



VIRGINIA TOURISM AUTHORITY
D/B/A Virginia Tourism Corporation

OPERATING PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2017

VIRGINIA IS FOR LO♥ERS

**VIRGINIA TOURISM AUTHORITY
FY 2017 OPERATING PLAN**

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I. INTRODUCTION

The Virginia Tourism Authority d/b/a the Virginia Tourism Corporation (VTC) was established by the General Assembly in 1999 (§ 2.2-2315 et seq., Code of Virginia) as "...a public body corporate and as a political subdivision of the Commonwealth." The Authority was given broad powers to "...stimulate the tourism segment of the economy by promoting, advertising, and marketing the Commonwealth's many tourist attractions and by coordinating other private and public efforts to do the same..." The General Assembly also recognized that the "...film industry is a legitimate and important part of economic development in the Commonwealth."

The VTC has a Board of Directors composed of 17 members, including the Lieutenant Governor, the Secretary of Commerce and Trade, the Secretary of Finance, the Secretary of Natural Resources, the Secretary of Agriculture and Forestry, and 12 members appointed by the Governor, subject to confirmation by the General Assembly. The Governor designates the Chairman of the Board and the Board may elect one member as the Vice-Chairman. The President/CEO of the VTC is appointed by the Governor and also serves as the Board's ex-officio secretary.

The VTC is headquartered in Richmond. In addition, the VTC operates 11 state welcome centers (two additional state welcome centers will begin operations in late FY 2017 or early FY 2018) located strategically around the state and the Bell Tower Visitor Center in Richmond to provide information to persons traveling in Virginia.

OPERATING PLAN

This operating plan has been prepared in accordance with Chapter 780, the 2016 Appropriation Act, which states in part the following:

Prior to July 1 of each fiscal year, the Virginia Tourism Authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget a report of its operating plan.

This document provides summary information regarding VTC's priorities, how it will accomplish its objectives, and the resources committed to those efforts.



II. MISSION, VISION, AND VALUES

VTC serves the broader interests of the Virginia economy by supporting, maintaining, and expanding the Commonwealth's domestic and international travel markets and motion picture industry, thereby generating increased spending, tax revenues, and employment. VTC develops and implements programs beneficial to Virginia travel-related and motion picture-related businesses and consumers.

MISSION STATEMENT:

The Virginia Tourism Authority promotes and develops the tourism and motion picture industries to stimulate Virginia's economy and enhance the quality of life of all Virginians.

VISION STATEMENT:

Leading the nation in tourism and motion picture production.

VALUES STATEMENT:

Integrity and Ethics:

- Always act ethically and with integrity
- Assume positive intent
- Be transparent and responsible
- People are respected, valued, and appreciated

Accountability:

- Be good stewards of taxpayer money
- Take personal responsibility
- Seek solutions and achieve results
- Commit to agency goals
- Live our values through our work and in our culture

Humility:

- Never underestimate the competition
- Be open to new ideas and trends
- Be open to change and continuous improvement

Passion:

- Be passionate about business, brand, and the Commonwealth
- Value, promote, and fiercely protect our reputation
- Be proud
- Exceed expectations
- Promote creativity

Results:

- Solutions-oriented operations and organization
- Measure success
- Continuously evaluate, adapt, and improve

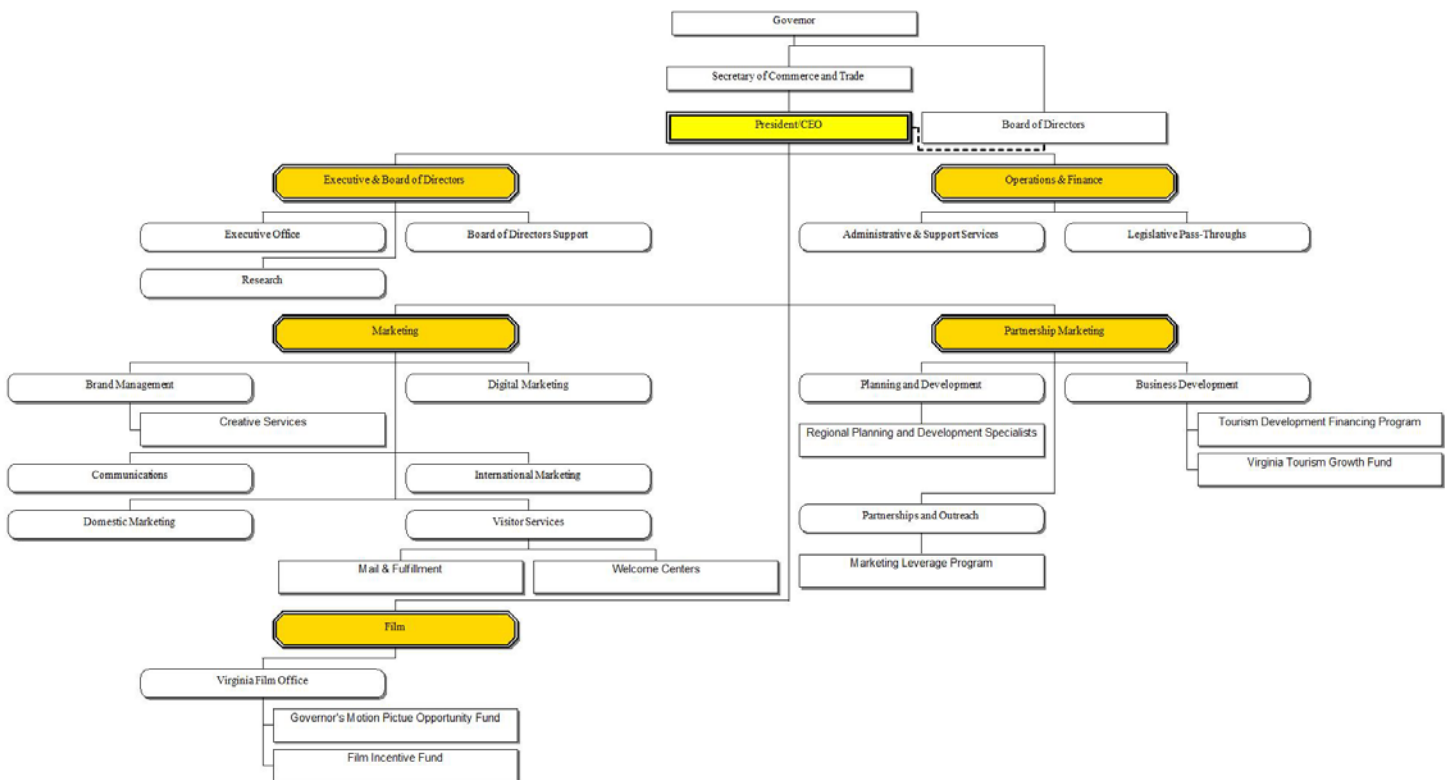


III. ORGANIZATIONAL STRUCTURE

VTC's activities are divided into five programmatic areas. The responsibilities for management of these areas are vested with the President/CEO and four Vice-Presidents.

- 1) Executive & Board of Directors
- 2) Operations & Finance
- 3) Marketing
- 4) Film
- 5) Partnership Marketing

Virginia Tourism Corporation
Organization Chart
July 1, 2016





IV. STRATEGIC PLAN AND PERFORMANCE MEASURES

VTC's strategic plan identifies the means by which VTC will achieve its stated mission and goals. The strategic plan also identifies the objectives and strategies associated with the goals. The strategic plan may be found on VTC's website (www.vatc.org) or on the Commonwealth's "Virginia Performs" website (www.vaperforms.virginia.gov). The goals included in the strategic plan are as follows:

1. Inspire travel to Virginia by strengthening awareness of the Virginia brand and product.
 - Increase and strengthen the awareness of Virginia as a travel destination.
 - Make the visitor or potential visitor aware of the many opportunities that the Commonwealth offers in the way of destinations, family fun, history, and business travel.
2. Increase the economic impact of the tourism and motion picture industries in Virginia.
 - Attract visitors and motion picture production to the Commonwealth, resulting in greater economic impact generated by the tourism and motion picture industries.
3. Increase the number of jobs supported by the tourism and motion picture industries in Virginia.
 - Attract visitors and motion picture production to the Commonwealth, resulting in more jobs supported by the tourism and motion picture production industries.
4. Increase the tax revenues generated by the tourism and motion picture industries in Virginia.
 - Attract visitors and motion picture production to the Commonwealth, resulting in greater tax revenues generated by the tourism and motion picture industries.
5. Provide resources to communities to maximize their tourism potential.
 - Support the enhancement, expansion, and development of new and existing tourism products, events, and services.
 - Strengthen and increase partnerships each year that benefit the tourism industry.
 - Access new funding and leverage advertising, marketing, and public relations resources by partnering with tourism organizations, other nonprofit entities, private industry, and government.
6. Strengthen awareness of the value of tourism as an economic engine for Virginia.
 - Foster strong working relationships with elected officials and key opinion leaders to gain support and growth for Virginia's tourism industry.

VTC also has the following quantifiable performance measures to assess the effectiveness of its programs in achieving its goals and objectives.

1. Number of digital referrals to industry partners (in millions)
2. Number of annual unique website users (in millions)
3. Amount leveraged for every grant dollar invested
4. Dollar amount of economic impact generated by the motion picture industry (in millions)
5. Cost per one thousand media impressions
6. Number of Welcome Center visitors (in millions)



V. FY 2017 OPERATING FINANCIAL PLAN SUMMARY

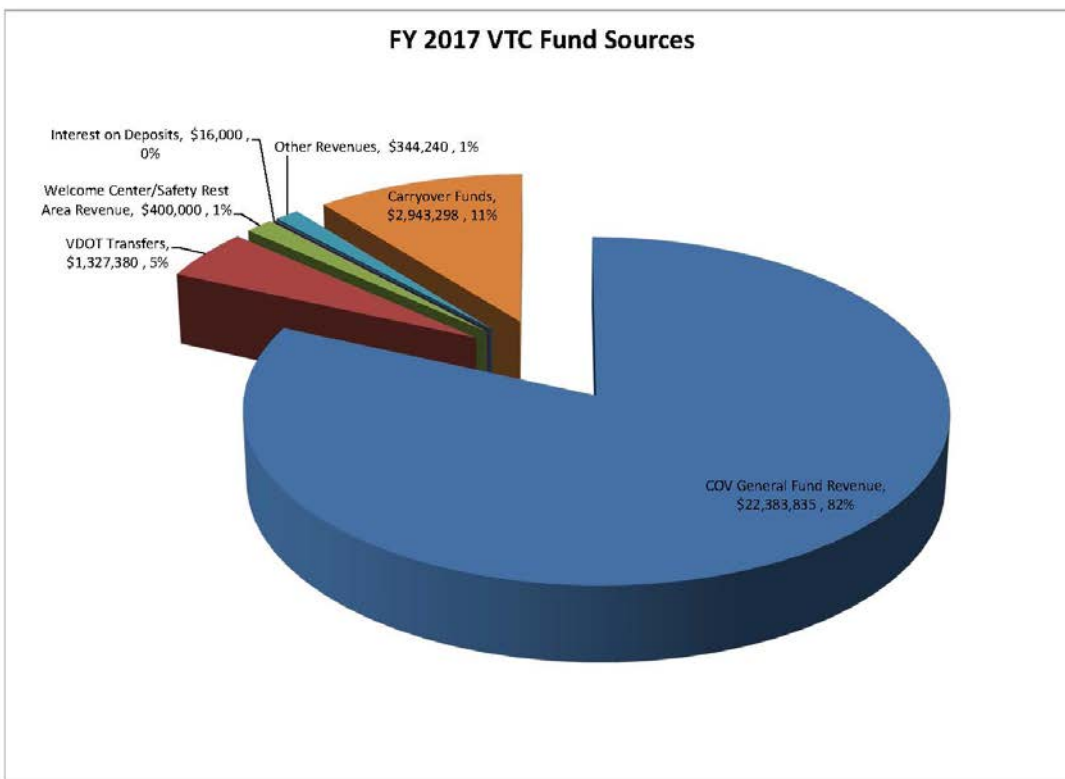
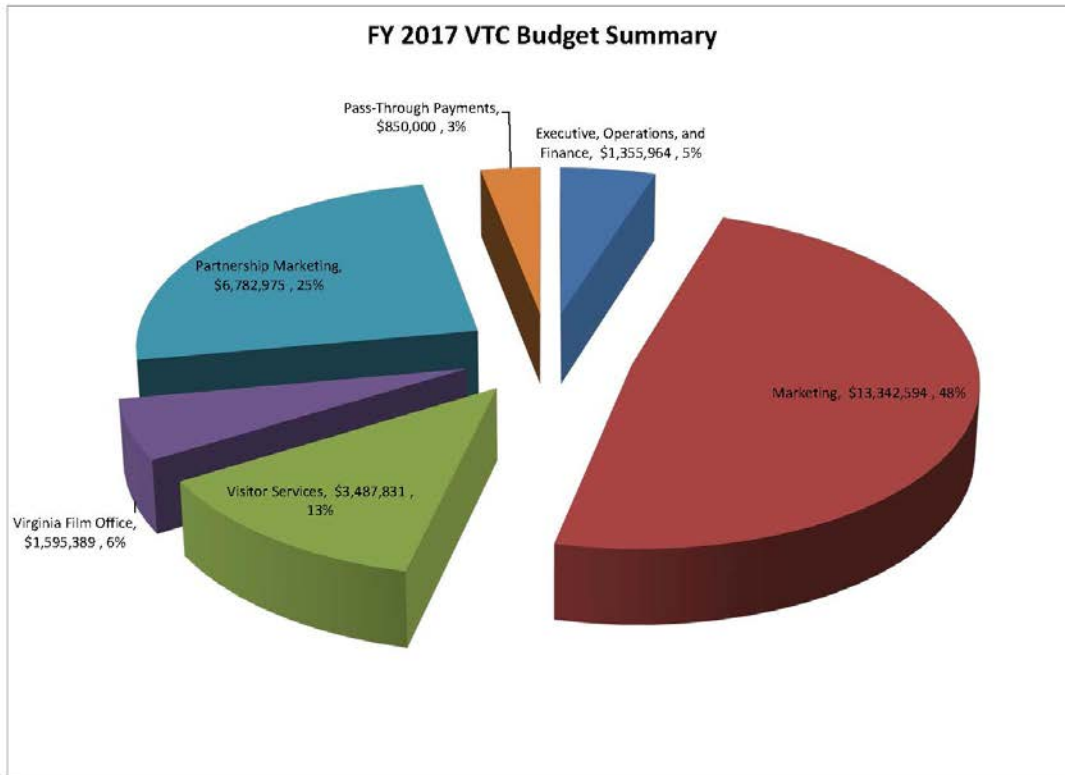
**Operating Financial Plan Summary
 For The Fiscal Year Ending June 30, 2017**

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$22,383,835	
VDOT Transfers	1,327,380	
Welcome Center/Safety Rest Area Revenue	400,000	
Interest on Deposits	16,000	
Other Revenues	344,240	
Carryover Funds	2,943,298	
Total Fund Sources	\$27,414,753	
Expenditures		
Executive, Operations, and Finance	\$1,355,964	7
Marketing	13,342,594	22
Visitor Services	3,487,831	29
Film	1,595,389	5
Partnership Marketing	6,782,975	12
Pass-Through Payments	850,000	
Total Expenditures	\$27,414,753	75

Note: VTC employs 46 part-time workers not reflected in the above employment levels.

FY 2017 General Fund Budget Summary

	Amount
Base Budget	\$21,000,560
Distribute Central Appropriation amounts to agency budgets	\$428,696
FY 2016 Savings Plan (Chapter 665, Item 471.10)	(\$1,082,983)
Remove one-time funding for the Spearhead Trails initiative	(\$200,000)
Provide funding to implement the Vision Strategy	\$2,000,000
Provide additional funding to meet the Commonwealth's commitment to promote tourism between Virginia and China	\$50,000
Adjust appropriation for the costs of the new Cardinal financial system	62
Introduced Budget Bill (2016 Session)	\$22,196,335
Reduce funding to implement the Vision Strategy	(\$1,000,000)
Provide additional funding for the Virginia Sports Hall of Fame & Museum	\$250,000
Provide funding for the Spearhead Trails initiative	\$300,000
Chapter 780 (2016 Appropriation Act)	\$21,746,335
Transfer funding from EDIP for the Virginia Tourism Growth Fund	\$500,000
Estimated FY 2017 Central Appropriations distributions	\$137,500
TOTAL FY 2017 GENERAL FUND BUDGET	\$22,383,835



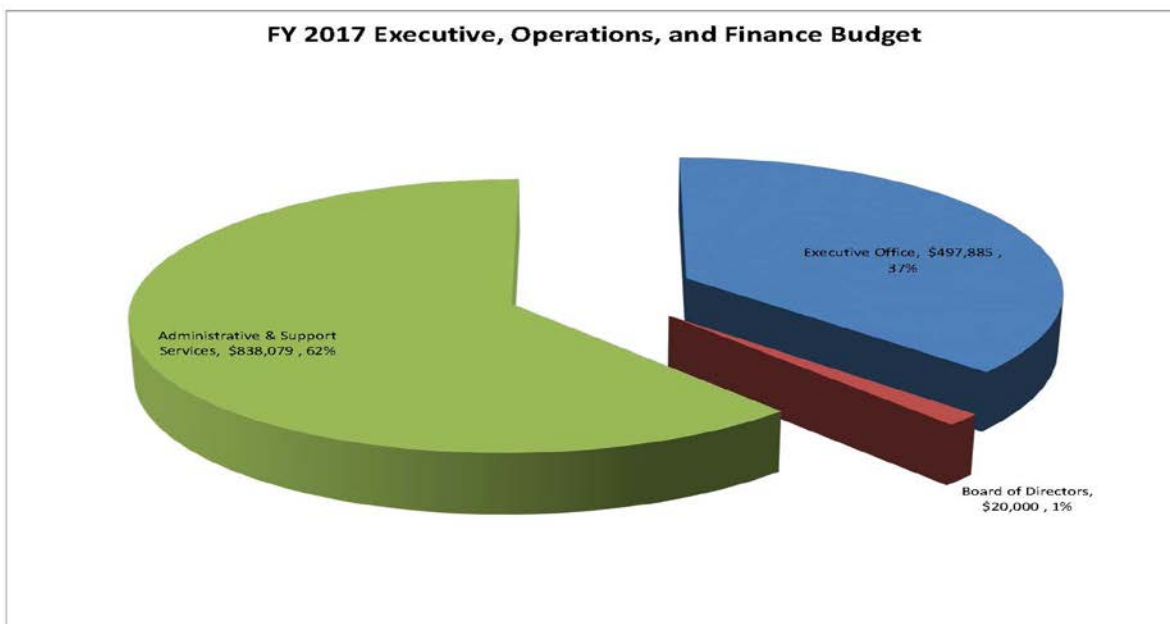


VI. EXECUTIVE, OPERATIONS, AND FINANCE

This function provides oversight through the President/CEO and the Board of Directors. It also includes administrative and support services such as Board of Directors support, budget development and monitoring, financial reporting, accounting, and procurement.

EXECUTIVE, OPERATIONS, AND FINANCE Operating Financial Plan

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$1,339,964	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	\$16,000	
Other Revenues	--	
Carryover Funds	--	
Total Fund Sources	\$1,355,964	
Expenditures		
Salaries, Benefits, and Taxes	\$773,989	7
Wages and Taxes	--	
Advertising and Promotion	5,000	
Missions, Shows, and Events	20,650	
Digital Marketing	--	
Travel	108,350	
Services	188,445	
Supplies and Materials	18,875	
Grants and Pass-Through Payments	--	
Fixed Asset Payments	48,771	
Other Expenditures	191,884	
Total Expenditures	\$1,355,964	7





VII. MARKETING

VTC's Marketing division plans and implements a number of domestic and international programs in order to promote Virginia as a travel destination, including brand management, creative services, national and international media relations, domestic sales, international trade and sales, promotions, and digital marketing. It accomplishes this through the following primary functional areas, with each having targeted purposes and objectives.

Domestic and International Marketing: VTC's direct sales efforts, including trade shows, sales missions, site inspection tours, and hosting visiting foreign press, are designed to increase visitation and its resulting economic impact from domestic and selected international markets. Key buyer segments targeted through the sales efforts include tour operators, travel agents, and meeting planners.

Brand Management: The advertising program develops and promotes the Virginia brand through print, broadcast, and digital media. The media plan targets frequent travelers within markets that provide the highest potential number of visitors to Virginia. The media plan includes buy-downs and cooperative support for Virginia's tourism industry.

Creative Services: The creative services program provides graphic development and production services for VTC and the Virginia Economic Development Partnership. VTC's library of photography, film, videography, and digital graphics files is managed by creative services.

Communications: Communications efforts stimulate Virginia's economy by generating editorial coverage designed to motivate travelers to visit, stay longer, and see more of Virginia's travel attractions. Communications also provides VTC with visibility in niche publications to promote special and unique attractions in Virginia.

Digital Marketing: The digital marketing program manages VTC's two primary websites: virginia.org and vatc.org. virginia.org is a trip planning and travel inspiration site for consumers, while vatc.org is a business-to-business website for Virginia's tourism industry. Digital marketing manages VTC's Internet communications technologies and develops web-based business initiatives and partnerships. Digital marketing regularly educates the industry on the use of Internet technology and the benefits of full participation in VTC's consumer website. Digital marketing also manages VTC's robust social media program.

Research: The research program provides a wide range of tourism-related data gathering and data analysis, including domestic and international visitor profiles, domestic and international market shares, and the economic impact of tourism on the state and localities, as well as VTC's advertising and marketing campaign results. The program provides detailed and timely information for those in the Commonwealth who are interested in tourism development and for VTC to assess the return on investment of its programs.

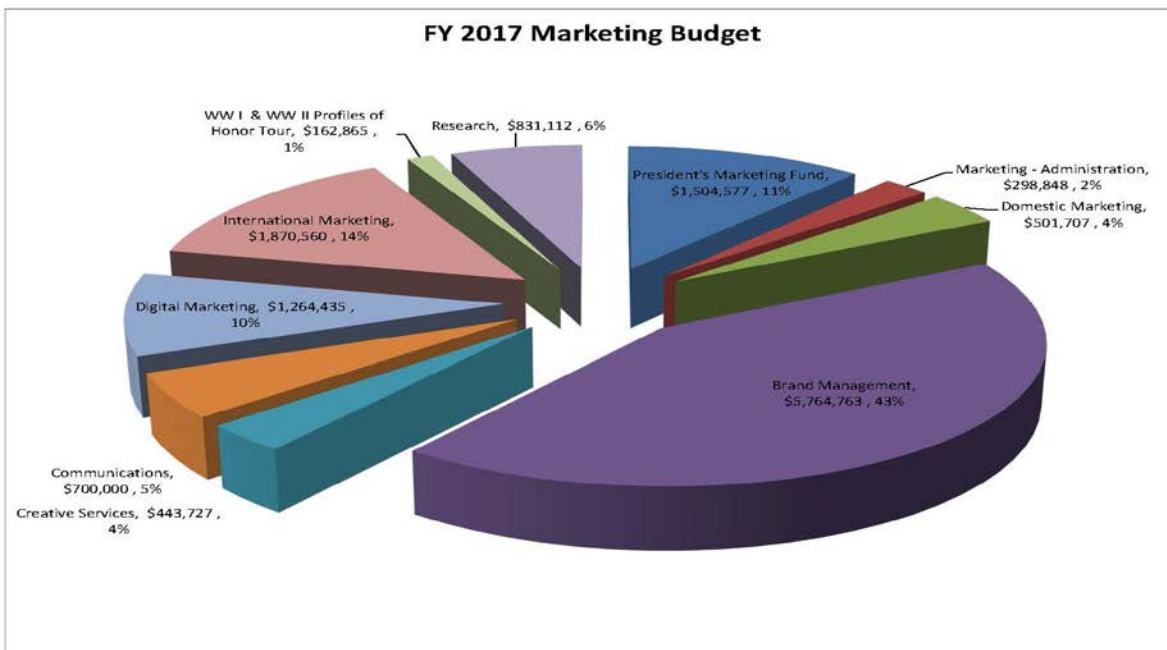


MARKETING (CONT'D)

**MARKETING
 Operating Financial Plan**

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$12,799,729	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	--	
Other Revenues	262,865	
Carryover Funds	280,000	
Total Fund Sources	\$13,342,594	
Expenditures		
Salaries, Benefits, and Taxes	\$2,027,577	22
Wages and Taxes	12,930	
Advertising and Promotion	6,805,683	
Missions, Shows, and Events	195,160	
Digital Marketing	769,000	
Travel	172,214	
Services	1,823,414	
Supplies and Materials	249,430	
Grants and Pass-Through Payments	727,556	
Fixed Assets Payments	78,720	
Other Expenditures	480,910	
Total Expenditures	\$13,342,594	22

Note: The WW I & WW II Profiles of Honor Tour is funded through the Virginia World War I and World War II Commemoration Commission and is included in "Other Revenues." The program includes one full-time employee.





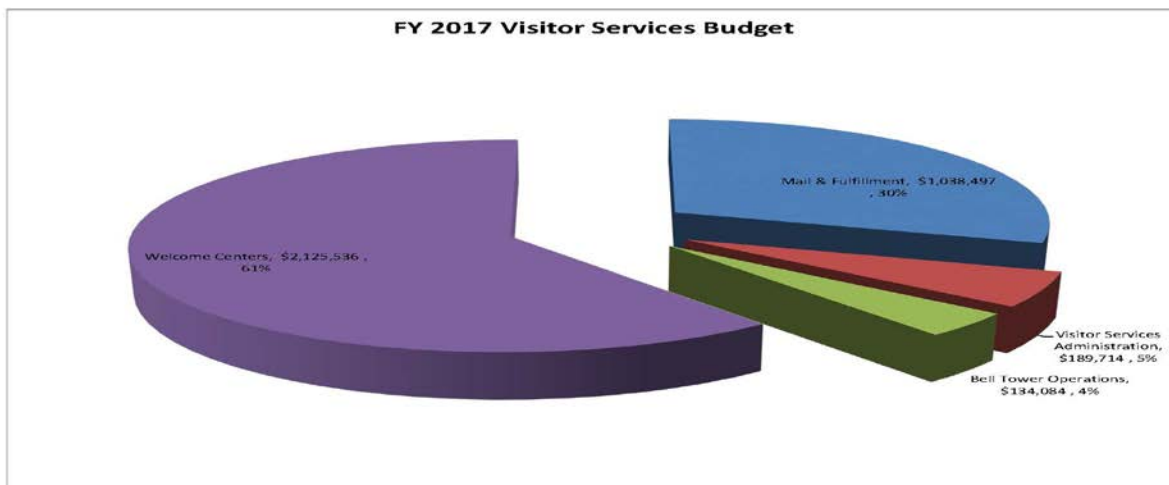
VIII. VISITOR SERVICES

This program develops overall strategies for sound customer and visitor relations and information distribution systems. It manages activities aimed at providing superior customer service, evaluating and improving customer fulfillment functions, and increasing community outreach. VTC works cooperatively with the Virginia Department of Transportation in the operations of the state’s Welcome Centers to promote and encourage traveler visitation to Virginia.

VISITOR SERVICES Operating Financial Plan

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$1,681,576	
VDOT Transfers	1,327,380	
Welcome Center/Safety Rest Area Revenue	400,000	
Interest on Deposits	--	
Other Revenues	78,875	
Carryover Funds	--	
Total Fund Sources	\$3,487,831	
Expenditures		
Salaries, Benefits, and Taxes	\$1,958,811	29
Wages and Taxes	482,485	
Advertising and Promotion	500	
Missions, Shows, and Events	4,100	
Digital Marketing	--	
Travel	98,378	
Services	578,873	
Supplies and Materials	187,516	
Grants and Pass-Through Payments	100,000	
Fixed Asset Payments	58,460	
Other Expenditures	18,708	
Total Expenditures	\$3,487,831	29

Note: Visitor Services also includes 44 part-time travel counselors at the state Welcome Centers and the Bell Tower Visitor Center.



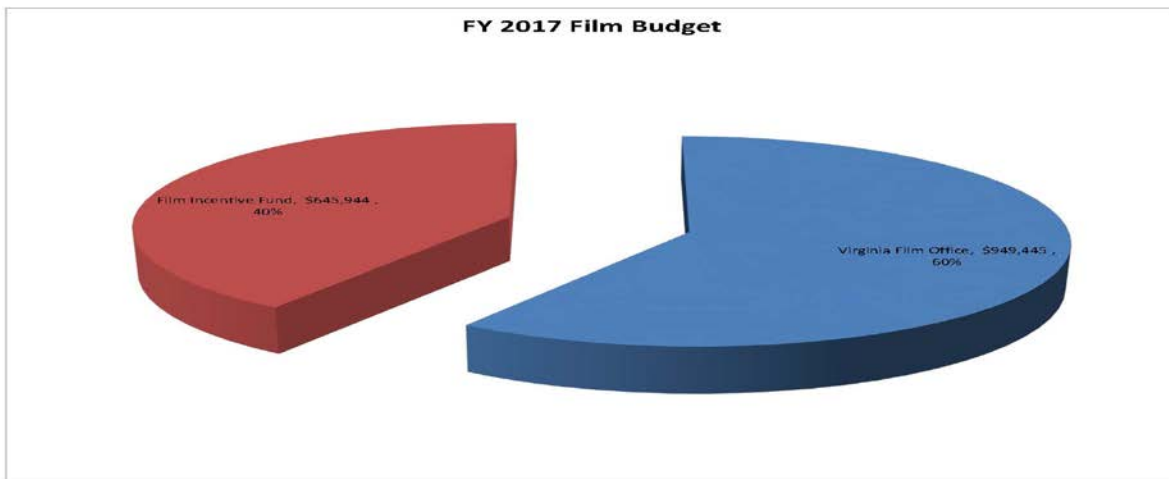


IX. Film

The Virginia Film Office is committed to attracting film and video production to Virginia and supporting the indigenous production industry, with the ultimate goal of bringing economic and employment benefits to the Commonwealth. Film, video, and multi-media production is a growth industry worldwide and in Virginia, and the economic benefits to the state have grown significantly. The Virginia Film Office pursues its goals through the creation and implementation of aggressive marketing and development programs.

**FILM
 Operating Financial Plan**

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$1,149,445	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	--	
Other Revenues	--	
Carryover Funds	445,944	
Total Fund Sources	\$1,595,389	
Expenditures		
Salaries, Benefits, and Taxes	\$465,626	5
Wages and Taxes	30,142	
Advertising and Promotion	245,000	
Missions, Shows, and Events	20,000	
Digital Marketing	--	
Travel	39,600	
Services	84,000	
Supplies and Materials	46,577	
Grants and Pass-Through Payments	645,944	
Fixed Assets Payments	5,500	
Other Expenditures	13,000	
Total Expenditures	\$1,595,389	5





PARTNERSHIP MARKETING

The Partnership Marketing division works closely with communities throughout Virginia through tourism development and incentive programs.

Planning and Development: This program provides communities and tourism entrepreneurs with tourism planning expertise and support. It assists with strategic planning, product planning, and identifying funding resources to achieve the planning goals and grow the Commonwealth's tourism product.

Business Development: This section is responsible for administering VTC's tourism development incentive programs.

Tourism Development Financing Program (TDFP). The TDFP provides gap financing to compensate for a shortfall in project funding in partnership with developers, localities, financial institutions, and the state.

Virginia Tourism Growth Fund (VTGF). The VTGF is used to stimulate Virginia tourism-related businesses in partnership with Virginia localities to add foundational or new tourism assets and create new jobs in Virginia communities. The VTGF is a discretionary program in which grants are negotiated and offered to qualified applicants as a tourism development incentive.

Partnerships and Outreach: The Partnerships and Outreach section administers VTC's marketing grants program. The section works closely with Virginia's localities and attractions to identify grant opportunities and options for stretching limited resources to develop and market the Commonwealth's tourism product.

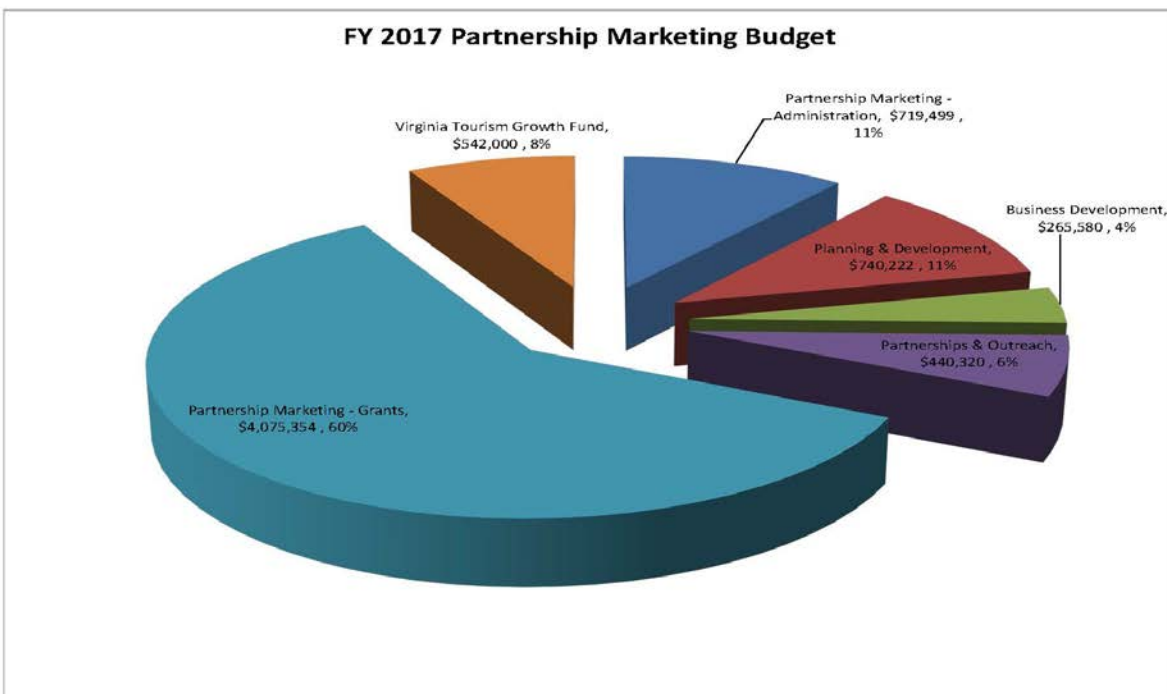
Marketing Leverage Program (MLP). The MLP is designed to simulate new tourism marketing programs through the creation of tourism partnerships and to extend the "Virginia is for Lovers" marketing efforts. The program provides grants to supplement marketing programs for small tourism-related businesses, 70 percent of which have marketing budgets of less than \$10,000.



**PARTNERSHIP MARKETING
 Operating Financial Plan**

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$4,563,121	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	--	
Other Revenues	2,500	
Carryover Funds	2,217,354	
Total Fund Sources	\$6,782,975	
Expenditures		
Salaries, Benefits, and Taxes	\$1,212,633	12
Wages and Taxes	--	
Advertising and Promotion	453,026	
Missions, Shows, and Events	2,500	
Digital Marketing	35,000	
Travel	141,500	
Services	291,903	
Supplies and Materials	10,068	
Grants and Pass-Through Payments	4,617,354	
Fixed Assets Payments	7,041	
Other Expenditures	11,950	
Total Expenditures	\$6,782,975	12

Note: "COV General Fund Revenue" includes \$500,000 for the Virginia Tourism Growth Fund appropriated to Economic Development Incentive Payments in Chapter 780, the 2016 Appropriation Act.





X. PASS-THROUGH PAYMENTS

The following is a list of pass-through funding included in the appropriation for the Virginia Tourism Authority.

	<u>Funds</u>
Fund Sources	
COV General Fund Revenue	\$850,000
Total Fund Sources	<u>\$850,000</u>
 Expenditures	
Virginia Sports Hall of Fame & Museum	\$500,000
Special Olympics Virginia	50,000
Southwest Regional Recreation Authority (Spearhead Trails)	300,000
Total Expenditures	<u>\$850,000</u>