



March 8, 2021

Arlington County Board
2100 Clarendon Boulevard, Suite 300
Arlington, VA 22201

Dear Chair de Ferranti,

The Arlington Chamber of Commerce requests that the County Board restore the proposed \$131,300 reduction in Arlington Convention and Visitors Service's (ACVS) operating funds by using one-time funds for Fiscal Year 2022. This request originates with the Chamber's member hoteliers, as expressed through the leadership of our Hotel General Managers Committee, as an investment in Arlington's hospitality industry and the service sector jobs that it provides.

The coronavirus pandemic has devastated the hospitality industry. ACVS estimates that Arlington's hotel occupancy has fallen from 74% in FY 2019 to below 30% for FY 2021, and that average daily room rates have declined by more than 25% in that time. JobsEQ estimates that more than 1,270 Arlington hotel workers lost their jobs between 2018 and 2020, with the vast majority of these job losses occurring since the start of the pandemic. Moreover, hotels have not benefited from many other local pandemic responses, such as TOSAs, or supportive spending by residents as Arlingtonians are less likely to have a personal connection to local hotels than with businesses that they routinely patronize.

As we begin to look to the post-pandemic future, Arlington risks losing market share in our region if we do not maintain our travel promotion efforts. Cutting ACVS's marketing budget reduces its ability to support our hotels by promoting Arlington to travelers looking into visiting the Washington, D.C. area. It is expected that many bookings for the resumption of convention and group travel will be made in FY 2022. Promotion efforts in FY 2022 will thus be vital to restoring our hotel occupancy, and the spending, employment, and tax receipts that will result.

Restoring its operating funds will allow ACVS to build back its marketing activities. Allocated one-time funds will allow ACVS to restore approximately \$80,000 for travel marketing and will support training for ACVS personnel and research services, both of which will help to keep Arlington's promotion work up to date. The ACVS budget has already diminished by \$730,534 since the adopted FY 2020 budget, so maintaining its FY 2021 operating fund level will prevent further reductions to its capacity for critical work.

Moreover, restoring ACVS's activities for FY 2022 is an investment in funding its future activities, as increased hotel occupancy resulting from its promotion efforts will lead to increased Transient Occupancy Tax revenues. Bridging ACVS's funding during this temporary downturn to ensure its ability to regain its ongoing revenue stream is thus a proper use of "one-time" funds.

The U.S. Travel Association estimates that in 2019, the last fully pre-pandemic year, travel accounted for more than \$3.5 billion in spending, more than 27,000 jobs, and

more than \$97 million in local tax receipts in Arlington. A 2017 study by Tourism Economics estimates that every dollar invested by ACVS in promotion generates \$43 of sales by Arlington businesses and \$4 of tax revenue for Arlington County and the Commonwealth of Virginia. The same study estimates that Arlington gains 34 jobs for every \$100,000 of ACVS marketing activities. Restoring ACVS's marketing funding for FY 2022 is thus an investment in bringing back these jobs, sales, and tax revenues.

We thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Kate Bates". The signature is written in a cursive, flowing style.

Kate Bates
President & CEO

CC: Arlington County Board Vice Chair Katie Cristol, and members Christian Dorsey, Libby Garvey, and Takis Karantonis; County Manager Mark Schwartz; Deputy County Manager Shannon Flanagan Watson, CFO Maria Meredith and Budget Director Richard Stephenson, Department of Management and Finance; Director Telly Tucker and ACVS Director Emily Cassell, Arlington Economic Development