



VIRGINIA TOURISM AUTHORITY
D/B/A Virginia Tourism Corporation

OPERATING PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

VIRGINIA IS FOR LO♥ERS

**VIRGINIA TOURISM AUTHORITY
FY 2018 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 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 13 state welcome centers located strategically around the state to provide information to persons traveling in Virginia.

OPERATING PLAN

This operating plan has been prepared in accordance with Chapter 836, the 2017 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, employment, and tax revenues. 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

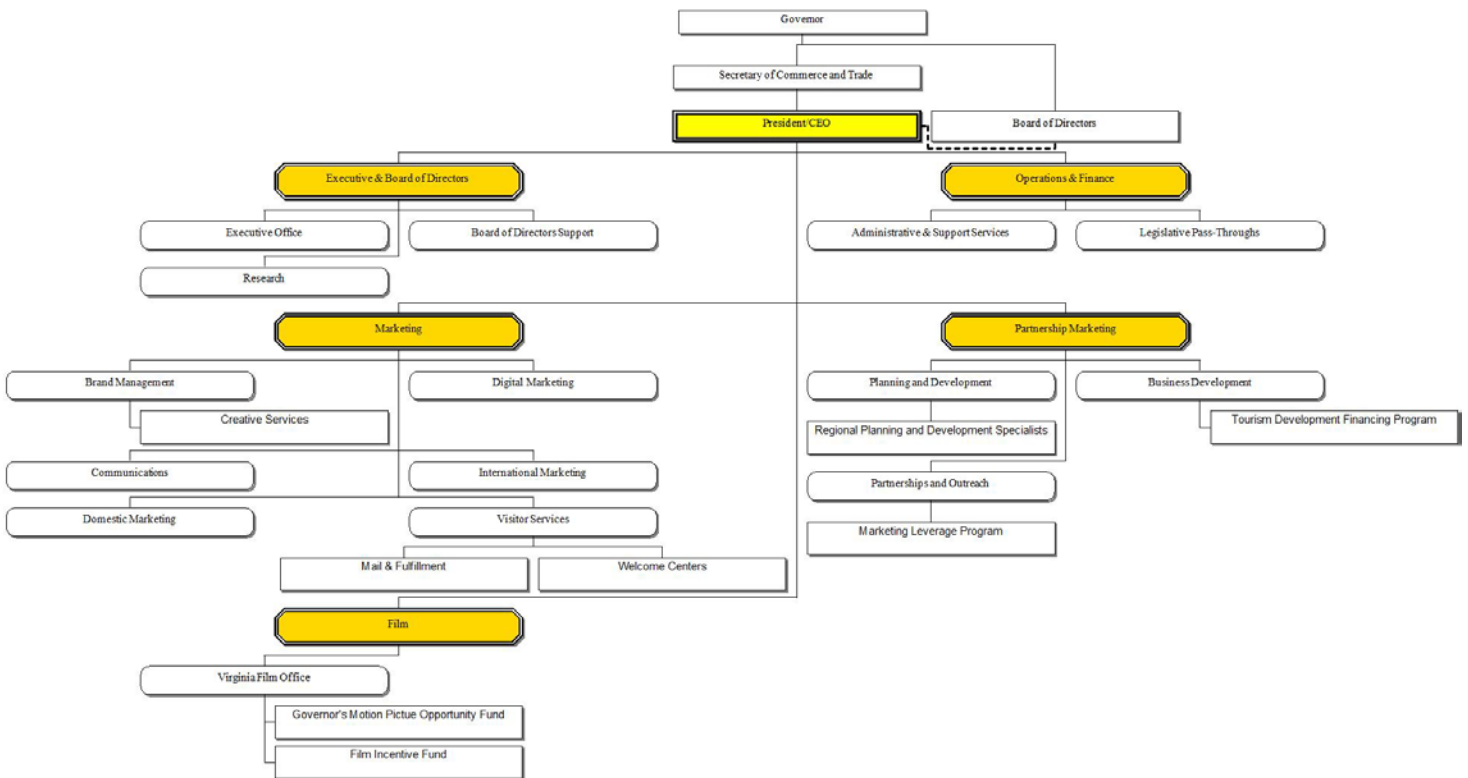


III. ORGANIZATIONAL STRUCTURE

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, 2017





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
2. Number of annual website user sessions
3. Amount leveraged for every grant dollar invested
4. Dollar amount of economic impact generated by the motion picture industry
5. Cost per one thousand media impressions
6. Number of Welcome Center visitors



V. FY 2018 OPERATING FINANCIAL PLAN SUMMARY

**Operating Financial Plan Summary
 For The Fiscal Year Ending June 30, 2018**

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$20,000,762	
VDOT Transfers	1,325,000	
Welcome Center/Safety Rest Area Revenue	509,197	
Interest on Deposits	42,000	
Other Revenues	557,955	
Carryover Funds	3,347,843	
Total Fund Sources	\$25,782,757	
Expenditures		
Executive, Operations, and Finance	\$1,462,616	7
Marketing	12,317,191	25
Visitor Services	3,632,023	30
Film	1,329,683	4
Partnership Marketing	6,566,244	13
Pass-Through Payments	475,000	
Total Expenditures	\$25,782,757	79

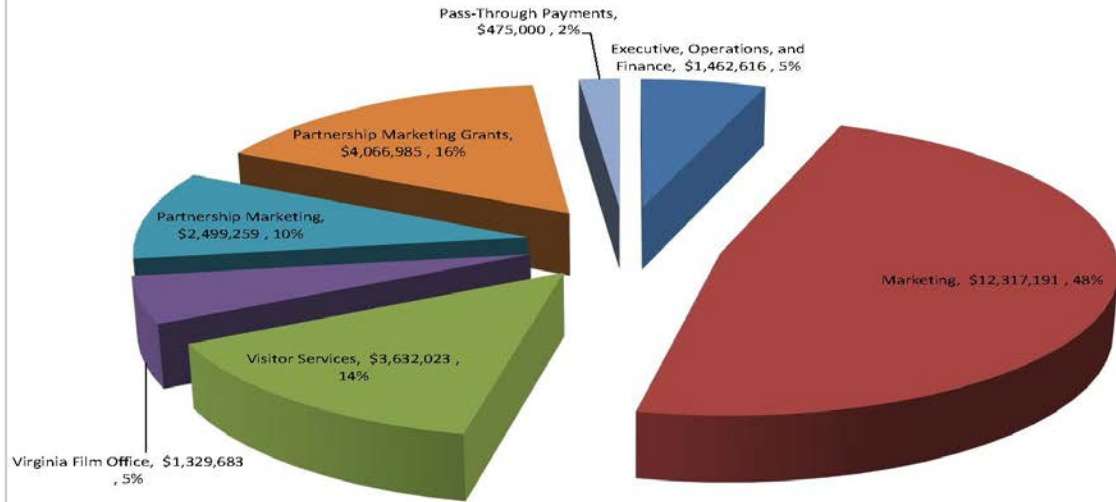
Note: VTC employs 60 part-time workers not reflected in the above employment levels.

FY 2018 General Fund Budget Summary

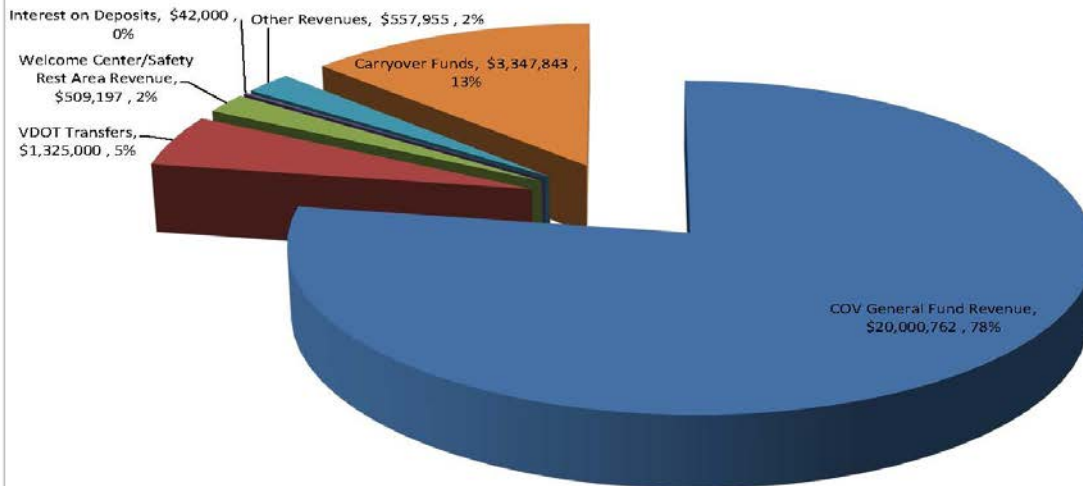
	Amount
Base Budget	\$21,000,560
Distribute Central Appropriations amounts to agency budgets	\$428,696
FY 2016 Savings Plan (Chapter 665, Item 471.10)	(\$1,082,983)
Remove one-time funding for the Spearhead Trails initiative	(\$200,000)
Remove second-year funding to promote tourism between Virginia and China	(\$400,000)
Provide funding to implement the Vision Strategy	\$2,000,000
Adjust appropriation for the costs of the new Cardinal financial system	64
Introduced Budget Bill (2016 Session)	\$21,746,337
Reduce funding to implement the Vision Strategy	(\$1,000,000)
Provide funding for the Spearhead Trails initiative	\$300,000
Chapter 780 (2016 Appropriation Act)	\$21,046,335
Provide funding for Asian market tourism promotion	\$400,000
Eliminate funding for the Vision Strategy	(\$1,000,000)
Reduce funding for the Spearhead Trails initiative	(\$22,500)
Reduce funding for various sponsorships	(\$237,225)
Reduce funding for marketing activities	(\$300,000)
Introduced Budget Bill (2017 Session)	\$19,886,612
Restore funding for the Spearhead Trails initiative	\$22,500
Reduce funding for the Virginia Sports Hall of Fame & Museum	(\$125,000)
Chapter 836 (2017 Appropriation Act)	\$19,784,112
FY 2018 Central Appropriations distributions (estimated)	\$218,500
FY 2018 Performance Budgeting System charges (estimated)	(\$1,850)
TOTAL FY 2018 GENERAL FUND BUDGET	\$20,000,762



FY 2018 VTC Budget Summary



FY 2018 VTC Funding Sources





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, procurement, and strategic planning coordination.

EXECUTIVE, OPERATIONS, AND FINANCE Operating Financial Plan

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$1,370,616	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	\$42,000	
Other Revenues	--	
Carryover Funds	\$50,000	
Total Fund Sources	\$1,462,616	
Expenditures		
Salaries, Benefits, and Taxes	\$821,512	7
Wages and Taxes	--	
Advertising and Promotion	1,500	
Missions, Shows, and Events	13,950	
Digital Marketing	--	
Travel	96,082	
Services	199,550	
Supplies and Materials	15,300	
Grants and Pass-Through Payments	--	
Fixed Asset Payments	87,307	
Other Expenditures	227,415	
Total Expenditures	\$1,462,616	7



VII. MARKETING

VTC's marketing activities include a number of domestic and international programs aimed at promoting Virginia as a travel destination, including brand management, creative services, national and international media relations, domestic sales, international trade and sales, promotions, digital marketing, and research. Each of the following primary functional areas has 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, meeting planners, and sports events rights holders.

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: The communications program is responsible for generating editorial coverage in targeted national, regional, and in-state publications for promotion of Virginia as a premier travel destination. Communications also provides VTC with visibility in niche publications to promote special and unique attractions in Virginia. In addition, it disseminates tourism-related news to the Virginia tourism industry and works with the industry on generating media coverage.

Digital Marketing: The digital marketing program manages VTC's three primary websites: virginia.org, blog.virginia.org, and vatc.org. virginia.org and blog.virginia.org are trip planning and travel inspiration websites 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 also regularly educates the industry on the use of online technologies, marketing strategies, and the benefits of full participation in VTC's consumer website. In addition, digital marketing manages VTC's robust social media program.

Research: The research program utilizes a wide range of tourism industry data, metrics, and insights in order to quantify Virginia's tourism industry and measure organizational goals that are aligned with VTC's overall strategy. The aims of VTC's research program are to measure tourism industry performance, conduct consumer studies, and perform competitive industry analysis. The research program works with internal and external partners in primary survey data and segmentation analysis, developing domestic and international visitor profiles, calculating domestic and international market shares, and determining the economic and fiscal impact of tourism on the state and localities. The program also provides detailed and timely information for VTC to measure the benefit-cost ratio of its integrated marketing, digital media, and incentive programs.



MARKETING (CONT'D)

**MARKETING
Operating Financial Plan**

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$11,461,004	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	--	
Other Revenues	338,705	
Carryover Funds	517,482	
Total Fund Sources	\$12,317,191	
Expenditures		
Salaries, Benefits, and Taxes	\$2,322,794	25
Wages and Taxes	81,666	
Advertising and Promotion	5,139,197	
Missions, Shows, and Events	239,190	
Digital Marketing	1,060,646	
Travel	267,622	
Services	1,196,726	
Supplies and Materials	375,332	
Grants and Pass-Through Payments	1,127,556	
Fixed Assets Payments	21,700	
Other Expenditures	484,762	
Total Expenditures	\$12,317,191	25

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 and seven part-time employees.



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. In addition, this program oversees the management of the Virginia is for Lovers trademarks and production of official Virginia is for Lovers merchandise. It works with Virginia's tourism industry to encourage participation in the sale of such merchandise, which produces royalties that support VTC's programs.

VISITOR SERVICES Operating Financial Plan

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$1,681,576	
VDOT Transfers	1,325,000	
Welcome Center/Safety Rest Area Revenue	509,197	
Interest on Deposits	--	
Other Revenues	116,250	
Carryover Funds	--	
Total Fund Sources	\$3,632,023	
Expenditures		
Salaries, Benefits, and Taxes	\$2,044,106	30
Wages and Taxes	535,105	
Advertising and Promotion	750	
Missions, Shows, and Events	4,100	
Digital Marketing	40,282	
Travel	107,560	
Services	563,075	
Supplies and Materials	176,440	
Grants and Pass-Through Payments	100,000	
Fixed Asset Payments	29,609	
Other Expenditures	30,996	
Total Expenditures	\$3,632,023	30

Note: Visitor Services also includes 49 part-time travel counselors at the state's Welcome Centers.



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	180,238	
Total Fund Sources	\$1,329,683	
Expenditures		
Salaries, Benefits, and Taxes	\$405,606	4
Wages and Taxes	41,166	
Advertising and Promotion	253,623	
Missions, Shows, and Events	29,000	
Digital Marketing	--	
Travel	47,050	
Services	192,449	
Supplies and Materials	36,000	
Grants and Pass-Through Payments	297,789	
Fixed Assets Payments	16,500	
Other Expenditures	10,500	
Total Expenditures	\$1,329,683	4



X. PARTNERSHIP MARKETING

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

Planning and Partnerships: This section 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. It also administers VTC’s 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. In addition, the section works closely with Virginia’s localities and attractions to identify other grant opportunities and options for stretching limited resources to develop and market the Commonwealth’s tourism product.

Business Development: This section is responsible for administering the Tourism Development Financing Program (TDFP). The TDFP provides gap financing to compensate for a shortfall in project funding in partnership with developers, localities, and financial institutions.

PARTNERSHIP MARKETING Operating Financial Plan

	Funds	Employment
Fund Sources		
COV General Fund Revenue	\$3,863,121	
VDOT Transfers	--	
Welcome Center/Safety Rest Area Revenue	--	
Interest on Deposits	--	
Other Revenues	103,000	
Carryover Funds	2,600,123	
Total Fund Sources	\$6,566,244	
Expenditures		
Salaries, Benefits, and Taxes	\$1,319,385	13
Wages and Taxes	--	
Advertising and Promotion	659,000	
Missions, Shows, and Events	14,950	
Digital Marketing	22,495	
Travel	104,200	
Services	228,953	
Supplies and Materials	29,150	
Grants and Pass-Through Payments	4,150,123	
Fixed Assets Payments	16,100	
Other Expenditures	21,888	
Total Expenditures	\$6,566,244	13



XI. PASS-THROUGH PAYMENTS

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

	Funds
Fund Sources	
COV General Fund Revenue	\$475,000
Total Fund Sources	\$475,000
Expenditures	
Virginia Sports Hall of Fame & Museum	\$125,000
Special Olympics Virginia	50,000
Southwest Regional Recreation Authority (Spearhead Trails)	300,000
Total Expenditures	\$475,000