



## **SAN JUAN COUNTY 2023 LODGING TAX GRANT PROGRAM OVERVIEW**

### **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 County facilities for enhancing the tourism experience; AND/OR
- 2) Funding the operation and promotion of tourism facilities that enhance the tourism experience AND/OR
- 3) One-time grants to establish or enhance events that draw tourists AND/OR
- 4) Projects that carry out the tourism-related goals of the adopted San Juan County Lodging Tax Advisory Committee (LTAC) Master plan and the developing Sustainable Tourism Management Plan (STMP)

### **II. APPLICANT QUALIFICATIONS FOR GRANT TYPES**

Amendments to the Lodging Tax program adopted by the Washington Legislature in 2013 permit Lodging Tax grant funds to be awarded to Municipalities (the County), nonprofit organizations described under U.S.C. Sec. 501 (c)(3) and 501(c)(4), and visitors bureaus or destination marketing organizations for the following purposes:

- 1) Supporting marketing and operations of special events and festivals designed to attract tourists.
- 2) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by San Juan County.
- 3) Supporting the operations of tourism-related facilities owned or operated by qualifying (see above) nonprofit organizations.

**Note:** The 2013 Amendment requires applicants to estimate how many individuals their project or operation will attract from more than 50 miles away and stay in paid lodging. At the end of the grant period, the legislation requires grantees to report on their success in attracting those visitors.

### III. 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 tourism year-round. The corollary to the need for year-round promotion is a planned, logical and integrated facilities and amenities program that provides an attractive “package” for the special tax to promote.

The 2023 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 tourism throughout the year.

San Juan County is currently developing its Sustainable Tourism Management Plan (STMP) to define and drive sustainable tourism in the San Juan Islands. As such, the vision and goals for sustainable tourism in the San Juans as identified through this process form the basis for our community’s values and resource needs around tourism. The following draft vision and goals from the STMP serve as a more refined lens by which to view potential LTAC projects:

**Vision:** Tourism in the San Juan Islands is balanced and sustainable, protecting and nurturing our unique environment while supporting a vibrant rural community and a thriving year-round economy.

**Goals:**

- Protect and conserve the natural environment and interconnect open space for ecological and recreation benefits.
- Build resilience to climate change by reducing carbon footprint and adapting infrastructure and services. Adapt infrastructure to accommodate seasonal variations in use.
- Preserve community well-being through ensuring equity and maintaining the rural lifestyle.
- Expand access to bike trails and lanes, public transit, and other mobility methods to ensure transportation is accessible and affordable to all.
- Support a year-round, thriving, and diverse community and economy by balancing investment and strategic promotion of Island activities.

- Support the local economy by creating a network to build resiliency and expanding local control and ownership of tourist activities.

#### **IV. PROJECT DESCRIPTION**

In recent years, the preference has been for non-operational grants (e.g. one-time start-up expenses, advertising, or production of special programs, rather than ongoing expenses such as staff salaries).

The expected outcome of the funded activities is to increase economic activity in San Juan County in 2023 and beyond through the overnight lodging of tourists, through tourism-related expenditures, and construction of tourism-related facilities.

Program categories are:

- Tourism facilities capital expenditures (County owned or operated facilities only):
  - ✓ Construction
  - ✓ Improvement
  - ✓ Renovation
- Grants for Tourism Events and Festivals designed to attract tourists
- 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 and the SJC Sustainable Tourism Management Plan

#### **V. 2023 AREAS OF EMPHASIS**

Funded projects will be expected to achieve the following objectives:

- Advance the priorities set in the LTAC Master Plan (Available on County web site AT: <http://sanjuanco.com/614/Lodging-Tax-Advisory-Committee>) and the SJC Sustainable Tourism Management 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 Juan Islands;
  - iii. Meetings or retreats that focus on the “best of the San Juan Islands” 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 and initiatives (i.e. eco-tourism, agri-tourism, stewardship)

- 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
  - Projects that support local climate resilience (i.e. alternate/multi-modal transportation, resource conservation)

\*(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.)

## **VI. SELECTION PROCESS**

All applications will be received by the County Council Staff, which will make a preliminary evaluation as to whether they meet the minimum eligibility requirements, and then forwarded to the LTAC.

**Applications received after the deadline will not be accepted.** 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. Qualified applicants will have an opportunity to make a presentation to the LTAC during the evaluation process. After receiving LTAC’s recommendations, the Council will consider the grants recommended by LTAC and may choose to increase or decrease the recommended funding levels. At its discretion, the Council may invite applicants to make a presentation prior to making its funding level decision.

The Council generally makes its final decision on grant awards in the mid to late-summer months, depending on the grant submission schedule. After Council approval, County staff will prepare contracts with the sponsors of all approved projects.

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.

The committee may elect to convene for the purpose of considering off-cycle requests for LTAC funds which meet the legal requirements for lodging tax funding, provided funds are available, for projects that meet the priorities for tourism development as provided herein. Any off-cycle request(s) shall be considered using the same application process and procedure as the annual process, beginning with advertising for RFP.

**Note:** Payment cannot be made for expenses incurred prior to the 2023 grant year.

## **VII. SELECTION CRITERIA**

The criteria used by the LTAC to evaluate and rank the applicants are as follows below.

- 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 Juan Islands and the relative applicability to year-round tourism.
- B. 2023 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. The successful proposal(s) will show specific and comprehensive strategies to draw visitors including multiple islands, areas and visitor options. Successful proposal(s) will show strategies to create and lengthen overnight stays, in line with the goals and definitions set forth in RCW 67.28
- 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 Juan Islands.
  3. Innovation. Does the project represent a new or unusual approach to furthering the 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, and must include performance measures that can be tracked and reported to show effectiveness.

**Proposals should abide by the word limits as noted on the application form. Applicants are asked to refrain from attaching supporting documentation and marketing samples.**

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? This must meet the requirements set out in *RCW 67.28* as amended in 2013 .

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?

## **VIII. 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* as revised - effective July 1, 2013).

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. Funding for federal projects is not permissible. 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 requirements and falls within the purposes set out in the LTAC Master Plan.

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;

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. (Generally, funds awarded primarily for year-round operating expenses will be dispersed quarterly). 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; however RCW 67.28 does not permit the funding of capital expenditures on non-publicly owned facilities. 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 filed with the Office of the Secretary of State 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.

**IX. 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 by contacting Ingrid Gabriel, Clerk to the SJC Council: [ingridg@sanjuanco.com](mailto:ingridg@sanjuanco.com) or 360-370-7472.

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

- Advertisement: Wednesday, September 28 and October 5, 2022. RFP posted to the website on September 23.
- Final Acceptance of Proposals: **RECEIVED BY Sunday, November 6. Proposals received after that date will not be accepted.** 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 to be determined (applicants will be contacted to schedule appearance).
- Final LTAC Funding Recommendations to County Council: unknown at this time.
- Council Deliberations: unknown at this time.

**Applications must be received by Sunday, November 6, 2022.** The applicant is responsible for confirming timely delivery. Applications must be delivered to:

Email Deliveries:

[ingridg@sanjuanco.com](mailto:ingridg@sanjuanco.com)

Hand Deliveries:

San Juan County Council Office drop box in front of Council Hearing Room  
55 Second Street 1<sup>st</sup> Floor  
Friday Harbor, WA 98250

Mail Deliveries:

San Juan County  
Lodging Tax Promotion Proposals  
350 Court Street #1  
Friday Harbor, WA 98250

**X. MONITORING**

All funded projects will be monitored for progress and consistency with the scope and timeline of the project, as outlined in the application.

**Recipients must file required progress/financial reports in a timely manner.** The 2013 legislature placed some prescriptive requirements on reporting (including a requirement to quantify how many individuals were attracted from more than fifty miles away and spent the night in paid lodging), 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.

**XI. 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.

Generally, funds awarded primarily for year-round operating expenses will be dispersed quarterly without a requirement for presenting invoices. For all other grants, reimbursements will be made to the applicant within approximately 30 days of submittal of invoices. 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. **Applicant must submit invoices for payment by no later than December 31, 2023.** 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.