

Item Title: Approval of the 24th Amendment to the Interlocal Agreement between Wake County and the City of Raleigh Regarding Implementation of Countywide Room Occupancy and Prepared Food and Beverage Tax

Specific Action Requested:
That the Board of Commissioners approves the 24th Amendment to the Interlocal Agreement between Wake County and the City of Raleigh Regarding Implementation of Countywide Room Occupancy and Prepared Food and Beverage Tax, subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board of Commissioners approves all interlocal agreements and amendments, including the agreement with the City of Raleigh outlining use of the hospitality taxes.

Background: Wake County levies a countywide 6% Room Occupancy tax and a countywide 1% Prepared Food and Beverage tax to support arts, culture, sports, and convention facilities in Wake County. In accordance with state law, expenditure of the funds is governed by an interlocal agreement (ILA) between the City of Raleigh and Wake County. The agreement is periodically amended to authorize new investments. The City and County managers lead periodic review processes ahead of each amendment to engage stakeholders in the decision-making process as new investments are considered.

The 23rd Amendment to the ILA set a June 30, 2026 deadline to hold the next major stakeholder review. This amendment:

- Extends the stakeholder review deadline by one year to June 30, 2027.
- Decommits funds previously planned for a new indoor sports facility in Cary that is no longer moving forward; and
- Authorizes the City of Raleigh to use savings realized from refinancing of City debt for the existing Convention Center for the Convention Center Expansion project.

Strategic Plan: This action aligns with the Board of Commissioners' authority under North Carolina General Statutes and the ILA by extending the deadline for the next competitive process. It does not impact a specific Strategic Plan goal or initiative.

Fiscal Impact: Approval of this amendment does not require appropriation or commitment of new funds. The amendment decommits funds

previously approved for a new indoor sports facility in Cary. All funds previously appropriated for that project (\$10.7 million), will be held in reserve by the County until the commissioners and Raleigh City Council approve repurposing of the funds in a future ILA amendment.

The amendment also authorizes the City of Raleigh to use savings realized from a 2024 refinancing of the debt on the existing Raleigh Convention Center for the Raleigh Convention Center Expansion project.

Additional Information:

Indoor Sports Facility

The Greater Raleigh Convention and Visitors Bureau's 10-Year tourism plan for Wake County (Destination 2028 Strategic Plan) was developed in 2017 and 2018, and identified additional indoor sports capacity as a priority to drive sports tourism in Wake County. The 21st Amendment to the hospitality tax ILA established funding to support development of a new facility to advance this goal, and required the city and county to conduct a competitive process to select an entity to construct, operate, and maintain a new facility.

In 2019 and early 2020, a Request for Proposals (RFP) process was held, and the Town of Cary was selected to deliver the project. Additional funding was authorized for the project in the 23rd Amendment to allow the Town of Cary leverage an estimated \$75 million in financing through hospitality tax support to partially fund the project. The Town anticipated paying its share of the project costs through General Obligation Bonds, subject to voter approval in November 2024. The bonds were not approved by voters, and in early 2025, Cary notified City and County staff that the project was no longer viable to move forward.

In recognition of this development, the amendment decommits all funding previously approved for the project, which included \$5.35 million appropriated through FY 2026, an additional \$5.35 appropriated in FY 2027, and \$5.35 million in future, annual allocations through FY 2051. All funds previously appropriated to date will be held in reserve by Wake County, and those funds, along with planned future allocations, will be uncommitted until the City and County approve a future amendment authorizing expenditure of the funds.

Raleigh Convention Center Refinancing

In 2024, the City of Raleigh refinanced the loan for the existing Raleigh Convention Center. The refinancing lowered the total debt service payments between FY 2025 and FY 2034 by \$9.8 million. The amendment authorizes the City to use those savings to cover capital project costs for the Raleigh Convention Center expansion project.

Attachments:

1. 24th Amendment to the Interlocal Agreement