CITY OF MARSHALL
AGENDA MEMO

PROJECT: Consider approval of a policy for the distribution of Hotel/Motel Occupancy Tax Funds

MEETING DATE: July 9th, 2015

DESCRIPTION: Currently the City of Marshall enters into contracts with several entities to utilize HOT funds. The Marshall CVB also approves HOT funding for events that draw out of town visitors. This policy and accompany application process will create one central point of contact and process for entities and events to receive HOT funding. Staff does not forsee changing funding levels for FY 2016, but would like to see the streamlined process take shape as soon as possible. The Convention & Visitors Bureau board will review applications as the "Committee" referenced in the policy, and make recommendations to the City Commission for final approval. The CVB Board will review the HOT Funding Packet & Application at their July 21st meeting.

COST: n/a

FUNDING: n/a

RECOMMENDED ACTION: Adopt Hot Fund Policy

CITY CONTACT: Sarah E. O'Brien, Tourism & Promotions Director
Obrien.sarah@marshalltexas.net 903-702-9500

ATTACHMENTS: HOT Fund Policy
DRAFT Hot Funding Guidelines & Application FY 2016

City of Marshall HOT Policy

The purpose of the policy is to provide guidelines relating to the use of Hotel Occupancy Taxes collected in accordance with Chapter 351 of the Texas Tax Code. The policy shall be adopted by the City Commission and will be amended as needed. The City of Marshall, Texas is under no obligation to allocate any portion of collected Hotel Occupancy Tax revenues unless the City enters into a funding contract. The adoption of this policy shall at no time be deemed to create any expectation that funds will be allocated to any one or more of the applicants. Award of funds does not guarantee future funding. The City Commission shall have the final decision regarding the allocation of funds pursuant to this policy

II. Scope

This policy further outlines the use of hotel occupancy tax revenue to promote tourism and the convention and hotel industry. The Hotel Occupancy Tax Policy is only intended to provide further clarification and guidance on use of collected Hotel Occupancy Tax revenues. State law shall prevail. Any changes to Chapter 351 of the State of Texas Tax Code shall supersede the City Policy.

III. Definitions

"Disbursement" - Disbursement shall mean payment to any organization for payment or reimbursement of approved expenses in accordance with the City policy and state law.

"Fiscal Year" - Fiscal year shall mean the period between January 1 and December 31 of each year.

"Municipality" - Municipality shall mean the City of Marshall.

"Organization" - Organization shall mean any person, governmental entity, or private organization requesting use of Hotel Occupancy Tax Revenues.

"Revenues" - Shall be defined as Hotel Occupancy Tax revenues.

IV. Uses

The following are permitted uses of Hotel Occupancy Tax revenues, in accordance with Section 351.101(a) of the Texas Tax Code. The percentage breakdown between uses is intended to provide a general guideline and may be annually modified by the City Commission without amendment to this policy.

A. Convention and Visitor's Bureau

(1) The acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information center.

(2) The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants.

(3) Advertising, solicitations, and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

B. Promotion of the Arts

(1) The encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms.

(2) No more than fifteen percent (15%) of annual Hotel Occupancy Tax revenues will be set aside for this purpose.

C. Historical Restoration and Museums

(1) Historical restoration and preservation projects or activities;

(2) Advertising, solicitations, and promotional programs to encourage tourists to visit preserved historic sites or museums located within the municipality.

D. Sporting Event Promotion

(1) Sporting events in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

E. Signage

(1) Construction of signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality.

V. Procedure

A. Eligibility

(1) The applicant must be an organization or corporation governed by a board of directors.

(2) The applicant or event must be located in the City's corporate limits, extraterritorial jurisdiction, or in sufficiently close proximity as to reasonably attract tourists to the City.

(3) The applicant must demonstrate that the disbursement will directly enhance and promote the tourism, convention, and hotel industry by attracting visitors from outside of Marshall into the City or its vicinity.

(4) The applicant must be a legal entity with legal capacity to enter into contracts.

(5) The applicant must demonstrate that the programs or events are open and appropriate for the general public.

(6) The applicant must demonstrate that it is in good financial standing and that financial safeguards are in place to protect public funds.

B. Use of Funds

(1) Applicants must state the purpose of the funds, and identify the category of acceptable uses under which the proposed use falls.

(2) The applicant must present reasonable evidence that the request will increase overnight stays in Marshall, Texas.

C. Application and Evaluation Process

(1) The City will accept applications for funding consideration on an annual basis.

(2) Review of eligibility - Once an application is received; the City will review the application to ensure that all required information has been submitted and that the application is complete. Any deficiencies to the application will be submitted, in writing, to the organization. No application will be presented for Committee or Commission consideration if deficiencies are present.

(2) Evaluation Criteria – The City will use the following criteria to evaluate requests:

(a) Visitor Appeal

(b) Program Quality

(c) Ability of applicant to meet policy objectives

(5) Committee Review - The application will be brought forward to the Committee for review within 30 days after it is determined to be complete. The organization may be requested to be present during Committee consideration to provide more information or clarification.

(7) Commission review – If funding is recommended by HOT Board, the request will be forwarded to City Commision for action

(7) Conflict of Interest - Any HOT Committee member or City Commission member shall excuse themselves from voting on a funding request for an organization with which they are affiliated.

D. Financial Information To be eligible to receive funds, an organization must demonstrate that it is in good financial standing and that it will act as responsible stewards of public funds.

(1) The Organization must include its most recent financial statements with the application, unless it is a newly-formed organization.

(2) The Organization must also demonstrate that it maintains internal financial controls that will allow for proper tracking, accounting, and reporting of Hotel Occupancy Tax revenues and related expenditures.

(3) The organization must keep Hotel Occupancy Tax revenues in a separate account so that revenues are not comingled with any other money.

(4) For events funded through Hotel Occupancy Tax revenues, organizations must provide proof of insurance. The organization must forward Certificates of Insurance to the City prior to the event. The insurance required shall be procured and maintained in full force and effect for the duration of the Contract. The insurance shall name the City of Marshall as an additional insured.

(5) At the request of the Organization, the City Commission may waive the insurance requirement based on the likelihood of injuries to event participants of members of the public and the financial ability of the Organization to pay any such claims that occur.

E. Audit

The City of Marshall may, at any time, inspect or audit the books or records of the organization, or any report or document submitted by the organization to the City, that may related to the use of Hotel Occupancy Tax revenues.

F. Award of funding

(1) Funding Contract - If funding is awarded, the City Commission will authorize a funding contract with the organization. The organization must return two signed original funding contract documents to the City prior to the event. Failure to return the executed agreements shall be deemed a rejection of the offer for funding by the City Commission and the offer shall be deemed withdrawn.

(2) Any funded applicant must notify overnight lodging establishments of the upcoming event. Any promotional material must reference Huntsville lodging establishments.

G. Reporting and reimbursement

(1) A funded organizations will be required to submit a report detailing the expenses for which it seeks reimbursement from Hotel Occupancy Tax revenues. Copies of receipts shall be provided for expenses to be reimbursed using Hotel Occupancy Tax revenues. Only expenses that meet Chapter 351 of the Tax Code and this policy shall be reimbursed. The City shall not make reimbursements for expenses where no receipt or invoice is provided.

(2) The City may consider direct payment of expenses to vendors instead of reimbursements if they are expenses in excess of $3,000 associated with securing an event to come to town such as tournament bids or down payments for artistic events. A single expense in excess of $3,000 cannot exceed 60 percent of grant funding.

(3) The report seeking reimbursement for a specific event must be submitted within 30 days after the end of the event. An Organization receiving funding for ongoing promotion and multiple events must submit a report each quarter.

(4) Partial or incomplete reports will not be accepted. Reports shall be in a form that is acceptable to the City's Finance and Tourism Directors, and shall show total revenues, total expenses, estimated actual versus expected number of attendees, and the financial impact of the event. Failure to submit the post-event report will make an organization ineligible to receive funding for two years.

City of Marshall

Tourism, Promotions & Main Street Department

HOT Funding Guidelines & Application

FY 2016

301 N. Washington

Marshall, TX 75670

903-702-7777

www.marshalltexas.net

Table of Contents

Letter to Applicant.....3

Overview of the Application Process.....4

Support Considerations Checklist 6

Application for Funding Support.....8

Hot Funding Agreement Form.....15

Post Event Analysis.....16

Tax Code – Use of Hotel Occupancy Tax Revenue.....17

Lodging Directory.....18

Dear Prospective Applicant:

Attached is a copy of the application for Hotel Occupancy Tax funding for the 2016 funding year for your special event or organization. It is with great pride that the City of Marshall enters into an agreement with prospective applicants to provide our community with rich, cultural, and exciting events.

Our application process consists of the following stages:

- Application Deadline – August 3rd, 2015
- Review & Selection of funding – August - September 2015
- Recommendation to City Council – before September 30, 2015
- Disbursement of Funds – Reimbursed within 30 days following event

We would like to fund all applications; however funding is selective and is based on the application you submit. It is critical that you complete the application in its entirety especially the worksheet and the support consideration checklist and forward to the City of Marshall Tourism, Promotions & Main Street Department at 301 N. Washington, Marshall Texas 75670.

Thank you for your application and we wish you much success with your event.

Sarah O'Brien

Tourism, Promotions & Main Street Director

Overview of the Application Process

This packet was designed to establish guidelines to apply universally to all events, activities and organizations requesting support from the City of Marshall. There are stringent requirements in the Tax Code regulating the use of HOT funds. A copy of the applicable Tax Codes has been included in this packet (Page 11) for your review.

The City of Marshall will review the applications and make recommendations to the City Commission on the portion of the tourism budget allocated to special event support.

Funding for event support is available from the Hotel Occupancy Tax collected by our lodging properties.

To apply for support, the event or organization must be sponsored by an entity located within Marshall and, the event must take place within Marshall city limits.

The sponsoring organization will be required to provide their tax filing status and ID number as part of the application. The sponsoring organization must be tax-exempt, unless otherwise approved at the discretion of the Marshall City Commission. It is preferred that the sponsoring organization have 501(c)3 tax-exempt status, but it is not required.

Eligibility:

1. The applicant must be an organization or corporation governed by a board of directors.
2. The event must be located in the City's corporate limits, or within Harrison County.
3. The applicant must demonstrate that the disbursement will directly enhance and promote the tourism, convention, and hotel industry by attracting visitors from outside of Marshall at least 60 miles.
4. The applicant must be a legal entity with legal capacity to enter into contracts.
5. The applicant must demonstrate that the programs or events are open and appropriate for the general public.
6. The applicant must demonstrate that it is in good financial standing and that financial safeguards are in place to protect public funds.

Rules Governing your Application:

1. The applicant must present reasonable evidence that the expenditure or event will increase overnight stays in the local hotels in Marshall.
2. For any applicant applying for HOT funds to advertise an event, the City Commission recommends these funds focus on targeting visitors outside a 60 mile radius of Marshall.
3. The applicant must ensure that all Marshall hotels and B&Bs current contact phone number, email and/or website are listed on the information provided to registrants, vendor/event attendees, including event websites. Also all Marshall hoteliers must be made aware of the event, and have sufficient time to participate in the bidding process for both primary bookings and overflow.
4. If the request is for cooperative advertising support, the Tourism, Promotions & Main Street Director must approve the final advertising copy for appropriate representation of the City of Marshall and local lodging one (1) week before the ad or publication's proof/print deadline.
5. **Any promotional materials (brochures, website, advertisements, etc.) using HOT funds are required to include the appropriate Marshall brand/logo with the www.visitmarshalltexas.org website below the logo. Also, any event sponsor signage is**

required to include the appropriate City of Marshall logo. (Contact the City of Marshall, 903-702-7777 for the correct version of the logo to use for each promotional item.)

6. After the application process is complete, and upon recommendation, the contact name on the application or a designated representative may be expected to attend the next City Commission meeting to present an overview of the information and/or items included in the application such as visitor attendance, hotel selection; number of visitor overnight stays expected due to the event and expenditure.

The Post Event Analysis and Reimbursement Process:

The Post Event Analysis must include all of the items outlined in the application, including advertisements produced with the use of HOT funds. The Post Event Analysis is due 30 days after the event or conclusion of your organizations fiscal year. The packet can be mailed or delivered to the attention of:

Sarah O'Brien

Tourism, Promotions & Main Street Director

301 N. Washington, Marshall Texas 75670

If the Post Event Analysis and the final accounting of room nights are not received by the due date, the Tourism, Promotions & Main Street Director reserves the right to reject any future application by the organization.

It is the responsibility of the organization hosting the event to monitor the number of out-of-town guests who stay in Marshall lodging properties. We strongly recommend working with the hotels to ensure proper credit and tracking. Some suggestions for tracking out-of-town guests would be to use a zip code tracking system or a survey distributed to attendees. ***Please note that stated room nights generated will be subject to an audit by the City of Marshall.***

If you need assistance in completing the application or have further questions, please contact Sarah O'Brien, at 903-702-7777 or via e-mail at

Obrien.sarah@marshalltexas.net.

Support Considerations Checklist

Name of Event or Organization _____

Year Applying _____

_____ The event "directly enhances and promotes tourism AND the convention and hotel industry." (Tax Code, Section 351.101) (**This is a requirement**)

_____ The event qualifies under AT LEAST ONE of the following categories:

(Please circle category number)

(1) the establishment, improvement, or maintenance of a convention center or visitor information center
(2) the facilitation of convention registration
(3) advertising, solicitations and promotions that attract tourists and convention delegates to Marshall
NOTE: If applying under this category, legitimate media must be utilized IN ADVANCE of the event (examples include direct mail, postage, newspapers, magazines, radio, television, billboards, newsletters, brochures and other collateral material).

(4) the encouragement, promotion, improvement and application of the arts - NOTE: Must be a viable art form (examples include instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording)
(5) the enhancement of historical restoration and preservation projects
(6) funding costs in certain counties to hold sporting events that substantially increase hotel activity: (cities within counties of under 1 million population
(7) funding transportation systems for tourists

_____ The application is filled out thoroughly and completely with all requested documentations attached.

_____ The Post Event Analysis for last year's event have been previously submitted.

(Write "N/A" if you did not receive support last year)

_____ It has been determined how the event will track out-of-town guests, demonstrating that the event will attract tourists that will support the convention and hotel industry.

Required Attachments:

Check all documents that are attached along with the application

_____P&L from previous year's program
_____Projected budget for entire program
_____Itemized, detailed list of expenditures relevant for HOT revenue use
_____Advertising/Marketing Plan, including target audience

_____List of Board of Directors with contact phone numbers

_____Event planning timeline, if applicable

_____Schedule of activities relating to your event/expenditure
_____Copy of Tax Exempt certificate
_____Copy of previous year finances upon request

Funding Request Decision

Amount Requested: _____

Amount granted in past for same event or expenditure: _____

Which Expenditure Category from page 12 is most relevant to your project/event?

_____

Application for HOT Funding Support

Organization Information

Name of Organization		
Address		
City/State/Zip		
Contact Person		
Contact Phone Number	Cell	Work/Home
Email		
Website		
Non Profit? Yes☐ No☐	Federal Tax I.D.#	
Write a Short description about your organization		

Proposal Information

Name of the Event/Project and a short description
Duration of Event: Start Date End Date
Amount of H.O.T funds requested?
Write or Attach a timeline of the event/project from planning to completion
List other sources of funding:

Are there any partners in the community? (if so, Please list them below) Yes☐ No☐

Eligible Funding Category for Request: See Policy for category descriptions

☐ Advertising

☐ Promotion of the Arts

☐ Signage Directing Visitors to sites and attractions

☐ Historical Restoration or museums

☐ Promotion of Sporting Events

☐ Promotional Programs

Has this project or event been conducted before? Yes☐ No☐

If yes, how many years/times?

Previous year attendance

Local Visitors _____

Out of Town Visitors _____

Projected attendance

Local Visitors _____

Out of Town Visitors _____

Hotel Rooms Booked

Number of rooms booked by participants in previous year _____

Number of rooms projected to be booked by this year's participants _____

If major increase/decrease in number of rooms booked is projected, please explain why:

_____

_____

_____

Number of years that you have received H.O.T. funds?

Answer the following questions if applicable. If there is not enough space provided, you may attach additional pages to the back. Please indicate which question you are answering.

How does the project/event directly impact tourism in Marshall?

How does the project/event directly promote and aid the convention and hotel industry? (i.e. increase overnight visitor)

What outside marketing is going to be conducted and how will it be effective?
How does the project/event contribute to Marshall?

PROPOSED Revenues

Budgeted	
Revenues	
Donations	
Entry Fees	
Vendor Fees	
Other	
Other	
Revenue Balance	

PROPOSED Expenditures

Budgeted	
Expenditures	
Staffing	
Audio Visual/Entertainment	
Supplies	
Food and Beverage	
Location Cost	
Signage	
Security	
Grounds keeping	
Marketing/Promotion	
Other	
Other	
Expenditures Balance	

PROPOSED Cost Break Down

Percent of costs covered by H.O.T Funds?
Percent of facility costs covered by H.O.T funds?
Percent of staff costs covered by H.O.T. Funds?
Total Costs

PROPOSED Marketing Breakdown $$

Newspapers	Posters
Radio	Web
Flyers	Brochures
Social Media	Other

HOT Funding Agreement Form

I fully understand the HOT Funding Application process, rules governing the application and the process established by the City Commission. I intend to use this grant for the aforementioned event to forward the efforts of the City of Marshall in directly enhancing and promoting tourism and the convention and hotel industry by attracting visitors from outside Marshall into the city.
_____initial

I have read the HOT Fund Grant Application process including the rules governing the application and the reimbursement process.
_____initial

I understand that if I am awarded HOT Funding by the City, any deviation from the approved project or from the rules governing the application may result in the partial or total withdrawal of the HOT Fund Grant.
_____initial

I understand all the records that relate to the use of the HOT funds shall be kept by _____, subject to Chapter 351 of the Texas Tax Code as amended and Chapter 552 of the Texas Government Code as amended. Records of _____ concerning HOT Funds are public and the City shall, upon written request, have the right to inspect and or obtain all books and records pertaining to the fulfillment of this Agreement.

_____initial

I understand that the City may terminate this Agreement by giving the other party notice in writing of such termination sixty (60) days in advance. Any municipal hotel occupancy tax proceeds, not used, shall revert to the City upon the termination of this Agreement.

____initial

Business/Organization Name _____

Applicant's Signature _____ ***Date*** _____

Post Event Analysis

Event Information

Event Name
Event Date(s)

Event Expected and/or Final Outcome

Event Attendance	Hotel Room Nights*
_____	_____

Provide the total # of rooms picked-up for the event and provide a form of proof.

* Subject to audit

Number of advertisements place for the event. *Attach a copy of each ad and the name of the publication.*	

The above accounting of our Special Event is accurate and true to the best of my knowledge.

_____

Authorized Signature Date

_____

Print name here Title/Responsibility

Return this form, supporting documentation and check (if applicable) to the City Marshall Tourism & Promotions Department. 301 N. Washington, Marshall Texas 75670. If you have any questions, please contact Sarah O'Brien at 903-702-7777.

Tax Code – Use of Hotel Occupancy Tax Revenue

§ 351.101. USE OF TAX REVENUE.

(a) Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following:

(1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both;

(2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

(3) advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;

(4) the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;

(5) historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums;

(6) for a municipality located in a county with a population of one million or less, expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

(7) the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields, including facilities or fields for baseball, softball, soccer, and flag football

(8) for funding transportation systems for tourists

§ 351.108. RECORDS.

(a) A municipality shall maintain a record that accurately identifies the receipt and expenditure of all revenue derived from the tax imposed under this chapter.

(b) A municipality or entity that spends revenue derived from the tax imposed under this chapter shall, before making an expenditure, specify in a list each scheduled activity, program, or event that:

(1) is directly funded by the tax or has its administrative costs funded in whole or in part by the tax; and

(2) is directly enhancing and promoting tourism and the convention and hotel industry.

(c) If a municipality delegates to another entity the management or supervision of an activity or event funded by the tax imposed under this chapter, each entity that is ultimately funded by the tax shall, before making an expenditure, specify in a list each scheduled activity, program, or event that:

(1) is directly funded by the tax or has its administrative costs funded in whole or in part by the tax; and

(2) is directly enhancing and promoting tourism and the convention and hotel industry.

ACCOMODATIONS 2015

Hotels with Meeting Space

Baymont Inn
5301 East End Boulevard South
903-927-0009

Comfort Suites
5204 East End Blvd South
903-927-1139

Fairfield Inn & Suites
150 West Interstate 20
903-938-7666

Hampton Inn
5100 East End Blvd South
903-927-0079

Holiday Inn Express & Suites
500 Interstate 20 East
903-934-9700

Hotels

Best Western Executive Inn
5201 East End Boulevard
903-935-0707

Days Inn & Suites
5555 East End Boulevard South
903-935-1941

Econo Lodge
5904 East End Boulevard South
903-935-1135

La Quinta Inn & Suites
6015 East End Boulevard South
903-934-3080

Motel 6
300 I-20 East
903-935-4395

Super 8
6002 East End Boulevard South
903-935-1184

Motels

America's Best Value Inn
100 I-20 West
903-927-1718

Budget Inn
502 East End Boulevard South
903-935-7984

Burnett Motel
205 East Pinecrest Drive
903-938-6648

Relax Inn
400 East Pinecrest Drive
903-935-8344

Texas Inn
1100 East End Boulevard South
903-938-4333

Travel Inn
302 East Pinecrest Drive
903-935-7862

Bed & Breakfasts

Roseville
6843 Highway 80 West
903-935-5000

Three Oaks Bed & Breakfast
609 North Washington Avenue
903-935-6777

Wisteria Garden B&B
215 East Rusk Street
903-938-7611