



**VILLAGE COUNCIL
MINUTES FOR WORK SESSION OF FEBRUARY 9, 2021
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA**

IMMEDIATELY FOLLOWING THE REGULAR MEETING

The Pinehurst Village Council held a work session at 6:15 p.m., Tuesday, February 9, 2021, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina and via the electronic meeting platform ZOOM. The meeting was streamed in real time on the Village's website.

The follow were in remote attendance:

Mr. John C. Strickland, Mayor
Ms. Judy Davis, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember
Mr. Kevin Drum, Councilmember
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey Sanborn, Village Manager

The following were in attendance in Assembly Hall:

Ms. Beth Dunn, Village Clerk

And approximately 1 attendee, including 1 staff.

1. Call to Order.

Mayor John Strickland, called the Council work session to order.

2. Discuss Moore County Occupancy Tax.

Jeff Sanborn, Village Manager, explained we were notified by Moore County several weeks ago about a meeting to hear a proposal by the Moore County Convention and Visitors Bureau (CVB) to use the additional 3% occupancy tax that was authorized by legislation several years ago, but never approved by the County. The meeting is scheduled for March 10th.

Mr. Sanborn explained that session law was approved in 2011 for a 3% occupancy tax. At least 2/3 of the funds were to be used to promote travel and tourism and the remainder for tourism related expenses. Mr. Sanborn noted that in 2018, 3% equated to 1.8 million and in 2020, 3% was 1.4 million, due to COVID impacts. In 2015, an additional 3% was approved by the General Assembly, but was never levied by Moore County. These additional funds would have the same restrictions for use as the current tax. Currently the CVB uses all the occupancy tax revenues to promote tourism and travel and none for tourism related expenditures.

The CVB's current proposal calls to levy the additional 3%, approved by the General Assembly in 2015, for a 6% occupancy tax. The CVB would then use 4% for promotion of travel and tourism, which would equate to \$2.5 million annually. They would use the remaining 2% for tourism product development. Those funds would be put into a Tourism Product Development Fund in which certain organizations can apply for "grants" from the fund. The individual grant projects would be approved by the CVB using a two-step approval process, in which a small committee would vet out project requests and then require CVB Board approval. Mr. Sanborn reviewed examples of potential qualifying projects such as, amphitheater or performance venue, Fair Barn type facility, Hillcrest Park project, upscale sporting preserve, zip line complex, and Tufts Archives/museum project.

Mr. Sanborn stated that he and the managers from Aberdeen and Southern Pines have discussed a different option for the use if the additional occupancy tax. Just like the CVB's proposal, use 4% for promotion of travel and tourism. Use only 1%, which would equate to \$600,000, for Tourism Product Development, as prescribed by the CVB. The remaining 1% could be distributed to Moore County municipalities to be used for tourism related expenses, which would equate to around \$600,000. The idea on how to distribute those funds, to the various municipalities, is still under discussion. One idea is to start with a flat rate for each to ensure everyone gets something, even though municipalities don't have lodging facilities. Some other ideas include distributing based on number of beds in occupancy tax generating facilities, based on proportion of occupancy tax collected in each municipality, or based on population. Mr. Sanborn noted that the language in the local bill requires that tourism expense dollars have to be spent on items deemed appropriate by the CVB. Mr. Sanborn stated in his discussions with some CVB representatives they have recognized that there are municipal expenses that can be appropriate uses for occupancy tax dollars, such as pedestrian and bicycle facilities that accommodate tourist patterns of circulation. CVB representatives have agreed to meet with Tri-City managers to try to solidify greater common ground that the managers can bring back to the governing boards.

Mayor Pro Tem Davis asked if we would ask for funds for projects on an annual basis. Mr. Sanborn stated that wasn't clear yet, it seems it may be on an as desired basis. Councilmember Boesch stated she attended a CVB back in June and happened to be a meeting when the occupancy tax was being discussed. They shared that NC compared to surrounding states receive less funds for tourism from the General Assembly, putting them at a competitive disadvantage. She would like to hear more on the need for the funds and how it would be spent.

Councilmember Hogeman asked why do we need the additional 3% occupancy tax or are we better leaving it in the cookie jar until we really need it and noted they could be taking away more tourism away by adding more cost. Mr. Sanborn stated that all indication is that the CVB, towns, and County all want the tax increase. Councilmember Drum stated he is 100% for the increase of the occupancy tax for additional funding for tourism and noted that the national average is above 6% and so the increase shouldn't affect travel to the area. Mayor Strickland stated that Mr. Sanborn will update Council at the next work session, after his meeting next week.

3. Other Work Session Business.

- Mayor Strickland suggested February 18th at 4:00 p.m. to meet with the Planning and Zoning Board and Council agreed that date and time would work.
- Councilmember Boesch suggested talking about marketing downtown once they receive some feedback from the National Park Service on the Landmark Status.
- Councilmember Drum suggested talking about some of the grant opportunities that were suggested by the National Park Service.
- Mayor Strickland stated on item that came up in the Baldrige feedback is how the Village communicates with the business community. Council discussed various ways to reach the business community.

4. Motion to Adjourn.

Council unanimously approved to adjourn the work session at 7:51 p.m.

Respectfully Submitted,



Beth Dunn,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org

Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.

Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.

Values: Service, Initiative, Teamwork, and Improvement