

Date of Meeting: July 18, 2023

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**BOARD OF SUPERVISORS
BUSINESS MEETING
ACTION ITEM**

**SUBJECT: FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
REPORT: FY 2024 Restricted Transient Occupancy
Tax Fund Tourism Grant Funding Recommendations**

2011 ELECTION DISTRICT(S): Countywide

2021 ELECTION DISTRICT(S): Countywide

CRITICAL ACTION DATE: At the pleasure of the Board

STAFF CONTACT(S): Megan Cox, Finance and Procurement
Valmarie Turner, Finance and Procurement

PURPOSE: The purpose of this item is to present qualified Fiscal Year (FY) 2024 Restricted Transient Occupancy Tax (RTOT) Fund Tourism Grant Program applicants, proposal summaries, and funding recommendations to the Finance/Government Operations and Economic Development Committee (FGOEDC) for consideration.

RECOMMENDATION(S):

Finance/Government Operations and Economic Development Committee (FGOEDC): At the FGOEDC meeting on July 11, 2023, the FGOEDC recommended (5-0) to the Board of Supervisors to approve \$180,832 in grant funding as recommended in this item, and direct staff to notify selected applicants and process payments for FY 2024 grant funding pursuant to RTOT allowable activities.

Staff: Staff concurs with this recommendation.

BACKGROUND: The purpose of the RTOT Tourism Grant Program (Program) for Loudoun County is to support events that increase overnight tourism, and thus occupancy taxes through hotel stays. All funding proposals must comply with eligibility requirements for RTOT Funds outlined in [Section 58.1-3819](#) of the Code of Virginia: *“Transient occupancy tax... shall be designated and spent solely for tourism and travel, marketing of tourism or initiatives that... attract travelers to the locality, increase occupancy at lodging properties, and generate tourism revenues in the locality.”*

In addition to requirements in the Code of Virginia, the Board uses its RTOT Funding Policy to further define how RTOT funds can be used in the County (Attachment 1). On February 23, 2017, the Board established an annual grant funding process for the RTOT Fund through which organizations may be awarded funding for proposals that support or increase tourism in the County.¹

Since the Program's inception in FY 2018, over \$280,000 has been awarded to organizations and/or events which have provided for marketing agriculture-based businesses (e.g. craft beverages, agritourism, lodging, artisans, and equestrian), the promotion of special events with significant draw from other jurisdictions/regions, and for marketing cultural or outdoor recreational opportunities and assets to drive visitation.

Due to the negative impact of the COVID-19 pandemic on RTOT revenues, the Program was suspended in FY 2021 and FY 2022. At the June 15, 2021, Board Business Meeting, the Board appropriated \$3.5 million of American Rescue Plan Act (ARPA) funding to be used to stabilize and replenish the RTOT fund— allowing the program to resume for FY 2023.²

ISSUES: Funding for the FY 2024 Program is anticipated at \$1.2 million. For FY 2024, staff solicited applications for funding between May 1 and May 30, 2023. The Program received 17 applications; after the application period closed, staff from the Department of Finance and Procurement (DFP) conducted a preliminary review of applications for entity verification³ and potential conflicts, then screened for minimum eligibility criteria to receive RTOT funding. At a minimum, applications must include one or more of following; marketing of events and programs to attract visitors, initiatives that attract visitors to the locality, initiatives that drive demand for and increase occupancy at lodging properties, initiatives that drive spending and generate revenue in the locality through tourism.

Applications that were determined to meet minimum qualifications to receive RTOT funds as defined by the Code of Virginia (noted above) were forwarded to a six-person review panel consisting of staff from DFP, Office of Management and Budget, Department of Economic Development (DED), as well as Visit Loudoun.

The review panel was selected based on their expertise with the RTOT funds, as well as their familiarity with tourism needs in the County. Each panelist was assigned eight to nine applications to review, giving each application a review by a minimum of three panelists. Panelists scored each application using a standardized process which consisted of 14 questions to rate the quality of application on a scale of one to four, with one indicating “unacceptable” and four indicating

¹ [February 23, 2017, Board Business Meeting Item 9d, FGOEDC - Restricted Transient Occupancy Tax Grant Funding Process](#)

² [June 15, 2021, Board Business Meeting Item 5g, FGOEDC Report: Appropriation and Allocation of American Rescue Plan Act \(ARPA\) Funding](#)

³ This was accomplished through a Virginia State Corporation Commission entity search.

“excellent” responses. Reviewer questions included the impact of overnight visitors and spending capacity for event attendees, plans to market events to a varied audience to attract outside tourism to Loudoun, and the organization’s capacity to coordinate and execute the event.

Total scores from each panelist’s independent reviews were combined and averaged to create a total average score, which was then validated through a separate DFP review. Once combined total scores were validated, scores were then averaged based on the number of review items in the standard form to place them all on a range of one through four.

Staff recommendations for funding are listed in Table 1. Staff recommend full funding for organizations scoring above a 3.0. Additionally, staff recommend partial funding for organizations/ events scoring between 2.7 and 3.0. The partial funding amount is based on eligible expenses listed in each organization’s event budget and application materials. Funding is not recommended for three organizations as the requests were outside of the scope of the RTOT policy.

Table 1. Event Descriptions and Funding Recommendations

Organization	FY24 Recommended Award	FY24 Request Amount	Description
Waterford Foundation	\$3,252	\$3,252	The Foundation requests funding to broaden digital marketing outreach via Meta and Google advertising to the surrounding Baltimore-Washington metropolitan area, bringing more students to the Waterford Craft School and the County for one and two-day classes.
Sweet Jazz Festival LLC	\$22,500	\$25,000	The Sweet Jazz Festival is a captivating event that combines the soulful melodies of jazz music with an array of delightful activities. This festival offers a unique blend of musical performances, relaxation, leisure, and indulgence, creating an unforgettable experience for jazz enthusiasts and leisure seekers alike from Loudoun County, Philadelphia, Baltimore, Richmond, Norfolk, and the Washington DC metropolitan area.
Virginia Piedmont Heritage Area Association	\$5,000	\$5,000	This year's theme focusing on the Overland Campaign in Virginia in 1864 is another installment of a high-caliber, sophisticated, and balanced study of leadership on both sides in the American Civil War. The speakers for this event every year are drawn from the most respected and highly regarded historians and authors and

Organization	FY24 Recommended Award	FY24 Request Amount	Description
			are typically considered the experts in their fields of study.
BENEFIT	\$25,000	\$25,000	Crossroads Music Festival is the region's foremost music festival that draws visitors from Virginia, DC, Maryland, and other areas to experience 30+ performers at 11 venues located in historic downtown Leesburg, VA. This annual event, which BENEFIT Live Limited has executed successfully since 2016, features local and regional musicians representing a wide spectrum of musical styles and genres. Solo, duo and group performers play one-hour sets across ten locations in the Culture and Arts District of Leesburg.
Town of Lovettsville	\$25,000	\$25,000	The Oktoberfest celebration features delicious food vendors, a free Kinderfest (children's area) activities, entertainment from five high-energy bands, upwards of 90 craft vendors, local and regional beers and wines, traditional German dancing, our celebrated Weiner Dog Races, a 5K Race and Kid's Fun Run, a parade through town, an authentic German dinner, a pancake breakfast, and all the fun and memories you can pack into a Friday and Saturday in late September.
Town of Purcellville Parks & Recreation Division	\$18,935	\$25,000	The Purcellville Music and Arts Festival celebrates local community, culture, and the arts. Out-of-town visitors join Town and County residents every year to enjoy this annual event which includes live performances from four stages, an art show, food and drink, free family-friendly activities, non-profit organizations, and local vendors.
The Loudoun County Bed & Breakfast Guild	\$25,000	\$25,000	The proposed project aims to create an exquisite Guild Map inspired by the beloved 'Tuskie Map' of yesteryears. This map will serve as a delightful guide, highlighting esteemed Bed & Breakfast and short-term vacation rental members, while also promoting the County as a premier destination for travelers.

Organization	FY24 Recommended Award	FY24 Request Amount	Description
Loudoun Museum	\$5,000	\$5,000	The organization hopes to expand outreach and advertising about the tours to bring new visitors into the County to go on the tours, eat and drink in the area, stay overnight, and shop at local businesses. They intend to promote an event called Hauntings in strategic locations as part of a Loudoun experience for visitors as they look toward making plans for autumn weekend getaways. They can dine, lodge, and explore Loudoun while coming to town to take part in the Hauntings event.
"BURG" Family Reunion Club	\$4,000	\$20,000	Juneteenth is a day dedicated to recognizing justice and freedom for African Americans and black people in America. The organization holds this event also to promote black-owned businesses where they can share their products, food, and information so that they can be patronized on this one day by those that look like them. The event also provides entertainment by local talent from the Northern Virginia area with a concentrated effort on talents from the Leesburg area.
Purcellville VA Tag Sale	\$15,145	\$25,000	The Purcellville VA Tag Sale will be celebrating its 20th Anniversary this October. As part of this milestone, we want to spread the word further than ever before while encouraging consumers to shop, dine, and stay in Purcellville and other locales in the surrounding area.
Wegmeyer Farms	\$11,000	\$15,000	The Lincoln Strawberry Festival aims to attract customers from all over the DC, Maryland, and Virginia area to celebrate the strawberry and enjoy an old-fashioned festival including music, food and contests. The goal of the Lincoln Strawberry Festival is to raise money for local non-profit organizations and scholarships for local school students.

Organization	FY24 Recommended Award	FY24 Request Amount	Description
Loudoun Ballet Performing Arts Company	\$2,000	\$10,000	The funding granted would be used to purchase items necessary for the dance company to create and perform inclusive productions that appeal to all ages. This includes the cost of rental space needed to run performances, as well as funds necessary to produce costumes, sets, and backdrops.
impACT Tours and Travel	\$12,500	\$25,000	The organization requests funding to create a comprehensive advertising plan to help increase tourism to the County, promote overnight stays in hotels, and make the County an even more attractive and marketable destination. They will partner with local hotels, Visit Loudoun, restaurants, wineries, and breweries to bring in tourists.
Chhandayan	\$6,500	\$23,000	The Chhandayan festival will feature performances by several famous musicians and dancers with their teams, which will draw a lot of County attendees, among attendees from neighboring counties in Virginia and other states of the USA and Canada. In the festival, apart from performances, several seminars and workshops will be offered by the featured musicians and dancers from India.
Waterford Reservations	Not Recommended	\$25,000	Drive overnight stays and additional tourism dollars through the creation of a new program for curated County experiences. These experiences will include but are not limited to overnight stays at County Airbnb and Guild properties, Loudoun winery, brewery, distillery tours. (LoCo Ale Trail) Family friendly family outdoor events at popular local farms and regional hiking trails
Long Stone Farm, LLC	Not Recommended	\$25,000	Long Stone Farm has been challenged with space on current tour wagons, as well as shade, during existing farm tour excursions. They are seeking assistance to purchase 2 new tour

Organization	FY24 Recommended Award	FY24 Request Amount	Description
			wagons with increased seating capacity that offer shade canopies, enabling the ability to stop at the best locations during a tour regardless of shade availability. Tours are seasonal.
American Friends of Lafayette – Loudoun Chapter	Not Recommended	\$25,000	Centering on collaboration and collegiality, The Loudoun Committee of the American Friends of Lafayette has focused on connecting with local, interested parties to plan and design a series of events for the BiCentennial Tour. Planning and groundwork will occur in 2023 and 2024, with some events to help build momentum in late 2024 and throughout 2025 and culminate in August 2025. The goal is to draw together Loudoun’s historical, artistic and business communities under one themed umbrella for promotional and scheduling purposes.
TOTAL	\$180,832	\$331,252	

FISCAL IMPACT: The projected FY 2024 year-end fund balance in the RTOT Fund, less the mandated reserve, is approximately \$2.5 million. Per the Board’s direction, up to half of the prior year’s projected fund balance was available for allocation during this grant process (\$1.2 million). If approved, these grants will reduce the fund balance in the RTOT Fund by \$180,832.

ALTERNATIVES:

1. The Board may fund grants at the levels recommended by staff.
2. The Board may fund grants at a level other than those recommended by staff.
3. The Board may not recommend fund the grants, and direct staff how to proceed.

DRAFT MOTIONS:

1. I move the recommendation of the Finance/Government Operations and Economic Development Committee that the Board of Supervisors approve \$180,832 in grant funding as recommended in Table 1 of the July 18, 2023, Board of Supervisors Business Meeting Action, and direct staff to notify selected applicants and process payments for FY 2024 grant funding pursuant to Restricted Transient Occupancy Tax allowable activities.

OR

2. I move an alternate motion.

ATTACHMENT(S):

1. Restricted Use Transient Occupancy Tax Fund Funding Policy



Loudoun County Government Administrative Policies and Procedures

Title: Transient Occupancy Tax (TOT)	Effective Date: 07/19/05
Number: BUD-05	Date of Last Revision/Review: 06/30/11
	Date of Next Review: 06/30/12

Policy:

The Board of Supervisors' adopted Transient Occupancy Tax (TOT) policy establishes the criteria for approving distributions of restricted TOT funds to tax-exempt organizations and to County Government departments.

Background:

Loudoun County levies the TOT on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guestrooms rented out for continuous occupancy for fewer than thirty consecutive days. The customers of these establishments, such as traveling businesspersons and vacationers, pay for this tax, which is 5% of the lodging bill. The funds are collected by these establishments as customers pay their lodging bills and are remitted to the County on a quarterly basis. Of the revenue generated by the tax, 2% is unrestricted and posted to the General Fund, while 3% is restricted to the promotion of tourism, travel, or business that generates tourism or travel in the County.

The Board of Supervisors adopted a revised policy for the allocation of restricted TOT revenue in 2005 and updated in 2010. The Board policy designates restricted TOT funding for two categories of activity: Core Tourism Services and Strategic Tourism Growth Initiatives.

Core Tourism Services – services to sustain Loudoun's tourism base and competitively position Loudoun County to attract visitors.

Strategic Tourism Growth Initiatives - services to expand Loudoun's tourism base by implementing high priority projects that are compatible with the programmatic elements of the Loudoun County Tourism Destination Strategy.

Loudoun Tourism Destination Strategy - a 5 year planned strategy that guides the marketing, promotion and product development of Loudoun's tourism sector.

Procedure:

Development of the Loudoun Tourism Destination Strategy:

1. Loudoun County will develop and adopt a 5-year Tourism Destination Strategy that will guide the marketing, promotion and product development of Loudoun's tourism sector.

2. Visit Loudoun (formerly LCVA), as the primary programmatic element of Loudoun County's travel and tourism promotion, will coordinate the Tourism Destination Strategy development process.
3. The development of the Tourism Destination Strategy will include broad participation from tourism industry sectors, citizens, advisory boards (Economic Development Commission, Rural Economic Development Council, Parks and Recreation Advisory Board, Loudoun PLACES), elected officials, and others.
4. The Tourism Destination Strategy will be reviewed annually by the Board of Supervisors, with the Economic Development Commission, Visit Loudoun, and industry partners. This annual review will identify and prioritize Strategic Tourism Growth Initiatives. It will also determine how to assign and manage the allocation of funds for Strategic Tourism Growth Initiatives.

Funding Policy for Core Tourism Services:

1. Core Tourism Services will be defined and measured based upon standards recommended by the International Association of Convention and Visitors Bureaus.
2. Loudoun County will develop a 5-Year Memorandum of Understanding (MOU) with Visit Loudoun to provide those defined Core Tourism Services.
3. 75% of projected Restricted Tourism Occupancy Tax funds will be allocated annually to Visit Loudoun to perform Core Tourism Services.
4. Visit Loudoun will report semi-annually to the Board of Supervisors, or one of its Committees, regarding its performance in the delivery of core tourism services.

Funding Process for Core Tourism Services:

1. Each year, by November 1, the Budget Office will provide Visit Loudoun with a preliminary projection of Restricted TOT revenues for the upcoming fiscal year.
2. Each year by December 1, Visit Loudoun will provide to the Budget Office, a complete description of the Core Tourism Services that will be performed in the upcoming fiscal year by Visit Loudoun based on the receipt of 75 percent of the projected Restricted TOT revenues.
3. Each year, along with the year-end fund balance report, the Board of Supervisors will consider the draft budget for Visit Loudoun for the upcoming fiscal year, to include any necessary increase or decrease based on the prior fiscal year's actual revenues.
4. The Budget Office will incorporate the draft budget for Visit Loudoun, with any changes recommended by the Board of Supervisors, into the County Administrator's proposed budget document for the upcoming year.

Funding Policy for Strategic Tourism Growth Initiatives:

1. Projects to be funded as Strategic Tourism Growth Initiatives will be identified and prioritized by the annual review of the Tourism Destination Strategy.

2. Specified projects may be funded by competitive procurement, grants to non-profit entities or transfers to county agencies or Visit Loudoun.
3. Unallocated funds may be carried over to the following year to use as a reserve or for multi-year projects. The Board will maintain a reserve of 10% of actual Restricted TOT Revenues, to be adjusted at the end of each fiscal year, for years in which revenues received are less than projected.
4. It is the Board's policy that non-profit entities receiving public funds for a certain project through other means (such as through Visit Loudoun, CDBG, Regional Organizations, or other such programs), will not be eligible for Restricted TOT grants.

Funding Process for Strategic Tourism Growth Initiatives:

1. Funding for Strategic Tourism Growth initiatives will be considered as part of the Countywide budget review.
2. Upon closing of the financial books for the previous fiscal year, staff will bring a year-end report of the Restricted TOT Fund to the Board of Supervisors, or one of its Committees, for review. Staff will also update the Board on the status of the Restricted TOT Reserve Fund and projected revenues for the upcoming fiscal year. The County Administrator (or designee) will recommend potential uses of the Restricted TOT Fund for the upcoming fiscal year. (November/December)
3. The annual review of the Tourism Destination Strategy will identify and prioritize the Strategic Tourism Growth Initiatives. The Board will make a recommendation for use of the Restricted TOT Fund for consideration in the upcoming budget process. (November/December)
4. Should the Board recommend funding Strategic Tourism Growth Initiatives outside of County programs, application will be due to Visit Loudoun by April 1. Applicants will be expected to complete the TOT Funding Application provided by the County and any additional materials requested by Visit Loudoun.
5. Proposals and applications will be reviewed by Visit Loudoun and recommendations provided to a Committee of the Board at a May meeting.
6. TOT funds for strategic tourism growth projects will be allocated by the Board of Supervisors prior to July 1st of such year. Any entity receiving funding through Strategic Tourism Growth Initiative funds will be required to enter into an MOU with the County guiding the use of those funds.

Responsible Department: Management and Financial Services/Budget

This policy remains in effect until rescinded or revised.