



SAN JUAN COUNTY 2011 LODGING TAX FACILITIES GRANT PROGRAM

I. DESCRIPTION

San Juan County has established a tourism facilities program, funded by a portion of the revenue collected under the state Lodging Tax excise statutes.

The purpose of this posting is to seek proposals from qualified entities interested in 1) funding single project proposals concerned with acquiring, improving or developing facilities for enhancing the tourism experience; AND/OR 2) matching grants for operating tourism facilities that enhance the tourism experience AND/OR 3) matching grants for events that draw tourists AND/OR 4) projects that carry out the tourism-related goals of the adopted San Juan County LTAC Master plan.

II. BACKGROUND

San Juan County is one of the most desirable tourist destinations in the country due to its natural beauty and variety of outdoor activities. It currently experiences an uneven tourism year, with a strong summer season, and substantial unused lodging and facility capacity in the remainder of the year. This was recognized in a 2002 report of the Lodging Tax Advisory Committee in two important ways – first, in a recommendation of an additional 2% special Lodging Tax (that was enacted); and second, that the special lodging tax be used to promote the off-peak season. The corollary to the need for off-peak promotion is a planned, logical and integrated facilities and amenities program that provides an attractive “package” for the special tax to promote.

The 2010 process is intended to be an evolution and refinement of the prior facilities investments to date. In the current grant offering, San Juan County is interested in a cohesive investment model in which the grants support the goals of a long-range tourism plan. In the cohesive investment model, the

County will contract directly with the entities selected under this process which have submitted in the four identified categories. In these grants, accountability and return on the expenditure of public monies is important. It is also important that these grants emphasize investments that can be supported by the tourism promotion program (special 2% lodging tax). It is especially important that special emphasis be given to those facilities, events and facility operations that enhance off-season tourism.

III. PROJECT DESCRIPTION

Total available funding for 2011 will be approximately \$ 314,000.00.

The expected outcome of the funded activities is to increase economic activity in San Juan County in 2011 and beyond through the overnight lodging of tourists, through tourism-related expenditures, and construction of tourism-related facilities.

Program categories are:

- Tourism facilities capital program:
 - Construction
 - Improvement
 - Renovation
- Matching grants for Tourism Events and Festivals designed to attract tourists
- Matching Grants for operation of existing eligible tourism facilities that meet the criteria of this RFP and the long-range tourism plan (including, but not limited to historic museums, performing arts, visual arts)
- Special Investments that help to accomplish the goals and objectives of the LTAC Master Plan

IV. 2011 AREAS OF EMPHASIS

Funded projects will be expected to achieve the following objectives:

- Emphasis on tourism improvement during the "off season" (September through June)
- Advance the priorities set in the LTAC Master Plan.
- Emphasis on tourism may include a variety of methods:
 - i. Development of key community assets that function as point destinations, or venues for multi-purpose events, and serve on a year-round basis;
 - ii. Special Events or festivals that exemplify the natural resources, cultural offerings or history of the San Juans;
 - iii. Meetings or retreats that focus on the "best of the San Juans" as identified above;
- Developing innovative opportunities (i.e. new events, interesting partnerships). Creativity and synergy are encouraged. Use of capacity in existing community facilities is encouraged;
- Improving the tourist/islander relationship/enhancing the tourism experience*
 - i. Visitor education events (i.e. eco-tourism, agri-tourism)
 - ii. Community involvement strategies
 - iii. Improved effectiveness of coordinated transportation and trail linkages including streetscapes and signage
- Projects that promote coordination and cooperation in tourism activities
- Projects that demonstrate countywide benefit

*(Note: The category of enhancing the tourism experience is based on the increasing recognition that the tourist is purchasing "experience(s)". The concept is to encourage facilities, events and tourism facility operations that heighten, expand, improve, or lengthen the tourism experience with the idea of encouraging longer stays or more frequent returns.)

V. SELECTION PROCESS

All applications will be received by the County Administrator, who will make a preliminary evaluation as to whether they meet the minimum eligibility requirements, and then forwarded to the LTAC. Applications that do not meet minimum eligibility requirements will not be evaluated. Those applications that do meet the eligibility requirements (below) will be evaluated by the LTAC which will make recommendations to the County Council. Applicants that meet the selection criteria will have an opportunity to make a presentation to the LTAC during the evaluation process. The County Council, at its discretion, may invite applicants to make a presentation prior to making its decision.

Note: Payment cannot be made prior to presentation of receipts. Proposals that include payments prior to delivery and submitted documentation for service will be deemed ineligible.

The Council will try to make its final decision on project approvals by early to mid-June. County staff will meet with the sponsors of all approved projects to prepare contracts. All contracts will include a requirement for liability insurance, that the sponsor submit a final report at the end of the project, and may include a requirement that periodic reports be submitted. Once the sponsors sign the contracts, the staff will notify the sponsors to proceed.

VI. SELECTION CRITERIA

The criteria used by the LTAC to evaluate and rank the applicants are as follows below. An application format is included as Attachment A:

- A. Scope of Work: This is the project description. It will clearly describe the type of application, the category of funding sought, the value of the project to tourism in the San Juans and the relative applicability to the shoulder season.
- B. 2011 Areas of Emphasis: Lodging tax grants should help the LTAC and San Juan County achieve its goals and priorities as defined in the LTAC Master Plan.
- C. Community Economic Impact: Lodging Tax grants should be directed to those facilities and events that generate maximum economic benefit. This will

describe the anticipated economic value of the project. Will the project attract off Island visitors to the San Juans with a particular emphasis on the shoulder season? The successful proposal(s) will show specific and comprehensive strategies to draw visitors during the September through June period, including multiple islands, areas and visitor options. Successful proposal(s) will show strategies to create and lengthen overnight stays, especially during the shoulder season.

D. Available Resources: This will describe how your project taps into community support, capital and labor to make a successful project. It will demonstrate the relative reliance on lodging tax funds of your project.

E. Objectives:

1. Coordination: Coordinate with other events, facilities, promotion and marketing events.

2. Use Special Natural Features and History: Show how your project takes advantage of the natural, green, eco-friendly and special cultural attributes of the San Juans.

3. Innovation. Does the project represent a new or unusual approach to furthering the promotion goals of the grant program?

F. Build on Community Assets. Does your project distinguish and promote the San Juan Islands in areas such as: visual or performing arts, area history, natural amenities -- including the special marine environment, other special facilities?

G. Countywide Benefit. Tourism activities that provide value to all county residents and visitors.

H. Cost-effectiveness. Projects that offer more value for the investment of these public funds will be rated higher. Will the project be an efficient, economical use of the funds? How will this be shown or measured?

a. Degree of Participation. What percentage of the project's costs will the proponent pay for with granted funds?

b. Likelihood of Participation. In a scenario with multiple fund sources, how clearly does it appear that the proponent's share of the funds will be available when required?

I. Clarity. Are the components of the project broken into a progression of logical steps with dates or milestones when each will be undertaken and/or completed? Proposals should include milestones, benchmarking, performance measures that can be tracked and reported to show effectiveness.

J. Cooperative Nature. What kind and degree of inter-organizational partnership does the project exhibit? Proposals should show strategies to partner, pair, and coordinate to increase benefits to all.

K. Self-evaluation. Benchmarking and performance evaluation are an important part of judging an effective investment in the project. Does the applicant provide for an adequate method of evaluating the effects of the proposed project upon completion? How will the applicant do this and report it to the grantor?

L. Scale of Project. Is the project of such scale that the applicant can be reasonably expected to complete it by the end of the project timeline?

VII. ELIGIBILITY

A. **Proponent Eligibility**

Applications may be submitted by any non-profit entity, any public agency, or any group of eligible organizations (Please review legal requirements set out by the state in RCW 67.28 - Available online at: <http://apps.leg.wa.gov/Rcw/default.aspx?cite=67.28.1816>).

San Juan County does not discriminate on the basis of race color, national origin, sex, religion, age or disability, and its contracts require the same of its contractors.

B. **Project Eligibility**

State Requirements - The most basic eligibility requirement is that the applicants demonstrate clearly and convincingly that funding of the proposed project would be used in compliance with the State law, which governs the use of hotel-motel funds. Chapter 67.28, RCW provides authority for cities and counties to adopt a lodging tax of up to four percent of lodging charges made by hotels, motels, rooming houses, tourist courts, trailer camps or any similar charges for a license to use real property. The County currently levies a tax of

four percent with two percent in a special account reserved for tourism facilities and two percent in a special account reserved for promotion of tourism. Eligibility will also be measured against any relevant Attorney General or State Auditor opinions.

County Requirements - The County uses tax revenue each year for grants that will clearly meet the State's definition of tourism promotion. In addition to meeting the requirements of the State statute, County code has established the following definitions for "Tourism", which is virtually identical to the state definition. The state definitions were changed by the 2007 legislature and have been updated in the ordinance.

In addition, the County has established the following eligibility requirements for all projects:

A. Project Requirements:

- i. The project must be entirely within the corporate limits of San Juan County.
- ii. The project must be specifically related to tourism in San Juan County and prominently mention the San Juan Islands in all printed materials;
- iii. The project must be designed for the purpose of attracting off-Island visitors to the County with a particular emphasis toward tourism for the shoulder season months. Applicants are expected to demonstrate how their facilities, events or projects are able to draw tourists during the shoulder season months;

B. Contracting Requirements:

- i. All contracts include a normal requirement for liability insurance of at least \$1,000,000.00 per incident, with San Juan County named as an additional insured on the policy or a written waiver of this requirement from County's risk manager;

- ii. Project costs can not be paid in advance with grant money; that is, the sponsor must expend its own funds on approved items and seek reimbursement under the terms of the contract that will be signed by the County. The County will periodically review reimbursements and monitor for compliance;
- iii. Project costs incurred prior to both the grant approval and execution of a written contract with the County will not be reimbursed;
- iv. Funding may be requested for expenditures in only one year's budget of an event/festival project. A facility, operations or special investment project may be proposed for one or more years. County approval will be, in part, contingent on prior successful performance and meeting of project goals in other projects. Applications that seek the "risk" of multiple years' investment must sell the "reward" that would not be achieved with single year appropriations. Keep in mind that the stability in the funding of your organization is not the same as the stability of the lodging tax fund.
- v. If the project involves co-sponsors, a written commitment must be submitted from each co-sponsor, signed by a person with authority to obligate that sponsor;
- vi. Every project must have one designated individual to act as a contact for the project throughout the duration of the project and that person must have authority to obligate all sponsoring parties.

C. Compliance Requirements:

- i. If the applicant is a non-profit corporation, a copy of its current Annual Report must be provided and if the non-profit corporation claims to be a tax exempt charitable, religious or educational organization, a copy of the IRS 501 C3 or C6 recognizing that status must be provided, as well as the most recent IRS return if applicable;
- ii. All applicants must provide financial statements accounting for the use of grant funds as required in the recipient contract.

VIII. APPLICATIONS

Each application is to develop and outline one project which meets these requirements and provides an economic benefit to San Juan County. The specific amount of the applicant's proposal is open, to be defined by the applicant.

Applications are available at the Office of County Administration, located at 55 Second Street South, Suite 202, Friday Harbor, Washington. Applications are also available on the County's website at <http://sanjuanco.com/LTAC>

LTAC encourages applicants to submit applications electronically (as PDF, word processing or other generally readable files). Completed paper applications will be accepted and processed by the following schedule:

- RFP Posting/Advertisement: Wednesday Feb 10, 2010.
- Final Acceptance of Proposals: **RECEIVED BY Friday, March 19, 2010** Proposals received after that date will not be considered. It is the responsibility of the applicant to verify that each application - however it was transmitted - has been received.
- Review of Applications/Presentations to LTAC: Wednesday, April 22, 2010
- Final LTAC Funding Recommendations to County Council: As early as April 28th, no later than June 3, 2010.
- Council Deliberations: Anticipated June 2010.

Applications must be received by the end of business on Friday, March 19th, 2010. Applications must be delivered by the close of business on the prescribed date to:

Hand Deliveries:

55 Second Street, Suite 202
Friday Harbor, WA 98250

Mail Deliveries:

San Juan County
Lodging Tax Promotion Proposals
350 Court Street #5
Friday Harbor, WA 98250

Email Deliveries:

debbiee@sanjuanco.com

With cc to:

Stanm@sanjuanco.com

IX. MONITORING

All funded projects will be monitored for progress and consistency with the scope and timeline of the project, as outlined in the application. All requests for reimbursement for approved costs shall be in writing and shall have supporting documentation to verify the expenditure of the funds included in the request. All requests shall be verified as complete and accurate by the project sponsor.

Recipients must file required progress/financial reports in a timely manner. The 2007 legislature placed some prescriptive requirements on reporting, and the reporting of expenditures and activities shall meet those requirements.

In the event the sponsor of any approved project fails in a material way to perform under the terms of the signed contract, the County Council has the right to suspend or terminate funding for the remainder of the project. However, the Council can make no such decision until the sponsor has been notified of the apparent failure and given an opportunity to address the Council.

X. REIMBURSEMENT FUNDING

Funds available under this program are revenues received by the County from the Transient Rental Income section of Washington State Excise Tax levied on the lodging industry. LTAC, appointed by the County Council, is the advisory body for these funds.

Reimbursements will be made to the applicant within approximately 30 days of submittal of invoices. The applicant is responsible for all incurred financial obligations (i.e., applicant pays vendors, County pays applicant). Applicants are required to maintain original receipts and financial records relative to funds awarded per Washington State requirements. Applicants are liable for funds not used in accordance with the award.

XI. RECENT AWARD HISTORY

The following is a table of recent awards.

RECIPIENT	2007	2008	2009	2010
San Juan Community Theater	27,298	26,400	26,400	27,400
Orcas Center (Theater & Arts)	27,298	26,400	26,400	27,400
Lopez Center For Community & Arts	27,298	26,400	26,400	27,400
Lopez Historical Museum	22,335	21,600	20,600	20,600
Orcas Historical Museum	22,335	21,600	20,600	20,600
San Juan Historical Museum	22,335	21,600	20,600	20,600
Fair Pavilion Bond	49,948	50,900	51,650	51,650
Fair Projects	61,726.00	57,100	45,000	45,000
Parks Operating	111,676	108,000	108,000	133,000
Fair - Centennial 2006/Water 2007	6,000			
Special Allocation to Parks	5,544			
Small Projects	2,800			
Interest on Warrants	69	500		
Orcas Farmers Market		5000		3,500
Community Shakespeare				5,000
Veterans Museum				2,500
1% Admin Fee		3,600		
Historical Museums Joint Promotion			3,000	
Orcas Funhouse			9,000	
Lopez Chamber / Public Restrooms			6,000	
San Juan Parks / Public Restrooms			25,000	
TOTAL	386,663	369,100	388,650	384,650