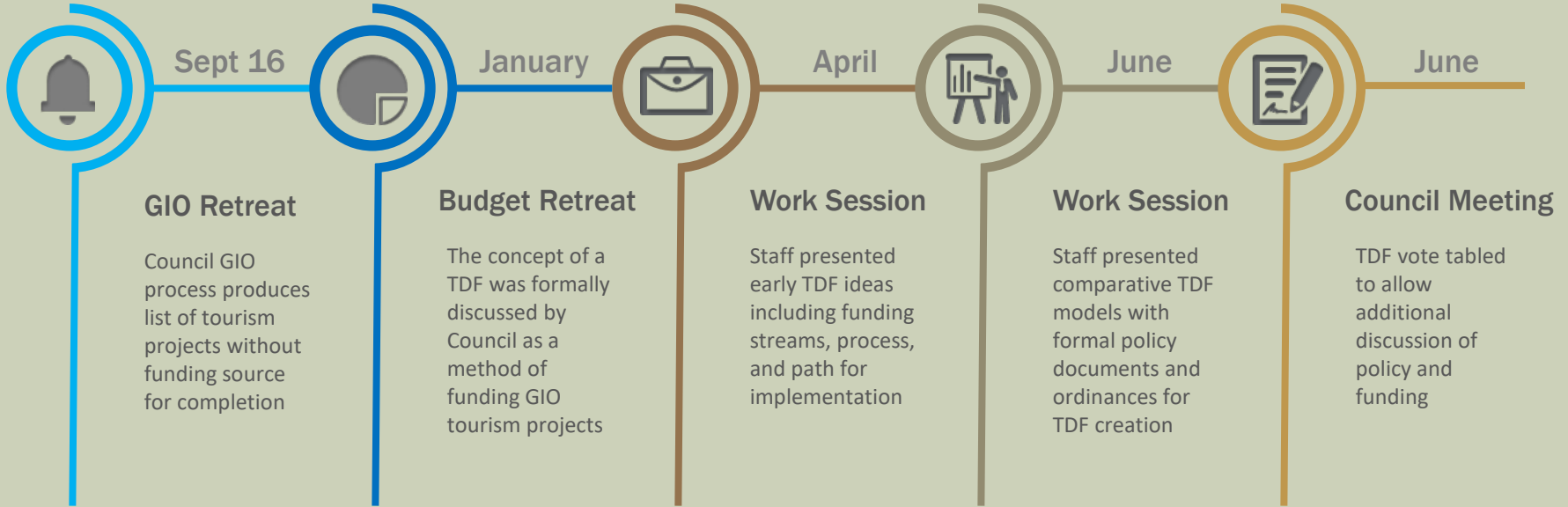


# TOURISM DEVELOPMENT FUND

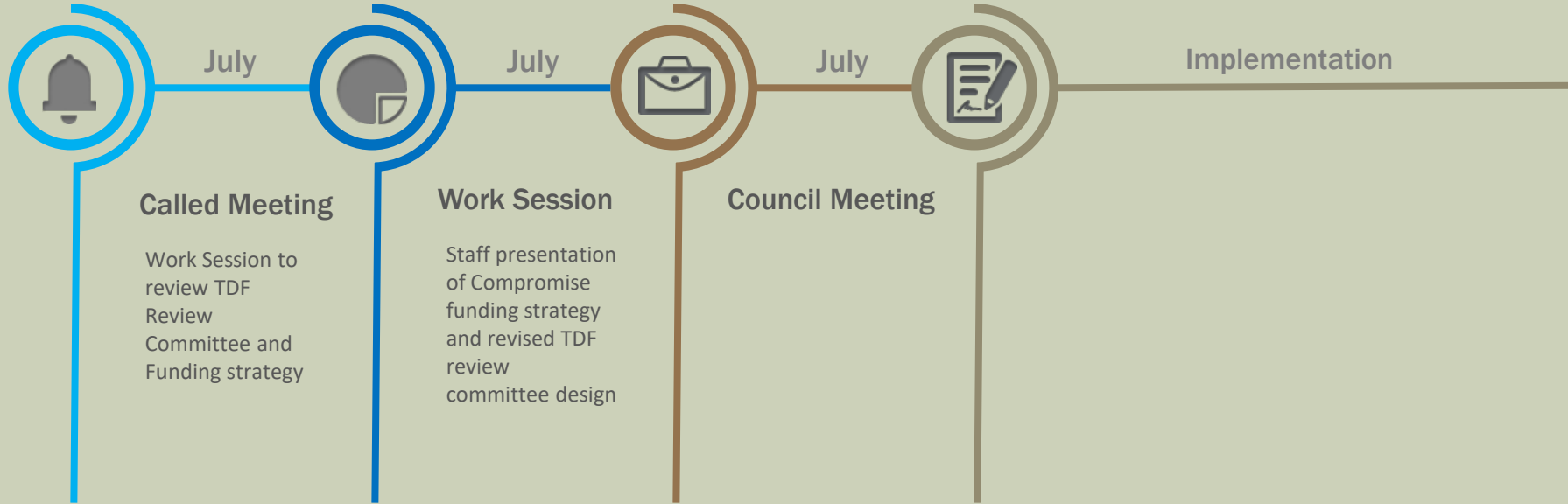
**Policy and Funding  
Review**

**July 10, 2017**

# TDF DISCUSSION TIMELINE



# TDF DISCUSSION TIMELINE



# TOURISM MARKETS – EXAMPLE PROGRAMS

- State of North Carolina
  - Asheville
    - Buncombe County Tourism Development Authority (BCTDA)
- State of Tennessee
  - Gatlinburg
    - Special Revenue/Capital Improvements Fund
- State of South Carolina
  - Charleston
    - Accommodations Tax Grant
  - Myrtle Beach
    - Accommodations Tax Grant
- Commonwealth of Virginia
  - Loudon County
    - Restricted Transient Occupancy Tax Fund Tourism Grant Program
  - Virginia Beach
    - Tourism Investment Program



**South Carolina**

*Virginia  
is for Lovers* 

# TDF COMPARISON CITIES NOTES

- 5 Questions to lead the conversation
  - Asheville – Grant Based
  - VA Beach – CIP Based
  - How do you handle initial rollout for acceptance by the community?
    - Both supported by community organizations
  - Did you start with a list of projects for funding?
    - CIP list or wish list
  - What are the pitfalls of your program?
    - Criticism concerning tourism investment versus core services
  - What do you think is the future of your program?
    - Both said “Strong” with major projects dependent on the funding
  - What advice do you have for a community looking at a similar effort?
    - Have strong criteria, communicate the purpose, require recognition

## Example Project: Asheville

### John B. Lewis Soccer Complex



“Sports tourism events utilizing the JBL Soccer Complex will generate over 11,000 documented hotel room night stays this year alone.”

## Example Project:

### Virginia Beach Arena





# 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.

1. Phase 1 Application – At a minimum, the Phase 1 application will include information on the applying organization, amount of funding requested,

### Section 2. Tourism Development Fund Purpose and Eligible Expenditures

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# TDF POLICY REVIEW

## ■ TDF Policy Document - Example Projects

1. Bike Share Program
2. Duke of Gloucester Streetscape Renovations
3. Market House Entrance Enhancements
4. Historic Area Street Resurfacing
5. **Country Road Multi-Use Trail**
6. **Strawberry Plains & John Tyler Multi-Use Trail**
7. **Kiwanis Park - 4th Lighted Field Project**
8. Queen Mary's Port Tourism Site
9. Capitol Landing Road Park
10. **Citywide Public Art Program**
11. Capitol Landing Artistic Sidewalk
12. Bicentennial Park Performance Venue
13. **Visitor Center Performance Venue**
14. **Quarterpath Recreation Center Addition**
15. Special Event Grant (Public Safety Overtime)
16. Retail & Lodging Marketing
17. Downtown Vibrancy, Design & Marketing Implementation
18. Federal Liaison & Grant Writing Service
19. EDA Demolition Grant
20. Business Diversification Program
21. **Capitol Landing Road Test Kitchen & Brewery**
22. Capitol Landing Road Food Truck Court
23. Merchant Square Ticket Sales & Public Restroom Renovation
24. Property Enhancement at Capitol Landing & Bypass
25. Redevelopment Property Acquisition & Enhancement
26. Transportation Center Enhancements
27. **Aquatics Center (College of William & Mary)**
28. Bus Stop & Shelter Enhancements (WATA & CWF)
29. **Indoor Fieldhouse (JCC & YC)**
30. WISC Lawn Sport Green (JCC)
31. **Capital Trail Connection**
32. Additional Marketing Funds (GWTC)
33. Tourism Marketing Contingency Fund



# TDF POLICY REVIEW

## ■ TDF Policy Document

### ■ Review Committee

#### Section 4. Tourism Development Fund Review Committee

##### A. Purpose of the Review Committee

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.

Committee Composition – The TDF Review Committee shall consist of five (5) members. Three (3) members shall represent the tourism industry in Williamsburg and two (2) members shall be at large appointments from the community.

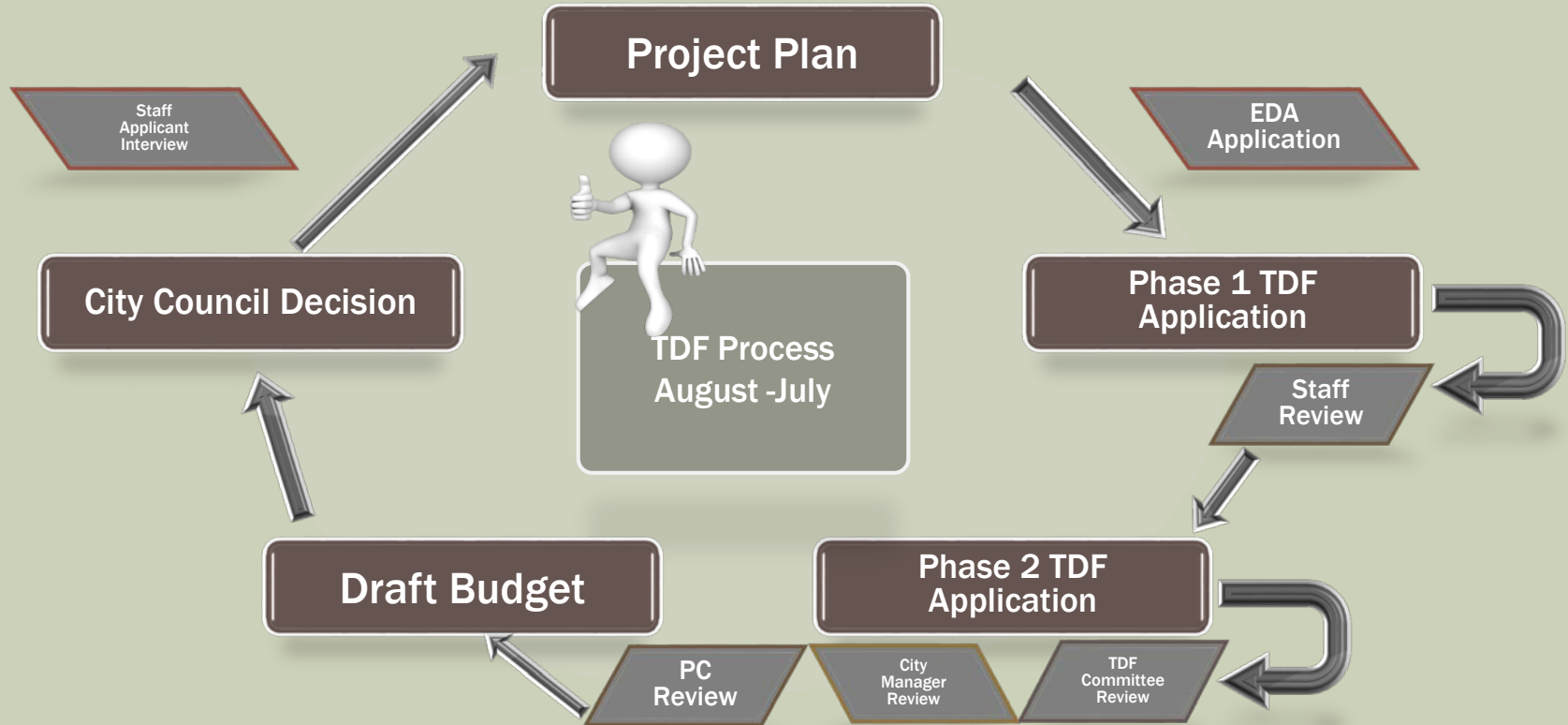
identify if the project is new or an expansion, a project description, and the initial project budget and construction values.  
2. Phase 2 Application – At a minimum, the Phase 2 application will include information on project feasibility, room night calculations, marketing plan, business plan, drawings, 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.
  4. TDF Review Committee application recommendation to City Council provided to the City Manager in December.
  5. Planning Commission review of projects in January.
  6. City Manager proposed budget released prior to April with TDF recommendation.
  7. City Council considers approval of budget in May.
  8. Funding is appropriated and available to the TDF in July.

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- 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.
  2. Tourism attractions, venues, and event representative.
  3. Hotel, motel, bed and breakfast or like short-term lodging industry representative.
  4. Destination marketing organization representative.
  5. Finance and banking industry representative.

# 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%        |
| <b>Williamsburg</b> | <b>.57</b> | <b>5%</b> | <b>5%+\$2</b> | <b>.25</b> | <b>0</b>   |
| VA City AVG         | 1.02       | 6%        | 6.4%          | .47        | 7.9%       |

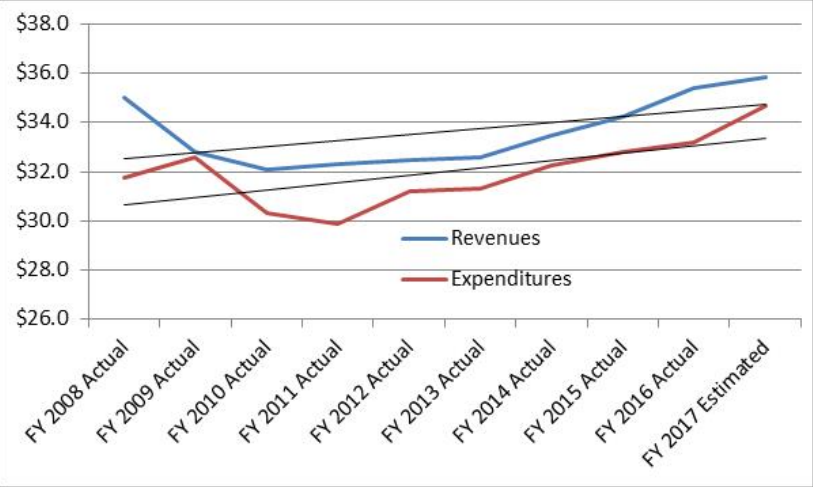
# TDF FUNDING STREAM EXISTING CIP FORECAST

## City of Williamsburg - Capital Improvement Program Summary - Fiscal Years 2018 - 2022

|   | FY 2016    | Estimated<br>FY 2017 | FIVE YEAR CAPITAL IMPROVEMENT PROGRAM |                       |               |              |              | Five Year<br>Total |
|---|------------|----------------------|---------------------------------------|-----------------------|---------------|--------------|--------------|--------------------|
|   |            |                      | Adopted<br>Budget<br>FY 2018          | FOR PLANNING PURPOSES |               |              |              |                    |
|   |            |                      |                                       | FY 2019               | FY 2020       | FY 2021      | FY 2022      |                    |
| Beginning Fund Balance (General & Sales Tax Funds)                  | 33,121,053 |                      |                                       |                       |               |              |              |                    |
| Add Revenues, Grants, and Bond Proceeds                             |            | 5,313,866            | 11,610,083                            | 16,965,000            | 7,115,000     | 4,615,000    | 12,894,860   | 53,199,943         |
| Less CIP Projects & Debt Service                                    |            | -12,062,419          | -14,349,451                           | -17,000,469           | -11,829,149   | -3,205,854   | -12,557,685  | -58,942,608        |
| Less FY 2017 Carryover Projects                                     |            | -8,095,310           |                                       |                       |               |              |              |                    |
| Subtotal  |            | 18,277,190           | 16,037,822                            | 16,502,353            | 12,288,204    | 14,197,350   | 15,034,525   |                    |
| <i>Estimated Operating Fund Surplus each year</i>                   |            | 500,000              | 500,000                               | 500,000               | 500,000       | 500,000      | 500,000      |                    |
| Estimated Fund Balance at June 30th:                                |            | 18,777,190           | 16,537,822                            | 17,002,353            | 12,788,204    | 14,697,350   | 15,534,525   |                    |
| 35% Operating Revenue Reserve Policy                                |            |                      | \$12,588,000                          | \$12,588,000          | \$12,588,000  | \$12,588,000 | \$12,588,000 |                    |
| Excess Reserves over Policy   |            |                      | \$3,949,822                           | \$4,414,353           | \$200,204     | \$2,109,350  | \$2,946,525  |                    |
| Excess Reserves over Policy - without adding<br>Operating Surpluses |            |                      | \$2,949,822                           | \$2,914,353           | (\$1,799,796) | (\$390,650)  | (\$53,475)   |                    |

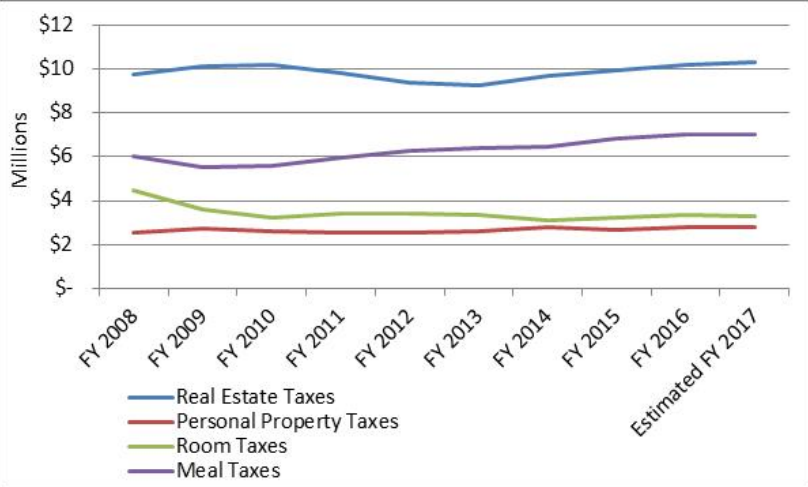
# TDF FUNDING STREAM

## EXISTING REVENUE & EXPENSE TRENDS



**General Fund Operations – Revenue & Expenditure Trendlines – Past 10 years**

### General Fund – Major Tax Revenues - Past 10 years



# TDF FUNDING STREAM – EXISTING REVENUES

| Revenue Source | Current Rates | 2016 Revenues | FY 18 Budgeted Revenues | 1% or 1 Penny    | Anticipated TDF Revenue (Option C) |
|----------------|---------------|---------------|-------------------------|------------------|------------------------------------|
| 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        | 3.5% = \$1,100,000                 |
|                | Totals        | \$21,810,197  | \$21,975,000            | \$2,564,000      | \$5,218,000                        |
|                |               |               |                         | WADMC Funds      | \$1,320,000                        |
|                |               |               |                         | Annual TDF Funds | \$3,508,200                        |

# 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 |
|-----------------------------------|-------------|----------------|------------|--------------|
| Compromise M7, RM7, A3.5 <b>C</b> | \$3,508,200 | No             | Yes        | Equal        |

| TDF Funding Options | \$100 Meal | \$200 Room Night | \$80 CW Tickets | \$20 Movie Ticket | New Tax on Wburg Overnight |
|---------------------|------------|------------------|-----------------|-------------------|----------------------------|
| <b>C</b>            | \$2.00     | \$4.00           | \$2.80          | \$.70             | \$9.50                     |

**TDF OPTION REVENUES GENERATED & IMPACT**

# 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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# TDF ADMISSIONS TAX REVIEW






## ■ TDF Admissions Tax Ordinance

### ■ Imposition of the tax and Exemptions

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# TOURISM DEVELOPMENT FUND

**Policy and Funding**

**July 10, 2017**