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## 2010 Innovations Awards Application

Deadline: March 1, 2010

ID # (assigned by CSG): 10-MW-34SD

Please provide the following information, adding space as necessary:

**State:** South Dakota

**Assign Program Category (applicant):** Infrastructure and Economic Development, Economic Development

1. **Program Name:** Million Dollar Challenge
2. **Administering Agency:** South Dakota Department of Tourism and State Development
3. **Contact Person (Name and Title):** Melissa Bump, Director, Office of Tourism
4. **Address:** 711 E. Wells, Pierre, SD 57501
5. **Telephone Number:** 605.773.3301
6. **FAX Number:** 605.773.5977
7. **E-mail Address:** Melissa.bump@state.sd.us
8. **Web site Address:** www.travelSD.com
  
9. **Please provide a two-sentence description of the program.**  
The Million Dollar Challenge is a cooperative marketing partnership between the state and local entities. The partnership utilizes matching grants, new or expanded local tourism initiatives, and state marketing resources to increase visitation and visitor spending in partnering communities.
  
10. **How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2010 to be considered.**  
July, 2007
  
11. **Why was the program created? What problem[s] or issue[s] was it designed to address?**  
Quite simply, the Million Dollar Challenge program was initiated to grow visitation and visitor spending in South Dakota. It provides small or new tourism related endeavors with the ability to effectively market and grow the attraction or event. Often these partnerships are forged in rural areas, allowing for increased traffic to small communities. The Million Dollar Challenge program has proved to be a win-win effort for both the state and its Million Dollar Challenge partners.

**12. Describe the specific activities and operations of the program in chronological order.**

**BACKGROUND: FUNDING**

- In 2007, \$1-million of the Office of Tourism's budget was earmarked for new cooperative marketing initiatives.
- In 2009, to perpetuate the Million Dollar Challenge, .5% was added to the state's promotional tax. The additional half-percent funds the Million Dollar Challenge as well as other Department of Tourism and State Development programs.

**SOLICITATION, APPLICATION, AND SELECTION PROCESS**

- Solicitation for Million Dollar Challenge applications are made through the industry newsletter, news releases, and SDvisit.com (Office of Tourism website). Additionally, the Million Dollar Challenge opportunity is included in many tourism publications, featured during tourism conferences and regional meetings, and proactively distributed through other departmental contacts.
- Applications are available online and by request through the Office of Tourism
- Applications are accepted until Million Dollar Challenge funds are depleted. However, bi-monthly application deadlines exist to allow for a bi-monthly approval of potential projects.
- Office of Tourism staff reviews applications.
- Recommendations are provided to the Department of Tourism and State Development Secretary, Deputy Secretary, and an independent Tourism Advisory Board for review.
- Department of Tourism and State Development Secretary and Deputy Secretary review recommendations.
- With input from Department of Tourism and State Development, the Tourism Advisory Board reviews and approves, declines, or amends applications.
- Office of Tourism Staff and a Tourism Advisory Board member are assigned to work with each approved applicant.
- All applicants are informed of their application status. Approved applicants also receive a letter of agreement.
- Via a news release, new Million Dollar Challenge programs and partners are announced.
- Million Dollar Challenge partners submit a marketing plan that includes promotional dates, target markets, media buy schedules, and budget.
- Office of Tourism staff adjusts and/or approves marketing plan.
- With technical and financial assistance from the Office of Tourism, Million Dollar Challenge partners execute marketing plans.
- Office of Tourism staff maintains oversight of execution and of all paid and earned media efforts, in part, to ensure proper credit is given to participating partners and the State of South Dakota.

- Partners submit invoices and appropriate supporting documents to the Office of Tourism within the fiscal year of the award.
- Upon completion of the marketing efforts and events, Million Dollar Challenge partners submit a final report which includes performance indicators and overall outcome.

**13. Why is the program a new and creative approach or method?**

Through the co-op matching grant program, communities and the state are better able to leverage their human, natural, physical, technical, and fiscal resources to grow the visitor industry. This program results in the development of new attractions and increased visitations to South Dakota communities –most notably, South Dakota’s rural communities. The increased visitation provides increased tax receipts for communities, counties, and the state.

**14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)**

FINANCIAL:

- \$1,000,000 is appropriated each year to fund the matching-grant portion of the program.
- Originally, the \$1,000,000 for matching grants was a general fund appropriation allocated to the Office of Tourism for this program.
- The \$1,000,000 is now funded through the state’s promotional tax.

STAFF:

- Facilitation and oversight of the Million Dollar Challenge program is accomplished with already existing Office of Tourism employees –two staff members, and the director of the Office of Tourism.

**15. What are the program’s annual operational costs?**

\$1,000,000 plus staff time and general office expenses

**16. How is the program funded?**

The matching grant portion of the Million Dollar Challenge program is funded through the state’s promotional tax. Staffing resources and general office expenses are absorbed through the Office’s general operating budget.

**17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.**

- All appropriations used for office operations must be approved by the legislature through an annual general appropriations bill. (2009 Session Law, Chapter 22, Section 5)
- Legislation was passed in 2009 to increase the state’s promotional tax by .5% and allow for those additional dollars to fund the Million Dollar Challenge program as well as other Department of Tourism and State Development programs. (SDCL 10-45D-2)

**18. What equipment, technology and software are used to operate and administer this program?**

No specialized equipment, technology or software is required for the Million Dollar Challenge program.

**19. To the best of your knowledge, did this program originate in your state? Yes**

**If YES, please indicate the innovator’s name, present address, telephone number and e-mail address.**

Governor M. Michael Rounds  
500 E. Capitol Ave.  
Pierre, SD 57501

**Phone:** 605.773.3212

**Email:** GovGovadmin@state.sd.us

\*\*\*The program was implemented by South Dakota Department of Tourism and State Development, Office of Tourism.

**20. Are you aware of similar programs in other states? No**

**If YES, which ones and how does this program differ? N/A**

**21. Has the program been fully implemented? Yes**

**If NO, what actions remain to be taken? N/A**

**22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.**

**PROS:**

- \$41,500 was awarded in a matching grant to market the **T-Rex Named Sue** traveling exhibit. The town of Faith (population 489) marketed the event and attracted nearly 14-thousand people to its off-the-beaten-path location to see the dinosaur fossils discovered there in the 1990s.

Attendance - 13,966

Estimated Impact - \$2,304,390

- **River City Racin'** was awarded a \$73,500 matching grant to promote the first-ever light hydroplane races on the Missouri River in Chamberlain (population 2,338), located in Brule County. The event was marketed across the region and in its first year drew 8,000 spectators to the two-day event. Aside from the local influx, this event had a regional impact, filling up hotel rooms within a 140-mile stretch. Additionally, the event received national recognition when Pepsi became the title sponsor of the event in 2008 and continued its sponsorship in 2009.

Attendance - 8,000

Estimated Economic Impact - \$1,320,000

Visitor Spending in Brule County +48.3%

- **The South Dakota Walleye Classic and Festival** was awarded a \$42,500 matching grant to hold a new fishing tournament in the small town of Akaska (population 31), located in Walworth County along the Missouri River. In its first year, the tournament and festival attracted 4,000 people to the four-day event. Thanks to the Million Dollar Challenge and the role of South Dakota Tourism, Anglers Insight Marketing (the new professional walleye tour) has signed a contract that assures major tournaments will be held in the area for the next three years. These tournaments have a minimum of 100 Professional Anglers and 100 co-anglers.

Attendance – 4,000

Estimated Economic Impact – \$2,640,000

Visitor Spending in Walworth County +26.3%

**CONS:**

- Despite a rigorous review process, in a couple of instances, approved applicants were unable to fulfill their obligations. This has resulted in the canceling of the individual partnership.
- Although South Dakota's Million Dollar Challenge resources have been sufficient, there is potential for limited resources to limit partnerships.
- The success of this program is reliant upon the quality of programs brought forth by local organizations. South Dakota has seen a large number of quality program applications. Applications unlikely to succeed were eliminated through the screening process.

**23. How has the program grown and/or changed since its inception?**

- The funding source changed with the addition of .5% on the state promotional tax.
- The program continues to grow. Each year, more applications are submitted.

FY08 – Total of 24 projects

FY09 – Total of 29 projects

FY10 – Total of 30 projects (Applications are still being submitted.)

**24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?**

Budget and staff resources may present limitations. Additionally, this program is highly dependent on a positive working relationship between the state and local organizations. Quality proposals and buy-in at the local level are a must.

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## 2010 Innovations Awards Application Program Categories and Subcategories

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

### *Infrastructure and Economic Development*

- Business/Commerce
- Economic Development
- Transportation

### *Government Operations and Technology*

- Administration
- Elections
- Information Systems
- Public Information
- Revenue
- Telecommunications

### *Health & Human Services*

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

### *Human Resources/Education*

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

### *Natural Resources*

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

### *Public Safety/Corrections*

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

**Save in .doc or rtf. Return completed application electronically to [innovations@csg.org](mailto:innovations@csg.org) or mail to:**

CSG Innovations Awards 2010  
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Lexington, KY 40578-1910

### **Contact:**

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**This application is also available at [www.csg.org](http://www.csg.org).**