AGENDA

I. Welcome and Introductions by the Mayor
   Mayor William D. Euille

II. Alexandria Convention & Visitors Association (ACVA)
   A. ACVA Strategic Plan
      Charlotte Hall, Immediate Past Chair - ACVA
   B. Destination and Regional Advertising Campaigns
      and Return on Investment
      Stephanie Brown, President - ACVA
   C. ACVA Strategic Plan and FY 2012 Budget Preview
      Stephanie Brown
   D. Discussion
      City Council

III. Alexandria Economic Development Partnership (AEDP)/Small Business Development Corporation (SBDC)
   A. Opening Remarks
      Allison Cryor Dinardo, Chair - AEDP
   B. State of the Office and Retail Markets
      Val Hawkins, President and CEO - AEDP
   C. City Strategic Plan Focus Areas for AEDP
      Val Hawkins
   D. Current and Future AEDP Efforts and Initiatives
      Val Hawkins
   E. SBDC Update
      Val Hawkins
   F. FY 2012 Budget Preview
      Val Hawkins
   G. Discussion
      City Council

IV. Conclusion
    Mayor Euille

Individuals with disabilities who require assistance or special arrangements to participate in the City Council Work Session may call the City Clerk and Clerk of Council's Office at 746-4500 (TTY/TDD 838-5056). We request that you provide a 48-hour notice so that the proper arrangements may be made.
Economic Impact of Tourism in Alexandria

Alexandria attracts 3.3 million visitors annually

Alexandria visitors:

$\textbf{Spend}$ $616$ million

$\textbf{Supporting}$ $6,000$ Alexandria Jobs

$\textbf{Generating}$ $22$ million in Alexandria City Tax Revenue

$\textit{City revenue from visitors equals 7-cents of real property tax}$
ACVA Mission and Work Plan

The mission of the ACVA is to generate tourism and conventions that increase revenues and promote the City of Alexandria and its assets.

Marketing – Paid advertising, direct mail, eNews, promotions (Restaurant Week, etc)

Sales – Tradeshows, events, direct mail, eblast, FAM tours, personal outreach

Public Affairs – Media relations, membership, industry education and networking

Visitor Services – Visitors Center, brochure distribution, parking passes, event ticket center
Agenda

1. Marketing ROI
   - Destination Advertising Campaign: *Attracts overnight visitors*
   - Regional Advertising Campaign: *Targets residents and neighbors for shopping and dining*

2. Sales Department ROI

3. ACVA Strategic Objectives

4. FY 2012 Budget Preview
Destination Advertising

Generates overnight stays by targeting a key demographic within 5-hour drive radius

Appears in culinary and lifestyle publications including regional editions of *Food & Wine, Town & Country, Travel & Leisure, Cooking Light, Real Simple, Southern Living* and *AAA World*

Reaches 7.5 million households

Supplemented by direct mail and online display advertising and pay-per-click
Measuring the Effectiveness of Destination Magazine Advertising

Independent research firm Strategic Marketing and Research, Inc. of Indianapolis
  – Methodology used by more than 25 destinations to test hundreds of ads; provides benchmark results

Online survey of 1300, screened for target demographic in target markets; represents 14.6 million households
  – Raleigh/Durham, New Jersey Metro, Philadelphia, Norfolk/Richmond, Harrisburg/Lancaster/York, Fairfield/Westchester

Evaluated Fall 2009 magazine advertising for travel through April 2010

Calculated the resulting visitation – over and above the number of visitors who would have come without the advertising – by subtracting the households who visited Alexandria, but did not see the advertising
Economic Impact of Destination Magazine Advertising

Within 6 months, the advertising generated 88,000 trips and $40 million of visitor spending with a ROI in visitor spending of $133 for each $1 invested, and $4 of city tax return for each $1 invested.

<table>
<thead>
<tr>
<th>Economic Impact and ROI of ACVA Destination Advertising</th>
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</thead>
<tbody>
<tr>
<td>Incremental Trips</td>
</tr>
<tr>
<td>Expenditures per Trip</td>
</tr>
<tr>
<td>Economic Impact/Total Spending</td>
</tr>
<tr>
<td>Cost of Advertising</td>
</tr>
<tr>
<td>Total ROI (visitor spending : cost of advertising)</td>
</tr>
<tr>
<td>City Tax ROI (tax revenue : cost of advertising)</td>
</tr>
</tbody>
</table>
The campaign generated 60,350 room nights – 5% of annual room sales. Room taxes based on 6.5% tax rate and $1 per room per night. Each $1 of marketing investment generated $1.67 of city room tax.

*Among overnight visitors, 59% used paid accommodations and 41% stayed with family or friends. Tax revenue calculated in report based on mixed tax rate of 6.5% plus $1 per room per night.*

<table>
<thead>
<tr>
<th>City Tax Rate Worksheet</th>
<th>Avg/Trip</th>
<th># Trips</th>
<th>Total (in thousands)</th>
<th>Tax Rate</th>
<th>Total City Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging*</td>
<td>$139</td>
<td>88,232</td>
<td>$12,264</td>
<td>Specific</td>
<td>$500,000</td>
</tr>
<tr>
<td>Meals</td>
<td>$141</td>
<td>88,232</td>
<td>$12,441</td>
<td>.052</td>
<td>$646,917</td>
</tr>
<tr>
<td>Shopping</td>
<td>$80</td>
<td>88,232</td>
<td>$7,059</td>
<td>.01</td>
<td>$70,585</td>
</tr>
<tr>
<td>Other: Attractions,</td>
<td>$94</td>
<td>88,232</td>
<td>$8,293</td>
<td>Varied</td>
<td></td>
</tr>
<tr>
<td>Museums, Transportation,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>etc</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$454</strong></td>
<td><strong>40,057</strong></td>
<td></td>
<td></td>
<td><strong>$1,217,502</strong></td>
</tr>
</tbody>
</table>
Regional Advertising

Targets Alexandria’s residents and neighbors to shop and dine in the city

- Focuses on events to showcase brand attributes and create urgency
- Print, radio and online
- Reaches 14.5 million households
- Expands ACVA’s mission through supplemental funding
Measuring the Effectiveness of Regional Advertising

Conducted by Strategic Marketing and Research, Inc. of Indianapolis

641 completed online surveys of households in Washington DC metro area. Respondents screened for dining out at least once per month.

Evaluated regional advertising that ran between August and December 2010 for visitation during the same period.

Calculated the resulting visitation – over and above the number of visitors who would have come without the advertising – by subtracting the households who visited Alexandria, but did not see the advertising.
### Competitive Situation

Alexandria is a primary destination for *dining households in the DC-metro*. Overall 37% have visited Alexandria for a day or evening trip in the past year.

<table>
<thead>
<tr>
<th></th>
<th>Visited in Past Year</th>
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</thead>
<tbody>
<tr>
<td>McLean/Tyson’s Corner</td>
<td>49%</td>
</tr>
<tr>
<td>Silver Springs, MD</td>
<td>36%</td>
</tr>
<tr>
<td>Bethesda, MD</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Old Town Alexandria</strong></td>
<td>33%</td>
</tr>
<tr>
<td>National Harbor, MD</td>
<td>30%</td>
</tr>
<tr>
<td>Georgetown</td>
<td>29%</td>
</tr>
<tr>
<td>Crystal City</td>
<td>29%</td>
</tr>
<tr>
<td>Capitol Hill</td>
<td>25%</td>
</tr>
<tr>
<td>Dupont Circle</td>
<td>22%</td>
</tr>
<tr>
<td>Clarendon</td>
<td>21%</td>
</tr>
<tr>
<td>Adams Morgan</td>
<td>19%</td>
</tr>
<tr>
<td>U Street</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Del Ray Alexandria</strong></td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>West End Alexandria</td>
<td>8%</td>
</tr>
</tbody>
</table>

* Based on households who dine out once per month, or 84% of households in the Washington DC MSA, totaling 1.5 million.
Economic Impact of Regional Advertising

The Regional Advertising Campaign generated 30,968 new visits and 109,909 repeat visits that would not have occurred without the advertising. The advertising generated a return of $129 of visitor spending for each $1 invested, and $3 of city tax revenue for each $1 invested.

<table>
<thead>
<tr>
<th>Economic Impact and ROI of ACVA Destination Advertising</th>
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<tbody>
<tr>
<td>Incremental Trips</td>
<td>140,877</td>
</tr>
<tr>
<td>Expenditures per Trip</td>
<td>$216</td>
</tr>
<tr>
<td>Economic Impact/Total Spending</td>
<td>$30,368,263</td>
</tr>
<tr>
<td>Cost of Advertising</td>
<td>$235,210</td>
</tr>
<tr>
<td>Total ROI (visitor spending : cost of advertising)</td>
<td>$129 : $1</td>
</tr>
<tr>
<td>City Tax ROI (tax revenue : cost of advertising)</td>
<td>$3 : $1</td>
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The study also estimated 43,000 resulting overnight visits that have been excluded due to insufficient sample size.

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<td>Meals</td>
</tr>
<tr>
<td>Shopping</td>
</tr>
<tr>
<td>Other: Attractions, Tickets, Museums, Transportation, etc</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

* The study also estimated 43,000 resulting overnight visits that have been excluded due to insufficient sample size.
Daily sales activities included 892 face-to-face contacts

- 34,000 email, eblast and phone contacts
- Generated 743 leads
- Estimated revenue of $25 million
- Actualized revenue of $3.8 million
The sales team booked 153 meetings/groups with total spending of $20 million. The department's budget totals $336,854 for a return on investment of $1.79 in city taxes for every $1 invested.

### Economic Impact and ROI of ACVA Sales Department

<table>
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<tbody>
<tr>
<td>Total Meetings/Groups</td>
</tr>
<tr>
<td>Service Provider Revenue</td>
</tr>
<tr>
<td>Number of Delegates</td>
</tr>
<tr>
<td>Average Non-Hotel Delegate Spending</td>
</tr>
<tr>
<td>(source: TNS Profile of Alexandria Visitor, average business traveler spending)</td>
</tr>
<tr>
<td>Total Delegate Spending</td>
</tr>
<tr>
<td>Total Economic Impact</td>
</tr>
<tr>
<td>Average Visitor Spending Tax Rate</td>
</tr>
<tr>
<td>Total City Tax Generated</td>
</tr>
<tr>
<td>Sales Department Budget</td>
</tr>
<tr>
<td>City Tax ROI (tax revenue : program expense)</td>
</tr>
</tbody>
</table>
Sales Department

- The ACVA sales team books the first meeting, then the hotels generate repeat business (that is not included in ACVA revenue).
- Group business builds hotel occupancy
  - Higher occupancy raises hotel room rates
  - Higher hotel room rates increase leisure visitor spending
ACVA Strategic Plan

Objectives and Strategies
Strategic Objectives

1. Generate visitation from individuals
2. Increase visitor spending from individuals
3. Generate group and meeting revenue
4. Establish brand for consumers
5. Secure resources to achieve the mission and objectives
6. Foster community support for tourism and the ACVA
7. Develop and implement board development plan
FY 2012 ACVA Budget Preview
Funding Strategies to Support City Council Strategic Plan:

Goal #1 Economic Development

Initiative 1.1.2: Support a vital hotel sector by attracting more overnight guests

Strategy 1: Invest $300,000 in Destination Advertising
FY 2012 Return: 60,000 more hotel rooms sold; $40 million in visitor spending; $1.2 million in city taxes generated

Strategy 2: Invest $75,000 to add one person to Sales Team (includes salary, benefits, and program)
FY 2012-13 Return: Pays for itself with $134,000 in city tax generation, and creates business for hotels that repeats
Initiatives to Increase Visitor Spending
Not Attainable in Current Budget

1. Website: 700,000 visits in past 12 months.
   Launched in November 2008 with state-of-the-art content management system (CMS) and integrated databases. 70,000 mobile site visits in first year.
   - Update design to compete with new destination sites
   - TripAdvisor Integration
   - Re-skin of Mobile Site
   - Smartphone Multi-Device Platform

*Total Cost: $76,700*
Initiatives to Increase Visitor Spending
Not Attainable in Current Budget

   - Consultant with low-overhead and strong national media contacts
   - Generates destination feature coverage

Total Cost: $30,000
Initiatives to Increase Visitor Spending Not Attainable in Current Budget

3. National Harbor Collaborative initiatives that need to be updated:
   • Re-print three-year supply of rack brochures
   • Update video that plays on water-taxis, website visitors center and sales kits
   • Update trolley audio tour

*Total Cost: $28,000*
Mission: To promote the City of Alexandria as a premier location for businesses by capitalizing on its assets including multiple Metro stations, historical character and riverfront location, in order to enhance the City’s tax revenue and increase employment opportunities.

City Council Work Session
January 25, 2011
Board of Directors – January 2011

Allison Cryor DiNardo, Chair
Carroll PCS, Inc

Lauren Garcia, Vice Chair
G3 Capital, LLC

Chris Hartman, Treasurer
SunTrust Bank & Investment Services

Marcy Anderson
Chair, Alexandria Small Business Development Center

Mike Anderson
Chair, Alexandria Chamber of Commerce
Mango Mike’s & Pork Barrel BBQ

Charlie Banta
Alexandria Hilton Mark Center

Chuck Collins
BriarTek

Jim Devlin
RJ Investments, LLC

Duane Gautier, Citizen Representative
ARCH Corporations

Bill Hard
LCOR, Inc.

Mark Jinks
City of Alexandria, Office of the City Manager

Horace Jones
Advanced Resource Technologies, Inc.

Greg Leisch
Delta Associates

Dave Millard
Cushman & Wakefield

Scott Price
Office of Senator Mark Warner

Scott Shaw
Fishbowl, Inc.

David Speck
Speck-Caudron Investment Group of Wells Fargo Advisors, LLC
Today's Agenda

- Signs of Economic Recovery in Alexandria
- Highlights of 2010
- City Strategic Plan- AEDP Focus Areas
- SBDC Update
- FY2012 Budget Preview
- A Hub for Economic Development
What a Difference a Year Makes

Residential projects breaking ground
- 3 underway
- 2 more planned to begin

Job market is recovering
- Retail
  - led recovery in March 2010
  - all lost jobs have been regained
- Leisure & Hospitality
  - almost fully caught up on jobs
Alexandria Office Highlights

4th Quarter 2010 Vacancy Rates
DC Metro: 12.9%
Northern Virginia: 13.6%
Alexandria: 11.4%

Source: CoStar Database
Alexandria Office Highlights

Alexandria Submarket Office Vacancy Rates

4th Quarter Vacancy Rates

- Del Ray/Arlandria: 1.5%
- Eisenhower East: 8.0%
- Old Town: 10.1%
- West End: 8.2%

Source: CoStar Database
2010 Highlights

Implemented the Alexandria Ideal brand
- Collateral and website redesign

Focus on Retail
- Built a retail database
- 15 Retailers closed, and 45 new Retailers opened
- Working with 30 more retailers looking for space

Created new Research Capacity
- Development of EDDI with GIS department
- GMU economic indicators database
2010 Highlights

Strengthened relationships with brokers and real estate community

Northrop Grumman Final Four

Targeted business outreach in Arlandria

Launched efforts to educate resident groups
- Old Town Civic
- Upper King Street Civic
- Agenda Alexandria
City Strategic Plan: AEDP Focus

King Street and Beyond

*Increase training for King Street retailers and beyond (AEDP/ SBDC)*

*Continue efforts to co-market space to desired retailers (AEDP)*

*Annual awards program for exterior store appearance (AEDP/Chamber)*

*Foster coordination of retail merchants (AEDP/SBDC/ACVA)*
City Strategic Plan: AEDP Focus

Increase office/retail occupancy rates through recruitment, retention, expansion

Target federal users and associated contractors (leased vs. owned)

Seek higher GSA prospectus cap rate for Alexandria and Arlington

Encourage the change of DoD lease specs to weigh access to transit as an important decision criteria

Create tool kit of possible incentives to assist with business retention/recruitment
Enhancing the City’s competitiveness

*Provide all types of training for small businesses (SBDC)*

*Market existing competitive advantage (AEDP)*

*Conduct post-mortems on economic wins/losses (AEDP)*

*Increase outreach meetings with existing businesses (AEDP/SBDC)*
City Strategic Plan: AEDP Focus

Recruit businesses/developers to complement and strengthen vision to balance the tax base

Alexandria focused forum/regional broker event (AEDP)

Upcoming conferences-showcasing Alexandria

Establish public-private development fund for signature projects (AEDP/P&Z)

Establish development guidelines for redevelopment of existing buildings that encourages use by desirable national and regional brands (AEDP/P&Z)
City Strategic Plan: AEDP Focus

Implement business retention & expansion strategy: high priority firms with best potential for growth

Create internal list of high priority firms City can’t lose (AEDP)

Develop specific retention plan for each business on list (AEDP)

Increase association/nonprofit outreach (AEDP/ACVA/Chamber)
SBDC Update

June 2010 move from Chamber to AEDP quarters

- Benefits of interaction and working together in same physical environment quickly evident
- AEDP staff and resources augmenting SBDC efforts
- Misperceptions of VSBDC relationship cleared
- Program focus and initiatives
- Small business Roundtables, Workshops and Brown Bags
New Training & Informational Events

Workshop Series

- Launched in November 2010
- Once a month at the Lyceum
  - Pro-Business Alexandria
  - Small Business Jobs Act of 2010
  - Marketing Matters
- Upcoming Topics include:
  - Mental Illness First Aid for the Workplace
  - Common HR Issues in the Workplace
  - Doing Business with: USPTO, DoD, Ft Belvoir

Attendance: 170 total for first three
New Training & Informational Events

Brown Bag Lunch Series

- Launched in January 2011
- Targeted at start-up businesses
- Held once a month at Connect113
  ✓ Search Engine Optimization

- Upcoming Topics include:
  • How to Effectively Network
  • Work-Life Balance & Productivity

Attendance: 40 at first event
FY2012 Budget Preview

AEDP Budget, by Funding Source
A Hub for Economic Development