

Item Title: Approve 20th 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 20th 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:

In 1992, Wake County enacted an occupancy tax on hotel and motel rooms and prepared food and beverages. Revenues generated by a hotel/motel occupancy tax (6.0%) and the sale of prepared food and beverages (1.0%) are designated for projects that generate tourism and draw visitors to Wake County. Over the years, there have been nineteen amendments to the Interlocal Agreement which distribute tax revenues to various projects in Wake County. Significant projects include the Raleigh Convention Center, PNC Arena, Progress Energy Performing Arts Center, Five County Stadium, Cary Sports Facilities, North Carolina Museum of Art, and the North Carolina Museum of Natural Science.

The 19th amendment called for a major review of the Convention Center Financing Plan, the Convention Center Capital Facilities Plan and the PNC Arena Capital Facilities Plan, with such directed to be performed by January 2017. A collaborative review was conducted in April and May. The County Commissioners and Raleigh City Council were briefed on the recommendations in June 2016.

Key revisions to the agreement include:

- Adjusts revenue assumptions to make more realistic in short-term and remain conservative for long-term.
- Eliminates 2 for 1 reimbursement provision and replaced with separate provisions.
 - Wake County will receive \$2 million annually for competitive process to support capital projects.
 - If needed, City of Raleigh may withdraw up to \$1 million from Convention Center Model's Fund Balance to support Convention Center operations
- Caps administration and collection fee for Wake County at \$1.4 million
- Moves PNC Maintenance commitment to Section 1 in the same amounts previously committed and includes a provision to allow the Payment in Lieu of Taxes to expire in FY2022.
- Establishes minimum fund balance guideline for Section 3 (15%).
- Cancels funding commitment for Falls Whitewater Park as terms established in 2005 were not met.

- Establishes funding level for Greater Raleigh Convention and Visitors Bureau Business Development Fund at \$600,000 annually through FY2028.
- Provides funding for Raleigh Performing Arts Center Capital Maintenance Plan at \$500,000 annually.
- Increased Convention Center operating subsidy allocated in the Convention Center Financing Plan from 3% to 5% per year.
- Establishes deadline of June 30, 2017 for Phase 2 review of future projects.
- Establishes deadline of January 1, 2021 for new full review.

The approval of the 20th Amendment to the Interlocal Agreement is jointly submitted for consideration by the Raleigh City Council and Wake County Board of Commissioners at their respective September 6th meetings.

Attachments:

1. 20th Amendment
2. Summary of Changes included in the 20th Amendment
3. Summary of Interlocal Agreement and Amendments