

CHAPTER 65  
RECREATION, ENVIRONMENT, ART AND CULTURAL  
HERITAGE INITIATIVE (REACH) — COMMUNITY ATTRACTION  
AND TOURISM DEVELOPMENT PROGRAM

**261—65.1(78GA,HF772) Purpose.** The community attraction and tourism development program, a component of the recreation, environment, art and cultural heritage initiative (REACH), is designed to assist communities in the development and creation of multiple-purpose attraction and tourism facilities.

**261—65.2(78GA,HF772) Definitions.** When used in this chapter, unless the context otherwise requires:

“*Activity*” means one or more specific activities or projects assisted with community attraction and tourism development funds.

“*Attraction*” means a permanently located recreational, cultural, or entertainment activity, or event that is available to the general public.

“*Community*” or “*political subdivision*” means a city or county, or an entity established pursuant to Iowa Code chapter 28E.

“*Department*” or “*IDED*” means the Iowa department of economic development.

“*Economic development organization*” means an entity organized to position a community to take advantage of economic development opportunities and strengthen a community’s competitiveness as a place to work and live.

“*Float loan*” means a short-term loan (maximum of 30 months) from obligated but unexpended funds.

“*Fund*” means the community attraction and tourism fund established pursuant to 1999 Iowa Acts, House File 772, section 3(2).

“*Loan*” means an award of assistance with the requirement that the award be repaid with term, interest rate, and other conditions specified as part of the award. A deferred loan is one for which the payment of principal, interest, or both, is not required for some specified period. A forgivable loan is one for which repayment is eliminated in part or entirely if the borrower satisfies specified conditions.

“*Local support*” means endorsement by local individuals or entities that have a substantial interest in a project, particularly by those whose opposition or indifference would hinder the activity’s success.

“*Private organization*” means a corporation, partnership, or other organization that is operated for profit.

“*Public organization*” means a not-for-profit economic development organization or other not-for-profit organization that sponsors or supports community or tourism attractions and activities.

“*Recipient*” means the entity under contract with IDED to receive community attraction and tourism development funds and undertake the funded activity.

“*Subrecipient*” means a private organization or other entity operating under an agreement or contract with a recipient to carry out a funded community attraction and tourism development activity.

“*Vertical infrastructure*” means land acquisition and construction, major renovation and major repair of buildings, all appurtenant structures, utilities, site development, and recreational trails. “Vertical infrastructure” does not include routine, recurring maintenance or operational expenses or leasing of a building, appurtenant structure, or utility without a lease-purchase agreement.

**261—65.3(78GA,HF772) Program components and eligibility requirements.** There are three direct components to the community attraction and tourism development program. The first component relates to community attraction, tourism or leisure activities that are sponsored by political subdivisions and public organizations. This component is referred to as the community attraction component. The second component relates to the encouragement and creation of public-private partnerships for exploring the development of new community tourism and attraction activities. This component is referred to as the project development component. A third component provides community attraction and tourism development funds for interim financing for eligible activities under the community attraction component. This component is referred to as the interim financing component.

**65.3(1) Community attraction component.** The objective of the community attraction component is to provide financial assistance for community-sponsored attraction and tourism activities. Community attraction activities may include but are not limited to the following: museums, theme parks, cultural and recreational centers, sports arenas and other attractions.

**65.3(2) Project development component.** The department, at its discretion, may also provide funding for project development related to proposed activities under this program. Project development assistance could be for the purpose of assisting in departmental evaluation of proposals, or could be one of the proposed activities in a funding request whose further project development could reasonably be expected to lead to an eligible community attraction and tourism development activity. Feasibility studies are eligible for assistance under this component.

**65.3(3) Interim financing component.**

*a.* The objective of the community attraction and tourism development interim financing component is to provide short-term financial assistance for eligible community attraction and tourism activities. Financial assistance may be provided as a float loan. A float loan may be made only for activities that can provide the department with an irrevocable letter of credit or equivalent security instrument from a lending institution rated AA or better, assignable to IDED in an amount equal to or greater than the principal amount of the loan.

*b.* Applications for float loans shall be processed, reviewed and considered on a first-come, first-served basis to the extent funds are available. Applications that are incomplete or require additional information, investigation or extended negotiation may lose funding priority. Applications for float loans shall meet all other criteria required for the community attraction component.

**261—65.4(78GA,HF772) Allocation of funds.**

**65.4(1)** Except as otherwise noted in this rule, all community attraction and tourism development funds shall be awarded for activities as specified in rule 65.3(78GA,HF772).

**65.4(2)** IDED may retain a portion of community attraction and tourism development funds for administrative costs associated with program implementation and operation. The percent of funds retained for administrative costs shall not exceed 1 percent in any year.

**65.4(3)** For the fiscal year beginning July 1, 1999, \$400,000 is allocated from the fund to be used to provide grants to up to three political subdivisions, in an amount not to exceed \$200,000 per grant. The purpose of the three grants is to study the feasibility and viability of developing and creating a multiple-purpose attraction and tourism facility.

**261—65.5(78GA,HF772) Eligible applicants.** Eligible applicants for community attraction and tourism development funds include political subdivisions and public organizations.

**65.5(1)** Any eligible applicant may apply directly or on behalf of a subrecipient.

**65.5(2)** Any eligible applicant may apply individually or jointly with another eligible applicant or other eligible applicants.

**261—65.6(78GA,HF772) Eligible activities and forms of assistance—all components.**

**65.6(1)** Eligible activities include those which are related to a community or tourism attraction, and which would position a community to take advantage of economic development opportunities in tourism and strengthen a community's competitiveness as a place to work and live. Eligible activities include building construction or reconstruction, rehabilitation, conversion, acquisition, demolition for the purpose of clearing lots for development, site improvement, equipment purchases, and other activities as may be deemed appropriate by IDED.

**65.6(2)** Eligible forms of assistance include grants, interest-bearing loans, non-interest-bearing loans, float loans under the interim financing component, interest subsidies, deferred payment loans, forgivable loans, loan guarantees, or other forms of assistance as may be approved by IDED.

**65.6(3)** Financial assistance for an eligible activity may be provided in the form of a multiyear award to be paid in increments over a period of years, subject to the availability of funds.

**65.6(4)** IDED reserves the right to negotiate the amount and terms of an award.

**65.6(5)** Recipients may use community attraction and tourism funds in conjunction with other sources of funding including the local recreation infrastructure grants program administered by the department of natural resources and the Iowa historic site preservation program administered by the department of cultural affairs. IDED may consult with appropriate staff from the department of cultural affairs and the department of natural resources to coordinate the review of applications under the programs.

**261—65.7(78GA,HF772) Ineligible projects.**

**65.7(1)** The department shall not approve an application for assistance under this program to re-finance an existing loan.

**65.7(2)** An applicant may not receive more than one award under this program for a single project. However, previously funded projects may receive an additional award(s) if the applicant demonstrates that the funding is to be used for a significant expansion of the project, a new project, or a project that results from previous project-development assistance.

**65.7(3)** The department shall not approve an application for assistance in which community attraction and tourism development funding would constitute more than 50 percent of the total project costs. A portion of the resources provided by the applicant for project costs may be in the form of in-kind or noncash contributions.

**261—65.8(78GA,HF772) Threshold application requirements.** To be considered for funding under the community attraction and tourism development program, an application must meet the following threshold requirements:

**65.8(1)** There must be demonstrated local support for the proposed activity.

**65.8(2)** A need for community attraction and tourism development program funds must exist after other financial resources have been identified for the proposed activity.

**65.8(3)** Some portion of the proposed activity must involve the creation or renovation of vertical infrastructure.

**261—65.9(78GA,HF772) Application review criteria.** Applications meeting the threshold requirements of rule 65.8(78GA,HF772) will be reviewed by IDED staff. IDED staff shall evaluate and rank applications based on the following criteria:

**65.9(1) Feasibility.** The feasibility of the existing or proposed facility to remain a viable enterprise (0-25 points). Rating factors for this criterion include, but are not limited to, the following: initial capitalization, project budget, financial projections, marketing analysis, marketing plan, management team, and operational plan. In order to be eligible for funding, proposals must score at least 15 points on this rating factor.

**65.9(2) *Economic impact (0-25 points).*** Number of jobs created and other measure of economic impact including long-term tax generation. The evaluation of the economic impact of a proposed activity shall also include a review of the wages, benefits, including health benefits, safety, and other attributes of the activity that would improve the quality of attraction and tourism employment in the community. Additionally, the economic impact of an activity may also be reviewed based on the degree to which the activity enhances the quality of life in a community and contributes to the community's efforts to retain and attract a skilled workforce. In order to be eligible for funding, proposals must score at least 15 points on this rating factor.

**65.9(3) *Leveraged activity.*** The degree to which the facility will stimulate the development of other community attraction and tourism activities (0-25 points). In order to be eligible for funding, proposals must score at least 15 points on this rating factor.

**65.9(4) *Geographic diversity.*** The extent to which facilities are located in different regions of the state (0-10 points).

**65.9(5) *Local match.*** The proportion of local match to be contributed to the project, and the extent of public and private participation (0-15 points).  
A minimum score of 65 points is needed for a project to be recommended for funding.

**261—65.10(78GA,HF772) *Application procedure.*** Subject to availability of funds, applications are reviewed and rated by IDED staff on an ongoing basis. Applications will be reviewed by staff for completeness and eligibility. If additional information is required, the applicant shall be provided with notice, in writing, to submit additional information. The IDED staff may refer applications to the project development component, subject to the availability of funds. Recommendations from the IDED staff will be submitted to the director of the department for final approval, denial or deferral.

**65.10(1)** Application forms shall be available upon request from IDED, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4770.

**65.10(2)** IDED may provide technical assistance to applicants as necessary. IDED staff may conduct on-site evaluations of proposed activities.

**65.10(3)** A comprehensive business plan must accompany the application and shall include at least the following information: initial capitalization including a description of sources of funding, project budget, financial projections, marketing analysis, marketing plan, management team, and the operational plan including a time line for implementing the activity. Additionally, applicants shall also provide the following information: the number of jobs to be created, and the wages and benefits associated with those jobs; direct measures of economic impact including long-term tax generation, but excluding the use of economic multipliers; a description of the current attraction and tourism employment opportunities in the community including information about wages, benefits and safety; and a description of how the activity will enhance the quality of life in a community and contribute to the community's efforts to retain and attract a skilled workforce.

**261—65.11(78GA,HF772) *Administration.***

**65.11(1) *Administration of awards.***

*a.* A contract shall be executed between the recipient and IDED. These rules and applicable state laws and regulations shall be part of the contract.

*b.* The recipient must execute and return the contract to IDED within 45 days of transmittal of the final contract from IDED. Failure to do so may be cause for IDED to terminate the award.

*c.* Certain activities may require that permits or clearances be obtained from other state or local agencies before the activity may proceed. Awards may be conditioned upon the timely completion of these requirements.

*d.* Awards may be conditioned upon commitment of other sources of funds necessary to complete the activity.

*e.* Awards may be conditioned upon IDED receipt and approval of an implementation plan for the funded activity.

**65.11(2) *Requests for funds.*** Recipients shall submit requests for funds in the manner and on forms prescribed by IDED. Individual requests for funds shall be made in an amount equal to or greater than \$500 per request, except for the final draw of funds.

**65.11(3) *Record keeping and retention.*** The recipient shall retain all financial records, supporting documents and all other records pertinent to the community attraction and tourism development activity for three years after contract closeout. Representatives of IDED shall have access to all records belonging to or in use by recipients pertaining to community attraction and tourism development funds.

**65.11(4) *Performance reports and reviews.*** Recipients shall submit performance reports to IDED in the manner and on forms prescribed by IDED. Reports shall assess the use of funds and progress of activities. IDED may perform any reviews or field inspections necessary to ensure recipient performance.

**65.11(5) *Amendments to contracts.*** Any substantive change to a contract shall be considered an amendment. Changes include time extensions, budget revisions and significant alteration of the funded activities that change the scope, location, objectives or scale of the approved activity. Amendments must be requested in writing by the recipient and are not considered valid until approved in writing by IDED following the procedure specified in the contract between the recipient and IDED.

**65.11(6) *Contract closeout.*** Upon contract expiration, IDED shall initiate contract closeout procedures.

**65.11(7) *Compliance with state and local laws and regulations.*** Recipients shall comply with these rules, with any provisions of the Iowa Code governing activities performed under this program and with applicable local regulations.

**65.11(8) *Remedies for noncompliance.*** At any time before contract closeout, IDED may, for cause, find that a recipient is not in compliance with the requirements of this program. At IDED's discretion, remedies for noncompliance may include penalties up to and including the return of program funds to IDED. Reasons for a finding of noncompliance include but are not limited to the recipient's use of funds for activities not described in the contract, the recipient's failure to complete funded activities in a timely manner, the recipient's failure to comply with applicable state or local rules or regulations or the lack of a continuing capacity of the recipient to carry out the approved activity in a timely manner.

These rules are intended to implement 1999 Iowa Acts, House File 772, section 3, subsection 2, and sections 23 and 24.

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