

Item Title: Amend FY2017 Budget to Reflect 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 take the following actions to amend the FY2017 budget to align with 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:

- **Appropriates \$772,000 and approves budget revisions to the FY 2017 the Major Facilities Operating Fund,**
- **Appropriates \$2,000,000 and approves budget revisions to the Major Facilities Capital Fund.**

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. 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.

On September 6, 2016 the Board of Commissioners approved the 20th Amendment to the Interlocal Agreement. 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.

MAJOR FACILITIES OPERATING FUND

The revisions to amend the FY2017 Major Facilities Operating budget include:

- Revenues: \$272,000 in increased revenues projected from more realistic short-term revenue assumptions, which remain conservative in the long-term, and \$500,000 reimbursement from Raleigh for the 2-for-1 PNC payment.
- Section 1: Movement of the PNC Maintenance (\$1,500,000) to Section 1 from Section 2, as well as increased projected allocations to the Greater Raleigh Convention & Visitors Bureau (\$50,000), Town of Cary Hold Harmless (\$10,000) and the Centennial Authority (\$26,000).
- Section 2: Reduced allocation to Raleigh Convention Center by \$985,000.
- Section 3: Completion in FY16 of the NC Museum of Science Green Square financial support (-\$400,000), movement of the PNC Facility Improvements to Section 1 (-\$1,000,000), completion of the Saint Augustine College Track project in FY16 (-\$100,000), and the increase of \$2,000,000 for Wake County competitive projects.

	2017 Budget	2017 Amended	Change to Amended Budget
Total Revenues	51,842,000	52,614,000	772,000
Section 1: Holdbacks	19,629,000	21,215,000	1,431,000
Section 2: 85% Projects	27,249,000	26,264,000	(985,000)
Section 3: 15% Projects	4,200,000	4,700,000	500,000
Total Uses	51,078,000	52,179,000	946,000
Reserve for Future Appropriation	764,000	435,000	(329,000)
Total Budget	51,842,000	52,614,000	772,000

The attached Cash Flow Model for the Major Facilities Model reflects the modified structure of the interlocal agreement and details the budget line changes.

MAJOR FACILITIES CAPITAL FUND

The Major Facilities Operating Fund will be amended to transfer \$2,000,000 to the Major Facilities Capital Fund for the Wake County competitive projects identified as part of future processes.

Attachments:

1. Budget Memo – Major Facilities Operating Fund
2. Budget Memo – Major Facilities Capital Fund
3. Summary of the ILA Changes from the 19th to the 20th Amendment
4. Major Facilities Cash Flow Model Reflecting FY2017 Adopted Budget and Amended Budget Revisions
5. Summary of Interlocal Agreement and Amendments (thru 20th Amendment)