



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

Submission Deadline: **April 24th, 2020**

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 designed 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 April 24, 2020 or postmarked no later than April 24th, 2020.

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 | 4/24/2020 |
| ▪ Oral presentations of proposals to LTAC | 5/29/2020 |
| ▪ BOCC Deliberation and Decision | 6/26/2020 |
| ▪ Applicant Award Notification and fund availability | 7/31/2020 (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: _____

Mailing Address: _____

Contact Person and Title: _____

Phone: _____

Email: _____

Project Title: _____

Project Location: _____

Funding Request: _____

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.

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

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.

Signature of Official Representative

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	