

# Minutes

## TOURISM DEVELOPMENT AUTHORITY

Regular meeting

5:30 p.m. January 31, 2024

Board Meeting Room of Town Hall Annex, 105 E. Corbin St.



Present: Meaghun Darub, Dani Black, and Victoria Pace

Staff: Planning and Economic Development Manager  
Shannan Campbell

Others: Grace Beeler, David Hays

### 1. Call to order

Vice Chair Victoria Pace called the meeting to order at 5:29 p.m. Planning and Economic Development Manager Shannan Campbell called the roll and confirmed the presence of a quorum.

### 2. Agenda changes and approval

Motion: Meaghun Darub moved to approve the agenda. Member Dani Black seconded.

Vote: 3-0

### 3. Minutes review and approval

Minutes from regular meeting on November 8, 2023

Black made a correction to the minutes, saying she had not recommended a maximum of 900 square feet for lodging units or short-term rentals inside a primary residence, and asked for that statement to be struck from the minutes.

Motion: Black moved to approve minutes of the November 8, 2023, meeting with corrections as described. Member Victoria Pace seconded.

Vote: 3-0

### 4. Action items

#### 1. Reappointment of Members Pace and Black for a term ending January 31, 2025

Campbell asked Pace and Black if they would be willing to be reappointed. Both said yes. Black said she favored expanding the size of the board. Asked how that might be done, Campbell said the board would have to expand from 3 to 5 members and adding both an at-large member and another occupancy tax payer. She said filling the occupancy tax payer position had been a challenge in the past, but it might be easier now with the Colonial Inn and many short-term rentals operating in town. Pace asked if changing terms from 1 to 2 years would be helpful. Campbell said the term limits were outlined in either the Town Code or Enabling legislation and she didn't think they could be changed, but she would look into it. It certainly would cut down on some administrative work doing yearly re-appointments.

Motion: Black moved to reappoint Pace and Black. Pace seconded.

Vote: 3-0.

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2. Elect Chair and Vice Chair

Campbell described the duties of each position. Black said she thought the commissioner member had to be the chair. Darub agreed to accept appointment as chair.

Motion: There was no official motion.

Vote: 3-0.

3. 2024 Hillsborough TDA Meeting Schedule

Campbell shared dates for the proposed meeting schedule for 2024. No members had conflicts.

Motion: Pace moved to adopt the schedule as presented. Darub seconded.

Vote: 3-0

4. Special Project & Partnership Funding Request: Flushfest Sponsorship

Campbell said the board hadn't allocated any of its special projects and partnership funds yet this fiscal year, and that there was \$12,000 remaining in those funds. She said the board could also pull from its fund balance, which remains healthy. Festival organizer Grace Beeler explained that Flushfest is a music festival held in West Hillsborough, now in its sixth year. In previous years it's been held in an organizer's backyard. It's the main fund raiser for The Appropriate Sanitation Institute, which works on sanitation internationally. All events are free, and donations are voluntary. This year organizers are expanding the festival from one day to an entire weekend, locating the stage at Eno River Brewing, and talking with Eno River Mill about opening another stage. Last year's festival had 500 attendees, and a larger turnout is anticipated this year. There will be publicity from the Alliance/Visitors Center. The brewery has suggested adding a food truck rodeo to the music festival. The festival features international as well as Americana music. Sixty-one musicians performed at last year's festival, and a TDA sponsorship allowed organizers to give each a \$50 thank-you stipend. She said this year were requesting \$10,000 to cover costs of stipends, equipment, and festival staff hours, which are considerable. Beeler explained that the festival could be expanded considerably with the additional sponsorship funds.

Black asked about arrangements for parking. Beeler said organizers are encouraging attendees to walk, ride bikes, or even paddle down the Eno to festival sites and are thinking about hiring the Hillsborough circulator bus to take attendees from the downtown parking deck to festival sites. She said parking would be available at the Eno Arts Mill and nearby businesses. Campbell offered to connect Beeler with the local Ford dealership, which could be engaged to shuttle attendees in vans. Black said she'd like to see clear signage to discourage parking on Dimmocks Mill Rd and Eno Mountain Rd. She asked if the festival has received any money from the Tourism Board. Beeler said the festival had not sought funds there. Asked by Black how many beds she thought festival attendees might fill, Beeler said it was hard to say, maybe 10 to 20, but expected the number to be higher this year because of the festival's longer duration. Campbell suggested having a sheet at the festival's sign-in table asking if the attendee is staying overnight. Beeler said she had built a website that points visitors to local options for overnight accommodations. Pace said she was ready to approve the request since the board had a healthy fund balance and sponsorship funds in the budget. Darub agreed, adding that by partnering with other local organizations, the festival fits the town's values and makes the event feel homegrown.

Motion: Pace moved to fund the request. Black seconded.

Vote: 3-0.

Beeler shared that the festival will be featured in a future issue of Our State magazine.

5. Special Project & Partnerships Funding Request: River Park Concert Sponsorship

David Hays from the Triangle Music Alliance passed around one of a thousand flyers circulated last year to advertise the concert. He explained that like Flushfest, the River Park Concert will be a free event. He explained that the concert started as a private philanthropic effort, received support from the Hillsborough Arts Council for three years, was put on pause for three years after the Covid epidemic, and was brought back last year with the help of TDA funds. This year the concert will be held in the spring instead of the fall. He said the concert takes \$80,000 to produce, involves 100 volunteers, and is a significant economic driver. Organizers worked with WHUP-FM last year as a nonprofit partner and will do so again this year. They are also partnering with Eno River Brewing and other local breweries to provide beer. He said a sustainer event will be held the night before the concert in the Farmer's Market pavilion, which will allow for inclement weather. The concert will run from noon until sundown, leaving attendees time to patronize local businesses in the evening. Organizers are also partnering with the Colonial Inn, as they did last year, when 30 rooms were booked by concert attendees. Fifteen rooms are already booked at local motels. Attendance last year was estimated to be between 3,000 and 4,000. Many past sponsors are continuing to sponsor the concert this year.

Campbell offered to show short video of last year's festival. Black asked Hays if they had asked the Tourism Board for funds. He said no, that they could tie room nights to RPC so this made the most sense for the ask. Hays said the River Park Concert had received grant funds from Tourism board in the past, but no longer needs to because it's no longer in the incubation phase. Black said Flushfest and the River Concert bring in people to stay overnight as well as people for the day, which creates business for the local food and beverage industry. Campbell said in the past she'd thought TDA funds were a better fit for Flushfest because she wasn't sure how much food and beverage business it was creating given that it was held at a private residence, but as the event grows organizers may want to seek funds from the Tourism Board. Hays noted there was a limit on the number of years an organization is eligible for Tourism Board grants, and the concert received funds for a few consecutive years. He noted his request was primarily for funds to pay for advertising, such as flyers, signage, and stage banners. Campbell indicated that one of the key roles of the TDA is to promote local lodging and marketing Hillsborough.

Campbell played the video that River Park Concert organizers made highlighting the event and the town, from last year.

Hays explained the request is for \$5,000 for sponsorship which includes advertising, with the option of an additional \$4,000 to fund the shooting of another promotional video. The video can be about the town tourism in general, not just about the concert. He said organizers had created two digital animations last year for advertising and plan to do the same this year. Some of the \$5,000 would subsidize part of the cost of the animations and flyers, which will be distributed throughout the Triangle by a local company. He added the concert draws people from all over the region. Darub asked about how the animations are sent out. Hays said they are posted on the concert website, Facebook and Instagram, with links to Visit Hillsborough and information on local accommodations. He said organizers might also wrap the 420 Hillsborough-Chapel Hill bus for advertising. Darub asked about the role of WHUP. Hays explained the station does part of the marketing and receives profits from the concert. Some proceeds from tickets for a sustainer event will go to a fundraiser for WHUP. Black asked if the video was the concert's project. Campbell said last year was the first time the TDA participated in creating the videos, one of which is about town tourism generally. The other video on the concert is posted by Visit Hillsborough, through the tourism program, on social media periodically.

Black asked about feedback businesses generated after the event. Hays said there will be an event for volunteers at Nash St. Tavern after the concert, and bands will perform at two bars in town. WHUP's Square

account will provide some tracking of credit card transactions, which account for two-thirds of spending related to the concert. The event for sustainers will feature four local bands.

Motion: Pace moved to fund the \$9,000 request. Black seconded. Campbell noted that there was \$12,000 in the Special Projects/Partnership line item and both Flushfest and River Park Concert asks totaled \$19,000 so there would need to be a budget amendment with \$7,000 moved from fund balance. Pace modified the motion to include a budget amendment and fund balance appropriation to fund all the requests. Black seconded.

Vote: 3-0

## 5. Discussion items

### 1. Update on Official Visitors Map update process & new bus

Campbell projected an image of a proposed new bus wrap, which features images of Occaneechi Village, Last Fridays, poetry and artwork, the visitor's center, and the Eno River with the Riverwalk. She explained that the previous wrap had lasted five years. She said the wrap will cost between \$7,000 and \$8,000, and the bus will circulate throughout Chapel Hill, Durham, and elsewhere in the Triangle. Campbell explained that the old wrap is looking very worn and the new one will go on and old will be removed.

Campbell said staff is also updating the official visitors map. A design consultant made some recommendations on accessibility, mainly about colors, and changing those for those with vision problems to see better. There will be an updated design, including modified colors, text blocking, icons and map legend. She said staff are planning to add something more creative for insets for West Hillsborough. The maps are popular, especially in the summer, when staff must restock map displays frequently.

### 2. Update on STR/Home Occupation ordinance requirements

Campbell said the Planning Board had the first review with revising requirements for ADUs, short-term rentals, and home occupations and had lots of questions at its last meeting. She said in some instances, all three operations are happening in the same structure, but there are different rules for each. Short-term rentals have been considered as home occupations by the town. There have been problems with some people claiming a building isn't an ADU because it's bigger than the maximum 800 square feet. The Planning Board discussed raising the maximum to 1000 square feet for ADUs, which would potentially allow short-term rentals of that size. Staff is also considering raising the limit for home occupations to the same maximum. Black said the board previously had two concerns, one about a limit of one home occupation and the other about distinguishing between a home occupation and a short-term rental. Campbell explained that running a short-term rental is considered a home occupation, since it involves running a business out of one's home. She said raising all three to the same limit would allow, for instance, a 1000 square-foot garage to be converted to an ADU, which can be rented or converted to a business space.

Black asked about someone who wants to live in an ADU and rent out their primary residence as a short-term rental. Campbell said the town doesn't want a homeowner to live in the ADU and rent out the main house because ADUs and home occupations are supposed to be accessory to the primary residence. She added if a homeowner is renting out the main house, that becomes the main use, and it's probably large enough to be a 'bed and breakfast' as a land use. Black said some residents are doing that and have built businesses around what they think are legal arrangements because they didn't know the rules. Campbell said the town must set rules for land uses and if a business owner doesn't bother to find out the rules or ignores them then they may have to make changes to be compliant. She clarified that a bed and breakfast may have three to four lodging units, so a short-term rental could feature up to two bedrooms. Black said years ago she sought information about short-term rentals from the town and didn't receive answers or find information online. Recently she

had a similar experience with Orange County. Campbell said anyone who wants to start at business, whether commercial or residential, should inquire with the town, but agreed public information on the topic should be easier to access. She said in developing the FAQs, staff realized different square footage limits for home occupations and ADUs didn't make sense. She said that making the UDO updates and having the FAQs available for short term rentals should provide more/better information on what the rules are for those wanting to know.

There was discussion of the proposed limit of 50% of the size of the primary dwelling for ADUs and home occupations. Darub asked how the 50% formula was chosen. Campbell said because an ADU higher than 50 percent is considered then the primary dwelling, adding the restriction applies to free-standing ADUs. Pace said she agreed that making the limits uniform and the 50% formula seemed feasible. Black suggested the space limit should be based on the size of the lot. Darub pointed out that other constraints, such as setbacks and parking requirements, might make ADUs larger than 50% of a primary dwelling infeasible. Campbell said that the Planning Board will continue to have conversations around these regulations and then they will go to public hearing.

Black questioned the 50% limit for short-term rentals and said the town should give people in the local business community an opportunity to discuss the issue at a public hearing, adding that many homeowners now live in their ADUs and rent out their primary residence. Darub suggested these might include retirees who want to rent out their house while staying in an ADU. Pace said the board's concerns seemed to be about preserving homes and real estate for people who live in town, and she didn't see why renting out a larger area could be detrimental. Campbell noted that one requirement of home occupation is the owner must live on the premises. Pace suggested the board recommend a change to the percentage and square foot limits for short-term rentals. Black said she thought the ordinance should break out short-term rentals into a separate section and define them more clearly. There was discussion of using the size of a lot rather than of the primary residence as a reference point. Darub said the board seemed OK with restrictions for ADUs but had questions about restrictions on the size of short-term rentals and home occupations. There was a brief discussion about setbacks and height restrictions. Campbell said originally ADUs had to meet the primary building setbacks, but that requirement has been updated to discourage people from disguising ADUs as sheds or accessory structures, to get around the setback requirement. She said the town is considering allowing people to build as close as five feet from the property line. Asked by Darub about height restrictions for ADUs, Campbell said there were currently none, but the regulations could state that ADU's cannot be taller than the primary structure. Asked by Black for the date of the next joint public hearing, Campbell said it was April 18. There was a brief discussion of where to find dates of town meetings on the town's website.

## **6. Monthly reports**

### **A. Staff report and occupancy tax revenues reports**

Campbell said revenues from the occupancy tax were stronger in FY23 than in FY22. Black asked how the town shares information about the occupancy tax and how a short-term rental operator who doesn't use a platform such as Airbnb or VRBO would know they're supposed to be collecting and remitting the tax. Campbell said it's the rental owner's responsibility to educate themselves on taxes due for their business operation, just as it is with someone opening a restaurant. Pace said the state has a website with a small business startup packet that is informative. Campbell showed the town webpage on starting a business with a list of to-dos for new business owners. Black suggested the pages explicitly mention short-term rentals. She recounted a story about a speaker in another municipality who mentioned a tax that none of the small vendors in the audience knew about. She said people want to do the right thing, but the town needs to make it easier for them to find information. Campbell said people frequently call her to get information about opening a new business in town. Pace thought governments were trying to get information to business owners, citing a letter her business received from the state providing information about different counties

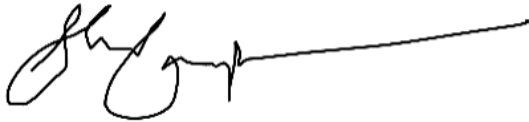
have different requirements. Campbell said in the past she had discovered several businesses, such as food trucks, that hadn't applied for a food truck permit, and suspected there were some short-term-rentals that haven't checked with the town and may not be collecting the occupancy tax.

- B. Board comments  
There were none.

**7. Adjournment**

The meeting was adjourned at 7:38 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Shannan Campbell', with a long horizontal line extending to the right.

Shannan Campbell  
Planning and Economic Development Manager  
Staff support to the Hillsborough Tourism Development Authority

Approved: Month X, 202X