

**Item Title:** Hospitality Taxes Review Process Update

**Specific Action Requested:**

**That the Board of Commissioners receives an update from staff on the hospitality taxes review process.**

**Item Summary:**

**Purpose:** The Manager's Report provides an opportunity to share information with the Board. The Board will receive information on a proposed process for conducting a review of the Room Occupancy and Prepared Food and Beverage Tax revenues and expenditures.

**Background:** In 1991, Wake County was authorized to levy a countywide 6% Room Occupancy Tax and a countywide 1% Prepared Food and Beverage Tax for the purposes of supporting a convention center, arena and other cultural, sports and arts activities. The authorizing legislation requires certain distributions and primarily supports development and operation of the Raleigh Convention Center and PNC Arena, with other area projects receiving funds as available. These funds are governed through interlocal agreements between the Wake County Board of Commissioners and the Raleigh City Council. The strategic use of these revenues helped Wake County to attract over 16.45 million visitors in 2017 and continually places Raleigh and Wake County on lists for best places to live, work and play. Revenue growth and the fulfillment of prior funding commitments has created an opportunity for the County and the City to consider future uses of these revenue.

The 20th Amendment to the interlocal agreements that govern the use of the hospitality taxes identifies that the County and the City should jointly conduct a review of the financing plan and capital maintenance plans for the Convention Center and PNC Arena through a public process including all appropriate parties by January 1, 2020. This review process will be called the "2019 Interlocal Review."

**Board Goal:** This process complements initiatives in the Board's Economic Development Goal Area.

**Fiscal Impact:** No budgetary impact at this time.

### **Additional Information:**

As established during the 2016 Interlocal Review, a team of representatives from Wake County, City of Raleigh, Centennial Authority, Greater Raleigh Convention and Visitors Bureau, Wake County Hospitality Alliance, Cary, Knightdale and Morrisville have worked in recent months to develop a process to conduct a public review as called for in the 20<sup>th</sup> Amendment to the interlocal agreement.

In anticipation of the 2019 Interlocal Review, it is recommended that the County lead a Request for Information to collect information on planned or potential projects that may request use of interlocal funds within the period 2019 through 2025 and may exceed \$20 million in total project costs. (It is anticipated that projects with a total estimated cost less than \$20 million will be accommodated during the 2019 Interlocal Review through a discussion of the Small Capital Projects Funding and Process and therefore, should not be submitted as part of this RFI). This will allow stakeholders to understand the scale of future plans and investment opportunities while contemplating the next adjustments to the financial models and financial commitments. Therefore, it is expected that any project with an estimated total development cost of greater than \$20 million that may desire the use of interlocal funds as part of their project development from the period 2019 through 2024 should submit a response to the RFI. **This RFI process is for learning purposes only and does not indicate any financial commitment by the City or the County.**

Information learned through the RFI process will inform the City, County and stakeholders of potential future investment opportunities and will be used to advise all stakeholders when considering changes to the financial models and any future funding commitments. It is anticipated that the 2019 Interlocal Review will proceed as follows:

- September 11 – Brief Raleigh City Council
- October 1 – Brief stakeholders
- October 10 – Release RFI
- October 25 – Pre-submittal meeting
- January 10 – Receive RFI responses
- January/February – Stakeholders meet to review financial models, results of capital maintenance plans for Raleigh Convention Center Complex, PNC Arena and Cary Sports Facilities
- March – Develop recommended modifications to financial model to address findings of facility studies and develop process for consideration of new investments
- March/April/May – If funding available, conduct process for consideration of new investments

### **Attachments:**

1. Presentation