



C.L. "Butch" Otter, Governor  
Bobbi-Jo Meuleman, Director

**Idaho Travel Council Meeting Minutes  
October 16, 2017**

Best Western Plus Coeur d'Alene Inn  
Syringa-Garnet Conference Rooms

**Idaho Travel Council Members Present:**

Doug Burnett, *Region I*  
Lara Smith (Vice-Chair), *Region II*  
Jim Manion (Chair), *Region III*  
Shawn Barigar, *Region IV*  
Matt Hunter, *Region V*  
Courtney Ferguson, *Region VI*  
Mike Fitzpatrick, *Region VII*  
Rick Shaffer, *Multi-Region*

**Commerce Staff Present:**

Megan Ronk, *Director*  
Matt Borud, *Marketing and Innovation Officer*  
Diane Norton, *Tourism Manager*  
Cindy Lee, *Grants and Contracts Manager*  
Laura Conilogue, *Administrative Assistant*

**Call to Order & Introductions**

Chairman Jim Manion called the meeting to order at 1:02pm.

Council and Audience introductions.

**Approval of Minutes**

On page two, need to change the amount of Region 2 grantees from seven to six.

**Shawn Barigar moves to approve the August 2017 minutes with the one correction.** Courtney Ferguson seconded. All in favor. **Motion approved.**

**Welcome**

Doug Burnett welcomes the Council and audience to Region I.

**Director Update – Director Megan Ronk**

Thanks to the Idaho Travel Council (ITC) for coming together for this meeting and to the Tourism team for putting together this meeting, the Grant Summit and ICORT. It was a great summer season for bed tax collection, and there are many exciting things in the works for the winter season. Commerce is getting prepared for the next legislative session where they will be asking for additional spending authority for the bed tax dollars. Director Megan Ronk will be meeting with key legislators and members of the Joint Finance and Appropriations Committee (JFAC) so that they understand the need for the spending increase.

### **Administrator Update – Matt Borud**

At the U.S. Travel Association's annual Educational Seminar for Tourism Organizations (ESTO) conference, Visit Idaho won the Judge's Choice Award for their "18 Summers" campaign. There were over 384 applications in that category and 92 judges. It was an amazing honor.

Here are some numbers regarding lodging and collections in Idaho this past year. There has been strong growth statewide, which is a testament to all the hard work by the grantees.

- Collections are still growing by double digits, up 14.83% so far this year, which puts Idaho on track to collect \$12.7 million from the bed tax.
- July collections were up 7.15%, August was up 13.5%, and September was up 24.18% because of the eclipse.
- So far Idaho has collected \$380,203 from Airbnb taxes. Hopefully that number will climb to \$500,000 by the end of 2017.
- In August 2017 there were 5,213 Airbnb listings, however that number will most likely decrease after September because of the eclipse. Airbnb is approximately 50% of the private lodging in Idaho.
- Airbnb listings accounts for 8% to 22% of total lodging rooms in Idaho.
- Airbnb occupancy rates were highest in August at 67.4%, however that is still much lower than the occupancy rates of hotels in Idaho. Occupancy rates at hotels were slightly down from last year, partly because so many new rooms were built, but it is still fairly high at 81.6%.
- The Average Daily Rate (ADR) for an Airbnb in August was \$291.30, much higher than the ADR for the entire state, which was \$127.07 in August. Statewide ADR is improving by 3% to 5% on an annual basis.
- Airbnb RevPAR is at \$167.82 so far this year, and the state wide RevPAR is at \$103.75.

The group discussed the eclipse and its positive impact for the state. The communities in the path of totality were prepared for the crowds of tourists. Diane and the tourism team received many emails saying that Idaho was a great place to witness the eclipse, the hospitality was great, and they want to come back. Craters of the Moon had planned for traffic that was three times busier than their busiest day. On the day of the eclipse, they said the response was overwhelming and their sales exceeded \$10,000 on the eclipse day.

### **Tourism Update – Diane Norton**

January 30, 2018 is "Plan your Vacation Day" with the goal of making the day highly recognized for Idahoans to use their vacation days. Idaho is number one in the nation for leaving vacation days unused at the end of the year.

The 2018 ESTO conference will be in Phoenix, Arizona from August 11-14.

There will be no reception with the legislatures during the January ITC meeting. Tourism wants the ITC members to invite legislatures to ICORT and to all the ITC meetings in order to forge a better relationship with them and so they know what the bed tax does for their constituents.

Because of all the great bed tax collections, Tourism has been able to allocate almost \$4 million for "Year Round Media Advertising."

### **Grant Update – Cindy Lee**

There have been 265 request for funds (RFF's) so far this year, with \$3.1 million paid out from January to today. Ninety percent of the time, RFF's are paid within 15 days.

One region is requesting a scope of work change which will require a vote at an ITC meeting. In the past, they were done through an email vote, but after reviewing processes, it was found that any change made to the program must be done with a quorum of members, in a meeting or on a phone call, with a public notice going out ahead of time.

### **Administration/Fulfillment Funding Analysis**

During the Tourism tours held in each region in the spring of 2017, a number of grantees raised concerns over the administration and fulfillment funds (Admin) awarded as part of every grant. Admin is awarded as 10% of the grant award, awarded on top of the award, capped at \$25,000. Grantees affected by the cap on Admin expressed that over time the value of their awards increased, and the grant became more burdensome to administer, but that Admin did not increase. ITC instructed the Department of Commerce (Commerce) to research and provide a staff recommendation regarding a possible change to the Admin percentage and/or the cap.

Commerce started by researching the Idaho Code, Idaho Statute, and the ITC Grant Handbook, and all previous versions of the Grant Handbook. The Statute does not have any reference to administration and fulfillment in it. The Idaho Code has no reference to the allowable Admin, however it does reference unallowable Admin. Allowable admin is addressed solely in the Handbook. Grantees are allowed to ask for 75% of the Admin in their first RFF, and the remaining 25% on the final RFF, if they have spent all their grant money.

Allowable Admin is:

- Cost of grant administration such as submitting requests for funds and narrative reports, correspondence with the Council or Grant Administrator, and other direct costs incurred related to the grant award.

- Fulfilling requests for information and publications generated by the Grant-funded marketing plan.

The Grant team theorized that Admin costs should have decreased, with the upgrade in technology, and the lower demand for collateral. So Commerce sent a survey to all current ITC grantees and conducted 30 minute phone interviews with a cross section of grantees. Eleven surveys were returned and 14 interviews were conducted. All the grantees they interviewed were open and honest, and eager to help. The goal was to learn if a financial gap existed between actual Admin costs incurred and the value of Admin awarded.

During the analysis of the surveys and phone interviews, they found out that grantees are spending their money on allowable costs such as shipping and fulfillment, but many grantees are spending money on unallowable costs, such as: wages, "time", meal expenses, business supplies, tax audits, letterhead, office supplies, rent, internet, and website maintenance. Idaho Code 28.02.03 specifically states:

**018. INELIGIBLE PROJECTS.**

*It is not the purpose of this grant program to fund the day-to-day, administrative expenses of organizations that have a travel or convention promotion element.*

*01. Organizational Administrative Expense. Rent, phone, supplies, wages and salaries, other overhead and administrative expenses are not reimbursable; however, the actual cost of staff wages and benefits (Other Personnel Expenses (OPE)) may be used as cash match with documentation.*

*02. Salary or Personnel. Expenses related to grant writing are not eligible.*

*03. Alternative Funding Sources. Projects that have alternative funding sources (for example, regular Chamber of Commerce budgets) or that have been funded previously with the agency's own funds may be deemed ineligible.*

About 90% of grantees are using Admin for unallowable costs. However, it was obvious that grantees were not aware that they are doing anything wrong with their admin budget.

Director Megan Ronk will speak with the Governor's office, the Division of Financial Management, as well as Commerce's Deputy Attorney General, about what is necessary to rectify this situation. The challenge is that there are funds that have been spent outside the guidance of Idaho Statute. Clearly many grantees depend on these funds to help with their grant, so Commerce is searching for some costs that can be shifted, and potentially paid for by the grant, that is now being paid for by Admin.

The Council thinks that fulfillment has changed over the years, and that needs to be reflected in the Handbook. For example, a printed newsletter used to be fulfillment, but perhaps ongoing emails are now considered fulfillment.

The requirement for receipts was taken out of the 2012 version of the handbook. After this, Commerce lost visibility into what the grantees were spending Admin on.

The Council questioned if \$25,000 could be increased for the grantees that have a higher grant award to administer. Cindy Lee answered that yes, \$25,000 could be increased without legislative amendment because that amount is only found in the handbook. The Council stated that it seems that as grantees receive more grant money, it takes more to fulfill the grant. However, the definition of fulfillment in regards to the grant is “fulfilling requests for information and publications generated by the Grant-funded marketing plan”, which includes sending out materials, like travel guides. Allowable fulfillment costs are postage, storage, and sending out materials. It does not include the time spent making the materials. The Council would like the definitions of administration, fulfillment, and allowable costs to be clearly stated in the handbook.

Commerce is not recommending a change in Admin at this time, they will talk to the Governor and the Deputy Attorney General to see what they think. However, even if they choose to raise the cap, salary and wages will not be included as Admin costs, because that is defined as unallowable in Idaho statute.

### **Drake Cooper Update – Josh Mercaldo**

#### **Fall/Winter Campaigns**

The VisitIdaho Fall Campaign just ended. The campaign was called “Fall for Idaho” and highlighted activities statewide. The Winter Campaign has started and will run through mid-February. The VisitIdaho website will showcase winter trip guides and itineraries throughout Idaho with the goal of bringing Idaho to life in the winter months. This campaign will run parallel with the Ski Idaho Campaign.

#### **Co-ops**

The entire \$250,000 for the co-op program has been allocated. The budget is usually allocated by October. The advertising that is produced will run through the end of June 2018. At least one grantee in each region received funding from the co-op, as did two multi-regional groups. The co-op grantees are working with 12 media partners.

#### **Travel Guide**

The 2018 edition of the Idaho Travel Guide is being worked on and the cover images will be selected soon. Regional pictures and descriptions are updated, as are the lodgings listings and byway maps. 90,000 copies of the guide will be printed with

delivery in early January. Ad sales for the guide was \$56,440 this year, with all premium advertisers renewing their ads.

### **Campaign Media**

The “18Summers” campaign continues, the advertising for it will begin mid- to late-February through June 30, 2018. This campaign targets families seeking summer vacations with kids ages 5-18 who are an uncomplicated day’s travel to Idaho. The budget for the campaign is \$3 million, and advertising will be done online and through broadcast television and radio.

The campaigns that Drake Cooper are working on follows this schedule: Co-ops Fall 17, “Fall for Idaho 17”, Winter 17, “18 Summers”, Co-ops Spring, Craft Beer Month April, “Fall for Idaho 18”, and Winter 18-19.

### **Grant Update for Grantees – Cindy Lee**

One update to the grant program is that the entire grant team, Cindy Lee, Jill Eden and Ewa Szewczyk will all be working on the ITC grant. Jill Eden is the primary program contact and Ewa can answer RFF questions.

Quarterly reporting by the grantees will be done online starting January 2018.

Grants team member Ewa Szewczyk will be doing website reviews in November. Grantee websites should have the Visit Idaho logo with a working link.

The Commerce conducted audits will begin in January 2018. All grantees that receive over \$100,000 will be audited, as will a random selection of 10% of the rest of the grantees.

Amy Rajkovich is available to help as an advertisement consultant to grantees. Before grantees submit final ad approvals, they can send them to Amy with questions about wording, pictures, or layout. In addition Amy may proactively review ad approvals and reach out to grantees about how to align branding with Idaho Tourism.

The Visit Idaho Media Gallery is up and running, and is a great resource for free pictures. Grantees may use these photos for their media and advertising, instead of hiring someone to take professional photos. If an area does not have the pictures you think it needs, you can contact Andrea Rayburn on the Idaho Tourism team and she will contract with a professional photographer to get shots of the area you need.

Cindy Lee demonstrated the grants pin map she created for Idaho Commerce. It shows everywhere Commerce has awarded a grant in Idaho and tells how much the

grant was awarded for. The pin map can be viewed here:  
<http://idahocommerce.force.com/grantmap>

**Discussion: Chair and Vice-Chair Seats – Jim Manion**

Chairman Jim Manion opened the floor for nominations for the Chair and Vice-Chair of the Idaho Travel Council for 2018.

**Jim Manion nominated Lara Smith for Chair in 2018.** Rick Shaffer seconded the nomination. All in favor. **Motion approved.**

**Jim Manion nominated Doug Burnett for Vice-Chair in 2018.** Rick Shaffer seconded the nomination. All in favor. **Motion approved.**

**Confirm January Meeting Dates**

Rick Shaffer requested that the January ITC meeting be held a week earlier, and the Council agreed that the week of January 15, 2018 would work best. Mike mentioned availability in Sun Valley for the meeting.

**Comments and Questions**

Award given to Courtney for his time on the Idaho Travel Council.

Chairman Jim Manion adjourns the meeting at 4:00 p.m.

