

2023 Destination Development Grant

Section I Grant Information

A. BACKGROUND

Governor Doug Burgum, recognizing the importance of tourism development, recommended an appropriation for the Destination Development Grant Program. The 68th Legislative Assembly approved this program, which will now be administered through the Strategic Investment and Improvements Fund. These dollars are to assist in creating destination tourism development through grants of up to \$5 million for the 2023-2025 biennium.

B. PURPOSE

The Destination Development Grant Program aims to provide financial support to develop new or expanded tourism experiences and attractions resulting in economic growth and diversification. Also, to increase unique experiences for workforce recruitment and retention and enhance North Dakota residents' quality of life. This grant is intended to fund the actual building of infrastructure or expansion of an attraction and service that create anchor tourism attractions that will assist in spurring and supporting secondary attractions within the state.

Funds are intended to move a project toward completion rather than for preliminary planning and development. Types of usage that would be allowed include but are not limited to, costs associated with the purchase or construction of new and/or existing tourism and recreation attractions, historic sites, and equipment purchased for specific tourism project operations.

To qualify, projects must fall under at least one of the following categories:

1. **Accommodations** - Lodging options that are distinct from traditional hotels/motels or short-term homestays. This can include historic restorations, boutique hotels, bed and breakfasts, outdoor (glamping) or cultural-themed lodging, hunting lodges or resorts and other types of accommodations that provide services and amenities and offer a unique and memorable experience for visitors. Unique accommodations that can help to enhance the tourism experience by providing visitors with a more personalized and immersive experience and can also help diversify the range of lodging options available in a destination.
 - a. Rehabilitation of a historic structure unique to the area (ex: downtown boutique hotel)
 - b. Unique offering representative of the area's offerings and culture (ex: ski lodge, glamping site, hunting/fishing lodge.)
 - c. Built with a tourism attraction where the tourism attraction costs more than the lodging facility.
 - d. Construction, restoration, or renovation of a full-service lodging facility that is or will be a part of a major attraction, convention or sports facility offering unique experiences that tie directly to the attraction or venue.

2. **Culinary experiences** - Restaurants, cafes, breweries, and wineries
 - a. Breweries or wineries that offer tours and/or event space
 - b. Themed restaurant destination built in conjunction with a larger tourism project
 - c. Cultural or regional cuisine attractions that highlight that area's culture (Native American cuisine, Scandinavian, German-Russian heritage, etc.)
3. **Themed education and entertainment attractions**
4. **Recreation**
 - a. Additional recreation experiences
 - b. Value-added equipment rentals
 - c. Guide and outfitter services
 - d. Complete experience packages
5. **AgriTourism attractions**
 - a. Farm stays to include tours, activities, or events
 - b. Full-service guest ranches
6. **Focused niche activities that provide value-added services**
 - a. Historical or cultural
 - b. National Park/monument visitors
 - c. Scenic beauty or natural distinctions
 - d. Unique community amenities

In addition to new projects, existing projects may qualify for this grant under operational enhancements; however, grant funds cannot supplant an existing budget. Grant requests should range between \$25,000 and up to \$5,000,000, but smaller projects may be considered. Match needs to be fully obtained within grant period. Grant funds must be spent by May 15, 2025.

A. ELIGIBILITY

ELIGIBLE ENTITIES

A for-profit or non-profit organization or business involved in tourism. Private and non-profit tourism entities or concessionaires using government buildings or public property are eligible if the grant dollars are used only to improve items belonging to the business or non-profit.

B. INELIGIBILITY

INELIGIBLE ENTITIES

State and federal government entities are not eligible.

INELIGIBLE PROJECTS

Projects that would not qualify include planning or hosting a new event. A tourism attraction shall not be primarily devoted to the retail sale of goods, shopping centers, restaurants, or movie theaters. State and government-owned facilities are not eligible. Projects that intend to use grant dollars for staffing positions, strategic planning, marketing, and ongoing expenses are not eligible.

C. MATCHING REQUIREMENTS

These funds shall require a matching commitment from non-state sources. Matching requirements may be altered based on the size of the project and geography (urban/rural), but no project will receive funding without non-state sources utilized.

D. WHAT MAKES FOR A STRONG APPLICATION?

- Projects that clearly demonstrate how the attraction will motivate a trip to North Dakota.
- Projects that clearly demonstrate their role as a tourism and recreation attraction in their community and region, and the benefits the project will provide through the development of the new visitor attraction.
- The demand for the tourism-related project is clearly demonstrated through research and analysis.
- The project is unique and offers an experience that is relevant to North Dakota's history, culture, or natural resources.
- Projects that align with gaps identified in tourism development plans, offer unique or in-demand experiences and could attract and retain out-of-state visitors for at least four to six hours or overnight.
- Projects that leverage funding from various public or private sources.
- Projects that demonstrate responsible management of tourism activities and enhance the natural, cultural, or social resources that make a destination attractive to visitors. (Ex: minimizing, promoting cultural understanding and respect by providing information or training about local culture and customs, supporting local cultural initiatives, supporting the local economy by using local suppliers, preserve environmental impacts through sustainable practices, protecting public safety by conducting activities in a safe and responsible manner.)
- Clear and concise answers. Supporting documents are encouraged and will be reviewed but will not replace required narratives in grant portal.

E. APPLICATION FOR DESTINATION DEVELOPMENT GRANT

Note: The grant portal will open July 3, 2023.

I. Project Description (100 Total Points)

- A. Provide a clear, concise description of the project. Include the following: Project location, facility owner (if different than applicant), what matching funds will be used for, how the project complies with the purpose of the grant (Refer to *program objective* and *eligible projects*). (25 Points)
- B. Innovation-Describe the extent to which the project incorporates innovative and creative ideas to attract tourists and enhance their experience. (25 Points)
- C. Cultural and Historical Significance- Describe the significance of the project to the local culture and history, and it's potential to attract visitors interested in learning about the area's heritage. (20 Points)
- D. Describe the tourism and/or hospitality experience of those involved in the development and operation of this project. (15 Points)

- E. Optional attachments can be included such as economic impact analysis, architectural drawings, community surveys, sustainability plan, other project planning documents. (15 Points)

II. Project Financials (100 Total Points)

- A. Budget and Timeline details (60 Points)
 - 1. An implementation timeline for your project and investment of grant funds in it.
 - 2. A budget for the entire project, specifically identifying the amount of grant funds to be used for each phase of the project.
 - 3. Budget totals.
 - 4. Source of matching funds.
- B. Present an estimated operating budget for the facility's ongoing costs once the project is complete and how these ongoing costs will be funded. (40 Points)

III. Project Compatibility and Appeal (100 Total Points)

- A. Market Demand- Describe the degree to which the project meets the needs of the local, regional, and state tourism market and the potential for future growth. (50 Points)
 - 1. If this is an existing business, include information about annual visitation numbers, percentage of out-of-state and North Dakota visitors, hours of operation, and if you expect any changes in this once the project is complete. Will the expansion attract new visitors?
 - 2. If this is a new business, provide 3-year projections and the data source(s) used.
- B. Visitor Demographics- Describe the potential appeal of the project to different types of visitors, such as families, adventure seekers, or cultural tourists. (25 Points)
- C. Collaboration- Describe the extent to which the project involves collaboration with regional businesses, organizations, and stakeholders to ensure compatibility with the surrounding community. (25 Points)

IV. Demand for the Project (100 Total Points)

- A. Economic Impact- Describe how this project will have an economic impact on the local area, region, and state through workforce retention, job creation, increased tax revenue and economic diversification. For example, amount of visitor spending to result from this project. (30 Points)
- B. Tourism Growth Potential- Describe the potential for the project to attract new visitors to the community, region or state and encourage repeat visits, and it's potential to contribute to the growth and sustainability of the local tourism industry. (30 Points)
- C. Community Benefit- Describe the degree to which the project enhances the quality of life for residents and how it could assist in attracting workforce. (20 Points)
- D. Three letters of support from local and regional community, civic, business, and other

stakeholders expressing support and commitment for the development of this project. These letters must be submitted with your application. (20 Points)

V. Operational Enhancements (60 Total Points) Note: For existing projects only.

- A. Feasibility- Is the proposed operational enhancement feasible given the organization's resources, capacity, and timeline? Does the applicant have a clear plan for implementing the enhancement and a realistic timeline for completion? (10 Points)
- B. Impact- Will the operational enhancement lead to significant improvements in the organization's efficiency, effectiveness, or outcomes? Is the enhancement likely to have a lasting impact on the organization's ability to operate? (10 Points)
- C. Social Impact- The organization must demonstrate that the operational enhancement will have a significant social impact that will benefit the community. This project should align with the grant's objectives and eligible projects, and the organization should be able to explain how the grant will help achieve those goals. (10 Points)
- D. Sustainability- Is the operational enhancement sustainable in the long term? Will the organization be able to maintain the enhancement after the grant funding ends? Are there plans in place for ongoing monitoring and evaluation to ensure that the enhancement continues to be effective? (10 Points)
- E. Financial hardship- The organization must provide evidence that they are experiencing a financial hardship that makes it difficult to pay for the expenses without the grant funding. This could include lack of unavailable funds or other financial constraints. (10 Points)
- F. Collaboration- Is the applicant open to collaborating with other organizations or stakeholders to maximize the project's impact? Are there opportunities for knowledge-sharing or partnership-building that could enhance the long-term success of the project? This can include collaborating with nonprofit organizations, engaging with local businesses or community members or other stakeholders to achieve the project's goals. (10 Points)

F. ADMINISTRATION

The Destination Development Grant is administered by the Tourism Division of the Department of Commerce.

Questions may be directed to:

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ND Department of Commerce Tourism Division

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Section II Grant Requirements

A. GRANT REQUIREMENTS

All application materials must be submitted online in the grant portal. The items listed below will need to be completed and/or uploaded as part of the applicant's submission.

- Three Letters of Support. The lead applicant must upload/attach the letters in a single PDF.
- Full business plan including:
 - Executive Summary - should concisely describe the key elements of the business plan including, but not limited to: Business location and plan description. Discussion of the tourism offering, market, and competition. Summary of historical and financial projections. Amount of financial assistance requested. Form of and purpose for the financial assistance. Complete uses and sources of funds. Business goals and objectives.
 - The Company - A general description of the business, including the service. Tax identification number. Historic development of the business, including such items as: Name, date, and place (state) of formation, and legal structure.
 - The Service - describe the present tourism product. Compare to competitors' product, and competitive advantages over other offerings. Demand for the offering. General description of the project, the purpose for which it is undertaken, projected job creation, and salary/wage rates for all employees. Number of employees at year end, total payroll expenses for each of previous three years (breakdown by wages, benefits). Departmental/divisional breakdown of work force. Planned staff additions. Describe the industry and the industry outlook. Explain the sources of the projections.
- Financial documents:
 - A funding request detailing the desired financing, including complete description of uses and sources of funds. If phased financing, describe phases, projected timing and detailed uses and sources of funds.
 - Three years of company historical financial statements.
 - Three years projected financial statements. Projections should include profit and loss, balance sheet and cashflow statements. Include key assumptions made in the proformas and how these assumptions reflect industry performance.
 - Document proof showing source of project match commitment (\$1 to \$1 cash match preferred, may consider other proposed match scenarios.)
- Agree to complete vendor registration with Office of Management and Budget to receive payment (if you have never received or not received payment from the state within the past 12 months): [Supplier Registration](#). Note: The business applicant name must match your State Vendor Registration ID.

Ineligible grant fund expenses:

- Travel and lodging
- Current and future operation expenses (including but not limited to salary/fringe, organizational operations, and indirect costs)
 - Note: This grant cannot supplant an existing budget.
- Speculative projects

- Fees incurred preparing and submitting an application (i.e., time, research, grant writing fees, etc.)
- Administrative, personnel and programmatic funding for existing operations
- Taxes, except sales taxes on eligible expenses
- Funding advocacy or lobbying efforts
- Direct payment to individuals; the funds must be paid to a registered organization.

IMPORTANT NOTE: Match contributions raised prior to July 1, 2023, may be considered for the match based on the project.

Section III Proposal Review and Approval

A. PROPOSAL REVIEW AND RATING

Review and rating of proposals is conducted by the Department of Commerce. The division will work with designated individuals to clarify proposals, verify match requirement, and to ensure completeness.

B. GRANT APPROVAL

The division will officially notify the grantee of the award by contacting the respective applicant. The notification will include:

1. Amount awarded.
2. Request that the applicant name an authorized agent as the contact with the division on the specific grant.
3. Request that the grantee not publicize the award, pending a press release by the State.

Section IV Grant Contract

A. GRANT CONTRACT DEVELOPMENT

Upon approval of a grant proposal, the division will develop a grant contract. The division will work with the authorized agent to finalize grant contract details.

B. REPORTING REQUIREMENTS

1. Progress Narrative

Progress narratives will be required every 6 months from the commencement of the contract. The progress narrative must include a brief report of project progress and information, which will include progress on milestones identified in the project proposal description and implementation. This will be completed in the grant portal.

2. Expenditure Report/Request for Funds

All grant expenditures will be required by March 31, 2025. (45 days prior to the closure of the grant to ensure complete reconciliation and closeout).

C. GRANT CONTRACT MODIFICATION

The grantee will contact the division to get prior approval on changes to match, authorized use of grant funds, grant contract term, or funding. Approved requests may be denied if not appropriate to the grant or may require grant contract modification prior to implementation. A line-item deviation from grant contract budget of no more than 10% will be accepted without prior permission and will not require grant contract modification. This deviation allowance does not include total grant contract amount.

Grant contract modifications should be completed during the grant contract period.

D. GRANT CONTRACT CLOSEOUT

Near the end of the grant contract, the Division will notify the grantee via letter and or email, that the grant contract has been closed. This notification signifies the end of the grant contract and releases the administrator and the grantee from any further obligations under the grant contract.

Section V Monitoring

The division will monitor all grants during the grant term. Monitoring via desk review is allowable if documentation can satisfactorily support the review. Monitoring times will be targeted to allow the grantee to have submitted at least one request for funds. This gives the monitor and grantee an opportunity to review the process more completely.