

USVI DEPARTMENT OF TOURISM
FISCAL YEAR
2017
BUDGET HEARING
JULY 2016



Dept of Tourism PHOTO CONTEST WINNER submitted by Ebony Corniero



U.S. VIRGIN ISLANDS™
ST. CROIX ST. JOHN ST. THOMAS
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CONTENTS

Introduction 3

Tourism Advertising Fund Expenditures 5

Tourism Landscape 8

State of the Tourism Industry 9

Key Tactics FY 2016 and FY 2017 10

Airlift 10

Advertising 11

Public Relations 13

Social Media 14

Visitor Experience 14

MICE 14

Promotions 15

Sales 15

Training 16

Sports Tourism 16

Centennial 16

Film 17

Budget Package Inclusions 18

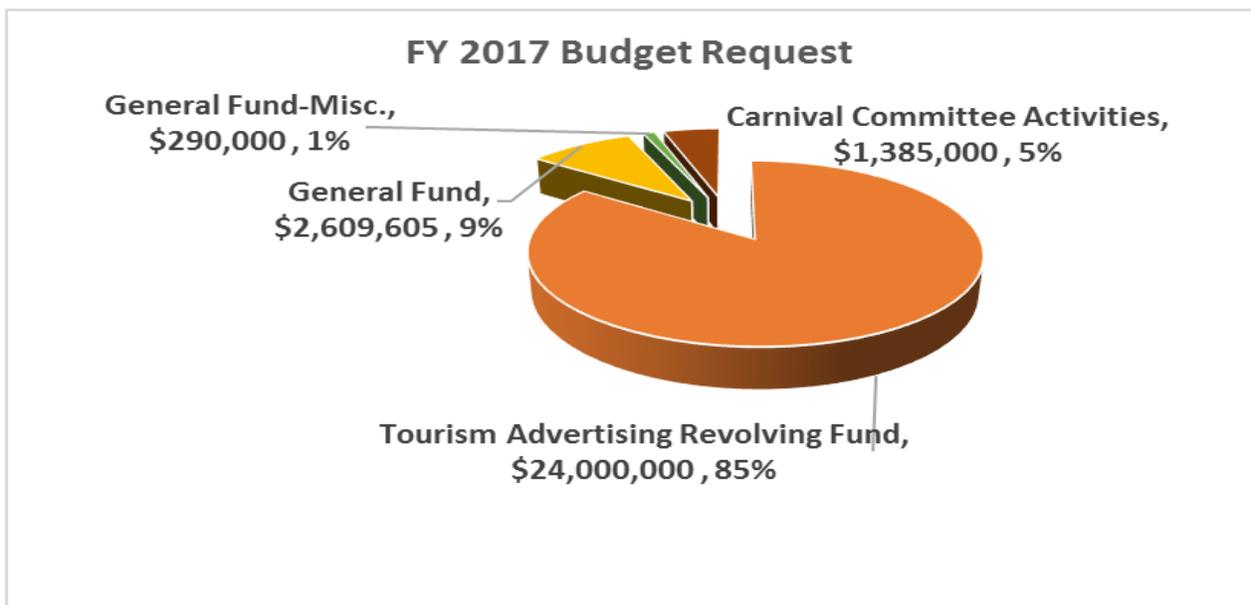
**Fiscal Year 2017 Budget Hearing
United States Virgin Islands Department of Tourism
July 19, 2016**

INTRODUCTION

Good afternoon Honorable Clifford Graham, Chairman of the Senate Committee on Finance, Committee members, Senators, legislative staff, ladies and gentlemen in the Chamber, listening and viewing audience.

I am Beverly Nicholson-Doty, Commissioner of the Department of Tourism (DOT). With me are Averyl Fabian, Director of Administration and Management; Assistant Commissioner Joyce Dore Griffin and Deputy Commissioner Neelia Ross. Other Tourism team members in the Chamber include: Luana Wheatley, Director of the Film Office; Canika George John, Director of Marketing; and Directors of the Visitor Experience from each district, Angela Payne and Francis Williams Augustine.

Thank you for this opportunity to present the FY 2017 budget request and provide highlights of our year-to-date activity for the Department for FY 2016.



The total budget request of the Department of Tourism is \$28,284,605. Of that amount, \$25,385,000 or 90% will be allocated from the Tourism Advertising Revolving Fund (TARF) to cover our marketing and promotional expenses, which are projected to be \$24,000,000 in

FY 2017, and to support Carnival initiatives at a cost of \$1,385,000. Two million six hundred nine thousand six hundred and five dollars (\$2,609,605) or 9% has been designated for the Department's operational expenses and the remaining two hundred ninety thousand dollars (\$290,000) is covered under the miscellaneous portion of the General Fund as grants to the following organizations:

- The Centennial Commission – \$ 250,000
- El Festival Del Lechon – \$5,000
- Estate Profit-Three Kings Celebration – \$5,000
- Botanical Gardens – \$5,000
- The St. Croix Landmark Society – \$25,000

Fifty percent of the Department of Tourism's TARF budget is dedicated to advertising, branding and promotional activities. Funding for the following are inter-related, and paramount to fulfilling DOT's mandate to promote the Territory and stimulate our economy:

- The Greeter's Program was implemented to enhance the welcome and departure experience for our air and cruise visitors. Although the primary focus of this initiative is caring for our visitors, it also requires payroll for the greeters, hiring local cultural entertainment, and purchasing promotional items.
- Attendance at more than 50 trade shows per year, which includes expenses for renting furnishings, fixtures, and equipment, and paying for supplies, liability insurance, registration fees, etc.
- Operating Supplies: the purchase of promotional items (giveaways), food and beverages, decorations and other amenities for the preparation or sponsorship of events, meetings and conferences.
- The sponsorship of concerts, festivals, tournaments, conferences and other events both locally and abroad. (See FY 2016 Sponsorship Listing.)
- Travel Costs required to attend trade shows, conferences, and media events; to host travel agents and tourism ambassadors; and to transport local entertainers to support in-market events.
- Dues and Fees for membership in premier tourism/travel trade organizations such as:
 - Cruise Lines International Association
 - Caribbean Tourism Organization
 - Florida-Caribbean Cruise Association
 - U.S. Travel Association
 - Brand USA
- Communication costs for Internet, conference calling, website maintenance and telephone service.

- Hosting press and media visits in order to generate in-depth feature coverage in top-tier regional and national television outlets and print and online publications for the Territory as a whole and for each island.
- Incentives and sponsorships for marine, film and music production that will ultimately provide jobs, increase room nights, generate additional on-island expenditures and increase the Territory's overall exposure.
- St. Croix Development/Marketing Campaigns and Air Revenue Guarantees dedicated to generate more traffic specifically to that island.

TOURISM ADVERTISING FUND EXPENDITURES

The projected FY 2017 breakdown of expenditures associated with the \$24 million allocated from TARF is as follows:

| Activities | Percentage |
|---|-------------------|
| Marketing, Advertising, Production, Branding & Social Media | 50.0 % |
| Public Relations Activities & Media Hospitality | 10.0% |
| Sponsorships | 5.0% |
| Booking Incentives/Promotions | 5.0% |
| Trade Shows, Agent Events, Programs and Travel | 3.5% |
| Major Sports Tourism Events | 3.0% |
| Revenue Guarantee – Airlift | 3.0% |
| Visitor Experience, Customer Care & Entertainment | 3.0% |
| Contingency | 2.75% |
| Sales Representation (Denmark, Italy, Mid-Atlantic, New England & PR) | 2.5% |
| Film Support & Incentives | 2.0% |
| Major In-Market Events | 2.0% |
| Centennial (Tour Operator Coops, FAMS & Promotions) | 2.0% |
| Dues & Fees | 1.25% |
| Promotional Giveaway Items | 1.0% |
| Administrative Contribution for the DOT Operation from the TARF | 1.0% |
| Brand USA (Emerging Markets) | 1.0% |
| Sports Parks & Recreation – local sporting events | 0.5% |
| Customer Service Training | 0.5% |
| Additional contributions to Carnival & Festival Activities | 0.5% |
| Tourism Awareness & Local Advertising & Promotions | 0.5% |
| Total | 100% |

TOURISM ADVERTISING FUND 2016 APPROPRIATIONS

| Department | FY 2015 | FY 2016 | FY 2017 | Description |
|--|--------------------|--------------------|--------------------|--|
| Carnival, Festival & Celebration | \$650,000 | \$650,000 | \$1,385,000 | Carnival /Festival/ Celebrations |
| Department of Agriculture | | \$1,000,000 | \$1,000,000 | To support fresh & locally grown agriculture produce |
| Department of Education | | \$500,000 | \$500,000 | Inter-scholastic competitions |
| Department of Public Works | \$300,000 | \$300,000 | \$300,000 | Territory-wide festival clean-ups |
| Department of Sport Parks & Recreation | | \$500,000 | \$500,000 | Recreation & sport activity programs |
| Department of Sport Parks & Recreation | | \$1,000,000 | \$1,000,000 | Development & promotion of sports tourism |
| Department of Sport Parks & Recreation | | \$135,000 | \$135,000 | VI Little League participation in regional tournaments |
| Office of the Governor | \$150,000 | \$150,000 | \$150,000 | Exit surveys & other tourism & economic studies & activities |
| Virgin Island Police Dept. | \$850,000 | \$850,000 | \$850,000 | Police operations Territory-wide |
| Waste Mgmt. Authority | \$300,000 | \$300,000 | \$300,000 | Territory-wide festival clean-ups |
| Total | \$2,250,000 | \$5,385,000 | \$6,120,000 | |

Unlike previous years, financing for the annual Carnival/Festival/Celebration is being funded entirely from the TARF. This change represents an increase of 113 percent compared to FY 2016, thereby decreasing the annual appropriation from the miscellaneous section of the General Fund by \$745,000. Consequently, each island will continue to receive the following amount to support its respective activities:

FY 2017 CARNIVAL ALLOCATION

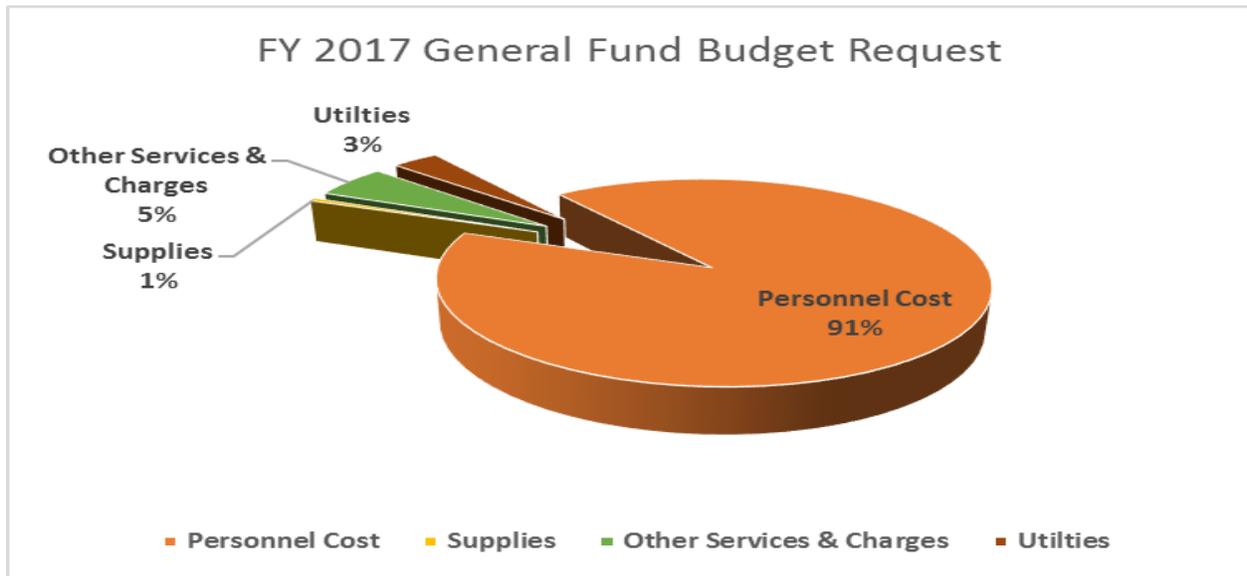
| | |
|-----------------|---------------------------|
| St. Thomas | \$545,000 |
| St. Croix | \$520,000 |
| <u>St. John</u> | <u>\$320,000</u> |
| | <u>\$1,385,000</u> |

Additionally, the DOT has provided extra funding to market and sponsor events and promotional activities associated with our Carnivals.

The Department’s operating budget request of \$2,609,605 is 6.42% greater than our previous year’s request of \$2,452,164. We project an increase in personnel costs of approximately \$238,998 (11.21%) and an overall reduction in operating expenses of \$81,556.

The breakdown of the operational budget request is as follows:

| Description | FY2017 Budget Amount | Percentage of the Budget |
|--------------------------|----------------------|--------------------------|
| Personnel | \$1,675,518 | 64.21% |
| Fringe Benefits | \$ 695,518 | 26.64% |
| Supplies | \$ 12,795 | 0.49% |
| Other services & charges | \$ 139,000 | 5.33% |
| Utilities | \$ 86,982 | 3.33% |
| Total | \$2,609,605 | 100% |



Comparative breakdown of the budget request for FY2017

| Budget Category | FY2016 | FY2017 | Variance |
|--------------------------|--------------------|--------------------|-------------------|
| Personnel | \$1,491,315 | \$1,675,518 | \$184,203 |
| Fringe Benefits | \$ 640,515 | \$ 695,310 | \$ 54,795 |
| Supplies | \$ 5,000 | \$ 12,795 | \$ 7,795 |
| Other Services & Charges | \$ 189,000 | \$ 139,000 | (\$ 50,000) |
| Utilities | \$ 103,833 | \$ 86,982 | (\$ 16,851) |
| Capital Outlay | \$ 22,500 | \$ 0 | (\$ 22,500) |
| Total | \$2,452,163 | \$2,609,605 | \$ 157,442 |

PERSONNEL SERVICES

In our personnel services and fringe benefits categories we have requested \$2,370,828. This amount will allow us to maintain 32 positions, including six vacant positions. The Director of Communications position will be filled effective August 1, 2016, and we are currently interviewing

for the Manager, Marine Industry position with the goal of filling this position within the next 30 days. Priority will be given to filling the other positions after the FY 2017 budget is approved.

More than 85% of the Department's staff have received salary increases. Ten of the Department's 24 employees have been promoted during their tenure at the agency.

The Department continues to transition to a contracted sales force and currently has contracts with sales representatives covering the Mid Atlantic, New England, Denmark and Italy. Additionally, by October 1st we will have representation in the Northeast and our goal is secure dedicated representation on the West Coast where we continue to experience growth.

OPERATING EXPENSES

The operating budget of the General Fund totals \$238,777 as shown below:

Supplies. Our projected spending for supplies is **\$12,795**. These funds will be used to purchase office supplies, operating supplies, repair and maintenance supplies, small tools and minor equipment and data processing software.

Professional Services, budgeted at **\$45,000**, covers janitorial services for the St. Thomas office, pest control services, security surveillance, and copier maintenance agreements.

Utilities. The projected expense for electricity and water in FY 2017 is **\$86,982** which is \$16,851 less than the amount allotted in FY 2016, covering the expenses at all DOT offices and welcome centers.

Communication. **\$45,000** is requested to cover our telephone and Internet costs.

Rental Land/Building. DOT's rental obligations in FY 2017 are currently **\$35,000**.

The remaining **\$14,000** covers travel at \$2,500, \$2,500 for insurance, \$3,000 for repairs and maintenance, \$5,000 for the rental of machinery and equipment and \$1,000 for other services.

TOURISM LANDSCAPE

After experiencing a comeback year in 2015 for overnight visitors, we started off 2016 with a no warning invader in the form of Zika. The initial fallout from the early reports on the virus, while significant, were not devastating. Unfortunately, the residual impact of this lingering challenge has impacted booking pace. The traditional slowness in travel in our core market, the USA, during a presidential year, coupled with the repositioning of several cruise vessels, has created a struggle for every visitor to the USVI in 2016.

While the USVI will continue to secure most of its arrivals from the US market, thanks to its unique positioning as only one of two places in the region where a passport is not required for travel, some diversification of the market is essential. The DOT continues to strengthen its position in the Scandinavian market, and we are maintaining a presence in the Italian market. While small

in numbers, the market delivers strong results in the months of July and August, favoring luxury accommodations. We have also expanded our marketing in the Caribbean. We initially explored Brazil, however the instability of the economy has made this risky and we have begun to focus more on opportunities in China, which has been identified by Brand USA as one of two growth markets by 2019 for overseas travelers to the United States. We continue to maintain some presence in Canada primarily through Brand USA as this market has proven to provide some travel in the meetings and incentive area but has not yielded significant returns in the leisure market.

The Department of Tourism continues to facilitate branding our cruise ports as Ports of the Virgin Islands with the recently consummated long term agreements between the West Indian Company and Carnival Corporation and the Virgin Islands Port Authority and Royal Caribbean. We are confident this synergy presents a strong platform for growth of our cruise industry.

STATE OF THE TOURISM INDUSTRY

Information provided by BER & IRB

- Hotel occupancy tax collection is estimated at just over \$27 million in FY2016.
- Stay-over visitor arrivals are 368,205 for the period January to May 2016, a 0.9 percent decrease during the same period in 2015 when arrivals totaled 371,730.
- Cruise arrivals for the period of January to May 2016 are up two percent from 928,980 in 2015 to 947,521 in 2016. Although total FY 2016 cruise arrivals are anticipated to be down by 13 calls, or two percent.
- Air arrivals in the St. Thomas-St. John district are down 2.7 percent while St. Croix increased by 7.5 percent.
- Visitor activity supports about 8,000 direct jobs—20 percent of the USVI total wage and salary employment in four core tourism areas: accommodation, transportation, food and beverage, and other tourism industries. Tourism had more than \$1 billion dollars in direct impact on the USVI economy in 2015 or contributed an estimated 30 percent to GDP. Its impact is substantially greater than the direct value because of its multiplier effect on related sectors and industries (e.g., retail, arts and entertainment, other services). Direct economic impact is estimated at \$1.389 billion and total economic impact is \$2.2 billion. Tourism generated an estimated \$215 million in government tax revenues in 2015.
- In the past fiscal year, stay-over visitors generated \$922 million in direct expenditures and cruise passengers \$467 million in direct expenditures for a total of \$1.389 billion, representing a 71:1 return on investment based on the \$19.5 million marketing budget we manage internally and with our external partners.

KEY TACTICS FY 2016 AND FY 2017

- St. Croix Only Marketing to include
 - a. Local sponsorships of more than \$500K
 - b. Bounce Back to Visit St. Croix Program
 - c. Increased St. Croix specific media visits
 - d. Exclusive TV, Print and Digital Campaigns
 - e. Invested more than \$1 million in St. Croix air development
- Increased air capacity to the Territory to more than 25,000 per week.
- Created a Culinary Event in FY 2016 “Dine VI” which launched on St. Croix and will be expanded to all three islands in FY 2017.
- Expanded customer service training opportunities from bi-annually to quarterly.
- Supported tourism partners to close meeting and incentive business in FY 2016, resulting in more than 7,400 room nights.
- Strengthened relationship with the USVI Tourism Ambassadors, increasing the total participation in the program to 370. In FY 2017 we will add events to the program and enhance the website.
- Expanding our Brand Equity with a partnership branding opportunity taking the DOT logo and USVI Flag to the US Drag Racing market. (This includes uniforms, trailer and racecar.)
- Launched a new booking engine on VisitUSVI.com with early monthly results of more than \$40K in hotel revenue in just three months.
- We will launch the “Taxi Text to Win” campaign before the end of the fiscal year, encouraging visitors to provide feedback on positive transportation experiences.
- Improved our arrival experiences at airports and seaports with entertainment focusing on schools and youth programs.
- Increase film industry outreach through social media, new partnerships, segmented outreach, etc.
- Identify targeted marine related opportunities.

AIRLIFT

St. Thomas – Cyril E. King Airport

Notwithstanding the slight decline in air arrivals there continues to be strong demand for airlift to St. Thomas with nonstop service from 13 cities across the US with approximately 23,000 seats during peak. United Airlines introduced nonstop service this summer from Houston and daily

service from Dulles. The daily service from Dulles will continue through peak season 2016/2017 and the Houston service will operate weekly during the peak season.

St. Croix – Henry Rohlsen Airport

The growth for St. Croix has been steady albeit slow. Weekly seats to St. Croix are now a little over 6,000, up from just under 5,000 with nonstop service from four cities. Delta confirmed the return of the Atlanta/St. Croix midweek Wednesday flight this spring. The carrier also indicated it would operate daily between mid-December and the first week of January. Recently Delta confirmed it will be adding a Monday flight, bringing ATL/STX service to three times weekly.

While the rise in Airbnb and villas has provided added inventory, which has supported the conservative growth, in the absence of major hotel developments new airlift is tied to revenue guarantees and marketing.

The revenue shortfall on the ATL/STX service, heavily impacted by the addition of the Wednesday service, resulted in a cost of \$672K. This investment resulted in more than 9,000 visitors to St. Croix in FY2016. Even with an allowance of 20% for Virgin Islanders traveling to this route, using the BER daily average spend with an average five-day stay, the impact of this flight has an estimated ROI that exceeds \$11 million dollars.

To date we have not been able to confirm direct service from the Northeast to St. Croix even with the offer of a revenue guarantee and dedicated marketing for the route. Nonetheless, this remains at the top of the Department's priority list.

To that end here are a few of the immediate actions DOT is engaged with the Port Authority and the Office of the Governor.

1. Dialog with non-legacy carriers
2. Revamping the revenue guarantee formula to lower exposure
3. Exploring ways to ensure more competitive jet fuel on St. Croix

ADVERTISING

In fiscal year 2016, the Department of Tourism spent \$5.5 million on advertising and received a total of 305 million paid media impressions.

More than 1,000 ads supported the following audiences:

- Leisure travelers
- Niche segments such as culinary and marine tourism
- Bookable offers

- Airline partnerships
- Island events
- Film Industry
- Wedding and Group industry
- International markets
- Centennial
- Carnivals, Festivals, and Cultural/Culinary Events

Website

- The DOT website garnered 2,146,585 visits in the past year averaging 179,000 visitors a month.
- More than 53% of website visits originated from a mobile or tablet device.
- Visitors by country: United States: 90%, USVI: 2%, Canada: 2%, Puerto Rico: 1%, UK: 1%, Denmark: 0.5%; more than 96% read website in English
- **Paid search** reached 24.3 million potential travelers across brand, generic and competitor keywords
 - Search converts “hand raisers” across desktop, mobile and tablet who are actively searching for travel information

Weather-Triggered Advertising

- The DOT deployed weather-triggered USVI messaging to 16.3 million potential travelers in 7 of our top destinations of origin
- During this time, site visitation increased 62% YoY lead by Atlanta, Chicago, New York and Washington D.C.

Bridal Market

- The DOT implemented co-branded bridal content reaching 13.6 million potential travelers, destination wedding and honeymooners
- During this time, site visitation increased by 36% YoY

Television

- The DOT has run 924 commercials across a national audience reaching 125,461,500 viewers
 - 625 of those commercials ran on premium news networks (CNN, HLN and Fox News) – This includes a :30 spot during the GOP Debate on CNN
 - 299 of those commercials ran on premium lifestyle networks (Cooking, HGTV, Food Network, Travel Channel and Weather Channel)
- The DOT is running 1,512 commercials on Puerto Rico broadcast networks reaching over 2 million viewers
 - 552 spots on ABC, 432 spots on NBC and 528 spots on CBS

Magazine

- The DOT has advertised in 115 travel endemic and B2B publications reaching 13.6 million potential travelers
- Campaigns include: Delta Sky Magazine (Airlines), The Knot (Bridal), Afar (Brand), Salt Water Sportsman (Marine), Variety (Film) and WSJ Money (Luxury)

Newspaper

- The DOT has run 53 print insertions across national and local newspapers, reaching 34.9 million readers
- Campaigns include: The New York Times (Small Hotels), Houston Chronicle (Airline Support), St. Croix Avis (Dine VI)

Digital

- Through digital display and online video advertising, the DOT has reached 133.9 million potential travelers across desktop, mobile and tablet platforms
- Digital media has supported segments including Airlines, Bridal, Brand/MICE, Military and Marine

OOH (Out of Home)

- By leveraging outdoor media channels, the DOT has reached 3.9 million travelers on-island, off-island and in Puerto Rico
- Media included wall wraps in the St. Thomas airport, executive airport lounges in important feeder markets and in-flight videos on key airline partners

PUBLIC RELATIONS

- Total number of placements: 360
- Total Impressions: 574,122,972
- Total Ad Value: \$9,210,430
- Total PR Value: \$27,631,290



SOCIAL MEDIA

- Earned 2.2 million impressions
- Added 5,000 new followers
- Generated 53% higher engagement rate
- Drove 6,000 potential visitors to the DOT website promotions page
- Created 467 pieces of unique content
- Surfaced and tagged 45 on-island partners
- Mined 90 travel photos

VISITOR EXPERIENCE

- Programs – Operated 32 School/Camp Visits
- Customer Care – Team responded to 25 incidents
- Hosted 26 Student Interns
- Operated the Greeters Programs at airports and seaports, using approximately 50 contracted service providers
- Coordinated entertainment at airports and seaports

MICE

The Meeting, Incentive, Conference and Exhibition (MICE) market is an important tourism segment for the Territory, accounting for 20 percent of all tourism revenues historically. Our goal is to increase this share over the next fiscal year.

One strategy the Department of Tourism employs to target MICE business is familiarization (FAM) trips with MICE media and planners. Our goal is to host two FAMs in FY 2017. We schedule these trips at times where we can obtain favorable rates from partners to help minimize costs.

We also engage in targeted sales blitzes in key MICE markets. We work with our private sector partners on these missions. Additionally, we “twin” media relations efforts with our in-market activities, resulting in cost savings and increased visibility.

In order to keep the U.S. Virgin Islands top-of-mind with key decision makers, we also maintain a presence at MICE trade shows, most notably IMEX America, which features the largest Hosted Buyer Program in North America and attracts thousands of buyers and exhibitors from the U.S. and around the world.

The Department of Tourism manages ongoing leads through Cvent and Convention Planit, working with our partners to ensure leads are being handled in an efficient manner and that opportunities are being directed to the appropriate hotels.

In spite of concerns related to the Zika virus, we have held our own in this market, which is impressive considering reports of downturns in this market in the region.

Provided booking incentives to close groups/incentives to the USVI over competing destinations

- Starz Direct TV
- Auto Insurance Owners Group
- Advance Auto Parts International
- Human Services Regional Head Start Conference

The result of this work was 7,400 room nights with an economic impact of over \$4.6 million.

PROMOTIONS

Developed 14 Leisure Booking Promotions for specific vertical markets to address challenges with booking pace.

- Winter 2016
- Small Hotels
- Military
- Bridal
- Puerto Rico / Neighbor Islands
- Family Reunion
- Group
- March Sale
- Bounce Back to St. Croix
- St. Croix's Wednesday to Wednesday
- Dine VI
- Carnival
- Summer & Fall

The result of these promotions was more than 10,000 room nights, representing more than \$6 million in revenue and \$158,500 in direct impact in payment to vendors. Since most individuals spend two to three times more than the certificate value the economic impact from the certificate program added approximately \$500,000 to the direct impact.

SALES

- Developed the USVI Travel Agent Specialist Program
- Participated in approximately 50 trade shows YTD
- Held thirteen 12@12 Training Events
- Made 22 destination presentations to airlines and tour operators
- 5,014 travel agent sales calls completed by the Sales team
- Partnership with Virtuoso, targeting the luxury market, resulted in an 8% increase to \$61 million in revenue to the USVI
- Q1 Familiarization Visit resulted in \$105K in revenue

TRAINING

The Department has provided free training quarterly. To date we have completed three sessions in FY 2016. More than 1,500 individuals have participated in these training opportunities.

Attendees

| | |
|----------------|-----|
| General | 761 |
| Supervisors | 366 |
| Taxi Operators | 409 |

SPORTS TOURISM

Few Examples:

St. Thomas Yacht Club (5 Sailing Events)

- Investment \$175,000
- Revenue \$2.5 million
- ROI 14:1

Basketball Travelers

- Investment \$250,000 + \$150K bonus based room night delivery = \$400,000
- Revenue \$2.4 million
- Media value \$6.2 million
- 52 Paid local staff
- ROI 22:1

Coral Reef Swim

- Investment \$2,500
- Revenue- \$71,000
- ROI 28:1

CENTENNIAL

Centennial Programs

- Dedicated Micro-Site
- Advertising
- Promotional Offers
- Tour Operator Coop
- Familiarization (Tour Operator & Media Visit)
- Film Project

FILM

Film Industry Impact (2016/2016)

| PROJECTS | LOCAL HIRES | ON-ISLAND SPEND | DOT SPEND | ROI |
|--|-------------|------------------|-----------------|--------|
| ROYAL CRUSH-ROYAL CARIBBEAN | 5 | \$3,000 | \$0 | 100% |
| DEEP DIVE WITH SAMANTHA BROWN | 7 | \$100,000 | \$0 | 100% |
| A&E MARRIED AT FIRST SIGHT | 1 | \$15,000 | \$0 | 100% |
| COOKING CHANNEL PILOT "BEACH BITES LIFE" | 3 | \$15,000 | \$0 | 100% |
| DISNEY CRUISE LINES | 5+ | \$35,000 | \$375 | 61:1 |
| LIVE ABOARD INTERNATIONAL (PILOT) | 1+ | \$10,000 | \$288 | 2600:1 |
| A&E MARRIED AT FIRST SIGHT (STX) | 1+ | \$15,000 | \$710 | 2800:1 |
| TOUR TREK - RCCL | 3+ | \$200,000 | \$2,500.00 | 3680:1 |
| HGTV CARIBBEAN LIFE (2 EPISODES) | 3+ | \$25,000 | \$0 | 100% |
| HGTV HOUSE HUNTERS INTERNATIONAL | 1+ | \$20,000 | \$0 | 100% |
| ABC'S ROCK THE PARK | 4 | \$5,000 | 80,000 | 36:1 |
| HGTV BEACHFRONT BARGAINS | 2+ | \$35,000 | \$1,375.00 | 680:1 |
| HGTV HOUSE HUNTERS INTERNATIONAL | 1+ | \$25,000 | \$0 | 100% |
| HGTV CARIBBEAN LIFE (2 EPISODES) | 3+ | \$25,000 | \$0 | 100% |
| HGTV BEACHFRONT BARGAIN | 2+ | \$35,000 | \$1,375.00 | 680:1 |
| CRUZAN RUM COMMERCIAL | 34 | \$167,000 | \$0 | 100% |
| ANNE COLE PHOTO SHOOT | 2+ | \$40,000 | \$0 | 100% |
| CARNIVAL CRUISE TRAVELOGUE | 3+ | \$60,000 | \$0 | 100% |
| NUMERO PHOTO SHOOT | 2 | \$25,000 | \$0 | 100% |
| TOTALS | 83 | \$875,000 | \$86,623 | |

NOTE: This does not include miscellaneous projects that came in direct to production services independent of the FPO, which is sizeable.

Film Strategy

- Increase the Film Office's industry presence and maintain a steady economic impact for the USVI through on-location film, commercial, print advertising and TV production.
- Enhance social media presence by actively engaging on Facebook, Instagram, Twitter, Periscope, and other channels.
- Desk-side visits and courtesy calls with targeted production houses, studios, producers, locations managers, etc. in key markets.
- Strengthen the Film USVI brand by delivering the new incentive message and showcasing our locations to industry decision makers in the film and music industriesgreat visuals and texture, cultural and ethnic diversity of local, ease of access, weather, currency, language, lower location fees, cooperation resulting in less red tape, for example.
- Secure and host buzz worthy productions that feature the USVI which will ultimately grow the local economy, create opportunities for local film resources and showcase the USVI as an attractive location.

BUDGET PACKAGE INCLUSIONS

- Detailed General Fund Budget Request
- General Fund Appropriation at a Glance
- Staff Listing, Compensation
- Organization Chart
- Listing of Contracts
- Vehicles List and Associated Expenses
- FY2017 Sponsorships to Date
- BIR Room Tax
- BER Hotel Occupancy Chart

Again, thank you for the opportunity to present the budget request for the Department of Tourism. Before questioning I would like to express my appreciation to the ladies and gentlemen of the Department. Today we operate this department with 26 staff members, half the staff of 2007. This this team truly demonstrates with passion and determination much can be accomplished.

Senators, our team is pleased to take your questions.

**DEPARTMENT OF TOURISM
FY 2017 DETAILED GENERAL FUND BUDGET REQUEST**

| | BUDGET REQUEST | % |
|----------------------------------|-----------------------|----------|
| PERSONNEL SERVICES | | |
| CLASSIFIED EMPLOYEE SALARIES | \$ 172,587.00 | |
| UNCLASSIFIED EMPLOYEE SALARIES | \$ 1,447,000.00 | |
| TEMP. /PARTTIME SALARIES | \$ - | |
| OVERTIME SALARIES | \$ - | |
| LUMP SUM PAYMENT | \$ 55,931.00 | |
| NIGHT DIFFERENTIAL COMP.. | \$ - | |
| FEES & COMPENSATION NOC | \$ - | |
| HOLIDAY PAY | \$ - | |
| SICK PAY | \$ - | |
| ACCRUED LEAVE | \$ - | |
| SUB-TOTAL | \$ 1,675,518.00 | 64.21% |
| CAPITAL OUTLAYS | | |
| MACHINERY & EQUIPMENT | \$ - | |
| VEHICLES | \$ - | |
| ALL OTHER | \$ - | |
| SUB-TOTAL | \$ - | |
| FRINGE BENEFITS | | |
| EMPLOYER CONTRIBUTION RETIREMENT | \$ 335,281.00 | |
| F.I.C.A. | \$ 103,883.00 | |
| MEDICARE | \$ 24,296.00 | |
| HEALTH INSURANCE PREMIUM | \$ 226,593.00 | |
| WORKERS COMP. PREMIUMS | \$ 5,257.00 | |
| ALL OTHER | \$ - | |
| SUB-TOTAL | \$ 695,310.00 | 26.64% |
| SUPPLIES | | |
| OFFICE SUPPLIES | \$ 750.00 | |
| OPERATING SUPPLIES | \$ 9,795.00 | |
| REPAIR & MAINTENANCE SUPPLIES | \$ 1,000.00 | |
| SMALL TOOLS/MINOR EQUIPMENT | \$ 500.00 | |
| DATA PROCESSING SOFTWARE | \$ 750.00 | |
| ALL OTHER | \$ - | |
| SUB-TOTAL | \$ 12,795.00 | 0.49% |

**DEPARTMENT OF TOURISM
FY 2017 DETAILED GENERAL FUND BUDGET REQUEST
CON'T**

| | | | |
|---------------------------|----|---------------------|----------------|
| PROFESSIONAL SERVICES | \$ | 45,000.00 | |
| COMMUNICATION | \$ | 45,000.00 | |
| TRAVEL | \$ | 2,500.00 | |
| TRANSPORTATION-NOT-TRAVEL | \$ | - | |
| ADVERTISING & PROMOTION | \$ | - | |
| PRINTING & BINDING | \$ | - | |
| INSURANCE | \$ | 2,500.00 | |
| REPAIRS & MAINTENANCE | \$ | 2,000.00 | |
| AUTO REPAIR & MAINTENANCE | \$ | 1,000.00 | |
| RENTAL LAND/BUILDING | \$ | 35,000.00 | |
| RENTAL MACHINES/EQUIPMENT | \$ | 5,000.00 | |
| TRAINING | \$ | - | |
| SECURITY | \$ | - | |
| ALL OTHER | \$ | 1,000.00 | |
| SUB-TOTAL | \$ | 139,000.00 | 5.33% |
| UTILITY SERVICES | | | |
| ELECTRICITY | \$ | 80,000.00 | |
| WATER | \$ | 6,982.00 | |
| SUB-TOTAL | \$ | 86,982.00 | 3.33% |
| TOTAL EXPENSES | \$ | 2,609,605.00 | 100.00% |

DEPARTMENT OF TOURISM GENERAL FUND APPROPRIATIONS AT A GLANCE

FY 2010-FY 2017



| | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Appropriation | \$3,732,734 | \$3,375,416 | \$3,112,283 | \$2,819,807 | \$2,608,997 | \$2,611,046 | \$2,452,163 | \$2,609,605 |
| Difference +/- | | \$(357,318) | \$(263,133) | \$(292,476) | \$(210,810) | \$2,049 | \$(158,883) | \$157,442 |
| % Diff. | | -9.57% | -7.80% | -9.40% | -7.48% | 0.08% | -6.09% | 6.42% |

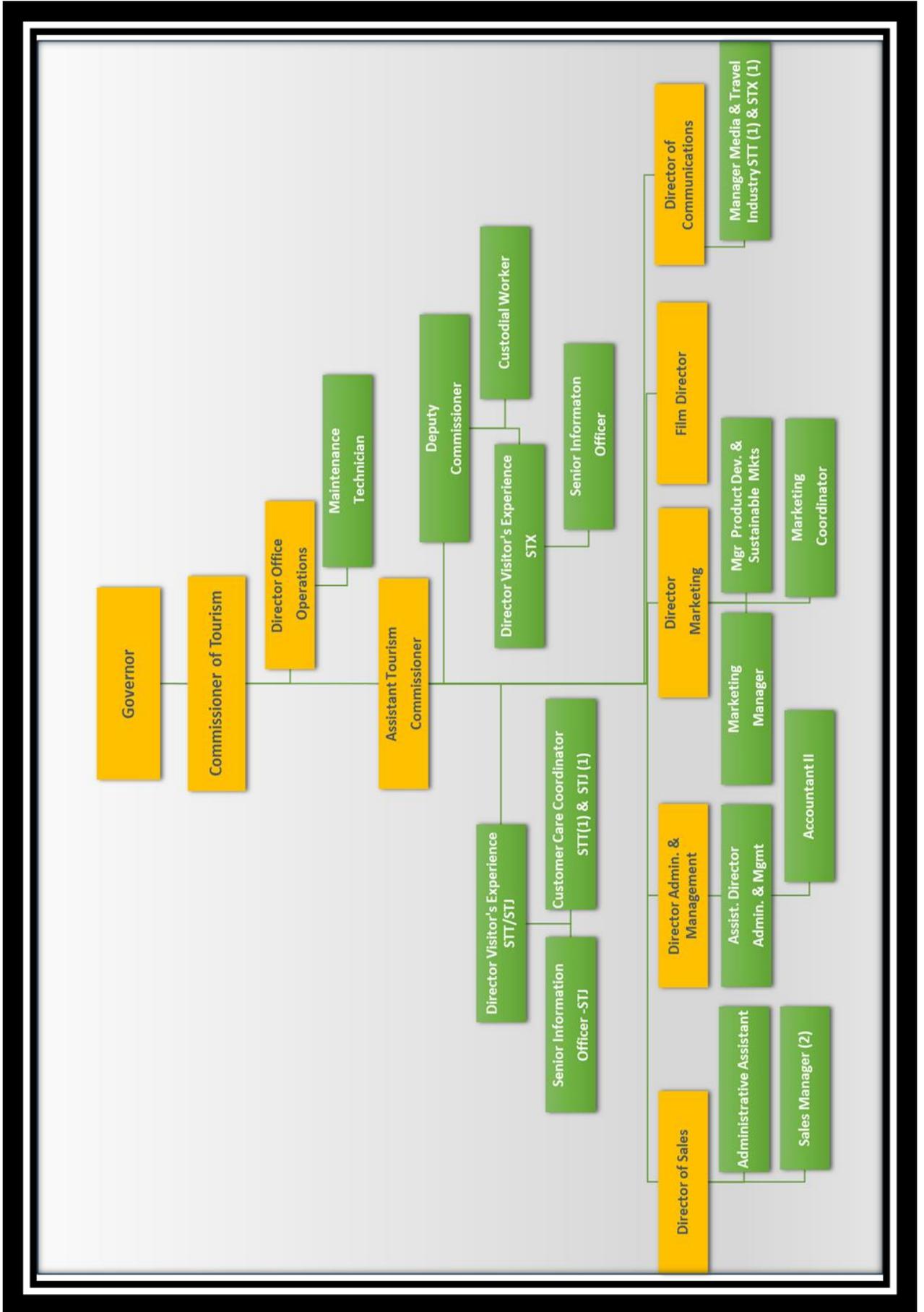
DEPARTMENT OF TOURISM

FY 2017 PERSONNEL LIST

| FILLED POSITIONS | EMP# | LAST NAME | FIRST NAME | SALARY | BC# | STATUS | LOCATION |
|---|-----------|-------------------|---------------|--------------------|-----------|--------------|------------|
| Assistant Commissioner | 106106 | Dore | Joyce I | \$ 105,000 | 192000080 | Unclassified | St. Thomas |
| Director Office Operations | 57138 | Duran | Tanya | \$ 52,000 | 192000076 | Unclassified | St. Thomas |
| Director Administration & Management | 58588 | Fabian | Averyl A. | \$ 80,000 | 192000025 | Unclassified | St. Thomas |
| Director Marketing | 105317 | George-John | Canika | \$ 60,000 | 192000023 | Unclassified | St. Thomas |
| Customer Care Coordinator | 57698 | George-Petersen | Nicole N. | \$ 39,000 | 192000081 | Unclassified | St. Thomas |
| Senior Information Officer | 71495 | Harris | Kisa | \$ 52,269 | 292000055 | Classified | St. Croix |
| Director of Communications | 70413 | Henneman | Alani | \$ 52,000 | 192000083 | Unclassified | St. Thomas |
| Costodial Worker | 69889 | Joseph | Anestasia | \$ 30,600 | 292000016 | Classified | St. Croix |
| Assistant Director Administration & Mgmt. | 36029 | Joshua | Lavonne W. | \$ 65,000 | 192000072 | Unclassified | St. Thomas |
| Mgr. Product Dev. & Sustainable Markets | 81744 | Luis | Carlotta | \$ 53,000 | 192000077 | Unclassified | St. Croix |
| Accountant II | 59252 | Milliner | Shellise M. | \$ 48,465 | 292000012 | Classified | St. Thomas |
| Commissioner | 96036 | Nicholson Doty | Beverly | \$ 105,000 | 192000038 | Unclassified | St. Thomas |
| Director, Visitor's Experience | 60042 | Payne | Angela D. | \$ 55,000 | 192000067 | Unclassified | St. Thomas |
| Marketing Coordinator | 83455 | Pinney | Keezi J. | \$ 42,000 | 192000073 | Unclassified | St. Thomas |
| Manager Media & Travel Industry | 105385 | Rosario | Sharon P. | \$ 42,000 | 192000063 | Unclassified | St. Croix |
| Deputy Commissioner | 67064 | Ross | Neelia | \$ 75,000 | 192000079 | Unclassified | St. Croix |
| Maintenance Technician | 47492 | Weeks, Jr. | Samuel | \$ 39,000 | 192000068 | Unclassified | St. Thomas |
| Film Director | 105253 | Wheatley | Luana A. | \$ 62,000 | 192000071 | Unclassified | St. Thomas |
| Director, Visitor's Experience | 106107 | Williams-Augustin | Frances E. | \$ 55,000 | 192000066 | Unclassified | St. Croix |
| Senior Information Officer | 77541 | Williams | Francilia | \$ 39,086 | 292000027 | Classified | St. John |
| OFFSHORE TEAM | | | | | | | |
| Sales Manager | 40654 | Hodge-Jackson | Jacqueline S. | \$ 48,000 | 192000006 | Unclassified | Miami |
| Administrative Assistant | 80949 | James-Lovejoy | Renee | \$ 40,000 | 192000028 | Unclassified | Atlanta |
| Sales Manager | 96247 | Wartenberg | Andrew | \$ 48,000 | 192000041 | Unclassified | Chicago |
| Director of Sales | 90956 | Milliner-Kitchens | Kay | \$ 70,000 | 192000056 | Unclassified | Atlanta |
| TOTAL FILLED POSITIONS | 24 | | | \$1,357,420 | | | |
| VACANT POSITIONS | | | | | | | |
| *Customer Care Manager | XXXXX | Vacant | Vacant | \$ 14,000 | 192000069 | Unclassified | |
| Marketing Manager | XXXXX | Vacant | Vacant | \$ 47,000 | 192000078 | Unclassified | |
| Manager Media & Travel Industry | XXXXX | Vacant | Vacant | \$ 42,000 | 192000064 | Unclassified | |
| Manager Information Systems | XXXXX | New | New | \$ 60,000 | New | Unclassified | |
| Manager Marine Industry | XXXXX | New | New | \$ 55,000 | New | Unclassified | |
| Film Coordinator | XXXXX | New | New | \$ 42,000 | New | Unclassified | |
| Financial Analysis | XXXXX | New | New | \$ 37,571 | New | Classified | |
| Custodian | XXXXX | New | New | \$ 20,527 | New | Classified | |
| TOTAL VACANT POSITIONS | 8 | | | \$ 318,098 | | | |
| TOTAL POSITIONS | 32 | | | \$1,675,518 | | | |
| FILLED UNCLASSIFIED | 20 | | | | | | |
| FILLED CLASSIFIED | 4 | | | | | | |
| VACANT UNCLASSIFIED | 6 | | | | | | |
| VACANT CLASSIFIED | 2 | | | | | | |
| TOTAL FILLED & VACANT | 32 | | | | | | |

* This position was originally funded at \$45,000. The difference of \$31,000 was recently utilized for promotions & salary increases.

DEPARTMENT OF TOURISM FY 2016 ORGANIZATION CHART



**DEPARTMENT OF TOURISM
FY 2016 CONTRACT LIST TO DATE**

| VENDOR/NAME | CONTRACT NO. | AMOUNT | CONTRACT PERIOD | PURPOSE | TYPE OF SERVICE |
|------------------------------|----------------|------------------|-----------------|--|-----------------------|
| Atlantic Link ApS | P025DOT16 | \$ 256,800.00 | 1/16-12/17 | Scandanavian Rep. | Marketing & Promotion |
| Basketball Travelers | P006DOT16 | \$ 375,000.00 | 10/14-10/16 | Paradise Jams Basketball | Marketing & Promotion |
| Commercial Security Services | S023GVI16 | \$ 32,300.00 | 11/15-9/16 | Security Guard Services | Security |
| Delta Airlines | PO16DOT16 | \$ 650,000.00 | 12/15-11/16 | Contractor to Provide St. Croix Flight | Marketing & Promotion |
| J. Walter Thompson U.S.A. | PC-007-DOTT-16 | \$ 13,828,000.00 | 9/15-9/16 | Advertising Agency | Marketing & Promotion |
| Judith Akerman | PO26DOT16 | \$ 79,750.00 | 12/15-12/16 | New England Rep. | Marketing & Promotion |
| Lucrecia Ruisanchez & Assoc | PO09DOT16 | \$ 35,000.00 | 2/16-2/17 | Puerto Rico Rep. | Marketing & Promotion |
| Lydia Potter | PENDING | \$ 47,000.00 | 1/16-1/17 | Sales Rep. for the DOT | Marketing & Promotion |
| Millennium Phone & Cable | PC-079DOT15 | \$ 200,000.00 | 10/14-10/16 | Network Services | Marketing & Promotion |
| Project St. Croix | PENDING | \$ 125,000.00 | 4/16-12/16 | Triathlon Contract-STX | Marketing & Promotion |
| Shana C. Whyte | PC-004-DOT16 | \$ 78,000.00 | 8/15-8/16 | Mid-Atlantic Region Rep. | Marketing & Promotion |
| Thelma Nuovi Mondì | PC-095-DOT15 | \$ 100,000.00 | 3/15-3/17 | Italian Rep. | Marketing & Promotion |

DEPARTMENT OF TOURISM

VEHICLE LIST & ASSOCIATED EXPENSES

| ACTIVITY CENTER | MAKE | MODEL | YEAR | LICENSE PLATE NO. | FUNDING | LEASE/ OWN | CONDITIONS/ COMMENTS | MAINTENANCE COST AMOUNT FY 2016 | GAS AMOUNT FY 2016 |
|---|-----------|---------|------|-------------------|-----------|------------|----------------------|---------------------------------|--------------------|
| Office of the Commissioner | Chevrolet | Equinox | 2015 | TD-1 | Gen. Fund | Own | New | \$ - | \$ 450.00 |
| Office of the Commissioner | Chevrolet | *HHR | 2009 | P&P-9 | Gen. Fund | Borrowed | Fair | \$ 1,200.00 | \$1,550.00 |
| * Vehicle on loan from Property & Procurement | | | | | | | | | |
| ST. CROIX DISTRICT | | | | | | | | | |
| ACTIVITY CENTER | MAKE | MODEL | YEAR | LICENSE PLATE NO. | FUNDING | LEASE/ OWN | CONDITIONS/ COMMENTS | MAINTENANCE COST AMOUNT FY 2016 | GAS AMOUNT FY 2016 |
| Office of the Commissioner | Chevrolet | Equinox | 2010 | TD-2 | Gen. Fund | Own | Good | | \$ 140.00 |
| Visitor's Bureau | Chevrolet | Impala | 2015 | TD-3 | Gen. Fund | Own | New | \$ - | \$ 420.00 |
| | | | | | | | | | |
| | | | | | | | | | |
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| | | | | | | | | | |



DEPARTMENT OF TOURISM FY 2017 SPONSORSHIPS TO DATE

| St. Croix Sponsorship | |
|---|--------------|
| Calypso, Inc. - Junior Calypso Event | \$6,000.00 |
| Central High School - Dine VI Event | \$500.00 |
| Christiansted Restaurant & Retail Assn. - Jump Up | \$15,000.00 |
| Ciga Promotions - Concert | \$15,000.00 |
| Comite de Accion Dominicana - Festival | \$7,500.00 |
| Complex High School - Dine VI Event | \$500.00 |
| Coral Reef Swim | \$2,500.00 |
| Cruza Latin Pig Roast Festival | \$2,500.00 |
| Department of Agriculture - Agriculture Fair | \$25,000.00 |
| Dolphin Swim Team - Invitational Meet | \$2,500.00 |
| Estate Profit Committee - Three Kings | \$4,800.00 |
| Herbert Grigg - Mini Carnival | \$1,500.00 |
| JG Management - Kids Rock Fashion Weekend | \$3,500.00 |
| KDM Productions - Blues Cruise | \$50,000.00 |
| La Societe Aviation Connection - Caribbean Air Rally | \$10,500.00 |
| Music Interaction - Jazz in the Park - January | \$4,500.00 |
| Outta Limitz Band - Broward County Festival | \$2,500.00 |
| Rotary District 7020 - Students Training Camp Program | \$3,500.00 |
| St. Croix Animal Welfare Center | \$25,000.00 |
| St. Croix Foundation - Food & Wine Experience Event | \$30,000.00 |
| St. Croix Landmark Society - Programs | \$150,000.00 |
| St. Patricks Day Parade Committee | \$3,500.00 |
| Stanley & the Ten Sleepless Knights - Denmark | \$50,000.00 |
| STX Friends of Denmark - Transfer Day Activities | \$3,000.00 |
| STX Poker Run | \$25,000.00 |

| | |
|--|---------------------|
| STX Rum Festival | \$6,000.00 |
| STX Yacht Club - International Regatta | \$15,000.00 |
| Taste of St. Croix - Taste Event | \$28,000.00 |
| Three Kings Events - P&P - Governor Celebrations | \$40,000.00 |
| Twin City Promotions - Model Boat Racing | \$3,000.00 |
| UNESCO - STX Landmark Society - Students - Denmark | \$10,976.70 |
| USVI Chess Federation - Carifta Tournament | \$15,000.00 |
| VI Party Promotions - Summer Splash '2016 | \$2,500.00 |
| Sub-Total | \$564,776.70 |

St. Thomas Sponsorships

| | |
|---|-------------|
| ASCS International Gala - Donation | \$2,000.00 |
| Banco Popular - Ultimate Flavors | \$4,800.00 |
| CAHS Interact Club - Pinning Ceremony | \$600.00 |
| CBC Father's Day Event - Festival | \$3,500.00 |
| Chabad Lubavitch of the VI - Hannukah Concert | \$2,500.00 |
| Cricket Assn. - Cricket Tournament Program | \$17,500.00 |
| Downtown Revitalization - Food Truck Event | \$3,500.00 |
| Humane Society of STT | \$25,000.00 |
| ICMC Jazz in the Park | \$10,000.00 |
| Jixter Int'l - STT Poker Run | \$25,000.00 |
| Khadeem Blyden - Music Video | \$4,000.00 |
| Khadijah Lee - Miss UVI | \$2,500.00 |
| LP Enterprise, LLC - VI Idol | \$10,000.00 |
| Lutheran Church - 350th Anniversary Celebration | \$2,500.00 |
| Marazul Charters - Cuba Delegation | \$25,000.00 |
| Miss Black U.S. Ambassador - Taiesa Lashley | \$2,500.00 |
| PFA - Digital Communications Program | \$65,000.00 |
| SOA - Benefit Concert | \$2,500.00 |
| SPARKS - Educational Cultural Extravaganza | \$4,800.00 |
| St. Thomas Heritage Dancers - NYC Performance | \$4,900.00 |
| STT/STJ Chamber of Commerce - Banquet & Awards | \$4,000.00 |
| UVI Wood Workers Expo | \$2,500.00 |
| VIRPO - Donation - 30th Anniversary Gala | \$250.00 |
| We Grow Food, Inc.-Bordeaux Fair | \$10,000.00 |

| | |
|-------------------------------------|---------------------|
| We Upstreet - Holiday Decorations | \$1,000.00 |
| Sub-Total | \$235,850.00 |
| <i>St. John Sponsorships</i> | |
| Love City Country Music Festival | \$35,000.00 |
| St. John Animal Center | \$10,000.00 |
| St. John Arts Festival | \$3,000.00 |
| St. John Landsharks - 8 Tuff Miles | \$12,000.00 |
| Sub-Total | \$60,000.00 |
| Total | \$860,626.70 |

BIR Room Tax Charts

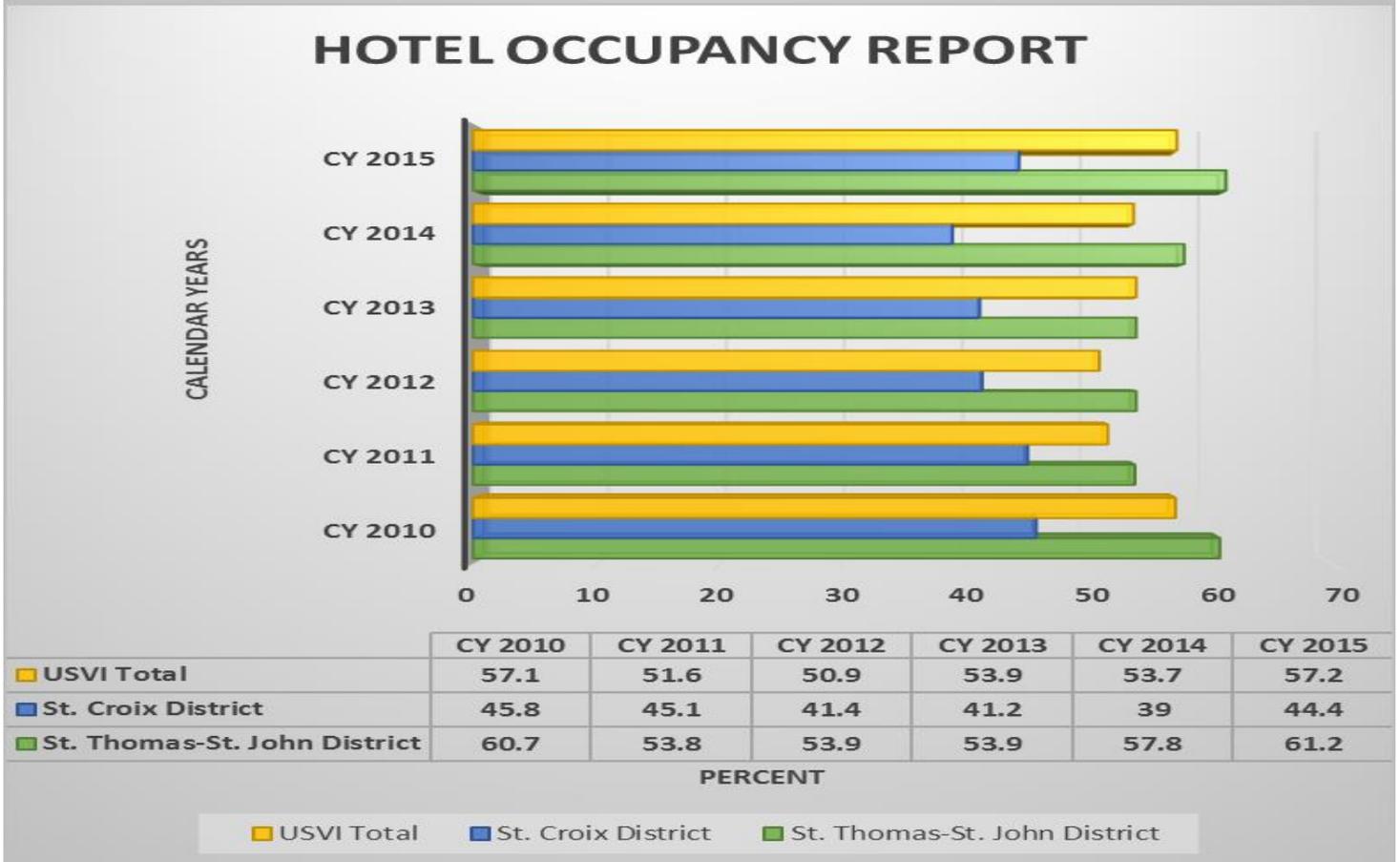
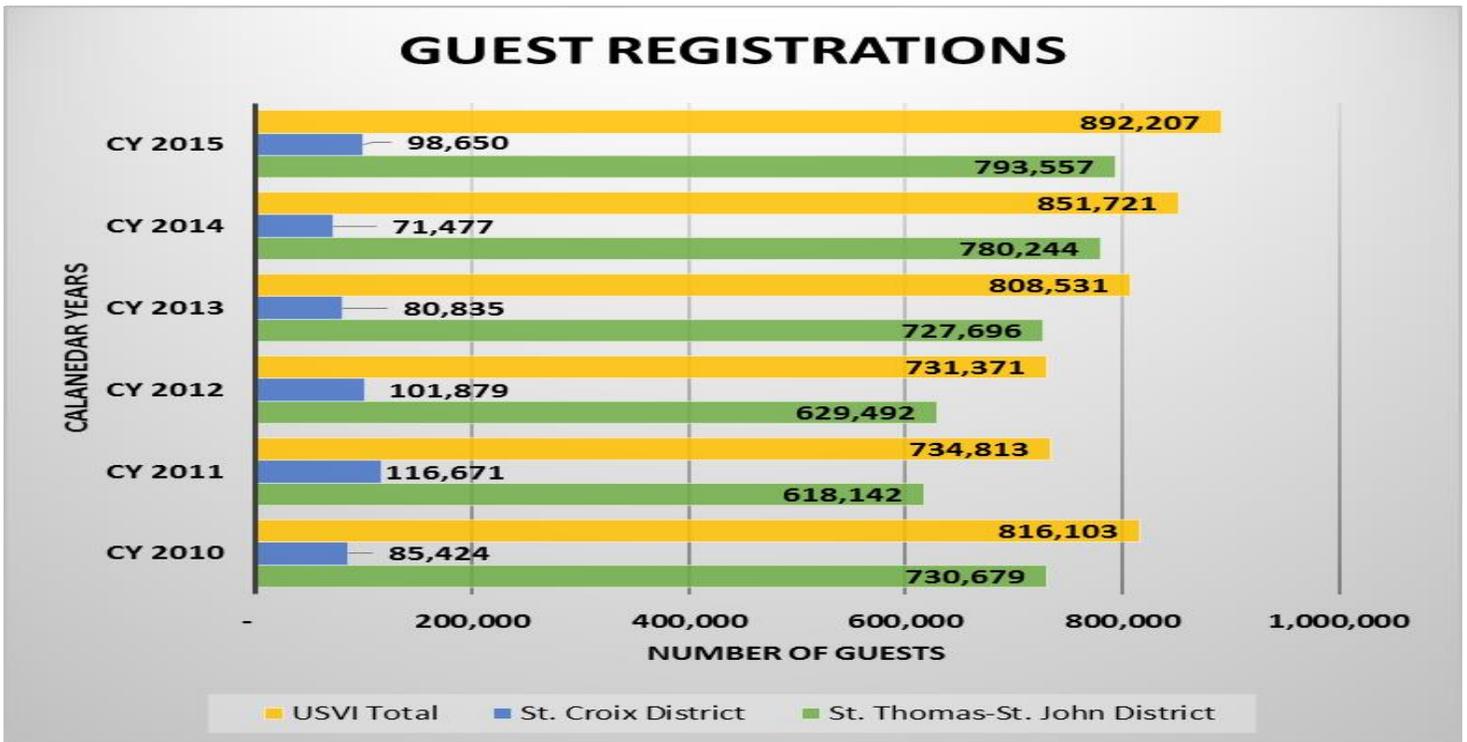


| | ACTUAL FY 2011 | ACTUAL FY 2012 | ACTUAL FY 2013 | ACTUAL FY 2014 | ACTUAL FY 2015 | PROJECTED FY 2016 |
|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Revenue | \$17,157,792 | \$15,694,682 | \$22,204,010 | \$22,141,670 | \$24,619,877 | \$27,385,607 |
| Difference +/- | | \$(1,463,110) | \$6,509,328 | \$(62,340) | \$2,478,208 | \$2,765,730 |
| % Diff. | | -9% | 41% | 0% | 11% | 11% |

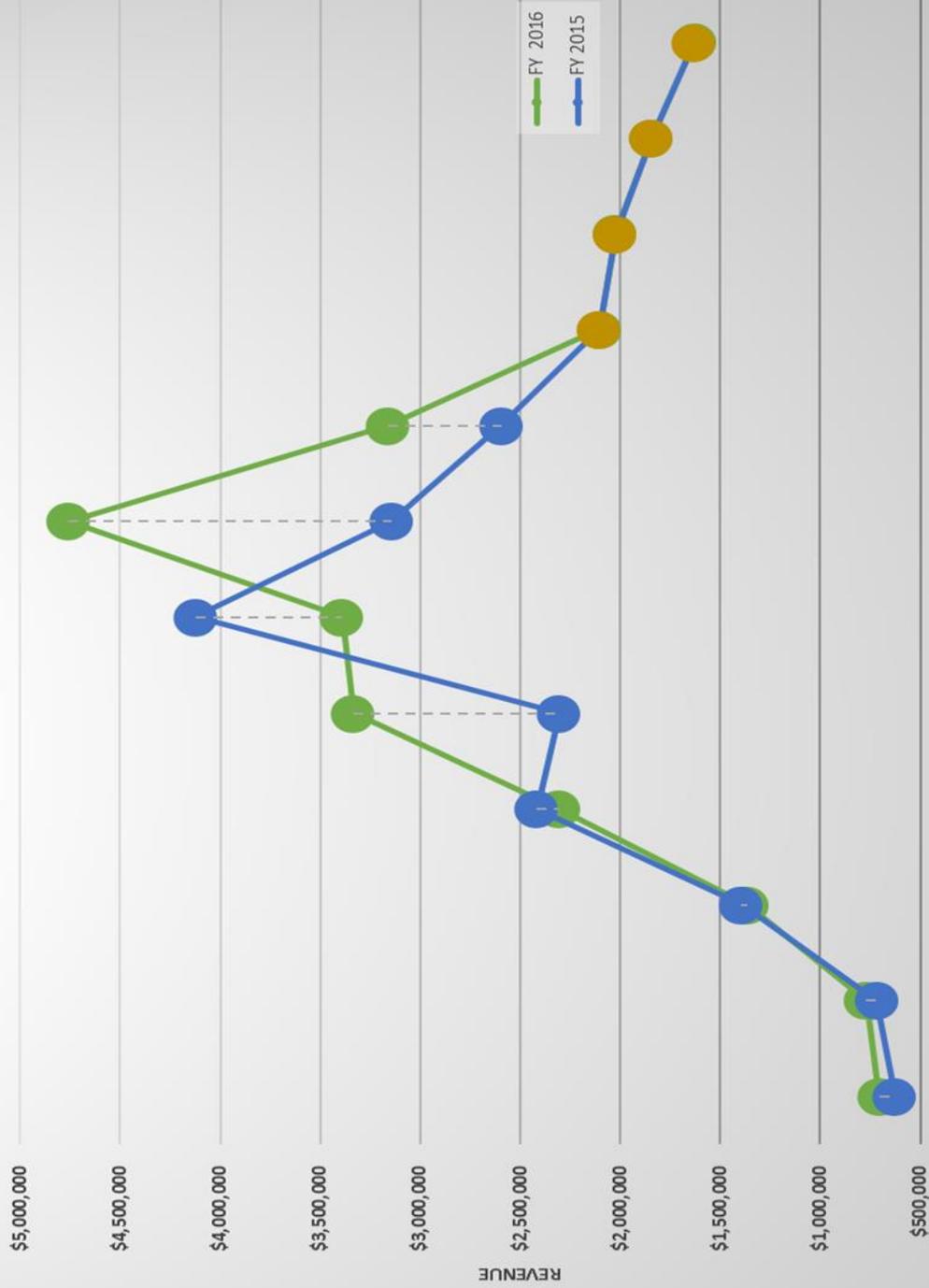


| | YTD MAY 2011 | YTD MAY 2012 | YTD MAY 2013 | YTD MAY 2014 | YTD MAY 2015 | YTD MAY 2016 |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | \$11,126,299 | \$13,884,577 | \$15,956,185 | \$15,563,685 | \$17,022,931 | \$19,788,661 |
| Difference +/- | | \$2,758,278 | \$2,071,608 | \$(392,499) | \$1,459,246 | \$2,765,730 |
| % Diff. | | 25% | 15% | -2% | 9% | 16% |

BER Hotel Occupancy Charts



HOTEL ROOM TAX MONTHLY COLLECTIONS COMPARISON FY 2015 ACTUAL VS. FY 2016 PROJECTED



| | October | November | December | January | February | March | April | May | June | July | August | September |
|---------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FY 2016 | \$704,360 | \$769,452 | \$1,364,837 | \$2,306,382 | \$3,335,801 | \$3,391,798 | \$4,757,332 | \$3,158,699 | \$2,102,544 | \$2,025,395 | \$1,842,334 | \$1,626,674 |
| FY 2015 | \$625,588 | \$719,267 | \$1,393,557 | \$2,416,132 | \$2,305,172 | \$4,125,242 | \$3,145,404 | \$2,595,054 | \$2,102,544 | \$2,025,395 | \$1,842,334 | \$1,626,674 |