


MEMORANDUM

April 17, 2013

TO: Planning, Housing, and Economic Development Committee

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: FY14 Operating Budget: Conference and Visitors Bureau NDA

The following persons are expected to attend this worksession: Kelly Groff, Executive Director, CVB; Steve Silverman, Director, DED; Tina Benjamin, DED; Helen Vallone, OMB.

The Non-Departmental Account for the Conference and Visitors Bureau (CVB) can be found on page 66-6 of the Executive's Recommended FY14 Operating Budget, and a copy is attached at ©1.

Council staff recommendation

Staff recommends approval.

Overview

The CVB promotes Montgomery County as a tourist destination to meeting planners, student groups, group tour operators, leisure travelers, sports events/spectators, and travel writers. The CVB's promotion activities include developing and distributing publications and conducting public information campaigns. The CVB also assists small and large hospitality businesses considering new product development or expansions.

The Executive has recommended \$1,272,796 in FY14, an increase of \$605,990 over the FY13 Approved Budget. The CVB NDA is funded with a dedicated revenue stream—a portion of the total County revenues from the Room Rental and Transient Tax is dedicated to the CVB. This year the Council enacted Bill 36-12 (effective July 1, 2013), increasing the CVB's share of Room Rental and Transient Tax revenue from 3.5% to 7.0%. The CVB does have other resources, but the dedicated revenue stream represents the lion's share of the CVB's funding.

Montgomery County's CVB budget per hotel room is below that of most neighboring CVBs. *See table, below.*

CVB Budget Size per Hotel Room Inventory, by total budget				
MARKET	Budget	Rooms	Per Room	Staff
Destination DC	\$17,150,000	28,711	\$597.33	63
Fairfax County	\$2,561,000	19,500	\$131.33	11
Loudoun County	\$2,483,000	5,566	\$446.10	19
Alexandria City	\$2,526,029	4,500	\$561.34	11
Annapolis (AA County)	\$1,695,664	10,900	\$155.57	9
Frederick County	\$1,305,727	2,411	\$541.57	6
Prince George's County	\$1,156,587	9,923	\$116.56	5
Manassas (Prince William Cty)	\$1,086,504	3,792	\$286.53	9
Howard County	\$1,017,900	3,000	\$339.30	5
Montgomery County	\$994,653	9,500	\$104.70	5
Arlington County	\$500,000	10,759	\$46.47	4.8
<i>Source: CVB</i>				

The Council approves a budget for the CVB NDA each year as part of the operating budget. Under Montgomery County Code §52-16 (j), at least 7.0% of the revenue from the room rental and transient tax must be used for the CVB; consequently, the Council's flexibility in approving this budget is limited—in the budget, the Council can appropriate an amount that exceeds 7.0% of room rental and transient tax revenue, but not less. Alternatively, the Council can amend the law to change the required minimum contribution to the CVB (as the Council did this year).

While the Council does approve a budget for the CVB NDA every year, the Council does not approve the CVB's budget. The CVB is a non-profit entity, and the CVB Board approves the CVB budget. *See CVB Draft FY14 Budget*, © 2-4. The CVB prepares an annual report to the PHED Committee which contains information regarding the CVB's activities and accomplishments during the previous year and the CVB's work plan for the upcoming year. *See CVB Annual Report to PHED for FY14 Budget*, © 5-16.

FY14 Expenditure Issues

The CVB Draft FY14 Budget reflects the enhancements identified during the PHED/GO discussion of Bill 36-12. *See CVB Draft FY14 Budget*, © 2-4. In response to Council Staff's question, the CVB estimated that the Maryland State Legislature's action to exempt Lockheed Martin's Center for Leadership Excellence from the Room Rental and Transient Tax has reduced projected FY14 revenues by \$31,500.

The CVB expects to attend 24 trade shows in FY14. *See Tradeshow*s, © 17. Total CVB expenditures for print and digital advertising exceeded \$400,000 in FY13 and will increase in FY14. *See Advertising Placements*, © 18-22; *see also CVB Draft FY14 Budget*, © 2-4.

FY14 Revenue Issues

FY12 Room Rental and Transient Tax revenue exceeded FY10 revenue. Finance estimates that FY13 revenue will fall short of budget projections, and that revenue in FY14 will be more than

\$1 million below the FY14 projections at the time the FY13 budget was approved. Finance estimates modest but steady growth from FY15-FY19. See *Projected Room Rental and Transient Tax FY13-FY19*, © 24.

For perspective, for the tax to generate enough revenue for non-CVB uses as it was prior to the adoption of Bill 36-12, the revenues would need to increase by 3.8% (from \$18,000,000 to \$18,677,419). At the current “average daily rate”, this would require an increase of 5,507 room nights over the course of a year (currently about 6,200 hotel rooms are occupied each night).

A	B	C	D
		<i>FY13 (CVB receives 3.5%)</i>	
1		Average annual hotel/motel tax revenue	\$18,000,000
2	Line 1 times 3.5%	CVB share	\$630,000
3	Line 1 minus Line 2	Available for non-CVB uses	\$17,370,000
4			
5		<i>FY14 (CVB receives 7%)</i>	
6		Average annual hotel/motel tax revenue	\$18,000,000
7	Line 6 times 7.0%	CVB share	\$1,260,000
8	Line 6 minus Line 7	Available for non-CVB uses	\$16,740,000
9			
10		<i>Analysis</i>	
11	Line 3 minus Line 7	Difference or gap for non-CVB uses	\$630,000
12			
13	Equals Line 3	Target available for non-CVB uses	\$17,370,000
14	Line 3 divided by 93%	"Break even" hotel/motel tax revenue	\$18,677,419
15	Line 14 minus Line 1	Required increase in hotel/motel tax revenue	\$677,419
16	Line 15 divided by Line 20	Additional room nights necessary to break even	5,507
17			
18		Assumptions	
19		Rooms	9,532
20		Average daily rate (ADR)	\$123.00
21		Occupancy rate	65%
22	Line 20 times Line 21	Revenue per available room (RevPAR)	\$79.95

- Attachments: © 1 Executive’s Recommended FY14 Operating Budget: CVB NDA
© 2 CVB Draft FY14 Budget
© 5 CVB Annual Report to PHED for FY14 Budget
© 17 Tradeshow
© 18 Advertising Placements
© 23 Hotel/Motel Tax Monthly Revenues
© 24 Projected Room Rental and Transient Tax FY13-FY19
© 25 CVB FY 12 Annual Report

Unemployment Insurance: The County is self-insured for unemployment claims resulting from separations of service. Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	721,071	0.65
Increase Cost: MLS Pay for Performance - Tax Supported	1,230,301	0.00
Increase Cost: MLS Pay for Performance - Non-Tax Supported	563,886	0.00
Increase Cost: Montgomery County Employee Retirement Plans and Department of Finance (Deferred Compensation)	26,528	0.23
Increase Cost: FY14 Compensation Adjustment	3,574	0.00
Increase Cost: Other Labor Contract Costs	2,750	0.00
Increase Cost: Group Insurance Adjustment	1,773	0.00
Increase Cost: Printing and Mail Adjustment	115	0.00
Decrease Cost: Elimination of FY13 \$2,000 Lump Sum	-656	0.00
FY14 CE Recommended	2,549,342	0.88

Conference and Visitors Bureau

The Conference and Visitors Bureau (CVB) promotes Montgomery County as a tourist destination site to meeting planners, student groups, group tour operators, leisure travelers, sports events/spectators, and travel writers. The CVB develops and distributes publications on points of interest to tourists; and conducts public information campaigns promoting tourism and event facilitation in Montgomery County. The CVB serves as a resource center assisting small and large hospitality businesses considering new product development and/or expansions. The CVB coordinates with the State Department of Tourism, State Film Office, and national and regional events to promote tourism growth, increased visitor spending and visitation in Montgomery County. The CVB manages the tourism marketing grant provided annually by the Maryland Tourism Development Board. The CVB operates on contract with the Department of Economic Development. Funding is based on 7 percent of the total hotel/motel tax revenues.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	666,806	0.00
Enhance: Allocation from 3.5% of Hotel/Motel Tax revenues to 7%	636,398	0.00
Decrease Cost: Adjustment to Allocation Based on Revised Hotel/Motel Tax Revenue Estimate	-30,408	0.00
FY14 CE Recommended	1,272,796	0.00

Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November 2004, the NDA has expanded its scope to fund:

- a full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- non-routine repairs, alterations, improvements, renewals, and replacements; and
- the designated reserve required by the management agreement with Marriott International, Inc.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods when losses occur. These costs will be offset by contractor payments to the County during accounting periods with operating gains. To ensure fiscal and operational accountability, a management audit is conducted every two years and the program budget is increased by \$50,000 during the year such audit is scheduled.

Revenues consisting of net operating income from the Conference Center and land rent from the hotel are also reflected in the NDA. Twenty percent of the County's net proceeds from Conference Center operations will be retained for investment in marketing and facility improvements that will increase Conference Center usage. All proposed investment expenditures will be reviewed and approved by the Conference Center Management Committee.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	565,040	1.00
Increase Cost: Biennial Audit for the Conference Center	50,000	0.00
Increase Cost: FY14 Compensation Adjustment	5,397	0.00
Decrease Cost: Group Insurance Adjustment	-6,011	0.00
Decrease Cost: Annualization of FY13 Personnel Costs	-8,170	0.00
FY14 CE Recommended	606,256	1.00

Conference and Visitors Bureau (CVB) Fiscal Year 2014 Budget DRAFT

REVENUES	FY 2012	FY 2013	FY 2014	Increase/
	Actual	Budget	Budget	Decrease
Public Revenues				
Occupancy Tax - County *	\$ 695,476	\$ 666,806	\$ 1,241,296	\$574,490
Occupancy Tax - Municipal	\$ 64,070	\$ 73,000	\$ 72,000	(\$1,000)
MD Tourism Grant	\$ 226,079	\$ 150,000	\$ 200,000	\$50,000
Private Revenues				
Membership Dues	\$ 48,355	\$ 32,000	\$ 35,000	\$3,000
Membership Events	\$ 879	\$ 4,000	\$ 1,000	(\$3,000)
Miscellaneous Income	\$ 2,415	\$ 1,500	\$ 2,500	\$1,000
Souvenir Sales	\$ -	\$ 500	\$ 300	(\$200)
Marketing & Promotions Revenues				
Hotel Reservation Service Commissions	\$ 161,824	\$ 120,000	\$ 130,000	\$10,000
Cooperative Trade Shows	\$ 16,275	\$ 12,000	\$ 10,000	(\$2,000)
Coop Advertising/Print	\$ 2,800	\$ 6,000	\$ 5,000	(\$1,000)
CVB Collateral Advertising	\$ 2,415	\$ 20,000	\$ 15,000	(\$5,000)
Advertising Revenues on CVB website	\$ 700	\$ 3,000	\$ 3,000	\$3,000
TOTAL REVENUES	\$ 1,221,288	\$ 1,088,806	\$ 1,715,096	\$629,290
EXPENSES	FY 2012	FY 2013	FY 2014	Increase/
	Actual	Budget	Budget	Decrease
Accounting/Payroll Services	\$ 29,652	\$ 34,000	\$ 33,000	(\$1,000)
Advertising - Print	\$ 277,977	\$ 190,000	\$ 205,590	\$15,590
Advertising/Electronic/Digital Mrkt. Svcs.	\$ 200,489	\$ 173,215	\$ 210,000	\$36,785
Advertising/Production	\$ 8,316	\$ 6,000	\$ 10,000	\$4,000
Consulting/Management	\$ -	\$ 3,000	\$ -	\$0
Depreciation	\$ 1,378	\$ 1,500	\$ 1,500	\$0
Dues/Subscriptions	\$ 9,433	\$ 6,700	\$ 10,000	\$3,300
Equipment/R&M/ADMIN	\$ 4,177	\$ 4,000	\$ 4,200	\$200
Insurance/Commercial & Board	\$ 3,432	\$ 5,300	\$ 3,700	(\$1,600)
Insurance Employee Health, etc.	\$ 23,910	\$ 25,500	\$ 35,000	\$9,500
Legal Counsel	\$ -	\$ 2,000	\$ 3,000	\$1,000
Maintenance-Rent	\$ 22,409	\$ 23,721	\$ 36,433	\$12,712
Miscellaneous/Mileage/ADMIN	\$ 7,108	\$ 9,000	\$ 9,000	\$0
SUB-TOTAL	\$ 588,281	\$ 483,936	\$ 561,423	\$ 80,487
<i>*adjusted down due to Lockheed</i>				
<i>Martin hotel tax exemption</i>				

EXPENSES	FY 2012	FY 2013	FY 2014	Increase/
	Actual	Budget	Budget	Decrease
Postage/Shipping/ADMIN	\$ 23,376	\$ 20,000	\$ 20,000	\$ -
Publications/Collateral	\$ 28,069	\$ 31,939	\$ 46,439	\$ 14,500
Promotions/Public Relations	\$ 24,068	\$ 20,000	\$ 20,000	\$ -
Promotions - Grant Program - NEW			\$ 50,000	\$ 50,000
Professional Development/ADMIN	\$ 5,281	\$ 6,000	\$ 7,000	\$ 1,000
Research	\$ 5,475	\$ 9,500	\$ 15,000	\$ 5,500
Salaries/Retirement Benefits ADMIN	\$ 279,180	\$ 316,177	\$ 602,237	\$ 286,060
Salaries/Visitor Center & Part Time Staff	\$ 12,170	\$ -	\$ -	
Sales and Marketing Initiatives - NEW			\$ 85,855	\$ 85,855
Sales-International *	\$ 4,994	\$ 5,000	\$ 7,300	\$ 2,300
Sales - Meetings Market Trade Shows	\$ 49,175	\$ 47,989	\$ 65,006	\$ 17,017
Sales - Group Tour Trade Shows	\$ 2,449	\$ 6,620	\$ 7,125	\$ 505
Sales - Sports Marketing Trade Shows	\$ 4,436	\$ 8,145	\$ 13,255	\$ 5,110
Sports Rebates/Housing Expenses	\$ 77,022	\$ 48,000	\$ 48,000	\$ -
Souvenirs/VIC	\$ 432	\$ 1,000	\$ 500	\$ (500)
Special Projects - NEW			\$ 75,000	\$ 75,000
Supplies/ADMIN	\$ 9,962	\$ 6,000	\$ 10,956	\$ 4,956
Taxes/Payroll ADMIN	\$ 25,862	\$ 26,000	\$ 42,000	\$ 16,000
Technical Support	\$ 16,912	\$ 10,000	\$ 12,000	\$ 2,000
Telecommunications/ADMIN	\$ 7,796	\$ 7,500	\$ 11,000	\$ 3,500
Website SEO/SEM and Development	\$ 30,793	\$ 35,000	\$ 15,000	\$ (20,000)
SUB-TOTAL	\$ 607,452	\$ 604,870	\$ 1,153,673	\$ 548,803
TOTAL EXPENSES	\$1,195,733	\$1,088,806	\$ 1,715,096	

*Note:

Hotel Tax Allocation from CE FY 2014 Budget	\$1,272,796	
Reduction due to Lockheed Martin Hotel Tax Exemption	(\$31,500)	
New Allocation:	\$ 1,241,296	

NEW FUNDING BREAKDOWN:	
Publications/Collateral	
New collateral for marketing	\$14,500
Research	\$5,500
Hotel Data/Customer Surveying	
Special Projects - Year 1	
Development - Countywide Calendar	\$75,000
Sales and Marketing Initiatives	
Knowland Group - Prospecting System for Group Business	\$12,000
Trade Shows - additional expense	\$24,932
International Marketing - Native	\$6,115
Creative Content Program	
Promotions/Sponsorships	\$4,000
Meetings Industry Events	
Familiarization Tour - Meetings	\$5,000
Additional weekend leisure and weekend group web marketing	\$58,740
Salaries/Retirement	
New staffing	\$300,000
Rent/Other Operational Expenses	
Rent-New Expense	\$12,712
Other Operation Expenses - New	\$5,000
Grant Program	\$50,000
TOTAL	\$573,499

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MONTGOMERY COUNTY, MARYLAND
THE UPSIDE OF DOWNTOWN

Conference and Visitors Bureau (CVB) of Montgomery County, MD

**Fiscal Year 2014 Budget Presentation
Planning, Housing and Economic Development (PHED) Committee**

Fiscal Year 2012 Wrap Up:

The CVB's Fiscal Year 2012 Annual Report highlights the accomplishments and activities of the organization. *See attached report.*

Fiscal Year 2013 Budget and Hotel Tax Collections Update:

The Montgomery County total Room Rental Transient Tax (RRTT) collections year-to-date Fiscal Year 2013 are \$122,684 below collections for the same period in Fiscal Year 2012. The Inauguration 2013 tax collections generated an additional \$201,852 of revenues in January 2013 from January 2012. CVB revenues year-to-date Fiscal Year 2013 are \$4,295 below the same period last fiscal year.

See attached Grid, Montgomery County Hotel Tax Collections.

Funding:

The majority of the CVB's funding is provided from an allocation of the Montgomery County Room Rental Transient Tax (RRTT) collections. The CVB receives 3.5% of the total collections. Beginning in Fiscal Year 2014, the CVB will receive 7% of the RRTT collections.

Fiscal Year 2014 Budget – County Executive Projections:

The CVB anticipates that with the passing of Senate Bill 631 and House Bill 815, Hotel Rental Tax Exemption – Lodging at a Corporate Training Center, hotel tax revenues in Fiscal Year 2014 will decrease by \$450,000, and a \$31,500 decrease to the CVB's funding allocation.

⑤

The projection from the County Executive for Fiscal Year 2014 of Hotel Tax Collections is \$18,200,000, 2.4% below the revised FY 2013 estimates. Fiscal Year 2013 estimates are 2.5% above the actual collections from Fiscal Year 2012. Fiscal Year 2012 actual collections were \$18,089,813. The County Executive's Fiscal Year 2014 Budget to the CVB was \$1,272,796. With the Corporate Training Center hotel tax waiver legislation, the CVB reduced this in the FY 2014 Budget to \$1,241,296.

See attached CVB Fiscal Year 2014 Budget - DRAFT

Fiscal Year 2013 Update:

Sales Division:

FY 2013 Year-To-Date Bookings and Leads Processed

In Fiscal Year 2013 for the period of July, 2012-March 2013, the CVB sales division has captured and processed 129 requests for proposals for meeting/event space. During the same period in Fiscal Year 2012 the division had processed 115 leads. This is a 12% increase.

The CVB website provides technology for meeting and event planners to upload their request for proposals for space. For the period of July, 2012 through March, 2013 the CVB has received 44 RFPs. For the same period in Fiscal Year 2012 the CVB had received 3 inquiries.

	Fiscal Year 2012 July-March	Fiscal Year 2013 July-March
Request for Proposals Processed	115	129
Group inquiries received on CVB website	3	44

CVB Sales Booking Chart Analysis FY 2008 - 2013

Fiscal Year	Total Potential Revenue by CVB	Actual Booked	Lost	Room Nights Booked
2008	\$ 4,392,232	\$ 1,241,272	\$ 3,150,960	5,395
2009	\$ 4,069,940	\$ 2,694,282	\$ 1,375,658	11,953
2010	\$ 3,762,681	\$ 2,053,690	\$ 1,708,991	6,752
2011	\$ 4,650,754	\$ 1,425,858	\$ 3,224,896	4,137
2012	\$ 7,335,232	\$ 1,189,336	\$ 6,145,896	6,505
2013*	\$ 3,210,659	\$ 1,308,831	\$ 1,901,828	6,539

**through March 2013*

Some of the larger group bookings secured by the CVB in FY 2013 include:

- Association for Computing Machinery (265)*
- Cure Congenital Muscular Dystrophy (100)
- FC Business Intelligence, Ltd. (100)
- Semiconductor Research Corporation (90)
- Lincoln University Alumni Association (499)
- Community College Undergraduate Research Initiative (CCURI) (187)
- American Student Government Association, 2 years (1460)
- Association of Personal Historians (580)
- Institute of Electrical and Electronics Engineers (IEEE) (662)

**room nights*

Sales Market Segment Report:

The SMERF (social, medical, educational, religious and fraternal)/Tour & Travel Market Segments on average for the last six (6) years have been the top generators of CVB bookings, followed by association and government. In Fiscal Year 2013 year-to-date, 27% of all leads the CVB captured were from the Association market segment, 40% were from SMERF/Tour and Travel market. The government market segment leads captured dropped from 28% in all of 2012 to 7% through March of Fiscal Year 2013.

Market Segment All Group Inquiries/Bookings FY 2008 - 2013

**through March 2013*

Fiscal Year	Association	Corporate	SMERF/T&T	Government
2008	15%	12%	44%	29%
2009	30%	18%	47%	5%
2010	28%	8%	48%	16%
2011	26%	12%	36%	26%
2012	28%	12%	32%	28%
2013*	37%	20%	36%	7%
Average	27%	14%	40%	19%

Origin of Sales Leads by Source:

The top sources of leads to the CVB in descending order are: CVB website, previous clients, referrals, trade shows, Cvent and telephone inquiries. The CVB website generated 42% of all leads year-to-date Fiscal Year 2013.

Government Market and Sequestration:

The CVB lead sources of government market dropped from Fiscal Year 2012 to Fiscal Year 2013 (through March 2013) from 28% to 7%. According to the American Hotel and Lodging Association, government travel will be the first item cut as federal agencies seek to reduce their budgets. Hotels locally are seeing meetings postponed, travel bookings shortened and government planners are delayed in signing contracts while they await a solution from Congress. One property alone in Montgomery County lost \$1 million in government meetings business. This sharp decline in business quickly provides little notice for marketing to other market segments to fill in these gaps. The continued downturn in this segment could impact revenues in Fiscal Year 2014 without policy changes from the federal government.

Advertising/Marketing and Communications:

Sports Market Economic Impact Study

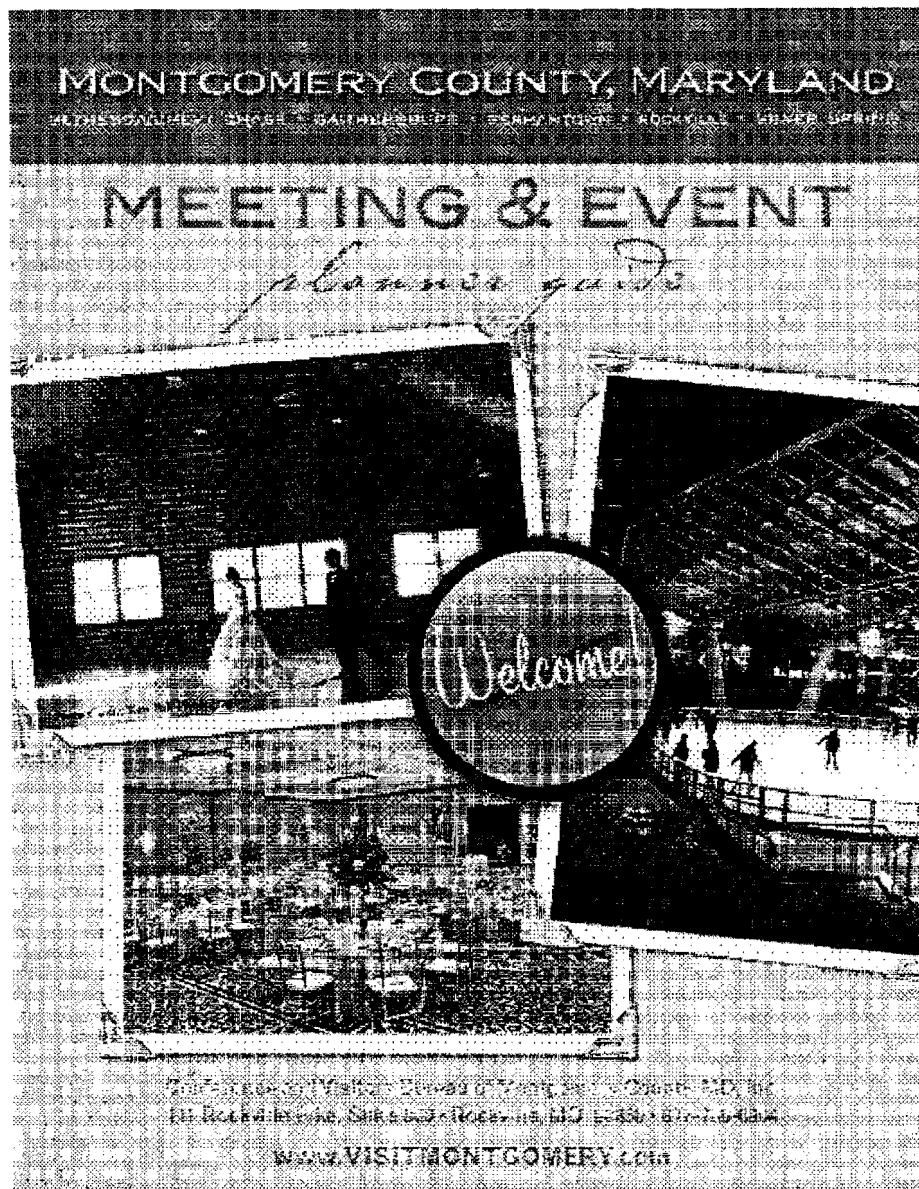
The CVB in partnership with the Maryland Soccer Foundation commissioned a study with George Washington University, School of Business, Sports Management and Tourism in Fiscal Year 2013. The final results of the study will be available in May, 2013. This study examines the economic impact of tournaments hosted at the Maryland SoccerPlex annually. The study will provide demographic profiles and expenditure profiles along with total economic impact projections. A new sports marketing committee will be formed as an arm of the CVB for the following purposes: to create an inventory of potential sites for sporting events; to more effectively communicate as a community on events scheduled; assist event organizers with their logistical and marketing needs; and, create marketing initiatives with the goal of attracting new sporting events. Sporting events are typically held on the weekend, a time of the week that the Montgomery County hotel occupancy drops 15% to 20%.

Video Project

In March 2013 the CVB launched a 3-minute video promotion on US Airways. The video was completed in partnership with the Montgomery County Department of Economic Development (DED). In addition to the video the CVB/DED had a full page advertisement appear in the US Airways in-flight magazine for the month of March.

Meeting and Event Planning Guide

The CVB completed a new publication designed to promote meeting and other event venues located in Montgomery County. There were 5,000 copies produced along with an on-line version. The publication will be distributed at meetings market trade shows, targeted mailings to potential clients, group tour market trade shows, advertising inquiries and locally as a resource for chambers, businesses and residents.



Advertising

The CVB received the third highest marketing grant in the State from the Maryland Office of Tourism. The total amount is \$197,000 in Fiscal Year 2013. All funds from the marketing grant must be used to purchase trade show registration/booths, print advertising, electronic advertising, radio advertising and television advertising. Total print advertising inquiries in Fiscal Year 2013 through March were 4,983. A majority of the CVB's print advertising placement will occur in the months of March-June 2013.

For the remainder of Fiscal Year 2013, remaining funds for the electronic print campaign will be allocated to feeder market online advertising opportunities in Pittsburgh, Eastern Ohio, and the New York Market. In March 2013 the CVB launched its Spring It On Campaign in an effort to generate weekend leisure travel business in the spring and summer. CVB partners are offering discounts and packages for visitors. <http://www.visitmontgomery.com/deals/spring-it-on/>

See attached advertising grid for a complete listing of print and electronic ad placement.

	FY 2012 (July-March)	FY 2013 (July-March)
Advertising Inquiries	3,877	4,983
Website Visits	151,327	249,730
Facebook Likes	1,529	1,799

FY 2014 CVB Planning and Implementation

Staff Expansion - New Organizational Structure:

Three new positions will be added to the CVB in Fiscal Year 2014. Current positions within the organization are: executive director, senior sales manager, visitor services/sports marketing coordinator and administrator.

Added positions are: sales director, marketing director, digital marketing/social media and calendar manager, and community partnerships coordinator (part time).

Group Sales:

The CVB's new funding levels provide an opportunity to increase the exposure of Montgomery County as a meeting, group tour and sports event destination. Currently the CVB has one business development/sales manager. The CVB will create two additional positions in business development: a sales director and a Client and Visitor Services Manager.

New Lead Source Tools

Cvent

In preparation for additional business development staffing in Fiscal Year 2014, the CVB will purchase an expanded on-line listing with the global leader in event management, Cvent. Cvent provides on line software for meeting managers to upload their requests for proposals and space requests in specific markets. Montgomery County changed its location within the site to now be listed as a meeting destination in the D.C. metropolitan region, not stand-alone as Montgomery County and Maryland. For the period of January 2013-March 2013, the placement change is already generating a sharp increase in leads. Beginning July 2013 the CVB will also expand the size and contents of the Montgomery County listing.

Insight

Insight is business development software for the CVB and hotel industry that allows subscribers to explore the Knowland database of groups and events from across the country. Knowland offers a variety of tools to assist in sales efforts. The CVB selected Insight as the appropriate tool for prospecting. Knowland partnered with Google to create this search engine tool to find groups with event booking needs in a particular region. Each group on Insight contains a detailed profile with the group's market segment, website, address and contact information. The CVB business development staff can search the site and learn the entire event booking history of a group and review an analysis of the group's compatibility with Montgomery County's properties/venues. Use of the new software will begin in May 2013.

Additional Trade Show Participation

Trade shows continues to be a strong generator of leads and bookings for CVB staff. New shows added in Fiscal Year 2014: Smart Meeting Events, Helms Briscoe Annual Conference, Connect Sports, Meetings Focus and Holiday Showcase.

A complete schedule of trade shows budgeted in Fiscal Year 2014 is attached.

Other Sales Programming

In conjunction with the hotel and other event venue partners, the CVB will coordinate two (2) familiarization "fam" tours in Fiscal Year 2014. The first fam tour will be targeted to group tour operators currently bringing groups to this region from the northeast. The second fam tour will be targeted to meeting planners that the CVB has met at trade shows throughout the last year and that have expressed some level of interest in our area. Local meeting planners (association, corporate and government) will also be invited. Fam tours have long been an excellent means for destinations to make themselves known to meeting and event planners. This more intimate format helps the destination cultivate personal relationships with the decision makers that plan events/conferences. The ultimate purpose is to familiarize the prospective customers with our area and encourage them to bring future events. It is also important to note that as the government group business sector declines Montgomery County needs to extend its marketing reach to target other market segments like association, corporate, military, medical and group tour to backfill some of that loss current and moving forward.

International market (group and Foreign independent tour, FIT)

Montgomery County's proximity to the nation's capital makes it an attractive destination for the group and leisure international market. The top emerging international feeder markets to this region are Brazil and China. The regional marketing entity the CVB works with in attracting international visitors is Capital Region USA (CRUSA). CRUSA is funded through grants from the Maryland Office of Tourism, Destination DC and the Virginia Tourism Corporation. CRUSA has representatives in the UK, Germany, France, and Brazil. www.capitalregionusa.org. In Fiscal Year 2014 the CVB will expand its working relationship and opportunities to showcase Montgomery County through familiarization tours and direct communication with the CRUSA international representative in Brazil. Brazilian travelers would visit this area in the month of July, their winter month, and most interesting activity for this market is shopping. The CVB will continue to explore the China market through joint marketing opportunities with DED.

CVB initiative with Brand USA – USA International Marketing

Brand USA was established by the Travel Promotion Act in 2010 to spearhead the nation's first global marketing effort to promote the United States as a premier travel destination and communicate U.S. entry/exit policies and procedures. Formed as the Corporation for Travel Promotion, the public-private entity began operations in May 2011 and does business as Brand USA. The CVB will participate in Brand USA's Native Creative video program (\$6,115) in Fiscal Year 2014. The target market will be Brazil. This program creates and distributes in-language

multimedia content to help U.S. destinations promote their experiences to international travelers. Because the program uses "Native Creative" teams, the content is in-language (not translated) and customized to the specific international audience's point of view. As a participating destination, the CVB can distribute the new Native Creative content through our marketing channels. Brand USA will distribute the native content for one year. It will be featured on Brand USA's YouTube channel, through a featured Trip Ideas tile on the language-appropriate state page on DiscoverAmerica.com and on a dedicated content page on DiscoverAmerica.com.

The new efforts to attract visitors in the international market segment are a grassroots campaign that will begin in Fiscal Year 2014. The return on this investment may take 12-18 months. However, it is important to begin to create a presence in these markets for the longer term development of the international travel market. Montgomery County is a natural location with proximity to DC, federal government agency presence that attracts international visitors and our visiting friends and relatives multi-cultural factor from our local demographics.

Weekend Leisure Transient Expanded Marketing:

The hotel occupancy decreases 15% to 20% from weekday to weekend. In an effort to increase the weekend occupancy Montgomery County needs to provide more exposure to the consumer about this destination as an alternative to staying in D.C. We are competing with the National Harbor, Arlington, Crystal City, Tyson's and Alexandria in this market segment. The outreach to this market will be expanded through the CVB's print and electronic advertising campaign.

Marketing Grant Program, \$50,000:

Purpose:

To attract, retain, or enhance activities or events which generate significant travel related activity that results in overnight stays in Montgomery County.

Funding/Grant Categories:

Sporting Events Bid Fees and Logistic Financial Needs (\$20,000 pool)
Product/Event Hotel Room Night Bookings Incentive Program (\$20,000 pool)
Unanticipated Opportunity Fund (\$10,000)

Criteria

Priority consideration will be given to those applications which:

- Increase room night bookings to Montgomery County
 - Increase shoulder season (July/August) tourism
 - Increase weekend room night bookings
- Encourage cooperative partnerships between local businesses
- Establish clear and measurable results

- Provide a potential for growth (of a new or established event), encourages use of new or underutilized facility and are self-sustaining projects.
- CVB logo and website must be included in any marketing efforts including advertising
- Cooperative participation/partnership in the CVB's advertising placement in Fiscal Year 2014, print and electronic, Fall 2013 and Spring 2014.
- Initiatives must attract non-local audiences

Eligible Expenditures

- purchase of print, electronic or radio advertising
- printing of collateral materials
- trade show attendance
- transportation costs associated with groups requiring multiple hotels for an event
- bidding or other fees required for events/meeting
- sponsorships
- event signage
- publicity to increase exposure of an event and generate higher attendance.

Ineligible Expenditures

- personnel costs
- operating costs
- public relations
- political or lobbying activities

Application Process

Applications will be accepted in two cycles. First deadline is September 30, 2013. Second deadline is December 30, 2013. All funds must be utilized by June 30, 2014.

Review Committee:

CVB staff and CVB Board Members

Post Grant Reporting Instructions/Performance Measurements:

Evaluation or economic impact statement must be provided by the applying organizations by the close of Fiscal Year 2014.

Special Projects, \$75,000:

1st Year Special Project: Countywide Calendar of Events

Goal: Create a user friendly calendar of events that is a one-stop comprehensive listing of all community events scheduled throughout the county.

Implementation begins in Fiscal Year 2013

- Develop the team to work on the project
- Identify sources of feeds, evaluate other sites, develop plan for promoting use of site by residents.
- Compile and distribute the RFP for the project
- Award RFP
- Launch December 2013

FY 2014 CVB TRADE SHOWS

UPDATED: 4/16/2013

Budget: Finalize

Meetings & Conventions Market	Date	Location	Exhibit Fees	Registration Fees	Transportation Costs	Accommodation Expenses	Misc. Expenses	Total Budgeted Expenses
Maryland Municipal League	June 23-26, 2013	Ocean City, MD	\$ -	\$ -	\$ 400.00	\$ 600.00	\$ 200.00	\$ 1,200.00
FEA 2013	July 6-10, 2013	San Antonio, TX - Hyatt	\$ 1,300.00	\$ -	\$ 600.00	\$ 556.90	\$ 800.00	\$ 3,256.90
Maryland Association of Counties' Annual Sur	August 14 - 17, 2013	Ocean City, MD - Roland Powell Convention Ctr	\$ -	\$ -	\$ 400.00	\$ 900.00	\$ 200.00	\$ 1,500.00
Smart Meeting Events	August 15, 2013	Philadelphia, PA - Four Seasons	\$ 2,700.00	\$ -	\$ 650.00	\$ 500.00	\$ 800.00	\$ 4,650.00
Connect Marketplace (SMERF Market)	August 22 - 24, 2013	Milwaukee, WI	\$ -	\$ 2,550.00	\$ 400.00	\$ 687.15	\$ 800.00	\$ 4,437.15
HSMIA's MEET - National	September 4 - 5, 2013	Washington, DC - Walter E. Washington Conventio	\$ 3,975.00	\$ -	\$ 30.00	\$ 300.00	\$ 800.00	\$ 5,105.00
Meeting Focus (Capital Connections)	October 6 - 8, 2013	Hershey, PA	\$ -	\$ 720.00	\$ 100.00	\$ 100.00	\$ 150.00	\$ 1,070.00
Rejuvenate (SMERF Market)	October 28 - 30, 2013	Daytona Beach, FL	\$ -	\$ 2,550.00	\$ 650.00	\$ 624.38	\$ 800.00	\$ 4,624.38
Meetings Quest	November 2013	Washington, DC	\$ 1,158.00	\$ -	\$ 30.00	\$ -	\$ 100.00	\$ 1,288.00
Holiday Showcase 2013	December 17, 2013	Chicago, IL - Hyatt Regency Chicago	\$ 3,296.00	\$ -	\$ 450.00	\$ 350.00	\$ 800.00	\$ 4,896.00
DMAI's Destination Showcase	March 2014	Washington, DC - Walter E. Washington Conventio	\$ 3,500.00	\$ -	\$ 30.00	\$ -	\$ 800.00	\$ 4,330.00
HelmsBriscoe Annual Business Conference	April 7-12, 2014	Dallas, TX	\$ 5,000.00	\$ -	\$ 300.00	\$ 400.00	\$ 800.00	\$ 6,500.00
HSMIA's MEET - Mid-America	April 2014	Chicago, IL	\$ 3,925.00	\$ -	\$ 450.00	\$ 350.00	\$ 250.00	\$ 4,975.00
Society of Govt. Mtg. Professionals	May 6 - 8, 2014	Portland, OR - Hilton Portland Executive Tower	\$ 1,600.00	\$ -	\$ 600.00	\$ 400.00	\$ 300.00	\$ 2,900.00
Springtime 2014	May 2014	Washington, DC	\$ 4,195.00	\$ -	\$ 30.00	\$ -	\$ 800.00	\$ 5,025.00
Collaborate Tradeshow	June 2014	Portland, OR	\$ -	\$ 2,550.00	\$ 920.00	\$ 800.00	\$ 230.00	\$ 4,500.00
TOTAL MEETINGS & CONVENTIONS MARKET			\$ 30,649.00	\$ 8,370.00	\$ 6,040.00	\$ 6,568.43	\$ 8,630.00	\$ 60,257.43

Group Tour	Date	Location	Exhibit Fees	Registration Fees	Transportation Costs	Accommodation Expenses	Misc. Expenses	Total Budgeted Expenses
2013 SYTA Annual Conference	August 23 - 27, 2013	Los Angeles, CA - JW Marriott at LA Live	\$ -	\$ 2,780.00	\$ 400.00	\$ 400.00	\$ 800.00	\$ 4,380.00
American Bus Association	January 11 - 15, 2014	Nashville, TN - Music City Center	\$ -	\$ 1,345.00	\$ 300.00	\$ 600.00	\$ 300.00	\$ 2,545.00
TOTAL GROUP TOUR/CONSUMER/INTERNATIONAL MARKET			\$ -	\$ 4,125.00	\$ 700.00	\$ 1,000.00	\$ 1,100.00	\$ 6,925.00
International	Date	Location	Exhibit Fees	Registration Fees	Transportation Costs	Accommodation Expenses	Misc. Expenses	Total Budgeted Expenses
International POW WOW	April 5 - 9, 2014	Chicago, Ill	\$ -	\$ 3,000.00	\$ 400.00	\$ 400.00	\$ 500.00	\$ 4,300.00
Miscellaneous Sales Missions			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,461.32
TOTAL GROUP TOUR/CONSUMER/INTERNATIONAL MARKET			\$ -	\$ 3,000.00	\$ 400.00	\$ 400.00	\$ 500.00	\$ 5,761.32

Sports Market	Date	Location	Exhibit Fees	Registration Fees	Transportation Costs	Accommodation Expenses	Misc. Expenses	Total Budgeted Expenses
Connect Sports	August 22 - 24, 2013	Milwaukee, WI	\$ -	\$ 2,450.00	\$ 400.00	\$ 687.15	\$ 800.00	\$ 4,337.15
TEAMS	November 4 - 7, 2013	Salt Lake City, UT - Hilton St. Louis	\$ -	\$ 995.00	\$ 400.00	\$ 360.00	\$ 800.00	\$ 2,555.00
National Soccer Coaches Assoc of America (NS	January 15 - 19, 2014	Philadelphia, PA	\$ 1,300.00	\$ -	\$ 300.00	\$ 400.00	\$ 800.00	\$ 2,800.00
NASC Symposium	March 31 - April 3, 2014	Oklahoma City, OK	\$ 1,000.00	\$ -	\$ 350.00	\$ 600.00	\$ 800.00	\$ 2,750.00
TOTAL SPORTS MARKET			\$ 2,300.00	\$ 3,445.00	\$ 1,450.00	\$ 2,047.15	\$ 3,200.00	\$ 12,442.15

GRAND TOTAL - ALL MARKETS			\$ 32,949.00	\$ 18,940.00	\$ 8,590.00	\$ 10,015.58	\$ 13,430.00	\$ 85,385.90
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5

CVB Advertising - Fiscal Year 2013

Publication Name	Insertion Date	Ad Size	Grant Covered	Ad Cost	Market Segment	Grant Amount Reimbursed
Budget Travel	July/August 2012	1/3 page	Yes	\$4,250.00	Leisure	100%
Serendipity Groups Today	July/August 2012	1/6 page	Yes	\$895.00	Leisure-Group	100%
Government Connections - Naylor	Summer 2012	1/6 page	Yes	\$364.92	Meetings	100%
Potomac Memo, MPI Naylor	July/August 2012	1/2 page	Yes	\$998.55	Meetings	100%
Potomac Memo, MPI Naylor	September/October 2012	1/2 page	Yes	\$998.55	Meetings	100%
USA Weekend	August 19, 2012	2 x 2.5	Yes	\$2,490.00	Leisure	50%
Maryland Life Magazine	July/August 2012	Full Page	Yes	\$3,400.00	Leisure	100%
Recreation News	August, 2012	Full Page	Yes	\$2,900.00	Leisure	100%
Southern Living	September, 2012	1/6 Page	Yes	\$3,200.00	Leisure	100%
AAA World Magazine	July/August 2012	1/6 page	Yes	\$3,650.00	Leisure	100%
AAA World Magazine	Sept/Oct 2012	1/6 Page	Yes	\$3,650.00	Leisure	100%
AAA World Magazine	May/June 2012	1/6 Page	Yes	\$4,500.00	Leisure	100%
AAA World Magazine	March/Apr 2012	1/3 Page	Yes/Coop	\$3,900.00	Leisure	100%
AAA World Magazine	Nov/Dec. 2012	1/3 Page	Yes	\$4,800.00	Leisure	100%
AAA World Magazine	Jan/Feb 2013	1/3 Page	Yes	\$4,800.00	Leisure	100%
Collinson Marketplace CNCT	September, 2012	Full Page	Yes	\$4,200.00	Meetings	100%
Collinson Marketplace REJ	October, 2012	Full Page	Yes	\$4,200.00	Meetings	100%
Preservation	Fall, 2012	1/3 page	Yes	\$4,100.00	Leisure	100%
Washington Post - Print	Sept. 16, 2012	1/3 page	No	\$5,000.00	Leisure	0%
Sports Travel Magazine	Sept./Oct. 2012	1/2 page	No	\$3,140.00	Sports	0%
Collinson-America's Best Vacations	Fall, 2012	1/4 page	Yes	\$6,300.00	Leisure	100%
Maryland Life Magazine	September/October 2012	1/2 page	Yes	\$1,900.00	Leisure	100%
Mid Atlantic Events Magazine	September/October 2012	1/2 page	Yes	\$2,850.00	Meetings	100%
African American Church Brochure	Annual	Back Page	Yes	\$1,000.00	Leisure	100%
Sports Destination Management	Sept/October 2012	1/2 page	Yes	\$1,125.00	Sports	100
Meetings East Guide	Annual	1/2 page	Yes	\$3,500.00	Meetings	100%
SUB-TOTAL PRINT				\$82,112.02		

PRINT						
Publication Name	Insertion Date	Ad Size	Grant Covered	Ad Cost	Market Segment	Grant Amount Reimbursed
Leisure Publishing-DC Guide	Bi-Annual	1/6 page	Yes	\$2,415.00	Leisure	100%
Collaborate Collinson	October, 2012	Full Page	Yes	\$4,000.00	Meetings	100%
Collaborate Collinson	Dec-12	Full Page	Yes	\$3,500.00	Meetings	100%
Maryland Life Magazine	Jan-12	Full Page	No	\$3,000.00	Leisure	0%
USA Weekend	November 4, 2012	1/12 page	Yes	\$4,660.00	Leisure	100%
Recreation News	October, 2012	10" x 7"	Yes	\$1,700.00	Leisure	100%
Serendipity Groups Today	September/October 2012	1/6 page	Yes	\$895.00	Groups	100%
Maryland Soccer Foundation Guide	Bi-Annual	Full Page	No	\$550.00	Sports	0%
SUB-TOTAL - PRINT				\$20,720.00		

PRINT						
Publication Name	Insertion Date	Ad Size	Grant Covered	Ad Cost	Market Segment	Grant Amount Reimbursed
USA Weekend	March 10, 2013	2.08 x 2.25	YES	\$2,490.00	Leisure	100%
Washington Post Magazine	March 24, 2013	4 5/8 x 4 7/8	YES	\$5,000.00	Leisure	100%
Southern Living	April, 2013	1/6 page	YES	\$4,845.00	Leisure	100%
Meredith Publications: Better Homes&Gardens, Ladies Home Journal, Family Circle, More, Family Fun	May, 2013	Brochure	YES	\$27,047.90	Leisure	100%
Great Vacations Getaways	April, 2013	1/6 Page	YES	\$7,195.00	Leisure	100%
America's Best Vacations	April, 2013	1/4 Page	YES	\$7,900.00	Leisure	100%
Washington Post	May, 2013	1/2 Page	YES	\$4,464.00	Leisure	100%
American Heritage	Spring, 2013	1/3 Page	YES	\$5,400.00	Leisure	100%
Preservation	Spring, 2013	1/3 Page	YES	\$4,600.00	Leisure	100%
Hearst Women's Group: Good Housekeeping, Woman's Day and Country Living	May, 2013	1/3 Page	YES	\$12,833.00	Leisure	100%
CRUSA Guide		1/4 Page	YES	\$5,350.00	Leisure (Int'l)	100%
Destination Maryland	2013 Annual Guide	Full Page	YES	\$15,850.00	Leisure	100%
DDC DC Official Visitor Guide	Spring, 2013	1/6 page	YES	\$2,695.00	Leisure	100%
Group Tour Magazine	Feb, 2013 and May, 2013	1/4 page	YES	\$4,545.62	Group Leisure	100%
Southern Living	June, 2013	1/6 Page	YES	\$3,485.00	Leisure	100%
US Airways In Flight Magazine Ad	April, 2013	1/2 Page	YES	\$3,500.00	Leisure	100%
Potomac MPI	March 2013 - December 2013 (5	1/2 page	YES	\$5,892.75	Meetings	50%
USA Weekend	May 19, 2013	1/12 page	YES	\$2,490.00	Leisure	100%
Gettysburg Commemorative Guide	June 1, 2013	Full Page	YES	\$1,900.00	Leisure	100%
Gazette Entertainment Guide	April, 2013	Full Page	YES	\$1,992.00	Leisure	100%
AirTran Magazine	May 1, 2013	1/3 page	YES	\$2,833.00	Leisure	100%
Arrive Magazine	May/June 2013	1/2 Page	YES	\$2,500.00	Leisure	100%
Association News	June, 2013	1/2 Page	YES	\$4,155.00	Meetings	100%

SUB-TOTAL - ELECTRONIC				\$151,798.00		
BUDGETED				\$217,994.00		
BALANCE				\$66,196.00		

Maryland Grant Amount FY 2013	\$	194,779.00
Maryland Grant Amount Budgeted	\$	150,000.00
Variance	\$	44,779.00
CVB Budget - Print	\$	190,000.00
CVB Budget - Electronic	\$	173,215.00
SUB-TOTAL	\$	363,215.00
Additional Grant Funds FY 2013 +	\$	44,779.00
TOTAL	\$	407,994.00

ROOM TAX RECEIPTS/CVB ALLOCATION REPORTS

FY 2008 - FY 2013

Room Tax	Actual RRTT	Income Rec'd	Actual RRTT	Income Rec'd	Actual RRTT	Income Rec'd	Actual RRTT	Income Rec'd
Tax	Revenue	by CVB	Revenue	by CVB	Revenue	by CVB	Revenue	by CVB
Month of	FY 2010	FY 2010	FY 2011	FY 2011	FY 2012	FY 2012	FY 2013	FY 2013
JUL	\$ 1,396,821.46	\$48,888.75	\$ 1,535,699.59	\$ 53,749.49	\$1,476,370.97	\$51,672.98	\$ 1,633,862.62	\$ 57,185.19
AUG	\$ 1,218,590.14	\$42,650.65	\$ 1,435,137.16	\$ 50,229.80	\$1,562,291.80	\$54,680.21	\$ 1,263,692.81	\$ 44,229.25
SEPT	\$ 1,314,902.18	\$46,021.58	\$ 1,510,342.56	\$ 52,861.99	\$1,585,033.58	\$55,476.18	\$ 1,982,934.82	\$ 69,402.72
OCT	\$ 1,906,758.75	\$66,736.56	\$ 2,169,443.42	\$ 75,930.52	\$1,852,414.43	\$64,834.51	\$ 1,596,312.68	\$ 55,870.94
NOV	\$ 1,345,566.16	\$47,094.82	\$ 1,534,646.74	\$ 53,712.64	\$ 1,553,360.82	\$54,367.63	\$ 1,242,380.60	\$43,483.33
DEC	\$ 1,034,599.24	\$36,210.97	\$ 1,215,282.05	\$ 42,534.87	\$1,017,926.75	\$35,627.44	\$ 1,003,677.31	\$35,128.71
JAN	\$ 979,232.59	\$34,273.14	\$ 1,053,044.05	\$ 36,856.54	\$895,940.38	\$31,357.91	\$ 1,097,793.24	\$38,422.76
FEB	\$ 1,163,045.53	\$40,706.59	\$ 1,054,543.22	\$36,909.01	\$1,029,403.20	\$36,029.11		
MAR	\$ 1,631,123.95	\$57,089.34	\$ 1,750,140.47	\$61,254.92	\$1,653,716.37	\$57,880.07		
APR	\$ 1,766,963.39	\$61,843.72	\$ 1,633,211.62	\$57,162.41	\$1,653,630.09	\$57,877.05		
MAY	\$ 1,683,061.52	\$58,907.15	\$ 1,699,535.70	\$59,483.75	\$1,861,633.97	\$65,157.19		
JUN	\$ 1,878,786.04	\$65,757.51	\$ 2,246,187.25	\$78,616.55	\$1,948,090.19	\$68,183.16		
TOTALS	\$ 17,319,450.95	\$606,180.78	\$ 18,837,213.83	\$ 659,302.49	\$18,089,812.55	\$633,143.44	\$ 9,820,654.08	\$ 343,722.90
								Same Period FY 2012 \$348,017
Projection						\$633,143.44		\$666,806
MARC		\$692,650		\$607,350.00		\$698,880		
VARIANCE		(\$86,469)		\$51,952.49		9% INCREASE		
				\$659,302.49		\$672,720		

**HOTEL/MOTEL TAX ESTIMATE
MONTGOMERY COUNTY, MARYLAND**

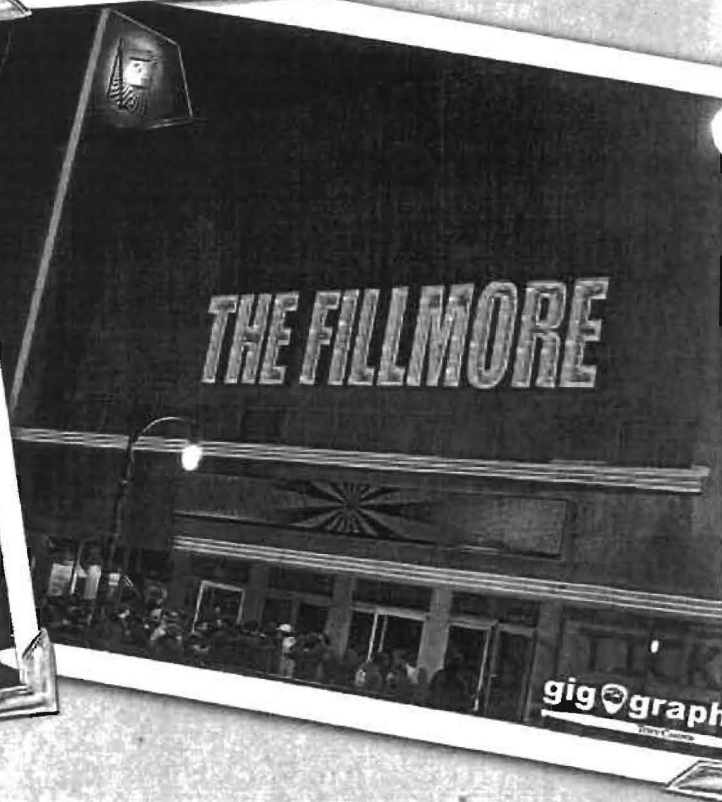
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
<u>Current Law</u>								
Collect	\$18,167,827							
Tax Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
% change	-5.8%							
<u>Forecast</u>								
December '12	\$19,187,600	\$19,271,700	\$19,723,900	\$20,063,200	\$20,386,000	\$20,771,500	\$21,133,000	
FY14 Budget (3/13)	\$18,629,000	\$18,182,800	\$18,641,900	\$18,960,100	\$19,337,900	\$19,699,400	\$20,038,400	
Difference	(\$558,600)	(\$1,088,900)	(\$1,082,000)	(\$1,103,100)	(\$1,048,100)	(\$1,072,100)	(\$1,094,600)	
Growth Factor								
<u>% change</u>								
December '12	5.6%	0.4%	2.3%	1.7%	1.6%	1.9%	1.7%	
FY14 Budget (3/13)	2.5%	-2.4%	2.5%	1.7%	2.0%	1.9%	1.7%	
<u>Growth Factors :</u>								
- Inflation (fiscal year)	2.1%	2.3%	2.6%	2.9%	3.1%	3.4%	3.7%	
- Add factor	-2.0%	-2.2%	-2.5%	-2.8%	-3.1%	-3.3%	-3.7%	
Room Rates	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	
- Occupancy	0.3%	-1.3%	0.6%	0.0%	-0.2%	0.1%	0.0%	
- Room supply	1.3%	-0.3%	1.6%	1.0%	0.8%	1.1%	1.0%	
- Add factor	-0.3%	1.3%	-0.6%	0.0%	0.2%			
Sub-Total	1.4%	-0.3%	1.7%	1.0%	0.9%	1.2%	1.1%	
- Add factor	1.1%	-2.1%	0.8%	3.0%	1.1%	3.0%	3.0%	
Total	2.5%	-2.4%	2.5%	4.0%	2.0%	4.2%	4.0%	
Occupancy	65.5%	64.6%	65.0%	65.0%	64.9%	65.0%	64.9%	
Room Rate	\$121.04	\$121.13	\$121.22	\$121.32	\$121.41	\$121.51	\$121.60	
	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
MoCo Conference and Visitors Bureau (3.5% for FY13 and 7.0% for FY14+)	\$635,874	\$652,015	\$1,272,796	\$1,304,933	\$1,327,207	\$1,353,653	\$1,378,958	\$1,402,688
MoCo Conference Center (2/7)	\$5,190,808	\$5,322,571	\$5,195,086	\$5,326,257	\$5,417,171	\$5,525,114	\$5,628,400	\$5,725,257

Montgomery County Department of Finance February 2013

MONTGOMERY COUNTY
MARYLAND

Welcome!

FISCAL YEAR
2012
ANNUAL
REPORT



BETHESDA/CHEVY CHASE • ROCKVILLE
SILVER SPRING • GAITHERSBURG • GERMANTOWN

WWW.VISITMONTGOMERY.COM

MONTGOMERY COUNTY, MARYLAND

BETHESDA/CHEVY CHASE • ROCKVILLE
SILVER SPRING • GAITHERSBURG • GERMANTOWN

Welcome!

Dear Hospitality Community,

On behalf of the Conference and Visitors Bureau (CVB) of Montgomery County, Maryland, Inc. Board of Directors and staff, we are pleased to present our Fiscal Year 2012 Annual Report.

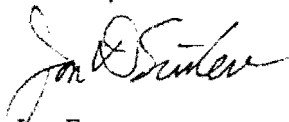
The CVB is primarily funded by a percentage of the room rental transient tax collections allocated by Montgomery County, the City of Gaithersburg and the City of Rockville. Other revenues include a grant from the Maryland Office of Tourism Development, trade show cooperative opportunities, membership dues and commissions from the CVB's hotel reservation service. In Fiscal Year 2012 the CVB received the third highest marketing grant in the state from the Maryland Office of Tourism Development, just below Ocean City and Baltimore. These additional marketing funds have all been allocated to increasing the sales, marketing, print and electronic advertising initiatives implemented annually.

This Annual Report will show the activities of the CVB, partnership activities, and will outline some of the results of the investment in to the CVB's programs.

We continue with our mission of promoting, marketing and selling Montgomery County as a premier destination for meetings, conventions and individual travelers fostering economic development and benefiting and supporting members of the overall business community.

Thank you for your support, partnerships and continued pride in welcoming visitors to Montgomery County.

Sincerely,



Jon Enten
CVB Board President
Fiscal Year 2012



Kelly Groff
CVB Executive Director



Cover photos:

Top: Americas Incentive Business Travel & Meetings
Exhibition (AIBTM) in June 2012
Middle: The Baltimore Silver Spring
Bottom: TEAM Maryland at TEAMS Sports Conference
October 2011

The Conference and Visitors Bureau of Montgomery County, MD, Inc. • 111 Rockville Pike, Suite 800 • Rockville, MD 20850
240.777.2060 main • 877.789.6904 toll free • 240.777.2065 fax

www.VISITMONTGOMERY.COM

Montgomery County Hotel Room Tax Collections

FISCAL YEAR 2011-2012

Room Tax Month of:	Actual RRTT Revenue FY2011	Income Rec'd by CVB FY2011	Actual RRTT Revenue FY2012	Income Rec'd by CVB FY2012	Inc./Dec
JUL	\$1,535,699.59	\$53,749.49	\$1,476,370.97	\$51,672.98	-4%
AUG	\$1,435,137.16	\$50,229.80	\$1,562,291.8	\$54,680.21	9%
SEPT	\$1,510,342.56	\$52,861.99	\$1,585,033.58	\$55,476.18	5%
OCT	\$2,169,443.42	\$75,930.52	\$1,852,414.43	\$64,834.51	-15%
NOV	\$1,534,646.74	\$53,712.64	\$1,553,360.82	\$54,367.63	1%
DEC	\$1,215,282.05	\$42,534.87	\$1,017,926.75	\$35,627.44	-16%
JAN	\$1,053,044.05	\$36,856.54	\$895,940.38	\$31,357.91	-15%
FEB	\$1,054,543.22	\$36,909.01	\$1,029,403.2	\$36,029.11	-2%
MAR	\$1,750,140.47	\$61,254.92	\$1,653,716.37	\$57,880.07	-6%
APR	\$1,633,211.62	\$57,162.41	\$1,653,630.09	\$57,877.05	1%
MAY	\$1,699,535.7	\$59,483.75	\$1,861,633.97	\$65,157.19	10%
JUN	\$2,246,187.25	\$78,616.55	\$1,948,090.19	\$68,183.16	-13%
TOTAL	\$18,837,213.83	\$659,302.49	\$18,089,812.55	\$633,143.44	

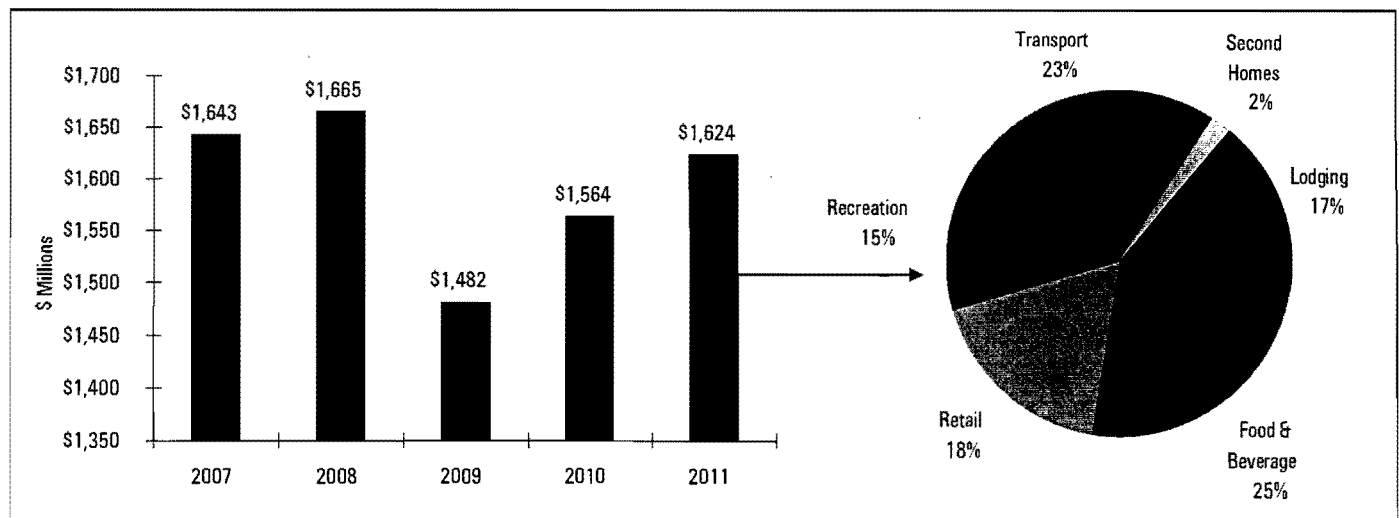
Tourism Industry Sales, (millions)

FISCAL YEAR 2011-2012

	Lodging	Food & Beverage	Retail	Recreation	Transport	Second Homes	Total	Growth Rate
2011	\$2696	\$4016	\$293.1	\$2493	\$377.6	\$32.6	\$1,623.9	3.9%
2010	\$2788	\$3978	\$2830	\$2326	\$339.6	\$31.8	\$1,563.7	5.5%
2009	\$2580	\$377.1	\$2674	\$2219	\$326.5	\$31.0	\$1,481.8	-11.0%
2008	\$2898	\$409.1	\$2926	\$2599	\$381.5	\$32.5	\$1,665.5	1.3%
2007	\$2843	\$412.1	\$3028	\$2687	\$344.5	\$31.0	\$1,643.4	

Tourism Industry Sales, (millions)

FISCAL YEAR 2011-2012



Electronic Marketing Summary

FISCAL YEAR 2011-2012

	Gazette.net Clicks	Gazette.net Impressions	Google Adwords Clicks	CVB Website Visits	CVB "MoCo Monthly" enewsletter Opens	CVB "MoCo Monthly" enewsletter Clicks	Washingtonpost.com
JULY	91	114,176	2,832	12,614	0	-	-
AUG	404	575,720	7,689	15,651	0	-	-
SEP	0	0	0	8,915	0	-	-
OCT	391	307,422	0	12,441	0	-	-
NOV	130	124,391	6,863	14,785	0	-	-
DEC	219	163,810	8,252	19,211	0	-	-
JAN	234	206,802	11,375	21,272	0	-	-
FEB	206	126,119	10,441	22,192	251	35	-
MAR	351	243,461	11,077	24,246	252	29	-
APR	116	127,607	9,873	27,004	259	29	3,816
MAY	117	37,514	10,092	30,682	220	28	4,992
JUNE	0	0	16,483	44,534	235	40	6,478
TOTAL	2,259	2,027,022	94,977	23,547	1,217	161	15,286

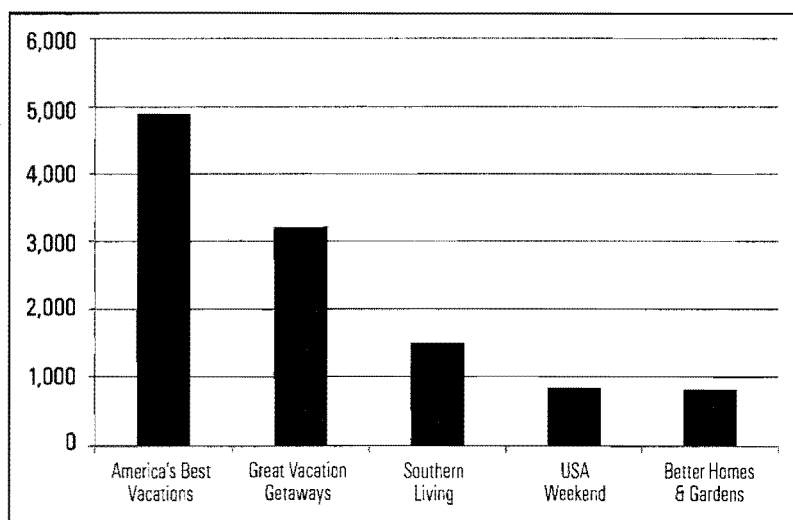
Social Media Marketing Summary

FISCAL YEAR 2011-2012

	New Facebook Likes	Facebook "Like Ad" Campaign	Cumulative Twitter Page
JULY	531	537	1,384
AUG	629	644	1,431
SEP	12	0	1,475
OCT	17	0	1,510
NOV	100	90	1,531
DEC	71	72	1,568
JAN	96	96	1,628
FEB	73	58	1,673
MAR	143	87	1,731
APR	111	77	1,807
MAY	84	57	1,873
JUNE	85	68	1,924
TOTAL	1,952	1,786	1,924

Top 5 Print Advertising Lead Generators

FISCAL YEAR 2011-2012



CVB Events in Fiscal Year 2012

Meeting & Networking Event

October 26, 2011

Homewood Suites

Silver Spring, MD

Holiday Party

December 2011

CVB Office

Rockville, MD



Education Event: BRAC Updates

January 26, 2012

CVB Office

Rockville, MD

Networking Event

300 Shady Grove

February 23, 2012

Gaithersburg, MD



Networking Event

June 15, 2012

Matchbox

Rockville, MD

CVB Monthly Summary of All Inquiries

FISCAL YEAR 2011-2012

	Phone Calls	Advertising Inquiries	Consumer Website Inquiries	Housing Website Inquiries	#Sales Group Leads Processed	Total Inquires
JULY	30	226	28	14	23	321
AUG	29	253	30	62	12	386
SEP	34	227	30	61	18	370
OCT	17	2,094	56	217	16	2,400
NOV	21	1,014	9	3	8	1,055
DEC	18	78	9	9	8	122
JAN	19	113	31	43	10	216
FEB	17	56	27	69	7	176
MAR	36	481	33	40	13	603
APR	32	2,708	34	298	5	3,077
MAY	24	5,374	20	39	7	5,464
JUNE	20	2,257	27	17	31	2,352
TOTAL	297	14,881	334	872	158	16,542

Tourism Tax Increment Period: Fiscal Year 2012

Montgomery County

Total Sales Tax Code Collections

SOURCE: MARYLAND OFFICE OF TOURISM/COMPTROLLER
OF MARYLAND OFFICE

Sales Tax Category	FY2012 Collections	FY2011 Collections	% Change
108: Restaurants, Lunchrooms, Delicatessens - WO/BWL*	\$52,178,096	\$ 47,946,809.72	8.8%
111: Hotels, Motels Selling Food - W/BWL*	\$11,746,063	\$12,069,381.32	-2.7%
112: Restaurants and Nite Clubs - W/BWL*	\$41,925,866	\$36,999,624.41	13.3%
306: General Merchandise	\$18,627,808	\$16,948,839.18	9.9%
407: Automobile, Bus and Truck Rentals	\$16,570,819	\$16,399,823.08	1.0%
706: Airlines - Commercial	\$2,050	\$2,020.84	-
901: Hotels, Motels, Apartments, Cottages	\$7,899,332	\$8,156,620.11	-3.2%
925: Recreation and Amusement Places	\$399,962	\$330,218.04	21.1%
Total Tourism Tax Categories Subtotal	\$149,349,996	\$138,853,337	7.6%
All Categories - Subtotal	\$521,056,375	\$498,989,331.95	4.4%
Lodging Subtotal	\$19,645,395	\$20,226,001	-2.9%
Restaurant Subtotal	\$94,103,962	\$84,946,434	10.8%

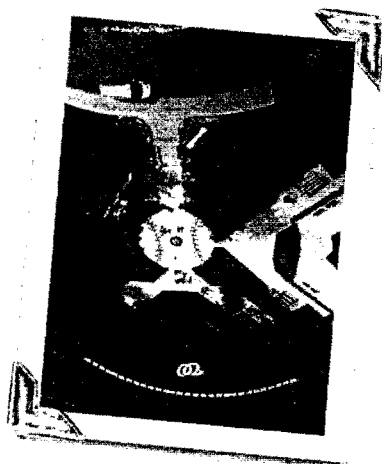
News

Choice Hotels International, Inc. Headquarters Groundbreaking

On August 30, 2011, Choice Hotels International, Inc. broke ground on their worldwide headquarters office in Rockville. The new building will open in Spring 2013 and brings more than 400 jobs to Rockville.

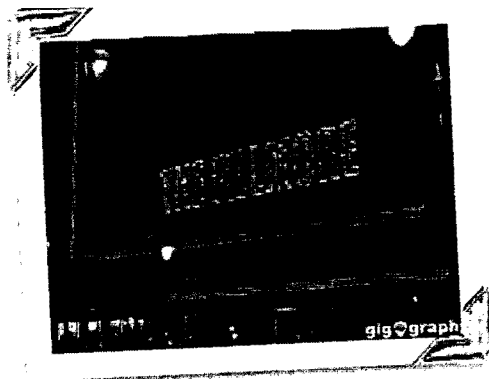
Miracle Field Opened in July 2011

South Germantown Recreational Park is the new home of the first Miracle Field in Maryland. With the goal that "every child deserves to play baseball," the Miracle League Organization provides the opportunity nationwide for children with disabilities to play baseball in a safe environment on a specially-designed field of cushioned synthetic turf. The Washington Nationals Miracle Field, as part of the Miracle League of Montgomery County, is the first of its kind in the area and plans to serve children not only in the county, but in other Maryland counties, D.C. and Virginia, as well.



Fillmore Grand Opening September 2011

The Fillmore Silver Spring brings a dynamic, first-class music, entertainment, and community use venue to downtown Silver Spring, Maryland, in partnership with Montgomery County. For more than 40 years, the legendary Fillmore name has stood as the link between some of the most influential artists in music and their fans. With a capacity of 2,000, the newest Fillmore offers an array of diverse live music programming. Located in the heart of Downtown Silver Spring, the Fillmore joins the American Film Institute and Discovery Communications as cornerstones of the neighborhood's exciting, up-and-coming arts and entertainment district.



Bolger Center and Gaithersburg Marriott Washingtonian Center Become Maryland Green Travel Partners

Maryland Green Travel encourages environmentally-friendly practices in all aspects of the state's tourism industry and promotes Maryland as a green destination to the eco-minded traveler. Becoming a Maryland Green Travel Partner is easy and membership in the program is free. The Holiday Inn Gaithersburg was already a Green Travel partner. Join your colleagues and apply today at www.visitmaryland.org.

Maryland Tourism Awards

The CVB won the Best One Time Marketing Campaign for the "We're Open!" promotion, which featured deals and discounts during the 2011 U.S. Open Golf Championship. The CVB collected more than 30 deals from Montgomery County businesses including hotels, restaurants, attractions and local businesses. The campaign was created to encourage visitors to spend money in Montgomery County while in town for the U.S. Open.



Tourism Legislative Day in Annapolis

In February 2012, the CVB visited each of the Montgomery County Delegation Offices to share information about the economic impact of the tourism industry on the local and state economy as well as Montgomery County promotional materials. Kelly Groff addressed the Montgomery County delegation and shared new statistics on the value of tourism.



Pictured left to right: Layma Askarzo, CVB; Kelly Groff, CVB; Senator Jennie Forehand; Bethany Mattocks, CVB

Kelly Groff Elected to Parks Foundation Board

The Montgomery Parks Foundation Board of Trustees elected Kelly Groff to a three year term on the governing body at its March 28, 2012 meeting. The appointments were approved on April 19 by the Montgomery County Planning Board. The Montgomery Parks Foundation, a 501 c (3) charitable organization, is a champion for M-NCPPC Montgomery Parks, promoting the values and benefits of the park system to residents and policymakers and raising private sector revenue to help it preserve and enhance its award-winning status.

New Marketing Initiatives

Spring It On! Promotion

In response to hoteliers requests to increase leisure travel, the CVB initiated a deals and discounts campaign called "Spring it On" from April 2012 through September 2012. Hoteliers offered extra incentives such as free Metro passes, breakfast, parking or other perks. Restaurants and attractions offered deals and discounts. The campaign was promoted through print and online advertising in several publications including Budget Travel, Philadelphia Magazine, NYtimes.com, Washingtonpost.com and Gazette.net. The CVB plans to continue this program in Fiscal Year 2013.

MONTGOMERY COUNTY MARYLAND
www.visitmontgomery.com

MoCo Monthly Issue 5 - June 2012

Free Outdoor Concerts
Summer in MoCo means free live music! Each location has a variety of music including jazz, rock, swing, reggae, hip-hop and more!
[Learn more](#)

FEATURED THIS MONTH
AT&T National Golf Tournament Returns to Bethesda
This premier golf event is making its much anticipated return to Congressional Country Club, June 27 - July 1, 2012. [Learn more](#)

UPCOMING EVENTS [view calendar](#)
Wings of Fancy Butterfly Exhibit
June 1 thru September 15 | Wheaton, MD
Beginning in early May and running daily through Mid-September, from 10:00 AM to 4:00 p.m., Brookside Gardens South Conservatory will feature live butterflies. Come witness the butterfly life cycle as tiny eggs hatch into crawling, chewing caterpillars, which then... [view details](#)

Silverdocs
June 17 thru June 23 | Silver Spring, MD

Like Us on Facebook
www.facebook.com/MOCOTourism

Did You Know?
Montgomery County has two zipline adventure courses: The Adventure Park at Sandy Spring and Go Ape!

More than 93,000 acres of the County's 316,000 acres

TripAdvisor DMO Sponsorship

In Fiscal Year 2012, the CVB conducted a trial DMO Sponsorship on TripAdvisor. The sponsorship included two banner ads on the pages of Bethesda, Chevy Chase, Gaithersburg, Germantown, Rockville and Silver Spring. The CVB was also able to upload photos that appeared before traveler photos and up to five events per city. The CVB rotated ads that promoted hotels, restaurants, attractions and events. Due to a low volume of web traffic, the CVB will not continue this sponsorship in Fiscal Year 2013.

Maryland of ROMANCE, EXCITEMENT, WONDER, and ADVENTURE

Spring it on!

Spring It On with our deals, discounts and hotel lodging packages available now through Labor Day. Visit the Washington, DC area on a budget and stay close by in Montgomery County. Visit our website often as new deals are added daily!

VISITMONTGOMERY.COM
877-789-6904

MONTGOMERY COUNTY MARYLAND

New Consumer E-Newsletter

In February 2012, the CVB launched a consumer focused e-newsletter called MoCo Monthly. The newsletter includes two feature stories, deals and events. The "Did You Know?" section features interesting facts about Montgomery County. The list is comprised of CVB members and subscribers who signed up on the CVB website. The average open rate is 25% which is almost twice the industry average of 14%.

Newsletter topics included:

- February 2012: *Black History Month & Valentine's Day Ideas*
- March 2012: *Hero Rush & Clara Barton 100 Year Anniversary*
- April 2012: *Sugarloaf Crafts Festival & AT&T National*
- May 2012: *Wings of Fancy & Spring it On*
- June 2012: *Outdoor Concerts & AT&T National*

tripadvisor

Visiting Gaithersburg, MD

Welcome!

Top-rated hotels

Top-rated B&Bs

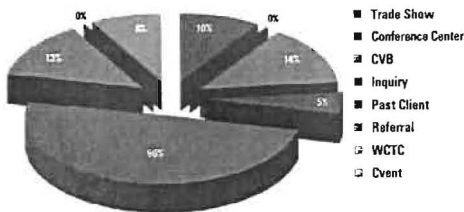
Trusted vacation rentals

Top-rated restaurants

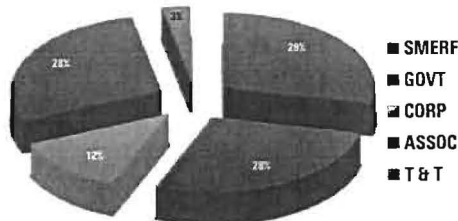
Free Gaithersburg Guide

Sales Data Fiscal Year 2012

Origin of Lead - Year End - FY 2012



Market Segment - Year End - FY 2012



ASAE's Springtime in the Park

The CVB along with 5 partners represented Montgomery County in a double booth at Springtime on May 3, 2013 in Washington, D.C.

Pictured from left to right:

Tanya Powell, Hilton Gaithersburg Washington D.C. North;
Leslie Ravas, Hilton Garden Inn and Homewood Suites Rockville-Gaithersburg;
Lauren Ceaser, Homewood Suites / Hampton Inn / DoubleTree by Hilton;
Kelly Groff, CVB; Michael Laurie, Hilton Rockville Hotel & Conference Center;
Jody Grossman, The Fillmore

Sales Booking Chart Analysis

FISCAL YEAR 2011-2012

Fiscal Year	Booked	Lost	Total Potential Revenue Generated by CVB	Room Nights Booked
2008	\$1,241,272	\$3,150,960	\$4,392,232	5,395
2009	\$2,694,282	\$1,375,658	\$4,069,940	11,953
2010	\$2,053,690	\$1,621,543	\$3,675,233	6,752
2011	\$1,425,858	\$ 3,224,896	\$4,650,754	4,137
2012	\$1,189,336	\$6,145,896	\$7,335,232	6,505

Maryland SoccerPlex

FISCAL YEAR 2011-2012

CVB Hotel Reservation Service Event Tracking

Event Name	Date	Estimated Room Nights
Club National/Evolution Games Lacrosse Tournament	July 14-17, 2011	1,256
Discovery Cup	October 7-10, 2011	2,200
Bethesda Soccer Club Girls Tournament	November 11-13, 2011	2,929
Bethesda Soccer Club Boys Tournament	November 18-20, 2011	2,991
Adidas Potomac Soccer Association Tournament	May 27-30, 2011	3,629
United States Training Center Capitol Cup Lacrosse Tournament	June 22-24, 2012	1,249
TOTAL ROOM NIGHTS		14,254

TRADESHOWS

Meetings & Conventions Market

Connect Market Place
August 25 - 27, 2011
Chicago, IL

HSMIA Meet National
September 7 - 8, 2011
Washington, D.C.

Smart Meetings
September 25 - 27, 2011
Lake Buena Vista, FL

Rejuvenate
November 7 - 9, 2011
San Jose, CA

Nursing Organizations Alliance
November 17 - 19, 2011
Miami, FL

DMIA's Destination Showcase
February 2012
Washington, D.C.

Springtime in the Park GWSAE
May 3, 2013
Washington, D.C.

Collaborate Trade Show
May 3 - 5, 2012
Las Vegas, NV

Society of Government Meeting Professionals
June 8 - 11, 2012
New Orleans, LA

AIBTM
June 19 - 21, 2012
Baltimore, MD

Group Tour/Consumer Markets

American Bus Association
January 7 - 12, 2012
Grapevine, TX

International POW WOW
April 21 - 25, 2012
Los Angeles, CA