

DRAFT For Proposed

Durham Tourism Product Development Fund

Frequently Asked Questions

1. What is the purpose of the Tourism Product Development Fund (TPDF)?

The purpose of the TPDF is to:

- Provide financial assistance and incentives for projects with the potential to improve Durham as a visitor destination
- Broaden the tax base to benefit those paying the tax
- Increase patronage of restaurants, car rentals, lodging facilities, and admissions at cultural and sports features and events in Durham County to offset the burden of collecting the special tax.

2. How is the TPDF funded?

- The 33% of the existing “room occupancy and tourism development tax” eligible under State House Finance Committee Guidelines for tourism related projects as designated by the DCVB Tourism Development Authority
- Future proceeds from a proposed menu of special local option visitors related taxes on prepared food, car rentals, sports/performing arts/museum/movie admissions.

3. How is the TPDF comprised?

A member of the TDA serving as chair, a cultural, heritage or sports facility representative, a cultural producer or festival representative, a restaurant representative, a lodging representative, a major employer representative and a representative with accounting or marketing background.

4. Who decides what project(s) receives TPDF dollars?

A seven-person review committee called the TPDF Committee will review all funding applications. There is a two-stage approval process that each project must pass prior to receiving TPDF funding. First, the TPDF Committee will thoroughly review all applications. The committee will make their funding recommendations to the DCVB Tourism Development Authority (TDA). Before a project is recommended to the TDA for funding, six of the seven members of the TPDF Committee must affirm the decision to fund, or a majority of voting committee members minus one in case of absentees or abstentions.

Once the project receives Committee approval, TDA will review the project for final approval. The project may be referred back to the TPDF committee for additional analysis before a final TDA vote. A majority of TDA voting board members (four) must affirm the funding recommendations from the TPDF Committee. Please note that funding is not officially approved until the TDA approves the TPDF recommendation. A funding timetable is included in the materials distributed to applicants.

5. What are the primary funding criteria?

There are 11 principles used in judging submitted projects. Day trip and overnight visitors generated and overall economic impact and return on investment will account for 75 percent of each project's score. Applicants should keep this in mind when completing the application for funding. The criteria and principles are attached.

6. How important is it that a project demonstrates in the application that it will generate a substantial number of new visitors to Durham County?

Very important. To offset the burden of these special taxes on those who pay them and the businesses that collect them, use of the TPDF must generate new customers for these businesses and organizations above and beyond resident traffic. Drawing visitors helps justify and sustain projects and programming that in turn improves Durham's quality of life. DCVB will use research and IMPLAN methodology to calculate the number of new overnight and day-trip visitors a project can help generate. Each applicant must be prepared to answer very detailed questions by the TPDF committee and TDA about the estimated visitor impact noted in the application.

7. Are there restrictions on how the TPDF can be used to fund a project?

Yes.

8. How important is it that applicants secure other funding sources prior to submitting an application?

Very important. The TPDF was never intended to be a project's primary source of funding. Applicants that can demonstrate other sources of secured funding will be reviewed more favorably than those who rely solely on the TPDF for funding.

9. Is the TPDF a loan or a grant?

Funds can be awarded as either a grant or a loan. It is acceptable to request either a loan or grant as long as the applicant's financial schedules reflect both scenarios. The preference of the TPDF Committee is to award funds as a repayable loan. The interest rate will be 75 percent of Prime interest rate as reported in the Wall Street Journal. Grants do not have to be repaid.

10. What amount of funding is available for projects?

It is estimated that \$____M per year will be available for grants or loans to qualified projects. It is important to note that the TPDF committee may elect to not award the entire fund balance each and every year.

11. Can a project receive funding for multiple years?

Yes. A project can be guaranteed ten percent of the total funds available in any one year for a maximum of ten years. Assuming the TPDF has \$1.3M per year to distribute. A project could receive up to \$1.3M the first year, and receive up to \$100,000 per year for the next ten years (maximum). Applicants can reapply annually for more than \$100,000, but they must complete a full application each year to be considered for more than \$100,000 per year. For further information about long-term funding, see the enclosed legislation, Section 21.

12. Are both profit and nonprofit projects eligible for funding?

Yes.

13. Can applicants partner with other organizations/businesses?

Absolutely. In fact, the TDPF Committee encourages applicants to form partnerships and submit applications that demonstrate community synergy.

14. Who can answer a question that applicants may have about the TPDF?

The Durham Convention & Visitors Bureau, a publicly chartered tourism development authority provides staff assistance.

Durham Tourism Product Development Fund Criteria -Principles

The criteria and principles were developed by DCVB to help judge each application. Projects will be evaluated and graded on the following criteria:

- **Overnight Visitor Room nights or Day-trip Visitor generated into Durham County 25%**
 - New room nights that the project will generate
 - New day visitors that the project will generate from 50-mile radius
 - New day visitors that the project will generate from 50-100 mile radius
- **Return on Investment (ROI) 25%**
 - Total number of new visitors, visitor expenditures and local tax revenue calculated by DCVB
 - Repayment revenue generated if project receives a loan versus a grant
- **Economic Impact 25%**
 - DCVB will calculate the overall economic impact of each project using the IMPLAN input-output model that estimates:
 1. Local personal income added to the County
 2. Total local jobs added
 3. Increased state/local tax revenue

Remaining criteria will be combined and weighted as a total of 25%

- **Value to the Community**
- **Feasibility of the project**
- **Timeline of project completion**
- **Management/Principles**
- **Financial structure of both the submitting organization and the proposed project**
- **Partnerships - Sponsorships**
- **Value added rather than Diversion of existing visitors from existing projects**
- **Grant – Loan – Revolving Fund**

DCVB - Tourism Development Authority
Tourism Product Development Fund
Application for Funding

1. Project Specifics
 - 1-A Project name
 - 1-B Project description
 - 1-C Project timeline including anticipated start/end of construction and opening date(s)
 - 1-D Proposed operational/organizational structure: staff, board of directors, committees
 - 1-E Proposed tax status of the project
 - 1-F Miscellaneous project specifics

2. Applicant Specifics
 - 2-A Name of organization/individual requesting funds, mailing address, phone, fax and e-mail
 - 2-B Contact person for application follow-up
 - 2-C Brief history of requesting organization
 - 2-D Pertinent information about requesting organization
 - Current board of directors, committees, bylaws, financials, etc.
 - Current mission statement and strategic plans of requesting organization
 - Current partnerships with other organizations
 - Proposed partnerships for the purpose of this project
 - 2-E Pending legal actions against applicant or organization

3. Funding Specifics
 - 3-A Requested funding amount and dates that TPDF are needed
 - 3-B Requesting a grant or loan
 - 3-C Attach a funding schedule that identifies all funding sources and uses for those funds. Include a funding timetable in this section that defines when funds are needed.
 - 3-D Attach commitment letter(s) verifying all funding sources
 - 3-E Are any of these sources of funding contingent on receiving the TPDF or other types of funding?

4. Business Plan
 - 4-A Attach the current business plan for the project including a three-year marketing plan, competitive analysis and financial schedules for first three years of operation (pro forma, profit and loss, balance sheet)
 - 4-B Estimated number of annual visitors and residents to your project for first three years of operation.
If applicable list anticipated visitors per month (January-December)
 - 4-C Percentage of annual visitors to your project that will overnight in Durham County
 - 4-D Demographics of typical project visitor
 - 4-E Rationale for how the project will avoid diverting existing business from similar existing projects

- 4-F Number of local jobs per year for the first three years of operation that the project will add in Durham County
- 4-G Specify project costs

5. Feasibility Study and Supporting Documents

- 5-A Attach any and all feasibility data/studies that validate the business plan and other crucial project elements in your application
- 5-B If a recent feasibility study has been completed on your project, include the full study along with pertinent information about the company or individual that conducted the study
- 5-C Miscellaneous information supporting the feasibility of the project

NOTE: The TPDF committee reserves the right to request additional feasibility analysis performed by a third party. Costs for additional analysis will be discussed with applicants before contracting with a third party.

6. Letters of Recommendation

7. Executive Summary

Please insert any project summary information in this section that can be released to the media or general. Because the TPDF is considered public funds, non-confidential sections of each application are subject to public review. There may be requests to review the written applications by the media or general public, and this section will be made available should a request be made.

TOURISM PRODUCT DEVELOPMENT FUND

Timeline

Jan	DCVB -TDA and TPDF each meet
Feb	TPDF committee meeting
March	Ads placed in Durham news media
March	Potential applicant meeting at DCVB, Packets Distributed
June	Application submission deadline
July	TPDF committee application review meeting
Aug/Sept	Further applicant interviews/review meetings
October	TPDF Committed provides executive summary to the DCVB - TDA
Nov	Final recommendations to DCVB -TDA
Dec	Further discussion on funding if needed; results announced

DURHAM 
Convention & Visitors Bureau

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