

RICHLAND COUNTY COUNCIL



HOSPITALITY TAX REVIEW COMMITTEE

Damon Jeter
District 3

Greg Pearce
District 6

Torrey Rush
District 7

Jim Manning
District 8

Norman Jackson
District 11

June 28, 2013

3:00 PM

2020 Hampton Street, Administration Conference Room

- I. Call to Order**
- II. Election of Chair**
- III. Discussion of Items Referred During Budget Process [PAGE 3]**
- IV. Working Definition of Tourist/Tourism**
- V. \$44 Million in Tourism-Related Projects [PAGE 4]**
- VI. Review of May 13, 2013 Hospitality Tax Committee Memo [PAGE 5]**
 - A. Review Current Hospitality Tax Guidelines [PAGES 6-11]**
- VII. Development of Criteria to Measure Accountability for Oversight Purposes**
- VIII. Feasibility Studies for Proposed Projects**
- IX. Other Items**
- X. Schedule Next Meeting**
- XI. Adjournment**

RICHLAND COUNTY COUNCIL



HOSPITALITY TAX REVIEW COMMITTEE

****Special Accommodations & Interpreter Services****

Citizens may be present during any of the County's meetings. If requested, the agenda and backup materials will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), as amended and the federal rules and regulations adopted in implementation thereof.

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting the Clerk of Council's office either in person at 2020 Hampton Street, Columbia, SC, by telephone at (803) 576-2061, or TDD at (803) 576-2045 no later than 24 hours prior to the scheduled meeting.

Motion Items Forwarded to the newly created Hospitality Tax Committee during 2nd and 3rd Readings of the FY14 Richland County Budget

- Fund Carolina Sunsplash in the Amount of \$65,000 (Originally sent to the Committee during 2nd Reading, but was voted on and approved in 3rd Reading)
- Fund Olive Branch Network of South Carolina in the amount of \$100,000 (2nd Reading)
- Fund Three Rivers Festival and Fall event TBD in the amount of \$200,000 - Three Rivers Festival = \$100,000, TBT = \$100,000 (\$100,000 for Three Rivers Festival passed at 2nd Reading, but the TBD event was sent to the Committee. During 3rd Reading, \$100,000 was allocated for 3 events including 2 BBQ events and a golf event)
- Add the Township as an Ordinance Agency (2nd Reading)
- Add the Renaissance Foundation as an Ordinance Agency \$200,000 (2nd Reading, 3rd Reading)
- Move that Council appropriate an amount no less than \$100,000 the HTax Non-recurring funds portion of the HTax budget for EdVenture. The final amount to be determined following Council debate on the matter (2nd Reading)
- Encumber \$1.4 million from HTax non-recurring revenue for completion of the Caughman Pond Project in Lower Richland (Originally sent to the Committee during 2nd Reading, but was voted on and approved in 3rd Reading)
- Create a new funding category under Community Promotions to be titled “Special County Promotions”. Place organizations that annually receive additional funding through the motions process out the competitive cycle since Council is providing additional funding for these organizations every year. These organizations would receive base funding each year at the previous FY level with any funding increases based on CPI. The following organizations will be placed: Olive Branch Network of South Carolina, South East Rural Community Outreach (SERCO)

Original 2nd Reading Motion 32 (Washington)

I move that we prepare feasibility and market analysis studies for tourism related projects in the unincorporated areas of Richland County. Reappropriating funds from Hospitality Tax financial restructuring and funds that were intended for the Northeast Sports Complex. There will be total of 6 projects meant to drive tourism to the county and contribute to the Hospitality Sales Tax revenue stream. These new projects consist of the following:

- District 7 = \$12,000,000
- District 10 = \$12,000,000
- District 11 = \$9,000,000
- District 9 = \$5,000,000
- District 2 = \$3,000,000
- District 1 = \$3,000,000

The total for all projects is \$44,000,000 which that amount will be bonded and the debt service will be paid for with Hospitality Tax Revenue. The following amounts will be set aside as dollars necessary to conduct or complete the feasibility and market analysis studies, not to exceed the following amounts:

- District 7 = \$90,000
- District 10 = \$90,000
- District 11 = \$80,000
- District 9 = \$100,000
- District 2 = \$30,000
- District 1 = \$30,000



Memo

May 13, 2013

To: Richland County Council

From: Hospitality Tax Committee

RE: Recommendations for the Hospitality Tax County Promotions Grant Program

Please accept the following recommendations for the County Promotions grant program. After reviewing the applications and making funding recommendations for the FY14 budget year, the Committee offers the following:

- Increase the amount of funds allocated to the County Promotions (and therefore to the H-Tax Committee for awards) line item. In FY14, the H-Tax grant program received 43 applications requesting a combined \$2.1 million. However, the H-Tax Committee was only allocated \$321,650 to make recommendations against requests almost 6 times as large.
- Related, take organizations that annually receive additional funding through the motion process out of the competitive cycle as they are funded each year through a motion during the budget (e.g. SERCO, Sweet Potato Festival). The \$30,000+ funds in Committee recommendations allocated to these organizations could fund other organizations. Council motions and out of cycle funding for projects that have already gone through the grant process could have the unintended effect of undermining the grant process.
- Remove the 25/75% split rule where 25% of the funds are allocated for incorporated programs and 75% are allocated for unincorporated and regional tourism programs. This rule is difficult to work with and Council does not follow this rule when making budget motions.
 - For FY14, 22 applications were received for incorporated programs requesting \$890,935 and \$80,419 was available to allocate for recommendations.
 - On the unincorporated/regional tourism side, 21 applications requesting \$1.2 M were vying for \$241,256.
 - In FY13, County Council allocated an additional \$141,000 in H-Tax funds to incorporated programs through the motion process to organizations who received a Committee recommendation. This number does not include motions provided to organizations that did not apply or programs in the unincorporated areas.
- Allow organizations that operate tourism facilities be allowed to use a portion of H-Tax funds for facility operations and maintenance. An example of this is the Columbia Music Festival Association's ArtSpace that is a venue for cultural and arts organizations. In 2011 Council voted on changes to the H-Tax program that included restricting funds to paying for marketing, promotions, entertainment and public safety. The H-Tax Committee applauds Council for those changes, particularly regarding its renewed emphasis on marketing to attract more non-residents to the County, but we believe some additional and limited flexibility for operations and maintenance for true tourist facilities may be warranted. The true test of these and other changes will be reviewed once final reports are received in July 2013.

Thank you for considering these recommendations.



GUIDELINES FOR RICHLAND COUNTY PROMOTIONS HOSPITALITY TAX FUND FY 2014 (July 1, 2013 – June 30, 2014) Due Date: February 22, 2013

County Promotion Grants are funded through Hospitality Tax (H-Tax) revenues collected in **unincorporated** Richland County as well as incorporated municipal areas of the Town of Irmo which lie in Richland County and the entire incorporated municipal area of the Town of Eastover. These funds may be used for tourism related events and programs in Richland County, with a priority of funding projects in those areas where H-Tax funds are collected. Please pay close attention to grant guidelines as they explain organization and program eligibility as well as funding priorities.

On May 6, 2003, Richland County Council passed an ordinance establishing a two-percent (2%) H-Tax on all prepared food and beverages sold in the unincorporated areas of Richland County. The proceeds from this tax are to be used for the dedicated purpose of promoting tourism in Richland County. The County Promotions program is a competitive grants program that provides H-Tax funds to eligible organizations.

On January 10, 2012, Richland County Council voted to make the following changes to the County Promotions H-Tax program:

1. **Request Additional Information to Determine Tourism Impact, Health of Organization and Capacity of the Organization** - Questions will be added to the H-Tax application that deal with project income, event/program history and community impact.
2. **Maximize the Amount of County Promotion Funds**
 - a) H-Tax funds will be distributed once a year during the budget process. There will not be a second round of applications as in previous years.
 - b) Applicants will provide 50% match in cash or in-kind products/services for their project.
 - c) Eligible expenditures are restricted to the following categories:
 - Advertising/Promotions/Marketing (expenditures needed to get tourist to the event)
 - Security/Emergency Services
 - Entertainment/Speakers/Guest Artist Instructor
3. **Strengthen Measures to Ensure that Organizations are Held Responsible for Spending County Tax Funds – Statement of assurances will be added to the application.**
4. **Edit the Scoring Matrix – The scoring matrix will be updated to help the H-Tax Committee prepare stronger recommendations for tourism projects.**

ALLOCATION REQUIREMENTS

During FY13, Richland County awarded just over \$315,300 in grants through the County Promotions process. The amount available for FY14 grants is subject to change through County's budget process.

June 12, 2009, Richland County Council amended the Hospitality Tax Ordinance to state:

For the amounts distributed under the County Promotions program, funds will be distributed with a goal of seventy-five percent (75%) dedicated to organizations and projects that generate tourism in the unincorporated areas of Richland County and in municipal areas where Hospitality Tax revenues are collected by the county. These shall include:

- a. *Organizations that are physically located in the areas where the county collects Hospitality Tax revenues, provided the organization also sponsors projects or events within those areas;*
- b. *Organizations that are not physically located in the areas where the county collects Hospitality Tax Revenues; however, the organization sponsors projects or events within those areas; and*
- c. *Regional marketing organizations whose primary mission is to bring tourists to the region, including the areas where the county collects Hospitality Tax Revenues.*

25% of County promotions funds will be allocated to organizations and projects in the incorporated areas of Richland County.

COUNTY PROMOTIONS GRANT PROCESS

To be considered for funding, an application must be received by the published funding deadline (February 22, 2013). Once all applications for H-Tax County Promotions Grant funds are received by Richland County and eligibility is verified, they will be forwarded to the Hospitality Tax Advisory Committee for review.

Eligible applicants will be required to deliver a four (4) to five (5) minute **presentation** on their program to the Committee in March. The date will be announced as soon as possible.

The Committee will review and score each application based on the evaluation measures described below. Applications will be ranked based on the scores and the Committee will determine funding recommendations. The Committee will submit its funding recommendations to the county for review by County Council. County Council makes all funding decisions; however, the Council relies heavily on the recommendations of the Committee. Funding of all projects is entirely dependent upon H-Tax funds being received by Richland County.

COUNTY PROMOTIONS GRANT TIMELINE

Request for applications:	January – February 22, 2013
Application due date:	February 22, 2013, 5:00 PM
H-Tax Committee meeting & applicant presentations:	End of March 2013, TBD
County budget process:	April – June 2013
Grant award notifications:	June 2013
Grant Period:	July 1, 2013 – June 30, 2014 (if awarded)
Mid-Year Reports:	Due by January 31, 2014 (if awarded)
Final Reports:	Due by July 31, 2014 (if awarded)

There is only one deadline for H-Tax grants for FY14.

ORGANIZATION ELIGIBILITY REQUIREMENTS

- Applicant organizations must have been in existence for at least one (1) year prior to requesting funds and provide their federal employer identification number as registered with the IRS.
- Applicants must provide proof of their non-profit status and fall into one of the following categories:
 - Organizations exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code and whose primary goal is to attract additional visitors through tourism promotion. The letter of exemption from the Internal Revenue Service must accompany your proposal.
 - Destination Marketing Organizations, which are recognized non-profit organizations charged with the responsibility of marketing tourism for their specific municipalities, counties or regions, such as Chambers of Commerce, Convention and Visitors Bureaus and Regional Tourism Commissions.
- Richland County will not award H-Tax funds to individuals, fraternal organizations, religious organizations, or organizations that support and/or endorse political campaigns.

CRITERIA FOR PROJECT ELIGIBILITY

As required by the Hospitality Tax Ordinance, projects to be funded by Hospitality Tax funds must result in **the attraction of tourists to Richland County.**

Per South Carolina Code of Laws SECTION 6-1-730, projects must fall under one of the following to qualify for H-Tax funds:

- (A) The revenue generated by the hospitality tax must be used exclusively for the following purposes:
- (1) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
 - (2) tourism-related cultural, recreational, or historic facilities;
 - (3) beach access and re-nourishment;
 - (4) highways, roads, streets, and bridges providing access to tourist destinations;
 - (5) advertisements and promotions related to tourism development; or
 - (6) water and sewer infrastructure to serve tourism-related demand.

(B)(1) In a county in which at least nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, the revenues of the hospitality tax authorized in this article may be used for the operation and maintenance of those items provided in (A)(1) through (6) including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

(2) In a county in which less than nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, an amount not to exceed fifty percent of the revenue in the preceding fiscal year of the local accommodations tax authorized pursuant to this article may be used for the additional purposes provided in item (1) of this subsection. (Richland County collects less than \$900,000 in A-Tax.)

Priority will be given to projects that demonstrate a benefit to **unincorporated** Richland County or regional marketing efforts that draw tourists to the area, especially those areas where Richland County collects Hospitality Tax (Unincorporated Richland County, Town of Eastover and the Richland County portions of the Town of Irmo).

If you are not sure if your program or organization is located in incorporated or unincorporated Richland County, please call the Grants Office for assistance at 803.576.2069.

Each application/proposed project will be reviewed individually to determine the potential impact it will have for tourism in unincorporated Richland County.

FUNDING PRIORITIES/ELIGIBLE EXPENDITURES

Priority will be given to projects that:

- Promote dining at restaurants, cafeterias, and other eating and drinking establishments where Richland County collects Hospitality Tax (Unincorporated Richland County, Town of Eastover and the Richland County portions of the Town of Irmo);
- Generate overnight stay in **unincorporated** Richland County's lodging facilities; and
- Promote and highlight **unincorporated** Richland County's historic and cultural venues, recreational facilities and events, and the uniqueness and flavor of the local community.

Funds will be distributed with a goal of **seventy-five percent (75%) dedicated to organizations and projects that generate tourism in the unincorporated areas of Richland County and in municipal areas where Hospitality Tax revenues are collected by the county** (Unincorporated Richland County, Town of Eastover and the Richland County portions of the Town of Irmo). Richland County does not receive H-Tax revenue from incorporated areas.

County Promotions grant funds must be used for tourism related expenses in the following categories only:

- **Advertising/Promotions/Marketing** (including designing, printing, postage for items mailed to attract tourist). At least 70% of marketing expenses must be paid to advertise outside of Richland County.
- **Security/Emergency Services** (Fire Marshalls, police, sheriff deputies, etc.)
- **Entertainment/Speakers/Guest Artist Instructor** - Entertainment expenses should be no more than 50% of the total requested amount of the grant.

Some of the expenditures not eligible are: Rent or venue fees, items given to tourists once they are here (tee shirts, cups, trophies...etc.), insurance or licenses, invoices outside the funding year, salaries (other than previously mentioned), transportation or accommodations, food or beverages, decorations, staging or fencing.

All grant funds must be expended by the recipient organization. Re-granting or sub-granting of funds is not allowed. Expenditures must be consistent with the application budget. Only goods and services that comply with the Hospitality Tax Guidelines and State Law are permitted. Project or event vendors will not be paid directly by Richland County.

MEAL AND OVERNIGHT JUSTIFICATION

In this section of the application, Richland County wants the applicant to estimate the number of meals that will be consumed in restaurants and overnight stays in the **unincorporated** areas of the County. Take the following items into consideration when making your estimations and provide a justification explaining how you came up with this number.

- How many people will attend your event?
- Of these, how many live in the incorporated areas of Richland County? These attendees will more likely eat at home or in restaurants closer to where they live. Richland County does not collect H-Tax in the City of Columbia, Forest Acres, Arcadia Lakes or Blythewood.
- How many of these people live in the unincorporated areas? Only a small portion of these may actually eat out. Many will eat at home.
- How many tourists are attending your event? How many hotel rooms are booked for your event? These are the people who will eat meals out.
- Estimate hotel room nights will be booked due to your event. Are these rooms located in the unincorporated areas of the County? How will you track this number? # rooms x # nights = estimated room nights booked

BUDGET

The budget should reflect in financial terms the actual costs of achieving the objectives of the project(s) you propose in your application. A budget form is provided for you as part of the application.

The project expenses section may or may not contain all of the listed “Budget Categories,” depending on the size and type of project you propose. Under project income, list known and anticipated funding sources, including any that are pending. Be sure to include the Richland County requests in this list. Also include the value of any in-kind contributions and mark as in-kind.

Hospitality Tax Grant funds can account for up to **50%** of the total cost of the program/event you are applying for. Applicants must provide 50% of the total cost of the project as either in-kind or cash match.

Budget Narrative/Justification (H-Tax Grant Funds Only) - Please include a detailed description for each category included in the budget. For example:

- Marketing/Advertising – \$5,000 for 6 billboards located in Charleston, Greenville, Aiken, Myrtle Beach and Rock Hill. \$1,000 for TV ads on WIS. \$2,500 radio ads on Clear Channel
- Security/Emergency Services: \$100 fire marshal, \$300 RC Sheriff’s Deputies
- Entertainment: \$9,000 for 3 bands

Budget tips:

- Budgets **MUST** be entered on the budget form provided and **MUST** include a justification for H-Tax expenditures. This tells Richland County how you plan to spend grant funds.
- **Grant funds should be used for tourism marketing first above any other expense. See the FUNDING PRIORITIES/ELIGIBLE EXPENDITURES section above for more information.**
- Be as detailed as possible in your budget justification. This information will be compared to your payment requests. Items in your payment requests must appear in your application budget.
- Signage and banners used at your event, directional signage, programs, volunteer t-shirts, and other items handed out at your event do not count as marketing expenses.

STATEMENT OF ASSURANCES

By signing and submitting the H-Tax County Promotions application, your organization is agreeing to the following Statement of Assurances:

- Upon grant application acceptance and funding award, applicant agrees that financial records, support documents, statistical records and all other records pertinent to Hospitality Tax funding shall be retained for a period of three years.
- All procurement transactions, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner so as to provide maximum open free competition.
- The funding recipient shall establish safeguards to prohibit employees from using their positions for a purpose that has the appearance of being motivated by a desire for private gain for themselves and others.
- All expenditures must have adequate documentation.

- All accounting records and supporting documentation shall be available for inspection by Richland County upon request.
- No person, on the basis of race, color, or national origin, should be excluded from participation in, be denied the benefit of or be otherwise subjected to discrimination under the program or activity funding in whole or in part by Hospitality Tax funds.
- Employment made by or resulting from Hospitality Tax funding shall not discriminate against any employee or applicant on the basis of handicap, age, race, color, religion, sex, or national origin.
- None of the funds, materials, property, or services provided directly or indirectly under Hospitality Tax funding shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office.
- The applicant hereby certifies that the information submitted as part of this application is accurate and reliable.
- Any change and/or variation must be reported immediately, otherwise, funding may be withheld.

APPLICATION EVALUATION

The Committee will use the following evaluation criteria to evaluate applications and proposed projects. The individual factors are important in project evaluation, as they are an indication of the degree to which the proposed project will contribute to the tourism in Richland County. Please ensure that you review these factors and include the elements in your application. These factors, with their corresponding point values, are:

Project Design and Benefit to Community:

55 points maximum

Benefit to Tourism (20) - Does the project promote tourism in the areas of the County in which Richland County H-Taxes are collected? Will it promote a positive image for the County? Will it attract visitors, build new audiences and encourage tourism expansion in the areas of the County in which Richland County H-Taxes are collected? Will it increase awareness of the County's amenities, history, facilities, and natural environment in the areas of the County in which Richland County H-Taxes are collected?

Reliable Tracking Mechanism and Marketing Plan (15) – How will visitors and tourists would be tracked? (surveys, wristbands, ticketing, and etc.) Are these methods viable? Does the marketing plan describe how the organization will reach tourists? Are at least 70% of the ads or other marketing expenses targeted outside the Columbia/Richland County area?

Is the expected number of tourists in line with the organization's marketing plan?

Benefit to Community (10) - How will this project benefit the citizens of Richland County? Will the project benefit unincorporated Richland County? Who will attend the event? How many visitors will the event serve? A visitor is defined by someone who travels at least 50 miles to attend the event.

Community Support and Partnerships (10) - Does the project have broad-based community appeal or support? What is the evidence of need for this project in the County? What kind and degree of partnership does the project exhibit? Does it exhibit volunteer involvement or inter-jurisdictional, corporate, business, and/or civic support?

Economic Impact and Accountability

45 points maximum

Budget (5) – Are all expenses that are to be paid with H-Tax funds eligible expenses? Did the budget and justification provide enough detail to show how funds will be spent? Does the applicant provide 50% in cash or in-kind match?

Expected H-Tax Revenue Generated (15) - What are the projected direct and indirect dollar expenditures by visitors/tourists? What is the estimated number of meals consumed? Are any overnight stays anticipated? Will this program drive business to those businesses that pay collect and remit Richland County H-Tax in the unincorporated areas of the County as well as Eastover and Richland portions of Irmo?

Reasonable Cost/Benefit Ratio (15) - Does the benefit of the project (i.e. number of tourists estimated; expected revenue generated) exceed the cost of the project? Is this project "worth" its cost?

Management Capability (10) - Does the applicant organization demonstrate an ability to successfully complete the project through effective business practices in the areas of finance, administration, marketing, and production? If this organization has received County Hospitality Tax funding previously, was the project successful?

APPLICATION PACKAGE

In order to be considered for funding, applicants must submit a **complete** application package for the H-Tax County Promotions grant program. Incomplete applications will not be considered. Complete applications include:

- Completed and signed application form (<http://www.rcgov.us/Business/Hospitality.asp>). Answer all questions and complete each section. N/A and See Attached are not valid responses.
- If your organization does not have an Executive Director, please note this in the signature area.
- Required Attachments:
 - Letter from IRS confirming nonprofit status and proof of registration with the SC Secretary of State's Office
 - List of the organization's current Board Members/Directors
 - Organization's most recent audited financial statement or 990 Tax form
 - Additional one (1) page project description (**OPTIONAL**)
 - Additional one (1) page budget justification (**OPTIONAL**)

Attachments MUST be submitted along with the proposal. Incomplete applications will not be evaluated. County Council approved a motion in May 2011 that stated that late and incomplete applications will not be sent to the grant committees for review.

Applicants must provide six (6) copies of the complete application package plus one (1) original (7 packages total). Please submit only the required elements secured with a binder clip. Folders, report covers and binders will be discarded.

Applications are due by 5:00 p.m. on February 22, 2013. Emailed or faxed applications will not be accepted. Due dates are not post mark dates. **Applications must be received by 5:00 pm or they will not be considered for funding.**

Mail Application to:

Richland County Administrator's Office
Attn: Sara Salley
PO Box 192
Columbia, SC 29202

Hand Deliver Application to:

Richland County Administrator's Office
Attn: Sara Salley
2020 Hampton Street, Suite 4069
Columbia, SC 29204

AWARD NOTIFICATION

The Grants Manager will notify all applicant organizations of the funding outcome in writing in June 2012. Awards will be available for reimbursement beginning July 1, 2013. Final reports for the previous fiscal year, if applicable, must be received before payments are released.

REPORTING AND GRANT ACKNOWLEDGEMENT REQUIREMENTS

At the completion of the grant funded project, Richland County requires grantees to complete a mid-year and/or final report for H-Tax County Promotions funds.

Grantees must acknowledge the receipt of H-Tax County Promotions funding by including the Richland County Government logo, or by listing "Richland County Government" on all program/project advertising, marketing and promotional materials. Examples of this must be included in your final report.

FREEDOM OF INFORMATION ACT NOTICE

Please be advised that all materials submitted for H-Tax County Promotions grant funding are subject to disclosure based on the Freedom of Information Act (FOIA).

CONTACT

Sara Salley, Grants Manager, PO Box 192, Columbia, SC 29202, 803.576.2069, Salleys@rcgov.us