

Item Title: Amend FY 2020 Budget to Reflect 21st 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 FY 2020 budget to align with the 21st 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:

- 1. Appropriates \$6,150,000 and approves budget revisions to the FY 2020 Major Facilities Operating Fund; and**
- 2. Appropriates \$5,400,000 and approves budget revisions to the Major Facilities Capital Fund.**

Item Summary:

Purpose: Budget amendments must be approved by the Board of Commissioners.

Background: 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. On September 3, 2019 the Board of Commissioners approved the 21st Amendment to the Interlocal Agreement with the City of Raleigh related to the use of Countywide Room Occupancy and Prepared Food and Beverage Taxes. The 21st Amendment to the Interlocal Agreement requires budget amendments to the Major Facilities Operating and Capital Funds.

Board Goal: The process yielding the 21st Amendment to the Interlocal Agreement complements the Board's Great Government Goal #5 to "develop strategies to engage community members in envisioning the County's future."

Fiscal Impact: The FY 2020 Major Facilities Operating Fund will increase by \$6,150,000. The FY 2020 Major Facilities Capital Fund will increase by \$5,400,000. The changes impacting future year budgets will be included in future recommended budgets and are shown in the Major Facilities Cash Flow Model.

Additional Information:

Wake County and the City of Raleigh conducted a review of the Major Facilities Model and Convention Center Financing Plan consistent with expectations in the 20th Amendment to the Revised Interlocal Agreement. The Board of Commissioners approved the 21st Amendment on August 19, 2019. The Raleigh City Council approved a version of the 21st Amendment on August 20, 2019 with a revision to Section 14 of the agreement. The Board of Commissioners approved the 21st Amendment approved by the Raleigh City Council on September 3, 2019.

The attached Major Facilities Cash Flow Model reflects the modified structure of the interlocal agreement and details the budget line changes. The revisions to amend the FY 2020 Major Facilities Operating budget include:

- Increase revenues by \$6,150,000 based upon prior year revenue actuals growth assumptions.
- Establish Medium Projects funding totaling \$5,400,000. Appropriates a \$5,400,000 contribution from the City of Raleigh for Medium Projects funding.
- Increase Section 1 – Administration, Holdbacks, and Debt Service allocations for the Greater Raleigh Convention & Visitors Bureau (\$121,000), the Town of Cary (\$24,500), and the Centennial Authority (\$42,500).
- Adjust the 85% distribution to the City of Raleigh to \$34,162,500.
- Provide funding for Cary Sports Facilities (\$3,000,000).

Major Facilities Operating Fund			
	FY 2020 Budget	FY 2020 Amended	Change to Amended Budget
Total Tax Revenue	62,260,000	63,010,000	750,000
City of Raleigh Contribution	0	5,400,000	5,400,000
Total Revenues	62,260,000	68,410,000	6,150,000
Section 1: Holdbacks	22,631,000	22,819,000	188,000
Section 2: 85% Projects	33,684,000	34,162,500	478,500
Section 3: 15% Projects	2,000,000	10,400,000	8,400,000
Reserve for Future Appropriation	3,945,000	1,028,500	(2,916,500)
Total Expenditures	62,260,000	68,410,000	6,150,000

The Major Facilities Capital Fund will be amended to include a transfer of \$5,400,000 to Medium Competitive Projects as identified as part of future processes.

Major Facilities Capital Fund			
	FY 2020 Budget	FY 2020 Amended	Change to Amended Budget
Prior Year Uncommitted Funds	837,500	837,500	0
Transfer from Major Facilities Operating	3,000,000	8,400,000	5,400,000
Five County Lease Revenue	25,300	25,300	0
Total Revenues	3,862,800	9,262,800	5,400,000
Five County Stadium	1,862,800	1,862,800	0
Small Competitive Projects	2,000,000	2,000,000	0
Medium Competitive Projects	0	5,400,000	5,400,000
Total Expenditures	3,862,800	9,262,800	5,400,000

Attachments:

1. Budget Memo – Major Facilities Operating Fund
2. Budget Memo – Major Facilities Capital Fund
3. Major Facilities Cash Flow Model Reflecting FY2020 Adopted Budget and Amended Budget Revisions