

**RECORD OF MINUTES
DARE COUNTY TOURISM BOARD
SPECIAL MEETING
THURSDAY, JULY 18, 2019**

9:00 A.M.

**OUTER BANKS VISITORS BUREAU ADMINISTRATIVE OFFICES
MANTEO, NC 27954**

ATTENDING: Wally Overman, Chair; Myra Ladd-Bone, Vice Chair; Pat Weston, Treasurer; Bambos Charalambous, Assistant Treasurer; Mike Hogan, Secretary; George Banks III, Chuck Burdick, Jamie Chisholm, Webb Fuller, Chris Nason, Bobby Owens, David Pergerson, Jeff Pruitt, and Jay Wheless, Legal Counsel.

STAFF:

Lee Nettles, Executive Director
Diane Bognich, Director of Administration
Lorrie Love, Tourism Sales and Events Manager
Juliane Kelly, Industry Relations
Amy Wood, Clerk to the Board/Administrative Specialist

OTHERS: Mark Jurkowitz, *Outer Banks Sentinel/Voice*; Jarrod Rabatin, Ramada Plaza; Ben Cahoon, Mayor; Cliff Ogburn, Town Manager; and Susie Walters, Mayor Pro Tem, Town of Nags Head; Tonia Cohen, Days Inn; Tess Judge, Wilbur Wright Associates and C&S Realty; Russ Lay; Brad Carey and Sam Carey, First Flight Adventure Park; Ralph Buxton, Philip Ruckle, *The Coastland Times*; Bill Coleman, The Lost Colony; and Charlie Johnson, Johnson Consulting.

The meeting was called to order at 9:00 a.m. The Board then recited the pledge of allegiance, followed by a moment of silence. The Chair welcomed the guests.

APPROVAL OF AGENDA: Ms. Weston moved to approve the agenda. Ms. Ladd-Bone seconded. There was no discussion and the motion passed unanimously.

RECOMMENDATION FOR LANDSCAPING SERVICES: The Chair reviewed the discussion and recommendation from the Budget & Finance Committee to select Grounds Pros to provide landscaping services. Ms. Ladd-Bone moved to award the landscaping contract to Grounds Pros. Mr. Hogan seconded. Mr. Fuller expressed his thoughts on the timing of the contract-that it should begin in the winter instead of summer. Ms. Ladd-Bone modified her motion to award the landscaping contract to Grounds Pro and allowing staff to negotiate the start and end dates for the contract. Mr. Hogan seconded. There was no further discussion and the motion passed unanimously.

PRESENTATION BY JOHNSON CONSULTING (attachment A): Charlie Johnson reviewed the results and recommendations of the economic impact and feasibility study. The study presented an option for a stand-alone multi-purpose event building and then options with the multi-purpose event building being supported by a hotel and ballroom. Of these, one option had all buildings on the properties owned by the Tourism Board; one assumed purchase of additional property to the north. The types of events appropriate for each venue were discussed. The consultant showed different ways to fund the project. The consultant felt that the building with hotel on additional property offered the best option.

PRESENTATION BY JOHNSON CONSULTING (continued): Discussion revolved around how the consultants obtained data they used, who the consultants spoke to in the community, fee structure for use, competition with other sites, size of the building, what type of meetings, conventions, and sporting events could be held there, and how a boardwalk could connect the area businesses to the site.

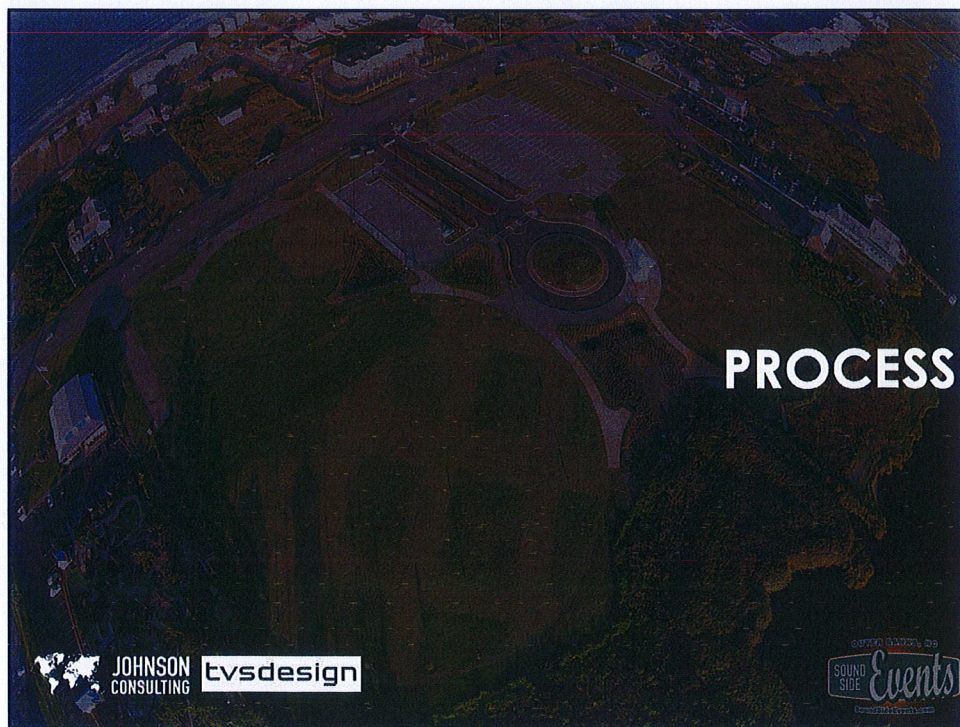
The Board took no action on the report but will discuss it at their August 15, 2019 meeting.

Mr. Pergerson moved to adjourn. Mr. Burdick seconded. There was no discussion and the motion passed unanimously. The meeting adjourned at 10:31 a.m.

ATTESTED:



Secretary, Dare County Tourism Board



✓

PHASE 1 REPORT

✓

PHASE 1 REPORT

✓

PHASE 1 REPORT

✓

PHASE 2 REPORT

1. PROJECT INITIATION
Site Tour | Prior Studies Review | Stakeholder + Community Forums

2. MARKET ANALYSIS
Market Conditions and Characteristics | Comparable Venues

3. RECOMMENDED PROGRAM
Recommended Market-Supportable Land Uses | Alternative Development Concepts | Acquisition Analysis

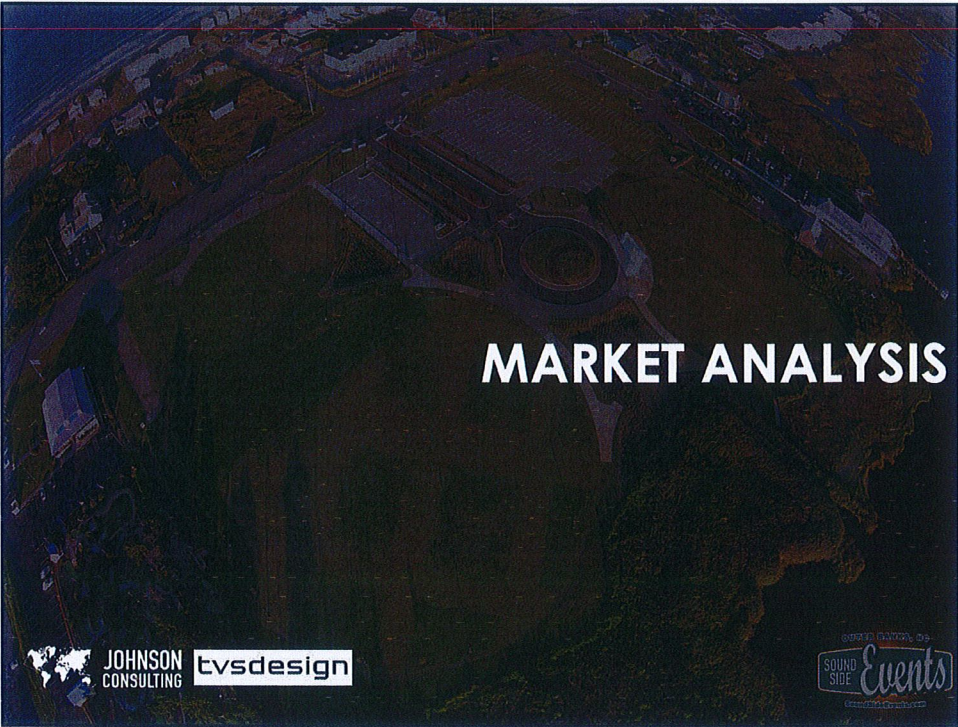
4. PROJECTED PERFORMANCE
10-year Demand and Operating Projections | Economic and Fiscal Impact Analysis

5. STRATEGY
Funding and Implementation Strategy

←

Discussion +
Phase 2 Conclusion

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MARKET OPPORTUNITIES

EVENT VENUE

- Existing inventory of venues oriented to smaller, social events not sporting, entertainment or conventions/ tradeshow.
- Potential to attract year-round visitors to Outer Banks.
- Simple designs offer greatest flexibility and allow for integration with surrounding landscapes.

SUPPLEMENTAL LAND USES

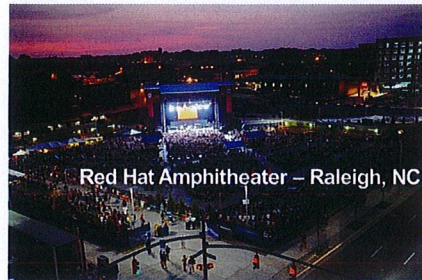
- **Hotel:** New inventory will be necessary to support event venue; Consistent with Comprehensive Plan vision for Soundside Activity Node.
- **Retail:** Locational attributes of site suggest only food-service oriented or neighborhood/ convenience.
- **Multi-Family Residential:** Sound fundamentals and desire of Town to increase diversity of housing; Subject to sufficient land area so may be more appropriate within broader development area.



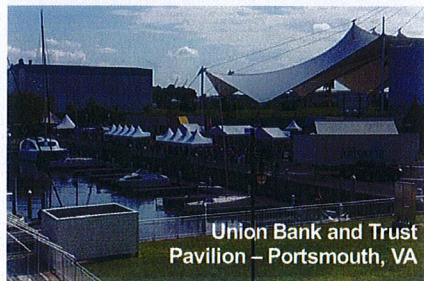
OUTDOOR PAVILIONS



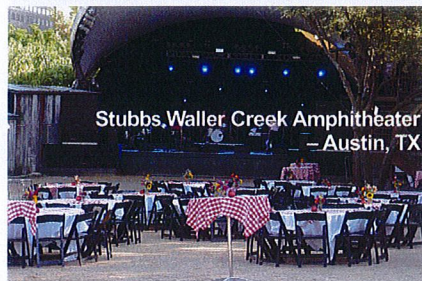
Levitt Pavilion – Dayton, OH



Red Hat Amphitheater – Raleigh, NC



Union Bank and Trust Pavilion – Portsmouth, VA



Stubbs Waller Creek Amphitheater – Austin, TX

MULTI-PURPOSE EVENT CENTERS



Jekyll Island Convention Center – Jekyll Island, GA



Jim R. Miller Park and Event Center – Marietta, GA



New York State Fairgrounds Expo Center – Syracuse, NY

INNOVATIVE DESIGN



Bayfront Convention Center –
Erie, PA



Proposed Event Center
– Billings, MT

Combination of attributes
from various venues have
relevance to The
Soundside site

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RECOMMENDATIONS



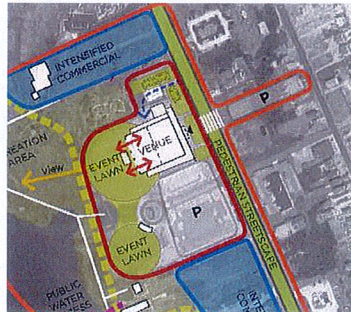
JOHNSON
CONSULTING

tvsvdesign



OPTION A: MULTI-PURPOSE EVENT VENUE

- $\pm 30,000$ SF multi-purpose event venue.
- Building itself would have glass walls on 3 sides to maintain a high degree of transparency.



Note: Concepts do not consider Nags Head ordinances (parking, septic, lot coverage etc.)

OPTION B: MULTI-PURPOSE EVENT VENUE WITH HOTEL

- $\pm 30,000$ SF multi-purpose event venue and a ± 200 key hotel.
- Event space designed to include $\pm 5,400$ SF ballroom (capacity for up to 500 guests) and opens directly onto the event lawn, maintaining views to the Sound.



Note: Concepts do not consider Nags Head ordinances (parking, septic, lot coverage etc.)

OPTION C: ALTERNATIVE CONCEPT WITH HOTEL

- ±30,000 SF multi-purpose event venue and a ±200 key hotel.
- Key variant = Option C assumes acquisition of the Pamlico Jack's site, to the north of The Soundside site, to accommodate the hotel and associated parking.
- Event space designed to include ±5,400 SF ballroom (capacity for up to 500 guests) and opens directly onto the event lawn, maintaining views to the Sound.



PRELIMINARY COST ESTIMATES

Rough Order of Magnitude Cost Estimates for The Soundside Site: Preliminary Concepts (Options A-C)

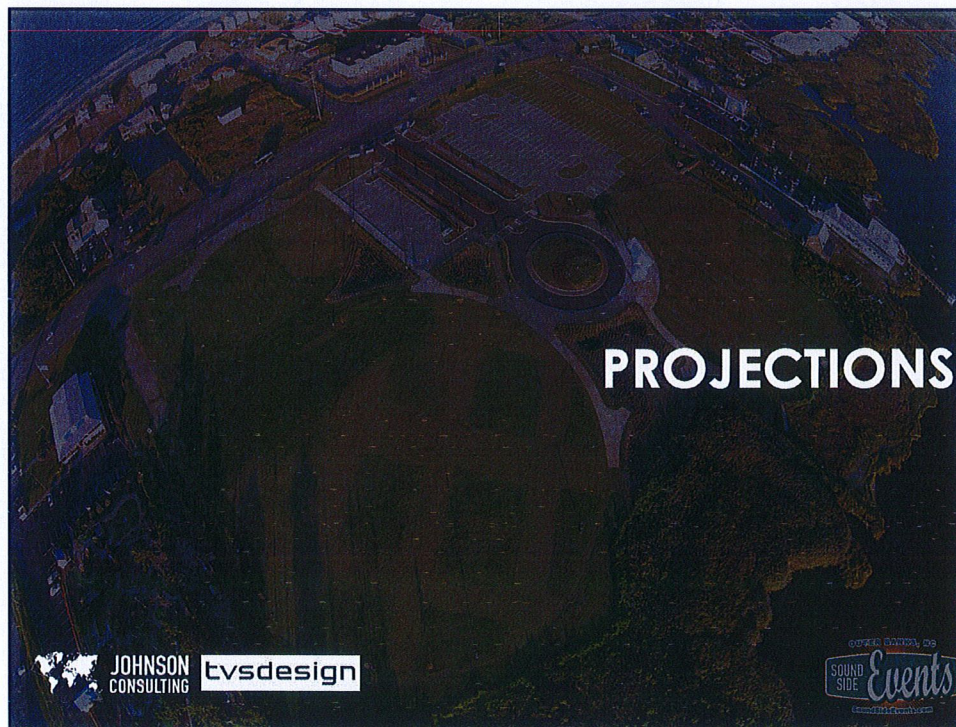
Estimated Hard Costs*	Multi-Purpose Event Venue		Hotel		Total Cost
	GSF	Estimated Cost	Keys	Estimated Cost	
Option A: Multi-Purpose Event Venue	42,000	\$14.0 - \$20.5M	-	-	\$14.0 - \$20.5M
Option B: Multi-Purpose Event Venue with Hotel	56,000	\$18.8 - \$27.5M	±200	\$46.0 - \$50.0M	\$64.8 - \$77.5M
Option C: Alternative Concept with Hotel	56,000	\$18.8 - \$27.5M	±200	\$46.0 - \$50.0M	\$64.8 - \$77.5M

* No allowance made for soft costs, structured parking, site works or land costs.
Source: TVS Design, Johnson Consulting

ACQUISITION ANALYSIS

- Only Option C assumes acquisition of Pamlico Jack's site.
- Option B requires that some existing outdoor event space be consumed by a hotel property; Option C allows for the retention of all existing outdoor event space (hotel property would be located on the Pamlico Jack's site).
- Option C is the most responsive to current and likely future market opportunities, ultimately it is a policy decision to be made by the DCTB and other stakeholders.

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OPTION A - EVENTS

The Soundside Site Event Venue - Dare County, NC Projected Event Demand										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sporting Events/ Tournaments	8	9	10	11	12	12	12	12	12	12
Entertainment Events/ Concerts	21	22	23	24	25	25	25	25	25	25
Conventions/ Trade Shows	2	3	4	5	6	6	6	6	6	6
Consumer Shows/ Public Events	4	5	6	7	8	8	8	8	8	8
Meetings/ Conferences	44	47	49	51	53	53	53	53	53	53
Banquets/ Social	12	14	16	18	20	20	20	20	20	20
Other	3	3	3	4	4	4	4	4	4	4
Total	94	103	111	120	128	128	128	128	128	128
Outdoor Events	21	22	23	24	25	25	25	25	25	25
Total (Indoor & Outdoor)	115	125	134	144	153	153	153	153	153	153

Source: Johnson Consulting

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OPTION A - ATTENDANCE

The Soundside Site Event Venue - Dare County, NC Projected Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sporting Events/ Tournaments	6,800	7,920	9,200	10,560	12,000	12,240	12,480	12,720	12,960	13,200
Entertainment Events/ Concerts	10,500	11,440	12,420	13,440	14,500	14,750	15,000	15,250	15,500	15,750
Conventions/ Trade Shows	1,300	2,040	2,840	3,700	4,620	4,740	4,860	4,980	5,100	5,220
Consumer Shows/ Public Events	5,000	6,500	8,100	9,800	11,680	11,920	12,160	12,400	12,640	12,880
Meetings/ Conferences	4,380	4,680	4,880	5,080	5,280	5,280	5,280	5,280	5,280	5,280
Banquets/ Social	4,130	4,968	5,846	6,764	7,920	8,118	8,316	8,514	8,712	8,910
Other	300	300	300	400	400	400	400	400	400	400
Total	15,110	18,488	21,966	25,744	29,900	30,458	31,016	31,574	32,132	32,690
Outdoor Events	27,300	29,260	31,280	33,360	35,500	35,750	36,000	36,250	36,500	36,750
Total (Indoor & Outdoor)	42,410	47,748	53,246	59,104	65,400	66,208	67,016	67,824	68,632	69,440

Source: Johnson Consulting

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OPTION A - PROFORMA

The Soundside Site Event Venue - Dare County, NC Pro Forma Operating Statement of Revenue and Expenses (\$000, Inflated)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues										
Space Rental	\$258	\$297	\$338	\$381	\$426	\$439	\$452	\$465	\$479	\$494
Food and Beverage Sales (Gross)	658	787	929	1,087	1,266	1,326	1,388	1,453	1,521	1,591
Cost of Goods Sold	(\$429)	(\$511)	(\$604)	(\$707)	(\$823)	(\$862)	(\$902)	(\$944)	(\$988)	(\$1,034)
Equipment Rental and Event Services	52	59	68	76	85	88	90	93	96	99
Advertising Revenue	23	23	24	24	25	25	26	27	27	28
Miscellaneous	31	36	42	49	56	58	61	63	66	68
Total Revenues	\$593	\$691	\$796	\$911	\$1,035	\$1,074	\$1,115	\$1,157	\$1,200	\$1,246
Expenses										
Salaries and Wages	\$411	\$421	\$432	\$443	\$454	\$465	\$477	\$489	\$501	\$513
Employee Benefits	144	147	151	155	159	163	167	171	175	180
Advertising and Promotion	50	51	53	54	55	57	58	59	61	62
Administrative and General	177	181	186	191	195	200	205	210	216	221
Utilities	43	50	56	62	69	71	72	74	76	78
Maintenance and Repairs	68	78	87	98	108	111	114	116	119	122
Insurance	102	120	140	162	186	194	202	210	219	228
Miscellaneous	52	55	58	61	65	66	68	70	72	74
Total Expenses	\$1,048	\$1,104	\$1,162	\$1,225	\$1,290	\$1,326	\$1,362	\$1,400	\$1,439	\$1,479
Net Operating Income (Deficit)	(\$455)	(\$413)	(\$366)	(\$314)	(\$256)	(\$252)	(\$248)	(\$243)	(\$238)	(\$233)
Reserve for Replacement	\$41	\$48	\$56	\$65	\$74	\$77	\$81	\$84	\$88	\$91
NOI(D) after Reserve for Replacement	(\$496)	(\$461)	(\$422)	(\$379)	(\$330)	(\$329)	(\$327)	(\$326)	(\$326)	(\$324)

Source: Johnson Consulting

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OPTION B OR C - EVENTS

The Soundside Site Event Venue - Dare County, NC Projected Event Demand

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sporting Events/ Tournaments	8	9	10	11	12	12	12	12	12	12
Entertainment Events/ Concerts	21	22	23	24	25	25	25	25	25	25
Conventions/ Trade Shows	2	3	4	5	6	6	6	6	6	6
Consumer Shows/ Public Events	4	5	6	7	8	8	8	8	8	8
Meetings/ Conferences	71	74	76	78	80	80	80	80	80	80
Banquets/ Social	22	24	26	28	30	30	30	30	30	30
Other	3	3	3	4	4	4	4	4	4	4
Total	131	140	148	157	165	165	165	165	165	165
Outdoor Events	21	22	23	24	25	25	25	25	25	25
Total (Indoor & Outdoor)	152	162	171	181	190	190	190	190	190	190

Source: Johnson Consulting

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OPTION B OR C - ATTENDANCE

The Soundside Site Event Venue - Dare County, NC Projected Attendance

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sporting Events/ Tournaments	8,800	7,920	9,200	10,560	12,000	12,240	12,480	12,720	12,960	13,200
Entertainment Events/ Concerts	10,500	11,440	12,420	13,440	14,500	14,750	15,000	15,250	15,500	15,750
Conventions/ Trade Shows	1,300	2,040	2,840	3,700	4,620	4,740	4,860	4,980	5,100	5,220
Consumer Shows/ Public Events	5,000	6,500	8,100	9,800	11,680	11,920	12,160	12,400	12,640	12,880
Meetings/ Conferences	7,100	7,400	7,600	7,800	8,000	8,000	8,000	8,000	8,000	8,000
Banquets/ Social	7,700	8,640	9,620	10,640	12,000	12,300	12,600	12,900	13,200	13,500
Other	300	300	300	400	400	400	400	400	400	400
Total	21,400	24,880	28,460	32,340	36,700	37,360	38,020	38,680	39,340	40,000
Outdoor Events	27,300	29,260	31,280	33,360	35,500	35,750	36,000	36,250	36,500	36,750
Total (Indoor & Outdoor)	48,700	54,140	59,740	65,700	72,200	73,110	74,020	74,930	75,840	76,750

Source: Johnson Consulting

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OPTION B OR C - PROFORMA

The Soundside Site Event Venue - Dare County, NC Pro Forma Operating Statement of Revenue and Expenses (\$000, Inflated)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues										
Space Rental	\$302	\$342	\$384	\$429	\$475	\$489	\$504	\$519	\$535	\$551
Food and Beverage Sales (Gross)	754	888	1,035	1,199	1,385	1,451	1,520	1,591	1,665	1,743
Cost of Goods Sold	(\$490)	(\$577)	(\$673)	(\$779)	(\$900)	(\$943)	(\$988)	(\$1,034)	(\$1,082)	(\$1,133)
Equipment Rental and Event Services	60	68	77	86	95	98	101	104	107	110
Advertising Revenue	23	23	24	24	25	25	26	27	27	28
Miscellaneous	35	41	47	54	61	64	67	69	72	75
Total Revenues	\$684	\$785	\$894	\$1,012	\$1,141	\$1,184	\$1,229	\$1,276	\$1,324	\$1,374
Expenses										
Salaries and Wages	\$411	\$421	\$432	\$443	\$454	\$465	\$477	\$489	\$501	\$513
Employee Benefits	144	147	151	155	159	163	167	171	175	180
Advertising and Promotion	50	51	53	54	55	57	58	59	61	62
Administrative and General	177	181	186	191	195	200	205	210	216	221
Utilities	58	64	71	76	85	87	89	91	94	96
Maintenance and Repairs	91	101	111	122	133	136	140	143	147	151
Insurance	117	136	157	179	204	213	222	231	241	251
Miscellaneous	55	58	61	64	68	70	71	73	75	78
Total Expenses	\$1,103	\$1,161	\$1,221	\$1,285	\$1,353	\$1,390	\$1,429	\$1,468	\$1,509	\$1,551
Net Operating Income (Deficit)	(\$419)	(\$376)	(\$327)	(\$273)	(\$212)	(\$206)	(\$199)	(\$193)	(\$185)	(\$177)
Reserve for Replacement	\$47	\$54	\$63	\$72	\$82	\$85	\$89	\$92	\$96	\$100
NOI(D) after Reserve for Replacement	(\$466)	(\$430)	(\$390)	(\$345)	(\$293)	(\$291)	(\$288)	(\$285)	(\$281)	(\$277)

Source: Johnson Consulting

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COMPARATIVE PERFORMANCE

The Soundside Site Event Venue Dare County, NC Key Performance Metrics (Year 5)

Metric	Option A	Option B or C	Variance
Events	153	190	24.2%
Attendance	65,400	72,200	10.4%
Revenues (\$000)	\$1,035	\$1,141	10.2%
Expenses (\$000)	\$1,290	\$1,353	4.9%
NOI(D) (\$000)	(\$256)	(\$212)	17.2%

Source: Johnson Consulting

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OPTION A - IMPACT

The Soundside Site Event Venue - Dare County, NC Estimated Spending and Impact (Inflated \$000)

	Rate/ Assumption	Year 1	Year 5	Year 10
Economic Impact (\$000)		Year 1	Year 5	Year 10
Direct Spending	<u>Multipliers</u>	\$6,512	\$11,657	\$14,002
Indirect and Induced Spending	0.808	5,260	9,417	11,311
Total Spending		\$11,772	\$21,075	\$25,313
Increased Earnings	0.582	\$3,789	\$6,783	\$8,147
Increased Employment	15.14	99	160	170
Fiscal Impact (\$000)		Year 1	Year 5	Year 10
Tax Revenues	<u>Tax Rate</u>			
Sales Tax	6.75%	\$440	\$787	\$945
F&B Tax	1.00%	48	86	104
Hotel Tax	6.00%	56	110	134
Total Tax Revenues		\$544	\$983	\$1,183

Source: Johnson Consulting

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OPTION B OR C - IMPACT

The Soundside Site Event Venue - Dare County, NC Estimated Spending and Impact (Inflated \$000)

	Rate/ Assumption	Year 1	Year 5	Year 10
Economic Impact (\$000)				
Direct Spending	<u>Multipliers</u>	\$7,108	\$12,343	\$14,830
Indirect and Induced Spending	0.808	5,742	9,971	11,980
Total Spending		\$12,851	\$22,314	\$26,810
Increased Earnings	0.582	\$4,136	\$7,182	\$8,629
Increased Employment	15.14	108	169	180
Fiscal Impact (\$000)		Year 1	Year 5	Year 10
Tax Revenues	<u>Tax Rate</u>			
Sales Tax	6.75%	\$480	\$833	\$1,001
F&B Tax	1.00%	53	91	110
Hotel Tax	6.00%	64	120	145
Total Tax Revenues		\$596	\$1,044	\$1,256

Source: Johnson Consulting

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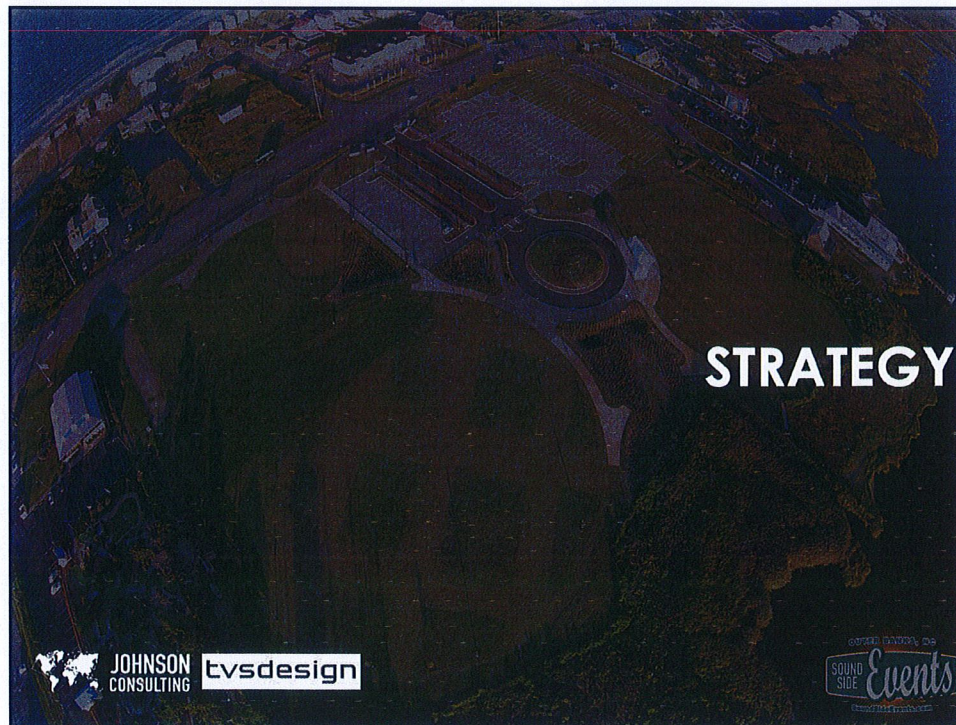
COMPARATIVE IMPACT

The Soundside Site Event Venue - Dare County, NC Economic and Fiscal Impact (Inflated \$000) (Year 5)

Economic Impact (\$000)	Option A	Option B or C	% Variance
Total Spending	\$21,075	\$22,314	5.9%
Increased Earnings	\$6,783	\$7,182	5.9%
Increased Employment	160	169	5.8%
Fiscal Impact (\$000)	Option A	Option B or C	% Variance
Sales Tax	\$787	\$833	5.9%
F&B Tax	86	91	5.7%
Hotel Tax	110	120	8.9%
Total Tax Revenues	\$983	\$1,044	6.2%

Source: Johnson Consulting

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STRATEGY DISCUSSION

FUNDING STRATEGIES

- Sales Tax
- F&B Tax
- Hotel Tax
- GO Bonds
- TIF
- Other funding mechanisms

OPERATING MODELS

- Self-Operate
- Private Management Company
- Authority
- 501(c)3

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