

Occupancy and Prepared Food and Beverage Taxes

Board of Commissioners Work Session

August 12, 2019

Agenda

Process Overview

Updates Since July 8th Presentation

Year-End Revenue Update

Total Funding Availability vs. Commitments

Board Questions

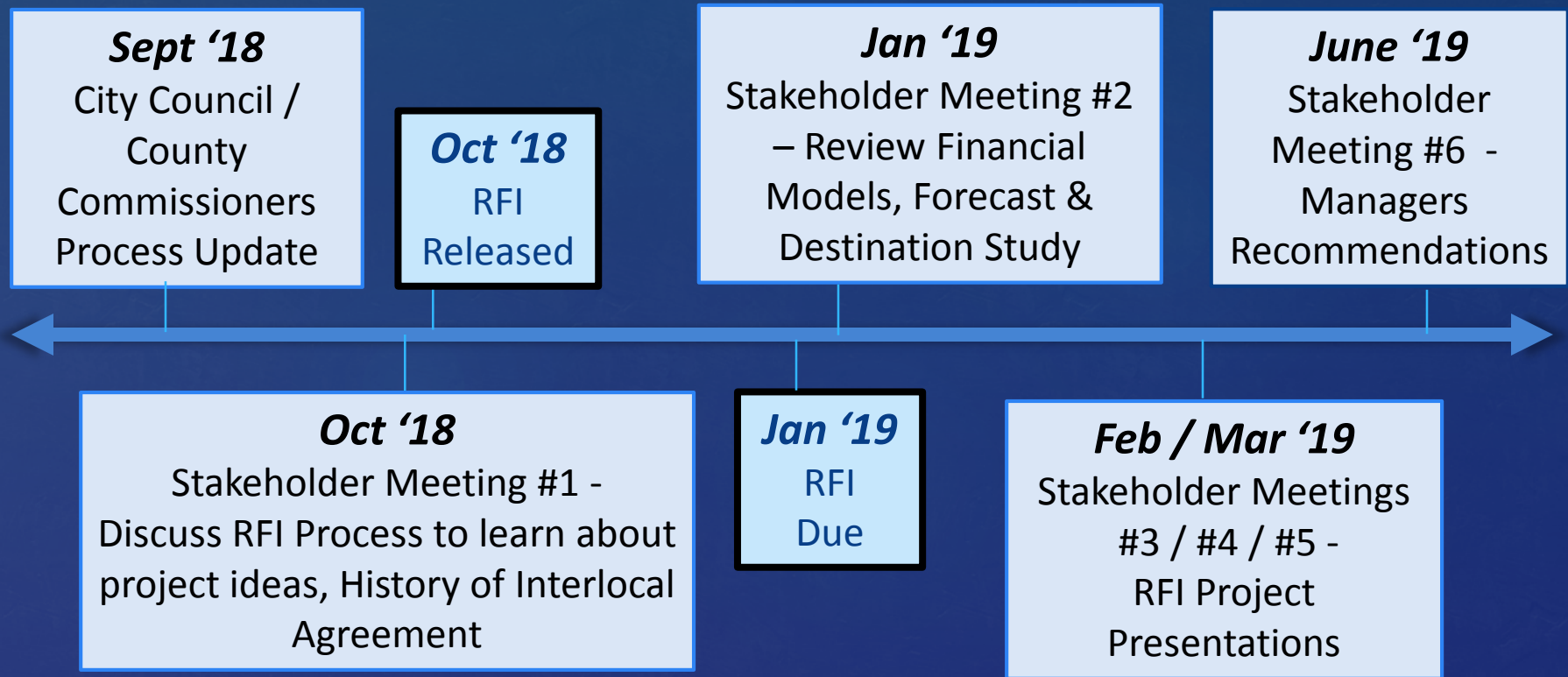
Proposal for Consideration

Next Steps

Interlocal Review

- An interlocal agreement between the City of Raleigh and Wake County along with 20 amendments articulate the oversight and uses of the revenues
- 20th Amendment calls for a public review
 - Review Financial Models
 - Current Projections and Forecast
 - Review PNC Capital Plan
 - Review Convention Center Capital Plan
 - Inclusive of stakeholders
 - Complete by January 1, 2020

Recap of the Process to date



In addition, Wake County created website for added transparency.

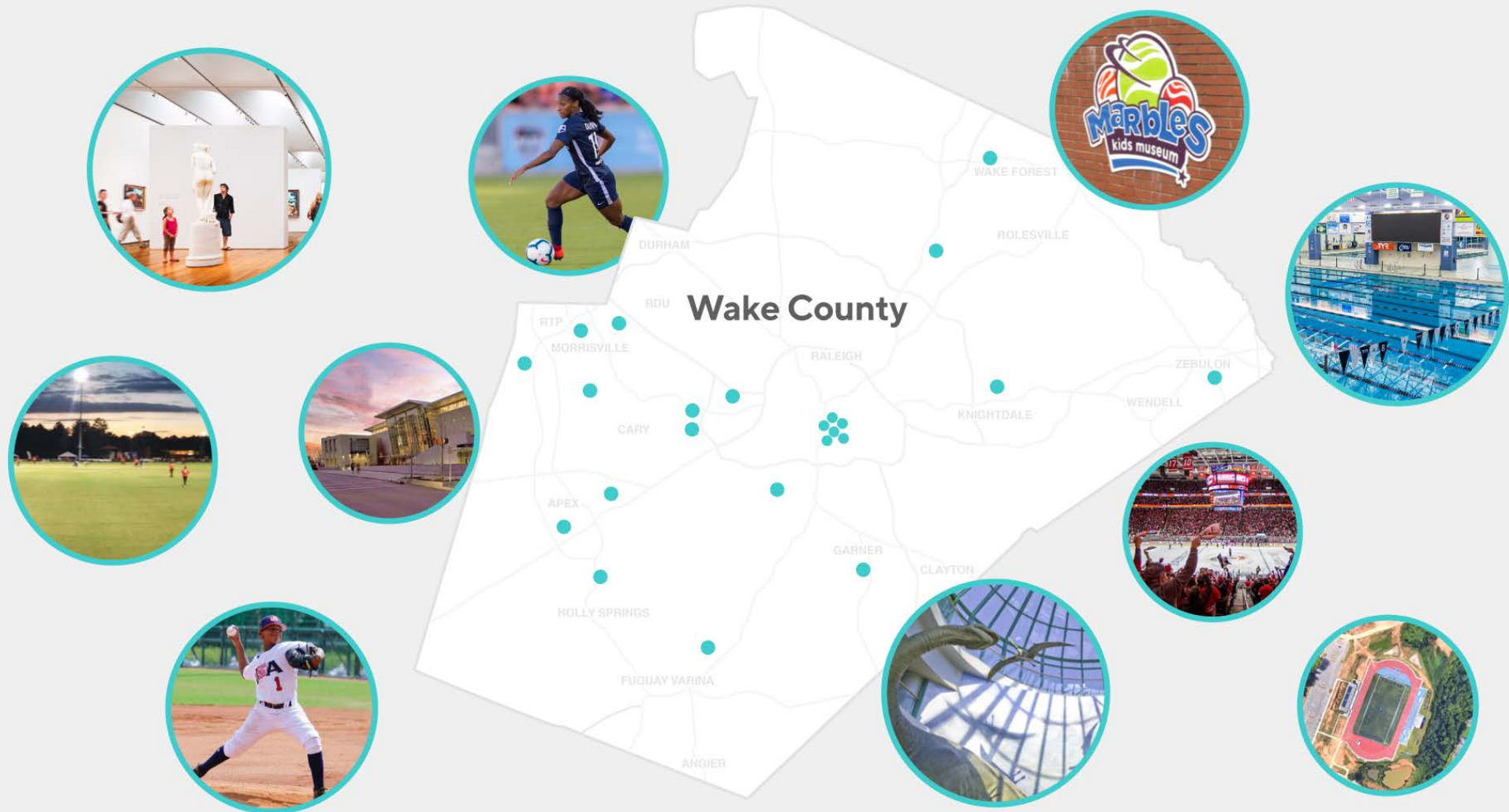
Funding Recommendations in Summary

City and County Manager presented funding recommendations based on findings during review process

- ✓ Continue current commitments
- ✓ Support enhancement of PNC Arena
- ✓ Provide for expansion of Convention Center
- ✓ Support maintenance of Regional Facilities
- ✓ Support new investments
 - ✓ Indoor Sports Complex
 - ✓ Medium Projects
 - ✓ Small Projects

Updates since July 8 presentation to Board of Commissioners...

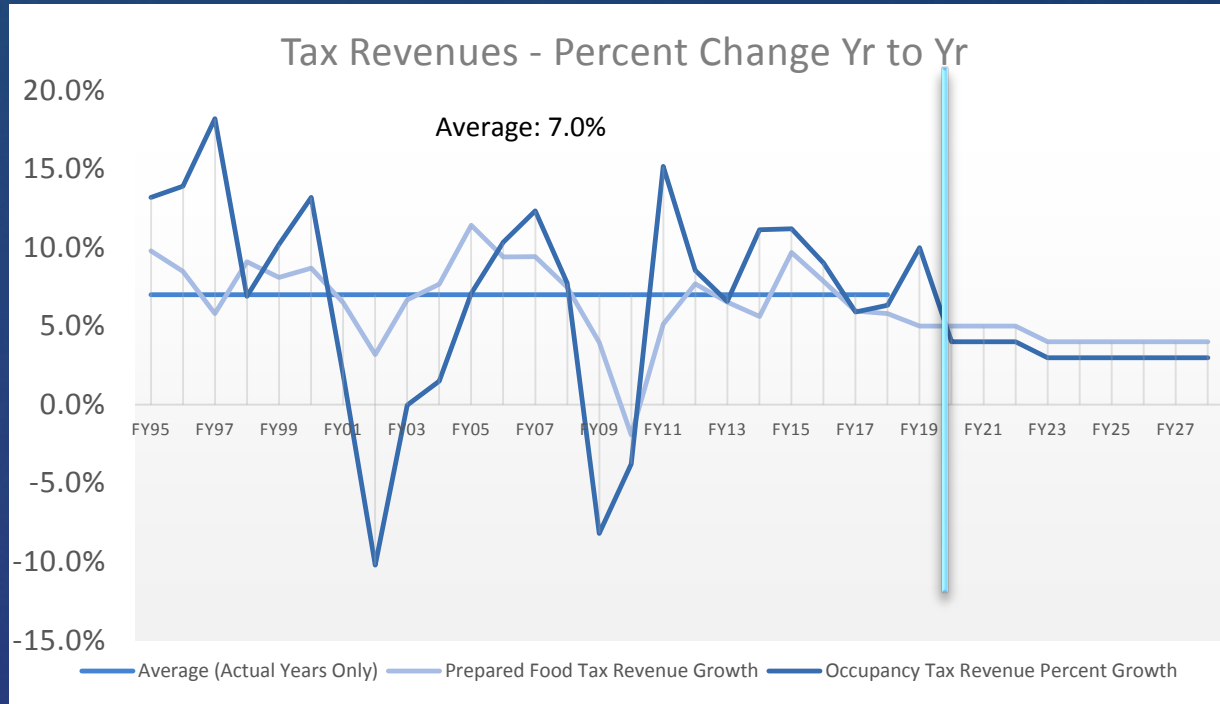
Projects Supported with Hospitality Taxes



Revenue Update

- Strong growth continued through end of fiscal year
- Received revenue figures through fiscal year end - June 30
- FY19 budgeted = \$57.315M
- FY19 estimated = \$59.570M
- FY19 actual _(unaudited) = \$60.337M

Revenue Assumptions



Occupancy Tax	<ul style="list-style-type: none"> • 4% 2020 through 2022 • 3% thereafter
Prepared Food & Beverage Tax	<ul style="list-style-type: none"> • 5% 2020 through 2022 • 4% thereafter

Updated Revenue Projections

Updated FY19 year-end revenue figure will be used as base for future growth calculations

	FY20	FY21	FY22	FY23	FY24	...	FY33	FY34
Manager Recom.	\$62.3M	\$65M	\$68M	\$70.4M	\$72.9M	...	\$99.7M	\$103.2M
Year End	\$63M	\$65.9M	\$68.8M	\$71.3M	\$73.8M	...	\$100.8M	\$104.4M

Revenue and Current Commitments

Projected Revenues and Expenditures 2020 - 2034

Based on Managers' Recommended w/Updated Revenues

<u>Projected Revenues</u>	FY20	FY28	FY34
Food and Beverage Tax		662.6 million	
Occupancy Tax		577.5 million	
<i>Total Tax Revenue</i>		1.24 billion	
<u>Expenditures - Commitments</u>			
Admin and Holdbacks		89.6 million	
Convention and Visitors Bureau		145.6 million	
PNC		81.0 million	
Raleigh Convention Center		420.1 million	
Small Projects		30.0 million	
<i>Subtotal Expenditures</i>		766.3 million	

Planned Expenses

<u>Expenditures - Recommended</u>	FY20	FY28	FY34
City of Raleigh Convention Center Complex			
Land and Optimization	20 m		
Parking Debt & Capital		26.4 million	
Music Venue Debt & Capital		25.75 million	
RCC Expansion Debt & Capital		105 million	
Business Development Fund		3.6 million	
RCC Capital Maintenance	3.86 million		
PAC Capital Maintenance	7.5 million		
PNC		112 million	
Indoor Sports		33.04 million	
Cary Sports		45.0 million	
Medium Projects	42.1 million		
Planned Capacity		28.3 million	
Sub-Total Expenditures - Recommended		426.8 million	
Total Expenditures		1.19 billion	

Board Questions and Feedback

(Q & A is attachment in Work Session packet)

Key Areas:

- Consider additional funding for PNC Arena
- Evaluate medium project funding to support additional projects
- Consider broader economic development impact associated with Downtown South Project

Alternative Proposal for Consideration

- Based on feedback from July 8 Board Presentation and Board questions, staff has prepared an alternative proposal for consideration:
 - Provide \$9M annually for PNC Arena
 - Increase medium projects from \$42.1M to \$46.6M
 - Launch joint feasibility study with City of Raleigh to evaluate soccer stadium/entertainment complex at Downtown South
 - Establish process to complete by December 2019

Revenue and Current Commitments

Projected Revenues and Expenditures 2020 - 2034

Based on Revised Proposal

<u>Projected Revenues</u>	FY20	FY28	FY34
Food and Beverage Tax		662.6 million	
Occupancy Tax		577.5 million	
<i>Total Tax Revenue</i>		1.24 billion	
<u>Expenditures - Commitments</u>			
Admin and Holdbacks		89.6 million	
Convention and Visitors Bureau		145.6 million	
PNC		81.0 million	
Raleigh Convention Center		420.1 million	
Small Projects		30.0 million	
<i>Subtotal Expenditures</i>		766.3 million	

Alternative Proposal - Planned Expenses

<u>Expenditures - Recommended</u>	FY20	FY28	FY34
City of Raleigh Convention Center Complex			
Land and Optimization	19 m		
Parking Debt & Capital		26.4 million	
Music Venue Debt & Capital		25.75 million	
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PNC		126 million	
Indoor Sports		33.04 million	
Cary Sports		45.0 million	
Medium Projects		46.6 million	
Planned Capacity		28.3 million	
<i>Sub-Total Expenditures - Recommended</i>		444.3 million	
<i>Total Expenditures</i>		1.21 billion	

Next Steps

Recommendation
to Elected
Officials at
regularly
scheduled July
meetings

Vote by Elected
Officials at regularly
scheduled August /
September
meetings

July

August

September

Begin process for
Indoor Sports
Complex RFP
during August /
September

Establish
process for
Small and
Medium
Projects RFP