

Tourism Investment Program Fund **(TIP Fund)**

Funding for the public portion of the Headquarters Hotel will come from the city's Tourism Investment Program Fund. Most of the money in that fund comes from out-of-town visitors.

The TIP Fund was created on July 1, 2011, by combining two existing funds:

- **Tourism and Growth Investment Fund** - Established to develop and maintain the resort area by leveraging taxes primarily on visitors. This program included dedicated revenues for oceanfront entertainment events.
- **Major Projects** - Established to provide funding for the construction and debt costs surrounding the Convention Center, the Sandler Center for the Performing Arts and a parking lot expansion for the Virginia Aquarium.

Revenues to the TIP Fund – FY12 Adopted Budget

• Restaurant meals – 1.06 cents of 5.5 cents	\$9,974,074
• Hotel rooms – 5% of 8%	\$14,064,451
• Amusement – all of 10% and all of amusement tax on participatory sports at 5%	\$5,339,451
• Cigarettes – 5 cents of 65 cents/pack	\$906,071
• Fines and Forfeitures (mainly parking ticket fines and penalties)	\$972,755
• Use of Money and Property	\$691,792
• Permits, Privilege Fees and Regulatory Licenses	\$72,091
• From Fund Balance for Debt Service	\$3,129,087
• Transfer from General Fund related to special events programs	\$250,000
<i>TOTAL</i>	<i>\$35,399,772</i>

Appropriations – FY12 Adopted Budget

Department	Amount	Purpose
• Convention and Visitors Bureau	\$100,000	Funds the Virginia Beach Local Public Information - Gift of Tourism Campaign, which provides the public information about the availability and value/benefit to citizens of tourism and convention venues, services and amenities.
• Cultural Affairs	\$50,500	Contribution for the Boardwalk Art Show to the Virginia Museum of Contemporary Art
• Debt Service	\$25,897,074	Pays debt service for tourist-related projects such as the Boardwalk, Convention Center, Sandler Center and Aquarium parking expansion
• Mass transit operations	\$590,000	Pays the cost of transit services provided by Hampton Roads Transit to the Oceanfront
• Parks and Recreation	\$33,099	Funds one groundskeeper position and related costs to provide landscape maintenance at the resort
• Public Works	\$873,262	Resort infrastructure and beach maintenance, such as beach grooming, beach refuse removal and recycling costs, maintenance of Boardwalk benches, lights, water fountains, maintenance of pavers at the resort, etc.
• Reserve for contingencies	\$330,137	Reserve for unanticipated costs and emergencies.
• Strategic Growth Area	\$3,495,585	Funds the cost for resort entertainment and special events, including: Holiday Lights, BeachStreet USA, Neptune Festival 31st Street Entertainment, American Music Festival, Patriotic Festival, Rock and Roll 1/2 Marathon, and the Virginia Symphony. Also funds emergency take-down and maintenance on 17 th and 31 st Street canopies.
• Transfers to Other Funds	\$4,030,115	Funds resort street sweeping, supports operations and maintenance of resort parking, and reimburses Police, Public Works, EMS, etc. for support of special events. Pays back the Sandbridge Special Services District its share of hotel taxes generated in Sandbridge that is collected in the TIP (\$1.86 million).
TOTAL	\$35,399,772	

What revenue streams would be used for the public conference costs, meeting space and the \$19.1 million loans to the developer?

Existing capacity in the TIP Fund, along with incremental revenues from the project from the following categories:

- Admission taxes
- Restaurant meal taxes
- Hotel room taxes
- Retail sales taxes - Redirect 2.5% from state
- Hotel parking
- Rent from developer to repay loans