

Performance Review

Currituck Overview

Currituck County, North Carolina is the northernmost coastal county in eastern North Carolina. Currituck County is bisected by the Currituck Sound which lies parallel to the Atlantic Ocean on a north-south axis just north of the larger Albemarle Sound. The coastal half of the County is located on the Outer Banks and is a thriving beach destination, primarily comprised of rental beach houses. The mainland side of the County is located to the west of Currituck Sound and is primarily rural in nature. The rural community of Knotts Island is accessible by ferry. It is unique that the three geographic sections of the County are separated by the Currituck Sound and can only be accessed by driving through Dare County to the South or Virginia to the North or by taking a ferry.

Corolla is the primary community on the coastal side of the County. This beach area has experienced dramatic growth in development and visitation in the past two decades. In recent years, the development of large scale luxury beach homes has driven growth in the family vacation markets with a number of large vacation rental companies servicing this segment. The beach portions of Currituck are primarily residential with limited commercial development which is in stark contrast to the coastal counties to the south and north. Wild horses are a unique attraction in the northern portion of coastal Currituck that includes the Currituck National Wildlife Refuge. The only primary access road serving the coastal side of Currituck County is North Carolina Highway 12; the southern end of the County connects to United States Highway 158 in Dare County.

The township of Currituck, the County seat of Currituck County, is located on the mainland and is a one-hour drive from the coastal communities. The U.S. Census Bureau estimates the County population to be just under 24,000, representing a 31% growth rate since 2000. This growth trend is typical as Americans are flocking to coastal areas all over the United States. The phenomenal tourism related growth of the coastal side of Currituck is in direct contrast to the slower growth in the western (mainland) side of Currituck. This situation of two economies is good in that it diversifies the economy. However, it does create political challenges as County officials must serve two very different masters.

Currituck County Tourism Development Authority

Currituck County began collecting a lodging tax to fund the promotion of travel and tourism in 1987. The North Carolina General Assembly requires counties that collect a lodging tax to establish a Tourism Development Authority (TDA) to provide oversight to the use of the lodging tax funds. A TDA serves in a similar capacity as an airport or development authority. The County Board of Commissioners in each county has the authority to appoint a TDA Board. The Currituck County Board of Commissioners was given legislative authority to serve as the TDA Board for Currituck County.

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Prior to 2005, a portion of the lodging tax funding was allocated by Currituck County to the Currituck County Chamber of Commerce which served as the travel and tourism promotion agency for the County. The Currituck County Department of Travel and Tourism (CCDTT) was established as the official tourism marketing agency for the County in July, 2005 and was set up as a division of County Government. The Currituck County TDA Board created a Tourism Advisory Board to provide regular oversight of the CCDTT. The CCTDA meets on an as needed basis while the Tourism Advisory Board meets at least quarterly.

Tourism Advisory Board

The Currituck County Commissioners/TDA Board created a Tourism Advisory Board to provide guidance and consultation to the CCDTT in October 2005. The Tourism Advisory Board is appointed by the TDA, meets quarterly and is governed by formal Rules of procedure established by the County Board of Commissioners. The Advisory Board is assigned the following duties:

- Creation of an annual County Marketing Plan
- Allocation of County Occupancy Tax to promote travel and tourism
- Acceptance of any grant, gift, bequest or donation deemed useful for the tourism industry
- Construction, operation and maintenance of visitor centers
- Recommendation of events for the tourism department to support and participate in including advertising and other components

Board members are required to be residents of Currituck County but are not required to be employed by or affiliated with the travel industry. The Currituck County resolution creating the Board calls for staggered Board terms of one, two and three years initially; however, a review of the current Board reveals that all current terms began in November 2005 with the creation of the Board. The current Tourism Advisory Board members are as follows:

2007 Currituck Tourism Advisory Board

Name	Place of Work
John Wright, Chairman	Sanctuary Vineyards
Krista Boughey, Vice-Chair	Seaside Realty
Don Austin	The Peach Basket
Don Cheek	Corolla Light Resort
Janice Farr	Sun Realty
Vivian Simpson	Historic Jarvisburg Colored School
<i>Vacant Seat</i>	
<i>Ex Officio:</i>	
Barry Nelms	Currituck County Board of Commissioners
Dan Scanlon	Currituck County Manager
Diane Sawyer	CCTTD Director
Veronica Brown	CCTTD Marketing Coordinator

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CCDTT Mission Statement

The mission of the Currituck County Department of Travel and Tourism is to strengthen the local economy through the promotion of Currituck County as a vacation destination, therefore enhancing the quality of life for local citizens.

The Department's goal is to assist tourism related businesses with advertising and marketing promotion while providing visitors information on the numerous attractions, activities, events, accommodations, services and historical sites located throughout Currituck County.

The Travel and Tourism Department's Seven Main Objectives:

1. Increase the number of visitors to Currituck County which will increase occupancy tax and sales tax revenues.
2. Increase exposure of the County's brand image.
3. Enhance and aggressively market the tourism website, www.visitcurrituck.com.
4. Develop and maintain strategic alliances with tourism-related businesses, attractions and other groups.
5. Utilize the available reporting data in directing the department's resources to enhance the County's marketing position.
6. Analyze the effectiveness of ad campaigns in State, National and International publications/media outlets.
7. Convert day-trip travelers to overnight stays.

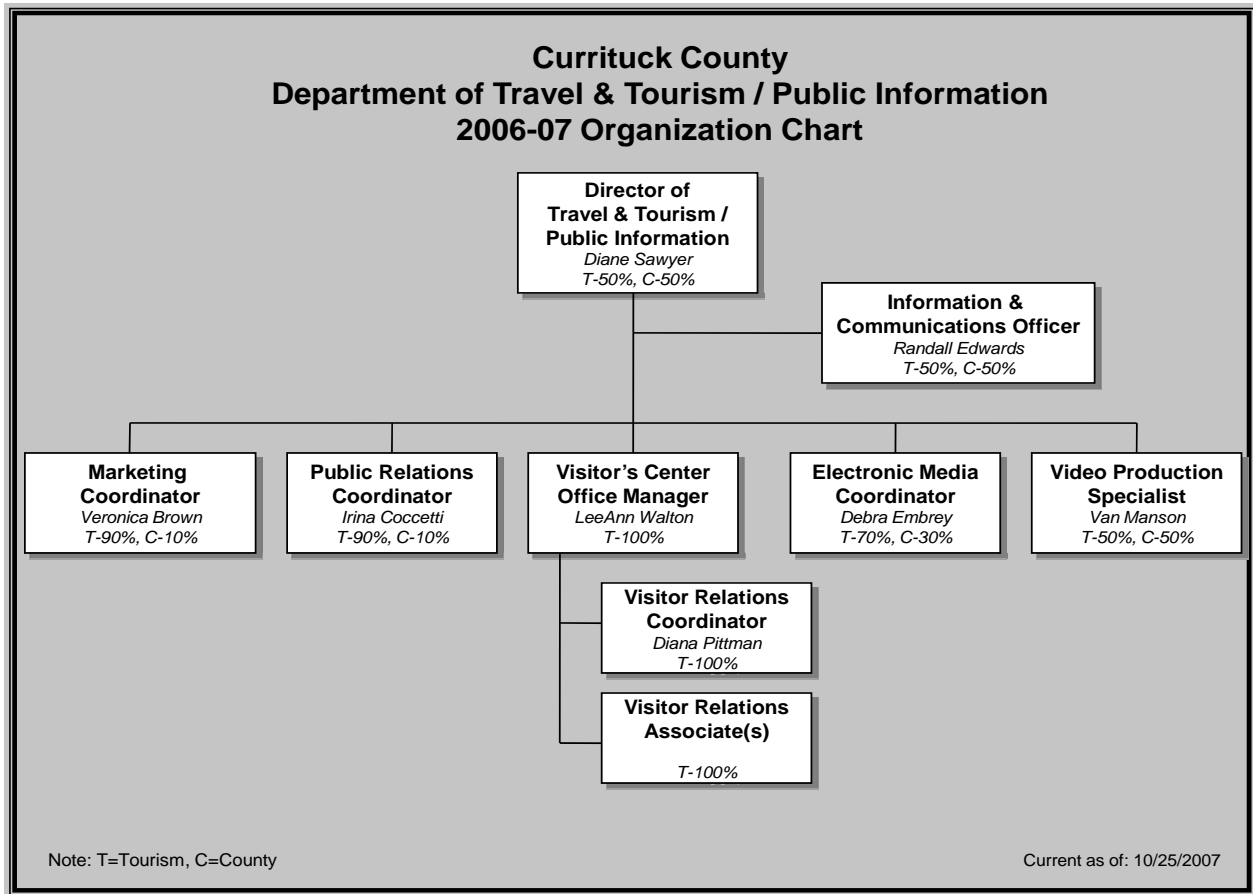
Currituck County Department of Travel and Tourism Staff

Diane Sawyer is the Director of the CCDTT and reports directly to Dan Scanlon, County Manager, and the Currituck County Commissioners who serve as the TDA Board. Diane Sawyer also serves as the Public Information Officer for Currituck County government. There are six full-time positions on staff as outlined below:

Diane Sawyer	Director
Veronica Brown	Marketing Coordinator
Debra Embrey	Electronic Media Coordinator
Randall Edwards	Information & Communications Officer
Irina Coccetti	Public Relations Coordinator
Van Manson	Video Production Specialist
Diana Pittman	Visitor Relations Coordinator
LeeAnn Walton	Visitor Center Office Manager

In addition to the full-time staff outlined above, there are six part-time visitor relations associates who work at the Currituck Outer Banks Visitor's Center. These associates work the "front-line" providing concierge services to the traveling public as well as answering the toll free number and fulfilling information inquiries. RTM reviewed the job descriptions for each staff person and found them to be detailed and appropriate for each position. The staff of CCDTT split their time between tourism promotion and other duties related to operating the Public Information Office for Currituck County. An organization chart for the CCDTT staff is found at the top of the following page.

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Office and Visitor Center Facilities

The CCDTT is currently located at 145 Courthouse Road in a trailer adjacent to the County office complex. The full-time staff of five has a total of 521 square feet for their offices and storage space in this facility. RTM has worked with over one hundred destination marketing organizations and has never seen such cramped offices. While touring the facility, we found three marketing staffers sharing one office. The conditions are so cramped and crowded we found them to be an obstacle to productive work and are surprised that they have not been deemed a safety hazard. RTM reviewed the office systems in place and found that the marketing team has adequate computers, software and telecommunications to perform their job tasks. In addition to the cramped offices the CCDTT has 145 square feet of storage for print materials and supplies located at the Judicial Center.

The only Currituck visitor center operated by the CCDTT is located just north of Duck on the outer banks portion of the County. The visitor center is in a new, modern facility that is in an excellent gateway location with good directional signage and ample parking. The facility has approximately 1,642 square feet of space, is attractively designed and offers good information for the traveling public. A visitor center should be a sales center environment where visitors can book lodging, attractions, dining, events and learn about the shopping and outdoor activities in the area.

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This Visitor Center space lacks large dramatic visual images that would create excitement and drive increased spending. The space currently relies on print brochures to sell the areas activities. Given the highway traffic patterns that visitors must follow to access Currituck County, RTM was surprised that we did not find a mainland visitor center of similar caliber in the vicinity of the County seat.

Lodging Taxes and CCDTT Funding

The CCDTT is funded through annual appropriations received from the Currituck County Board of Commissioners. Each spring, the CCDTT prepares a budget request that is submitted as part of the overall County budget to be reviewed by the five-member Currituck County Board of Commissioners who also serve as the TDA. Funding for the CCDTT budget comes directly from the occupancy tax collected on all short-term lodging (less than 30 days) in Currituck County. North Carolina Statute requires counties to receive approval from the state legislature to levy any local taxes. The legislation that enables Currituck County to levy the occupancy Tax was first passed in 1987 and amended in 1991 and 1999. Therefore, the current occupancy tax in Currituck is levied at 6% and was established for the following purposes in each of the three legislative amendments:

Year	Levy	Purpose
1987	3%	Tourism related expenditures
1991	1%	1/3 Tourism related expenditures 2/3 Promotion of travel and tourism
1999	2%	1/3 Tourism related expenditures 2/3 Promotion of travel and tourism

The distribution of the current 6% occupancy tax in Currituck County is as follows (based on the 1987 initial legislation authorizing the 3% occupancy tax and the two subsequent amendments raising the total occupancy levy to 6%):

Tourism Related Expenses = 4%

Currituck County defines this category as “expenditures that, in the judgment of the Currituck County Board of Commissioners, are designed to increase the use of lodging facilities, meeting facilities, recreational facilities and convention facilities in a county by attracting tourists and business travelers to the County. This term includes tourism related capital expenditures and beach nourishment.” Past and current appropriations from this fund have included the Wild Horse Fund, beach nourishment, beach ramps, law enforcement/public safety (fire, EMS), water/sewer.

Promotion of travel and tourism = 2%

Currituck County defines this category as “to advertise or market and area or activity, publish and distribute pamphlets and other materials, conduct market research and engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in these activities.”

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Past and current appropriations from this fund have included the Currituck County Chamber of Commerce and the CCDTT as the primary tourism promotion agencies. Additional funds have been allocated on a limited basis to various festivals and other community related grant applicants.

Currituck Lodging Tax Revenues

Year	6% Transient Occupancy Tax Actual Revenue	4.25% North Carolina Sales Tax	2.5% Currituck Sales Tax
2001/02	\$2,828,107	\$2,003,242	\$1,178,378
2002/03	\$3,130,910	\$2,217,728	\$1,304,545
2003/04	\$3,268,297	\$2,315,044	\$1,361,790
2004/05	\$4,667,481	\$3,306,132	\$1,944,784
2005/06	\$5,322,539	\$3,770,132	\$2,217,725

Source: www.co.currituck.nc.us/tax/Occupancy_Tax_Amounts_Collected.asp
Sales tax amounts calculated by RTM based on Occupancy Tax figures

The above table shows dramatic increases in tax revenues generated by short term rental of lodging in Currituck County. Tax revenues have nearly doubled since 2001/02 and this has occurred without increasing the tax rate (last increase was 1999). It is important to recognize the large amount of sales tax revenue that is generated by lodging in addition to the Occupancy Tax. These statistics reveal one of the primary sources of economic impact directly generated by travelers who come to Currituck County.

CCDTT Budget Analysis

The CCDTT staff is to be commended for demonstrating solid fiscal responsibility when it comes to the appropriate use of the occupancy tax funding allocated to their department. The charts below show that the CCDTT is well within standard industry ranges when it comes to the allocation of their current funding.

Percentage of Total Occupancy Tax Promotion Expenditures

Note: "Promo" non-shaded rows total 100% and "PIO" shaded rows total 100%

Budget Category	2005/06	%	2006/07	%	2007/08	%
Salaries & Benefits – Promo	\$154,706	21.1%	\$261,243	17.5%	\$159,556	11.4%
Office Expenses – Promo	\$67,849	9.3%	\$229,122	15.3%	\$86,820	6.2%
Outreach – Promo	\$470,813	64.3%	\$1,005,550	67.1%	\$1,111,500	79.2%
Capital Outlay - Promo	\$39,371	5.3%	\$2,000	0.1%	\$46,000	3.2%
TOTAL Promo	\$732,739	100%	\$1,497,915	100%	\$1,403,876	100%
Salaries & Benefits – PIO	\$81,720	64.1%	\$87,939	57.6%	\$219,454	77.8%
Office Expenses - PIO	\$4,782	3.8%	\$19,300	12.6%	\$9,900	3.5%
Outreach – PIO	\$40,897	32.1%	\$45,370	29.7%	\$47,550	16.9%
Capital Outlay - PIO	\$0	0%	\$0	0%	\$5,000	1.8%
Total – PIO	\$127,398	100%	\$152,609	100%	\$281,904	100%
TOTAL - Combined	\$860,137		\$1,650,524		\$1,685,780	

Source: Currituck County 2007/08 Budget

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A review of the three basic budget categories for CCDTT (Salaries & Benefits, Office Expenses & Outreach) reveals that the CVB is spending the funding it receives appropriately as a percentage of the whole budget. These figures compare favorably with the standards set by the DMAI (Destination Marketing Association International). According to DMAI, salaries and benefits should fall within a 25-40% range. Marketing and outreach should be approximately 40-50%. Staffing expenses total 22% of the combined budgets for PIO and Promotion in 2007/08 which is below the DMAI recommended range of 25% - 40%. The Office expenses fluctuated in 2006/07 due to a one time contracted services charge of approximately \$150,000. Outreach expense is appropriate given the size of the travel market in Currituck.

CCDTT Marketing and Advertising

RTM reviewed the advertising plans, overall positioning and marketing materials produced by the CCDTT. The CCDTT produces high quality marketing materials that fit into the overall brand image used by the County. The primary logo is presented below with the County logo on the left and the CCDTT logo on the right:



This logo is used in all CCDTT materials including the website. RTM found the design of all materials to be very professional with a solid image that would appeal to all travelers.

CCDTT Website – www.visitcurrituck.com

This website is very well organized and easy to navigate. It provides plenty of detailed information for trip planners of all types and does not have long load times for graphics and images. This is one of the most functional and easy to use sites that we have encountered. RTM is impressed with the site and will look to the research for guidance regarding improvements.

CCDTT Visitor Guide

This 42 page publication is also very professionally designed using consistent imagery as found in other CCDTT publications. The visitor guide was a very useful tool for our team while in the area on reconnaissance and thus passed the critical usability test. We like the overall content and layout of the piece and do not anticipate the research identifying the need for a major overhaul of this guide.

Niche Publications

The CCDTT produces individual marketing pieces for the County including the Trail Guide and the Wedding & Event Planner. These publications are designed to attract provide visitors with specific information regarding local farm markets, vineyards/ wineries, shopping, and wedding and event planning.

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CCDTT Inquiry Records and Statistics

The primary purpose of a destination marketing organization (DMO) is to advertise the destination to generate inquiries that are “fulfilled” by mailing a package of visitor information. This effort is intended to generate increased visitation to the destination, which creates economic impact as a result. One method of measuring the impact of the DMO’s advertising efforts is to look at the number of inquiries that are generated each year. The true test of the success of the DMO’s marketing efforts comes from research that determines the number of inquiries that are “converted” to actual visits and economic impact. In the following chart, outreach is defined as the total advertising, fulfillment and PR expenditures (includes expenses such as telephone, postage and printing in addition to advertising).

RTM is extremely impressed with the level of reporting and accountability demonstrated by the CCDTT. The monthly reports that the CCDTT produce are the best and most comprehensive that we have encountered among all destination marketing organizations. This achievement is most impressive given the fact that the CCDTT is less than three years old. The following data was gleaned from the CCDTT monthly reports.

Currituck Inquiries Collection History

Type of Inquiry	2005/06	2006/07
Advertising Generated Inquiries	9,870	66,380
Website Inquiries	364	2,182
Total Inquiries	10,234	68,562
Unique Website Visitor Sessions	14,713	82,360
Total Inquiries (includes unique website visitor sessions)	24,583	148,740
Outreach Expense	\$470,813	\$1,005,550
Cost Per Inquiry (generation & fulfillment)	\$19.15	\$6.76
Visitor Center Walk-ins	13,055	26,122

RTM is impressed by the statistics in the above chart. CCDTT ramped up its advertising efforts in 2005/06 and is therefore considered a start up program. A new website was launched in February 2006. All of the 2006/07 statistics show dramatic improvement over 2005/06. While the advertising expense doubled in 2006/07 the resulting inquiries increased over 600%! As a result, the cost per inquiry came down dramatically from \$19.15 in 2005/06 to \$6.76 in 2006/07. This is a dramatic improvement in the second year of the program and confirms that the CCDTT is doing an excellent and cost efficient job of generating interest in visiting Currituck County. The mail survey research conducted as part of this study will confirm whether or not these inquiries are converting to actual visits to the area.

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Economic Impact and Tax Relief

An analysis of the 2006 economic impact of travel and tourism in Currituck County shows the financial impact that visitors leave in the County. The figures below show the amount of tax revenue that is generated by visitors to the area, thus relieving residents of some of the tax burden of maintaining the local infrastructure. The figures below are based on 2006 data, the most recent economic impact figures that are available from the Travel Industry Association of America (TIA) and the North Carolina Division of Tourism, Film and Sports Development. The final row of the chart below shows that the tax relief per household as a result of visitors coming to Currituck County and paying state and local taxes is \$1,503.91. The huge disparity in tourism generated tax relief between Currituck County (ranked 27th largest tourism economy of the 100 counties in North Carolina) and Camden County (ranked last of the 100 counties in North Carolina) shows the impact that a beach community can have on a local economy.

2006 North Carolina Travel and Tourism Economic Impact Data by County

	<u>Statewide</u>	<u>Dare</u>	<u>Currituck</u>
Rank of County tourism economy in North Carolina	n/a	4/100	27/100
Total domestic travel expenditures	\$15,400,000,000	\$702,250,000	\$120,250,000
Total travel related payroll	\$3,860,000,000	\$157,810,000	\$24,400,000
Total number of travel related jobs	187,200	10,910	1,600
Total LOCAL sales tax paid by travelers	\$496,400,000	\$33,560,000	\$5,940,000
Total STATE sales tax paid by travelers	\$797,200,000	\$34,880,000	\$5,340,000
Total STATE & LOCAL sales taxes paid by travelers	\$1,293,600,000	\$68,440,000	\$11,280,000
State or County Population	8,856,505	33,935	23,116
State or County Households	3,132,013	12,960	6,902
Tax relief per capita from sales taxes paid by travelers	\$146.06	\$2016.80	\$449.03
Tax relief per household from sales taxes paid by travelers	\$413.03	\$5,280.86	\$1,503.91

	<u>Pasquotank</u>	<u>Camden</u>
Rank of County tourism economy in North Carolina	54/100	100/100
Total domestic travel expenditures	\$43,930,000	\$1,630,000
Total travel related payroll	\$7,330,000	\$200,000
Total number of travel related jobs	460	10
Total LOCAL sales tax paid by travelers	\$1,040,000	\$150,000
Total STATE sales tax paid by travelers	\$2,440,000	\$90,000
Total STATE & LOCAL sales taxes paid by travelers	\$3,480,000	\$240,000
State or County Population	39,591	9,271
State or County Households	12,907	2,662
Tax relief per capita from sales taxes paid by travelers	\$87.89	\$25.89
Tax relief per household from sales taxes paid by travelers	\$269.62	\$90.16

Notes:

- Lodging taxes are NOT included in these tax figures, only sales taxes are included.
- TIA produced the data above using its proprietary Travel Economic Impact Model (TEIM) to measure the impact of travel on the U.S. Economy. The TEIM can also estimate the economic impact of travel at the county level. *Economic impact* is represented by measures of spending, employment, payroll, business receipts and tax revenues generated by traveler spending. *Travel expenditures* are assumed to take place whenever travelers exchange money for activities considered part of their trips. Travel expenditures are allocated among states by simulating where the exchange of money for goods or service actually took place. By their nature, some travel expenditures are assumed to occur at the traveler's origin, some at his/her destination and some enroute expenditures less the sales and excise taxes imposed on those expenditures.

Data Sources:

- *The 2006 Economic Impact of Travel on North Carolina Counties*, TIA for the North Carolina Division of Tourism, Film and Sports Development.
- U.S. Census Bureau, 2005 population estimate for North Carolina, Currituck, Pasquotank and Camden Counties.

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2006 North Carolina Visitor & Trip Profile

Source: TNS TravelsAmerica, 2007 for North Carolina Division of Film, Sports and Tourism Development.

Primary Trip Purpose

Approximately 84% of *overnight* visitors to North Carolina reported that they were visiting for leisure purposes. Business travelers accounted for 15% of overnight visitors in 2006. Business includes meetings and conventions.

Lodging Choices of NC Overnight Visitors

Private Home - 50%	Other - 7%	Timeshare - 1%
Hotel/Motel/Resort - 41%	RV Park/Campground - 3%	B&B - 1%

Mode of Transportation

Eighty-three percent of *overnight* visitors came by auto/RV to North Carolina. Thirteen percent came by plane.

2006 Overnight Trip Duration

United States 3.8 nights	Resident 2.3 nights
NC Portion 3.3 nights	Out-of-State 3.8 nights

Trip Satisfaction

Over eighty-nine percent of overnight visitors in 2006 reported that they were extremely or very satisfied with their visit to North Carolina.

Advanced Trip Planning

Seventy-six percent of overnight visitors to North Carolina decided to visit the state 3 months or less before their visit.

Over twenty-six percent of overnight visitors to the state planned their visit using on-line sources. Almost thirty percent (29.5%) reported personal experience as a source to plan their NC visit. Twelve percent used a destination website to help plan the visit.

Twenty-four percent of overnight visitors to North Carolina reported using on-line booking methods for their trip to the state.

Visitor Activities In North Carolina

Shopping 26%	Visit Friends 5%	Casino/Gaming 3%
Historic Sites/ Churches 7%	Golf 3%	Visit Relatives 8%
Urban Sightseeing 4%	Visit Beach 14%	Nightclub/Dancing 4%
Family Reunion 24%	Museums 5%	Nature Activities/ Ecotouring/Caverns 3%
State/National Park 6%	Gardens 3%	
Old Homes/Mansions 4%	Rural Sightseeing 12%	
Fine Dining 16%	Wildlife Viewing 4%	

DEMOGRAPHICS

Travel Party Size

The average party size of a 2006 NC visitor party was 2.8 persons. Approximately 29% of parties included children in their visits to North Carolina, while 71% did not.

Marital Status and Gender

Fifty-nine percent of 2006 NC visitors are married, 17% have never been married and 23% are divorced, widowed or separated. The average age of the 2006 NC visitor is 45 years.

Household Income

Over 40% of NC overnight visitors have annual household income in excess of \$70,000.

Education Level of NC Visitors

Less Than High School - 4.39%

College Completed - 38.53%

Post Graduate Degree - 18.58%

High School Graduate - 16.25%

Some College (No Degree) - 22.25%

Top States of Origin for 2006 NC *Overnight* Visitors

NC 33%

NJ 3%

PA 3%

NY 4%

GA 7%

VA 11%

OH 2%

TN 3%

MD 4%

FL 5%

SC 8%

CA 2%