

# TPDF

## Tourism Product Development Fund

Investing in Capital Development for the  
Betterment of Buncombe County & Economic Sustainability

### 2014 Grant Cycle Program Guide

#### BCTDA Mission:

To be a leader in the economic development of Buncombe County by attracting and serving visitors, generating income, jobs and tax revenues that make the community a better place to live and visit.



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## **1.0 Introduction**

### **1.1 A Letter from the Chair**

Dear TPDF Applicant:

The Buncombe County Tourism Development Authority (BCTDA) is pleased that you are interested in applying for funding from the Tourism Product Development Fund (TPDF). The TPDF was created by the State Legislature in 2001 to provide funding for capital tourism projects that increase the number of overnight stays in Buncombe County lodging properties, generating significant benefits for the entire community.

The TPDF application process has changed for the 2014 cycle. Please take a moment to review the information below to understand how these changes may affect your application.

- There are now two phases associated with the application process. Phase I consists of a short application form which requests important preliminary information needed for the review process. The deadline for submission of the Phase I application is June 4, 2014 at 5 PM EST. Based upon the information submitted in this application, the TPDF Committee will determine which projects advance to Phase II of the process. Applicants will be notified by June 25, 2014.
- Phase II consists of a more comprehensive application requesting additional information from applicants, with a deadline for submission of August 20, 2014 at 5 PM EST.
- Phase II applicants will present to the TPDF Committee in September 2014.
- Phase II applicants will be notified of funding decisions on or before October 31, 2014.
- Both applications are being made available at the commencement of the process, and are intended to be submitted via email. Multiple hard copies of applications will no longer be required.
- Potential applicants should review both Phase I and Phase II applications to ensure that they are capable of providing all of the information requested in both phases.

Some of the requirements for TPDF funding have also changed. Please review these below.

- As mandated by the 2001 legislation authorizing the TPDF, the TPDF will only be used to fund capital projects that will generate a substantial number of new room nights in Buncombe County. Applicants must demonstrate how the project will generate new visitors to the destination and incremental room nights.
- Also as mandated by the 2001 legislation, TPDF funds must be used for capital expenses associated with the construction of new projects. TPDF funds cannot be used for operations, marketing, feasibility studies, or design work.
- The TPDF will only fund projects that have a minimum of a 1-to-1 funding match to the TPDF funding requested by the applicant. This excludes in-kind goods and services.
- Projects which either directly increase hotel room nights by themselves or support a larger initiative that will increase room nights will be evaluated equally.

- Projects may not solely benefit a single hotel owner, hotel property, or be situated on a hotel property.
- TPDF funds cannot be the first funds committed to a project.

The specific criteria by which TPDF decisions will be made are outlined in the new TPDF Program Guide. Please review this information, as several of the criteria are new or have changed from prior years. The TPDF Committee may utilize a waiver to advance a project if the specifications fall outside the criteria yet represent a significant impact to hotel room nights and Buncombe County economic sustainability.

Because the source of TPDF funding is public, all applications are subject to the requirements regarding “public records” found in Chapter 132 of the North Carolina General Statutes. All submitted applications will be disclosed upon request.

If you have specific questions about the application process, contact Pat Kappes, Public Affairs Manager, at (828) 210-2724 or at [pkappes@exploreasheville.com](mailto:pkappes@exploreasheville.com).

Thank you for your interest in the TPDF and in helping Buncombe County grow its economy.

Sincerely,

Jeff Covington  
Chair, Tourism Product Development Fund Committee

## 1.2. History of the Tourism Product Development Fund

The Tourism Product Development Fund (TPDF) is a funding mechanism of the Buncombe County Tourism Development Authority (BCTDA). The creation of TPDF is the outgrowth of a business decision by the tourism industry to drive more room nights to the area.

In 2001, the North Carolina General Assembly increased the occupancy tax from three to four percent for lodging establishments. The additional one percent was dedicated to the fund, which offers grant, loan guarantee and debt service opportunities for capital development projects that serve to significantly increase patronage of lodging facilities in Buncombe County. It currently generates close to \$2.5 million per year.

An investment in tourism can mean big dividends for a community – a stronger, diverse economy, an influx of substantial revenue, an increase in sales taxes, and an improved quality of life for the residents who share in the myriad of restaurants and retail operations, cultural and recreation attractions, and entertainment that results.

Since the fund's inception in 2001, there have been seven grant cycles, awarding a total of \$15 million to 16 projects. Those projects include:

- John B. Lewis Soccer Complex at Azalea Park
- Grove Arcade
- The Bonsai Garden at the North Carolina Arboretum
- Asheville Visitor Center
- Western North Carolina Veterans' Memorial at Pack Square Park
- Buncombe County Civil War Trails
- Pack Square Park & Pavilion
- The Orange Peel
- U.S. Cellular Center
- Asheville Area Wayfinding
- Navitat Canopy Adventures
- Pack Square Park Canopy, Asheville Downtown Association Foundation
- Lighting for Sports Fields, UNC Asheville Foundation
- Asheville Art Museum
- Montford Park Players
- Smoky Mountain Adventure Center

In an effort to ensure the application process works most effectively and provides the best use of the funds, the Asheville Convention & Visitors Bureau, on behalf of the BCTDA, conducted a TPDF Application Improvement Study in 2013-14. The goals of the study were to simplify the application process and lower the barrier to entry for applicants, to foster transparency, and instill integrity by clarifying guidelines and criteria. Strategies for improvement were identified and have been incorporated into the 2014 Grants Cycle.

### 1.3 Enabling Legislation

As per legislation, there are two essential requirements to be considered for funding:

- The funding must be for capital expenses (“bricks and mortar”), and
- A project must demonstrate that it will create substantial new and incremental room nights in the county.
- Other core criteria are detailed in sections 3.2 and 3.3.

Other provisions as stated in the legislation:

- Projects must provide a feasibility study demonstrating the project's economic value to the area and the number of estimated new room nights it will generate. Projects must be expected to significantly increase patronage of lodging facilities in Buncombe County.
- BCTDA is not required to exhaust all of the funds generated each year and may accumulate money in order to create a revolving fund.
- BCTDA may not commit for purposes of debt service in excess of thirty-three percent (33%) of net funds received in any one year for a period of time in excess of 10 years. The Authority may not commit for purposes of debt service in excess of ten percent (10%) of net funds received in any one year for any single project.

Review the full legislation here:

<http://www.ncga.state.nc.us/Sessions/2001/Bills/House/HTML/H105v3.html>

### 1.4 Asheville Destination Brand Promise

#### What is a brand?

A genuine brand is the internalized sum of all impressions received by customers to consumers resulting in a distinctive position in their mind's eye based on perceived emotional and functional benefits. In essence, it is the emotional connection between the consumer and a product - between the visitor and Asheville. A brand is the many sensorial experiences with a product – smells, tastes, touches, sights and sounds. It clearly reflects the nature and personality of the diverse Asheville area and distinctively sets the area apart from the regional and national competition.

A common misconception is that a logo is a brand. A logo is simply a graphic representation of a brand and a tagline is another way to represent a brand. The tagline, “any way you like it,” conveys the Asheville area brand platform; the idea that no matter what your interests are, the Asheville area will provide an enriching, memorable experience *any way you like it*.

#### Asheville Destination Brand Platform

Our brand idea and promise are grounded in Asheville’s history – all that has contributed to what the destination is today. This area has a long history of hospitality and acceptance,

welcoming visitors to this area dating back to the late 18th and early 19th centuries when it became known as a health and wellness destination. As it became more well-known, it attracted and inspired people from all walks of life, including wealthy socialites and even the famous.

As a unique element of sophistication formed in this part of the Blue Ridge Mountains, greater opportunities became available to enrich the experience. And as George Vanderbilt's home transformed itself into one of the early tourist attractions in the country, the Grove Park Inn began attracting celebrities, and the area's rich heritage was discovered, the arms reached even wider to welcome an increasing number of visitors.

The net result of this genuine, organic evolution is an area unsurpassed by the variety and quality of arts and crafts, restaurants, music, attractions and outdoor opportunities available to experience. It remains today, an area that welcomes and inspires visitors, artists, adventure seekers and entrepreneurs – all who seek to enrich their lives in a real and personal way.

### **Asheville Destination Brand Promise**

#### ***Our promise to our visitors***

We guarantee you a life enriching experience each and every time you visit Asheville. It's personal, personal to you. And it is also personal to us. We live that same genuine experience and want to share it with you. We empower you to discover a collection of experiences that is as unique and varied as each individual who visits us, and allows you to do so in a warm, embracing and creative environment.

### **Asheville Destination Brand Core Values**

#### ***Principles that define our destination***

**Welcoming:** Warm and engaging; friendly and accessible; we are excited that you came to visit; we want to share our Asheville with you.

**Natural:** Genuine, original and real, not staged; we respect your individualism and originality; our natural lifestyle is only enhanced by the natural beauty that surrounds us; come and be amazed and rejuvenated.

**Vibrant:** Colorful, bright, engaging and delightful; be delighted by the opportunities around you; we are creative, diverse and alive; come and be energized by our colorful and exciting lifestyle.

## **2.0 People behind the Process**

The legislation also gives ultimate authority over the awarding of the funds to BCTDA following recommendations from a TPDF sub-committee (appointed by the BCTDA) established as part of the legislation.

As per the legislation, the TPDF Committee need not be comprised solely of members of the Authority. A majority of the members of the TPDF Committee must be persons who are owners or operators of hotels, motels, or other taxable accommodations.

The TPDF Committee is charged with ensuring TPDF dollars are used to enhance the community through product development leading to significant new and repeat room nights in Buncombe County and providing recommendations to the BCTDA Board.

### **2.1 BCTDA Board Members**

Mr. Bob Patel, Chair  
Bhuna Corporation/Quality Inn & Suites  
City Appointment – Lodging 101+ Rooms

Ms. Paula Wilber, Vice Chair  
Biltmore Company  
Chamber Appointment – Tourism Related

Mr. Chip Craig  
Greybeard Rentals  
County Appointment – Lodging

Mr. John Ellis  
Diana Wortham Theatre  
City Appointment – Tourism Related

Mr. Stephen Frabitore  
Tupelo Honey Café  
County Appointment – Tourism Related

Mr. John McKibbon  
McKibbon Hotel Management/Aloft Asheville Downtown  
County Appointment – Lodging

Mr. Jim Muth  
Beaufort House Inn  
City Appointment – Lodging -100 Rooms or Less

Asheville City Council Ex-Officio Member - Councilman Jan Davis

Buncombe County Commission Ex-Officio Member - Commissioner Joe Belcher



## **2.2 TPDF Committee**

Mr. Jeff Covington, Chair  
Forest Commercial Bank  
Finance Appointment

Mr. John Ellis  
Diana Wortham Theatre  
Tourism Appointment & BCTDA Liaison

Mr. Robert Foster, Vice Chair  
Doubletree by Hilton Biltmore/Asheville  
Lodging Appointment

Mr. Gary Froeba  
The Omni Grove Park Inn  
Lodging Appointment

Mr. Mark Hemphill  
Biltmore Company  
Lodging Appointment

Mr. Himanshu Karvir  
Holiday Inn Biltmore  
Lodging Appointment

Mr. John Lockett  
Grand Bohemian Hotel Asheville  
Lodging Appointment

Ms. Ruth Summers  
Grove Arcade  
Tourism Appointment

Mr. Thomas Wright  
Battery Park Book Exchange & Champagne Bar  
Tourism Appointment

## **2.3 TPDF Staff**

The Asheville CVB, a department of the Asheville Area Chamber of Commerce, is a contract agent for the Buncombe County Tourism Development Authority (BCTDA).

Stephanie Pace Brown, Executive Director  
Asheville Convention & Visitors Bureau

Marla Tambellini, Deputy Director/VP of Marketing  
Asheville Convention & Visitors Bureau

Pat Kappes, Public Affairs Manager  
Asheville Convention & Visitors Bureau

### **3.0 Application Process**

The enabling legislation mandates that a TPDF Committee review all applications and make funding recommendations to the BCTDA. The process has always included two stages of approval – by the TPDF Committee and the BCTDA respectively. The revised process for the 2014 cycle now incorporates an additional round of review by the TPDF Committee. Projects must pass a Phase I and Phase II approval by the TPDF Committee prior to consideration by the BCTDA.

Potential applicants should review both Phase I and Phase II applications to ensure that they are capable of providing all of the information requested in both phases.

Phase I consists of a short application form which requests important preliminary information. Many applicants in the past have expended considerable effort when preparing their applications only to find their project did not meet core criteria. Phase I is designed to assess the viability of the application and its conformity to the goals of the fund without requiring significant effort from the applicant. Successful Phase I applicants will be invited to participate in Phase II. The deadline for submission of the Phase I application is June 4, 2014 at 5 PM EST and applicants will be notified by June 25, 2014.

Phase II consists of a more comprehensive application requesting additional information from applicants such as financials, business plans and feasibility studies among other requirements. Applicants will have the opportunity to present projects in person to the TPDF Committee in September 2014 as part of the review process. Phase II may also include site visits, as per the TPDF Committee's request. The deadline for submission of the Phase II application is August 20, 2014 at 5 PM EST and applicants will be notified of funding decisions on or before October 31, 2014.

The TPDF committee thoroughly reviews all applications, conducts interviews during project presentations, and makes site visits as needed. Before a project is recommended to the BCTDA board, eight of the nine-member TPDF Committee must affirm the decision to fund, or a majority of voting committee members minus one in case of absentees or abstentions. A majority of BCTDA voting board members (four) must affirm the funding recommendations made by the committee.

Both applications are being made available at the commencement of the process, and are intended to be submitted via email. Multiple hard copies of applications will no longer be required.

### 3.1 Application Timeline

Application & Requirements available for download	Wednesday, May 7, 2014
Information Session for interested applicants	Wednesday, May 14, 2014, 3 p.m. – 5 p.m.
Phase 1 Applications Due	Wednesday, June 4, 2014, 5 p.m. EST
Phase I Applicants Notified	Wednesday, June 25, 2014
Phase 2 Applications Due	Wednesday, August 20, 2014, 5 p.m. EST
Project presentations & site visits	TBD
Grantees Announced	Wednesday, October 31, 2014

### 3.2 TPDF Grant Requirements

1. Per the 2001 legislation that authorized the TPDF, funding must be for capital investments only (“bricks and mortar” projects--design not included). Operational expenses will not be considered for funding.
2. A project must demonstrate that it will create substantial new and incremental hotel room nights in Buncombe County.
3. The TPDF will only fund projects that have a minimum of a 1-to-1 funding match to the TPDF funding requested (excluding in-kind goods and services).
4. Projects which either directly increase hotel room nights by themselves or support a larger initiative that will increase room nights will be evaluated equally.
5. Projects may not solely benefit a single hotel owner, hotel property, or be situated on a hotel property.
6. TPDF funds cannot be the first funds committed to a project.

### 3.3 Criteria by Which Phase II Applications Will Be Evaluated

These criteria are in addition to the above requirements which must be met before applications can be considered for funding.

- **Financial Stability of the Requesting Organization**  
Each applicant organization will be evaluated upon their financial sustainability, and their perceived ability to raise additional funds as needed to bring the project to completion.
- **Ratio of Room Nights Generated to Funding Requested**  
The amount of TPDF funding requested will be analyzed versus the potential return of new hotel room nights in Buncombe County to be generated by the project.
- **Ability to Serve as a Contributing Asset**  
Projects which support an important generator of destination room nights or which could stimulate additional activity but which may not generate significant room nights by

themselves will be considered. Applicants should demonstrate the potential for future tourism product development if their project is built.

- **Strength of Business Planning**

The proposed business plan for the project will be evaluated on its accuracy, completeness, and likelihood to support a successful and sustainable operation once the project has opened.

- **Strength of Sales and Marketing Plan**

Sales and marketing plans for projects will be evaluated upon the level of investment budgeted for these activities and the likelihood they will succeed in drawing visitation to the destination.

- **Generator of New and Incremental Room Nights**

The room night impact of a proposed project will be assessed on whether the project is drawing new visitors to the area, or simply pulling from existing visitors in Buncombe County while not increasing the number of new room nights.

- **Association with an Identified Need Period**

Projects that draw visitors to the destination specifically during identified periods of need for hotel room nights may receive more consideration than those that draw visitors exclusively during peak and established visitation periods.

- **Size of Market to be Served**

Projects that target large audiences capable of filling many area hotel rooms are valued, but projects that draw new and untapped niche markets to Asheville may also be worthy of consideration.

- **Scope of Impact Upon Lodging Market**

The impact of a project upon Buncombe County hoteliers will be considered not only in terms of number of hotel room nights generated, but also in terms of the geographic impact and types of hotels filled by visitors.

- **Timeliness of the Project**

Projects which are “shovel ready” may rate more highly than those which are still 2 or more years from beginning construction.

- **1-to-1 Funding Match Exceeded**

While it is a requirement for applying organizations to have secured a funding match equal to the amount for which they are applying from the TPDF, projects that exceed the 1-to-1 requirement may receive particular consideration.

- **Uniqueness and Innovation of Project**

Attractions and activities which are new to the region or not available to visitors living in key feeder markets for the destination may be valued more highly than those which duplicate offerings already available to visitors.

- **Strength of Brand Alignment**

Projects will be evaluated on whether they are consistent with the Asheville destination brand and provide additional support for the brand promise.

- **Projects Already Funded**

Projects that have previously received TPDF funding may apply, but the application should be for a new project scope and not additional funding for the project already funded.

*The TPDF Committee may utilize a waiver to advance a project if the specifications fall outside the criteria yet represent a significant impact to hotel room nights and Buncombe County economic sustainability.*

### **3.4 Glossary**

**Average daily room rate (ADR)** – The average hotel or motel room rate paid by guests over a given period of time in a given market. This rate does not include taxes and fees paid by the guest. The Asheville CVB receives ADR data for hotels and motels in Buncombe County via a subscription from Smith Travel Research, an international provider of lodging market data.

**Demographics** – A description of a particular audience based upon certain segmentation characteristics, including age, household income, educational level attained, gender, and the presence of children at home.

**Occupancy tax** – A tax paid by guests staying in paid accommodations such as hotels, motels, vacation rentals, and bed and breakfasts. The tax is not applied to religious organizations, educational organizations, and summer camps. Guests in lodging properties in Buncombe County pay a total of 4% occupancy tax (in addition to applicable state sales tax). 1% of the 4% generates the Tourism Product Development Fund.

**Out-of-market** – A term used to describe guests who reside outside of the Asheville market. This term is used to indicate different geographic areas, including guests living outside of Buncombe County; outside of the Asheville metropolitan area (Buncombe, Haywood, Henderson, and Madison counties); or outside of the local Greenville/Spartanburg/Asheville television market area. (The Asheville CVB uses the term “out-of-market” to refer to visitors living outside of the local television market area.)

**Room nights** – One room night is defined as a single night spent in one room in a lodging property. Even if there are two or more guests staying in the room for one night, it is considered to be one room night.

### **4.0 Application Materials for the 2014 Grant Cycle**

The applications are available for download on the AshevilleCVB.com website in PDF format. It is recommended to save the PDF form to your computer before beginning your work. Enter your information in the form fields, and be sure to save often.

## 4.1 Phase I Application

Download here: <http://www.AshevilleCVB.com/TPDF2014>

Phase I applications are due Wednesday, June 4, 2014, 5 p.m. EST. When finished with the application, email the PDF file as an attachment to Pat Kappes, Public Affairs Manager, at [pkappes@ExploreAsheville.com](mailto:pkappes@ExploreAsheville.com).

Handwritten applications will not be accepted. Additional files and attachments are also not accepted in Phase I.

## 4.2 Phase II Application

Download a copy for reference here: <http://www.AshevilleCVB.com/TPDF2014>

*Potential applicants should review the Phase II application to ensure that they are capable of providing all of the information requested, however a live PDF will be provided only to applicants invited to participate in Phase II.*

Phase II applications are due Wednesday, August 20, 2014, 5 p.m. EST. When finished with the application, email the PDF file as an attachment to Pat Kappes, Public Affairs Manager, at [pkappes@ExploreAsheville.com](mailto:pkappes@ExploreAsheville.com).

Handwritten applications will not be accepted. There are several additional files required in Phase II as outlined in the application. Please attach the files in .doc, .xls, or .pdf formats in the email with your completed application.

## 5.0 Awardee Information

Phase II applicants will be notified on or before Wednesday, October 31, 2014. Grant agreement contracts will be drawn up for each awarded project in the weeks following the awardee announcement.

## 5.1 Funding Timeline

The Grant will be made in three disbursements once a contract is signed for construction of the Project. Subject to contractual conditions, the first disbursement will be made when the Project is one-third completed; the second disbursement will be made when the Project is two-thirds completed; and the third disbursement shall be made upon the Date of Completion. Each disbursement shall be in the amount of one-third of the Grant. Disbursement requests require supporting documentation as outlined in the Grant Agreement.

## 5.2 Reporting Requirements

Post-completion reports are required for three full years following the completion of the project and will be outlined in the Grant Agreement. Post-completion reports include current in-market

and out-of-market visitation numbers, up-to-date room night projections, marketing plan, and copies of survey instruments used for data among other requirements.

## **6.0 Support**

### **6.1 Contact Information**

For assistance, please contact:  
Pat Kappes, Public Affairs Manager  
Asheville Convention & Visitors Bureau  
(828) 210-2724  
[pkappes@ExploreAsheville.com](mailto:pkappes@ExploreAsheville.com)

### **6.2 Information Session Workshop**

An Information Session will be held to explain the process and provide assistance for interested applicants.

Date: Wednesday, May 14, 2014  
Time: 3:00 p.m. – 5:00 p.m.  
Location: Asheville Area Chamber of Commerce  
  
Asheville Merchants Corporation Boardroom  
36 Montford Avenue  
Asheville, NC 28801