



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

Idaho Travel Council
February 21, 2018

Idaho Commerce – 700 W. State Street, Boise
Special Call/GoToMeeting

Idaho Travel Council Members Present:

Jim Manion, *Region III*

Idaho Travel Council Members via Phone:

Doug Burnett (Vice-Chair), *Region I*

Lara Smith (Chair), *Region II*

Shawn Barigar, *Region IV*

Matt Hunter, *Region V*

Mike Fitzpatrick, *Region VII*

Rick Shaffer, *Multi-Region*

Commerce Staff Present:

Bobbi-Jo Meuleman, *Director*

Matt Borud, *Marketing and Innovation Officer*

Diane Norton, *Tourism Manager*

Cindy Lee, *Grants and Contracts Manager*

Laura Conilogue, *Administrative Assistant*

Other Attendees Present:

Mark Robitaille, *Coeur d'Alene Convention & Visitor's Bureau*

Matt Warnick from *Division of Financial Management*

Call to Order & Introductions

Chairwoman Lara Smith called the meeting to order at 10:08 a.m.

Council and attendee introductions.

Nampa Scope of Work Modification – Cindy Lee

The Nampa Chamber of Commerce is requesting a scope of work modification to their 2017 grant. They want to add an airport advertisement and/or magazine advertising Ford Idaho Center advertisement at the Boise Airport and/or in a magazine. The cost of the additional scope of work is \$18,000. To accommodate the budget, the grantee has revised their budget in the amount of \$17,750 by removing \$7,750 of their Admin budget, \$4,000 from their travel budget, \$4,000 of video production, and \$2,000 for ad design for print/digital.

The grantee is requesting 87.5% reimbursement for this advertisement. Commerce suggested a 50/50 co-op partnership where the Ford Idaho Center would pay half and the Idaho Travel Council (ITC) grant funds would reimburse the Nampa Chamber of Commerce for the other half. The grantee would then take the amount they were reimbursed from ITC to pay for magazine ads. A revision of the ad is recommended for a higher reimbursement percentage, as is partnership with other local advertisers.

The Nampa Chamber of Commerce asked the Council to consider paying for 60% of the cost of the ad, but has not sent a revised advertisement.

Jim Manion motioned to approve the Nampa Chamber of Commerce scope of work change. However, the reimbursement amount for the ad will be left to Commerce's discretion, as of now, with the ad as it stands, Commerce will reimburse 50% of the ad costs.

Rick Shaffer seconded. All in favor. No discussion. **Motion approved.**

Administration and Fulfillment Costs Options – Director Bobbi-Jo Meuleman

After the January ITC meeting in Sun Valley, Commerce talked to the Idaho Division of Financial Management (DFM) about new ways to use the Admin funds. DFM suggested a rule change, so Commerce came up with four options of new rules for the Admin funds of the ITC grant. Once the Council votes on the best option, there will be a temporary rule change that would start immediately, and then it will be sent to the legislature for approval during the 2019 session.

Commerce plans to take fulfillment out of Admin and move it into the Marketing budget so that Admin will be for administrative expenses only.

Some of the options break down the difference between Destination Marketing Organizations (DMO) and non-DMO's. A DMO is an entity whose sole purpose is to market tourism of an area. For example, Southwest Idaho Travel Association (SWITA) and Convention and Visitor's Bureaus are a DMOs. A non-DMO is a Chamber, for example the Boise Chamber of Commerce.

There will be a formal definition for DMO's listed in the handbook.

The options are:

Option 1: Allow overhead costs only. Wages and benefits will be unallowable. Fulfillment moved to allowable marketing expense. Grantees could be reimbursed for overhead costs, which are defined as "the indirect costs or fixed expenses of grantee organizations necessary to fulfill the administration and marketing of the ITC grant. Overhead includes rent, utilities, insurance, building maintenance, office supplies, and equipment such as computers and telephones." Overhead costs allocated to a maximum of 50% of the allowable expense for non-DMO's; no cap for DMO's. Maximum allowance 10% of grant award to a maximum of \$25,000.

Discussion: Bulk mail can be contracted out and is now part of the marketing budget.

Option 2: Allow wages and benefits related to one grant administrator and the direct costs associated with administration of the grant as defined as "remuneration paid for services of the grant administrator and rendered during the period of performance of the grant award. All wages must be documented by a detailed time sheet describing the day and hours worked, the duties performed and a payroll statement or invoice from the contractor. A grant administrator must be either an employee, or a contractor, not both". All overhead will be unallowable. Fulfillment will be moved to allowable marketing expenses. Maximum allowance of 10% of grant award to a maximum of \$25,000.

Discussion: A time card showing how long anyone worked on the grant and a pay stub showing that they were paid will be necessary in showing time and costs associated with administering the grant. The timecard will be subject to Commerce's review.

Travel will not be reimbursed.

The grantees will propose timelines for grant administration.

Option 3: Allow wages and benefits and overhead. Allow wages and benefits related to one grant administrator and the direct costs associated with administration of the grant as defined

above capped at 50% of the total administrative allowance. Overhead costs capped at 25% of the allowable expense for non-DMO and 50% for DMO's. Fulfillment moved to allowable marketing expense. Maximum combines allowance of 10% of grant award to a maximum of \$25,000.

No discussion.

Option 4: No change. Next year there will be a new Governor, and could potentially have new leadership in Commerce. We could potentially wait until next year when there will be a more permanent leadership here to decide what to do.

No discussion.

Council Questions and Discussion

Commerce recommends that the option picked is easily defensible. The Council should also be prepared to talk to grantees and legislators about the option they pick, and why. The difficulty in selling any of these options is that the old rules say that this grant is not supposed to pay for day-to-day wages and overhead for the grant administration. However, one of the biggest supporting arguments is that the grant needs to evolve, things have changed over the past 38 years since the grant began.

There is nothing in statute that says no wages could be paid for, however it was just written in the rules. Even though this is a marketing grant, there does need to be someone that can administer the grant, so they should be able to be reimbursed. DFM suggested that Commerce change the rules for the grant, so if ITC decides grantees can be paid wages, then rule changes will reflect that.

After an option is decided on, the next step will be to work on the temporary rules that will take effect immediately. Once temporary rules are adopted, they will be part of the application process for this year. These are only effective until the next legislative session when the legislature will vote on, and hopefully approve, the new rules.

Commerce says the admin funds do not necessarily need to be fully spent, it is always better to have as much money for marketing as possible. The goal of these new rules is to find the best and most meaningful way to give some relief to the grantees.

The Council thinks option three may be the best option of justifiable administrable expense, however the Council would like to get rid of the percentage caps for the DMOs so the grantees could be reimbursed until all their Admin funds have been used.

The Council discussed if the non-DMOs should have a cap, because those grantees are only supposed to send in the amount for reimbursement they think is in proportion to how much time they spend towards this grant. Commerce mentioned that it would be easier for the grants team to reimburse the grantee when they have a specific percentage.

Matt Warnick from DFM mentioned that by defining DMO and non-DMO in the rules, the legislature might wonder why the grant is giving money to places that do not solely market Idaho. The Council suggested that non-DMOs put their own apportionment proposals, and a justification of the amount, in the application. The Council could approve the apportionment proposals while awarding the grants.

Jim Manion moves that the ITC grant program allow wages, benefits and overhead. Wages and benefits must be related to one grant administrator and the direct costs

associated with administration of the grant as defined. Fulfillment is moved to allowable marketing expense. Maximum combined allowance for admin is 0% of grant award to a maximum of \$25,000. Reimbursement of overhead costs will be considered reasonable to the extent that it is apportioned in an equitable manner in relation to the grantee organization's execution of the ITC grant and the grantee organizations other duties. Apportionment to be considered during grant application. Matt Hunter seconded. All in favor. No discussion. Motion approved.

Legislative Update

Commerce has again asked for a spending authority increase, this time for an additional \$3.5 million, which would bring the yearly cap to \$17.1 million to spend. If this increase is accepted, Commerce will not have to ask for another spending increase for three years.

Public Comments and Questions

A region 6 council representative has been appointed, and they are filling out necessary paperwork. When that is complete, an announcement will be made.

Meeting Adjourn

Rick Shaffer motioned to adjourn the meeting. Shawn Barigar seconded. All ayes. None opposed. **Motion approved.**

Chairwoman Lara Smith adjourned the meeting at 12:00 pm.