



July 26, 2016

Mr. Robert P. Vaughn
Staff Director, House Appropriations Committee
P.O. Box 406
General Assembly Building
Richmond, Virginia 23218

Dear Mr. Vaughn,

Please find enclosed the requested information regarding funding for the Virginia Sports Hall of Fame & Museum.

It is the intention of the VSHF Board of Directors to eliminate state funding obligations after 2018.

Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Eddie Webb".

Eddie Webb
President
Virginia Sports Hall of Fame & Museum

Virginia Sports Hall of Fame & Museum
Steering Committee
Long Term Sustainability Report

The Virginia Sports Hall of Fame, which came into being in the 1970's and moved into permanent headquarters in Olde Towne Portsmouth in 2005, is at a crossroads. An optimistic belief then that there would be enough visitors to make a 35,000-square foot museum and interactive attraction a financial success has proved to be unrealistic. A significant reduction in government support, at both the state and local levels, has also contributed to the decline, forcing the non-profit to reduce staff, hours, programs and marketing. For these reasons, the Board of Directors has decided that it is time for the Hall to return to its roots, exiting the "museum" business and concentrating instead on honoring athletes and coaches and using their examples and the sports in which they competed as educational subjects.

This action is not being taken casually. The VSHF Board of Directors realizes that the City of Portsmouth and the Commonwealth of Virginia, along with private individuals, invested generously in gifts of land, construction of a parking structure and appropriations of funds to make the Virginia Sports Hall of Fame and Museum an integral part of a comprehensive cultural experience on High Street. Indeed the City's pledge of ongoing monetary support was why Bank of America agreed to finance the construction.

The Hall of Fame and Museum was well received at first, thanks to exciting exhibits and the presentation of compelling stories of individual and team accomplishments. In fact it has been ranked nationally, as recently as 2016, as a quality attraction. But to stand the test of time, museums need fresh displays, a stellar location that is popular with tourists and the granting of substantial annual public subsidies. The needs of the state and city however changed as did their commitment to the VSHF. As budgets tightened, the Hall's ability to remain current and market itself diminished. Further it became obvious that Portsmouth, although a wonderful historic port city, was not a heavily visited locality and became less so after the return of tolls to the two tunnels that connect it to the Norfolk side of the Elizabeth River. In addition the City did not provide sufficient marketing support, leaving the Hall of Fame to fend for itself as revenue dwindled.

Rather than fighting to sustain a building in such a challenged environment, the Board of Directors wishes to stop the bleeding. It voted earlier this year to inform the City of Portsmouth that it will cease operating a museum after July 1, 2017, and will instead sell the property, either to the City or a private entity. The hope is that enough money can be raised from such a sale to retire a three-million mortgage now carried by TowneBank. If Portsmouth buys the complex, for which it has the right of first refusal, it can choose to operate a museum, or it can sell the property to a for profit organization. This will put the structure on the tax rolls and begin making, rather than continuing to expend, revenue.

Finally, the Board of Directors will never divest ownership of the Virginia Sports Hall of Fame brand itself and will rely on its foundation to conduct programs. Given the substantial publicity that each year's class of inductees generates, as well as the high attendance at the annual induction banquets (including a sellout in 2016), there is no question that Virginians appreciate having their own Sports Hall of Fame, even if only as a recognition vehicle. In the right locale, and with a smaller financial requirement, a more focused mission and limited government support, the Virginia Sports Hall of Fame can make ends meet and promote the value of athletics for the benefit of the Commonwealth of Virginia.

VIRGINIA STATE BUDGET

2016 Session

Budget Bill - HB30 (Chapter 780)

Bill Order » Office of Commerce and Trade » Item 129

Virginia Tourism Authority

Item 129	First Year - FY2017	Second Year - FY2018
Tourist Promotion (53600)	\$21,746,335	\$21,046,337
Tourist Promotion Services (53607)	\$21,746,335	\$21,046,337
Fund Sources:		
General	\$21,746,335	\$21,046,337

Authority: Title 2.2, Chapter 22, Article 8, Code of Virginia.

A.1. The Department of Transportation shall pay to the Virginia Tourism Authority \$1,200,000 each year for continued operation of the Welcome Centers. The Department of Transportation shall fund maintenance at each facility based on the agreed-upon service levels contained in the Memorandum of Agreement between the Virginia Tourism Authority and the Department of Transportation. Included in the amounts in this paragraph is \$100,000 each year for maintenance of the Danville Welcome Center.

2. To the extent necessary to fund the operations of the Welcome Centers, the Virginia Tourism Authority is authorized to collect fees paid by businesses for display space at the Welcome Centers.

B. Upon authorization of the Governor, the Virginia Tourism Authority may transfer funds appropriated to it by this act to a nonstock corporation.

C. Prior to July 1 of each fiscal year, the Virginia Tourism Authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget a report of its operating plan. Prior to September 1 of each fiscal year, the authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget a detailed expenditure report and a listing of the salaries and bonuses for all authority employees for the prior fiscal year. All three reports shall be prepared in the formats as previously approved by the Department of Planning and Budget.

D. The State Comptroller shall disburse the first and second year appropriations in twelve equal monthly installments. The Director, Department of Planning and Budget may authorize an increase in disbursements for any month, not to exceed the total appropriation for the fiscal year, if such an advance is necessary to meet payment obligations.

E. Out of the amounts for Tourist Promotion shall be provided \$1,700,000 the first year and \$1,700,000 the second year from the general fund to promote the Virginia tourism industries. These funds shall be used, among other purposes, to initiate strategies to expand growth tourism industries such as Virginia history tours, wine and epicurean tours and other packaged travel itineraries.

F.1 Out of the amounts for Tourist Promotion shall be provided \$2,500,000 the first year and \$2,250,000 the second year from the general fund for grants to regional and local tourism authorities and other tourism entities to

support their efforts. From the grants provided from the amounts included in this paragraph, priority consideration shall be given to funding for the Coalfield Regional Tourism Authority, the Daniel Boone Visitor Center, and \$50,000 the first year and \$50,000 the second year for events sponsored by Special Olympics Virginia, \$500,000 the first year and \$250,000 the second year for the City of Portsmouth for a regional tourism entity, and \$300,000 the first year and \$300,000 the second year to the Southwest Virginia Regional Recreation Authority for the Spearhead Trails initiative.

2. Prior to payment of any grants provided from the amounts included in paragraph F.1 above to the City of Portsmouth for the benefit of a regional tourism entity, and no later than November 1, 2016, the City of Portsmouth shall provide to the Chairmen of the House Appropriations and Senate Finance Committees a report detailing the financial condition of the regional tourism entity and a plan for achieving its long-term financial sustainability. The report shall include the following for the three most recent fiscal years: (i) a statement of financial position summarizing the assets, liabilities and net assets of the organization; (ii) a statement of activity showing total attendance, income and expenses; and (iii) a statement of cash flow.

G. The Virginia Tourism Authority shall place a high priority on marketing rural areas of the state.

H. Out of the amounts for Tourist Promotion, \$500,000 the first year and \$500,000 the second year from the general fund shall be used to expand electronic marketing of Virginia tourism and conduct major media events with travel industry partners and maintain Welcome Center operations.

I. Out of the amounts provided for Tourist Promotion shall be provided \$3,100,000 in the first year and \$3,100,000 in the second year from the general fund to supplement appropriations to promote Virginia's tourism industries through an enhanced advertising campaign. Of these amounts, at least \$1,000,000 the first year and \$1,000,000 the second year shall be used to support a cooperative advertising program to partner with private sector tourism businesses and regional tourism entities to advertise Virginia as a tourism destination. The state dollars shall be used to incentivize private and regional tourism marketing funds on a \$1.00 for \$1.00 basis whereby the Virginia Tourism Corporation shall enter into agreements to undertake joint advertising purchases to promote Virginia and specific facilities with private sector and regional partners.

J. Out of the amounts provided for Tourist Promotion shall be provided \$330,012 the first year and \$330,012 the second year from the general fund to promote and advertise tourism in Virginia through a competitively awarded public-private partnership program, matched on at least a three to one basis by each recipient. These amounts include \$130,012 in the first year and \$130,012 in the second year for "See Virginia First," a partnership operated by the Virginia Association of Broadcasters to advertise Virginia Tourism, provided the Association contributes a total of at least \$390,036 in television and radio advertising value to promote tourism in Virginia in the first year and \$390,036 in the second year. Also included in these amounts is \$100,000 the first year and \$100,000 the second year to promote Virginia Parks, and \$100,000 the first year and \$100,000 the second year to promote Virginia's wineries.

K. Of the amounts provided for Tourism Promotion shall be provided \$497,544 the first year and \$497,544 the second year from the general fund to purchase media in the Washington, D.C., Virginia, and Baltimore, Maryland markets through the "See Virginia First," a partnership operated by the Virginia Association of Broadcasters, in association with its affiliates in other states in the region, provided that the Association can obtain contributions of at least \$1,492,632 in television, radio and station-related internet advertising value to promote tourism in Virginia.

L. Out of the amounts for Tourist Promotion shall be provided \$450,000 the first year from the general fund to promote and market tourism between the Commonwealth and China in accordance with a signed agreement entered into with the Virginia Tourism Corporation.