

TOURISM DEVELOPMENT FUND

Policy and Funding

July 8, 2017

TDF COMPARISON CITIES NOTES

■ Asheville and Virginia Beach

- 5 Questions to lead the conversation
- How do you handle initial rollout for acceptance by the community?
- Did you start with a list of projects for funding?
- What are the pitfalls of your program?
- What do you think is the future of your program?
- What advice do you have for a community looking at a similar effort?

TDF COMPARISON CITIES NOTES

- Enlisted support of Hotel/Motel Association, Chamber, School System and a local civic group. About six (6) months of discussion.
- CIP based project list
 - Annual goal setting
 - Amphitheater
 - Convention Center
 - Soccer Stadium
 - Field House
- Criticism still exists over how the funds are spent (tourism v/s core)
- Future is sound – major projects are reliant on funding for completion
- The purpose cannot be over communicated, should not be used to provide additional general revenue, define why the funding is needed

VIRGINIA BEACH

Tourism Investment Program

- CIP Based
- City Council Project List
- Created to “fence off” tourism funds & to accomplish tourism projects that could not compete with general CIP Projects

Virginia Beach Amphitheater



TDF COMPARISON CITIES NOTES

- **Legislative Creation supported by hoteliers and tourism industry.**
 - Alternative to the CIP process lead by the locality
- **Idea stemmed from an Arthur Anderson Study initiated due to the concern over building in Charleston and Gatlinburg**
 - Study produced list of projects that was a blueprint
 - Intended to be a catalyst – the first projects that came forward were not on the list
- **Recent overhaul included corrections**
 - 2 phase application process
 - Limited to nonprofits
 - Clarified selection criteria
 - Instituted briefing of applicants approved and denied
- **Bigger projects – Major Works Pathway**
 - Allows larger scope multiyear projects
 - Better for visionary partnerships with government agencies
- **Have strong guidelines and criteria, use a media plan, think about how funding decision might impact the ability of the project to raise other funds, require formal recognition of program**

ASHEVILLE Tourism Product Development Fund

Montreat College Pulliam Stadium
Phase II



Buncombe County Aquatic Center



TDF COMPONENTS

■ TDF Policy Document

- Purpose
- Review Committee
- Process

■ Funding Stream

- Lodging and Meal Tax Ordinance
- Admissions Tax Ordinance

The collage consists of six white rectangular panels with black text, arranged in two rows of three. Each panel contains a different document component related to TDF funding streams. The top row includes Resolution #1112, Resolution #1113, and Resolution #1114. The bottom row includes Ordinance #1115, Ordinance #1116, and Ordinance #1117. The text is small and dense, typical of official city documents.

TDF POLICY REVIEW

■ TDF Policy Document

■ Purpose

5. Funds can be used to pay debt service obligations and borrowing expenses associated with TDF projects.
6. Funds are subject to the City audit and Comprehensive Annual Finance Report (CAFR) policies and processes.

Section 2. Tourism Development Fund Purpose and Eligible Expenditures

- A. Purpose – The purpose of the Tourism Development Fund (TDF) is to increase patronage to restaurants, attractions, hotels, and events in the City of Williamsburg through financial assistance and reinvestment in tourism products, place-making projects, special events, public-private partnerships, and destination marketing.
- B. Types of Expenditures Allowed
1. Development, expansion, or renovation of tourism product and infrastructure for tourism products
 2. Place-making projects and events
 3. Provide funding for marketing of the destination to the Williamsburg Area Destination Marketing Committee
 4. Support projects and programs of the Economic Development Authority (EDA) for for-profit companies that meet the eligibility criteria and receive recommendations for funding
 5. Administrative costs of up to 10% shall be retained by the City.
- C. Examples of Eligible Products
1. Streetscape renovations and enhancements
 2. Transit improvements (bike share, pedestrian access, enhanced bus shelters)
 3. Convention and group meeting facilities
 4. Outdoor and indoor recreation facilities and amenities
 5. Public parks
 6. Tourism venues
 7. Business improvement grants (through EDA)
 8. Public art and place-making
 9. Special events grants and marketing
 10. Visitor infrastructure
 11. Culinary arts incubators
 12. Regional trails and cultural sites
 13. Other projects that meet the eligibility criteria, demonstrate feasibility, and receive recommendation

Section 3. Tourism Development Fund Process and Project Application

A. Project Applications

The TDF application process will consist on two phases of application. The Phase 1 application is to establish eligibility and the Phase 2 process is to provide details necessary for staff and the TDF review committee to provide recommendation to City Council.

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■ Example Projects

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TDF POLICY REVIEW

■ TDF Policy Document

■ Review Committee - Purpose

identify if the project is new or an expansion, a project description, and the initial project budget and construction values.

2. Phase 2 Application – At a minimum, the Phase 2 application will include information on project feasibility, room night calculations, marketing plan, business plan, drawings, photos, renderings, site plans, organization leadership, project management, detailed project description, description on impact to local tourism, timeliness, project schedule, phasing, uniqueness of project, potential to stimulate other projects, letter of funding commitment, brand consistency, and methodology intended to capture visitation statistics provided.

- B. Process
- Requests for funding from the Tourism Development Fund shall follow the following process:
1. Submission of Phase 1 applications in August.
 2. Submission of Phase 2 applications in October
 3. TDF Review Committee application review, interviews, and site visits in November and December.
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- The TDF Review Committee will review and evaluate proposals from applicants for Tourism Development Fund projects for the purpose of providing a recommendation to the City Council and City Manager for the budgeting and appropriation of funds. Recommendations shall be based on consistency and impact of the project and the purpose of the TDF.
- B. Appointment – The TDF Review Committee shall be appointed by the City Council and serve two (2) year terms. TDF Review Committee members are eligible for re-appointment to serve three (3) consecutive terms (six years). TDF Review Committee members must be residents of the City, own or represent a City business, or represent an event that occurs on the City.
- C. Committee Composition – The TDF Review Committee shall consist of seven (7) members representing one appointment to each of the following tourism and financial interests:
1. Prepared food or beverage industry representative.
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TDF POLICY REVIEW

■ TDF Policy Document

■ Review Committee - Appointment

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TDF POLICY REVIEW

■ TDF Policy Document

■ Review Committee – Composition

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4. Destination marketing organization representative,
5. Finance and banking industry representative,
6. Strategic partner representative from Colonial Williamsburg Foundation or the College of William & Mary, and
7. At-large business or cultural amenity representative.

TDF POLICY REVIEW

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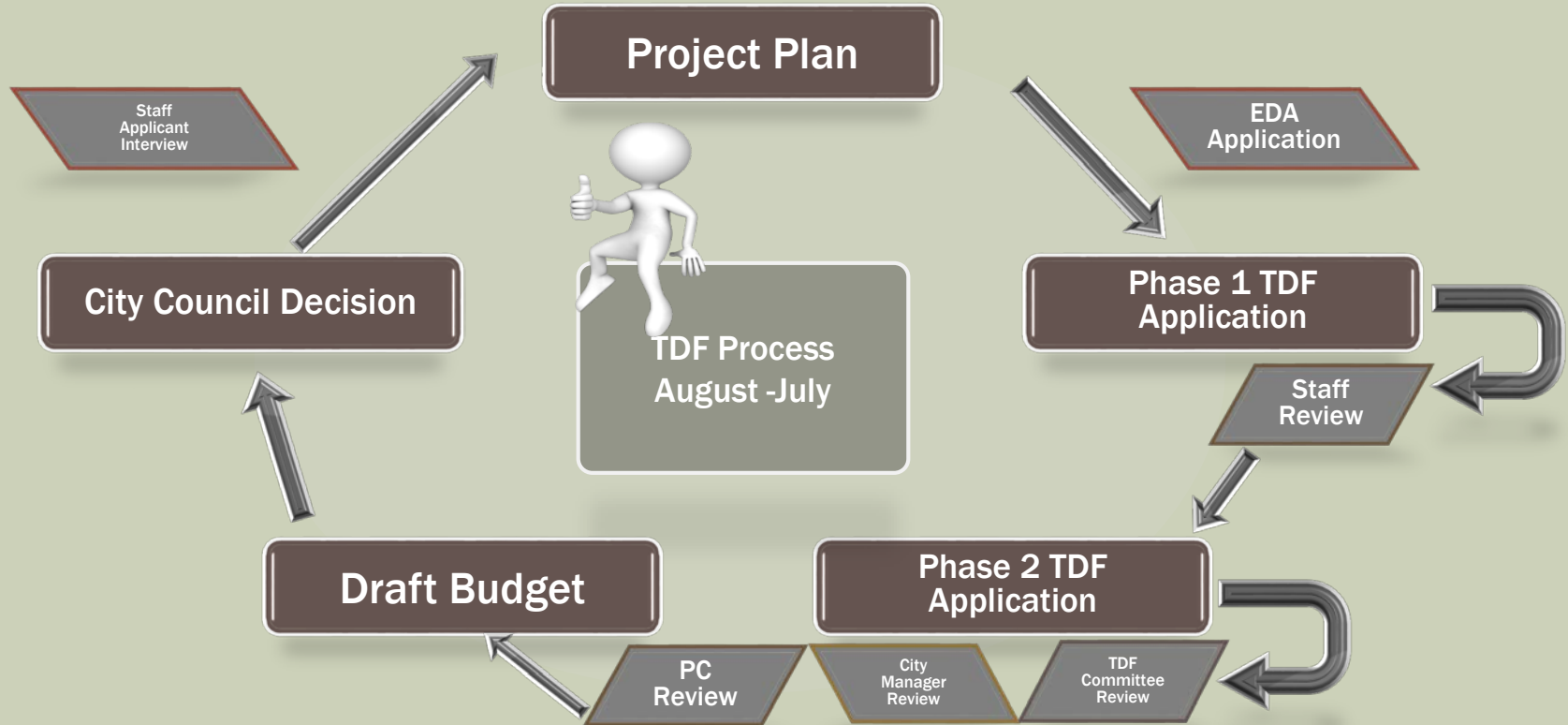
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TDF POLICY REVIEW – PROCESS DIAGRAM



TDF FUNDING STREAM

- Redirect Existing Marketing Funds - X
- Property Tax Increases - X
- Borrow (New Debt) - X
- Sales Tax - X
- Meal Tax - Y
- Room Tax - Y
- Admissions Tax - Y

TDF FUNDING STREAM – EXISTING RATES

	Property	Meals	Room	Cigarette	Admissions
York	.795	4%	5%+\$2	-	0
JCC	.84	4%	5%+\$2	-	0
Poquoson	1.07	6%	0	.2	0
Newport News	1.22	7.5%	8%	.85	10%
Hampton	1.24	7.5%	8%	.8	10%
Norfolk	1.15	6.5%	8%	.85	10%
Virginia Beach	.99	5.5%	8%+\$1	.1	10%
Suffolk	1.07	6.5%	8%	.5	10%
Richmond	1.2	6%	8%	-	7%
Chesapeake	1.04	5%	8%	.5	10%
Williamsburg	.57	5%	5%+\$2	.25	0
VA City AVG	1.02	6%	6.4%	.47	7.9%

TDF FUNDING STREAM – EXISTING REVENUES

Revenue Source	Current Rates	2016 Revenues	FY 18 Budgeted Revenues	1% or 1 Penny	Anticipated TDF Revenue
Real Property	\$0.57	\$10,202,762	\$10,400,000	\$185,000	0
Meals	5%	\$7,022,994	\$6,995,000	\$1,399,000	2% = \$2,798,000
Lodging	5% + \$2	\$4,449,801	\$4,430,000	\$660,000	2% = \$1,320,000
Cigarette	\$0.25	\$134,640	\$150,000	\$6,000	0
Admissions	0%	\$0	\$0	\$314,000	7% = \$2,200,000
	Totals	\$21,810,197	\$21,975,000		\$6,318,000
				WADMC Funds	\$1,320,000
				Annual TDF Funds	\$4,498,200

TDF FUNDING STREAM OPTIONS



- Equal Rate Option (7%)
 - Increase Meal Tax 2% = \$2,798,000
 - Increase Room Tax 2% = \$1,320,000
 - Admissions Tax 7% = \$2,200,000
 - Total Revenue = \$6,318,000
 - Less WADMC Funding = \$4,998,000
 - **Less 10% Admin. = \$4,498,200**
 - Achieves implementation of policy goals within 5 to 10 year window
 - Equal or above competitive investments
 - Eliminates \$2 charge

TDF FUNDING STREAM OPTIONS



■ Initial Staff Option

- Increase Meal Tax 1% = \$1,399,000
- Increase Room Tax 2% = \$1,320,000
- No Admissions Tax
- Total Revenue = \$2,719,000
- **Less 10% Admin. = \$2,447,100**
- Achieves partial implementation of policy goals within 5 to 10 year window
- Below competitive investments
- Retains \$2 charge to WADMC

TDF FUNDING STREAM OPTIONS



■ Compromise

- Increase Meal Tax **2%** = \$2,798,000
- Increase Room Tax **2%** = \$1,320,000
- Admissions Tax **3.5%** = \$1,100,000
- Total Revenue = \$5,218,000
- Less WADMC Funding = \$3,898,000
- **Less 10% Admin. = \$3,508,200**
- Achieves most policy goals within 5 and 10 year windows
- Consistent with competitive investments
- Eliminates \$2 charge

Options	TDF Revenue	+\$2 Rm Charge	Meet Goals	Comp. Market
Equal 7% A	\$4,498,200	No	Yes	Equal or above
Initial M6, RM7 +\$2 B	\$2,447,100	Yes	Partial	Below
Compromise M7, RM7, A3.5 C	\$3,508,200	No	Yes	Equal

**TDF OPTIONS
REVENUES
GENERATED**

**COST IMPACT
OF
TDF FUNDING
OPTIONS**

TDF Funding Options	\$100 Meal	\$200 Room Night	\$80 CW Tickets	\$20 Movie Ticket	New Tax on Wburg Overnight
A	\$2.00	\$4.00	\$5.60	\$1.40	\$13.00
B	\$1.00	\$4.00	\$0	\$0	\$5.00
C	\$2.00	\$4.00	\$2.80	\$0.70	\$9.50

TDF ADMISSIONS TAX REVIEW

■ TDF Admissions Tax Ordinance

■ Definition

ORDINANCE #17-10 PROPOSED ORDINANCE #17-10

AN ORDINANCE TO ADD ARTICLE XII ADMISSIONS TAX TO CHAPTER 18 OF THE CITY CODE

WHEREAS, City Council has determined that it is in the best interests of the City of Williamsburg to impose and levy a tax on admissions pursuant to Section 33 of the Williamsburg City Charter and §51.1-3840 of the Code of Virginia (1950), as amended; and

NOW THEREFORE, BE IT ORDAINED, that pursuant Section 33 of the Williamsburg City Charter, and §51.1-3840 of the Code of the City of Williamsburg, Article XII is hereby added to Chapter 18 of the Williamsburg City Code as follows:

CHAPTER 18

ARTICLE XII – ADMISSIONS TAX

Section 18-421 – Definitions.

The following words and phrases, when used in this article, shall, for the purpose of this article, have the following meanings, except where the context clearly indicates a different meaning:

Admissions charge: The charge made for admission to any amusement or entertainment, exclusive of any federal tax thereon, including a charge made for season tickets, whether obtained by contributions or subscription, a cover charge or a charge made for the use of seats or tables, reserved or otherwise, and similar accommodations in the city. When a person is admitted free and a service charge is made, the service charge shall be considered a charge for admission.

Director means the city director of finance or his designee.

Place of amusement or entertainment: Any place in the city where or whereat all or any portion of any of the following are located, conducted, performed, exhibited and operated and for which an admissions charge is made: circuses, carnivals, menageries, moving picture shows, fairs, shows and exhibitions of all kinds; dances, baseball, basketball, football, wrestling, boxing and sports of all kinds, swimming pools, concerts, and theatrical, vaudeville, dramatic, operatic and musical performances and performances similar thereto; lectures, talks, library readings and performances similar thereto; such attractions as merry-go-rounds, Ferris wheels, roller coasters, leap-the-dips and the like; and all other public amusements, performances and exhibitions not specifically named herein.

Sporting event: Organized league and tournament play of a game involving athletic activity pursuant to a set form and body of rules.

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TDF ADMISSIONS TAX REVIEW

■ TDF Admissions Tax Ordinance

■ Categories of Admission

Section 18-422. – Establishment of classes for taxation purposes.

In accordance with the Virginia Constitution and §58.1-3817 of the Code of Virginia (1950, as amended), events to which admission is charged shall be divided into the following classes for the purposes of taxation.

1. Admissions charged for attendance at any event, the gross receipts of which go wholly to charitable purpose or purposes.
2. Admissions charged for attendance at public and private elementary, secondary and college school sponsored events, including events sponsored by school-recognized student organizations.
3. Admissions charged for entry into museums, botanical or similar gardens and zoos.
4. Admissions charged to participants in order to participate in sporting events.
5. All other admissions.

Section 18-423. – Levied; amount.

(a) There is hereby imposed and levied a tax in the amount of seven (7) percent of any admissions charge to any place of amusement or entertainment, which shall be collected from each person who pays an admissions charge to any place of amusement or entertainment at the time of the payment of such, whenever such sale is made, if tickets or cards of admission are issued, the tax shall be collected at the time of the issuance of such tickets or cards. The taxes required to be collected hereunder shall be deemed to be held in trust by the person required to collect the same until entitled as provided in this article.

(b) There shall be no tax on admission charges for any event included within the classes established in section 18-422(1), section 18-422(2) and section 18-422(4).

Sec. 18-424. – Advertising payment or absorption of tax prohibited.

No person shall advertise or hold out to the public in any manner, directly or indirectly, that all or any part of the tax imposed under this article will be paid or absorbed by such person or anyone else, or that such person or anyone else will relieve any purchaser of the payment of all or any part of the tax.

Sec. 18-425. – Report of taxes collected; remittance; preservation of records.

It shall be the duty of every person required by this article to pay to the city the taxes imposed by this article and to make a report thereof setting forth such information as the director may prescribe and require, including all purchases taxable under this article, the amount charged the purchaser for each such purchase, the date thereof, the taxes collected thereon and the amount of tax required to be collected by this article. Such reports shall be delivered to the director of finance along with the tax required to be collected. Such reports and

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2. Admissions charged for attendance at public and private elementary, secondary and college school sponsored events, including events sponsored by school-recognized student organizations.
3. Admissions charged for entry into museums, botanical or similar gardens and zoos.
4. Admissions charged to participants in order to participate in sporting events.
5. All other admissions.

TDF ADMISSIONS TAX REVIEW






■ TDF Admissions Tax Ordinance

■ Imposition of the tax and Exemptions

(a) There is hereby imposed and levied a tax in the amount of seven (7) percent of any admissions charge to any place of amusement or entertainment, which shall be collected from each person who pays an admissions charge to any place of amusement or entertainment at the time of the payment of such, wherever such sale is made. If tickets or cards of admission are issued, the tax shall be collected at the time of the issuance of such tickets or cards. The taxes required to be collected hereunder shall be deemed to be held in trust by the person required to collect the same until emitted as provided in this article.

(b) There shall be no tax on admission charges for any event included within the classes established in section 18-422(1), section 18-422(2) and section 18-422(4).

In accordance with the Virginia Constitution and §58.1-3817 of the Code of Virginia (1950, as amended), events to which admission is charged shall be divided into the following classes for the purposes of taxation.

-  1. Admissions charged for attendance at any event, the gross receipts of which go wholly to charitable purpose or purposes.
-  2. Admissions charged for attendance at public and private elementary, secondary and college school sponsored events, including events sponsored by school-recognized student organizations.
-  3. Admissions charged for entry into museums, botanical or similar gardens and zoos.
-  4. Admissions charged to participants in order to participate in sporting events.
-  5. All other admissions.

TOURISM DEVELOPMENT FUND

Policy and Funding

July 8, 2017