

**CHATHAM COUNTY  
BOARD OF COMMISSIONERS  
AGENDA ABSTRACT**

**ITEM NUMBER:**  
**MEETING DATE:**  
01/22/2008 Work Session

**PART A**

**Subject:** Creation of Tourism Development Authority  
**Action Requested:** Approve creation of a non-profit entity and define the number of Board seats and the process for selecting initial members and the chair.  
**Attachments:** A. SL 2007-318

**Submitted By:**

\_\_\_\_\_  
Kevin W. Whiteheart  
County Attorney

\_\_\_\_\_  
Date

**County Manager Review:**

\_\_\_\_\_  
Charlie Horne, County Manager

\_\_\_\_\_  
Date

**This abstract requires review by:**

**County Attorney**

\_\_\_\_\_  
Date Reviewed

**Finance Officer**

\_\_\_\_\_  
Date Reviewed

**Budget Officer**

\_\_\_\_\_  
Date Reviewed

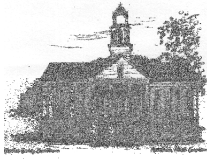
**PART B**

**Introduction & Background:**

Session Law 2007-318 authorizes Chatham County to levy an additional 3% room occupancy tax provided the Board of Commissioners passes a Resolution adopting the tax and setting an effective date for the new tax rate. The tax applies to the rental of "any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the county".

The legislation also brings Chatham County within the uniform rules for administering the tax and the uniform organizational structure for membership that were created by the Room Occupancy Tax Sub-committee of the N.C. House Finance Committee. However, due to a drafting error, SL 2007-318 omitted the requirement that the Board of Commissioners first conduct a public hearing on the proposed additional tax and adopt a resolution to levy the tax specifying the effective date of the increased levy. SL 2007-318 will need technical corrections by the state legislature during the short session beginning in May, 2008 before Chatham County can implement to additional 3% room occupancy tax.

The Pittsboro-Siler City Visitors Bureau has been the recipient of the initial 3% room occupancy tax.



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**Discussion & Analysis:**

Several items need to be addressed to implement SL 2007-318.

First, the revenues generated from the 6% room occupancy tax require the County to create a new non-profit entity with separate financial books and records, so that the entity's financial condition be audited by the NC Local Government Commission. The County's Finance Officer is mandated to serve ex officio as the finance officer of the new entity.

Second, SL 2007-318 authorizes the Board of Commissioners to select the initial board members and the chair. The board's composition is set as follows: one-third (33%) of the members must be individuals affiliated with businesses that collect the tax (hotels/motels/inns & bed & breakfast operators); one-half (50%) of the members must be individuals who are "currently active in the promotion of travel and tourism in the county". Assuming the board to have an odd-numbered membership structure, one option would be to create a nine voting-member board, consisting of 3 members from the hotel/inn/bed and breakfast industry in the county; 5 members who are active in promoting travel and tourism (restaurant, recreation, entertainment, arts, retail shopping). This would leave one seat remaining to be filled. One option would be for the Board of Commissioners to retain the authority to fill this seat upon each expiring term, and the tourism board would have the power to fill the remaining 8 seat as their terms of service expire.

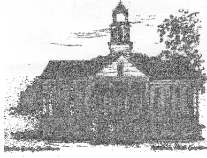
Third, the Board of Commissioners may want to consider ex officio membership to the tourism board as a way to maintain communications and to ensure coordination and cooperation of County initiatives. Ex officio members would not have voting rights, but could provide key input and serve in a liaison capacity.

Fourth, as the tourism entity will be audited by the Local Government Commission as a part of the County's financial condition, the staffing of day-to-day operations needs to be considered by the Commissioners. After discussing this issue with the County Manager, one option would be to have the director of the tourism authority be a County employee with reporting responsibilities and job classification parameters to be addressed. This option has several advantages: a) it will ensure that proper financial controls are in place and allows the County to cover the administrative functions of payroll, human resources, and personnel policies; and b) it would afford the director the same benefit package, vacation, sick leave and other items. The tourism authority would not be able to offer benefits at the same costs as the County can provide due to our large employee base.

Finally, it is recommended that by-laws for the new entity be created and approved by the Board of Commissioners, as the financial and reporting requirements in SL 2007-318 mean that the tourism authority is the recipient of tax revenues and will be subject to the rules, regulations and policies of the Local Government Commission.

**Budgetary Impact:**

None anticipated, other than minor filing costs for creating the new legal entity, assuming the staff of the tourism authority remain County employees. The new entity will be covered in the annual auditing process and its financial condition will be subject to Local Government Commission review.



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**Recommendation:**

That the Board of Commissioners:

- 1). approve the number of voting board seats for the new entity;
- 2). address the selection process for the initial board members and the board chair;
- 3). consider the creation of ex officio members;
- 4). approve a plan to staff the tourism authority with County employees;
- 5). direct the County Attorney to prepare by-laws for the entity.

**Suggested Motion:**

Move that the Board approve the number of voting and ex officio board seats, adopt the selection process for the initial board members and the chair, approve the staffing of the tourism authority with County employees and direct the County Attorney to prepare by-laws for the Board to approve at a later date.