



Lodging Tax for Tourism-Related, Small-Scale Municipality-Owned Capital Projects and Operations

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KITTTITAS COUNTY BOARD OF COMMISSIONERS

Submission Deadline: June 23, 2017

Kittitas County Commissioners
205 W 5th Avenue, Suite 108, Ellensburg, WA 98926
509-962-7508

Lodging Tax for Tourism-Related, Small-Scale Municipality-Owned Capital Projects and Operations General Information

Kittitas County imposes a lodging tax assessed on the sale or charge made for furnishings of lodging according to RCW 67.28.180 and RCW 67.28.181. In accordance with the tax and Washington State law, a Lodging Tax Advisory Committee has also been established. The committee's purpose is to advise and recommend to the Board of County Commissioners how excise taxes on lodging should be allocated to support tourism which in turn generates revenue.

Uses According to Law:

RCW 67.28.1816 states the following:

Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitor bureau or destination marketing organization for: ...(c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality...

Definitions included in state law which should be considered in any application requesting funding include:

1. Tourism means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
2. Tourism promotion means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing or the operation of special events and festivals designated to attract tourists.
3. Tourism-related facility means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a) (i) owned by a public entity; (ii) owned by a nonprofit organization described under section 501 (c) (3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501 (c) (6) of the federal internal revenue code of 1986, as amended; a business organization, destination marketing organizations, main street organization, lodging association, or chamber of commerce; and (b) used to support tourism, performing arts, or to accommodate tourist activities.

Review Process:

Kittitas County's Lodging Tax Advisory Committee (LTAC) will review all complete applications. Qualifying applicants will be provided the opportunity to present their projects to the LTAC and answer questions. Capital project applications will be scored based on the information provided by the applicant, ranked, and funding recommendations with supporting information will be submitted to the Kittitas County Board of Commissioners. The ranking will determine, generally, the order in which the applications will be considered for funding from the highest being considered first to the lowest receiving the last consideration. However, all municipalities which submit at least one qualifying application in a given year must receive funding consideration before a second application from a municipality which has been recommended for a funding award is considered. The Board of County Commissioners (BOCC) has final approval authority for the list of recommendations.

Prior to making a final decision, the BOCC will publicly deliberate on the recommendations received from the LTAC. Applicants may also be requested to present their projects to the BOCC and answer questions.

Scoring sheets utilized by the LTAC to rank applications for capital projects are included in this packet for your reference and information. **Applications which do not receive a minimum score of at least 75 points, do not provide at least 50% matching funds, or do not follow the submission instructions will not be considered for funding.**

Application Definitions:

Below is a list of terms and phrases which have a specific meaning within this application. It may be helpful for you to review these as you prepare responses so that a better understanding of the reviewer's expectations may be obtained.

Capital Asset is any type of property that has a useful life longer than one year and is valued at over \$5,000.00.

Construction or "Hard" Costs are the direct contractor costs for labor, material, equipment and services; contractor's overhead and profit, and other direct construction costs. These costs do not include the compensation paid to architects, engineers, or consultants, the cost of land, right-of-ways, or other similar costs.

Matching Funds is the amount of funding your organizations has secured and is contributing to the project. This includes both direct and indirect support. Direct funds can be in the form of cash funding from your organization or funding secured elsewhere but dedicated to the project such as other grants, loans, donations, etc. Indirect funding support includes in-kind support like labor, volunteer support, supplies, and services which directly relate to the project or event, including those supplied by your organization and others.

Municipality is an incorporated city, county, or town.

Real Property is fixed property, principally land and buildings.

Small Scale capital projects are defined as those which request funding support of less than \$50,000.

Soft Costs are cost items in addition to the direct construction cost. These generally include architectural and engineering, permits and fees, financing fees, construction interest and operating expenses, leasing and real estate commissions, advertising and promotion, and supervision.

Tourist is a person traveling for business or pleasure on a trip:

- A. Away from their place of residence or business and staying overnight in paid accommodations;
- B. To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
- C. From another country or state outside of their place of residence or their business.

SUBMITTAL INSTRUCTIONS

Please return **ONE COPY** of the entire original application and answers to narrative questions to:

Kittitas County Commissioners
Attn: Lodging Tax Grant Application
205 West 5th, Suite 108, Ellensburg, WA 98926

Applications must be received no later than 5:00 PM, TBD or postmarked no later than TBD.

Incomplete and/or late applications will not be considered. Applications may not be changed or amended by the applicant after the deadline for submission

Schedule:

- | | |
|--|----------------------|
| ▪ Application deadline | 6/23/2017 |
| ▪ Oral presentations of proposals to LTAC | 7/20/2017 |
| ▪ BOCC Deliberation and Decision | 8/1/2017 |
| ▪ Applicant Award Notification and fund availability | 9/1/2017 (Tentative) |

Project Management:

Successful applicants may be required, as a condition of the funding award, to enter into a contract. The agreement may include, but not be limited to, the specific amount of the award and what it may be used for, all reporting requirements associated with this funding, payment terms, and any and all other appropriate terms of the funding. Kittitas County will be the contracting agent for all approved projects.

All funds awarded under this program will be available in the form of reimbursable grants. The funds for capital projects will be available for reimbursement as of the date of the contract and for 24 (twenty-four) months (or two years) thereafter. Capital projects must be completed within the two-year period. All funds awarded for supporting the operations of county-owned tourism-related facilities will be available for reimbursement as of the date of the award and for up to 12 (twelve) months (1 year) thereafter. Any unexpended funds will be returned to the Lodging Tax account and made available for re-appropriation. All requests for reimbursement shall be made to the Kittitas County Auditor's office at the following address:

Kittitas County Auditor
Attn: Lodging Tax Grant Funds Reimbursement
205 W 5th, Suite 105
Ellensburg, WA 98926

For specific information and requirements regarding the reimbursement process, please contact the Auditor's office at 509-962-7504.

Project Reporting Requirements for Tourism-Related Facilities:

State law requires that all recipients of Lodging Tax revenues must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:

- A. Away from their place of residence or business and staying overnight in paid accommodations;

- B. To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
- C. From another country or state outside of their place of residence or their business.

A report form will be provided as part of the contract for receiving funds. We ask that you provide this information within 60 days after your project is complete.

Applicant Categories and Eligibility:

Grants from lodging tax funds are provided for two types of applicants, Capital Projects and County Operations. No more than one capital project is allowed per application. An organization may submit no more than two capital project applications per funding cycle. The categories are defined as follows:

The **Capital Project** category is for applications from municipalities or public facilities districts requesting support for capital expenditures of tourism-related facilities owned or operated by the municipality for public facilities district.

If applying for funding under the capital project category, an applicant need only answer the questions listed under the **Capital Budget Narrative** and provide the **Capital Project Budget** as well as include necessary attachments.

The **Operations** category is for applications from municipalities requesting support for the operations of tourism-related facilities owned or operated by the municipality.

If applying for funding under the Operations category, an applicant need only answer the questions listed under the **Operational Funding Narrative**.

Other Information:

Insurance: As part of its contract for performance, a municipality may require contractors to maintain liability insurance in the amount of \$1,000,000 or more and name the municipality as an additional insured on its liability insurance policy.

Application Form: This packet will be available on Kittitas County's website as a word document and as a pdf. It can also be obtained directly as a hard copy or in digital format by contacting the Kittitas County Board of Commissioners office at 509-962-7508. Kittitas County's website address is: www.co.kittitas.wa.us.

APPLICATION FOR LODGING TAX FOR TOURISM-RELATED, SMALL-SCALE MUNICIPALITY-OWNED CAPITAL PROJECTS AND OPERATIONS

Applicant Information – Capital Project or Operations (Circle One or Both)

Name of Municipality: Kittitas County

Mailing Address: 205 West 5th Avenue, Suite 108
Ellensburg, WA 98926

Contact Person and Title: Judy Pless, Budget and Finance Manager

Phone: 509-962-7504

Email: judy.pless@co.kittitas.wa.us

Project Title: Kittitas County Operations

Project Location: Kittitas County Event Center and Other

Funding Request: \$207,000

Application Requirements

- ☒ 1. The project qualifies for lodging tax funds as a capital expenditure of a tourism-related facility owned or operated by a municipality or is supporting the operations of tourism-related facilities owned or operated by a municipality.
- ☒ 2. The municipality has submitted no more than two applications for capital project funding in the current year.
- ☐ 3. The municipality's lodging tax advisory committee (or equivalent) has been informed of the project and endorsed it (not required for Kittitas County). A letter from the municipality is included.
- ☐ 4. Lodging tax capital project funds are not being substituted for other funds that are already secured or applied for (if applicable).
- ☐ 5. Municipality has secured matching funds of at least 50% of the total project costs.
- ☐ 6. A completed project budget is included in the application (if applicable).
- ☐ 7. A detailed 8 ½ X 11 vicinity map that clearly shows the project is included (if applicable).

Tourism-Related, Small-Scale Municipality-Owned Capital Project Narrative

1. **Project Description:** Please describe the project in detail. Indicate the major work to be completed, any milestones that need to be overcome in order for the project to move forward, and include a comparison of existing and proposed conditions.
2. **Kittitas County Tourism Infrastructure Plan:** Please explain how the project meets the goals and priorities in the Kittitas County Tourism Infrastructure Plan as adopted. Also, describe the specific county tourism infrastructure needs the project addresses and how the project directly increases tourism. Explain how the improvements will promote tourism in Kittitas County and indicate specifically how the improvements will directly increase economic activity resulting from tourists (see the definition of tourist on page 3 of this application).
3. **Use of Grant Funds:** Please explain exactly how the requested funds will be used. Include an itemized list.
4. **Real Property:** If real property acquisition is a component of the project, please explain. Include any information of property already secured or evidence of the ability to secure the real property.
5. **Capital Assets:** If capital asset acquisition is a component of the project, please explain. Include any bids solicited and received from potential vendors willing to supply the asset. *All capital asset purchases require at least three bids.* If you have already selected one of the bids, please provide justifications in writing.
6. **Coordination:** Please explain how this project has been coordinated with other jurisdictions as well as affected stakeholders. Please include letters of support from stakeholders.
7. **Studies:** Please attach any feasibility or other studies that demonstrate linkages between the proposed project and the anticipated tourism impacts. Also please include your operations/maintenance funding strategy and business plan for long-term project sustainability (how the facility or facilities will be operated and maintained for at least three years following completion).
8. **Project Readiness:** Please provide a detailed project schedule, including milestones necessary for completion as mentioned in question 1 above. On the schedule, indicate items completed and exactly where in the schedule the project is at this time. Be sure to include expected completion date.

9. **Applicant Certification:** Please sign below in agreement with statement of certification.

Certification is hereby given that the information provided is accurate and the applicable attachments are complete and included as part of the application package.

I further certify that the application thresholds are met at the time of application.

Signature of Official Representative

Title

Date

Tourism-Related, Small-Scale Municipality-Owned Capital Project Budget

All applicants for capital project funding must supply a detailed and complete project budget utilizing the following basic format:

Funding Sources

- Lodging Tax Funds Request

- *Other Grant Funds

 - List By Source (indicate if secured or applied)

- *Other Local Government Funds

 - List By Source

- *Private Funds

 - List By Source (may include in-kind)

Total Available Funding

Project Expenses

- Real Property or "Right-of-Way" Acquisition Cost

- Capital Asset Cost

- Construction Cost or "Hard" Cost

 - Include an itemized list of general costs

 - For example: asset type and cost, site prep, building foundation and structure, mechanical work, finish work, site restoration, electrical work, technology, etc.

- Soft Cost

 - Include an itemized list of soft costs

 - For example: design fees, construction management fees, survey costs, engineering fees, permitting costs, special inspections, cultural resource surveys, etc.

Total Project Costs

*Verifying documentation must be provided and attached to this budget. This documentation may include award letters, letters of commitment, or loan approval documentation. You must include this in order to meet the matching funds requirement. If the funding source includes applicant funds, proof of available funding in the form of a letter of commitment from an authorized body or representative of the applicant is adequate.

Tourism-Related Facility Operational Funding Narrative

(Municipality Applications Only)

1. Operational Spending: Please explain your request for operational funding and how it is directly related to supporting the operations of a tourism-related facility owned or operated by a municipality or public facilities district.

This request is for several different line items, all of which are directly related to supporting the operations of a tourism-related facility owned or operated by a municipality, or for use by the county in supporting and increasing tourism, or for use by the county in operating this and other grant programs. Each line item is discussed below:

A. Kittitas Valley Event Center Operations - \$100,000

The Kittitas Valley Event Center is a tourism-related facility located in Ellensburg which is owned and operated by Kittitas County. It is the home of the largest single tourism-related event each year in the County: the Kittitas County Fair and the Ellensburg Rodeo. Additionally, the Event Center also hosts numerous events throughout the year which attract tourists to Kittitas County including equestrian events, other rodeo events, dog shows, rabbit shows, the Northwest Fly Fishing Show, Junktiquen, and many more. The impact to the tourism economy directly resulting from the events held at the Kittitas Valley Event Center is enormous.

These funds will be utilized to help pay for the ongoing costs to operate this facility. The total expense budget for the Kittitas Valley Event Center is \$1,026,822. This request has been ongoing for several years as a portion of the Event Center's operational budget. It has not increased since its inception.

B. Kittitas County Administrative Costs - \$20,000

Kittitas County is requesting funding to offset the administrative costs associated with managing this and the other lodging tax grant programs as well as organizing the operations of the Lodging Tax Advisory Committee (LTAC). There are a total of three grant programs and various other aspects to the County's involvement in the tourism industry which require oversight by accounting, legal, and administrative personnel. The County manages all aspects of the Consolidated Lodging Tax Grants for Special Events and Projects, including logistics, funding, reimbursements, and contract management. The County employs a part-time administrative clerk to assist with the LTAC.

This funding is not directly related to supporting the operations of a tourism-related facility owned or operated by a municipality but it is directly related to the county's work in supporting and increasing tourism.

This is an ongoing expense which increases with compensation rates and overall inflation. It is an allowed use of lodging tax funds by the County.

C. Laptop Computers - \$4,000

These funds will purchase four laptop computers for use by the County's LTAC. By purchasing these computers the County will be able to better manage public records associated with the various lodging tax programs and the work of the committee. This will also better manage the personal risk of individual committee members by not asking them to create potentially disclosable records on their personal devices. This is essential in our ability to recruit and retain committee members.

This expense is directly related to the operations of a tourism-related facility owned by the County as the laptop computers will be designated as such according to the definition for tourism-related facility contained in the statute on page two of this application.

This is a one-time expense for at least the next 3 – 5 years.

D. Laserfiche Licensing - \$3,500

The County is making a concerted effort to fully digitize the grant application process by utilizing Laserfiche brand software. This will allow us to better manage the process, better manage risk associated with public records, and create a better experience for applicants and committee volunteers.

We are introducing the new digitized application as part of this year's Consolidated Lodging Tax Grant Application for Special Events and Projects. In order to fully implement the program, each lodging tax committee member from each participating municipality must have a Laserfiche license. We are proposing to pay for them all with this funding request.

This is a one-time expense with no further funding obligation. It is an allowed use of lodging tax funds by the County.

E. Contract for Services with the United States Forest Service - \$12,000

Last year Kittitas County entered into a contract with the USFS to assist them with funding to allow their visitor's information center in Cle Elum to remain open weekends during busy recreation seasons. The County believes it is valuable that weekend visitors to the Cle Elum area who are intending to recreate on USFS lands have information regarding current conditions and area attractions available to them. This funding request will fund another contract for services between Kittitas County and the USFS during 2017 and 2018.

While this request is not related directly to the operations of a tourism-related facility owned or operated by a municipality, it is for a tourism-related facility owned and operated by the USFS. Through a contract for services between the County and the USFS, it is an allowable use of lodging tax funds.

This is a one-time expense through a contract with no further funding obligation. However, this is the second consecutive year for this request and in that way it may be considered as ongoing.

F. Kittitas County River Access Plan - \$50,000

The County is planning to utilize our Public Lands Advisory Committee (PLAC) to build upon the recreation plan (Parks, Recreation, and Open Space Plan, or PROS) recently adopted by creating a strategy focused on river access for a variety of recreational uses. The work will be overseen and managed by the PLAC and will include a stakeholder advisory group from across the community including rafters, boaters, fishermen, public safety personnel, tribes, and agency representatives from WDFW, USFWS, and Ecology and others. We will hire a professional facilitator, utilize the inventory work already completed, and develop a plan for improving and increasing access to the Yakima River and tributaries. This plan will eventually become an amendment to our PROS plan and serve as a guide for implementation of projects which will be eligible for a variety of funding opportunities including lodging tax grants and grants managed by the Washington State Recreation and Conservation Office.

This project is not for the operations of a tourism-related facility owned or operated by a municipality. However, once implemented, the developed plan is likely to result in such. Regardless, this is an allowable use of lodging tax funds.

This is a one-time expense with no further funding obligation.

G. Town to Teanaway Plan - \$10,000

This funding would be utilized by Kittitas County to provide funding to The Nature Conservancy and the Upper Kittitas County Parks and Recreation District through a contract for services to develop the Towns to Teanaway Corridor Project master plan and design. While this project is not directly related to the operations of a tourism-related facility owned or operated by a municipality, it is anticipated that the master plan, at implementation, will result in the corridor lands likely being owned and maintained by the City of Roslyn.

This project has been ongoing for several years as a concept and through grant applications without formalization of an actual comprehensive strategy. This funding would assist creating the formal strategy needed to legitimize this grass roots effort. The total project effort is anticipated to be between \$60,000 and \$75,000.

This is a one-time expense with no further funding obligation.

H. Teanaway Community Forest Traffic Study - \$7,500

The Washington State Department of Natural Resources is currently developing a recreation plan for the Teanaway Community Forest (TCF). As part of the planning effort, it has been requested that the County assist in deploying traffic counting devices on County roads to

measure use of the TCF during different times of the year. The County will install, monitor, and report road traffic on County roads in several areas of the TCF to and provide that data to the recreation planning committee.

While this project does not directly relate to supporting the operations of a tourism-related facility owned by a municipality, it does support tourism and helps to increase tourism by assisting in the development of the recreation plan which will enhance the TCF. Upon implementation, the recreation plan will result in an increased use of the forest by tourists and create growth in the local tourism industry and tourism-related expenditures.

This is a one-time expense with no further funding obligation.

2. Sustainability Strategy: Please describe your strategy for long-term operational sustainability. Include any specific progress toward this goal.

The sustainability strategy for the Kittitas Valley Event Center is multifaceted. It includes increasing revenues through user fees, service charges, and sponsorships. It also includes capital investments to improve the flexibility, utility, and maintenance of the facility so that it is modernized and more attractive to a variety of user groups while being easier and less expensive to operate. Finally, the strategy also includes developing efficiencies and streamlining processes to effectively control costs.

Ever since the decision was made to operate this facility year-round it has struggled to even break even financially. However, significant progress has been made in recent years. Since 2012, revenues at the event center have increased 52.5%. During that same period, operational expenses (non-project related costs) have only increased 41.8%. The County has been diligent in undertaking the difficult task of revising pricing strategies regularly for user fees to increase revenues. We have also embarked on a significant effort this year to develop a new marketing strategy specifically for this facility.

We have also recently completed the Event Center Strategic Plan. Implementation of projects within that plan have already begun which will result in increased use of the facility and increased revenues as certain parts of the Event Center are modernized and improved. In addition, all of the projects will result in facilities which are easier to operate and maintain, reducing annual expenses.

Finally, the County is also making significant investments in management software and customer service training and improvements which will also result in improved user experiences and increased revenues while controlling known cost drivers.

As the other funding requests are for one-time expenditures (other than the administrative costs request), no sustainability strategies are being developed for them.

3. Applicant Certification: Please sign below in agreement with statement of certification.

Certification is hereby given that the information provided is accurate and the applicable attachments are complete and included as part of the application package.

I further certify that the application thresholds are met at the time of application.

Gayleless
Signature of Official Representative

Budget Finance Mgr 6/21/17
Title Date

Lodging Tax Capital Project Rating Form

Criteria	Points Possible	Application Questions	Points Awarded
Kittitas County Tourism Infrastructure Plan	Low Priority = 5 Medium Priority = 15 High Priority = 20	Question 2	
Stakeholder Support	Up to 5	Question 6	
Feasibility Analysis and Business Plan Completed	15 Yes = 15 No = 0	Question 7	
Promotes Tourism/ Increases Economic Activity Resulting From Tourists	Up to 20	Question 2	
Project Readiness	Up to 20	Question 8	
Applicant's Matching Funds	Up to 20 Less than 50% = 0 50% - 55% = 5 56% - 59% = 10 60% - 70% = 15 71% or more = 20	Capital Project Budget	

