

**Destination Iowa Fund Program Guidelines
Iowa Economic Development Authority
FY 2025**

Fiscal Year Allocation: \$10 million

Application Release Date: Pre-Applications will be accepted starting on July 22, 2024

Overview

The Destination Iowa Fund (DIF) grant program provides grants to eligible applicants on a competitive basis. A Destination Iowa Fund is created in the state treasury under the control of the authority. The fund shall consist of all moneys appropriated to the fund.

The Iowa Economic Development Authority (IEDA) board administers the DIF Grant Program.

IEDA will designate a Grant Committee to review and make a recommendation of the applications to the IEDA board. The IEDA Board will make funding decisions at least once per fiscal year. Grants will be made by the Authority directly to Recipients, who will submit claims to the Authority on a reimbursement basis.

This guide provides the vision, policies, and administrative procedures for management of the DIF grant program. This document will be reviewed and approved by the IEDA Board at least once per year. The Program is governed by Iowa Code Section 15.281.

Purpose

The DIF Grant Program is funded through a legislative appropriation. Funds will be awarded to projects investing in vertical infrastructure to create or expand existing Primary Destinations to increase tourism to the state. Projects will attract visitors and new residents to the state and bolster the quality of life in Iowa's rural communities. The aim is to make strategic investments that yield lasting results and create a positive ripple effect throughout the community. These projects will not only address immediate needs but also contribute to long-term sustainability and enhance the overall quality of life for residents.

Eligible Projects:

- Economically significant projects that increase tourism opportunities.
 - Examples include: cultural and entertainment facilities, event centers
- Development and enhancement of outdoor recreational opportunities
- Projects that contribute to quality of life in rural communities.
 - Pools and splash pads, libraries and community parks are not eligible for funding.
- Priority will be given to applicants that have not been awarded money from the federally-funded Destination Iowa fund or other programs intended to support community attraction and tourism projects after July 1, 2018.
 - Projects that have received a federally-funded Destination Iowa grant or CAT grant are not eligible, unless a newly defined phase is identified.
- Priority will be given to projects that include development of a new facility or amenity over projects that primarily renovate or replace existing facilities.

Eligible Applicants

A city, county, or not-for-profit organization is eligible to apply for DIF grant funds.

- An eligible applicant may apply individually or jointly with another eligible applicants. Applicants must own the Destination.

Ineligible Applicants include but are not limited to:

- For-Profit businesses
- State Agencies, Community Colleges and Regent Institutions
- Casinos and Gaming Organizations
- Community School Districts

Requirements for application:

- Project seeking funding is referenced in a community plan/vision
 - Business and community leaders are moving together toward that plan
- Project shows broad local support with financial investments by City, County and private funders.
- Project scope has been defined and cost estimates received not more than six-months prior to applicant.
- Financing/Fundraising on project has reached at minimum 65% of total estimated cost

Definitions:

Primary Destination: means natural, man-made, cultural, recreational or educational attraction(s) that drive visitors to an area. It is the primary target for promoting tourism, attracting visitors, and stimulating economic development in that specific area.

Secondary Destination or Community Attraction: means destinations directed towards more localized visitors or supporting a Primary Destination. These can be located near or on the route of a primary destination but are not the sole reason for tourist visit.

Vertical Infrastructure: means land acquisition and construction, major renovation and major repair of buildings, all appurtenant structures, utilities, site development, recreational trails, and water 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.

Rural: means a community that has a population of fewer than twenty thousand persons as determined by the most recent population estimate produced by the United States Census Bureau or the most recent decennial census released by the United States Census Bureau.

Economically Significant: means a project will significantly enhance the local economy by attracting visitors, stimulating spending, and generating substantial economic benefits. It involves a comprehensive approach that encompasses various aspects of the tourism industry, such as accommodations, attractions, transportation, and hospitality services. Successful projects aim to maximize the economic potential of tourism by leveraging its inherent value and creating sustainable economic opportunities for both the tourism industry and the local community. Measures for economically significant include: average tourist expenditures, tax revenues, employment rates, outside investments, and the multiplier effects on related sectors.

Eligibility Requirements

Requirements for DIF grant awards include but are not limited to the following:

- Project must be primarily vertical infrastructure; including major renovations and trails
- Applicants must demonstrate how the project is or will be available for year-round use by the public.
- Applicant must own or intend to own the property that is the subject of the project.
- Applicants must describe the Primary Destination and how the proposal increases tourism, enhances visitor experiences or bolsters community development.
- Applicants are required to demonstrate how the project will be a draw to people from outside of the local community and/or the state
- Applicants who have previously received funding from IEDA shall have demonstrated acceptable past performance, including the timely expenditure of funds.
- Applications shall demonstrate the feasibility of completing the proposed activities with the funds requested within grant timeline.
- Applications shall identify and describe any and all other sources of funding for the proposed activities.
- Projects shall demonstrate broad public support including city, county and local private dollars.
- No more than 50% of the project can be funded by state dollars, including the amount awarded with Destination Iowa Fund funding.
- 100% of funding sources must be secured within six-months of award.
 - Applicants shall provide a clear financial plan, demonstrating their ability to match the grant funds and sustain the project beyond the grant period.
 - Eligible projects must be under contract for construction within 12-months of award.
 - Eligible projects can receive grant funds up to 25% of eligible project costs related to the construction, development, or expansion of destination.
 - Eligible projects must have 65% of financing/fundraising secured at time of the pre-application
 - Minimum Total Project Costs:
 - Urban - \$5 million or greater
 - Rural - \$1.5 million or greater
 - Half of program funds are allocated to “Rural” Destinations. Rural funds not awarded by April 1, 2024 may be awarded to any eligible project.

Ineligible Projects

The following projects are ineligible for funding:

- Routine or recurring maintenance to existing Destination
- Leasing of a building
- Events, marketing or promotion

Eligible Expenses

Only expenditures made after the date of an award are eligible for reimbursement. Projects that are underway may be less competitive. Factors IEDA will use to determine whether projects are underway include but are not limited to:

- Construction contracts have been signed
- Construction has begun

Examples of eligible expenses include, but are not limited to:

- Construction supplies, materials and labor
- Purchase of real property
- Engineering, Architectural and Design Fees
- In-Kind donations are acceptable expenses for materials and contracted services – up to 15% of total project cost

Ineligible Expenses

Ineligible expenses include, but are not limited to:

- Intangible assets
- Operating costs including employee wages for administering grant or contracted grant administration
- Marketing, fundraising, promotional or event costs
- Leasing of a building

Two-Step Application Review

Pre-application -

- Pre-applications will be accepted on a rolling basis starting July 22, 2024. Pre-applications will include scope of project, explanation of tourism draw/economic impact, budget, status of fundraising and plan for completion, economic impact, and operational plan. If a community plan/vision is in place, this will be requested. Pre-applications must be submitted at least 60 days prior to final application deadline to be invited to apply.
 - NOTE: Fundraising threshold of 65% **must** be met at time of pre-application evaluation
- The DIF team will meet at least twice per month to evaluate pre-applications on the following scale:

	1-	2-	3-
Destination Type	Community Attraction – designed for the use of local community	Secondary Destination – supports primary destination	Primary Destination – reason for the visit
Financing/Fundraising	Minimal Local Input/Support (1-2 supporters financing)	Moderate Local Support – missing city/county dollars or grassroots fundraising	Broad Support (includes City/County Dollars and grassroots fundraising)
Community Plan/Vision	Outside of Plan or no plan exists		Included in a community plan/vision
Economic Impact	No additional investment expected	Potential for additional community investment	Additional community investment likely and can be articulated
Sustainability/Feasibility	Not addressed/unclear	Addressed but needs further development	Operational plan in place and articulated

Visitor Reach	Local	Regional	Statewide
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- Pre-application evaluation must result in a 12+ for rural or 14+ for urban projects to be invited to formally apply.
- The DIF team will offer technical assistance, possibly site visits, office hours, and encourage regular communication.

Final Application-

- For those invited to apply, the full and final application will be submitted to IEDA using the instructions provided
 - **Final application deadlines: January 15, 2025 and July 15, 2025**
 - Fundraising and all other program criteria must be met to complete the full application
- Full applications will be reviewed and scored by appointed committee. The review committee will then score each application. The highest scoring applications will be recommended to the IEDA Board for funding.
 - Scoring Criteria:
 1. Project Financing (0 - 20) – Are financing sources secured and documented? Does project appear shovel ready? Is there a broad range of financial support including public and private funding? Is there a viable plan to complete fundraising within 6 months?
 2. Economic Impact (0 – 20) – What additional investment will be made in the community as a result of the project? Can the project demonstrate the economic impact of visitor expenditures.
 3. Primary Destination (0 - 15) – Is the facility/project the reason for visit? Are visitors traveling more that 75+ miles? Does the applicant define a target audience? How do they plan to draw this audience? Distance traveled by targeted audience?
 4. Community Plan (0 – 15) – Does the project fit into community’s vision plan? Does the project fit in the identity of the community? Does the community have supporting infrastructure to maintain a Primary Destination?
 5. Feasibility/Sustainability (0 – 10) – Does the proposal demonstrate the feasibility and viability of the proposed project, including its financial sustainability, organizational capacity, and ability to meet projected timelines and goals?
 6. Innovation and creativity (0 – 10) – Additional points will be awarded to proposals that demonstrate a degree of innovation, originality, and creativity that set it apart from existing amenities in the state.
 7. Geographic Diversity (0 – 10) – Has the applicant received funding from the federal Destination Iowa grant or Enhance Iowa – CAT grant in the last five-year years? Have there been other state funded projects in the county?

Administration

Agreement

The Authority will notify successful applicants in writing of an approved request for funding. IEDA will issue an agreement, which will be between the Recipient and the Authority, with a standard term of two-years. The Recipient(s) must execute and return the agreement to the Authority within 45 days of

the transmittal of the agreement from the Authority. Failure to return the executed agreement may be cause for the Board to terminate the award. Failure to enter into a construction contract within the 12-months following an award is an event of default with opportunity to cure.

Amendments

Any substantive change to a funded DIF project, including time extensions, budget revisions, and alterations to proposed activities, will be considered a modification that requires an amendment to the agreement. The Recipient shall request an amendment in writing. No amendment will be valid until approved by the board and signed by all parties, except the following:

- Staff may approve a one extension provided that the extension does not cause the duration of the grant to exceed three years. Additional extensions will require board approval.
 - A typical extension will not exceed one year.
 - Oral approvals of an extension shall not be valid. Any extension must be approved in writing.

To request a contract amendment, the Recipient shall initiate the amendment process in writing. Once the amendment request is received, staff will review and determine if the request requires Board approval. If it does, staff will place the amendment request on the agenda for the next scheduled Board meeting. If staff determines the request can be approved without Board approval, staff shall initiate the amendment approval process.

Disbursement of Funds/Claims

- Disbursements will be made on a reimbursement basis. No advance disbursements will be allowed. Disbursement claims must be for an amount equal to or greater than \$500 per request, except for the final draw of funds. **No more than four requests for disbursements can be submitted per calendar year.** If no funds will be requested, the recipient will still file an annual report. When submitting a claim, the following items will be required:
 - Disbursement request form with detailed description of the expenditures and their corresponding amounts as well as:
 - Product invoices and proof of payment for any equipment, supplies, materials, or subcontractor payments.
 - The Authority may request additional documentation as needed.
 - A General Account Expenditures (GAX) Form with a Vendor Code
 - A status report for the claim period. If no funds are requested during the year, Recipients will file an annual status report pursuant to Iowa Code 8.57.
- Final claim must be received within 120 days of project completion as defined in the project agreement.
 - The Authority will withhold 10% of award funds until the final report is received and approved by the program manager.
- Any funds not claimed within 120 days of project completion may be considered de-obligated.
- Contract will require a project to be under construction contract within 12-months following award.

Status Report Requirements

Recipient Reports

Annual Status Reports – RIIIF Required

- Annually, on or before December 31 of each year, a recipient of moneys from the Destination Iowa fund shall report the status of all projects completed or in progress, on a form prescribed by the Authority. Pursuant to Iowa Code section 8.57, the report shall include a description of the project, the progress of work completed, the total estimated cost of the project, a list of all revenue sources being used to fund the project, the amount of funds expended, the amount of funds obligated, and the date the project was completed or an estimated completion date of the project, where applicable.

Final Report

- The final report will be submitted , on a form prescribed by the Authority, within 120 days of the project completion date.
- The Authority will withhold 10% of award funds until the final report is received and approved by the program manager.

Monitoring

IEDA will use the following process to monitor the DIF grant activities:

Desktop monitoring

- IEDA will review the claims and status reports.
- IEDA will identify performance and expenditure issues and will contact the Recipient to address any concerns.
- Program manager will notify the IEDA board of any ongoing performance and/or reporting issues.

Formal Monitoring

- Staff retains the right to visit the site, if necessary, in the sole discretion of the Authority
The Recipient will forward any additional information requested during the site visit to IEDA.

Closeout Procedures

- Final report will be submitted by grant Recipient within 120 days of project completion.
- Final payment will be made after the program manager has determined all contract requirements have been satisfied.
- IEDA will provide a final closeout document stating that contracted funds have been spent in accordance with the agreement.
- If a balance remains after the final claim has been received and payment has been made, the unused funds shall be de-obligated.

Noncompliance

Noncompliance may include, but are not limited to the following:

- Use of IEDA funds for activities not described in the application.
- Failure to complete approved activities in a timely manner.
- Failure to comply with any applicable state or federal rules, regulations, or laws.
- Lack of a continuing capacity of the Recipient to carry out the approved project in a timely manner.

Penalties for noncompliance include, but are not limited to, return of grant funds to the IEDA.