

For Approval October 16, 2019

**Chapel Hill/Orange County Visitors Bureau Board of Directors Meeting
September 18, 2019**

The Chapel/Orange County Visitors Bureau met at
Residence Inn Chapel Hill 101 Erwin Rd., Chapel Hill, NC 27514

Board Members Present: Pam Hemminger, David Brooks, Tanya Moore, Anthony Carey, Kayla Dempsey, Mark Bell, Sam Vadgama, Lydia Lavelle, Mark Sherburne, Tim Hoke, Spring Council, Annette Stone, Matt Gladdek, Penny Rich, Katie Murray.

Not Present: Jeffery Strickler, Tim Hoke, Libbie Hough, Dixon Pitt, Shannan Campbell

Staff Attendance: Laurie Paolicelli, Leslie Wilcox

Also present: Steve Brantley, Director of Orange County Economic Development

Call to Order

Laurie Paolicelli called the meeting to order at 8:10 a.m.

Commissioner Rich advised that the Board of County Commissioners approved all four of the board member nominees during their September 17, 2019 meeting.

Introductions were given by all.

Approval of Minutes

Commissioner Rich requested a motion to approve the August 18, 2019 minutes. Mark Sherburne so moved and Mark Bell seconded the motion. With all members in favor, the minutes were approved as submitted.

Welcome by Host

Sam Vadgama, new board member representing one of the O/C Lodging Association seats, thanked the board for his appointment. He gave an introduction to the Residence Inn. He shared that occupancy was exceptionally good over the summer and the expectation is very good with the upcoming Fall football schedule. The Residence Inn's niche market of extended stay has been working well for the Residence Inn.

Finance Report

Finance Chair Rich began her report reminding the board that the most current financial data is always two months behind so her report today is for July. Occupancy taxes are trending up and are about 7% higher from July 2018 to July 2019. AirBNB tax collections were also up, at about \$11,000 in July. This is pretty much in-line with May and June and is averaging about \$10,000 and \$15,000 on AirBNB taxes. Laurie presented Orange County Hotel/Motel Lodging vs. Other Lodging for last fiscal year ending June 30, 2019 highlighting what the data is for traditional lodging vs. AirBNB and how that data is trending. Finance Chair Rich stressed the importance of this data to demonstrate that government is collecting taxes from homestays such as AirBNB. Discussion ensued about receipt process for paid occupancy taxes from homestays vs. traditional lodging and how government can verify actual activity to collections.

Nomination Committee Report

Commissioner Rich advised that the Board of County Commissioners approved all four of the board member nominees during their September 17, 2019 meeting and welcomed the new members. The Board has worked to try to diversify its membership and Commissioner Rich applauded Board Members for going out into the community to talk and encourage community members other than just the regulars to volunteer.

Guest Presentation

Clean Design was originally on the agenda today as guest presenter but unfortunately, two of their staff have had a death in the family. They will present at the next board meeting on Wednesday, October 16th.

Laurie Paolicelli presented in place of Clean Design showing a video on how travel and tourism leaders developed occupancy tax to revive downtown Asheville and put it back on the map. Given current State legislative discussions about how the occupancy tax should be used, this video spotlights the occupancy tax and its effect in the community. Laurie stated that the Governor reported that there was \$2,080,000.00 generated last year by tourism in Orange County. The Visitors Bureau works with Orange County who provides 100% of occupancy tax collected to the Visitors Bureau. The towns of Chapel Hill, Carrboro, and Hillsborough each collect their own occupancy tax. At Mayor Lavelle's recommendation the Visitors Bureau is working on a video to show how occupancy tax is generated and used here.

Executive Directors Report

Our Visitor Center numbers are flat. During the State Tourism Conference, Laurie learned that state-wide visitor's centers are doing really well and the data shows that people want to come into a welcome center. On our last research report, this area received poor marks on welcome. First time ever that they felt like the welcome was not there. We'll explore and discuss further next month with Clean Design to understand why that is. Gentrification comments. Do You Dare Videos.

Laurie touched base on AirBNB. Typically, when hotel investors come in and speak with Economic Development staff, we give them very traditional data. We don't give them the AirBNB data. Short-term rentals are growing which means occupancy tax we collect from them is growing and it is important to have this data as part of the whole picture. Discussion of new hotels planned to be built soon. A hotel developer has purchased the distillery and the sale has gone through. Rosemary concept. Mayor Hemminger shared that there are three hotels approved but not built yet, Obie Creek, Carraway Village, and Glen Lennox. Also, a hotel being built in Carrboro. Discussion about hotel growth and when to stop. Chair Carey recommended that the industry as a whole need to look ahead and forecast occupancy rates in the coming 10 years so we don't out-build and lose Average Daily Rate (ADR). While we're at 70% average night stays with a supply of 1,500 rooms, there is no guarantee that we'll remain at 70% when in five years we have 2,500 rooms. When there is too much supply and the ADR drops, the hotels are no longer able to maintain a living wage for their staff. So a great industry that impacts the region's economic development, becomes sub-standard and then the quality of service suffers.

Laurie promised, as an agency, to provide all data to governments and developers.

Laurie shared another insight from the State Tourism Conference, Asheville and others are using a portion of their occupancy tax revenues and investing in promoting local attractions.

Laurie talked to Asheville and 100% of their occupancy tax is given to tourism. Their budget is \$20,000,000.00/year. Asheville is starting to invest in product development. Instead of being a one-trick pony town, they are trying to develop, with some of that occupancy tax, the other services and products that their town offers. For example, use sporting, cultural arts centers, etc. to diversify demand. That is also something CVBs are shifting on, in addition to strongly marketing everything there is to do in that town they also invest in the development of those very services and products they are marketing.

In terms of us getting the word out to our constituents, our advertising budget remains at \$500,000.00. We're working hard on the digital influencers. Clean Design has a completely different perspective design than Fleishman. Fleishman believed in bringing in everybody throughout the world. Clean believes you bring them in from the mid-Atlantic. We've reserved the Carolina Inn on November 4th for a free breakfast and we're inviting the community in to hear Clean Design's very thorough and detailed research report.

Laurie and Economic Development staff Shannan and Annette designed a plan to introduce a whole new Orange Slices walking tour program where we start packing and promoting all the available walking tours. We've reserved a url . . . a site and an app. People are asking for walking tours and we have a free walking tour of Chapel Hill, we have the UNC walking tour that has been institutionalized, the Hidden Gems, we have Carrboro working on their walking tour, Hillsborough has a wonderful walking tour, and we have a mural walking tour.

New Business/ Roundtable

- Mark Sherburne – the Fall football season with some early wins is helping local lodging and tourism. He is seeing an increase in groups wanting to come to the Carolina Inn and individuals on non-game weekends. Being a winning team has a big impact and the Inn's forecast is very strong through the end of this calendar year.
- Sam Vadgama shared that the extended stay market is strong and year over year has been growing. June and July were the best month's they've ever had and was largely driven by extended stay occupancy. Residence Inn is working with global companies in this extended stay niche. Their forecast for Fall and first quarter of 2020 is looking strong.
- Andrew Carey shared that private dinners are up and thus their catering business is up. People are spending money not only in the hotel but for events and they are wanting experiential rather than just "here's my budget, can you make it happen".
- Tanya Moore shared that tonight there is a forum for UNC's Chancellor search. The committee is hoping to identify a candidate by the end of the year. Tanya also wanted to let the hoteliers know that UNC employees have had a change in their purchasing regulations in which employees now use their UNC purchasing cards rather than personal credit cards. The problem is the UNC/state purchasing cards are tax-exempt. Matt Gladdek recommended working together and with the Downtown partnership to inform local businesses on how to process these in their POS. This also allows for taking catering orders right away too. UNC Visitors Center update: UNC Facilities is working with the State Historic Property Office to get approval to switch the windows on the building. The interior is coming along.
- David Brooks shared that Hillsborough Chamber of Commerce is already beginning preparations for this year's Christmas parade which will be earlier this year than in prior years and is scheduled for Sunday, December 1st at 4:15 p.m.
- Mark Bell shared:
 - September 21st - Hog Day
 - September 25th – 27th "Paint it Orange" all over Orange County with a "Wet Paint" sale on September 27th in downtown Hillsborough in the C3 Building on 9/27.
 - Downtown walking tours.
 - Sundays Concert Series on the lawn in front of the Courthouse.
 - This year's last Friday will be on September 27th.
 - October 12th - Cèilidh at Ayr Mount, a day-long celebration of Scottish Heritage.
 - October 11th – 13th Outlandish Hillsborough, town-wide celebration of our Scottish Heritage with an Outlander t.v. series theme.
 - Hillsborough Natural Areas open year-round: Riverwalk, The Occoneechee Mountain Area, Occoneechee Speedway, Poets Walk at Ayr Mount, and Confluence Natural Area.
 - Hillsborough Half Marathon and 5K is scheduled for Sunday, October 6th.
 - Hillsborough River Park Concert is scheduled for Saturday, October 19th.
 - Colonial Inn is progressing and they are currently building the new addition on the back and HVAC is being installed.
- Lydia Lavelle shared that it is festival season in Carrboro.
 - Carrboro Music Festival is scheduled for Sunday, September 29th.
 - West End Poetry Festival in October 16th – 19th.
 - Film Festival is scheduled for November 16th – 17th.
 - Chapel Hill-Carrboro Holiday Parade is tentatively scheduled for December 14th.
 - New bus wrap coming out in the next few months.
- Katie Murray elaborated on "Paint it Orange Plein Air Paint-Out Fundraiser" September 25th – 27th at the C3 building in downtown Hillsborough. There are 52 artists from four states registered as of now. That translates to 120-150 pieces of artwork on exhibit and for sale at really great prices.

New video series will debut every month with their enewsletter to showcase members of the creative community around the County. This month was "Epilogue" the new bookstore coming to Franklin Street. Last year the County did "LocalFest" at the end of September. That's falling under the Arts Commission this year and will take place on June 6th at Blackwood Farm Park again. They are changing the name to Local Roots Festival but the premise will stay the same with convergence of arts and music but also traditional agriculture practices.

State Budget impacting the arts right now. Proposed increase to arts funding over the next two years; a half-million dollars in fiscal year 2020 and 850,000 in fiscal year 2021. There is a stipulation, however, that for the ten counties in the state that are tier three with populations of more than 130,000, they will not see that increase and Orange County falls into that category. That represents 40% of the residents of North Carolina. This year The Arts Commission had \$180,000 in grant requests with only \$60,000 to disburse. So the Arts Commission is establishing a non-profit arm to help raise money that can then go back out as grants and programs into the arts community.

Working on a big, multi-County, public art event for next summer geared for the middle of summer when the downtown businesses could use some foot traffic. It will take place in the downtowns of Chapel Hill, Carrboro, and Hillsborough.

- Pam Hemminger thanked everyone for their support of the Moorefields Bluegrass Festival. It was a very successful event, their best year yet, and they stopped counting at 700 people. Many came from out-of-town and commented that they didn't know where to stay so next time we're going to market that better. The Council gave the nod to investigate putting a parking deck on the west end of town behind the Kipos courtyard area. The hope is to try to consolidate the various small surface lots around Chapel Hill and have a centralized parking deck that is obvious to visitors. Chapel Hill has a partnership with UNC and Clay Grubb to do a masterplan on the east end of downtown to make it more welcoming and thriving. Part of that property is in the opportunity zone so trying to coordinate that as well. Clay Grubb's group is moving through renovating the 137 tower. A lot of conversations and partnerships forming to move that to be Chapel Hill's innovation hub. This includes discussion about the parking deck that goes with that and about changing some town policies on recladding a building, so people don't have to go through the whole special use process since it doesn't add space it just makes the building look better.

200-year birthday celebration of town government moving along with lots of different events and podcasts culminating on November 20th. Danita Mason-Hogan is partnering with the Town of Chapel Hill to make these podcasts celebrating Chapel Hill's history. The first podcast is called "Monuments and Statues" will be available September 9th.

Town of Chapel Hill and the Downtown Partnership have coordinated downtown Pop Ups, which are attracting a lot of attention with art. Town of Chapel Hill has a special art exhibit around the 400 anniversary of slavery in North America.

Wegmans is moving along, but slower than the town would like, because of all the remediation needed at that site.

AirBNB community taskforce has been created so if you want to apply or know someone who would be interested in being on this taskforce, applications are currently being accepted. This taskforce will be discussing regulating AirBNBs that are whole houses owned mostly by outside investment groups, not individuals renting a room out or their primary residence or renting their whole house several times a year. Concerns are about safety and taxes.

Discussions with Police Chief and attorney about moving noise, trash, and parking complaints from criminal to civil. When you issue a ticket under a criminal charge, the defendant has to go to court. Law enforcement often doesn't want to issue these tickets and force someone to go to court for a noise complaint. Civil tickets would go to the landlord and have a fine associated and a warning advising of a steeper fine for continued infractions which is a better deterrent.

- Matt Gladdek shared Chapel Hill Pop Ups. The current Pop Up is "Banned Books" at 109 East Franklin St. (the old Ackland space), organized by the Chapel Hill Library in conjunction with Chapel Hill Community Arts and Arts Everywhere. The last six years of artists who have done covers of books that have been banned in libraries. Another exhibit in the works is "Cash Crop" by artist Stephen Hayes which memorializes the 400 years of slavery started in North America.

The Ackland has an exhibit up now with Afro-features that is interactive.

FestiFall on October 12th, main event is noon-3:00 p.m. and then "After Dark" performances around town. This year they've radically rethought FestiFall with more unconventional and experimental theater and non-profit and political tables/booths aren't allowed this year in order to focus on the arts.

- Spring Council shared that Mama Dips tends to be busier in the summertime than in the fall. Mama Dips customer base has historically been families eating before a game. They are focusing on bringing more young families back as long-time customers have aged and their children have grown and moved away.
- Penny Rich shared Steve Brantley and Orange County Economic Development completed two new projects which will bring up to 1,200 new jobs to the County over the next 10 years. ABB is bringing 400 jobs. Medline advised that only 2% of their employees will be coming in from other places which means 98% that are going to be hired will be hired locally. With these new businesses coming to the northern end of the County, Hillsborough and Mebane, we need to consider lodging options in that part of the County.

Next meeting: Wednesday, October 16, 2019 at The Chamber for a Greater Chapel Hill-Carrboro.

Meeting adjourned at 9:32 a.m.

Minutes reviewed by:

Laurie Paolicelli, Executive Director

Date

Minutes accepted by:

Anthony Carey, Chairman

Date