

For Approval March 17, 2021

**Chapel Hill/Orange County Visitors Bureau  
Virtual Board of Directors Meeting  
February 17, 2021**

**Board Members Present:** Pam Hemminger, Manish Atma, Aubrey Williams, Tanya Moore, Anthony Carey, Kayla Dempsey, Mark Bell, Sam Vadgama, Lydia Lavelle, Beverly Payne, Mark Sherburne, Daniel Mayer, Spring Council, Jon Hartman-Brown, Shannan Campbell, and Sally Greene.

**Not Present:** Matt Gladdek

**Staff Attendance:** Steve Brantley, Laurie Paolicelli, Marlene Barbera, Patty Griffin, Tina Fuller, Susan Rice, Leslie Wilcox, and Katie Murray.

**Also present:** Tim Hoke. Lisa Ganzzermiller, General Manager, AC Hotel by Marriott, Chapel Hill. Dennis Edwards, President & CEO, Greater Raleigh Convention and Visitors Bureau. Lee Davis, Managing Partner, Clean Design, Inc. Jessica Herschaft, Group Business Director, Clean Design, Inc.

### Call to Order

Chair, Anthony Carey called the meeting to order at 8:04 a.m.

### Approval of Minutes

Chair Anthony Carey requested a motion to approve the January 20, 2021 minutes. Mayor Pam Hemminger so moved and Mark Sherburne seconded the motion. With all members in favor, the minutes were approved as submitted.

### Executive Director's Report

Laurie Paolicelli spoke of the Visitors Bureau 2021-2022 budget preparations and occupancy tax projections for the coming year.

- Since March 2020 hotel revenue in Orange County is down 32.3 million or just about 70% and room night demand was down 200,894 room nights representing 57.2% decline.
- To give you a perspective on how the hotel revenues feed into the overall impact in Orange County, in 2018, Orange County's tourism industry generated \$208 million, in 2019 it generated \$218 million, and in 2020 it is estimated to generate \$98 million. That is an estimated loss of \$120 million. This is devastating for the economy in terms of payroll, jobs lost, and loss of tax revenue.
- Our sense right now is a slower spring and summer in terms of large events and gatherings. Currently, to our knowledge, all events not associated with the university are cancelled. So, we are busy administratively, rebooking event dates from 2021 to 2022 or later. The new rules regarding group gathering limits are presenting challenges in how we book our event and conference spaces. So, we are starting from scratch with all our conference materials.
- We hope for recovery in 2022 but that recovery is highly dependent on some major events here in Orange County such as UNC commencement and sports.
- Our tourism marketing program moving forward will focus on the leisure traveler coming from our local region of Virginia, South Carolina, Georgia and other parts of North Carolina.

Mark Sherburne asked "How are you balancing for your fixed costs and still being able to allocate dollars to promote us?"

Laurie answered "We are a department of county government and we are currently going through the budget process now. They are asking for a lot of projections and forecasts and, from our

information and forecasts right now, we are cutting our revenue by 70%. We have \$1 million projected for occupancy tax revenue and then \$200,000 contribution from the Town of Chapel Hill from their occupancy tax revenue. In total, our projected revenue is 1.3 million. Of that, \$106,000 is the County Administrative Fee, \$533,000 is salaries and benefits, \$169,000 is building rent and costs with the new location at 308 W. Franklin St., and we fund the Orange County Arts Commission at \$226,000. There is some revenue offset from the Arts Commission with their state grants which is why we are projecting 1.3 million total revenue. Fixed/non-discretionary costs total \$1,034,000 leaving just \$276,000 to retain Clean Design and continue promotions, travel data research and just tourism marketing to ready the market back. That's a 70% decrease from previous years. \$276,000 may sound like a lot but it is not. It is easier to say what we cannot do this coming fiscal year.

- We will not be able to produce any visitor guides
- We will not be able to reconfigure our website for the new conference layouts at this point
- We will not be able to redo the restaurant dining maps
- We will not do any trade shows for sales solicitation
- We will not do any printed media, we will limit social media and we will not sponsor any events.

Manish Atma asked "How is cutting back on all these marketing and promotion programs for the hotels and restaurants going to help the hotels and restaurants?"

Laurie answered "Yes, that is going to hurt. Right now staff is working on a tourism recovery plan and part of that is asking the County for some financial help."

## Presentations

**Dennis Edwards, President & CEO Greater Raleigh Convention and Visitors Bureau.**

### Tourism Recovery in the Triangle:

- Greater Raleigh Convention and Visitors Bureau:
  - Lost revenue: \$185 million (sporting events, travel, and conventions)
  - Occupancy down 40% for the year 2020
  - Occupancy tax collections down 52.8% in 2020
  - The fiscal year currently down 58.7%
  - Adjusted budget for the fiscal year by instituting a hiring freeze, taking salary/benefit reductions, cutting all travel, conferences, training, and education (i.e. "survival mode")
  - In cooperation with Wake County, we received 1.25 million from CARES Act funds in early fall
  - Develop/enact marketing plan by end of December
  - Funds received allowed for continued attendance of trade shows and the implementation of aggressive advertising and marketing plans
  - Still facing real challenges in terms of budget standpoint entering 2021 year
- Projected 2021 Year:
  - Assessing various research (U.S. Travel, Longwoods International, Destination Analysts, and CBRE) to do forecasting/projections
  - Good news: Longwoods International last week is that 81% of the American public plan on taking a trip in the next six months (up 16% from 30 days prior to survey)
  - Vaccines are having an impact on consumer confidence (from a leisure travel standpoint)
  - Quickest rebound: visiting friends, families, relatives
  - The leisure market is expected to rebound the quickest (then sports)
  - Having their first event in convention center next weekend since March 20, 2020
  - A little bit of indoor sports returning but limitations with mass gatherings still inhibit some things
  - The state has split sports into categories – green, yellow, or red (volleyball is yellow, meaning that you can still play volleyball but you have to wear a mask, Basketball is red, so those five

basketball tournaments we have contracted are currently not allowed to play until the governor changes his mandate)

- Might lose all five of those tournaments to other states (with different mandates)
- Conventions/meeting slow return in Fall probability
- Playing by ear with a lot of these planned conventions and meeting for the second half of the year (if they do occur, they will probably be half virtual, half in-person)
- A lot depends on vaccinations (there will be a percentage of the population that will refuse to take the vaccine, but they will still need some form of identification or proof that they tested negative)
- Live Nation is booking concerts at the beginning of June and July (but still relies on vaccines and rapid testing)
- Concerned about the potential influx of business travel
- Citrix is not planning on having their employees return until July at only 50% capacity and that is permanent (a little concerning)
- Other companies (i.e. Red Hat, Cisco...etc.) are planning on coming back at 50% but they hope to come back at full capacity in 2022
- The impact of business travel could be more long-term (projections about finishing this fiscal year: 43% down from 2019, 2022 projected to be 30% higher than 2021, 2023 projected to be 42% increase, and 2024 a 6% increase and 2025 a 12% increase) Hoping by 2025 a return to 2019 numbers but it is going to be a slow process.
- This fall there is still a lot of unknowns but we are hoping that the second half looks somewhat normal from more demand generators than just leisure.
- Questions:
  - “What percentage of your overall tourism business is convention center versus leisure?”
  - “70% leisure, 30% group”
  - “In terms of the convention center and larger groups, we are still cautiously looking at 2022 for recovery there?”
- Yes, conventions have to make a decision at least six months ahead of time because they have sponsored registration speakers. All the groups that we have for fall are having discussions about future dates right now because they are not sure whether or not they can even afford to have these meetings. Hybrid is a great option but more expensive (and revenue sources are not as prevalent as in person)
- “Your staff is working very hard to elevate and amplify Wake County’s messages of new restaurants and outdoor paths and arts and the limited events going on and you are doing a great job. How are you deploying your sales staff right now to look for future meetings?”
- They are still doing a lot of virtual meetings right now. We lost 347 groups so far, however. They are spending a lot of their time working with existing clients that are currently on the books, looking at options and future dates. Part of their job now is trying to identify new opportunities but half their time is spent working with existing clients and the various options for them and do we need to look at future dates? They spend a lot of their time shifting dates. A lot of our focus right now is on state, regional, and a bit of national business (knowing there is still hesitance at least for the next year) Most of our meeting and convention business is going to be through that broad market, particularly in the short-term.
- ADR projections?
- All our contracted businesses and hotels are holding to the contracts with the existing businesses but the rate is definitely a challenge (example: 2019 ADR county-wide was \$109 and right now we are at \$88) So ADR will definitely be slow growth. Forecasts say they don’t anticipate we will return to 2019 ADR until late 2023 (estimated 3-4 years for ADR to get back

## New Business/ Roundtable

- Mark Sherburne – General Manager, The Carolina Inn
  - Denny's report on the economic impact of COVID-19 and the recovery projections are what we are seeing here in Orange County as well. In talking with my peers in other markets, it mimics what Denny just reported. Even though our demand generators here in Orange County are different than in Wake County, the recovery process looks very similar.
  - First half of calendar year 2021 we look at being soft. As we get through the first six months, there are a lot of assumptions that we continue to make. Once we come to the reality, many of those assumptions don't come true. So, it is a constant moving target. Normally, this first half of the year the market would have been driven by group business but with the pandemic, for the most part, group business has completely dried up. The only segment we continue to see life in is the social market such as weddings. Weddings look and feel very different during the pandemic, with smaller sizes but they are still booking rooms. Again, on a much smaller scale. Not many events happening in this first half of the calendar year 2021. Weddings and other events are looking as summer 2021 and forward.
  - The market is currently hovering in the 30% range for occupancy, down from this time last year, and our average daily rate (ADR) is down as well.
  - Having the University back in session is helping with transient business but the number of students returning and housed on campus is a third compared to historical campus residency. Classes went back into session on February 3<sup>rd</sup> but that was only about 20% back in-person. A decision on commencement this year hasn't been made. Most properties are making the assumption that in-person commencement won't happen and that is a big hit as both occupancy and ADR are higher during a commencement weekend.
  - The athletic office released its football schedule. They haven't advised on game attendance levels but there is a great demand for hotel bookings in fall with the football schedule. The Carolina Inn isn't that far off from previous football seasons in bookings.
  - Projections show some life towards the end of this calendar year, on a slower scale than before and assuming that football is going to happen. Moving into 2022 things start to pick up, on a much slower scale, but they start to pick up in 2022. Events had moved their dates last year into 2021 and now they are either wanting to punt those events into 2022 or cancel. So a lot of what sales is doing right now is working with existing groups and not necessarily talk with new groups at this time.
  - Technology has allowed groups the ability to hold hybrid meetings but it comes with a cost.
  - We are operating off 90-day forecasts because there is just too many assumptions and unknowns beyond that time frame.
  - The Carolina Inn has reopened its restaurant, Crossroads, but not at full capacity and with less menu offerings than previously.
  - The Carolina Inn continues doing many of their traditional events but on a very different size and scale and feel than they have been before. These have been very successful. We are looking at continuing events into the spring including bringing back Fridays on the Front Porch. We are working with Victoria Hudson with the Orange County Health Department to ensure we have the capacity to do that safely. For Fridays on the Front Porch, people can rent a pod space with a table. Tables will be spaced apart appropriately. It is open to the public but will require advanced reservations and you rent your space. We will also start "Fire Pit Fridays" where people can come out and we have different fire pits spread on the front lawn. Again, you rent your own pod space.

Laurie asked the response Mark is getting from the public about hosting events and the public's perception of whether these events are safe relative to the virus. Mark responded that that

perception does persist but he works with the Orange County Health Department to ensure their events are safe according to their guidelines and feedback.

Anthony asked if the Rizzo Hotel is booking university meetings? Mark responded “Not necessarily. Because they have executive development that deals with Fortune 500 companies, they have continued having some smaller government groups such as Army, Navy, etc. No large-scale events because they don’t do social events so much slower for them than before the pandemic.

- Mayor Pam Hemminger – Town of Chapel Hill

- The Town of Chapel Hill is also in budget season. Other than sales tax revenues being a little higher than anticipated and property tax revenue holding at a decent level, everything else in the enterprise funds and occupancy tax revenue accounts are way down. We’ve instituted some cost cutting measures – hiring freeze, no travel, etc.
- Both the Town of Chapel Hill’s debt fund balance and fund balance are very healthy so doing construction and things during this downturn we hope to be ready for when the economy bounces back.
- Development in Chapel Hill is on the rise and we are seeing more development proposals than we’ve ever seen before. Many of these proposals are commercial which speaks to a desire for being in this area.
- The region, including Chapel Hill and parts of Orange County, are included in the top 10 places to bounce back the fastest from COVID-19.
- Buildings 136 and 137 downtown are getting a lot of traction and will be opening up in summer and fall.
- Wegmans is opening next week on February 24<sup>th</sup>.
- We are working with Katie Murray and with the Downtown Partnership on arts projects to get people to see us as an art community and get people back downtown.
- The Town of Chapel Hill is repaving the West End. This should allow outdoor dining and grab and go areas to continue.
- The Town of Chapel Hill has a Revive Committee and they have made some great recommendations that we will be implementing in the next six months or so to help get our economy back.
- Today we are celebrating 1,000,000 meals served to our students over this year with a drive-thru celebration. These are meals provided to students who aren’t in school and would normally receive free and reduced lunch.

- Tanya Moore – Associate Vice Chancellor, UNC-Chapel Hill

- UNC surveyed our 2021 class and they overwhelmingly said they wanted an in-person event for commencement. We are now developing that, with safety in mind, and are in discussions with the County Health Department. Will probably take the form of multiple ceremonies in Kenan Stadium over the May 15<sup>th</sup>-16<sup>th</sup> weekend with virtual speakers and the same speech at each event. Graduates will be allowed two guests. Expect an announcement in the next couple of weeks.
- The Class of 2020 has indicated it doesn’t feel relevant to them to have an actual commencement ceremony but they still want to come back and see their friends and have a reunion of sorts. We are keeping that on the table but after the pandemic restrictions are lifted.
- UNC’s testing program is working as designed. UNC is testing 13,000 – 15,000 tests a week and our positivity rate is 0.06, which we feel very good about.
- [UNC Visitors Center Zoom](#) tour has been well received and averages about 20 people per day.

- Mayor Lydia Lavelle – Town of Carrboro
  - As Mayor Pam Hemminger indicated for the Town of Chapel Hill, the Town of Carrboro is in a very similar financial posture. Sales tax up a little bit, property tax holding steady, and enterprise funds down. We too have tightened our belt this year and not filled positions, not had raises and playing it conservative all year. We are in decent shape as we go through the budget this spring.
  - [The 203 Project](#) remains our main priority right now. It is in a state right now where it is really important that we continue moving forward.
  - Several murals have been installed around Carrboro. At last night's town meeting we had a ceremony rather than an in-person ribbon cutting, where we recognized the muralists. These murals all honor the Black Lives Matter movement. One is on the Community Works building and one is downtown on the Carrboro Century Center. We are going to partnering with the Town of Chapel Hill, the Orange County Arts Commission, and others for another one at the intersection of Brewer Lane and Merritt Mill Road.
  - We are in the middle of our comprehensive plan for Carrboro which will inform how we grow in Carrboro.
  - The Town of Carrboro is working on getting sidewalks put in on South Greensboro downtown.
  - Mayor Pam Hemminger and I along with other mayors are watching and advocating with Congress on this upcoming stimulus package which, at the moment, contains funds for local government.
- Jon Hartman-Brown – Town of Carrboro, Economic Development
  - The Carrboro Tourism Development Authority (TDA) has also been challenged financially due to the COVID-19 pandemic so we are currently in a maintain what we have mode.
  - As Mayor Pam Hemminger indicated in her Town of Chapel Hill update, the Town of Carrboro is also seeing lots of new business inquiries.
- Mark Bell – Mayor Pro Tem, Town of Hillsborough
  - Hillsborough restaurants are holding steady with in-person dining and takeout service.
  - The Colonial Inn continues to do pretty steady business and are booking events in spring and summer.
  - Galleries are continuing to do shows with limited access.
  - Hillsborough's core historic tourism organizations are doing numerous virtual events. The Orange County Museum has a virtual event, Native American Storytelling, tomorrow evening. Burwell School has some events coming up later in February featuring two very prominent African Americans related to Hillsborough. The Hillsborough Arts Council's gift shop is open limited hours. They typically sponsor multiple outdoor events but, since it is winter, things are kind of slow now.
- Shannan Campbell – Economic Development Planner, Town of Hillsborough
  - The Hillsborough Arts Council is starting to look at doing Last Fridays and in what capacity. They have been doing some small pop-up concerts around town, which have been successful. The musicians go to a location, do a little concert and then go to another location, do a little concert, so as not to allow a large crowd to gather. The Arts Council is thinking about doing a similar model for Last Fridays starting in the spring.
  - Occupancy Tax number are trending close to fiscal year 2017 numbers. People are still staying in our hotels. I suspect the Colonial Inn probably has a lot to do with that.
  - Our local businesses have pivoted from relying on big outdoor events ere outside and have started creating their own experiential events within their business. For example, the Colonial Inn ran a special for Valentine's day called "Dinner and a Suite" in which they marked down some of their hotel rooms and you could reserve dinner and a stay at the Inn in a package deal.

- Hillsborough has always been a day tripper, family, kind of destination and we are starting to see that return.
- Hillsborough's historic sites have been great and offering virtual programming. They have also figured out ways to do touchless tours where you scan a barcode and take the tour yourself and just your family on your phone.
- Katie Murray – Program Coordinator, Orange County Arts Commission
  - We have not lost any arts-related businesses in Orange County.
  - The Small Business Association (SBA) is taking forever getting the guidelines of the Save our Stages Act out but we are hopeful that will provide some relief to our local arts organizations.
  - [Big Night in for the Arts](#) is coming up on March 11<sup>th</sup>. Mandolin Orange and Branford Marsalis are some of the headliners. Later today we are announcing that we also got Scott McCreery as a headliner. This will all be online and on-air on WRAL. We are still soliciting sponsorships. Wegmans is our largest sponsorship and are proving to be a great community partner.
  - Be on the lookout for our new promo featuring our fabulous mayors and Commissioner Price.
  - Our Eno Mill project is just about a year old. We exceeded projections despite COVID-19 and did generate a little bit of revenue in this first year which will be used to continue to grow the space.
  - Art on the Hill is going to be a countywide major public art festival that has been postponed until July 2022.
- Kayla Dempsey – Director of Marketing & Develop., North Carolina High School Athletic Association
  - We just had swimming and diving championships this past weekend. Chapel Hill High won a state title. There were about 300 student athletes each day. Absolutely no fans.
  - Lacrosse and soccer have started their games.
  - Football will start games on February 26<sup>th</sup>. We have already had some teams in quarantine so we'll see what happens.
  - We are getting a lot of pressure, mostly from parents, to increase the number from 100, that we set based on the governor's executive order back in October.
  - Basketball is being held at Wheatmore High School and Providence Grove High School in Randolph County and the limit is 25 fans in attendance.
- Commissioner Sally Greene – Orange County Board of Commissioners
  - As the Town of Chapel Hill, the Town of Carrboro, and Laurie has shared, Orange County's budget is constrained as well. Not a lot of news on that front other than we are trying to get through it.
  - Buc-ee's pulled out before the County Commissioners could make a decision. Phase two of Buc-ee's included a hotel. With that gone, the commissioners now understand the need to find something for that Efland area. That area could really use a hotel. There are soccer fields close by and the only place to lodge currently is in Alamance County. The commissioners are starting to focus on a possible revision to the Efland economic development district.
  - In honor of February being Black History Month, Orange County's [31<sup>st</sup> Annual Pauli Murray Awards](#) night will be held virtually via Zoom webinar on Sunday, February 28, 2021 at 3:00 p.m. Three awards are given: an adult, a youth, and an organization. The guest speakers are poets Nikki Giovanni and Jaki Shelton Green.
- Beverly Payne – Alliance for Historic Hillsborough
  - The Orange County Historical Museum is hosting [Native American Storytelling with Lawrence Dunmore](#) tomorrow evening, Thursday, February 19<sup>th</sup> at 7:00 p.m.
  - The Orange County Historical Museum is hosting Indigenous [Uses of Pine Needles with Vickie Jeffries](#) on March 4<sup>th</sup>.

**Next meeting:** *Wednesday, March 17th*

Meeting adjourned at 9:28 a.m.

DocuSigned by:  
*Laurie Paolicelli*  
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Minutes reviewed by:  
Laurie Paolicelli, Executive Director

DocuSigned by:  
*Anthony Carey*  
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Minutes accepted by:  
Anthony Carey, Chairman

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