment Fund</u></b>				
<b><u>Expenditures</u></b>				
TGIF - Oceanfront Special Events	100,000	100,000	100,000	0
Transfer to Other Funds	9,427,750	10,144,800	9,022,466	(1,122,334)
Total Expenditures	<u>9,527,750</u>	<u>10,244,800</u>	<u>9,122,466</u>	<u>(1,122,334)</u>
<b><u>Revenues</u></b>				
TGIF - Oceanfront Special Events	100,000	100,000	100,000	0
Transfer to Other Funds	9,427,750	10,144,800	9,022,466	(1,122,334)
Total Revenues	<u>9,527,750</u>	<u>10,244,800</u>	<u>9,122,466</u>	<u>(1,122,334)</u>
General City Support	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>163 Tourism Advertising Program Special Revenue Fund</u></b>				
<b><u>Expenditures</u></b>				
Visitor Information Center	926,705	1,011,236	1,173,587	162,351
Tourism and Convention Advertising	8,630,041	8,981,406	7,915,737	(1,065,669)
Transfer to Other Funds	111,348	56,838	56,838	0
Total Expenditures	<u>9,668,094</u>	<u>10,049,480</u>	<u>9,146,162</u>	<u>(903,318)</u>
<b><u>Revenues</u></b>				
Visitor Information Center	101,028	89,392	89,392	0
Tourism and Convention Advertising	9,567,066	9,960,088	9,056,770	(903,318)
Total Revenues	<u>9,668,094</u>	<u>10,049,480</u>	<u>9,146,162</u>	<u>(903,318)</u>
General City Support	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Department Expenditure	27,908,276	29,631,979	26,954,870	(2,677,109)
Total Department Revenue	23,005,883	23,426,145	21,483,558	(1,942,587)
Total General City Support	<u>4,902,393</u>	<u>6,205,834</u>	<u>5,471,312</u>	<u>(734,522)</u>

**Position Summary by Program**

<b><u>002 General Fund</u></b>				
Director's Office	10.54	10.54	10.00	-0.54
Tourism Marketing and Sales	5.00	5.00	6.00	1.00
Sports Marketing	3.00	3.00	3.00	0.00
Convention Marketing and Sales	13.00	13.00	12.00	-1.00
Virginia Beach Convention Center	82.80	78.98	72.13	-6.85

**Convention and Visitors Bureau - Departmental Resource Summary**

	FY 2009 Actual	FY 2010 Adjusted	FY 2011 Adopted	Variance from FY 2010
Total	114.34	110.52	103.13	-7.39
<b><u>163 Tourism Advertising Program Special Revenue Fund</u></b>				
Visitor Information Center	8.39	8.39	10.39	2.00
Tourism and Convention Advertising	2.00	2.00	0.00	-2.00
Total	10.39	10.39	10.39	0.00
Total Position Summary	124.73	120.91	113.52	-7.39