

ECONOMIC DEVELOPMENT AUTHORITY [261]

Notice of Intended Action

Pursuant to the authority of 2011 Iowa Code Supplement section 15.106A, the Economic Development Authority hereby gives Notice of Intended Action to amend Chapter 38, “Regional Sports Authority Districts,” Iowa Administrative Code.

The amendments herein describe the manner in which the Authority will administer the Regional Sports Authority Districts program. The amendments replace the existing program rules in chapter 38 with clearer and more thorough rules for the program including revised and expanded application procedures, revised certification procedures, clarifications to contract requirements, and additional clarifications regarding the reimbursement of expenses.

The amendments also describe the manner in which the Authority will implement the requirements of 2012 Iowa Acts, Senate File 2212, section 8, regarding the certification of sports authority districts on a competitive basis, including new provisions for the weighted scoring of applications based on economic impact and other criteria.

The Economic Development Authority Board adopted these amendments on July 20, 2012 at the Board’s monthly meeting.

These amendments are intended to implement 2011 Iowa Code Supplement section 15E.321 and 2012 Iowa Acts, Senate File 2212, section 8.

These amendments become effective _____, 2012.

After analysis and review of this rule making, no negative impact on jobs has been found.

The following amendments are proposed.

Item 1. Rescind Chapter 38 and adopt the following **new** chapter 38 in lieu thereof:

261 – 38.1(84GA,SF2212) Definitions.

For purposes of this chapter unless the context otherwise requires:

“Actively promote” or “active promotion” means to regularly undertake specific identifiable actions that encourage greater participation in an activity or that make an activity more visible and accessible. Active promotion includes the planning, organizing, advertising, marketing, managing, hosting, and sponsoring of a nonprofessional sporting event.

“Applicant” means a CVB that has submitted an application to the Authority for certification of a proposed district. For purposes of this chapter, “applicant” may include more than one CVB and one or more area communities located within the proposed district.

“Authority” means the Iowa economic development authority.

“Board” means a regional sports authority district governing board consisting of members of the local communities served by an applicant.

“Convention and visitors bureau” or “CVB” means an organization engaged primarily in the marketing and promotion of a local community or communities to businesses and to leisure travelers interested in the area’s facilities. Such organizations are typically engaged in a wide range of activities including but not limited to assisting businesses and leisure travelers in identifying meeting locations and convention sites; providing maps and other travel information, providing information on local attractions, lodging, and restaurants; and organizing tours of local historical, recreational, and cultural attractions.

“District” means a regional sports authority district certified by the Authority pursuant to this chapter.

“Nonprofessional” means an activity typically engaged in by amateurs and primarily for pleasure rather than for pecuniary benefit or other reasons indicating a professional interest in the activity.

“*Program*” means the regional sports authority district program authorized under Iowa Code section 15E.321 and the rules described in this chapter.

“*Sporting event*” means an athletic activity requiring skill or physical prowess usually competitive in nature and governed by a set of rules provided by a nationally recognized sanctioning body or by a local organization engaged in the development and active promotion of the athletic activity. A sporting event typically includes the placing of competitors into a fixed order of finish, depending upon their respective athletic performance within the rules provided for that activity. For purposes of this chapter, “sporting event” includes but is not limited to youth sports, high school athletic activities, the Special Olympics, and other nonprofessional athletic activities.

261 – 38.2(84GA,SF2212) Program description.

38.2(1) Each fiscal year in which funding is available, the Authority will certify up to ten districts. The Authority will certify the districts on a competitive basis. Certification will be based on the criteria described in subrule 38.4(1) and the Authority will certify districts in a manner designed to prioritize those events that provide the greatest total benefit to the state as a whole.

38.2(2) The Authority will award an equal amount of grant funds to each certified district. Funds will be awarded as reimbursement for expenditures that are directly related to the active promotion of one or more nonprofessional sporting events.

38.2(3) A district certified in one fiscal year retains its certification only for the duration of that fiscal year and must reapply for certification in each subsequent fiscal year.

38.2(4) The certification of districts and the awarding of grant funds are contingent upon the appropriation by the General Assembly of moneys for such purposes.

261 – 38.3(84GA,SF2212) Program eligibility and application requirements.

38.3(1) Eligibility. To be eligible under the program, an applicant shall meet all of the following requirements:

- The applicant shall propose to operate a regional sports authority district that is governed

by a board.

- The board shall consist of seven members named by the applicant of whom at least one member shall be a city council member of a city located in the proposed district.
- The board shall propose, and be responsible for overseeing, a program of activities designed to foster the active promotion of one or more nonprofessional sporting events in the district during the fiscal year for which the applicant is applying for funding.
- The applicant shall demonstrate an amount of local match equal to at least fifty percent of the amount of grant funds to be received by the applicant under the program. The local match shall be in the form of cash.
- The applicant shall submit a completed application including all of the information described in subrule 38.3(2).
- The applicant shall submit the application on or before the application deadline established in subrule 38.3(3).

38.3(2) *Application Requirements.* When submitting an application for grant funds under the program, an applicant shall include all of the following information:

- The applicant's name, mailing address, email address, telephone number, contact person, and federal employer identification number.
- A detailed description of the nonprofessional sporting events the applicant intends to actively promote using funds received under the program.
- The date each proposed nonprofessional sporting event will be held and the location at which it will be held.
- Written documentation establishing the amount and source of the required local cash match.
- Names and contact information of the board and an indication as to which of the board members are city council members as required under this rule.

- Detailed information and projections sufficient to enable the Authority to accurately assess the economic impact of the nonprofessional sporting events described in the application. Such information shall include the estimated number of participants and the estimated number of spectators expected to attend the event. If the applicant has previously held substantially similar events, the information shall include actual attendance figures from past events.

38.3(3) *Deadlines.* The Authority will only consider applications received on or before the applicable deadline. The deadline shall be 4:30 p.m. on September 1 of each fiscal year unless the Authority, at its sole discretion, provides a different deadline for the submission of applications. The Authority may provide a different deadline for the program as a whole, but the Authority will not change the deadline at the request of any individual applicant. The Authority will develop an application process and post all relevant application information, including deadline changes, on its internet site at www.traveliowa.com.

261 – 38.4(84GA,SF2212) Application scoring and certification of districts.

38.4(1) *Scoring criteria.* The Authority will not review or score an application unless it meets the requirements and deadlines of rule 38.3. An application meeting the requirements and deadlines of rule 38.3 will be given a numerical score between zero and 100. The higher an application's numerical score, the more likely it will receive funding under the program. The criteria used to score the applications and the maximum number of points that may be attributed to each criterion are as follows:

- Economic impact: 35 points. The Authority will consider the amount of economic impact represented by the proposed nonprofessional sporting events and will view favorably events that have a greater economic impact. Economic impact will be determined based on the information required under subrule 38.3(2) and the Authority will use that information in combination with the average daily spending data from the Iowa Tourism Office's most recent marketing follow-up survey to calculate the estimated economic

impact of the nonprofessional sporting events proposed in the application. Intentionally inflated estimates of attendance or a history of providing inaccurate estimates will negatively affect the scoring of an application and may result in non-certification of a district.

- Leveraged funds ratio: 20 points. The Authority will consider the proportion of state funds to total funds in the application and will view favorably a greater rate of financial participation from entities other than the state of Iowa.
- Novelty and quality: 15 points. The Authority will consider the novelty and quality of an event and will view favorably nonprofessional sporting events that are new to Iowa or that have been recently improved, enhanced, or enlarged.
- Event size and scope: 15 points. The Authority will consider the size of an event and will view favorably a project with a larger total budget.
- Need: 10 points. The Authority will consider the financial need of an applicant and will recognize the importance of funding events that would not take place without assistance under the program. The Authority will also recognize the importance of funding nonprofessional sporting events that have never before been funded under the program or under another state program.
- Geographic diversity: 5 points. The Authority will consider the geographic diversity represented by the pool of applicants.

38.4(2) Certification process. The Authority will certify not more than ten districts each fiscal year in which funding is available for the program. The Director of the Authority will establish a regional sports authority district review committee within the Authority consisting of Authority staff. The committee will score all completed applications according to the criteria described in subrule 38.4(1). The Authority may certify less than ten districts in a fiscal year if less than ten completed applications are timely received or if less than ten completed applications meet the

minimum threshold for certification. The minimum threshold for certification is the accumulation of fifty or more points out of one hundred total points on the scoring criteria described in subrule 38.4(1). If, after initially scoring all of the completed applications, less than ten districts would be certified, the Authority may allow one or more additional rounds of applications to be submitted and scored. For each additional round of applications, the Authority will follow the same eligibility requirements and use the same scoring criteria as used in earlier rounds. The Authority may accept as many rounds of applications for certification as it deems appropriate. After the conclusion of all application rounds, the Authority will award grant funds to each of the certified districts in equal amounts.

38.4(3) *Reallocation of award amounts.* The Authority may rescore the application of any applicant seeking to reallocate award amounts and, if the failure to hold a nonprofessional sporting event as described in the initially scored application would cause a material change in the application's overall quality in relation to other applicants, the Authority may allow an additional round of applications as described in subrule 38.4(2). No applicant may reallocate award amounts, even after a rescoring, without executing a contract amendment as described in rule 38.5.

261 – 38.5(84GA,SF2212) Contract administration.

38.5(1) *Notice of approval.* The Authority will notify successful applicants in writing of an approved request for certification. Such a notification may include the terms or conditions under which approval is granted.

38.5(2) *Contract required.* Each successful applicant shall enter into a contract with the Authority. The contract will describe the nonprofessional sporting events that the applicant will actively promote as part of the certified district and will include the terms and conditions under which the grant funds will be disbursed. The contract will also include the terms and conditions under which grant funds must be repaid or penalties incurred in the event the district does not fulfill all obligations under the contract.

38.5(3) *Contract amendments.* All requests by a district for an amendment to the contract will require the approval of the director of the Authority. The director will review each such request and approve or deny it. If a request is approved, the district and the director will execute a written amendment to the contract. Only a written amendment duly executed by both parties to the contract will be valid and binding.

38.5(4) *Reports required.* Each certified district shall submit a written report to the Authority within 90 days of the end of the performance period specified in the contract.

38.5(5) *Record keeping.* Each certified district shall maintain all records necessary for the verification and validation of the proper use of grant funds under the contract and shall submit such records to the Authority upon request.

261 – 38.6(84GA,SF2212) Expenses, records, and reimbursements.

38.6(1) *General.* Each certified district shall at all times incur expenses and be reimbursed for such expenses by the Authority only as described in this chapter or in a contract executed hereunder. The Authority may deny reimbursement for any expenditure not directly related to the active promotion of a nonprofessional sporting event.

38.6(2) *Eligible expenses.* Only expenditures directly related to the active promotion of a nonprofessional sporting event will be reimbursed under the program. Items that will be considered eligible expenses include but are not limited to bid fees, rights fees, sponsorships, payments to vendors, advertising, marketing, venue rental, equipment rental, promotional materials, production costs, and fees and costs for officiants.

38.6(3) *Ineligible expenses.* Expenses that are not directly related to the active promotion of a nonprofessional sporting event are not eligible for reimbursement. Ineligible expenses include but are not limited to travel costs of applicant staff, solicitation efforts, lobbying fees, meals or dining on occasions other than the dates of the nonprofessional sporting events described in the application, items that are purchased for resale, prizes given to participants, and alcoholic beverages.

38.6(4) *Required records and reimbursements.* A district shall submit any records requested by the Authority as documentation of the expenditures incurred for purposes of the grant funds awarded under the program. Such records may include invoices, original receipts, or check copies. The Authority will only accept records submitted in the name of the district that has executed a contract. If a district pays an expense using a credit card, the district shall submit a copy of a check register or bank statement indicating that the credit card invoice was paid. The Authority will not reimburse any expenses included on a receipt that includes both eligible expenses and ineligible expenses. The Authority will not reimburse expenses included on a non-itemized receipt.

38.6(5) *Repayments of certain funds.* If the Authority reimburses a district for the cost of a refundable bid fee and the applicant is unsuccessful in the effort to win the right to hold that event, then the district shall return the amount of such reimbursement to the Authority.

38.6(6) *Reallocation of funds.* If, at the time of a districts final reporting of expenses, the district cannot adequately document eligible expenses or documents an amount that is less than the awarded amount, the Authority may award additional funds to other certified districts, open additional rounds of certification, or revert the moneys to the general fund. If the Authority awards additional funds to already certified districts, such districts shall submit documentation establishing how such funds will be expended, and the Authority will execute contract amendments providing for the expenditure of the additional funds.