

AGREEMENT FOR LODGING TAX FUNDS

THIS AGREEMENT FOR LODGING TAX FUNDS (“Agreement”) is entered into on the date written below between the City of Bainbridge Island, a Washington State municipal corporation (“City”), and Bainbridge Island Winery Alliance, a Washington State nonprofit corporation] (“Recipient”).

WHEREAS, the Recipient submitted a proposal for Lodging Tax funds for “Wine on the Rock” as described in **Attachment A**; and

WHEREAS, upon recommendation of the Lodging Tax Advisory Committee and approval by the City Council at their December 11, 2018 meeting, the City has awarded this Agreement to effectuate the scope of work, as described in **Attachment A**; and

WHEREAS, the Recipient has the expertise and experience to arrange for said services and work and is willing to do so in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, promises, and agreements set forth herein, it is agreed by and between the City and the Recipient as follows:

1. SERVICES AND WORK BY RECIPIENT

The Recipient shall arrange for the services and work as specified in this Agreement and as necessary to accomplish the scope of work attached hereto as **Attachment A** and incorporated herein by this reference as if set forth in full. The Recipient shall arrange for all services, labor, and related equipment to conduct and complete the work, except as specifically noted otherwise in this Agreement. The scope of work set forth in **Attachment A** shall also include a project budget for the services and work to be performed for the City under this Agreement.

The Recipient, in its activities and promotional materials, shall acknowledge financial support from the City related to the work and services funded by this Agreement.

2. TERM AND TERMINATION OF AGREEMENT

A. This Agreement shall become effective upon execution by both parties and shall continue in full force until December 31, 2019, unless sooner terminated by either party as provided below. The terms of this agreement shall cover activities performed by the Recipient between January 1, 2019 through December 31, 2019.

B. This Agreement may be terminated by either party without cause upon thirty (30) days’ written notice to the other party. In the event of termination, all finished or unfinished documents, reports, or other material or work of the Recipient pursuant to this Agreement shall be submitted to the City, and the Recipient shall be entitled to just and equitable compensation at the rate set forth in Section 3 for any satisfactory work completed prior to the date of termination.

3. PAYMENT

A. The City shall pay the Recipient Fifteen Thousand Dollars (\$15,000.00) for all services and work performed and all approved expenses incurred for the sole and specific purpose of accomplishing the scope of work, according to the budget provided within **Attachment A**, in amounts to be billed quarterly. The Recipient shall execute this Agreement by March 31, 2019, in order to receive funding, and all goods and services specified in this Agreement shall be provided during calendar year 2019.

B. The Recipient shall submit, in a format acceptable to the City, quarterly invoices for services performed in a previous quarter. Each project shall be the subject of a separate invoice. The Recipient shall maintain time and expense records and provide them to the City upon request.

C. The City shall pay all invoices by mailing a City check within sixty (60) days of receipt of a proper invoice from the Recipient.

D. If the services rendered do not meet the requirements of this Agreement, the Recipient shall correct or modify the work to comply with this Agreement. The City may withhold payment for such work until it meets the requirements of this Agreement.

4. REPORT ON EXECUTION OF SERVICES

The Recipient shall submit a report on services and work prior to or accompanying its final quarterly invoice, but not later than January 17, 2020. This report should be no longer than five pages, excluding budget detail, and should follow the outline below:

- Summarize the activities undertaken in providing the scope of work described in **Attachment A**.
- Reference the project objectives specified in **Attachment A**. Were those objectives achieved? Why or why not? Were there any unexpected positive outcomes or challenges?
- Reference the specific measurable results specified in **Attachment A**. Were they achieved? If not, what challenges prevented the achievement of the anticipated results?
- Describe involvement of any partners specified in **Attachment A**, as well as any unexpected cooperative relationships that developed through implementation of the project.
- Reference the project budget specified in the **Attachment A**. Provide an analysis of actual expenses and income in relation to the projected budget.
- Provide a good faith best-estimate of actual attendance generated by the scope of work in the three categories below:
 - a. Travelers staying overnight in paid accommodations away from their place of residence or business;
 - b. Travelers staying overnight in unpaid accommodations (e.g., with friends and family) and traveling more than 50 miles;

- c. Travelers for the day only and traveling more than 50 miles.
- Describe the methodologies used to arrive at the good faith estimate of actual attendance numbers described above.

5. INSPECTION AND AUDIT

The Recipient shall maintain all books, records, documents, and other evidence pertaining to the costs and expenses allowable under this Agreement in accordance with generally accepted accounting practices. All such books and records required to be maintained by this Agreement shall be subject to inspection and audit by representatives of the City and/or the Washington State Auditor at all reasonable times, and the Recipient shall afford the proper facilities for such inspection and audit. Representatives of the City and/or the Washington State Auditor may copy such books, accounts, and records if necessary to conduct or document an audit. The Recipient shall preserve and make available all such books of account and records for a period of three (3) years after final payment under this Agreement. In the event that any audit or inspection identifies any discrepancy in such financial records, the Recipient shall provide the City with appropriate clarification and/or financial adjustments within thirty (30) calendar days of notification of the discrepancy.

6. INDEPENDENT CONTRACTOR

A. The Recipient and the City understand and expressly agree that the Recipient is an independent contractor in the performance of each and every part of this Agreement. The Recipient expressly represents, warrants, and agrees that its status as an independent contractor in the performance of the work and services required under this Agreement is consistent with and meets the six-part independent contractor test set forth in RCW 51.08.195. The Recipient, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing the services and work required under this Agreement. The Recipient shall make no claim of City employment nor shall the Recipient claim any related employment benefits, social security, and/or retirement benefits.

B. The Recipient shall be solely responsible for paying all taxes, deductions, and assessments, including but not limited to federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income which may be required by law or assessed against either party as a result of this Agreement. In the event the City is assessed a tax or assessment as a result of this Agreement, the Recipient shall pay the same before it becomes due.

C. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Recipient performs hereunder.

D. The Recipient and any subcontractors shall obtain a business license and, if applicable, pay business and occupation taxes pursuant to Title 5 of the Bainbridge Island Municipal Code.

7. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

A. The Recipient agrees not to discriminate against any employee or applicant for employment or any other person in the performance of this Agreement because of race, creed, color, national origin, marital status, sex, sexual orientation, age, disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for a bona fide occupational qualification.

B. The Recipient shall comply with all federal, state, and local laws and ordinances applicable to the work to be done under this Agreement.

C. Violation of this Section 7 shall be a material breach of this Agreement and grounds for cancellation, termination, or suspension by the City, in whole or in part, and may result in ineligibility for further work for the City.

8. OWNERSHIP OF WORK PRODUCT

All data, materials, reports, memoranda, and other documents developed under this Agreement, whether finished or not, shall become the property of the City and shall be forwarded to the City in hard copy and in digital format that is compatible with the City's computer software programs.

9. GENERAL ADMINISTRATION AND MANAGEMENT

The City Manager of the City, or their designee, shall be the City's representative, and shall oversee and approve all services to be performed, coordinate all communications, and review and approve all invoices, under this Agreement.

10. HOLD HARMLESS AND INDEMNIFICATION

A. The Recipient shall defend, indemnify, and hold the City, its officers, employees, and volunteers harmless from any and all claims, injuries, damages, losses, or suits, including attorneys' fees, arising out of or resulting from the acts, errors, or omissions of the Recipient in the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

B. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Recipient and the City, its officers, officials, employees, and volunteers, the Recipient's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Recipient's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Recipient's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

C. The City's inspection or acceptance of any of the Recipient's work when completed shall not be grounds to void, nullify, and/or invalidate any of these covenants of indemnification.

D. Nothing contained in this Agreement shall be construed to create a liability or a right of indemnification in any third party.

11. INSURANCE

The Recipient shall maintain insurance as follows and as further described in **Attachment B**:

- Commercial General Liability as described in **Attachment B**.
- Directors and Officers Liability as described in **Attachment B**.
- Automobile Liability as described in **Attachment B**.
- Workers' Compensation as described in **Attachment B**.
- None.

12. SUBLETTING OR ASSIGNING CONTRACT

This Agreement, or any interest herein or claim hereunder, shall not be assigned or transferred in whole or in part by the Recipient to any other person or entity without the prior written consent of the City. In the event that such prior written consent to an assignment is granted, then the assignee shall assume all duties, obligations, and liabilities of the Recipient as stated herein.

13. EXTENT OF AGREEMENT/MODIFICATION

This Agreement, together with **Attachments A and B**, represents the entire and integrated Agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified, or added to only by written instrument properly signed by both parties.

14. SEVERABILITY

A. If a court of competent jurisdiction holds any part, term, or provision of this Agreement to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.

B. If any provision of this Agreement is in direct conflict with any statutory provision of the State of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict, and shall be deemed modified to conform to such statutory provision.

15. FAIR MEANING

The terms of this Agreement shall be given their fair meaning and shall not be construed in favor of or against either party hereto because of authorship. This Agreement shall be deemed to have been drafted by both of the parties.

21. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the later of the signature dates included below.

BAINBRIDGE ISLAND WINERY
ALLIANCE

CITY OF BAINBRIDGE ISLAND

Date: 2/21/19

Date: February 15, 2019

By: Brooke Hoffman


By: _____

Name: Ryann

Morgan Smith, City Manager

Title: Executive Director

Tax I.D. #: 27-5507628

ATTACHMENT A
SCOPE OF WORK

LODGING/TOURISM FUND APPLICATION

Applicant Information

Please respond to each of these questions in the order listed. If the proposal includes multiple partners, please include the requested information for each organization.

1. Describe the applicant organization's mission, history, and areas of expertise. Describe the applicant's experience in tourism promotion on Bainbridge Island and its demonstrated ability to complete the proposed project.

The Winery Alliance of Bainbridge Island (WABI) was started in 2008 to leverage resources, share wine making best practices and organize events to attract tourist to Bainbridge Island. WABI's mission is to raise awareness of Bainbridge Island as a wine destination worth the visit. WABI does this by producing the best wine possible using grapes grown on the island as well as from Eastern Washington and organizing events to attract wine lovers and promote tourism. WABI's marketing efforts have supported the exciting and expanding tourism trends and opportunities happening on Bainbridge Island and we would love the opportunity to continue with these efforts on a larger scale in 2019.

Since 2009, the seven wineries on Bainbridge Island have been hosting four annual open house style wine events. In 2016, WABI engaged the services and expertise of a marketing consultant to better organize events and raise awareness of Bainbridge Island wines and create professionally organized and executed events throughout the year to attract visitors nationwide to Bainbridge Island. The first event led by the marketing consultant was held over two days, July 23 and 24, 2016. The event was a massive success in achieving the goal of attracting out of town visitors to the island for the weekend as well as bringing visibility to the wineries on Bainbridge Island. Over the past two years, we have leveraged LTAC funds to increase attendance and visibility to the wineries on Bainbridge Island. The success of our 2018 events to date (last 2018 event is Nov 10 & 11) can be measured by the below results:

- 648 event attendees (for three events) – 94% of event tickets were sold to those who live outside of Bainbridge Island. In 2018, for the first three events, 83% of event tickets were sold to those who live outside of Bainbridge Island. We've increased off island attendance by 13% in the last year and public relations & marketing outreach efforts resulted in over 900K impressions.

Promotion and marketing of the events include:

- Facebook Ads
 - o 178K impressions
- WABI Website
 - o Events listed on website with ticket link. Custom link clicks for 2018 events:
February: 4,365 May: 969 July: 899
 - Washington State Wine
 - o Each event posted event on website
 - o Two newsletters emailed to 2700 with a 20% open rate (1,080 impressions)
 - o 3 posts on Twitter w/ 14K followers
- Visit Kitsap Peninsula
 - o Posted event on website
 - o Facebook post over w/ 7,500 followers
 - o Boosted Facebook post - thousands more impressions
 - o eNewsletter w/ 13K subscribers
 - North Kitsap Tourism Coalition: Created 1 promo video, Video sent to email list and multiple ads place on Facebook page (3,554 likes), Inclusion on website events
 - BI Lodging Association: Posted events on website, Targeted emails, Multiple Facebook posts (768 followers)

- Localwineevents.com & The Juice email list: Weekly emails the month before the event to over 12K on email list
 - Washington Tasting Room Magazine: Online article – website has 5K unique monthly views, Event published in magazine – readership of 50K, Social media postings w/ 5K FB followers
 - Kitsap Sun: Article published in Kitsap Weekly, Event posted on website
 - Bainbridge Island Review: Event posted on website
 - BI Chamber of Commerce: Event posted on website, Social Media posts to Facebook (1.2K likes) and Instagram
 - www.winesnorthwest.com: Event posted on website
 - Winery Promotion: Each of the seven wineries sent multiple newsletters to their wine club and email list as well as promoted on their Facebook pages
 - Wine Press Outreach:
 - o Sean Sullivan – WA Wine Report
 - o David LeClaire – Seattle Uncorked & Esquin Wine Merchants
 - o Andy Perdue – Great NW Wine
 - Posters displayed at:
 - o Docs, Blackbird Bakery (3x), Bulletin board on Madrone Ln, Cups, T&C, Lynnwood Center
 - o Off Island at Central Market & Poulsbo Front St bulletin board.
- Post event media expose included: - Article in West Sound Home and Garden Magazine

Alternate question for event or facility funding:

Describe the event or facility proposed including its purpose, history, and budget. Include past attendance history if applicable, and estimate the number of tourists drawn to the event or facility/year. Please estimate total attendance and the number of tourists estimated to attend for 2019. How has the activity been promoted in the past (if applicable) and what promotion is planned for 2019? **See #1**

2. If appropriate, please identify any project partners and briefly describe the involvement of each. Please note that the maximum award of \$130,000 will apply to any single project, even if proposed by a team of partners.

While the application is being submitted solely by the Winery Alliance of Bainbridge Island, we are actively partnering with local organizations to bring greater success to our events. We could not do what we do without the support and partnership of these great island organizations. The LTAC grant has allowed us to be able to grow our partnerships with local non-profits to further our reach and mission.

BI Lodging Association

Most people who attend our Wine on the Rock events are traveling from out of the area (94%) and will need a room for the night. The Winery Alliance of Bainbridge Island (WABI) has partnered with BI Lodging to offer discounts for past wine weekend events to further encourage overnight stays. For future events, we will be partnering with Bainbridge Island Lodging again to post special wine weekend events on both the WABI and Bainbridge Island Lodging website. We will actively partner with local lodging to offer discounts to guests who stay two or more nights during our wine weekend events and continue to build these partnerships. Special overnight accommodation info will be posted on our ticket sales website (Eventbrite.com) as well as on our WABI website and Facebook page. BI Lodging has become a great supporter of BI wineries and we want to continue to build this relationship and obvious partnership in 2019 with wine related events that support local causes. In 2018 we were able to host two “meet with winemaker events” that attracted more visitors to our island. In partnership with BI Lodging Association, we had over 50 people attend an event with the

winemakers from three wineries at The Marketplace at Pleasant Beach the Friday, February 9th. This event was held the night before our February Wine on the Rock event. One great success story from LTAC funds at work during this event:

Two ladies came to the February 9th meet with winemaker's event from Federal Way. They had originally heard of the Bainbridge Island Wineries at Taste WA, an event that we were able to attend and have a table at in March due to LTAC funds. The ladies had tasted our wines and received a brochure at Taste WA. They started following our Facebook page and saw this event at The Marketplace at Pleasant Beach. They decided to drive to the island, spend the day shopping, eating and having fun before attending the event. These are two ladies that were able to explore our island because of LTAC!

Visit Kitsap Peninsula has also been a great partner. They have a robust marketing outreach plan and have done a fair amount to promote the wineries and events on Bainbridge Island. They posted all our Wine on the Rock events on their website, posted on their Facebook page with over 7,500 followers and paid to boost our event posts (from Visit Kitsap funds), garnering thousands more impressions. WABI will continue to partner with Visit Kitsap and include Visit Kitsap on our website. Because of this partnership, we were able to present our wines and pour for a Port of Seattle event with international attendees in Poulsbo on September 22nd.

North Kitsap Tourism Coalition was a great partner in 2017 and 2018 in helping support our Wine on the Rock events. NKTC produced a long promo video and a shorter short video for our July WOTR event. In 2017, we produced a video interviewing our executive director about the WOTR event series. Below is what they spent in July to help promote our event:

WOTR VIDEO 1 LINK: <https://www.facebook.com/northkitsaptourism/videos/1748698925166641/>

- 7.4k video views
- 4,047 people reached
- 10 shares
- 200 clicks to www.wasanctuaryshore.com/wineontherock
- \$40 spent on boosted post to NKTC FB page

WOTR VIDEO 2 LINK: <https://www.facebook.com/northkitsaptourism/videos/1763616580341542/>

- 162 views
- Not boosted on NKTC FB page
- 22 clicks to <https://www.eventbrite.com/e/wine-on-the-rock-wine-food-live-music-tickets-47068792024>

WOTR VIDEO 1 AD LINK: <https://www.facebook.com/585629764806902/posts/10214748524240199>

- 11,746 people reached
- 9.7 k views
- 4 shares
- 106 clicks to <https://www.eventbrite.com/e/wine-on-the-rock-wine-food-live-music-tickets-47068792024>
- \$188.22 spent on Facebook video ad

WOTR IMAGE RETARGETING AD LINK:

<https://www.facebook.com/585629764806902/posts/1754916857878181>

- 664 people reached
- 2 shares
- 23 clicks to <https://www.eventbrite.com/e/wine-on-the-rock-wine-food-live-music-tickets-47068792024>
- \$12.27 spent on Facebook Image ad

TOTAL NUMBER OF PEOPLE REACHED ON FACEBOOK: 16,457

TOTAL FACEBOOK VIDEO AD VIEWS: 13,909

TOTAL NUMBER OF PEOPLE CLICKING FROM FACEBOOK ADS ONTO NKTC/WOTR LINKS: 351

3. If appropriate, please list each project and amount of funding awarded and utilized from the Lodging Tax (Civic Improvement) Fund within the last five years (2014-2018).

2017 Funds Awarded: \$6000 Funds were used to support four Wine on the Rock events, plus three additional wine events.

2018 Funds Awarded: \$14,500 Funds were used to support four Wine on the Rock events, a contractor, plus three additional wine events.

Wine on the Rock events were two-day wine events bringing in 648 attendees (Nov 2018 event not included. Estimated attendance at 200). 94% of attendees from the first three events of the year were from off island. We partnered with BI Lodging Association to offer a room package deal for the February & May WOTR events. We'd like to leverage the BILA's resources to continue to offer promotional discounts for our 2019 events. We would also like to explore supporting other on-island events in partnership with the wineries. The winemaker's supported the Paint Out Winslow event in early September in partnership with BILA by hosting a "meet the winemaker's event" which drew 90 attendees.

As mentioned, we partnered with North Kitsap Tourism Coalition to create a video promoting the July 2018 WOTR event. Several ads were placed to promote this video on Facebook with fabulous results!

TOTAL NUMBER OF PEOPLE REACHED ON FACEBOOK: 16,457

TOTAL FACEBOOK VIDEO AD VIEWS: 13,909

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Bloedel Reserve was another partner we worked with to create a special Valentine's Day package that could be promoted in the wineries, on our website, social media and through BI Lodging locations. The wineries were also able to pour wine for the first time at the outdoor summer concert series.

Visit Bainbridge Island and Chris Muller have been a huge asset to our island and WABI. Chris has done some fabulous work to raise awareness of our island and open doors with the Seattle Concierge Association. We have partnered with them on many events and tastings for various groups. WABI also attended the Seattle Concierge convention and poured wines and donated to a gift basket along with several other island organizations.

LTAC funds helped us attend three off island wine focused events. We received great visibility with wine lovers in the area surrounding BI, received very positive feedback on our wines and created interest and a reason to visit Bainbridge Island. We were excited to be able to attend and would like to continue to build on the momentum by attending these events again next year. These events were:

Seattle Food & Wine Experience: A three-day food and wine event organized by Seattle Magazine. We had a table at this event and placed an ad in Seattle Magazine which was distributed to all 10K attendees at the event and in distribution.

Taste Washington: We attended Taste Washington for the first time in 2017 with support of LTAC funds and had great awareness for our Wine on the Rock events and BI. In 2018, most event attendees were surprised to find that there are seven wineries on BI and were excited to visit for Wine on the Rock events. We distributed over 1000 rack cards advertising our events.

Kitsap Wine Festival: Event was held in Bremerton at the Fountain Park and was a great event to reach those that are in Bremerton, Gig Harbor, Port Orchard and beyond. Like other events, many attendees were surprised to hear about the wineries in their backyard and wanted to visit. This event had record attendance of over 1K.

4. If any previous projects by the applicant were funded through the Lodging Tax (Civic Improvement) Fund and were not completed and/or if reports were not submitted to the City as requested, please explain:

LODGING/TOURISM FUND APPLICATION

Project Information

1. Describe the proposed project.

- a. **Scope:** Identify the Project's main objectives and how each will be achieved. Be as specific as possible about the proposed services, measurable impacts, distribution method, and costs.
- b. **Budget:** Include a detailed budget for the proposed project with itemized expenses and income. Include the amount requested from the Lodging Tax Fund and identify other sources of funding anticipated or obtained, including matching funds, as well as any in-kind contributions necessary to complete the project.
- c. **Schedule:** Provide a project timeline that identifies major milestones. **Timeline attached.**

The main objective of our project is to raise awareness of Bainbridge Island as a wine destination through 4 annual Wine on the Rock events as well as 2 off island events and the creation of the Bainbridge Island Wine Trail program. The island is home to seven great and unique wineries that are worth the visit from Seattle and beyond. The economic impact of wine and wine grapes in Washington shows an increase of \$1.3 billion since 2009, or a compound growth rate of 8.5 percent per year, according to a recent study by Washington State Wine. The economic impact of the state's wine industry was \$4.8 billion in 2013, up from \$3.5 billion in 2009 and is continuing to increase at a rapid rate. We have seen what focused marketing efforts can do to capitalize on this economic growth for wine areas like Woodinville Wine Country and Wine Yakima Valley and would like to see the same kind of tourism and promotion for Bainbridge Island. These wine areas have close partnerships with the local chamber of commerce as well as local businesses and create regular special events and plan wine weekend itineraries for out of town visitors and WABI hopes to do the same. The chamber of commerce and downtown association have been great partners in promoting our 2018 Wine on the Rock events and we expect them to continue with this support.

We will achieve our project's objective primarily through our four 2019 Wine on the Rock weekend events: February 9 & 10, May 11 & 12, July 27 & 28, Nov 9 & 10. All events will receive the marketing and PR support listed above plus distribution of flyers and brochures at Seattle hotels and increased social media promotion via ads on Facebook and Instagram. Our ongoing BI Lodging package will continue to be promoted for each event and for anyone who stays two or more nights on the island during WOTR, they receive a bottle of local wine in their room, \$5 discount on WOTR ticket, discount at other local attraction (like Bloedel) or local restaurant. We are requesting funds to be able to advertise ticket sales for these events on social media as well as provide updated marketing materials to support the events to the Seattle market. We are requesting a total of \$6,000 for WOTR promotion which consists of the following:

- o \$1200 to place Facebook targeted ads (\$300 per event)

- o \$800 for event posters and cards to distribute to attendees with a map of Bainbridge Island, featuring local establishments and highlights while they're out wine tasting at the event. (\$200 per event)
- o \$1500 graphic designer fees for collateral, rack cards and social media graphics
- o \$2500 rack card printing. For placement on the Seattle/Bainbridge ferry terminal.

In addition to the four Wine on the Rock events, WABI would like to attend off island events to promote our wine destination and attendance for the Wine on the Rock weekends. We are starting to create visibility for our island as a wine destination and would like to continue the momentum by attending wine events again. These events include:

1. Taste Washington: March 28-31, 2019. This year is the 22nd anniversary of the event and will have over 70K attendees from around the state and nearly 300 wineries and over 65 restaurants. The event takes place at Century Link Field and is one that WABI should attend. Other wine regions like Woodinville Wine Country, Wine Yakima Valley and the Olympic Peninsula Winery Association have a presence at this event, sharing their wine and promoting tourism with this targeted audience and Bainbridge wines need to be represented as well. WABI has attended this event the last two years with the support of LTAC funds. Details include: 10x10 booth, pouring all seven island winery wines and promoting our Wine on the Rock events. We attended this event the last two years with support of LTAC funds and had great visibility for our wineries and BI. Total Taste Washington event cost estimated at \$1,450 and includes:

- o \$250 booth fee
- o Give aways: \$1,000
- o Custom table runner: \$200

2. Kitsap Wine Festival: August 10, 2019. WABI has attended this event the last two years with the support of LTAC funds. The event is held at Harborside Fountain Park, Bremerton with over 1K attendees. This is a local food, wine and music event attracting attendees from all over Kitsap County and beyond. There are no wineries in Bremerton and Bainbridge Island has the closest winery location. Anyone in Kitsap County is a target market for our wine consumer and close enough for a weekend getaway. This event provides visibility and promotes tourism. Total event costs are estimated at: \$200 and includes:

- o Event fee: \$200

3. The Bainbridge Island Wine Trail program will utilize the existing "Donor Trail App" that is being used for the Kitsap-Olympic Ale Trail to create a Wine Trail Program. How it works: You purchase the Kitsap-Olympic Wine Trail Pass for \$20.00 on the Donor Trail App or you can purchase a gift card that you redeem on the App. The Kingston-North Kitsap Rotary Club manages the collection of the donations to the charity of your choice. They are 100% volunteer run with no administration cost. The Host Club determines the proceeds collected from the Trail Pass and each charity is given a check by the Club. Non-profits can be selected by the wineries and can be designated to those on or around Bainbridge Island. The trail pass is good for one year from the time it's activated. All seven Bainbridge Island wineries would offer deals redeemable in the tasting rooms and would also feature a deal involving overnight accommodations. The BILA is excited about the potential of this idea and is in full support of the Bainbridge Island Wine Trail. We see this as a great way to get people onto the island to stay and enjoy wines over multiple days. We have the freedom to create whatever offers or packages we'd like and can involve many island businesses and organizations to help increase usage of the Wine Trail program. There is little cost to create the offer (discount responsibility would fall on the individual wineries), but funds are needed to help promote and market this program.

- o Social media paid promotion: \$500
- o WABI website updates: \$500

Marketing Consultant: To execute our marketing and event efforts and maintain our website, we need funding for continuing with our part time marketing consultant. The consultant will be able to provide year-round support not only for these Wine on the Rock events and other community events, but also help with PR efforts, collaboration with other BI organizations, social media posting, etc. Part of the consultant's responsibilities would be to elevate Bainbridge Island as a wine destination and the wines of Bainbridge Island through the WABI website and digital presence. There are over 3.3 billion active social media account users and WABI would like to capture more of their attention. Marketing consultant annual fees - \$15,000

A. Total funds needed to execute all items in this plan would be **\$23, 650**.

Alternate levels of funding:

B. **\$19, 450**: Includes removing Kitsap Wine Festival event, Wine Trail promotion and half WOTR support.

C. **\$16, 950**: Includes removing Kitsap Wine Festival event, Wine Trail promotion, half of WOTR support and reduction in marketing consultant hours.

If applicable, please describe the project's scalability. How would the project scope and budget be adjusted should the full amount of the LTAC funding request not be awarded? Please provide specifics.

2. Provide a brief narrative statement to address each of the selection criteria:

- a. Expected impact on increased tourism in 2019. Please provide specific estimates of how the project will impact the number of people traveling fifty miles or more to Bainbridge Island for the activity, or who will travel from another country or state outside of Washington State to attend the activity. If appropriate, compare/contrast this impact to the actual or estimated number of tourists at your event/facility in 2017 and estimates for 2018.

As mentioned above, our first three 2018 Wine on the Rock events had 648 attendees. We could accommodate as many as 400 pre-event tickets for each of these 4 events. Our goal was to have 85% of attendees visiting from off island and we are at 94% for the first three events. With continued focus on targeted marketing efforts outside of Bainbridge Island, we would like to continue attracting 90-95% of attendees visiting from off island for 2019. With most people attending this event from out of town and drinking, the odds of them staying for one or more nights are high. Using our projected numbers, this would bring in an additional 1,500 new visitors to the island next year solely for Wine on the Rock events. With additional focus on attending outside events like Taste Washington and Kitsap Wine Festival, as well as launching the BI Wine Trails program we would conservatively estimate if 2% of attendees at these events visited the Island, we could bring in several hundred additional visitors for overnight stays next year. Visitors may also see Bainbridge Island as part of our marketing efforts and visit the island for attractions other than wine, which we can't measure.

Another great success story we heard at our February WOTR event was from a group of 10 ladies who all came to Bainbridge Island from out of state. They have been friends for years and each year plan a week away. They each live in different US cities and states and saw our WOTR event through our Facebook ads. They said it sounded like fun, rented a house for the week and spent their girl's trip on Bainbridge Island and attending WOTR! There are many stories like this that aren't quantifiable, but significantly impact tourism on the island.

- b. Expected impact on, or increase in, overnight stays on the island. Please include actual or estimated numbers of tourists who will stay overnight in paid

accommodations in Bainbridge Island lodging establishments in 2019 because of the proposed activities. Please include the basis for any estimates.

With Wine on the Rock events happening over two days, spread across multiple wineries, most of the attendees visiting from out of the area would need overnight accommodations for at least one night. Because most of our attendees are out of town and many out of state, a two-night stay is very likely. If only 50% of those who purchased a ticket to the Wine on the Rock event stayed overnight (this will likely be higher since 90+% of attendees will be coming from off island), that would be an additional 800 people staying overnight. This would further increase our need to partner with other Kitsap county lodging to support the amount of overnight lodging needed for these attendees.

- c. Projected economic impact on Bainbridge Island businesses, facilities, events, and amenities, including sales of overnight lodging, meals, tours, gifts, and souvenirs (helpful data may be found on the Washington State Department of Commerce website).

If those 800-people stayed overnight (2 guests per room) at an average of \$150/night for only one night, the Wine on the Rock events would bring an additional \$60K in revenue for Bainbridge Island or Kitsap lodging. The number would increase to \$120K if attendees stayed two nights.

Dean Runyan Associates estimates that for every \$1 spent by guests on accommodations, another \$5-8 is spent at local shops, restaurants and attractions. On the low end, we can estimate that visitors would spend about \$600K annually on Bainbridge Island because of our Wine on the Rock events.

Wine production supports tourism. Total consumption of wine and wine consumption per capita are at all-time highs in the United States, and a recent Gallup poll indicates that Americans' alcoholic beverage preference is shifting from beer to wine and liquor. Washington's wine industry is an important attractor of tourists. As the state's wine offerings increase in popularity, its wineries become more attractive tourist destinations. In 2014, an estimated 808,000 tourists visited wineries in Washington State, including 2.1 million winery visits. Total spending by wine tourists reached an estimated \$193.1 million in 2014! Bainbridge Island needs to further capitalize on this growth!

- d. The project's potential to draw visitors to the Island and increase overnight stays during the off-season, i.e., October 1 until Memorial Day.

Three of our four Wine on the Rock events happen in the off season. If these events attracted 400 attendees each, we would expect about 1200 attendees total in the off-season. If 50% of those stayed overnight (2 guests per room) at an average of \$150/night for one night, we would expect Wine on the Rock to bring in an additional \$45K in revenue for Bainbridge Island or Kitsap lodging. This number would increase to \$90K if those attendees stayed two nights.

- e. The applicant's demonstrated history of organizational and project success.

As outlined above, we have had two years of organized Wine on the Rock events with huge success measured in attendance, off island visitors, marketing impressions and public relations post event. Leading the efforts for these events is a marketing professional with over 15 years of corporate marketing and event planning experience. She has worked with WABI since April 2016 and has already done a significant amount to increase awareness of Bainbridge Island and the wineries. She has master's degree in business as well as a wine fundamentals certification from the International Sommelier Guild and a Wine & Spirit Education Trust Wine Level 2 Certification. We would like to be able to utilize this consultant further in 2019. She also serves as a critical liaison between WABI and other island and off island organizations creating relationships to promote tourism.

- f. Describe any partnerships with other organizations and businesses in the proposed project – including efforts to minimize duplication of services where appropriate and encourage cooperative marketing.

To continue to build on the success of 2018 Wine on the Rock events and further partner with BILA, those member properties will offer guests who attend the Wine on the Rock event and stay at their property a free bottle of local wine and discounted event tickets. Several opportunities popped up during the year which we were able to support because of LTAC. Receiving this grant helps us better partner with local non-profits and work together to create additional events and marketing programs which encourage overnight stays. We plan to partner with Bloedel to provide wine for summer concerts again next year. We are also partnering with Visit Kitsap on event promotion for organizations like the Port of Seattle. We worked very closely with Visit Bainbridge Island to provide tastings and host events to assist Visit Bainbridge Island's efforts. Chris Muller has been a huge asset to our island and has done some fabulous work to raise awareness of our island and open doors with the Seattle Concierge Association.

- g. Describe the degree to which the project goals and/or results can be objectively assessed.**

Our Wine on the Rock event goals can be easily measured by ticket sales. We can also measure the number of overnight stays by providing attendees with a special promo code when booking accommodations. Any other events, like a winemaker's events can also be measured by tickets sold and attendees. Other event results (like Taste Washington) can be tracked through the brochures given out at the events. We will add a promo code on the cards for anyone purchasing tickets from those events to use when registering.

- h. Describe the degree to which the project will leverage award funds with additional matching funds or donated in-kind goods or services.**

Visit Kitsap Peninsula (VKP) has been a great partner with WABI supporting our Wine on the Rock events each year with VKP funds for social media posting which received tremendous results. Depending on their grant, Visit Kitsap Peninsula will give matching paid and in-kind media and promotional support, which includes pro-bono membership for all the wineries. This includes all the marketing that the VKP is already doing for WABI about digital marketing; eNewsletters, event promotion, etc. We are also planning a co-op marketing effort with Wine on the Rock events and lodging packages, including buying Facebook posts.

North Kitsap Tourism Coalition was a great partner in promoting our 2018 Wine on the Rock events through video creation and social media and is again looking to provide support for these events in 2019.

BI Lodging association has a special events tab on their website and will promote our Wine on the Rock events as well as help in planning, executing and hosting various events throughout the year.

WABI LTAC 2019 Budget Update
12.20.18

Total Grant \$15,000

Events/Marketing

Wine on the Rock

Facebook Ads \$800
Rack Card Design \$250

TASTE WA

Booth Fee \$300
Give Aways \$1,000
Table Runner \$150

Wine Trail App

Digital Ads & Implementation \$500

Marketing Consultant

The Social Sip \$12,000

\$15,000

ATTACHMENT B

INSURANCE REQUIREMENTS

A. Insurance Term

The Recipient shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Recipient, its agents, representatives, or employees.

B. No Limitation

The Recipient's maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the Recipient to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

C. Minimum Scope of Insurance

The Recipient shall obtain insurance of the types and coverage described below:

1. Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.
2. Commercial General Liability insurance shall be at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap liability, independent contractors, and personal injury and advertising injury. The City shall be named as an additional insured under the Recipient's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Directors and Officers Liability insurance coverage.

D. Minimum Amounts of Insurance

The Recipient shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.

3. Directors and Officers Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

E. Other Insurance Provision

The Recipient's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain, that they shall be primary insurance as respect to the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Recipient's insurance and shall not contribute with it.

F. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

G. Verification of Coverage

Before commencing work and services, the Recipient shall provide to the person identified in Section 9 of the Agreement a Certificate of Insurance evidencing the required insurance. The Recipient shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Recipient before commencement of the work. The City reserves the right to request and receive a certified copy of all required insurance policies.

H. Notice of Cancellation

The Recipient shall provide the City with written notice of any policy cancellation within two (2) business days of their receipt of such notice.

I. Failure to Maintain Insurance

Failure on the part of the Recipient to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to the Recipient to correct the breach, immediately terminate this Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Recipient from the City.

J. City Full Availability of Recipient Limits

If the Recipient maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Recipient, irrespective of whether such limits maintained by the Recipient are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Recipient.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

02/13/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Callis & Associates, Inc. 802 E 1st St., Suite 3 Port Angeles WA 98362		CONTACT NAME: Mary Patzman PHONE (A/C, No, Ext): (360) 452-2314 FAX (A/C, No): (360) 452-1701 E-MAIL ADDRESS: mary@callisinsurance.com	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A : Great American Insurance Group	
		INSURER B :	
		INSURER C :	
		INSURER D :	
		INSURER E :	
		INSURER F :	
INSURED Winery Alliance of Bainbridge Island DBA: WABI 7671 NE Day Rd Bainbridge Island WA 98110			

COVERAGES**CERTIFICATE NUMBER:** CL1921304824**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		GLP 2542845 01	04/19/2019	04/19/2020	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000						
	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY						MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB OCCUR CLAIMS-MADE DED RETENTION \$						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence Only. Certificate holder is an additional insured with respects to the General Liability where required by written contract & provided only by the terms of form CG8970. Includes Waiver of Subrogation and Primary & Non-contributory when required by written contract. Liquor Liability provided by individual wineries members of the association. Refer to policy(s) for all applicable terms, conditions, endorsements and exclusions.

CERTIFICATE HOLDER**CANCELLATION**

City of Bainbridge Island 280 Madison Ave. North Bainbridge Island WA 98110	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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Administrative Offices
 301 E 4th Street
 Cincinnati OH 45202-4201
 513 369 5000 ph

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SIGNATURE GENERAL LIABILITY BROADENING ENDORSEMENT

This Endorsement modifies and is subject to the insurance provided under the following form:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following extension only applies in the event that no other specific coverage for the indicated loss exposure is provided under this Policy. If other specific coverage applies, the terms, conditions and limits of that Coverage are the exclusive coverage applicable under this Policy, unless otherwise noted in this Endorsement. This is a summary of the various additional coverages and coverage modifications provided by this Endorsement. For complete details on specific coverages, consult the actual policy wording.

Coverage Description	Limit of Insurance	Page
Non-Owned Aircraft	Included	2
Non-Owned Watercraft	Included	2
Bodily Injury - Mental Injury, Mental Anguish, Humiliation or Shock	Included	3
Medical Payments	\$ 20,000	3
Damage to Premises Rented to You	\$ 1,000,000	3
Supplementary Payments - Bail Bonds	\$ 3,000	4
Supplementary Payments - Loss of Earnings	\$ 1,000 per day	4
Newly Formed or Acquired Organizations	Included	4
Unintentional Failure to Disclose Hazards	Included	5
Knowledge of Occurrence, Claim or Suit	Included	5
Property Damage Liability - Elevators	Included	5
Property Damage Liability - Borrowed Equipment	Included	5
Liberalization Clause	Included	6
Amendment of Pollution Exclusion (Premises)	Included	6
Limited Property Damage to Property of Others	\$ 5,000	6
Additional Insured - Manager or Lessor of Premises	Included	7

Coverage Description	Limit of Insurance	Page
Additional Insured - Funding Sources	Included	7
Additional Insured - By Contract	Included	8
Primary and Non-Contributory Additional Insured Extension	Included	10
Additional Insureds - Protection of Your Limits	Included	10
Blanket Waiver of Transfer of Rights of Recovery Against Others to Us (Subrogation)	Included	11
Property Damage Extension With Voluntary Payments	\$ 1,000/\$ 5,000	11
Who Is An Insured - Fellow Employee Extension - Management Employees	Included	12
Broadened Personal and Advertising Injury	Included	12

A. Non-Owned Aircraft

Under paragraph 2. Exclusions of SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability, exclusion g. Aircraft, Auto or Watercraft does not apply to an aircraft provided:

1. it is not owned by any insured;
2. it is hired, chartered or loaned with a trained paid crew;
3. the pilot in command holds a currently effective certificate, issued by the duly constituted authority of the United States of America or Canada, designating him or her a commercial or airline pilot; and
4. it is not being used to carry persons or property for a charge.

However, the insurance afforded by this provision does not apply if there is available to the Insured other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this Policy), contingent or on any other basis, that would also apply to the loss covered under this provision.

B. Non-Owned Watercraft

Under paragraph 2. Exclusions of SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability, subparagraph (2) of exclusion g. Aircraft, Auto or Watercraft is replaced by the following:

This exclusion does not apply to:

- (2) A watercraft you do not own that is:
 - (a) less than 60 feet long; and

(b) not being used to carry persons or property for a charge.

C. Bodily Injury - Mental Injury, Mental Anguish, Humiliation or Shock

Under **SECTION V - DEFINITIONS**, Definition 3. is replaced by the following:

3. "**Bodily Injury**" means physical injury, sickness, or disease, including death of a person. "Bodily Injury" also means mental injury, mental anguish, humiliation, or shock if directly resulting from physical injury, sickness, or disease to that person.

D. Medical Payments

If **Coverage C Medical Payments** is not otherwise excluded, the Medical Payments provided by this Policy are amended as follows:

The Medical Expense Limit in paragraph 7. of **SECTION III - LIMITS OF INSURANCE** is replaced by the following Medical expense Limit:

The Medical Expense Limit provided by this Policy shall be the greater of:

- a. \$ 20,000; or
- b. the amount shown in the Declarations for Medical Expense Limit

This provision 7. is subject to all the terms of **SECTION III - LIMITS OF INSURANCE**.

E. Damage to Premises Rented to You

If Damage to Premises Rented to You is not otherwise excluded from this Coverage Part:

1. Under paragraph 2. **Exclusions** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**:

3. The last paragraph of paragraph 2. **Exclusions** is deleted in its entirety and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke, leakage from an automatic fire protection system or water to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

However, this insurance does not apply to damage to premises while rented to you, or temporarily occupied by you with the permission of the owner, caused by:

- i. rupture, bursting, or operation of pressure relief devices;
- ii. rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water;
- iii. explosion of steam boilers, steam pipes, steam engines, or steam turbines; or
- iv. flood

2. Paragraph 6. Under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to paragraph 5. above, the most we will pay under **Coverage A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning, explosion, smoke, leakage from automatic fire protection system or water while rented to you or temporarily occupied by you with the permission of the owner, for all such damage caused by fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water or any combination of the six, is the higher of \$ **1,000,000** or the amount shown in the Declarations for the Damage to Premises Rented to You Limit.
3. Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, subsection 4. Other Insurance, paragraph b. Excess Insurance where the words "Fire insurance" appear they are changed to "insurance for fire, lightning, explosion, smoke, leakage from an automatic fire protection system or water."
4. As regards coverage provided by this provision **I. Damage to Premises Rented to You** - paragraph **9.a.** of **Definitions** is replaced with the following:
 9. a. a contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

F. Supplementary Payments

1. In the **Supplementary Payments - Coverages A and B** provision, paragraph **1.b.** is replaced with:
 - b. Up to \$ **3,000** for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
2. Paragraph **1.d.** is replaced by the following:
 - d. All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$ **1,000** a day because of time off work.

G. Newly Formed or Acquired Organizations

Paragraph 3. of **SECTION II - WHO IS AN INSURED** is replaced by the following:

3. Any organization you newly acquire or form and over which you maintain ownership or majority interest, will qualify as a named insured if there is no other similar insurance available to that organization. However:
 - a. coverage under this provision is afforded only until the expiration of the policy period in which the entity was acquired or formed by you;
 - b. coverage **A** does not apply to "bodily injury" or property damage that occurred before you acquired or formed the organization; and
 - c. coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

d. records and descriptions of operations must be maintained by the first named insured.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a named insured in the Declarations or qualifies as an insured under this provision.

H. Unintentional Failure to Disclose Hazards

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, the following is added to Condition **6. Representations**:

Failure of the Insured to disclose all hazards existing as of the inception date of this Policy shall not prejudice the insurance with respect to the coverage afforded by this Policy, provided such failure or omission is not intentional on the part of the Insured.

I. Knowledge of Occurrence, Claim or Suit

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, the following is added to Condition **2. Duties in the Event of Occurrence, Offense, Claim or Suit**:

Knowledge of any occurrence, claim, or suit by any agent, servant or employee of the Named Insured does not in itself constitute knowledge by the Insured unless notice of such injury, claim or suit shall have been received by:

- a. you, if you are an individual;
- b. a partner, if you are a partnership
- c. an executive officer or insurance manager, if you are a corporation.

J. Property Damage Liability - Elevators

1. Under paragraph **2. Exclusions** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**, subparagraphs **(3)**, **(4)** and **(6)** of exclusion **j. Damage to Property** do not apply if such property damage results from the use of elevators.
2. The following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Condition **4. Other Insurance**, paragraph **b. Excess Insurance**:

The insurance afforded by this provision of this Endorsement is excess over any property insurance, whether primary, excess, contingent or on any other basis.

K. Property Damage Liability - Borrowed Equipment

1. Under paragraph **2. Exclusions** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**, subparagraph **(4)** of exclusion **j. Damage to Property** does not apply to "property damage" to borrowed equipment while not being used to perform operations at a job site.
2. The following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY Conditions**, Condition **4. Other Insurance**, paragraph **b. Excess Insurance**:

The insurance afforded by this provision of this Endorsement is excess over any property insurance, whether primary, excess, contingent or on any other basis.

L. Liberalization Clause

If we revise this Signature General Liability Broadening Endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the date the revision is effective in your state.

M. Amendment of Pollution Exclusion (Premises)

1. The following is added to paragraph (1)(a) of Exclusion f. of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**:

(iv) "Bodily injury" or "property damage" arising out of the actual discharge, dispersal, seepage, migration, release or escape of "pollutants."

As used in this Endorsement, the actual discharge, dispersal, seepage, migration, release or escape of pollutants must:

- (aa) commence on a clearly identifiable day during the policy period; and
- (bb) end, in its entirety, within seventy-two (72) hours of the commencement of the discharge, dispersal, seepage, migration, release or escape of "pollutants"; and
- (cc) be discovered and reported to us within fifteen (15) days of the clearly identifiable day that the discharge, dispersal, seepage, migration, release or escape of "pollutants" commences; and
- (dd) be neither expected nor intended from the standpoint of any insured; and
- (ee) be unrelated to any previous discharge, dispersal, seepage, migration, release or escape; and
- (ff) not originate at or from a storage tank or other container, duct or piping which:
 - a. is below the surface of the ground or water; or
 - b. at any time has been buried under the surface of the ground or water and then is subsequently exposed.

2. For the purposes of this coverage, the following is added to the definition of "property damage" of **SECTION V - DEFINITIONS** and applies only as respects this coverage:

Land or water, whether below ground level or not, is not tangible property.

3. Coverage provided hereunder does not apply to any discharge, dispersal, seepage, migration, release or escape that is merely threatened or alleged rather than shown to have actually occurred.

N. Limited Property Damage to Property of Others

The following is added under **SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A and B**:

3. We will pay up to \$ 5,000 for loss to personal property of others while in the temporary care, custody or control of an insured caused by any person participating in your organized activities. For the purpose of this supplementary payment, loss shall mean damage or destruction but does not include mysterious disappearance or loss of use. In the event of a theft, a police report must be filed. This supplementary payment does not apply if:
 - a. coverage is otherwise provided by the Property Coverage part (if any) of this Policy; or

- b. the loss is covered by any other insurance you have or by any insurance of such person who causes such loss.

These payments will not reduce the Limits of Insurance.

O. Additional Insured - Manager or Lessor of Premises

1. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization from whom you lease or rent property and which requires you to add such person or organization as an additional insured on this Policy under:

- (a) a written contract; or
- (b) an oral agreement or contract where a Certificate of Insurance showing that person or organization as an additional insured has been issued;

but the written or oral contract or agreement must be an "insured contract," and,

- (i) currently in effect or become effective during the term of this Policy; and
- (ii) executed prior to the "bodily injury," "property damage," "personal and advertising injury."

2. With respect to the insurance afforded to the Additional Insured identified in paragraph 1. above, the following additional provisions apply:

- (a) This insurance applies only with respect to the liability arising out of the ownership, maintenance or use of that part of the premises leased to you.
- (b) The Limits of Insurance applicable to the Additional Insured are the lesser of those specified in the written contract or agreement or in the Declarations for this Policy and subject to all the terms, conditions and exclusions for this Policy. The Limits of Insurance applicable to the Additional Insured are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.
- (c) In no event shall the coverages or Limits of Insurance in this Coverage Form be increased by such contract.
- (d) Coverage provided herein is excess over any other valid and collectible insurance available to the Additional Insured whether the other insurance is primary, excess, contingent or on any other basis unless a written contractual arrangement specifically requires this insurance to be primary.
- (e) This insurance applies only to the extent permitted by law.

3. This insurance does not apply to:

- (a) Any "occurrence" or offense which takes place after you cease to be a tenant in that premises.
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of the Additional Insured.

P. Additional Insured - Funding Sources

1. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any Funding Source which requires you in a written contract to name the Funding Source as an additional insured but only with respect to liability arising out of:

- a. your premises; or
- b. "your work" for such additional insured; or
- c. acts or omissions of such additional insured in connection with the general supervision of "your work"

and only to the extent set forth as follows:

- a. The Limits of Insurance applicable to the Additional Insured are the lesser of those specified in the written contract or agreement or in the Declarations for this Policy and subject to all the terms, conditions and exclusions for this Policy. The Limits of Insurance applicable to the Additional Insured are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.
- b. The insurance afforded to the Additional Insured only applies to the extent permitted by law
- c. If coverage provided to the Additional Insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
- d. In no event shall the coverages or Limits of Insurance in this Coverage Form be increased by such contract.

Q. Additional Insureds - By Contract

1. **SECTION II - WHO IS AN INSURED** is amended to include as an insured any person or organization whom you have agreed to add as an additional insured in a written contract, written agreement or permit. Such person or organization is an additional insured but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" arising out of:

- a. your acts or omissions, or the acts or omissions of those acting on your behalf, in the performance of your ongoing operations for the Additional Insured that are subject of the written contract or written agreement provided that the "bodily injury" or "property damage" occurs, or the "personal and advertising injury" is committed, subsequent to the signing of such written contract or written agreement; or
- b. the maintenance, operation or use by you of equipment rented or leased to you by such person or organization; or
- c. the Additional Insureds financial control of you; or
- d. operations performed by you or on your behalf for which the state or political subdivision has issued a permit

However:

- 1. the insurance afforded to such additional insured only applies to the extent permitted by law; and
- 2. if coverage provided to the Additional Insured is required by contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide such additional insured.

With respect to paragraph 1.a. above, a person's or organization's status as an additional insured under this Endorsement ends when:

- (1) all work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed for or on behalf of the Additional Insured(s) at the location of the covered operations has been completed; or
- (2) that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

With respect to paragraph 1.b. above, this insurance does not apply to any "occurrence" which takes place after the equipment rental or lease agreement has expired or you have returned such equipment to the lessor.

The insurance provided by this Endorsement applies only if the written contract or written agreement is signed prior to the "bodily injury" or "property damage."

We have no duty to defend an additional insured under this Endorsement until we receive written notice of a "suit" by the Additional Insured as required in paragraph b. of Condition 2. **Duties in the Event of Occurrence, Offense, Claim or Suit under SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITION.**

2. With respect to the insurance provided by this Endorsement, the following are added to paragraph 2. **Exclusions** under **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**:

This insurance does not apply to:

- a. "Bodily injury" or "property damage" that occurs prior to your commencing operations at the location where such "bodily injury" or "property damage" occurs.
- b. "Bodily injury," "property damage" or "personal and advertising injury" arising out of the rendering of, or failure to render, any professional architectural, engineering or surveying services, including:
 - (1) the preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (2) supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the "occurrence" which caused the "bodily injury" or "property damage," or the offense which caused the "personal and advertising injury," involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

- c. "Bodily injury" or "property damage" occurring after:
 - (1) all work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed for or on behalf of the Additional Insured(s) at the location of the covered operations has been completed; or
 - (2) that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

- d. Any person or organization specifically designated as an additional insured for ongoing operations by a separate additional insured endorsement issued by us and made part of this Policy.
3. With respect to the insurance afforded to these Additional Insureds, the following is added to **SECTION III - LIMITS OF INSURANCE:**

If coverage provided to the Additional Insured is required by a contract or agreement, the most we will pay on behalf of the Additional Insured is the amount of insurance:

- a. required by the contract or agreement; or
 - b. available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This Endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

R. Primary and Non-Contributory Additional Insured Extension

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

Condition 4. Other Insurance of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended as follows:

- a. The following is added to paragraph a. **Primary Insurance:**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

- (1) the Additional Insured is a named insured under such other insurance; and
- (2) you have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the Additional Insured.

- b. The following is added to paragraph b. **Excess Insurance:**

When a written contract or written agreement, other than a premises lease, facilities rental contract or agreement, an equipment rental or lease contract or agreement or permit issued by a state or political subdivision between you and an additional insured does not require this insurance to be primary or primary and non-contributory, this insurance is excess over any other insurance for which the Additional Insured is designated as a named insured.

Regardless of the written agreement between you and an additional insured, this insurance is excess over any other insurance whether primary, excess, contingent or on any other basis for which the Additional Insured has been added as an additional insured on other policies.

S. Additional Insureds - Protection of Your Limits

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

- 1. The following is added to Condition 2. **Duties in the Event of Occurrence, Offense, Claim or Suit:**

An additional insured under this Endorsement will as soon as practicable:

- a. give written notice of an "occurrence" or an offense that may result in a claim or "suit" under this insurance to us;
 - b. tender the defense and indemnity of any claim or "suit" to all insurers whom also have insurance available to the Additional Insured; and
 - c. agree to make available any other insurance which the Additional Insured has for a loss we cover under this Coverage Part.
 - d. we have no duty to defend or indemnify an additional insured under this Endorsement until we receive written notice of a "suit" by the Additional Insured.
2. The Limits of Insurance applicable to the Additional Insured are those specified in a written contract or written agreement or the Limits of Insurance stated in the Declarations of this Policy and defined in **SECTION III - LIMITS OF INSURANCE** of this Policy, whichever are less. These limits are inclusive of and not in addition to the Limits of Insurance available under this Policy.

T. Blanket Waiver of Transfer of Rights of Recovery Against Others to Us (Subrogation)

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, the following is added to Condition 8. **Transfer of Rights of Recovery Against Others to Us:**

If required by a written contract or written agreement, we waive any right of recovery we may have against a person or organization because of payment we make for injury or damage arising out of your ongoing operations or "your work" done under a contract for that person or organization and included in the "products-completed operations hazard" provided that the injury or damage occurs subsequent to the execution of the written contract or written agreement.

U. Property Damage Extension with Voluntary Payments

1. The following is added to paragraph 1. **Insuring Agreement** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability:**

At your request we will pay for "loss" to property of others caused by your business operations for which this Policy provides liability insurance. Such payment will be made without regard to your legal obligation to do so. The "loss" must occur during the policy period and must take place in the "coverage territory."

2. With respect to the coverage afforded under paragraph 1. above, paragraph 2. **Exclusions** of **SECTION I - COVERAGES A - Bodily Injury and Property Damage Liability** is amended as follows:

Exclusions **j.(3), j.(4), j.(5)** and **j.(6)** are deleted.

3. As respects coverage afforded by this coverage, **SECTION III - LIMITS OF INSURANCE** is replaced by the following:

Regardless of the number of insureds, claims made or "suits" brought or persons or organizations making claims or bring "suits":

- 1. Subject to 2. Below, the most we will pay for one or more "loss" arising out of any one "occurrence" is **\$ 1,000.**
- 2. The aggregate amount we will pay for the sum of all "loss" in an annual period is **\$ 5,000.** This aggregate amount is part of and not in addition to the General Aggregate Limit described in paragraph 2. of **SECTION III - LIMITS OF INSURANCE.**

V. Who Is an Insured - Fellow Employee Extension - Management Employees

1. The following is added to paragraph **2.a.(1)** of **SECTION II - WHO IS AN INSURED**:

Paragraph **(a)** and **(b)** above do not apply to "bodily injury" or "personal and advertising injury" caused by an "employee" who is acting in a supervisory capacity for you. Supervisory capacity as used herein means the "employee's" job responsibilities assigned by you, including the direct supervision of other "employee" of yours. However, none of these "employees" are insureds for "bodily injury" or "personal and advertising injury" arising out of their willful conduct, which is defined as the purposeful or willful intent to cause "bodily injury" or "personal and advertising injury," caused in whole or in part by their intoxication by liquor or controlled substances.

This coverage is excess over any other valid and collectable insurance available to your "employee."

W. Broadened Personal and Advertising Injury

1. Unless "Personal and Advertising Injury" is excluded from this Policy, the following is added to **SECTION V - DEFINITIONS** Item **14.**:
 - h. mental injury, mental anguish, humiliation, or shock, if directly resulting from Items **14.a.** through **14.e.**