

Item Title: Approval of Funding Agreement with the Town of Cary for Capital Maintenance Funding for Cary Sports Venues

Specific Action Requested:

That the Board of Commissioners approves a funding agreement with the Town of Cary for Capital Maintenance Funding for Cary Sports Venues, subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board approves all interlocal agreements, amendments, and funding agreements with other local governments. The Board is requested to approve a multi-year funding agreement with the Town of Cary to providing funding support from Room Occupancy and Prepared Food and Beverage Taxes consistent with the approved 21st and 22nd Amendment to the Interlocal Agreements between Raleigh and Wake County.

Background: The 21st Amendment to the Interlocal Agreements Between Wake County and the City of Raleigh Regarding Implementation of Countywide Room Occupancy and Prepared Food and Beverage Tax states the Town of Cary shall receive \$3,000,000 annually for the period FY20-FY34 to support the maintenance needs of the existing Cary Tennis Center, USA Baseball and the WakeMed Soccer Park to fund approximately 75% of the needs identified in the 2018 Venue Solutions Capital Maintenance Plan for the Cary Sports Facilities. Wake County shall enter a funding agreement with the Town of Cary establishing payment terms and reporting requirements. Due to hospitality tax revenue losses that resulted from the COVID pandemic, the payment to the Town for FY21 was reduced to \$2,000,000 in the 22nd Amendment. After FY21, payments will continue at \$3,000,000 per year. The Board is requested to approve the Funding Agreement. The Cary Town Council is scheduled to vote on the agreement November 9, 2021.

Board Goal: This action supports Economic Strength Goal 3: Support economic development efforts to bring diverse jobs, talent, businesses, and visitors to Wake County.

Fiscal Impact: Funding is appropriated in the FY 2022 Adopted Budget for the payment to the Town of Cary to support the maintenance needs of the existing Cary Tennis Center, USA Baseball and the WakeMed Soccer Park. No additional appropriation is required.

Additional Information:

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, draw visitors to Wake County and support the quality of life for Wake residents. Over the years, there have been twenty-two amendments to the Interlocal Agreement which distribute tax revenues to various projects in Wake County. Significant projects include the Raleigh Convention Center, PNC Arena, Duke Energy Performing Arts Center, Five County Stadium, Cary Sports Facilities, North Carolina Museum of Art, and the North Carolina Museum of Natural Science.

The Town of Cary operates three large regional sports facilities that support visitor generation and quality of life enhancements for area residents. In 2018, the Town requested hospitality tax funds to support the ongoing maintenance needs of these regional facilities. The Town received funding through the 20th amendment to conduct an assessment of each facility. The study, conducted by Venue Solutions, identified ongoing capital maintenance needs for the three facilities for a period of 20 years. The funding committed to the Town in the 21st Amendment is projected to cover the cost of approximately 75% of average annual costs for the improvements to the facilities. It is expected the Town will cover the other improvement costs through alternative revenue sources.

Key terms of the agreement include:

- Establishes term of agreement to be FY20 through FY34.
- Establishes amount of funding to be \$3M for FY20 and FY22 through FY34 and \$2M for FY21.
- Funds can only be spent for capital maintenance improvements for WakeMed Soccer Park, Cary Tennis Park and USA Baseball. Funds cannot be used for operating expenses.
- Funding will be provided in an annual lump sum payment.
- Requires Annual Report to Wake County documenting expenses for year and improvements made. Funds are not to be disbursed until the Annual Report is received.

Attachments:

1. Town of Cary Funding Agreement