



APPROVED Statement of Position

Virginia Beach Arena

Adopted November 30, 2015

Virginia Beach Vision, representing 120 business and community leaders, supports a public/private partnership between the City of Virginia Beach and United States Management, LLC, ("USM") to allow for the construction and operation of a 500,000 square foot entertainment and sports arena on city-owned land adjacent to the Virginia Beach Convention Center.

As an organization, Virginia Beach Vision's mission is to create a vision and advance initiatives necessary to the City of Virginia Beach and the Hampton Roads region's future development, prosperity and quality of life. As stated in Virginia Beach Vision's formal statement to Virginia Beach City Council on December 2, 2014, it is believed that the siting of a major entertainment and sports arena offers significant opportunities to the city that will enhance the economic value and desirability of the area. With most of the major entertainment events projected to take place in the off-season months, an arena would be a primary asset in establishing Virginia Beach as a year-round destination. It would allow for the attraction of major concerts and sporting events that no facility in Hampton Roads can currently accommodate and it would stimulate business development and activity particularly in the 17th and 19th street corridors. Coupled with the Virginia Beach Convention Center, Virginia Beach would have the meeting facilities necessary to compete for major national and international conferences and events that are not currently possible.

The agreement between the City and USM will require the City to lease 5.8 acres to USM for a 60-year period and make up to \$76.5 million in infrastructure improvements for such things as roads, parking, public plaza, lighting, underground utilities and streetscapes. Funding for these improvements will not impact the City's General Fund but will come from the city's Tourism Investment Program Fund, which includes taxes on discretionary spending (restaurant meals, theater admissions, hotel stays and cigarettes) and was established to finance major improvements in the resort area.

The public financing detailed in the Arena Revenue Fund Agreement additionally includes the return of all tax revenues paid by the Arena to the City and 1/8 of the city-wide hotel tax collected for a period of 30 years.

As a result of these financial commitments by the City and USM, it is anticipated that the economic growth that will be spurred by the arena through new business development, the expanded visitation to the resort area beyond the traditional summer season and the creation of a multi-purpose facility that will host major sporting, entertainment and convention activities will provide the public with a positive return on their investment. It is for these reasons that Virginia Beach Vision encourages City Council to move forward in support of the arena project development.

Beyond these financial considerations, Virginia Beach Vision cautions that the arena will host events at times that will stretch its ability to manage traffic and provide adequate parking. While the management plan addresses traffic and parking requirements, these plans are obviously untested and there are concerns about their adequacy. We can anticipate that, particularly during the construction phase and when major events are held, the parking and traffic flow needs will impact nearby properties. To help ensure that these impacts are addressed quickly and effectively, Virginia Beach Vision asks that a community based committee be established to monitor such impacts and assist arena management and City staff in crafting appropriate solutions and contingency plans.