



West Virginia Ten Year Tourism Plan

Prepared for
West Virginia Division of Tourism

Submitted by

AECOM
Mary Means + Associates
September 2012

Introduction

AECOM, in association with Mary Means + Associates, was retained by the State of West Virginia to develop a comprehensive plan to guide investment in and development of the State's tourism industry over the next decade. The plan identifies actions by key industry participants – The Division of Tourism, state legislature, other state agencies, local government, educational institutions, private businesses and associations and not-for-profit groups – which will enable West Virginia to protect and continue to grow its tourism sector in an increasingly competitive environment.



Why the Plan?

Tourism is an increasingly important part of the West Virginia economy.

- Travel and tourism contributed \$4.27 billion to the West Virginia economy in 2010 (Economic Impact of Travel on West Virginia, 2000-2010 Detailed State and County Estimates, September 2011, Dean Runyan Associates).
- Travel spending in West Virginia has increased by 5.6 percent per year since 2000. In constant dollars (adjusted for inflation), travel spending has increased by 3.1 percent over the same period.
- Visitors who stayed overnight in commercial lodging facilities spent \$1.3 billion in 2010 – or about one-third of all travel spending in the state. Day travelers who spent substantially on gaming and entertainment spent nearly \$2.0 billion, or about one-half (48%) the state total.
- During 2010, visitor spending in West Virginia directly supported about 44,400 jobs with earnings of \$988 million. Travel spending generated the greatest number of jobs in accommodations & food services, and arts, entertainment, recreation.
- Local and state government revenues generated by travel spending were \$582 million in 2010 (does not include property taxes). Without these government revenues generated by travel spending, each household in West Virginia would have had to pay an additional \$783 in state and local taxes to maintain current service levels.
- The benefits of travel spending are realized in all regions of the state. In 2010, travel expenditures ranged from \$222.2 million in the Eastern Panhandle, where tourism was driven mainly by gaming, to \$11.5 million in the Hatfield-McCoy Mountains, where visitors were drawn by outdoor activities such as ATV's.

West Virginia is well-positioned for growth.

- Within the states that are contiguous to West Virginia, the population totals over 42 million people. Proximity and an excellent regional highway system make West Virginia and its attractions highly accessible to these potential visitors. West Virginia is particularly well-situated to capitalize on the trend in which travelers are taking more, shorter duration trips.

- West Virginia possesses an extensive and diversified offering of natural and manmade attractions. In terms of natural attractions, the state has 1.7 million acres of publically owned land, including a wonderful state park system; it has mountain elevations that are among the highest in the East; it has unique eco systems such as Dolly Sods, and it offers world class whitewater on the New and Gauley Rivers. In terms of manmade attractions, historic sites such as Harpers Ferry and Phillipi are part of our national history; numerous small towns capture the state's Appalachian culture; railroad resources offer excursions and a different glimpse of history, and gaming resorts play to a different type of adventurer.
- The combination that location and attractions offer enable West Virginia to capitalize on changing tourism trends. People are taking shorter, but more frequent trips for leisure activities. The country's aging population remains active and interested in both outdoor recreation as well as opportunities for learning. Travelers are looking for unique and personalized experiences.
- An example of the tourism growth potential of the state is the development of the Summit Bechtel Reserve by the Boy Scouts of America. The development provides a unique opportunity to showcase West Virginia and to leverage scout activities and visitation. The site in the New River Gorge area was selected after a nationwide search. The facilities will provide a permanent home for the National Scout Jamboree and year round center for outdoor recreation and education. The initial phase of development will open in 2013, with 50,000 scouts and 200,000 visitors expected for the Jamboree, Communities in the region are currently looking at how to capitalize on the Boy Scout's Summit Bechtel Reserve and also how to accommodate the needs of a large influx of new visitors. The Summit will also enable the state to market itself as an ideal location for new business and also to better market the West Virginia "quality of life". The announcement of the Boy Scout's Summit Bechtel Reserve has also leveraged interest by other youth and religious organizations that are reportedly looking for locations in West Virginia for an outdoor activity centers.

Growth in tourism will not be realized without attention and investment.

Given changes in demographics, leisure activity participation and visitor expectations, as well as an increasingly competitive environment, the path to growth must be well thought out and deliberate in order to maximize the state's tourism potential. The overall quality of the visitor experience, beginning with the availability of good pre-trip information, to the quality of attractions and accommodations, to the ability to use cellphones and access the internet, are all part and parcel of what visitors expect. Continued investment will be needed in marketing, infrastructure, and product.

Study Process and Objectives

Recognizing the need for a blueprint for growth in Tourism, the West Virginia Legislature directed that a 10-year plan be developed. The Legislature tasked the Tourism Commission and the Division of Tourism with overseeing the selection of a consultant, and to oversee the planning process. An Advisory Board consisting of Tourism Commission members and industry leaders was formed to provide input and to work with the selected consultant in developing the plan.

The study process was divided into three key parts: Background Analysis and Industry Input; Tourism Industry Sector Analysis, and Strategic Plan Development. Briefly, each part includes:

I. The Backgrounds Analysis and Industry Input provided an assessment of West Virginia's Tourism Industry today, and identified future opportunities and potential barriers to growth. It involved a series of analytical tasks to describe the industry structure and available resources, measure current performance, and assess West Virginia's competitive position. The work also included an evaluation of best practices from elsewhere that could serve as models for West Virginia, as well as tasks designed to solicit the input from West Virginia Tourism Industry practitioners through interviews and workshops.



II. Tourism Industry Sector Analysis focused on identifying the types of attractions and activities with the greatest potential for development and growth in the State. The work involved evaluating West Virginia's resources and market fundamentals to determine if the State provided a good fit with sector needs for successful operation and growth. Working with the Advisory Board, the Consultant Team developed a prioritized list of sectors with the greatest potential.

The industry sector analysis phase included a market and opportunities analysis for critical tourism industry sectors identified as a result of Senate Current Resolution 31, including, but not limited to, the following: Skiing, Whitewater Rafting, Golf, Recreational and Extreme Sports, Other Outdoor Activities (hiking, climbing, swimming, boating), Gaming, Hunting and Fishing, Theme Parks, Spectator Sports, Motor Sports, Equine Activities, Health and Wellness, State Parks, Forest System, Federal Lands, Culinary Tourism, History/Culture, Historic Tourism, Fairs and Festivals, Film and Video Production, Retirement/Second Home Market, Scouting, Camping/Recreational Vehicles, Group Tours, and Entertainment/Meetings.

III. Strategic Plan Development identified actions that could strengthen state-level tourism activities, and strengthen capacity and capabilities at the regional and local levels. The exact nature of the recommendations flowed from the study process itself, and included the role of public, private and non-profit sectors, appropriate government mechanisms, funding programs, infrastructure needs, labor requirements and marketing initiatives.

What the Plan is and What the Plan is not.

The plan presented in this document is intended to provide the State of West Virginia with a blueprint it set out to develop for growth in tourism. The plan reflects the realities of the market, as well as the capabilities of the State and its industry practitioners. It reflects the collective, best thinking of the industry and its consultants.

Early on in the study process, there was a hope, or expectation that the plan would identify a single action or investment, or several key investments, that would accomplish the objective of taking West Virginia tourism to a higher level. There was a hope, an expectation for the study to identify a "silver bullet." The study process confirmed that the opportunity to take the State's tourism industry to a new and higher level was very real, but rather than finding a "silver bullet" the study revealed that the path to growth was a range of investments in all segments of the industry which would include investment in marketing, product, human resources and infrastructure.

Executive Summary

The Strategic Action Plan is made up of three groups of recommendations, based on the nature of the recommendations themselves, the entity (or entities) with responsibility for implementation and complexity of the implementation process.

The first group of recommendations focuses on improving the State's tourism product through investment in attractions, accommodations and activities that fit within the state's most competitive industry sectors. The recommendations presented here include actions that apply to development initiatives for state and local government, as well as for non-profit organizations and private developers.

The second group of recommendations includes actions that are intended to increase the capacity of the State's tourism industry, to enable attractions, marketing and promotional organizations and other players to do their jobs better and more effectively. The recommendations to help the industry can be described as providing better tools and better access to resources. They would apply to existing and future industry.

The third group of recommendations includes actions to strengthen the Division of Tourism. The question of funding notwithstanding, recommendations to strengthen the Division are largely a function of executive/legislative action. They represent actions that could be implemented in a relatively short time frame, and which would achieve fairly immediate paybacks because, for the most part, they are focused on strengthening the state's ability to market and promote tourism product that is already in-place.

Priority Recommendations

--Among the tourism product strategies, strengthening the state as a top retirement/second home market ranked among the top strategies for the state. In West Virginia, the potential for growth in the retirement industry is high. Among the key factors that retirees consider in selecting a retirement location are proximity to family and friends, and cost of living. West Virginia is very attractive in both regards. The economic benefits of retirees in a community have been well documented. Retiree residents generally pay the full range of state and local taxes, but consume little in the way of public services, and they frequently buy or build new homes.

In West Virginia, efforts to attract more retirees should be increased by strengthening the program of Retire West Virginia, or by bringing the retiree recruitment function into state government. The state should also consider eliminating the second home tax disadvantage. One factor that second home owners consider in their purchasing decision is property taxes. The current tax law in West Virginia essentially doubles the tax rate on second homes by classifying homes that do not serve as primary residences as commercial property.

--Among those strategies aimed at increasing the capacity of the State's tourism industry, the top strategy is the elimination of the cap on the dollar volume of eligible projects funded through the West Virginia Tourism Development Act. The current \$1.0 million dollar investment threshold precludes participation by many small tourism businesses. The total funding cap also has the very real potential of creating a situation where a large (and attractive) project might not be funded because it would put total funding over the limit, or where additional, smaller projects could have the same result.



--The top recommendation from the group of strategies targeted at strengthening the industry is to increase the funding available for the Matching Advertising Partnership Program (MAPP) to \$10 million (net of deductions) with an annual inflation escalator. The West Virginia MAPP was created by the legislature in 1995 to provide a new tool to the State's tourism industry to market and promote West Virginia. Funding for MAPP was originally set at 3 percent of video lottery revenues. However, over time, funding that might have gone to the program has been re-directed for other purposes and the percentage figure was reduced to 1.375 percent. These actions, in concert with declining lottery revenues due to increased competition, have been translated to a reduced level of money available for MAPP.

Anecdotal information adds to the positive story of MAPP. Over the past decade, the West Virginia Ski industry increased the number of skier visits from 600,000 to 800,000 which is attributed to MAPP. Oglebay Park in Wheeling estimates that MAPP is responsible for some 20 percent of their business.

Strategic Action Items

Important key strategies emerged from each group of recommendations. These recommendations are based on our analysis as well as input from the Project Advisory Committee.

Figure 1: Strategies – Improving the State's Tourism Product

	Short Term	Mid term	Long Term
State Parks/Camping			
Continue a prioritized investment program, with criteria based on business factors and potential tourism impact	X		
Develop more moderate to high end product		X	X
Develop additional amenities to draw new visitors to existing state parks		X	X
Develop a Smart Phone App for state campgrounds and RV parks	X		
Convene public, non-profit and commercial groups having an interest in state parks	X		
Hiking/Trails			
Draft a new State Trails Plan	X		
Establish a statewide Authority structure to oversee implementation of the Trails Plan		X	X
Link West Virginia trails with other regional trails and bikeways			X
Establish a trails community program to increase involvement of local jurisdictions in trail development		X	X
Create a Community Development Handbook to give trailhead communities guidance	X		
Hunting and Fishing			
Expand Special Regulation Trout Fishing Areas	X		
Expand public recreational access to private lands			X
Skiing			
Improve regional/local access to ski areas; make completion of Corridor H a state priority			X
Improve broadband/cell phone access at ski areas	X		
Continue to evolve product to meet the needs of growing market sectors	X		
Scouting			
Ensure infrastructure and amenities are in-place to support Jamboree visitation			X
Develop and fund special marketing and promotion program targeted at scouts and families	X		
Culture and History			
Increase product and business capacity for cultural and heritage providers		X	
Increase visibility for culture and history resources through increased state marketing	X		
Provide Division of Tourism support through Product Development Specialist function	X		
Retirees/Second Homes			
Strengthen capabilities of lead retirement organization	X		
Eliminate second home tax disadvantage	X		



Figure 2: Strategies - Increasing Tourism Industry Capacity

	Short Term	Mid term	Long Term
Capital Funding			
Create Tourism Business Access to WVEDA Direct Loan Program	X		
Remove Total Funding Cap from WVTDA Program	X		
Establish Product Development Grant Program		X	
Technical Assistance			
Continue Delivery of Technical Assistance Through Existing Programs	X		
Establish WV Tourism Development Center		X	
Hospitality and Professional Training			
Task WV Workforce to Develop Onsite, Frontline Training Module	X		
Task WV Tourism Center with Oversight of Hospitality Training			X
CVB Organization			
Amend H/M Tax to Allow 1 CVB Per County, with Local Retention of Non-CVB \$	X		
Require CVB Participation in Accreditation Program	X		
Quality of Visitor Experience			
Use Enhanced Training and Technical Assistance to Improve Quality	X	X	
Establish Formal, Sector Specific Quality Programs			X
Knowledge of Program Availability			
Task one of the state's universities or colleges which has an active tourism program with inventory of Funding, Training and Technical Assistance Programs	X		
Infrastructure			
Create Tourism Representation on Infrastructure Councils	X		
Prepare Signage Master Plan		X	
Enhance Welcome Center Presentations with High Impact AV		X	
Industry Recognition			
Expand Public Relations Activities	X		
Intergovernmental Relations			
Create Interagency Tourism Development Council		X	

Figure 3: Strategies - Strengthening the Division of Tourism

	Short Term	Mid term	Long Term
Increase Funding for State Advertising and Promotion	X	=====	=====
Increase Funding for MAPP	X	=====	=====
Restore Communications Functions to Division of Tourism		X	
Add Product Development Function		X	

Ranking the Tourism Industries



In order to better understand the potential for product development among the critical tourism industry sectors identified as a result of Senate Current Resolution 31, AECOM developed a matrix system in order to develop a ranking system.

Based on the analysis of industry size and overall growth trends, as well as a study of the competitive context and importance to the state, AECOM evaluated the list of relevant industries for the state of West Virginia.

A ranking system was applied to the following criteria:

Industry Size: Industry size was based on nationwide levels of participation or viewership.

Growth Trends/Demographics: AECOM evaluated the user demographics for each of the industries. In order to estimate potential growth of the industry, we focused on participation levels by age group and compared these figures to projected growth by age for the United States.

West Virginia Competitive Environment: In order to better understand existing supply and competition, an evaluation was made of the existing state industry supply and/or industry use trends as compared to the surrounding adjacent states (or, in some cases, nationwide).

Fit with West Virginia Resources: This criterion considers the existing infrastructure and resources within the state and how well the industry takes advantage of the framework that is in place. This includes a fit with the West Virginia brand and natural features of the state.

Potential Economic Impact: The final ranking considers the importance to the state of West Virginia in terms of generating jobs and tax revenues for the state.

Ease of Implementation: Finally, AECOM considered how likely it would be to implement development of the selected industries. Industries with potential public sector development or an existing developer base were given a high rating.

Each of the criteria has been ranked on a scale of 1 to 3, with 1 indicating a low rating and 3 representing the highest rating. For example, industries with strong growth potential were given a 3 while those with limited potential long term growth were given a 1. The results for each of the categories are added in order to reflect the relative strength of each specific industry.

Rating Findings

State Parks, Forest Systems, and Federal Lands, Camping/RV and the Retirement/Second Home Market resulted in the highest total score within the matrix analysis. State Parks, Forest Systems and Federal Lands are important in terms of the absolute numbers of individuals that visit state and federal lands annually and also because they are a critical existing and recognized resource within the state and overlap with other important tourist industries such as hiking, camping, rafting, watchable wildlife, and climbing. Similar to

many other industries, there are currently financial constraints in terms of additional, regular, annual funding for major repairs, alterations, and equipment replacement.

Similarly, the Camping/RV sector scored at the top of the ratings, in part due to its popularity as an outdoor recreation activity and also its fit within the context of the West Virginia tourist industry. The RV industry is also gaining in popularity; the Recreational Vehicle Industry Association estimates nationwide there are as many as 30 million RV enthusiasts, including RV renters, with an increase in ownership among the baby boom generation.

Changing demographics have propelled the retirement industry into “boom times.” Changing demographics are also having the same impact on the second home industry, with many second homes purchased as precursor to retirement.

Other top tourist industries include Hiking/Trails, Hunting and Fishing, Scouting, Culture and Heritage Tourism, and Skiing. West Virginia remains a competitive destination for these sectors and the potential growth and overall magnitude of each of these markets is significant.



Industries receiving the lowest rating include Golf and Film Production. The golf industry remains challenged as a result of overbuilding in the 1990's and early 2000's and new golf course development has slowed significantly. While film production is an important industry in terms of economic impact, it remains a niche market within the state relative to other industries, with increasing competition from other locations.

While some industries rated highly with respect to certain criteria, they did not receive the highest overall scores:

Overall Industry Rating: Gaming, spectator sports, motor sports (NASCAR), and theme parks scored highly with respect to overall industry size and potential growth trends. All of these industries rated relatively low with respect to ease of implementation (there are a limited number of nationwide developers and operators) and competitive environment.

With respect to gaming, Pennsylvania gaming revenues and employment increased significantly in 2010 after casinos were permitted to add tables and a casino opened in downtown Philadelphia. There are also high barriers to entry with respect to both NASCAR facilities and theme parks. This does not preclude development of these industries, but indicates that other industries may represent better opportunities.

West Virginia Competitive Environment and Resources: Extreme sports and the ATV/Motorcycle industry rated high with respect to the West Virginia Competitive Environment and Resource ratings. However, the extreme sports market is constrained by the overall size of the market and the ATV/motorcycle industry appeals to a younger age cohort, indicating that the growth potential may be limited as the demographic shift towards an older population occurs (151.9 million Americans aged 35 – 79 today, growing to 175.5 million in 2030).

Ease of Implementation: Boating scored high with respect to ease of implementation, but is relatively limited in terms of overall economic impact and other regions/states are highly competitive (for example, West Virginia ranks 42 nationally in terms of the number of recreational boat registrations). Film production also rated highly in terms of ease of implementation, but is limited by the competition (while West Virginia offers a host of incentive programs, so do most other states) and limited economic impact (filming typically occur over a short period of time).

State Parks and Camping

Short Term Strategies



- Continue a prioritized investment program, with criteria based on business factors and potential tourism impact.

State Parks continues to invest in the upgrade and development of new facilities/lodging/etc. and also recognizes the need to update some of the State Park Campgrounds as well as draft new master plans for certain state parks.

It is estimated that the additional amount of funding needed for major repairs/alterations/equipment replacement to prevent infrastructure deterioration and to stabilize the infrastructure moving into the future is about \$3 million annually (given current infrastructure levels). This will increase as new infrastructure is added to the system.

- Develop a Smart Phone App for state campgrounds and RV parks.

A Smart Phone App for state campgrounds could include information about distance markers, route mapping, website links, reservations pages, phone numbers, etc. The App could be modeled after the one developed by the Campground Owners of New York.

- Convene public, non-profit and commercial groups having an interest in state parks.

In order to leverage knowledge among different groups involved in state park development (and also increase the opportunity for potential public/private partnerships), public, non-profit and commercial interests could meet on a periodic basis to exchange ideas. California State Parks have proposed establishing a Leadership Institute which is similar to that proposed with a guiding strategy of protecting park resources and providing high-quality recreational experiences through a network of public and private efforts and expertise.

Medium to Long Term Strategies

- Develop additional amenities to draw new visitors to existing state parks (i.e. special events areas and amphitheaters, expanded viewing areas, visitor/interpretive centers).

Although there are a few small magnitude visitor centers/interpretive centers scattered around the system, they have largely been developed by small scale conversion of existing structures, WV State Parks lag behind many other park systems in this arena. Major destination parks like Pipestem, Blackwater, Canaan, Twin Falls, Cacapon, Babcock, Watoga, Cass and even heavily used day use areas such as Kanawha State Forest would elevate their status, appeal and fulfillment of mission with the addition of new amenities such as visitor centers.

Public/private partnerships should be investigated for new amenity development within the parks system, recognizing that there are some existing challenges.

Some examples of the public sector partnering with outside entities include the following:

- In Ohio, a unique partnership arrangement was used to develop a resort conference center at Lake Geneva State Park. Ashtabula County leased land in the park and constructed the facilities, which were built to Ohio DNR standards. The facility is managed by a private company, and it is marketed as part of the state park system.
- A number of state park systems are considering or actively pursuing public private partnerships to develop and/or operate entire parks or select park elements. To enhance the attractiveness and viability of this strategy, multiple parks are being bundled into a single offering.
- The leasing of entire parks is modeled after the longstanding U.S. Forest Service program for the operations of recreational facilities. This model turns the operations and maintenance of all park activities to private operators, with planning and administrative control remaining with the agencies. Lease agreements typically run 10 to 20 years, with performance based compensation for the operator. The keys to success of this model are the presence of sufficient sources of user fee revenues and the ability of the private sector to operate in a more cost effective manner than the public sector.
- Elsewhere, a number of states are considering privatization of selected elements. New Orleans City Park is pursuing a public private partnership to redevelop golf courses that were damaged by Hurricane Katrina.
- In another variation of the theme, some park agencies are considering outsourcing certain functions that can be done more cost effectively by the private sector. In Kentucky, seasonal workers are being provided through a temp agency. Elsewhere, functions such as security and maintenance are being undertaken through outside contracts.

[Develop more moderate to high end lodging product.](#)

There is currently some unmet demand for higher end lodging within the state park system, with the park system continuing to develop high end product such as the rebuilding of Canaan Valley Lodge and planned improvements at Beech Fork (a new lodge) and the upgrade at Cacapon.

There is also increasing demand nationwide for new sustainable prototypes, including “green” lodging tents and yurts. It should be noted that yurts and pre-fabricated cabins have been also been tried in the State of West Virginia at Tomlinson Run State Park. The Pennsylvania State Park system recently finished construction of the Nature Inn, which targets visitors who would not typically seek out a state park. The inn makes use of green technologies, ranging from geothermal heating to rain water-flushed toilets. Amenities include deck-mounted high-powered optics, an indoor computer birding kiosk, and art pieces crafted by regional artisans.

Hiking/Trails

Short Term Strategies

- Draft a new State Trails Plan, with priority on creating linkages between existing trails, quality of the experience, and establishing consistency of experience (e.g. signage, maintenance).

In order to create a world-class trail system, a new State Trails Plan to guide development is needed. The existing State Trails Plan (completed in July 2002) was prepared by a volunteer citizens group. The cost of a new professionally developed plan is estimated at approximately \$100,000.

In addition, potential tourism impact should be among the factors considered by the West Virginia Recreational Trail Advisory Board when selecting projects to be funded through the Recreation Trails Program (RTP). Projects eligible for funding include maintenance and restoration of trails as well as trail linkage and construction of new trails.

An estimated target cost for a world class trail system is between \$5 and \$10 million.

- Create a Community development handbook to give trailhead communities guidance in taking advantage of trail traffic through development of visitor amenities and services.

Medium to Long Term Strategies

- Establish a statewide Authority structure to oversee implementation of the Trails Plan.

Implementation of the State Trails Plan should be overseen by expanding the purview of an existing authority or by establishing a separate organization. The trails plan should include both water and land trails.

- Establish a trails community program to increase involvement of local jurisdictions in trail development and upkeep.

West Virginia's 11 Regional Planning and Development Councils could help facilitate a community program.

As an example, the Appalachian Trail Conservancy (ATC) is a national non-profit that maintains the Appalachian Trail and includes 31 local organizations and a membership organization with national and international support. The ATC also works to monitor the health of endangered species living within the trails corridor. The ATC has a significant staff of 45 in six locations (not including a dozen part-time and seasonal employees) and an annual budget of about \$5.2 million (with about \$2.1 million spent on conservation, \$1.4 million on publications, and another \$1 million on fundraising and general administration).

Long Term Strategies

- Link West Virginia trails with other regional trails and bikeways. For example, the Hatfield McCoy ATV Trail could be linked to Kentucky trails.

Skiing

Short Term Strategies

- Improve broadband/cell phone access at ski areas by including tourism as a critical factor when developing the state's Broadband Mapping Program.

Local teams throughout the state are being formed to advance broadband service, infrastructure and adoption within West Virginia's 11 Planning and Development Council regions as part of the state's Broadband Mapping Program (BMP). The goal of the BMP is to plan for future deployment and adoption of broadband service throughout the state. The strategic regional plans will form the basis for a statewide plan that will be completed in 2014.

Regional planning teams will focus on different segments of the community, such as agriculture, education, economic development, etc., to develop strategies to apply broadband use to those segments. Tourism should also be considered as an important focus for broadband coverage.

Long Term Strategies

- Improve regional/local access to ski areas; make completion of Corridor H a state priority.

Ease of access to the major ski areas located within the state is critical to remaining competitive.

Snowshoe Mountain Ski Resort is the most isolated of the four resorts. The planned completion of Corridor H (\$800 Million to \$1 Billion) and the possible addition of a US 220 expressway from I-68 in Maryland to Corridor H (\$500 to \$750 Million) will improve access to Snowshoe from the north and east. Additional unplanned improvements (roadway upgrades and addition of lanes) would also greatly improve accessibility.

Canaan Valley Resort and Timberline Four Seasons Resort are both located off of WV 32, about 10 miles south of Davis. The planned completion of Corridor H will also improve access to these resorts from all directions. The possible addition of a US 220 expressway from I-68 in Maryland to Corridor H will provide further improvements for travelers from the north and east.

- Continue to evolve product to meet the needs of growing market sectors.

As snowboarding continues to gain in popularity, it will be important to continue to provide competitive facilities for this growing segment (e.g. super pipes and terrain parks for freestylers and snowboarders).



Culture and History



Short Term Strategies

- Increase visibility for culture and history resources through increased state marketing.
- Provide Division of Tourism support/coordination for product development and improvement through Product Development Specialist function.

A Product Development Specialist would help prioritize and seek funding for strategic product development initiatives throughout the state. The Division of Tourism could coordinate with Main Street West Virginia when providing tourism development support in historic downtown areas throughout the state.

The State of Georgia provides support for Culture and Heritage tourism through a Heritage Tourism Handbook, which offers guidance regarding development and implementation of the heritage tourism potential of a region and also offers reconnaissance visits by tourism staff. The reconnaissance visits allow communities to assess their local assets and develop area-wide strategies for tourism development.

Medium Term Strategies

- Increase product and business capacity for cultural and heritage providers.

Scouting

Short Term Strategies

- Develop and fund special marketing and promotion program targeted at scouts and families.

Long Term Strategies

- Insure infrastructure and amenities are in-place to support Jamboree visitation.

With 50,000 Boy Scouts and an additional 200,000 visitors anticipated, it is critical that the basic infrastructure (e.g. bus parking, lodging and dining, road networks) be sufficient to accommodate the inflow of new visitors to the region. Local communities have been addressing this issue and it is important that a coordinated effort be implemented to insure that the groundwork is in place as national attention is focused on the area upon opening.



Hunting and Fishing



Short Term Strategies

- [Expand Special Regulation Trout Fishing Areas.](#)

Special Regulation areas include Catch and Release, Delayed Harvest and Trophy Areas which place restrictions of when and how fish can be caught. There are a limited number of special regulation areas in West Virginia, but the expansion of the program would have positive impact on fishing-based tourism. In the eyes of the recreational fisherman, special regulation areas (verses Put and Take areas) typically communicate less crowded conditions and access to better quality fish. In Western Maryland, the use of Special Regulation Fishing Areas has contributed to the development of that part of the state as a successful, national destination for trout (fly) fisherman. The implementation of the program in Western Maryland did not come without a struggle given historical patterns of stream use and fishing activity. However, officials at Maryland DNR believed the benefits outweighed the costs, and they worked to accommodate local interests by expanding stocked Catch and Release areas.

Long Term Strategies

- [Expand public recreational access to private lands.](#)

West Virginia has a Recreational Use Statute that is intended to encourage private land owners to make their property available to the public for recreational use by limiting liability claims by public users. Success in the use of this statute to secure private property has been limited, in large part due to concern that the limited liability provision of the statute does not go far enough in protecting owners from litigation. West Virginia addressed this issue with the creation of Hatfield-McCoy Regional Recreation Authority to construct and maintain an ATV trail system on private lands in Southern West Virginia under a licensing agreement which indemnifies land owners, thus relieving them of potential liability. Short of replicating the structure and powers of the Hatfield-McCoy Regional Recreation Authority, there are other possible approaches to achieving the objective of opening private land for public recreational use. Kentucky presents two such examples. In Knott County, county government has developed and maintains trails on private property. It has taken out private insurance to provide liability coverage for the involved landowner which goes beyond the County's sovereign immunity. Elsewhere in the state, the Kentucky Department of Fish and Wildlife Resources (KDFWR) has created a category of land management area called a Hunting Access Area (HAA). Use is governed by a Multi-Use Recreational Access Agreement which provides for KDFWR to manage or cooperate in managing the HAA for "hunting, fishing and wildlife recreation" thus providing sovereign impunity protection." Permitted uses include hunting and fishing in designated portions of the HAA, as well as horseback riding and ATV's. Incentives for participation on the part of the landowner include "reasonable" law enforcement surveillance and the issuing of one transferable elk tag annually, for every 5,000 acres in the program.

Retirees/Second Homes

Short Term Strategies

- [Strengthen capabilities of lead retirement organization.](#)

In West Virginia, efforts to attract retirees are led by a non-profit organization called Retire West Virginia. This group administers a program to evaluate community assets to ensure they are suitable for retirees, and they bestow the title of “Designated Retirement Community” on communities that satisfy the criteria for designation. They also mentor communities that wish to earn the designation, and they market West Virginia retirement communities through the publication, The Retirement Times. There are six designated communities which include the following counties: Monongalia, Lewis, Randolph, Raleigh, Nicholas and Mercer. Retire West Virginia also partners with other groups and state agencies such as the Division of Tourism and West Virginia Development Office.

Changing demographics have propelled the retirement industry into “boom times.” Changing demographics are also having the same impact on the second home industry, with many second homes purchased as precursor to retirement. Often times, the retirement market and the second home market are extensions of the tourism market. Visitors who are initially attracted to a place by recreation or cultural features are prime candidates for future retirement living and/or purchase of a second home. Retirees and second home owners are looking for locations that friends and family will want to visit. Collectively, the retirement and second home sectors are often times referred to as “lifestyle” tourism.

The economic benefits of retirees in a community have been well documented. Retiree residents generally pay the full range of state and local taxes, but consume little in the way of public services, and they frequently buy or build new homes. Their income is typically made up of pensions, social security payments, and dividends and interest payments. These sources of income, relatively speaking, are stable, and for migrant retirees, represent income coming from sources outside the state and community, thus increasing their effective economic impact. Research by Dr. Charles Langino of Wake Forest University has shown that one retiree family in a community has the equivalent economic impact of 3.7 factory jobs. Qualitatively speaking, experience has shown that retirees often times enhance the civic and cultural landscape of their communities through participation and volunteerism.

Similarly, second homes make a meaningful contribution to the state’s economy through spending by owners and guests, and to local jurisdictions through the collection of property taxes. As with retirees, second homes have a net positive fiscal impact because they generate high levels of taxes, while consuming little in the way of educational and social services. In Western Maryland, second home development centered around Deep Creek Lake has transformed Garrett County from what was designated by the Appalachian Regional Commission as a distressed county 25 years ago, to the Maryland county with the largest per capita fiscal surplus before the downturn in the economy several years ago. The area around Deep Creek Lake contains approximately 13 percent of the county’s permanent resident population, but it generates over 60 percent of the county’s taxes.

Efforts by the state to attract more retirees should be strengthened by strengthening the program of Retire West Virginia, or perhaps bringing the retiree recruitment function into state government. In particular, funding needs to be increased to enable Retire West Virginia and the state's certified retirement communities to participate in regional trade shows targeting the pre-retirement market.

□ [Eliminate Second Home Tax Disadvantage.](#)

One factor that second home owners consider in their purchasing decision is property taxes. The current tax law in West Virginia essentially doubles the tax rate on second homes by classifying homes that do not serve as primary residences as commercial property. This short term gain in property tax revenues at the expense of higher, long term benefits, places West Virginia at a disadvantage in attracting future second home purchasers and can work against strengthening West Virginia as an attractive retirement location. It is recommended that the tax code be revised to eliminate the double tax on second homes.



INCREASING TOURISM INDUSTRY CAPACITY

The Tourism Industry in West Virginia is an important component of the State's economy. Growth over the past decade has propelled tourism to the position of the third largest economic sector in the state, with tremendous upside for continued growth given its attraction base, scale of available markets, regional accessibility, and presence of large-scale investments in such things as the Boy Scouts Summit Bechtel complex. At the same time, however, the industry itself is characterized by great diversity in geographic distribution, scale of attractions and accommodations, and experience and expertise of its members. With this background, it is important to realize that in order to reach the full potential for growth, attention must be directed to increasing the capabilities of the existing industry as well as adding new attractions and increasing marketing activities, which are also central themes of this study.

This section of the report addresses Industry Capacity i.e. actions that can be taken to help the industry do its job better, and/or more effectively. The underlying needs that these actions are intended to address were identified through a rigorous process of industry input which included: interviews with a wide variety of stakeholders and four regional workshops, and review of existing policies and programs. Recommendations were developed in concert with the Study Committee, using best practices from elsewhere adapted to fit the West Virginia situation.

Recommendations are presented in the following areas:

- Capital Funding
- Hospitality Training
- Technical Assistance
- Quality of the Visitor Experience
- CVB Structure
- Infrastructure
- Industry Recognition
- Inter-governmental Relations

The timing horizon for recommendations encompasses short term (present to one and one-half years); mid term (one and one-half years to five years), and long term (more than five years up to ten years). Any cost estimates that are provided present costs to state government. They should be considered to be "placeholders" that provide order of magnitude indicators of costs which will be refined as specific initiatives are further developed.

Capital Funding

Capital funding recommendations cover actions intended to provide better access to capital for new and expanding tourism businesses, and to provide funding assistance to tourism businesses or organizations that might not otherwise have access to capital. The first recommendation is simply to provide a tool to enable the industry to understand funding options that are available; the next two recommendations are focused on providing access to capital for larger businesses, while the fourth is intended for smaller businesses or organizations, including public sector and non-profit attractions, that do not have the ability to access existing programs. The recommendations cover:



- Inventory of Existing Programs
- Direct Loan Program for Tourism Businesses
- Improvements to the West Virginia Tourism Development Act
- Establishment of a Product Enhancement Grants Program

Inventory of Existing Programs

Recommendation: Task one of the state's universities or colleges which has an active tourism program, with creating an inventory of available funding programs

Timing: Short term

Cost: \$15,000 - \$20,000

During the industry input phase of this study, a common theme, particularly among smaller independent tourism businesses and non-profit organizations was a lack of knowledge regarding the availability of programs that might be resources for funding, marketing and business operations, and for training, or lack of knowledge about how to access these programs. A first step in addressing this situation would be creating a database of available programs to include information on nature of services or funding available, eligibility, and contact information for program sponsors. This type of work would be ideal for interns to handle, both in creating the database and conducting periodic updates. The logical organization to take responsibility for this initiative would be one of the state's universities or colleges which has an active tourism program.

Direct Loan Program

Recommendation: Amend West Virginia Economic Development Authority's Direct Loan Program to explicitly acknowledge tourism as an industry eligible for funding; Amend loan program requirements to ensure access by tourism businesses

Timing: Short term

Cost: Staff costs

At present, there is no direct loan program in West Virginia that is available for large tourism projects (over \$100,000/\$200,000 +/-). This situation is a function of the wording in the existing economic development loan program as well as policy considerations. The absence of capital availability can hinder the development or expansion of the state's tourism product.

For smaller loans, there are multiple programs providing loans to tourism businesses, including Revolving Loan Funds administered by several of the state's regional economic development authorities. There are also several Community Development Financial Institutions (CDFI's) that are active in West Virginia and whose missions explicitly recognize tourism or tourism related businesses. Two such groups are the Natural Capital Investment Fund and The Progress Fund. They provide loans and equity investments in amounts up to \$250,000, depending on the specific program/business. They also offer technical assistance to borrowers and prospective borrowers. The needs of tourism business requiring smaller amounts of capital are well covered.

The West Virginia Economic Development Authority has a highly successful direct loan program with the stated objective of “promotion and retention of new and existing commercial and industrial development.” Current interpretation of the policy apparently excludes tourism projects based on standards for salaries and benefits. Further, eligibility of tourism businesses is not explicitly recognized in the enabling legislation which identifies only commercial and industrial sectors.

The West Virginia Economic Development Authority’s Direct Loan Program is well-suited to serve the needs of the tourism industry. It provides for direct loans of up to \$10 million, and the structure of loans under the program – 10 percent equity, 45 percent participating banks and 45 percent WVEDA loan – make the lending package very attractive to lenders. The \$52 million in direct loans initiated in FY 2010 – 2011 speaks to the success of the program.

In Vermont, which has a mature tourism industry, tourism businesses are not explicitly identified as eligible businesses for the state’s direct, economic development loan program. Tourism is, however, recognized implicitly through the state’s Sustainable Jobs Strategy which acknowledges tourism’s ability to “import capital” from outside the state. In Arkansas, which has a less well-developed tourism industry, there is dedicated direct loan program for tourism businesses.

Access to the existing program will provide the West Virginia tourism industry with a needed source of funding. The effectiveness the program should be enhanced through a campaign to educate bankers and appraisers regarding the unique characteristics of tourism businesses which is part of the direct loan program in Vermont.



West Virginia Tourism Development Act

Recommendation: Amend West Virginia Tourism Development Act to remove cap on dollar volume of authorized projects

Timing: Short term

Cost: Staff costs; application review funded by applicant

The West Virginia Development Office administers the West Virginia Tourism Development Act (WVTDA) funding program. The program provides for the capture of new sales tax revenue (up to 25 percent of qualified project costs over 10 years) from new or expanding business that are approved for the program. Project qualifications include: minimum investment of \$1.0 million; 25 percent of visitors from outside West Virginia; operating season of at least 100 days, and a qualitative requirement for a positive employment impact. The application process requires a rigorous review of project eligibility and sustainability. The total volume of taxes that can be recaptured by participating projects has been set at \$1.5 million, which translates roughly to \$60 million in project value. WVTDA funding has been used successfully in expanding a number important tourism projects in the state, including Oglebay Park, Winterplace Ski Resort, West Virginia Adventure Resort and the American Mountain Theater.

Three issues have been identified for WVTDA program as currently configured. First, the \$1.0 million dollar investment threshold precludes participation by many, small tourism businesses. Second, the total funding cap has the very real potential of creating a situation where a large (and attractive) project might not be funded because it would put total funding over the limit. Similarly, a large number of smaller projects could also exceed the funding

cap. Finally, the requirement for project review by an outside consultant is considered by some to be too expensive and time consuming.

Based on review of similar programs in Kentucky and Arkansas, and discussions with West Virginia Development Office, it is recommended that the cap be eliminated altogether. Given the structure of the program, with sales taxes returned to the developer/applicant only after a project is operational, there is no direct financial exposure for the state. Retention of outside consultant review requirements provides a high level of confidence that approved projects will be successful and provide a net fiscal impact on the state that is positive. In the context of the financial resources that should be behind projects of \$1.0 million or more, and the potential return to successful projects, the expense of the review should be considered a reasonable, front-end investment.

Product Development Grants

Recommendation: Establish Product Development Grant Program

Timing: Mid to long term

Cost: \$240,000

Specific capital funding recommendations presented above were focused on large, private sector projects. It was also noted in the earlier discussion that loan programs exist for businesses with smaller lending needs. What is not available is funding for worthwhile projects where borrowing is not an option because the project and/or borrower cannot support debt payments. In particular, the need identified during the industry input phase was for small amounts of funding for projects undertaken by the public sector and not for profit groups.

The solution to this need is a product development grant program. It is proposed that the program would provide grants up to \$25,000 on a matching basis to qualified public, private and not for product development or enhancement projects. These projects could be bricks and mortar, or they could involve a craft product for sale. The important criteria for consideration would be contribution to an area's product inventory, potential to attract visitors, and sustainability.

The program would be administered by the Division of Tourism, with support from an industry advisory group that would assist in evaluating and ranking proposals. A key factor in the timing of the recommendation (mid to long term) is the timing for developing the capacity to provide technical assistance to grant recipients, a role that is envisioned for the West Virginia Tourism Center as proposed in a subsequent recommendation.

There are many examples of grant programs administered by state and national tourism offices. Some are very specific as to eligible uses, such as the Wisconsin Meetings Business Grant Program which is intended to help communities compete for meeting and conventions. Tennessee has Cultural Tourism Grant Program which promotes partnerships and product development. In Georgia, the Tourism Product Development Grant Program is similar to the one recommended for West Virginia, by combining funding with technical assistance. The common characteristics the above grant programs are the required match and relatively small amounts available under each grant.

Technical Assistance

In the context of this study, Technical Assistance includes a range of support activities provided by an outside entity, with the general objectives of developing the tourism sector within a community, and/or improving the performance of individual attractions, tourism businesses or tourism organizations. Technical assistance could include providing assessments of tourism potential, creation of plans for tourism development, and/or help with specific business functions – product improvement, marketing, business planning, etc. Technical assistance is usually provided for a finite period and in response to a specific need.

Recommendation: Task one of the state’s universities or colleges which has an active tourism program, with creating an inventory of available technical assistance programs

Timing: Short term

Cost: \$15,000 - \$20,000

Again, lack of knowledge regarding the availability of technical assistance programs or lack of knowledge about how to access these programs was identified as an industry need. The recommended action to help address this situation would be creating a database of available programs to include information on nature of services, eligibility, and contact information for program sponsors. This type of work would be ideal for interns to handle, both in creating the database and conducting periodic updates.



Recommendation: Create West Virginia Tourism Center, bringing together the resources of WVU Hospitality and Tourism and WVU Extension, in coordination with other colleges and universities, as appropriate.

Timing: Mid to long term

Cost: \$250,000 - \$350,000

The state has a number of existing programs that serve or could serve the tourism industry although there is no single entity whose responsibility it is to administer/coordinate them. The programs themselves are often limited in effectiveness by lack of funding and/or lack of specific knowledge about the tourism industry. Programs that are administered by the state’s educational institutions appear to be geared toward delivering educational courses rather than more focused, hands-on community development level assistance.

- WVU is offering a new tourism and hospitality program with accredited courses at the Morgantown campus. It has a focus on hotel and restaurant management. WVU also has a fledging Executive Education program. It has been limited by funding, and the perception that it is geared toward upper level managements, not entry level management. It may be re-positioned.
- WVU Extension has limited involvement in the tourism industry. A small number of extension agents are actively offering training and product development assistance, but these services seem to be more a reflection of personal interests than market opportunities in their respective areas. WVU Extension’s capacity in the tourism area will be enhanced with the hiring of

a tourism development specialist who will be based in Morgantown. Other Extension programs – First Impressions and Fairs & Festivals Assessment - are more general in nature, but do provide valuable feedback that could benefit tourism. These programs are limited by the fact that they are staffed by volunteer teams, and program fees (designed to cover out of pocket expenses) can be a constraint for small communities.

- Small Business Development Centers (SBDC's) are located throughout the state. They provide a range of business training and technical assistance services. It is reported that the scope of SBDC programs and assistance is fairly general in nature, and for the most part is provided by staff without a background in tourism.

- Community Development Financial Institutions (CDFI's) provide coaching to borrowers and prospective borrowers.

In the near term, the recommendation is to essentially maintain the status quo in terms of program structure and delivery. Improved access to existing programs would be provided by creating a program inventory as described above. In the intermediate to long term, the recommendation is to leverage the state's academic resources by creating a "Tourism Center" led by WVU Hospitality and Tourism and WVU Extension, in coordination with other colleges and universities, as appropriate. The WVU Tourism Center would provide management/executive programs, onsite and offsite employee training programs, community tourism development tools and direct assistance, and focused research.

An ideal model for the West Virginia Tourism Center is a similar center at the University of Minnesota. The Minnesota Tourism Center is a collaborative effort involving the academic department that includes tourism and university extension, with guidance from an advisory group of industry leaders. The center is involved in research, training, education and community development. It has a permanent staff of four, with portions of senior staff salaries shared with academic departments. The center also has access to extension and academic staff at the university. The core operating budget is roughly \$350,000 with additional funding from fees, grants and other sources to cover individual programs and initiatives. The Minnesota Tourism Center is known internationally for the quality of its work and the success of its programs.

Hospitality and Professional Training

Training functions cover a range of programs they are intended to improve performance and delivery of services at all staff and management levels. At one end of the spectrum, training would address the basic need for frontline employees to understand visitor expectations and to be able to provide basic hospitality services and local product information. At the other end of the spectrum would be degree and non-degree management courses geared toward mid and upper level management, to help them increase their technical skills and understanding of best practices.

Recommendation: Task one of the state’s universities or colleges which has an active tourism program, with creating an inventory of available training and technical assistance programs

Timing: Short term

Cost: \$15,000 - \$20,000

As with a lack of knowledge about funding programs, a common theme from the industry input phase of the study, particularly among smaller independent tourism businesses and non-profit organizations, was a lack of knowledge regarding the availability of applicable programs and how to access them. Again, as with funding, first step in addressing this situation would be creating a database of available programs to include information on nature of services available, eligibility, and contact information for program sponsors. This type of work would be ideal for interns to handle, both in creating the database and conducting periodic updates. One of the state’s universities or colleges having an active tourism program, would be the logical organization to take responsibility for this initiative.

Recommendation: Task Workforce West Virginia (a unit of the Department of Commerce), in collaboration with West Virginia University, to create an online hospitality training program that can be self-administered, auto graded, suitable for local knowledge module add-on, and resulting in certification upon completion.

Timing: Short term

Cost: \$100,000 - \$150,000

Throughout the industry input phase of the study, there has been strong recognition of the need for better hospitality training throughout the state. This need is most acute for the “frontline/front desk” tourism industry employees who often provide the first and last impression of West Virginia to visitors. As noted, existing programs are limited in effectiveness primarily because they are administered off site and require the commitment of some extended period of time for completion.

What is needed is a program that in concept is similar to the program being developed by the New River Gorge Regional Development Authority (NR-GRDA) to help tourism businesses in Southern West Virginia prepare for the Boy Scouts. The ideal program can be done online or through webinars, so that it can be used by employees during slow work periods, thus minimizing staff costs for the employers. It should be self-grading online for instantaneous feedback. The program should address general hospitality skills and provide the opportunity to incorporate a local knowledge module. Training



programs such as the one envisioned are in common use by many types of industries. Finally, the ideal program will include a record keeping function, so that “certified employees” may carry proof of their successful training from employer to employer, increasing their attractiveness and reducing employer costs.

Given its work force training and development function, capabilities in developing training programs, and its placement with the Department of Commerce (as is the Division of Tourism) it appears that Workforce West Virginia would be the most advantageous group to task with developing the hospitality training program. Workforce West Virginia should coordinate efforts with NRGEDA to minimize duplication of efforts. NRGEDA has expressed an interest in working with the State.

Recommendation: Continue career-oriented training programs, such as ProStart, and programs that are best suited for an educational setting, with existing sponsors; Task WV Tourism Center with oversight for hospitality training.

Timing: Mid to long term

Cost: Included in WV Tourism Center



The state has a number of existing programs and providers that serve the tourism industry, but there is no single agency or organization whose job it is to provide/administer/coordinate the delivery of tourism industry training. Program effectiveness is limited by program costs and the cost to employers to make employees available for training, particularly given high turnover in the industry.

Summarized below are existing hospitality, skills and management training programs that are in-place in the state:

- The West Virginia Dept of Education’s HEAT (Hospitality Education and Training) includes a series of hospitality training programs provided at the high school level, and in partnership with industry businesses and organizations including the WV Hospitality and Travel Association Educational Foundation, WV Hospitality and Travel Association, National Restaurant Association Educational Foundation (ProStart) and American Hotel and Lodging Association.
- WV Heat also offers a tourism training/indoctrination class for front line employees called West Virginia Welcome. It stresses customer expectations, customer service and orientation to local tourism attractions and resources. It is offered to businesses for a \$300 registration fee per class.
- The Division of Tourism presents workshops and seminars at the annual industry conference. Similarly, a number of industry associations provide seminars at their conferences. The Division of Tourism also presents regional workshops on an “as-requested” basis.
- The West Virginia Hospitality and Travel Association presents a successful fee-based program called Hospitality University. It is an annual event which takes place over a three day period, and which brings in speakers from WV and outside the state, depending on topic. The program is focused on management level tourism practitioners.
- A number of CVB’s offer periodic training seminars. There is also an annual meeting for CVB board members which offers various educational seminars and board training.

Much of the hospitality training that takes place around the state appears to be happening on an ad hoc basis, when local economic development interests and educational institutions partner in response to specific opportunities or needs. A case in point is the partnership of New River Gorge RDA

and several local schools, plus West Virginia State, to develop programs to prepare for the opening of the Summit Bechtel, as mentioned above. Additionally, NRGRDA is working with WVU and others on the development of an App for use by local employers to provide training to their employees in a cost effective manner.

Other training programs administered by the State should remain with responsible agencies in the short to mid term. In the long term, responsibility for training programs specify should be transferred to the WV Tourism Center, while programs that are structured to be administered within the schools should remain with the Department of Education. Other training providers should continue to provide programs, as appropriate, for the benefit of its members. Such programs would include educational programs presented by the Division of Tourism at the Governors Conference.

Structure of the State's Convention & Visitor Bureaus

Recommendation: Amend the Hotel/Motel Tax legislation to limit the number of Convention & Visitor Bureaus to a single organization for each county; amend legislation to enable separate jurisdictions within a county to retain up to 50 percent of Hotel/Motel tax revenues based on local option decision.

Timing: Short term

Cost: None

The current Hotel/Motel tax legislation permits local jurisdictions to impose a tax on transient lodging, with 50 percent of the revenues going to fund a local Convention & Visitors Bureau, and the remaining 50 percent being retained by the jurisdiction to be used for "tourism purposes." The end result has been the creation of multiple Convention and Visitors Bureau's within the same county based on local decisions that are oftentimes motivated by the desire to access the funds that are designated for local government spending. AECOM has identified nine counties with multiple organizations.

The situation of multiple CVB's within a single jurisdiction, more often than not, works against the best interests of West Virginia tourism. Multiple promotional groups can be confusing to visitors seeking information on West Virginia destinations, and the presence of "competing" organizations can discourage local and regional cooperation. The most significant issue associated with the creation of multiple CVB's is the duplication of staffing costs and overhead costs which reduces the funds that could be used for marketing and promotion. Exacerbating this situation is the fact that the funds available for marketing and promotion for a number of the smaller CVB's limits the effectiveness of their marketing and promotional activities.

Economies of scale work in favor of larger organizations. On average, small CVB's spend just over 40 percent of their operating budget on marketing and promotion; the number increases to 50 percent for medium-sized CVB's, and to almost 70 percent for large organizations. While it is not possible for all CVB's to be big, elimination of duplicative organizations, in addition to eliminating duplicative staffing and overhead costs, will help move individual

organizations to a more efficient scale. AECOM estimates that the consolidation of CVB's to allow one per county could re-direct roughly \$1.0 million from non-marketing uses to marketing and promotion. This level of "new" marketing dollars would have a significant impact.

Recommendation: Require all CVB's to participate in the accreditation program of the West Virginia Association of Convention & Visitor Bureaus to ensure that all CVB's are meeting minimum acceptable standards of performance; to promote better industry communications, and provide better access to industry support.

Timing: Short term

Cost: None

At present, West Virginia has some 50 Convention & Visitor Bureaus. Of this number, only 30 are accredited under the accreditation program of the West Virginia Association of Convention and Visitor Bureaus. Absent participation in this existing program, there is no mechanism to ensure or monitor the quality of CVB operations, particularly with the services that are provided to visitors and potential visitors.



Quality of the Visitor Experience

Recommendation: Use Hospitality Training and Technical Assistance programs to enhance the quality of the visitor experience by delivering more knowledgeable frontline employees and management. Encourage industry associations to implement or expand voluntary secret shopper and peer review programs. Encourage industry associations to provide training to members on managing social media as tool or communicating quality.

Timing: Short to mid term

Cost: Program costs

With limited exceptions (The West Virginia B&B Association has a mandatory accreditation program, for example), there is no comprehensive program or mechanism in place to monitor and/or communicate to the market, the quality of attractions, accommodations and restaurants.

While some tourism businesses are reviewed by travel advisory services such as AAA, most smaller businesses in the state are not covered. A number of businesses are also reviewed by online services such as Trip Advisor or are covered by various social media; however, the volume of reviews is often too small to provide meaningful guidance to visitors, the majority of attractions and businesses are not included.

Recommendation: Develop sector-specific quality program(s) which would include development of performance standards, independent assessment of performance, and awarding of quality designation(s).

Timing: Long term

Cost: TBD

Comprehensive quality standard programs have been implemented successfully in a number of European countries where tourism is more established. Programs are relatively sophisticated, and participation can be a pre-requisite for participation in marketing activities and/or determine eligibility for funding programs. For example, Great Britain and Ireland both have national ranking programs that apply to attractions, accommodations and other tourism businesses. In Ireland, participation is mandatory for accommodations businesses. In both Ireland and Great Britain, achievement of a minimum quality ranking is a requirement for inclusion on national tourism websites and certain promotional materials.



For West Virginia tourism, a quality standards program would be beneficial in two respects. First, the standards that would be part of such a program provide tourism business owners/operators with a full understanding of what their visitors expect. Second, quality designations or symbols that might be developed as part of such a program can be provide a measure of confidence to potential visitors who might like to try new destinations and experiences within the state. Both aspects have been identified as current needs of the industry, and there is a strong interest in improving the quality of the visitor experience.

Infrastructure

Recommendation: Establish representation of Division of Tourism on government councils that advise on infrastructure decisions

Timing: Short to mid term

Cost: Staff time

Modern, convenient and safe infrastructure (roads, utilities, water and sewer, and communications) is critical to the well being of all West Virginia residents, and critical to all facets of economic development in the state. To guide infrastructure investment decisions, a number of councils have been established which involve representatives of various government agencies. Councils include the Infrastructure and Jobs Development Council and Broadband Development Council.

Proper infrastructure is as important to the tourism sector as it is to other sectors of the economy; however, given the characteristics of the state's attraction resources and sometimes unique needs of visitors, infrastructure priorities may be different. It is imperative that the specific needs of tourism interest get full consideration in the planning and implementation of infrastructure development initiatives. This representation should be achieved by adding the Division of Tourism as a full participant to the state's infrastructure councils.

Recommendation: Prepare Signage Master Plan**Timing: Short to mid term****Cost: \$200,000 to \$250,000**

Good signage including wayfinding and informational signage is another critical part of infrastructure. In West Virginia the Division of Highways has a TODS/LOGO Sign Program, and special signage has been developed as part of specific initiatives such as the Civil War Trails program. While some aspects of signage is governed by federal regulations, states such as Maryland and Kentucky have been able to develop visitor-friendly signage programs. The first step for both states was the development of a signage master plan. It is recommended that the Division of Tourism, Division of Highways, plus other appropriate agencies partner to create a statewide Signage Master Plan.

Recommendation: Install High Impact A/V Presentations in Welcome Centers**Timing: Mid term****Cost: \$\$100,000 to \$150,000 per Welcome Center; fund through local/statewide sponsorships**

The West Virginia Welcome Centers host over 3.5 million visitors a year. Visitor stays are short, but while visitors are there, they represent a captive audience. The typical Welcome Center offering includes maps, displays and a myriad of racks filled with brochures, and sometimes modest A/V presentations. The Welcome Centers function to disseminate information rather than to make impressions. The technology is available to significantly elevate the impact of the Welcome Centers by providing large screen, high definition presentations of the best of West Virginia. The goal of the presentations would be to influence future trip planning and interest in West Virginia. Costs of hardware and film production can be offset through partnership opportunities. A pilot program could be implemented at one or two Welcome Centers to test the technology and the impact it could create.

Industry Recognition**Recommendation: Increase Public Relations activities touting tourism benefits and opportunities****Timing: Short term and ongoing****Cost: TBD**

Historically, the importance of tourism and its contribution to state and local economies has been misunderstood and undervalued. In West Virginia, the situation is the same, with the thinking being no building, no smokestack . . . no benefit. This lack of understanding translates to implementation of policies that can be detrimental to tourism, and a lack of funding and other support that would enhance tourism. Things are changing for the better in West Virginia and elsewhere, but there is significant room for improvement.

The Division of Tourism commissions an Economic Impact Study that documents visitor expenditures, employment and tax impacts on a statewide and county-by-county basis. The study is presented to the legislature and posted on the Division's website under the category of research. The information contained in the study demonstrates the importance of tourism; the numbers are impressive. More needs to be done by the state and local

levels to use this information and other information about tourism benefits and opportunities. Recommended actions include:

- Regular preparation of press releases and sound bites for use by the industry, including impact numbers and tourism success stories, by the Division of Tourism
- Translation of benefits to impactful numbers, particularly at the local level. (Tourism pays the salaries of x percent of our teachers or policemen; without tourism, we would need to increase taxes by x percent to maintain the current level of services)
- Frequent dissemination of tourism information through personal visits with elected officials, use of speakers bureaus, letters to the editor, etc.
- Local tourism days with free admissions to local attractions to show residents what's available.

Inter Governmental Relations

Recommendation: Create Inter agency Tourism Development Council to

focus state government agencies on tourism needs and opportunities

Timing: Mid term

Cost: Staff time; out of pocket costs of \$5,000 to \$10,000

Successful tourism development in any public context involves the actions of many governmental agencies. In this regard the need for communication and coordination among key players was recognized by the U.S. Congress when it created the Tourism Policy Council to bring together federal agencies whose activities impacted tourism. For West Virginia, a similar group that is designed bring together interests such as Tourism, Highways, Education, Economic Development and the like would work to ensure timely exchange of information and to coordinate activities that could be beneficial to tourism.

STRENGTHENING THE DIVISION OF TOURISM

The Division of Tourism is a key component of the West Virginia Tourism Industry. Its continued success in an increasingly competitive environment will be critical to the future growth in West Virginia tourism, with the resultant economic and fiscal benefits that tourism brings to the state. As the state agency overseeing tourism, the Division has many responsibilities. In essence, it is the brand manager for West Virginia tourism. In this role, it presents an overarching, umbrella identity for the state; it actively markets and promotes the state in order to create and maintain awareness of West Virginia as a desirable destination; it provides support to destination marketing organizations and attractions throughout the state; it administers programs; it facilitates communications within the industry, and it represents the interests of the tourism industry in state government.

The ability of the Division of Tourism to perform its role is a direct function of the resources that are available. The level of resources determines what is spent on advertising and promotion, and level of resources can be translated into staffing capacity to carry out the Division's range of activities. Available resources must be considered in their own right, but more importantly, they must be considered in a competitive context because visitors and potential visitors respond to the quality and frequency of tourism messages and outreach, with little regard to constraints or opportunities which might be imposed by a state's budgetary landscape.

Over the past decade, the West Virginia Division of Tourism has performed admirably in spite of a funding disadvantage in comparison with other states that are working to appeal to the same pools of potential regional and national visitors as West Virginia. As shown in the table below, the budget for the Division of Tourism has been in the range of roughly \$7.3 million to \$7.9 million over the past five years, with a trend line that shows a decreasing level of funding over time. In comparison, West Virginia's tourism budget lags behind most contiguous states, and falls well below the levels of funding in states that compete with West Virginia in the important arena of outdoor recreation.

Figure 4: Competitive and Comparable State Tourism Budgets, FY 2006 – 07 to FY 2010 - 11

State	2006-07	2007-08	2008-09	2009-10	2010-11
West Virginia	\$7,867,804	\$7,942,683	\$7,942,683	\$7,606,448	\$7,273,098
Virginia	\$20,636,978	\$17,785,513	\$12,651,675	\$14,713,139	\$16,720,743
Pennsylvania	\$37,881,200	\$32,792,200	\$29,787,700	\$11,246,000	\$10,539,000
Maryland	\$12,557,151	\$11,977,983	\$8,626,244	\$7,061,205	\$9,010,109
Ohio	\$6,712,845	\$8,940,570	\$7,568,166	\$5,400,000	\$5,400,000
U.S. average				\$13,280,916	\$13,584,295
Colorado	\$22,528,001	\$23,184,210	\$48,371,471	\$50,037,000	\$58,540,562
Michigan	\$15,629,143	\$19,493,725	\$29,725,000	\$18,675,000	\$27,440,000
Minnesota	\$9,611,546	\$10,482,961	\$10,073,466	\$9,249,200	\$8,811,100
New York	\$11,000,000	\$16,000,000	\$15,000,000	\$15,100,000	\$5,500,000
Utah	\$16,337,500	\$18,075,100	\$14,287,800	\$12,392,300	\$10,198,978

Source: USTA Survey of State 1

Strengthening the Division of Tourism will require additional funding. There is simply no other way for West Virginia to be competitive. The annual budget for the Division is funded through legislative appropriation, which is the most common approach for funding state travel offices (27 states). There are examples of other funding approaches that should be considered in identifying a mechanism for increased funding for the Division of Tourism. In addition to the hotel/motel tax, which currently funds local and regional tourism, and gaming, which is currently used to fund MAPP, other funding sources include: rental vehicle tax (Alaska, Connecticut, Florida, Wisconsin, for example); broad-based tourism tax (Arkansas, Ohio, Oklahoma, for example); Industry Assessment (California); Industry Match (Florida); and incremental taxes on tourism business sales (Missouri, Utah).

Recommendations that will strengthen the Division and enhance its ability to help the industry address the following:

- Increased funding for Advertising & Promotion
- Restoration of Communications functions to the Division
- Addition of Product Development function to the Division

Increase Funding for Advertising & Promotion

This recommendation has two parts: advertising & promotion undertaken by the Division, and the Matching Advertising Partnership Program (MAPP), a program directed by the West Virginia Tourism Commission and administered by the Division.

Recommendation: Increase Division of Tourism Advertising & Promotion budget to \$7.0 million with annual inflation escalator

Timing: Short term and ongoing

Cost: Incremental cost equals \$3.5 million

The most important function of a state tourism office is creating and maintaining awareness for the state's tourism industry through advertising and promotion.

Perhaps the most impactful example of the importance of state level marketing and promotion comes from the State of Colorado which, in 1993, saw the legislature refuse to renew the state's tourism tax when it expired based on a sunset provision in the original legislation. This action, or lack of action, reduced the state's tourism marketing budget from \$12 million to zero. The impact was a dramatic change in the state's tourism, with the visitor mix moving more toward drive-in versus fly-in market and change in the in-state/out-of-state mix. Within two years, Colorado's share of market had declined by 30 percent, and the annual decline in tourism revenues reached \$2.0 billion. Funding was restored, but it took until 2000 for Colorado to reach previous levels of tourism activity. With continued investment in tourism marketing and expansion of the economy, Colorado had reached record high levels of tourism by 2007.

Another, more recent example comes from the State of Michigan. It created a Pure Michigan marketing campaign which touted the diversity of Michigan's tourism assets. It was introduced as a regional campaign in 2006, and it went national in 2009. In year 2 of the national campaign, the Pure Michigan media budget of \$9.8 million had generated over 2.0 million visitor trips to the state, which generated some \$606 million in visitor spending which produces some \$43 million in taxes. The Return on investment was calculated at \$4.33 per dollar of state expense.

The West Virginia Division of Tourism has a current Advertising and Promotion budget of \$3.4 million, and funding has held reasonably steady during recent years. In comparison with competitive states in the region, West Virginia's level of funding appears favorable, but this situation is due more to cuts in other state budgets rather than a deliberate effort at competitive budgeting. For a number of competitive states, tourism budgets are being restored as economic conditions improve. Looking at states where Outdoor Recreation is an important focus of tourism, West Virginia's budget falls well short of being competitive. This study sets a target level of funding of \$7.0 million, or double the current level.

Recommendation: Increase funding for MAPP Program to \$10 million (net of deductions) with annual inflation escalator

Timing: Short term and ongoing

Cost: Incremental cost estimated at 5.7 to \$7.5 million for 2012 and 2013; actual costs will be a function of final lottery revenues received by the State

The West Virginia MAPP was created by the legislature in 1995 to provide a new tool to the state's tourism industry to market and promote West Virginia. Funding for MAPP was originally set at 3 percent of video lottery revenue, which generated generous levels of funding given the growth in video revenues. However, over time, funding that might have gone to the program has been re-directed for other purposes and the percentage figure was reduced to 1.375 percent. These actions, in concert with declining lottery revenues due to increased competition, have been translated to a reduced level of money available for MAPP.

Figure 5: Tourism Economic Impact

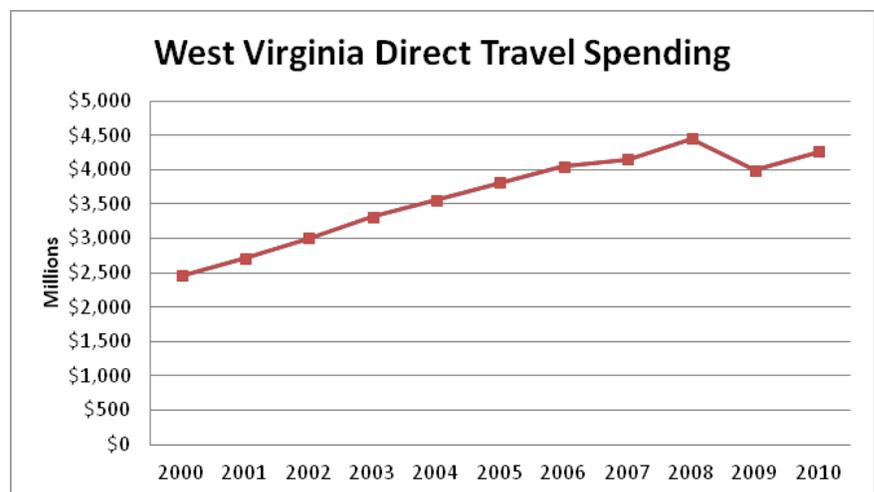
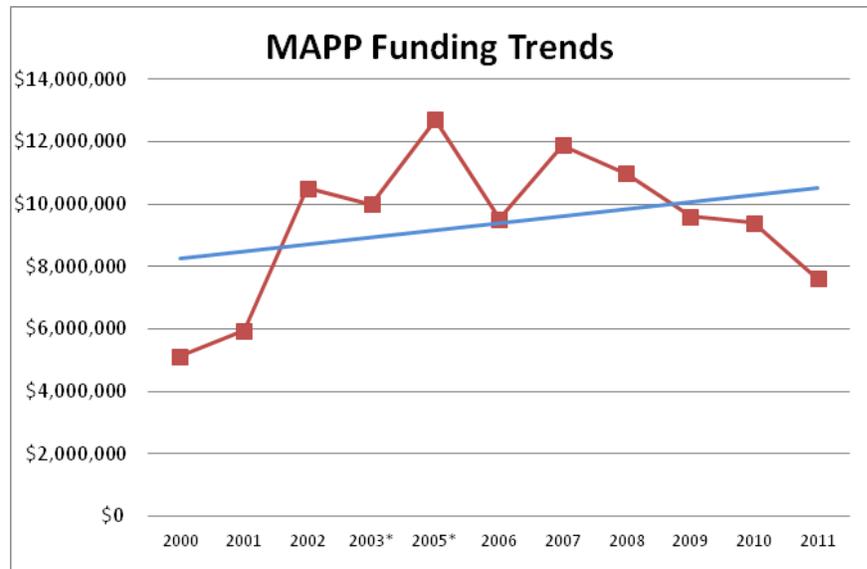


Figure 6: MAPP Funding Trends



The attractiveness of MAPP may be shown by reference to the positive impact of tourism advertising on increasing visitation, visitor expenditures and fiscal benefits. There is a strong correlation between growth in MAPP funding, and growth in West Virginia tourism. Examples given previously show that the Return on Investment for tourism advertising is significant. The research has also demonstrated that tourism advertising must be sustained, and that the residual impacts wear off quickly unless supported by an ongoing marketing. Anecdotal information adds to the positive story of MAPP. Over the past decade, the West Virginia Ski industry increased the number of skier visits from 600,000 to 800,000 which is attributed to MAPP. Oglebay Park in Wheeling estimates that MAPP is responsible for some 20 percent of their business.

The importance of MAPP in West Virginia is particularly acute because by leveraging the expenditures of private attractions and destination marketing organizations, it helps somewhat to offset the competitive advantage of other states in the region that have large commercial attractions like theme parks with large marketing budgets, major league sports teams and big city CVB's, all with large marketing budgets.

In 2011, MAPP funding from video revenues was approximately \$9.3 million. This number has been declining from a recent high of \$11.8 million in 2007. It is expected to continue to decline as competition erodes West Virginia's position as a gaming destination. Additionally, MAPP funding has been effectively reduced by some \$4.7 million as funds have been transferred to the Courtesy Patrol. This practice started in 2008, with the blow being softened with an annual transfer of \$1.0 million back to MAPP beginning in 2010. Nevertheless, given the current funding formula and commitments, MAPP funding will be expected to continue to decline both in current and constant dollar terms. Further, the success of the program has continued to create interest. Requests for MAPP funding exceed available funds, and the gap between resources and requests will grow larger unless action is taken to increase basic funding. As a target, the study recommends a level of funding of \$10 million, net of deductions such as the Courtesy Patrol. This level of funding equals historical level of funding before decline.

Restore Communications Functions to the Division of Tourism

Recommendation: Re-establish Public Relations and appropriate IT capabilities within the Division of Tourism; re-establish Division responsibility for state tourism website and social media functions

Timing: Mid term and ongoing

Cost: To be determined

Five years ago, the Division of Tourism possessed a range of communications capabilities (photography, graphic design, and public relations & information technology) along with appropriate staff. These functions and seemingly similar functions within other Department of Commerce agencies were consolidated within a single unit called Commerce Communications. The initiative was intended to take advantage of economies of scale in order to reduce overall communications expenses by eliminating redundant capabilities, and while this goal may have been achieved, from the perspective of the tourism industry, the result has been a dilution in capabilities and functions. Transfer pricing for services between Commerce Communications and Tourism has adversely affected use of these services by Tourism; the need for additional coordination between Communications and Tourism has added to the cost of services and affected the timing of actions. Further, the removal of communications functions from Tourism has removed individuals with direct knowledge of the State's tourism resources from the position of responding to requests for information and involvement in managing social media. Finally, the quality of the State's tourism website has not kept up with best practices in the industry. The communications issues brought about by the consolidation of functions has affected the Division and its interaction with others outside the state, such as travel writers, and it has affected interaction between the Division and local and regional destination marketing organizations.

Standard practice in the tourism industry is for state offices to exercise direct responsibility for communications functions by maintaining these functions in-house or through direct contract with outside consultants. For example, the Virginia Tourism Corporation maintains departments devoted to electronic marketing and public relations. The Maryland Office of Tourism Development has its own Communications and Marketing department, plus a department devoted to Interactive Services (web design/maintenance and database services).

In the tourism world, Communications is a primary function. In other agencies with the Department of Commerce, Communications is a secondary or tertiary function. Tourism needs to control this critical activity to ensure quality and timeliness measured by tourism standards. This study recommends that Public Relations and appropriate Information Technology functions be restored to the Division. This move could involve re-assignment of staff from Commerce Communications or the creation of new positions. A final determination should be made after a comprehensive review of communications needs within the Division and within the Department of Commerce.

Add Product Development Function to the Division of Tourism

Recommendation: Create Product Development Section within the Division; hire Product Development Specialist and Administrative Assistant

Timing: Mid term and ongoing

Cost: To be determined

Development of new tourism product in West Virginia is done on an Ad hoc basis. The Division responds to specific opportunities such as the Civil War Trail and the 150-Year Celebration of West Virginia's founding. Other initiatives are handled locally, regionally or by other agencies. There is no formal mechanism at the state level to be proactive in the identification and prioritization of new product, and there is no mechanism to help focus/coordinate the activities of various state agencies.

Increasingly, state tourism offices are becoming directly involved in the creation and enhancement of tourism product. Maryland and Virginia have this function resides in state organization. In Georgia, tourism development is a state level function, but also part of a network of regional tourism specialists. Common responsibilities of the product development offices include coordinating state responses to new product opportunities among various agencies; facilitating access to state funding and technical assistance; and identifying and prioritizing new product development opportunities.

In West Virginia, product development was previously handled by one individual within the West Virginia Development Office. His focus was largely in providing financial incentives at a way to attract and facilitate product development. State level oversight of product development ended when the individual in the position retired.

Conclusion

The State of West Virginia has the potential to take the tourism industry to the next level. The state has the market support, natural resources, location, and overall infrastructure to realize it's tourism potential. What is currently needed is additional support and resources, as enumerated above, in order to make the vision a reality.