



Durham Destination Master Plan

NEXT STEPS

BOARD OF COUNTY COMMISSIONERS

March 4, 2024



The Case for the Destination Master Plan



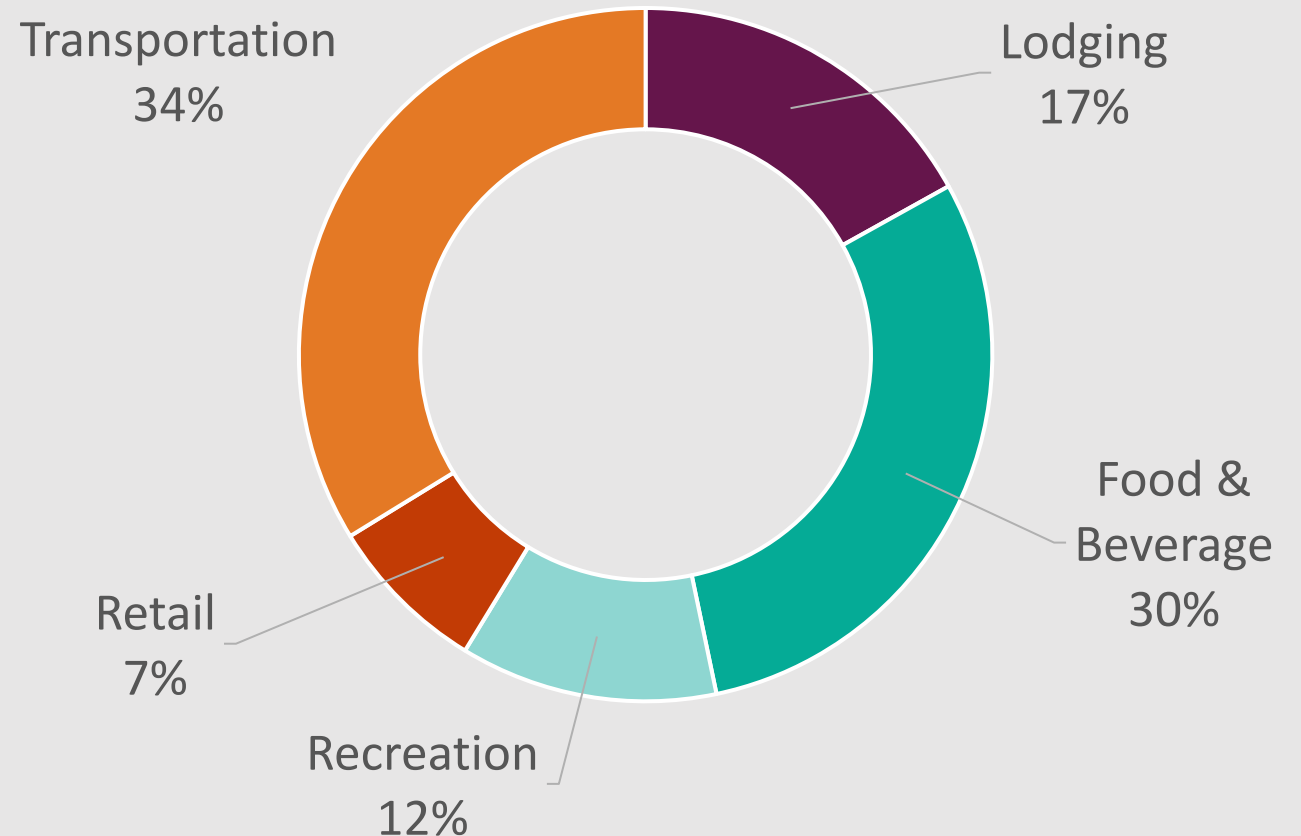
Tourism Snapshot 2022

- 12.5M visitors
- \$1B in annual visitor spending
- Supports 7000+ jobs in hospitality
- Generated \$72M in state and local taxes
- Offsets almost \$500 in annual taxes per Durham HH
- Draws: family, leisure, business, sports, meetings/conventions, medical

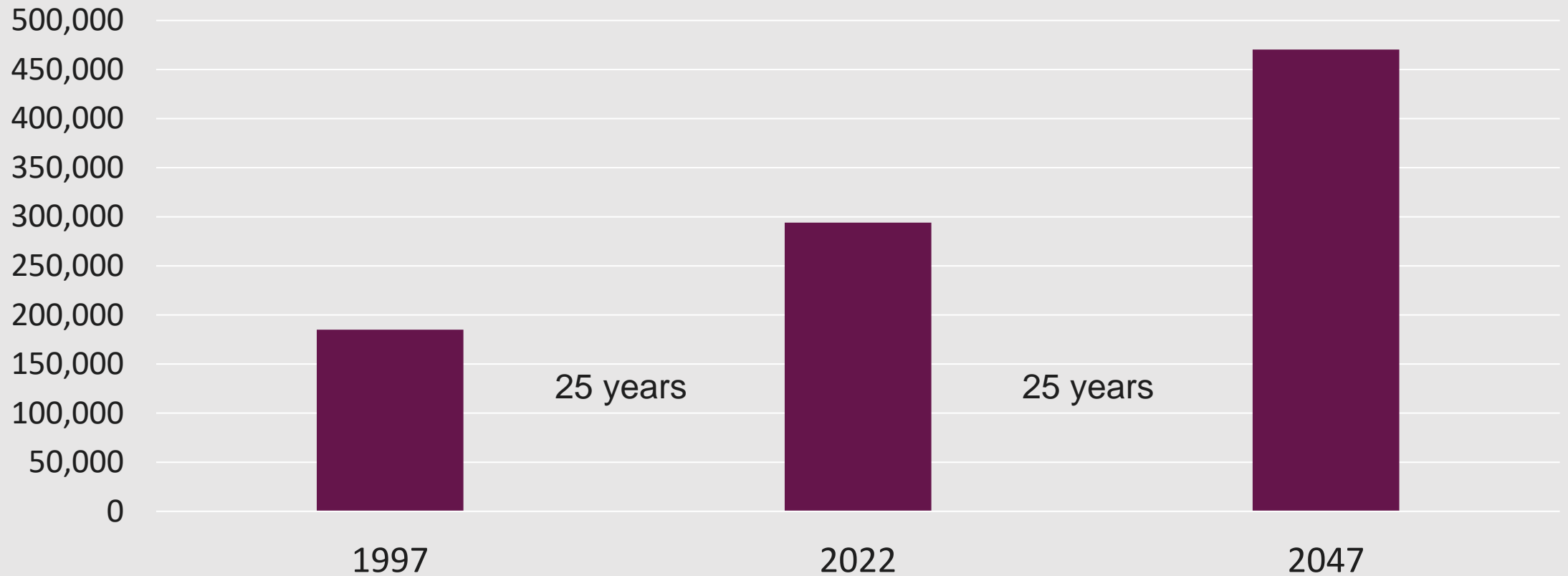
Tourism includes...

- Hotels
- Restaurants
- Retail Stores
- Professional, Collegiate, & Youth Sports
- Arts & Cultural Institutions
- Public Art
- Entertainment Venues
- Festivals and Events
- Trails, Greenways, & Outdoor Spaces
- Meeting and Event Venues

Visitor Spending by Category



Durham Population



Growth will happen. Will it:

- reflect Durham's character & values?
- include the public-facing amenities, facilities, infrastructure & attractions we'll need to grow quality of life?
- be socially, economically, & environmentally sustainable?



IDEAS ➡ VISION ➡ PARTNERSHIPS ➡ FUNDING ➡ PLANNING ➡ EXECUTION

Vision

In 2044 Durham will be...

The most welcoming, inclusive, innovative and vibrant destination in the United States, while thoughtfully honoring its history and people.



Strategic Goals

1. Enhance Tourism Infrastructure
2. Develop Attractions, Events & Experiences
3. Support Purposeful Placemaking
4. Accelerate Community Alignment

Initiatives Assessment

Top Economic Drivers

Community Vibrancy/
Supporting Initiatives

Process

Top Economic Drivers



Multi-purpose indoor/outdoor sports complex



Convention Center & adjacent hotel



Greenway/freeway cap connecting
Hayti & downtown

Downtown
amphitheater



Special events business development,
strategy, & support

Additional Examples of Economic Drivers

- Additional flexible hosting facilities for 100-500 people
- District investment & development: Hayti, Hispanic, shopping, etc.
- Improving/upgrading athletic venues and expanding functionality: Durham County Stadium, DAP
- Immersive African American history and culture experiences

Community Vibrancy/Supporting Initiative Examples

- Wayfinding with community consistency
- Hospitality workforce development & destination training (certified ambassadors)
- Improved transportation options: better bus routes, connection shuttles, improved rail crossings
- Expand parks/pathway connectivity, including rails to trails
- Expand green spaces, incorporate in district planning
- Encourage additional retailers/shopping districts Attract outfitters, ebike rental providers near trails/parks
- Two-way loop to build downtown vibrancy
- Improve/expand indoor venues (eg Carolina Theatre, Hayti Center)
- Food & craft flavor trail development
- Activations: drone 7 lighting shows, pop-up concerts, mural/artist installations, daytime events
- Expand public art trail
- Advocate for workforce housing, transportation and childcare
- Support safety and crime initiatives





What happens next?

Implementing the Vision SWOT

STRENGTHS

- First long-term community-wide vision established for Durham's development as a destination
- Broad community support about need for a thoughtful vision for Durham's future
- Many Durham organizations are investing now in long-term planning

WEAKNESSES

- Uncompetitive funding levels for destination asset development
- Lack of community process structure to evaluate, approve, and pursue project recommendations efficiently
- DMO lacks authorization to engage in product development
- Durham has a short list of major philanthropic entities

THREATS

- Lack of follow-through on Destination Master Plan; Durham's attractiveness fades as high growth and lack of investment overtakes amenities
- We approve the plan but don't change any processes: each long-term project assessed as stand-alone budget request, in competition with pressing community needs

OPPORTUNITIES

- Build the infrastructure to support sustainable, nimble, community-led destination development work that prioritizes emerging ideas holistically
- Develop appropriate, permanent funding stream for investment in our future
- Leverage Durham's strong collaborative culture



A visionary community partnership for the sustainable advancement of Durham as the best place to live, work, and visit

Destination Durham Nonprofit

Benefits to the Community

Stewards resources and facilitates ongoing workstreams to create new venues, attractions, tourism infrastructure, and programs that:

- Add to Durham residents' quality of life
- Drive economic impact in the community, supporting local businesses and creating new jobs
- Grow tax revenue that helps cover the cost of government services
- Provide continuity of leadership for goals and projects that will span multiple elected leader and staff administrations
- Reduce some of the project management burden on local government staff
- Streamline some of the burden on elected officials to assess and prioritize community investment needs
- Offer a streamlined, professionally managed, tax-deductible opportunity for corporate and individual donors to invest in new community amenities
- Provides new funding and project management mechanisms in support of community needs



DISCOVER
DURHAM™

Destination Master Plan Alignment with Durham County Strategic Plan

GOAL 1 Community Empowerment & Enrichment

- Expanded, diverse cultural opportunities & programming
- New & expanded arts & sports venues
- Creates jobs, including those with low barriers to entry
- Hospitality workforce development
- Development of community cultural districts

GOAL 2 Health & Well-being For All

- Expanded sports & recreational opportunities
- Additional trails & greenspaces
- Improved accessibility to community amenities & transportation
- Added opportunities & support for public art
- Expanded/improved wayfinding

GOAL 3 Safe Community

- Additional youth activity & sports programming

Goal 4 Environmental Stewardship & Community Prosperity

- Substantial economic impact
- Drives new revenue for hospitality/small business community
- Supports smart growth planning
- Creates jobs, including those with low barriers to entry
- Protects and expands parks, trails & green spaces

Goal 5 Accountable, Efficient, Visionary Govt

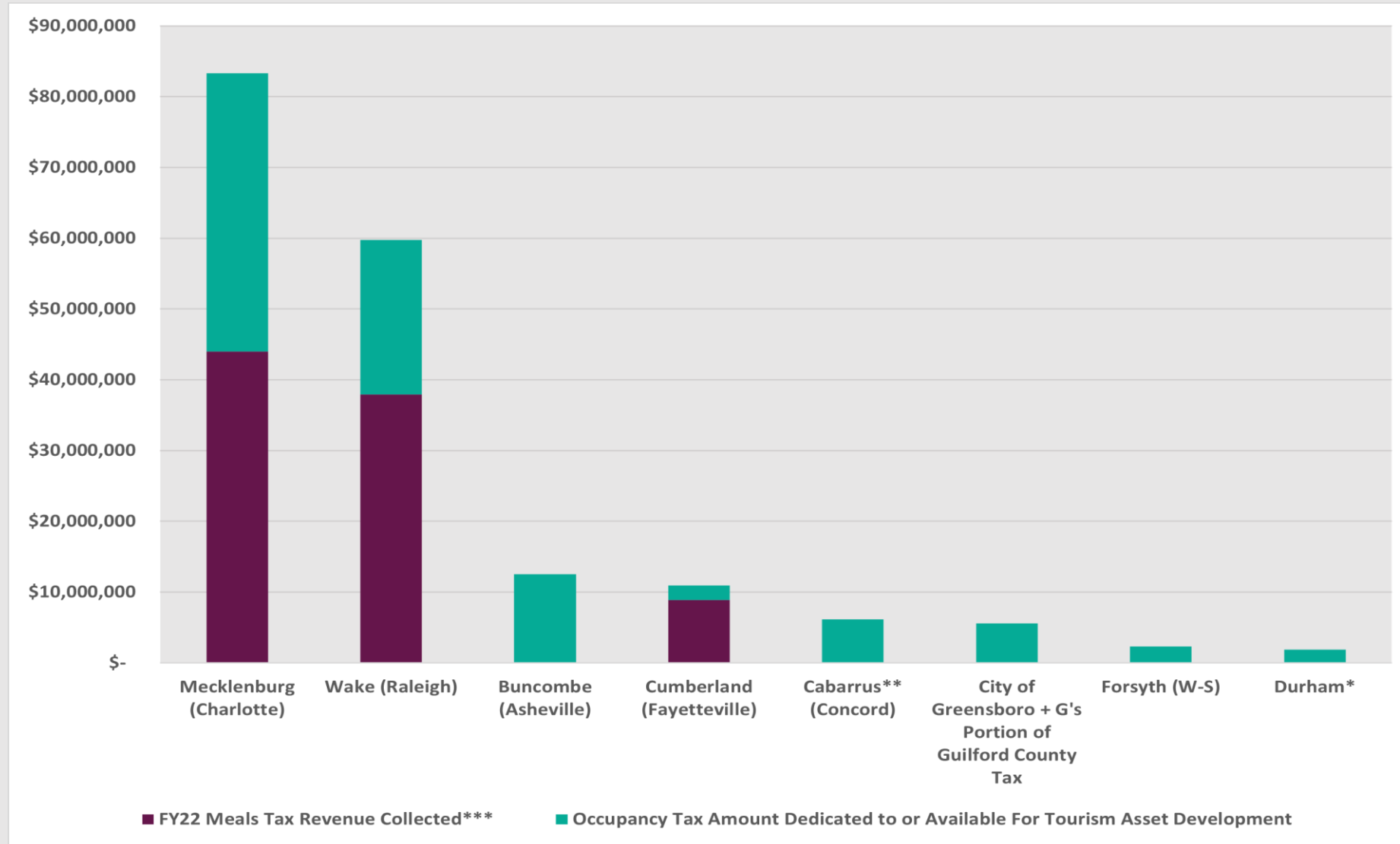
- Embraces community-led vision & plan
- Improves Durham competitiveness vs. other urban markets
- Creates new funding opportunities for visionary initiatives
- Innovative new approach for executing projects efficiently

Key Indicator Alignment: percentage of residents rating community as an excellent place to live, who are satisfied with quality of services, who positively perceive value received for local taxes



Investing in Durham's Future

Hospitality Taxes Available for Tourism Asset Development



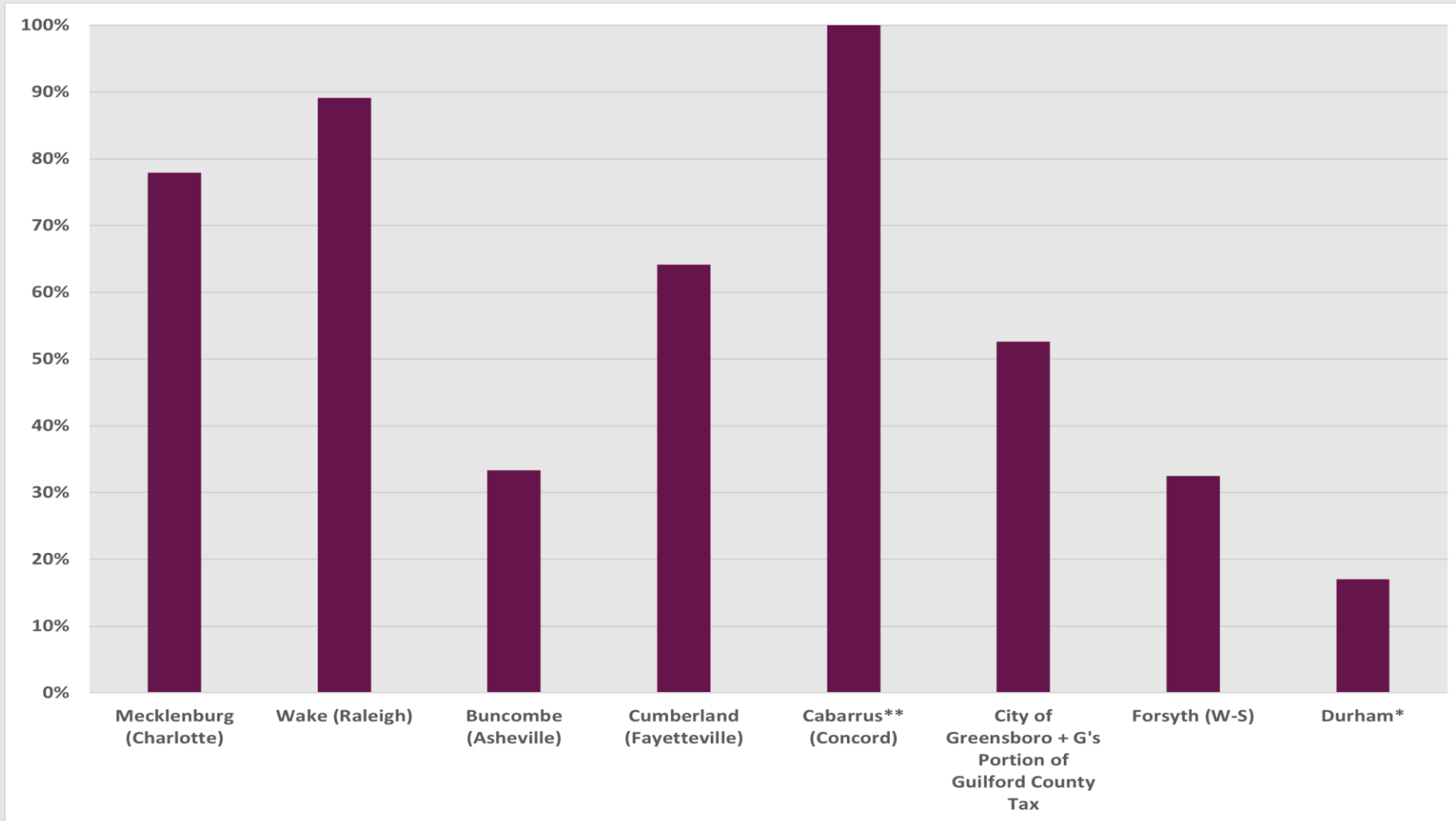
* \$1.9M is current amount obligated to DPAC debt service and NCMLS funding, not available for new initiatives

** By law Cabarrus can invest up to 100% of revenue in tourism asset development if it so chooses.

*** All dedicated to or available for tourism asset development

All amounts shown are gross before administrative costs are deducted.

% of total hospitality tax collected that can be used for tourism asset development



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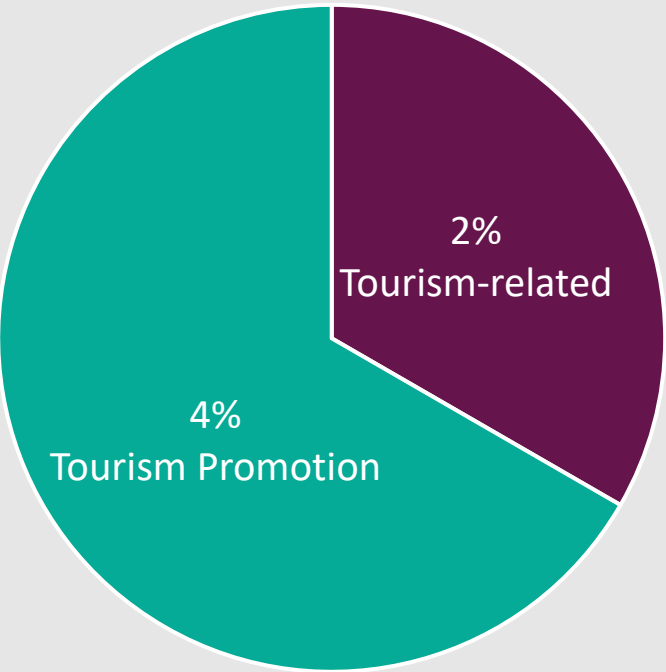
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Occupancy Tax Overview

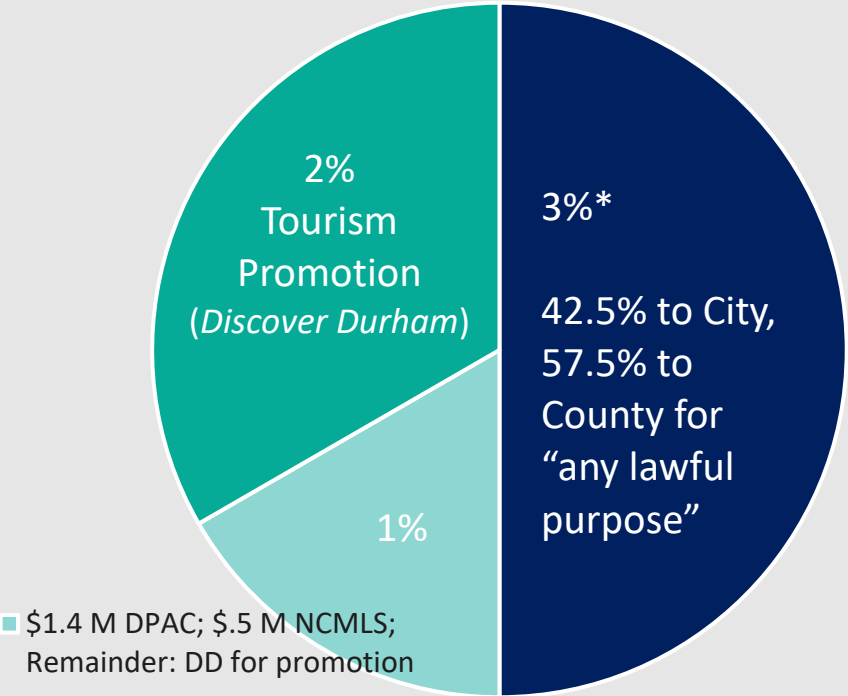
Maximum 6% (except Mecklenburg)

For FY23, 1 point of O.T. = \$2.53 M

1997 NC Uniform Occupancy Tax Guidelines

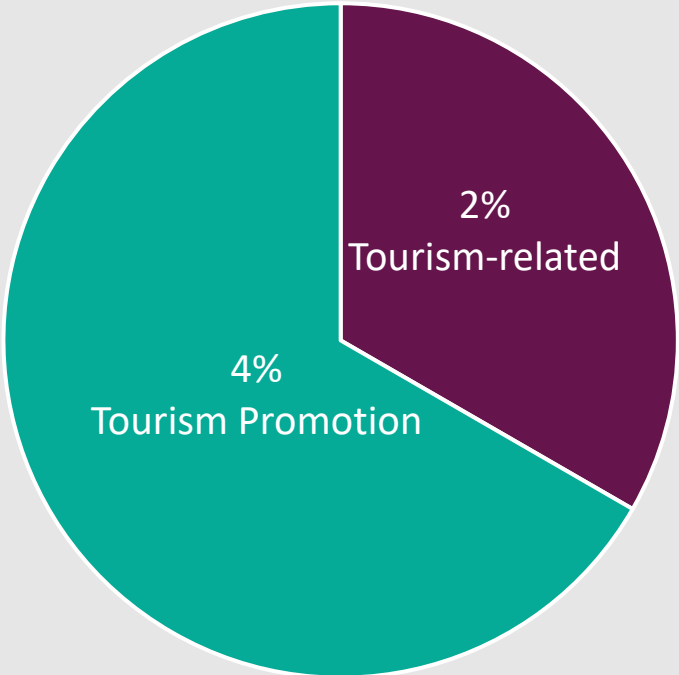


Durham Current Occupancy Tax



*City and County contribute to DSC operations; \$293K in FY23

Durham Proposed Occupancy Tax



Option 1: City and County absorb \$1.9 M in debt service and NCMLS maintenance
Option 2: County absorbs \$0.5 M for NCMLS, DD covers \$1.4 M for DPAC from tourism-related funds until debt extinguished



Current Durham Occupancy Tax Distribution

Organization	FY 2023	FY 2024	FY 2025	FY 2026
Tourism Promotion (Discover Durham)	\$5,692,585	\$5,882,400	\$6,076,960	\$6,276,384
Building the Destination (nonprofit)	\$0	\$0	\$0	\$0
Durham County	\$4,865,736	\$4,974,880	\$5,086,752	\$5,201,421

Proposed Durham Occupancy Tax Distribution*

Conforming to 1997 NC uniform guidelines

Organization	FY 2023	FY 2024	FY 2025	FY 2026	Variance	% FY24 Budget
Tourism Promotion (Discover Durham)	\$5,692,585	\$5,882,400	\$6,076,960	\$10,901,845	\$4,625,461	
Building the Destination (nonprofit)	\$0	\$0	\$0	\$5,450,922	\$5,450,922	
Durham County	\$4,865,736	\$4,974,880	\$5,086,752	\$0	-\$5,201,421	0.585%

*The city of Durham is also being asked to participate; proposed incremental funding for Discover Durham and the nonprofit include funds requested from the city

Destination Durham Funding Sources

1. Occupancy tax
2. State & Federal Grants
3. Corporate & Individual Donations

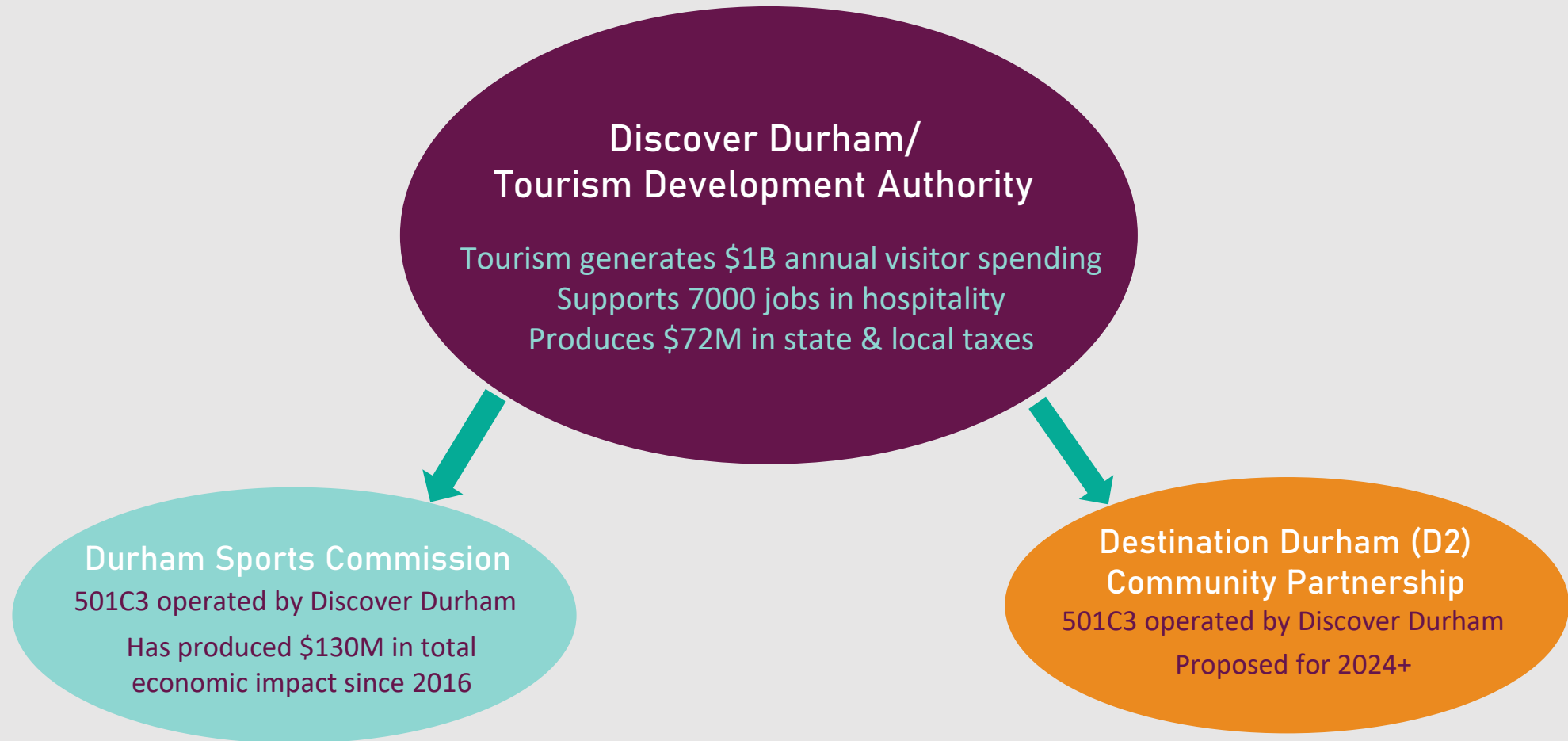


- Project scoping & prioritization
- Project feasibility and funding studies
- Project initiation
- (Limited) direct project funding
-- and --
- Matching grants to local organizations for mission-aligned projects

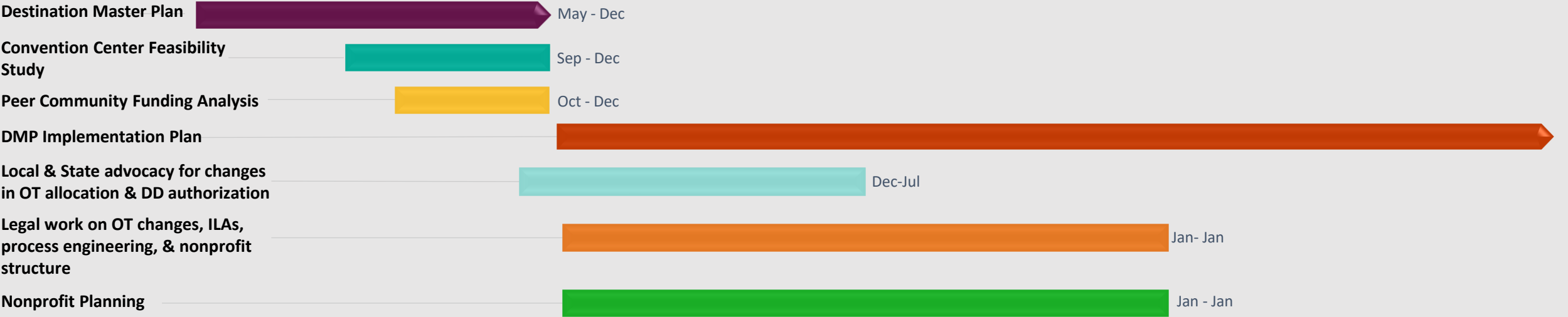
Functions & Deliverables



Modeled after the success of the Durham Sports Commission structure, Discover Durham will operate D2, providing marketing & operational support that allows D2 to focus on its mission



Destination Durham Planning Timeline



Desired Feedback

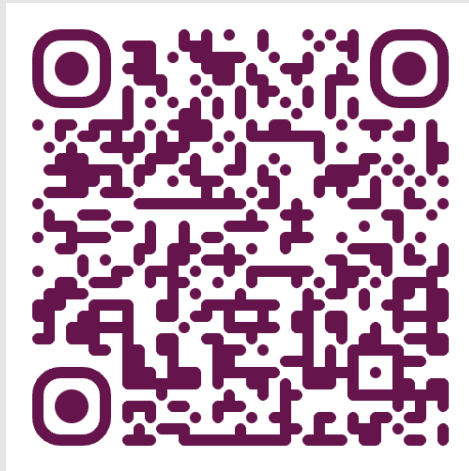
1. Do you support/agree with the plan? If not, what stands in the way?
2. Do you support the redistribution of occupancy tax as outlined?
3. Do you support the development of Destination Durham as a mechanism for helping the community pursue its vision?

What's needed

Board of County Commissioners' support for introducing a local bill this spring to step up Durham's competitiveness with other communities by:

- Authorizing Discover Durham to engage in "tourism-related activities"
- Authorizing Durham to redirect occupancy taxes paid by visitors so they can be invested in the development of new community assets

Learn more about Durham's Destination Master Plan and keep up to date



Page to launch 3/4/24



Appendix

Stakeholder Engagement

Our extensive stakeholder engagement included:

- Steering Committee sessions
- 22 one-on-one interviews
- 11 focus groups with over 120 participants
- 2 Community Town Halls with over 40 participants

Focus Groups

**Accommodations
& Dining**

**Arts, Culture,
History &
Attractions**

**Outdoor
Recreation &
Festivals**

Sports

**Makers,
Entrepreneurs
& Young
Professionals**

**Economic
Development,
Real Estate &
Business**

**Retail,
Neighborhood
Businesses &
Tourism Districts**

**Spanish
Language
Session**

**Universities &
Healthcare**

**Government,
Transportation
&
Infrastructure**

Destination Master Plan Steering Committee

Adam Klein	Capitol Broadcasting/ATC	Kim Sowell	Durham County Manager
Angela Lee	Hayti Heritage Center	Leonardo Williams	Zwelis, City Council, TDA
Aubrey Zinaich	Consultant, TDA	Nicole Thompson	Downtown Durham Inc.
Becky Bolton	Durham Convention Center	Ondin Mihalcescu	NCCU
Cara Rousseau	Discover Durham	Pat Anderson	Southpoint
Carlos Rubio	Delta Hotels, TDA	Patrick Byker	Morningstar Law Group
Craig Spitzer	Early Bird Night Owl Hotels	Pilar Rocha-Goldberg	El Centro Hispano
Daniel Edwards	Morehead Manor, TDA	Scott Levitan	RTP
Stelfanie Williams	Duke	Susan Amey	Discover Durham
E'Vonne Coleman	Consultant/CAB Master Plan	Wanda Page	Durham City Manager
Geoff Durham	Durham Chamber	Wendy Jacobs	County Commissioners, TDA
Jennings Brody	Parker & Otis, TDA		

Occupancy Tax Proposal Assumptions

- YTD through December 2023 O.T. is 2.3% above prior year
- 2.5% increase projected for future years

Definition of “tourism-related expenditures”

Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, and convention facilities in a city/county by attracting tourists or business travelers to the city/county. The term includes tourism-related capital expenditures.

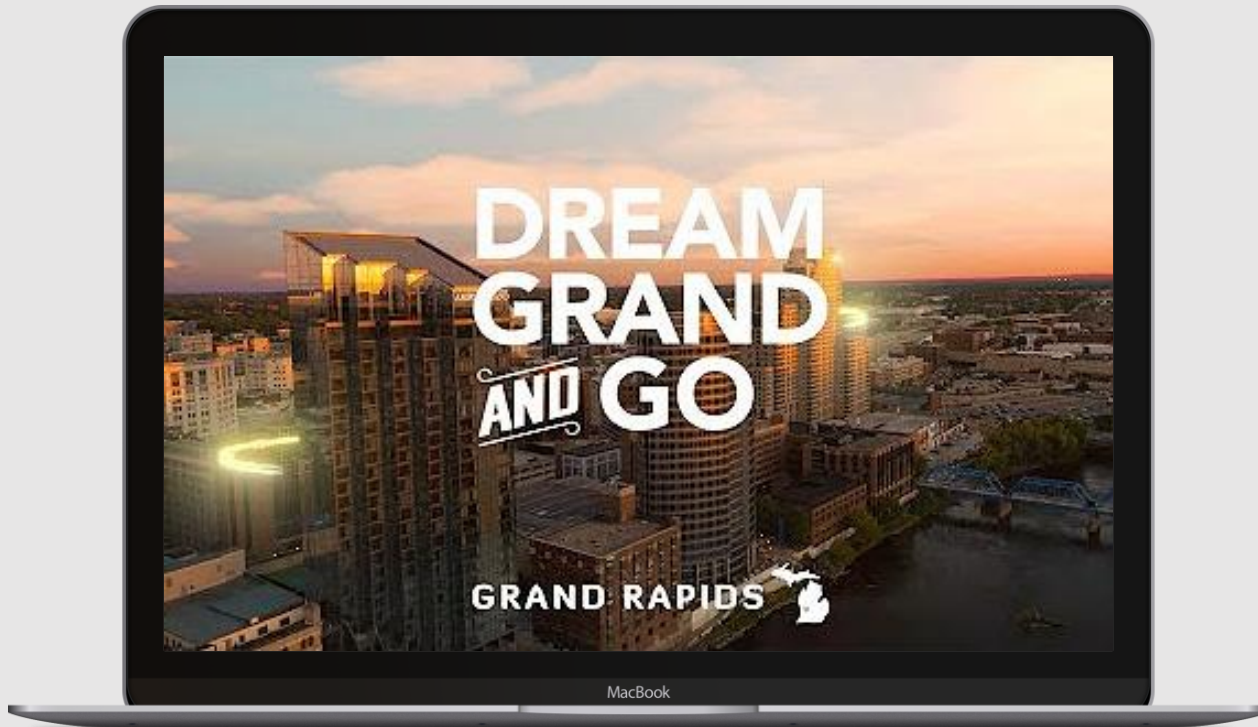
From NC “Guidelines for Occupancy Tax Legislation,”
<https://webservices.ncleg.gov/ViewDocSiteFile/44777>



Nonprofit Case Study Examples

Grand Action 2.0

Grand Rapids, MI

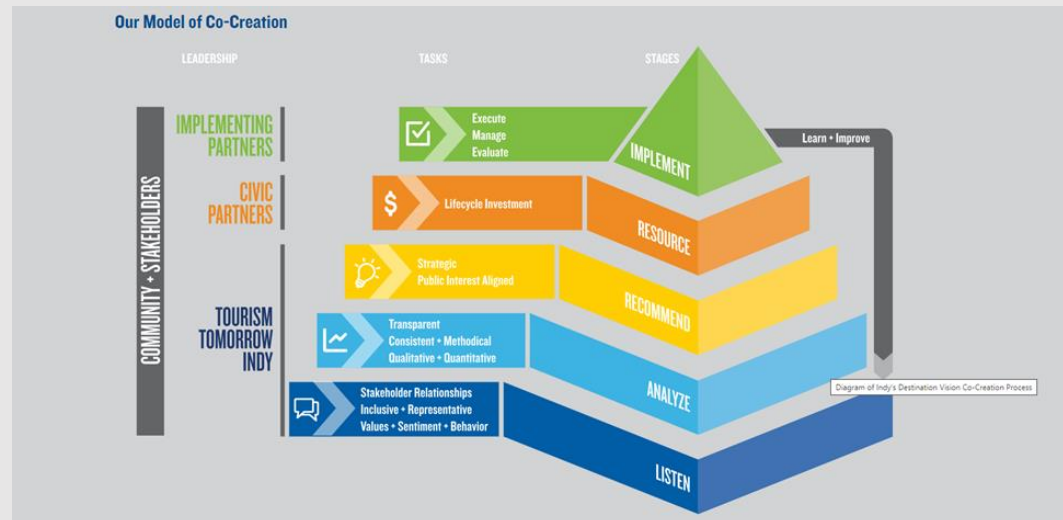


- “It takes visionaries, and maybe a crisis”
- 501c3 quasi-government org legislated to build regional assets; started w/ arena, convention center. Works symbiotically w/ government
- Funded with OT, plus private hotel assessment (similar to TID), will soon be 12% total. Also major donors
- GA2.0 is the project developer. Separate P3 org operates



Tourism Tomorrow Indy Indianapolis, IN

- “Travel and tourism is part of the solution to addressing community needs. Our ability to contribute to the shaping of our community does not come from any legislative mandate or executive authority, but rather from the verdict of the long-term benefits derived from our work and its alignment with community goals. Our authority is derived and limited by residents’ ability to embrace and benefit from our work.”
- 501c3 quasi-government that works with civic and implementing partners to make changes
- Funding: 77 Implementing Partners that actively support and contribute to TTI to advance the plan’s actions.
- Projects: <https://indydestinationvision.com/plan/>





Go Great Foundation, or Great Lakes Bay Region Quality of Life Council Saginaw, MI

- Est. 2015
- Nonprofit directed by DMO
- Project developer; can also own, operate and manage facilities

Destination Madison Foundation

Madison, WI



- “Destination Madison’s work sits squarely at the intersection of visitor and resident: leveraging the economic contributions of visitors to propel key projects forward, while at the same time improving the quality of life for residents who call our community home”
- 501c3 that provides a means for accepting tax-deductible contributions
- Funded by community partner and corporate business investment on a level system
- Projects: Supporting research and development of the Lake Monona Waterfront Design Challenge; Funding inclusive hospitality worker training via HospitableMe; and awarding more than \$450,000 in MASC Youth Grants



Experience Champaign-Urbana Foundation

- Purpose: To develop financial opportunities to support our community and create extraordinary experiences for visitors and residents by increasing corporate/private support for community projects, such as hosting the state basketball tournament.
- 501c3 evolved to focus on 4 areas: Event bid incentives, film office, talent attraction, and product development.
- Funding: Hotel tax revenue from IL Office of Tourism and City of Champaign; Can apply for grants; and private funding and project-based governmental funding for community-based initiatives and destination development. (giving \$25-50,000)
- Recent Initiatives: Event Funding Assistance (recruit and retain IHSA State Basketball, Hot Rod Power Tour, AJGA Golf event, etc.) ; Air service development; African American Cultural Heritage Trail; and Chambana Welcome crew