



CITY OF WILLIAMSBURG

MEMORANDUM

To: Marvin Collins III, City Manager
From: Andrew O. Trivette, Assistant City Manager
Date: Thursday July 7, 2017
RE: TDF Comparison Programs Questions and Responses

The intention of this memorandum is to provide the questions and responses provided by the Tourism Development Fund comparison cities of Asheville and Virginia Beach.

During the June 8, 2017 regular city council meeting staff was asked to gather additional information concerning the initiation and operation of programs similar to the TDF proposal in the comparison cities included in the staff presentation. Based on this request I selected Asheville and Virginia Beach as the two (2) programs to highlight. These two programs are the best examples of both the grant program system and the traditional capital improvement program (CIP) system. Asheville's Tourism Product Development Fund (TPDF) is administered by the Buncombe County Tourism Development Authority (BCTDA). I spoke with Marla Tambellini and Pat Kappes the current and past TPDF program administrators. The Virginia Beach Tourism Investment Program (TIP) is administered through the finance and City Manager's offices. Virginia Beach has experienced turnover in the leadership during recent years. I spoke with former City Manager, Jim Spore.

I prepared five questions to help steer the conversation to the topics that seemed of most interest to the Council. The five questions and the paraphrased responses were:

(1) How do you handle initial rollout for acceptance by the community?

VB: We were receiving so much criticism concerning the expense of tourism development and the desire to shift funding focus to core services that we wanted to "fence off" the tourism funds. This was to allow for tourism related spending while demonstrating origin of the funds was from tourism. We wanted to spend tourism dollars on tourism dollars. Initially we gathered support from Hotel Motel Association, Chamber, School system and the Virginia Beach Vision civic group.

Asheville: We started with a news release following a working group internally. Then we launched a call for applications. There was not widespread awareness. It was incumbent on us to make sure people understood the impact of the funding as projects completed construction. Initially we were using a peer contract that we replaced with a Memorandum of Understanding process. We had an early requirement for recognition for TPDF contribution post construction. The State Legislature of North Carolina sets the tax rates. Originally, the hoteliers supported the idea and the funds were directed to



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support out of market advertising. We experienced no opposition to raising the tax to fund TPDF. The tourism lobby supported the concept because the BCTDA administers the fund absent the County or City. This is a way for us to put more money into the community that is actually seen versus the CIP which is often more difficult to actually see post construction.

(2) Did you start with a list of projects for funding?

VB: Yes, Virginia Beach had a definite list of projects based on the Council's goal setting effort at the beginning of each year. We were constantly looking for ways to finance these initiatives. We decided to develop a dedicated funding stream to help the projects proceed, Tourism Growth Investment Fund (TGIF). The Amphitheater, Field House, Soccer Stadium, and Convention Center were all TGIF funded at least partially. We review these goals every six (6) months to make sure projects are moving.

Asheville: There were things we knew we wanted to try to do. The wayfinding system countywide is an example. We had intense public involvement for the decision on the wayfinding project and its final design. Grove Arcade and the soccer fields are two more examples of TPDF projects. The whole TPDF idea stemmed from a study done by Arthur Anderson on tourism product in Asheville. We were concerned about big projects being built in other competitor destinations, Charleston and Gatlinburg. We had a group of projects that had been "bubbling" but not progressing. After the report, the Chamber and TDA took the lead to bring a group together to consider acting on the list of new potential projects. TPDF was born from the need to fund these types of investments. We began working with Legislature to form the statute that became the TPDF. Passed in 2001 and Arthur Anderson was a blueprint of sorts but it was intended to be a catalyst for projects. The first projects that came forward were not on the first project list.



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(3) What are the pitfalls of your program?

VB: No real pitfalls. We still have criticism concerning tourism expenditures. The explanation of the origin of the funds is important but people will still disagree with tourism investment versus applying those monies to core services.

Asheville: The TPDF is better than ever right now. We just used an outside consulting firm to evaluate the process for overhaul. We are doing interviews with funded applicants and those denied. The intent was to explain why the decision was made regarding their application. We were finding lots of confusion on how the funding decision was developed. Our criteria was not “crystal clear”. The two-phase application process was a critical change that limited an applicant’s investment prior to finding out if they are eligible. The big change included limiting the applications to non-profits. “The jury is still out on that alteration”.

(4) What do you think is the future of your program?

VB: The program has a sound future, major projects funding including Arena, Field House, Municipal Pier, and Dome Site investment are dependent on the funding that is committed from the fund. This is a steady stream of revenue with bond capacity as General Obligations and/or Revenue Bonds.

Asheville: The Major Works Pathway is a new process designed for larger projects. Perhaps these projects have multiple partners or a more complex development plan. These bigger projects do not fit within annual cycle of the original TDPF applications. We have one (1) in review now in the Town of Woodfin from the Buncombe County Public Works Department. It includes a large scope of work including greenways, a wave park in the river, and other park elements. Major works was designed to enable more visionary partnerships with the local governments for place making.

(5) What advice do you have for a community looking at a similar effort?

VB: The purpose cannot be over communicated. You must define why the funding is needed. The purpose should not be the need for additional general fund revenue.

Asheville: Make sure you have strong guidelines and criteria and communicate those well. Make sure you advertise which application step you are in and the status of the application. Have a media plan for the cycle of applications and awards. Provide a debrief for applicants not funded. Think about how the decision from this process influences the ability of the applicant to raise funds from other sources. Require formal recognition of program impact on each project by applicant.