

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

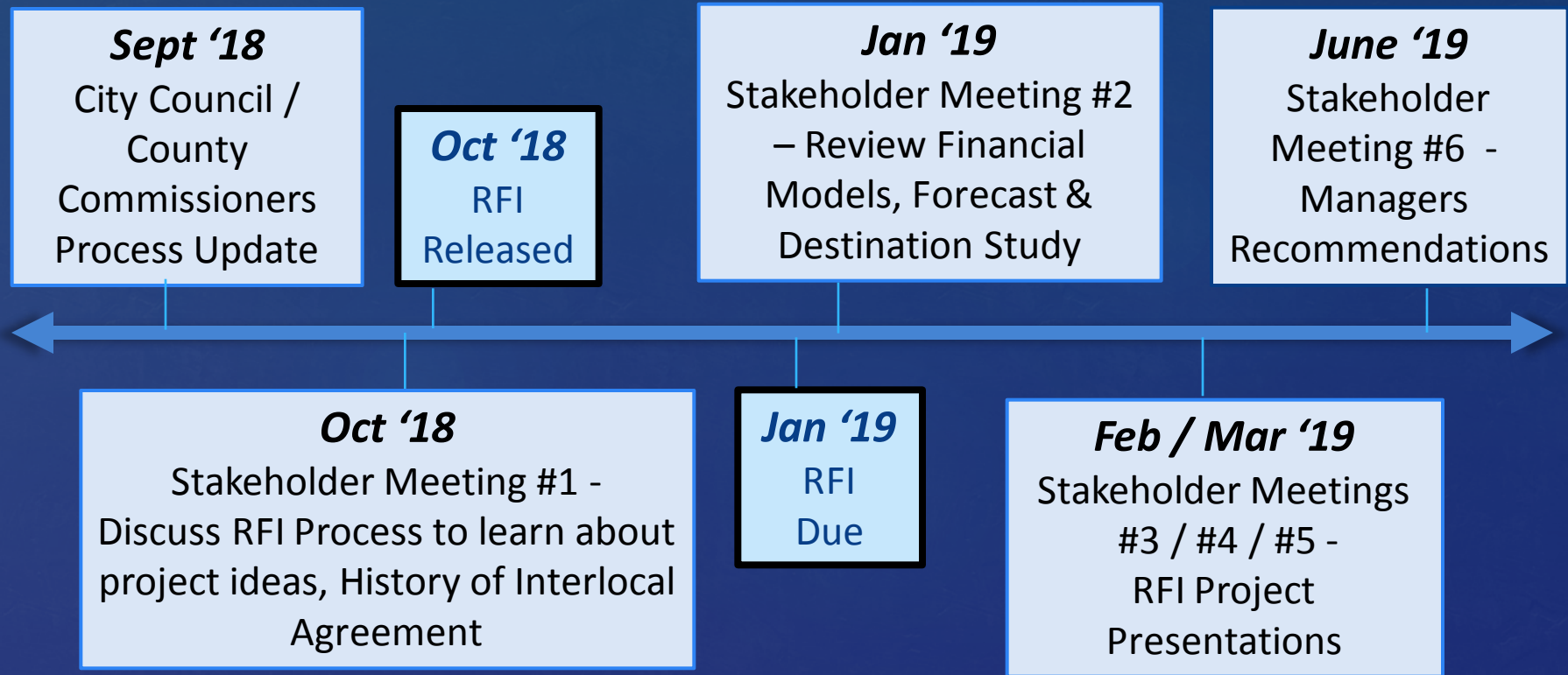
Proposal for Consideration

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.

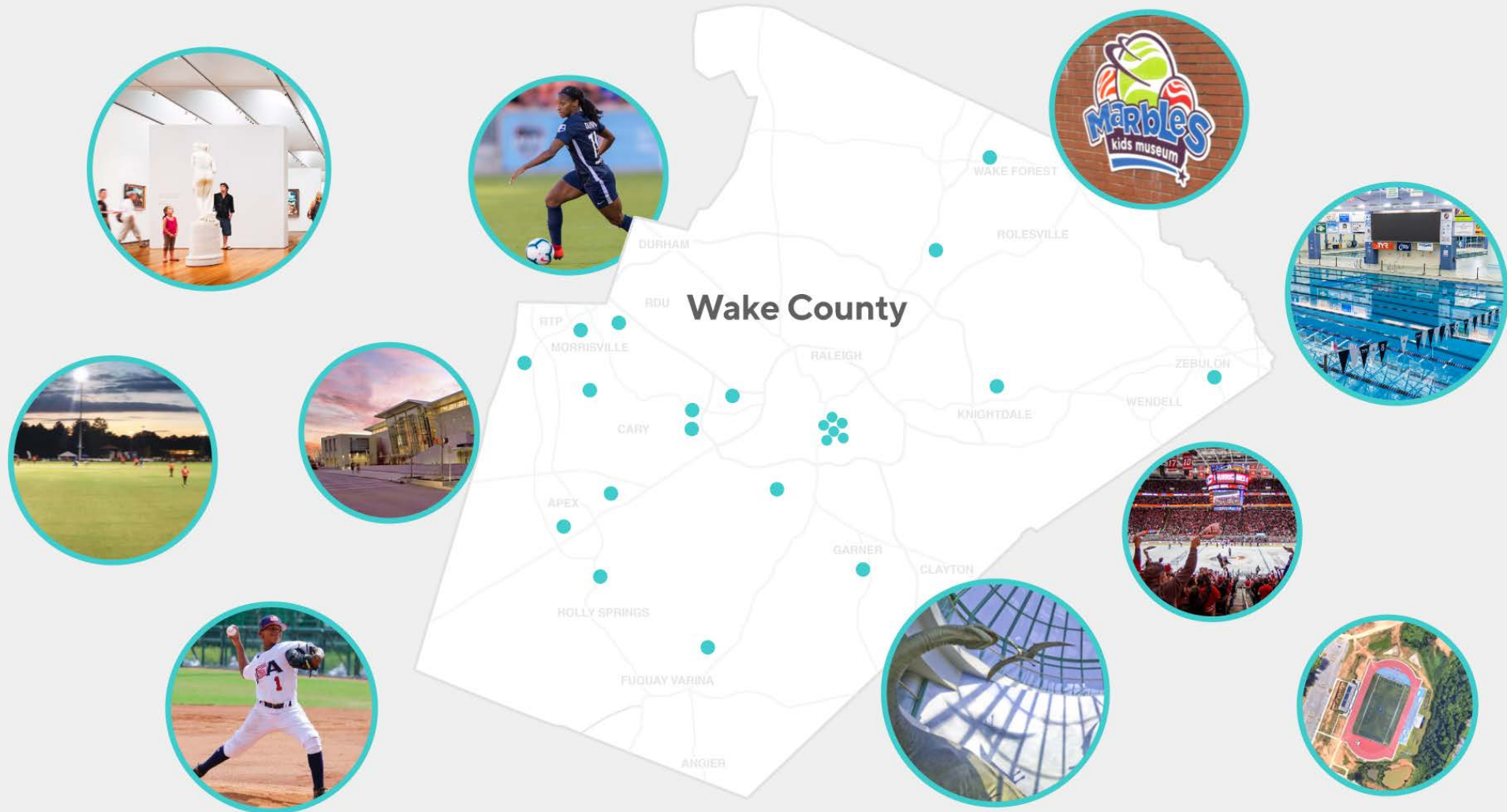
Funding Recommendations in Summary

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...

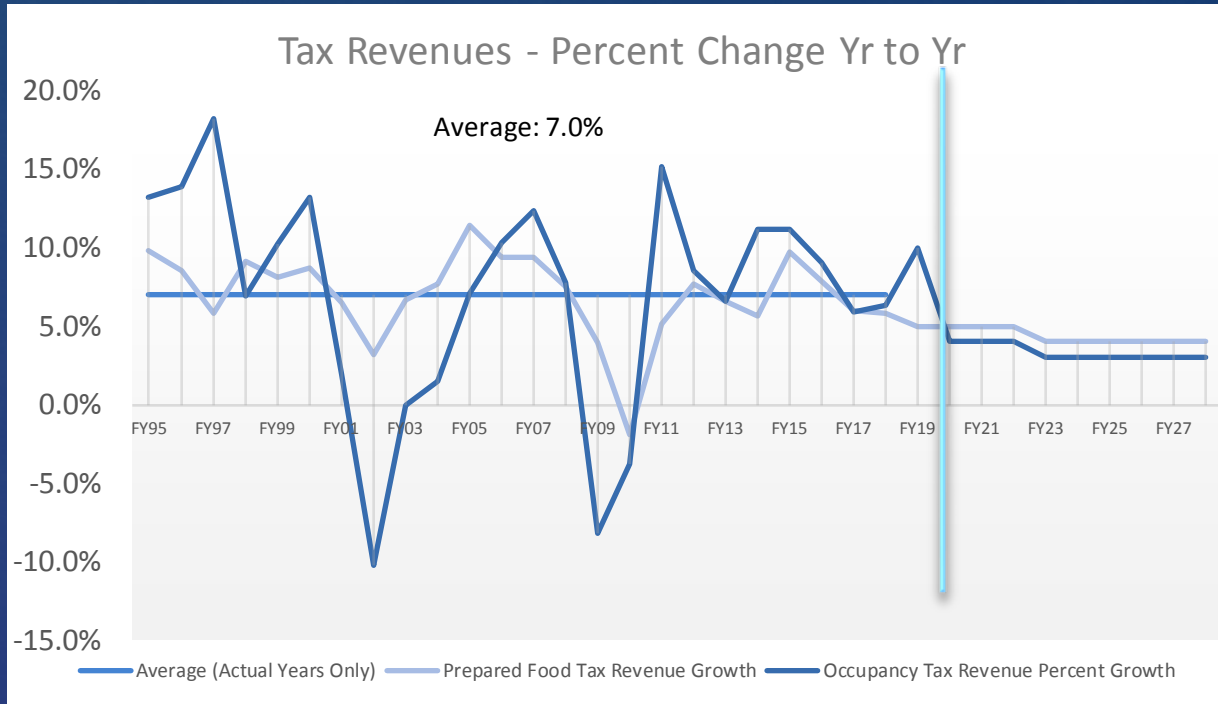
Projects Supported with Hospitality Taxes



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	
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		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

Financial Model

Q1. Share elements of financial model that demonstrate amount of funding and planned commitments.

A1. For the period FY20 through FY34, the financial models based on the Managers' recommendations project approximately \$1.24 billion. Planned commitments for the same period total approximately \$1.19 billion.

Projected Revenues and Expenditures 2020 - 2034

Based on Managers Recommendations

Projected Revenues	FY20	FY28	FY34
Food and Beverage Tax		662.6 million	
Occupancy Tax		577.5 million	
Total Tax Revenue		1.24 billion	

Expenditures - Commitments

Admin and Holdbacks		89.6 million	
Convention and Visitors Bureau		145.6 million	
PNC Arena		81 million	
Raleigh Convention Center Complex		420.1 million	
Small Projects		30.0 million	
Subtotal Expenditures		766.3 million	

Expenditures - Recommended

	FY20	FY28	FY34
City of Raleigh Convention Center Complex			
Land and Optimization	20 m		
Parking Debt & Capital		26.4 million	
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RCC Expansion Debt & Capital		105 million	
Business Development Fund		3.6 million	
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PNC Arena		112 million	
Indoor Sports Facility		33.04 million	
Cary Sports Facilities Maint.		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	
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All projects

Q2. How much did each entity ask for? What did they say that amount would buy?

A2. The process was structured to provide an overall view of the potential projects as known in January 2019. The process was not designed for entities to make a specific ask of Hospitality Taxes. The City/County used the overall figures provided through the RFI responses to determine how recommendations would be allocated. Below is a list of the RFI responses as received in January 2019. Many of the project plans have been refined since that time.

**2019 Hospitality Tax RFI Responses
January 2019**

	Organization	Project Name	Description	Total Project Estimated Cost
1	Centennial Authority	PNC Arena Enhancements	Renovate/expand existing arena with additional hospitality space, additional club and concession space and additional meeting space	\$200 million to \$300 million (further clarified \$167 million to \$202 million + operating need)
2	City of Raleigh	Raleigh Convention Center Complex	In short term, consider need to optimize Raleigh Convention Center, prepare for future facility expansion through land acquisition and hotel recruitment; in long term, expand facility and relocate music venue	\$309.5 million to \$388.5 million in potential commitments within next 10 years
3	Friends of Raleigh/Wake County Stadium	Raleigh/Wake County Stadium	Develop new multipurpose athletic venue for football, track, soccer and lacrosse in Southeast Raleigh.	Not included. Response suggests that a feasibility study needs to be initiated at cost of \$249,000
4	Marbles Kids Museum	Museum Expansion	60,000 square foot expansion/renovation at existing campus; new multi-story expansion of 27,000 square feet; renovation to existing museum and theater of 33,000 square feet; new consolidated central plant	\$45 million
5	North Carolina Football Club	Downtown Entertainment and Sports Center	Develop new 22,000 seat sports and entertainment center in Downtown Raleigh to accommodate soccer and other events	\$150 million (revised to \$180 million) to support public authority ownership & operation

Wake County Hospitality Taxes –
Board of Commissioners Question and Answers

6	North Carolina Museum of Art	NCMA East Building Renovation	Renovate original East Building, replace Art Conservation lab, windows, and lighting systems; renovate east lawn and amphitheater	\$25 million to \$30 million
7	Town of Cary	Indoor Multiuse Sports Facility	Develop an indoor multiuse sport facility geared toward tournament/visitor-facing events - roughly 250,000 square feet; up to 12 basketball courts; dedicated e-sport; 4,000 -5,000 seat arena	\$123 million to \$131 million
8	William Peace University	Performing Arts Venue	Construct 35,000 to 40,000 square foot performing arts venue with seating for 600 on WPU campus	\$30 million to \$32 million

PNC Arena *(Responses provided by Centennial Authority)*

Q3. What will the proposed funding get at PNC Arena? What would we get for \$9M? \$10M? / What upgrades will be provided at \$8M? \$9M \$10M?

A3. PNC Arena enhancement is driven by the need to keep the building competitive to secure more annual events. The design team led by Raleigh-based RATIO Architects teamed with HOK (leaders in design for some of the world's most iconic venues) envisioned taking existing space and repurposing it to maximize efficient use of resources. Current office space at the arena's South End (what most consider the arena's front door) would create a new entrance to PNC Arena, but more importantly add much needed hospitality and event space. Staff would move to new space in the North End (loading dock area). This works because the North End is already engineered to support an addition. Lower funding means we could not create enough space at our North End (the loading dock area) to accommodate more than 165 full staff.

That said, design scope can be incrementally reduced to fit a given funding model.

North Enhancements	\$34 million
South Enhancements	\$53 million
East/West Enhancements	\$11 million
General Concourse Upgrades	\$7.6 million
Backstage Renovations	\$1.2 million
Main Concourse Quad Concessions	\$2 million
Club Concourse Suite Renovations	\$3 million
East/West Lobby and Priority Lounge	\$5 million
East/West Club Concourse Concessions	\$1 million
Club Concourse Overlooks	\$1.2 million
<u>Upper Concourse Quad Concessions</u>	<u>\$1 million</u>
Total	\$120 million

These figures are for estimated construction costs only. Furniture, fixtures and other equipment in addition to design and engineering fees would add upwards of 25% to the construction total.

Q4. What is debt amount associated with \$8M? \$9M? \$10M?

A4.

- \$8M \$131,852,000
- \$9M \$148,333,000
- \$10M \$164,815,000

These numbers assume bonding capacity solely devoted to construction. However, some funds are necessary for operating expenses.

Debt Assumptions:

- *3.50% taxable (current taxable rate June 27, 2019 3.49%, per J.P. Morgan)
- 25-year term
- Level principal and interest

*(*County Note – for other debt assumptions made throughout the Managers’ Recommendations – an interest rate of 4.5% was used)*

Q5. What is anticipated impact of PNC investments - ROI? How will it impact attendance? (prefer broken down by investment area)

A5. The Centennial Authority’s focus for PNC Arena enhancements is driven by two guiding principles:

- To create opportunities for more events to come to Wake County
- Remain a world-class economic engine the region can remain proud of

To that end, the vision for an enhanced PNC Arena creates reasons fans, touring shows, and special events to want to be here. The enhancement does not add seats to the arena, but instead adds to its capabilities.

The proposed enhancement was created not only by experienced designers, but also by comments and critique from tour and special event promoters as well as what fans have demonstrated they want. This combination undoubtedly would increase individual event attendance as well as recruit more events to the area.

Q6. What other funding sources are being considered to assist with capital, operating and maintenance expenses at PNC?

A6. The Authority is limited in funding sources outside of the ILA. Naming rights is clearly a potential source as are rent payments from tenants and some small revenue from cell tower leases. The Authority’s charter allows for development opportunities on the property. However, development which would have to be balanced with NC State University’s needs for adjacent Carter-Finley Stadium.

Q7. Are funds contingent on Hurricanes lease extension? If so, how long would lease extension be? If team leaves before debt paid, what happens to the debt?

A7. The Authority feels that the enhancement funding is necessary with or without a Hurricanes lease extension. The building is now twenty years old and needs a major renovation in order to

meet the needs of the next twenty years. Many other activities occur at the PNC Arena and enhancements are critical to remain a competitive venue. Keeping the Carolina Hurricanes and the NC State men's basketball as primary tenants runs alongside adding events to the calendar.

The Hurricanes current lease runs through October 2024. The Authority is currently engaged with the Hurricanes in lease extension discussions. Several general concept ideas have been discussed, but no formal proposals have yet been made by either party. Certainly, the Authority's goal is to extend the Hurricanes lease to encompass most, if not all, of the enhancement financing term. Conditions for debt service relief will be included, should the Hurricanes leave prior to the debt service term.

Q8. What contingencies will be placed on PNC funds before they are released to Centennial Authority?

A8. This is a question we cannot answer.

(County response – contingencies will be included in the 21st amendment and in the Tri-Party Agreement. Contingencies will likely include terms of lease with Hurricanes, funding commitment by NC State University and reporting requirements.)

Q9. What is timeline for steps at PNC? Hurricanes lease? NCSU lease? Naming rights? NCSU funding? Construction start?

A9. Need 12 months to take design to construction drawing stage. Construction would begin soon thereafter. A phased approach to construction will occur to minimize event disruption.

Naming rights deal with PNC Bank ends in 2022. It is the Authority's desire that once funding is secured for arena enhancement efforts can begin to seek a lucrative naming rights deal well beyond 2022.

The Carolina Hurricanes lease expires in 2024. Negotiations are underway now to extend the lease.

NC State has a lease through 2096.

Medium Projects/New Projects

Q10. Given the overall scope of projects that responded to the RFI and new projects that are in development – could increased funding be provided to support the Medium Projects process?

A10. Yes – with an extension into FY26 and a minor modification to the model, the Medium Projects fund could be increased from \$42.1 M to \$46.6 M. Additional increases to Medium Projects funds would require reductions to other recommendations.

Q11. How can the Dorothea Dix Project be accommodated in the funding plan?

A11. The Dorothea Dix Project or any other project not directly funded through the recommendations, may compete in any of the upcoming processes for the Indoor Sports Facility, Medium Projects or Small Projects.

Downtown South Project

Q12. What would it take to accommodate the Downtown South project?

A12. As submitted for funding consideration, the Downtown South project contemplates an annual funding need of \$13 million to be directed to a new public authority which would own and operate the newly proposed stadium within the Downtown South project. Funding for this concept is not recommended through this process. However, further exploration could be given to conducting a joint City/County feasibility study that would evaluate the public benefits of a stadium at Downtown South and further explore public/private funding opportunities for a project of this nature. Additionally, both the City and County have policies and programs in place that may be able to support the project. Below is a matrix that highlights some of the County's possible partnership areas based on the project scope as submitted to the City and County in July 2019.

**Wake County Programs with Potential Alignment
with Elements of Downtown South Project**

Project Element	Alignment with Board Goals & Policies	County Programs/ Approved Plans/ Policies	Alignment Areas	Likely Alignment
Soccer Stadium	Hospitality Tax Operating Principles	Hospitality Taxes Funding Processes	Aligns with legislatively allowed uses – sports, culture, arts, meetings	↔
Tax Base Growth/ Job Growth	Economic Strength (ES1, ES2, ES3)	Wake County Business Development Grant Policy; Wake County Project Development Financing Policy	New job creation, new private investment; increased tax value due to private investment	↔
Parks and Greenways	Growth & Sustainability (GS1)	Wake County Greenway System Plan; Park Facility Master Plan	Modify existing greenways within development area; create park within development	↓
Affordable Housing	Social & Economic Vitality (SEV1, SEV2)	Wake County Affordable Housing Plan	Leverage private investment to support affordable housing	↑
Transit	Growth & Sustainability (GS5)	Wake Transit Plan	Within Bus Rapid Transit Corridor	↑

Q13. What is potential opportunity for Shaw and St. Augustine's to use stadium for football games and/or other events?

A13. This question has had limited discussion and could be further explored through a feasibility study.

Q14. What is potential for land development along walnut creek corridor (from Centennial Campus to Neuse River Greenway)? What are opportunities for affordable housing, recreation and job creation within the corridor? What are potential greenway connections that could be created or improved through the Downtown south project (Walnut Creek and Rocky Branch)?

A14. Both the City and County have policies and programs in place that may be able to support these elements of the project or potential areas impacted by the project. These ideas can be further explored between the developers and City and County staff.

Q15. Stadium is listed at \$180M...is that a good number? Could it be less? Could they work with fewer seats to reduce the cost? What type of public/private structure could be created to increase private funding?

A15. These questions have not been evaluated by staff but could be further explored through a feasibility study.



Major Facilities Cash Flow Model: Revised 21st ILA Recommendation

	2018	2019	2019	2020	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals	Adopted Budget	Actuals as of June	Adopted Budget	21st ILA Manager Rec	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Economic Growth Assumptions																				
Occupancy Tax	6.34%	4.00%	11.77%	10.00%	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Prepared Food and Beverage Tax	5.80%	5.00%	5.87%	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Occupancy Taxes	26,240	26,810	29,328	30,019	30,501	30,501	31,721	32,990	33,980	34,999	36,049	37,131	38,245	39,392	40,574	41,791	43,045	44,336	45,666	47,036
Food and Beverage Taxes	29,244	30,505	30,961	32,241	32,509	32,509	34,135	35,841	37,275	38,766	40,317	41,929	43,607	45,351	47,165	49,052	51,014	53,054	55,176	57,383
Total Sources	55,734	57,315	60,289	62,260	63,010	63,010	65,856	68,832	71,255	73,765	76,366	79,060	81,851	84,743	87,739	90,842	94,058	97,390	100,842	104,419
Section 1 - Admininstration , Holdbacks, and Debt Service																				
Occupancy Taxes Administration and Collection	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650
Food and Beverage Taxes Administration and Collection	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750
City of Raleigh Holdback	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680
Greater Raleigh Convention & Visitors Bureau	6,584	6,787	7,417	7,589	7,710	7,710	8,015	8,332	8,580	8,835	9,097	9,367	9,646	9,933	10,228	10,532	10,846	11,169	11,501	11,844
Town of Cary Hold Harmless	1,267	1,308	1,434	1,468	1,493	1,493	1,554	1,617	1,666	1,717	1,770	1,824	1,880	1,937	1,996	2,057	2,120	2,184	2,251	2,319
Wake Technical Community College	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Centennial Authority	3,212	3,347	3,503	3,626	3,669	3,669	3,842	4,024	4,173	4,327	4,487	4,653	4,825	5,003	5,188	5,380	5,578	5,785	5,998	6,220
Performing Arts Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNC (formerly RBC) Debt Service	5,209	5,208	5,208	868	868	868	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNC Maintenance	2,500	2,000	2,000	5,000	5,000	5,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Raleigh	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Wake County	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PNC Debt Service							8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Indoor Sports							2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360
Medium Competitive Projects Cash Funding							3,140	3,140	3,140	3,140	3,140									
Planned Future Capacity												3,140	3,140	3,140	3,140	3,140	3,140	3,140	3,140	3,140
Subtotal: Admin, Holdbacks, and Debt Service	22,852	22,731	23,642	22,632	22,819	22,819	32,991	31,553	31,999	32,459	32,934	33,424	33,930	34,453	34,992	35,549	36,124	36,718	37,330	37,963
Section 2 - 85% Projects: Raleigh Convention Center Complex																				
Amount for Distribution	32,780	34,584	36,648	39,628	40,191	40,191	32,865	37,279	39,256	41,306	43,432	45,636	47,921	50,290	52,746	55,293	57,934	60,672	63,512	66,456
Percent Allocated to Raleigh Convention Center	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Gross Allocation	27,863	29,396	31,151	33,684	34,163	34,163	27,935	31,687	33,368	35,110	36,917	38,790	40,733	42,746	44,834	46,999	49,244	51,572	53,985	56,488
City of Raleigh Contribution for Mediium Projects					(4,400)	(4,400)	(4,400)	(4,400)	(4,400)	(4,400)										
Subtotal: Payments to Raleigh Convention Center	27,863	29,396	31,151	33,684	29,763	29,763	23,535	27,287	28,968	30,710	36,917	38,790	40,733	42,746	44,834	46,999	49,244	51,572	53,985	56,488



Major Facilities Cash Flow Model: Revised 21st ILA Recommendation

	2018	2019	2019	2020	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals	Adopted Budget	Actuals as of June	Adopted Budget	21st ILA Manager Rec	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Section 3 - 15% Projects: Other Joint Projects and Agreements																				
Cary Sports Facilities	2,600	2,000	2,000		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Competitive Projects - Small	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Competitive Projects - Medium																				
Medium Competitive Projects Cash Funding (Section 1)						-	3,140	3,140	3,140	3,140	3,140									
Medium Competitive Projects (Section 3)					4,400	4,400	4,400	4,400	4,400	4,400	4,400									
Subtotal Medium Competitive Projects						4,400	7,540	7,540	7,540	7,540	7,540									
Subtotal: 15% Projects / Other Agreements	4,600	4,000	4,000	2,000	9,400	9,400	9,400	9,400	9,400	9,400	9,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
				-																
Total Uses	55,315	56,127	58,792	58,316	61,982	61,982	65,926	68,240	70,367	72,569	79,251	77,215	79,663	82,199	84,827	87,548	90,368	93,289	96,316	99,451
Total Uses Over (or Under) Total Sources	419	1,188	1,497	3,944	1,029	1,029	(70)	592	888	1,196	(2,885)	1,845	2,188	2,543	2,912	3,294	3,690	4,101	4,527	4,968
Section4: Fund Balance																				
Beginning Fund Balance	2,455	2,717	2,873	4,290	4,371	4,371	5,399	5,329	5,921	6,809	8,005	5,120	6,965	9,154	11,697	14,609	17,903	21,593	25,694	30,221
Increase In Uncommitted Funds	419	1,188	1,497	3,944	1,029	1,029	-	592	888	1,196	-	1,845	2,188	2,543	2,912	3,294	3,690	4,101	4,527	4,968
Use of Uncommitted Funds	-	-	-		-	-	(70)	-	-	-	(2,885)	-	-	-	-	-	-	-	-	-
Ending Fund Balance	2,873	3,905	4,371	8,234	5,399	5,399	5,329	5,921	6,809	8,005	5,120	6,965	9,154	11,697	14,609	17,903	21,593	25,694	30,221	35,189
					-															
Minimum Fund Balance Guideline	2,000	1,000	4,700	1,000	4,700	4,700	4,700	4,700	4,700	4,700	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Excess Fund Balance (Capacity)	873	2,905	(329)	7,234	699	699	629	1,221	2,109	3,305	2,620	4,465	6,654	9,197	12,109	15,403	19,093	23,194	27,721	32,689



City of Raleigh, North Carolina
Convention Center Complex Financing Plan
Projected Financing Plan thru 06/30/19 (Projections as of April 2019)
Interlocal Agreement (ILA) 21
With May Distributions

Fiscal Year	85% of Uncommitted Funds/Annual Revenues	Current Debt Service Raleigh Convention Center (RCC)	Planned Future Capacity Music Venue Debt Service	Planned Future Capacity Convention Center Expansion Debt Service	Planned Future Capacity Parking / Infrastructure Debt Service	Total Debt Service	RCC Operating Subsidy	Business Development Fund	RCC Capital Maintenance Plan	PAC Capital Maintenance Plan	RCC Optimiztion & Land Acquisition	Contribution to Medium Projects	Interest Income @ 3%	Revenues Over (Under) Expenditures	Ending Fund Balance
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
6/30/2019	31,151	18,475				18,475	3,393	600	2,709	500			1,380	6,854	52,847
6/30/2020	34,163	18,476				18,476	3,562	600	3,000	1,000	15,000	4,400	1,585	(10,290)	42,557
6/30/2021	27,935	18,473				18,473	3,741	600	3,000	1,000	5,000	4,400	1,277	(7,001)	35,555
6/30/2022	31,687	18,472				18,472	3,928	600	3,200	1,000		4,400	1,067	1,153	36,709
6/30/2023	33,368	18,475			2,200	20,675	4,124	600	3,200	1,000		4,400	1,101	470	37,178
6/30/2024	35,110	18,475			2,200	20,675	4,330	600	3,200	1,000		4,400	1,115	2,021	39,199
6/30/2025	36,917	18,471	2,575		2,200	23,246	4,547	600	3,200	1,000			1,176	5,501	44,700
6/30/2026	38,790	18,475	2,575		2,200	23,250	4,774	600	3,200	1,000			1,341	7,308	52,008
6/30/2027	40,733	18,473	2,575		2,200	23,248	5,013	600	3,200	1,000			1,560	9,232	61,239
6/30/2028	42,746	18,473	2,575	15,000	2,200	38,248	5,263	600	3,200	1,000			1,837	(3,728)	57,512
6/30/2029	44,834	18,475	2,575	15,000	2,200	38,250	5,527	600	3,200	1,000			1,725	(2,017)	55,495
6/30/2030	46,999	18,478	2,575	15,000	2,200	38,253	5,803	600	3,200	1,000			1,665	(191)	55,304
6/30/2031	49,244	20,875	2,575	15,000	2,200	40,650	6,093	600	3,200	1,000			1,659	(640)	54,663
6/30/2032	51,572	20,860	2,575	15,000	2,200	40,635	6,398	600	3,200	1,000			1,640	1,379	56,042
6/30/2033	53,985	20,846	2,575	15,000	2,200	40,621	6,718	600	3,200	1,000			1,681	3,528	59,570
6/30/2034	56,488	20,824	2,575	15,000	2,200	40,599	7,053	600	3,200	1,000			1,787	5,822	65,392



Major Facilities Cash Flow Model: Revised 21st ILA Recommendation - Alternate Option

	2018	2019	2019	2020	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals	Adopted Budget	Actuals as of June	Adopted Budget	21st ILA Manager Rec	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Economic Growth Assumptions																				
Occupancy Tax	6.34%	4.00%	11.77%	10.00%	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Prepared Food and Beverage Tax	5.80%	5.00%	5.87%	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Occupancy Taxes	26,240	26,810	29,328	30,019	30,501	30,501	31,721	32,990	33,980	34,999	36,049	37,131	38,245	39,392	40,574	41,791	43,045	44,336	45,666	47,036
Food and Beverage Taxes	29,244	30,505	30,961	32,241	32,509	32,509	34,135	35,841	37,275	38,766	40,317	41,929	43,607	45,351	47,165	49,052	51,014	53,054	55,176	57,383
Total Sources	55,734	57,315	60,289	62,260	63,010	63,010	65,856	68,832	71,255	73,765	76,366	79,060	81,851	84,743	87,739	90,842	94,058	97,390	100,842	104,419
Section 1 - Admininstration , Holdbacks, and Debt Service																				
Occupancy Taxes Administration and Collection	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650
Food and Beverage Taxes Administration and Collection	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750
City of Raleigh Holdback	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680
Greater Raleigh Convention & Visitors Bureau	6,584	6,787	7,417	7,589	7,710	7,710	8,015	8,332	8,580	8,835	9,097	9,367	9,646	9,933	10,228	10,532	10,846	11,169	11,501	11,844
Town of Cary Hold Harmless	1,267	1,308	1,434	1,468	1,493	1,493	1,554	1,617	1,666	1,717	1,770	1,824	1,880	1,937	1,996	2,057	2,120	2,184	2,251	2,319
Wake Technical Community College	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Centennial Authority	3,212	3,347	3,503	3,626	3,669	3,669	3,842	4,024	4,173	4,327	4,487	4,653	4,825	5,003	5,188	5,380	5,578	5,785	5,998	6,220
Performing Arts Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNC (formerly RBC) Debt Service	5,209	5,208	5,208	868	868	868	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNC Maintenance	2,500	2,000	2,000	5,000	5,000	5,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Raleigh	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Wake County	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PNC Debt Service							9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Indoor Sports							2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360
Medium Competitive Projects Cash Funding							3,140	3,140	3,140	3,140	3,140									
Planned Future Capacity												3,140	3,140	3,140	3,140	3,140	3,140	3,140	3,140	3,140
Subtotal: Admin, Holdbacks, and Debt Service	22,852	22,731	23,642	22,632	22,819	22,819	33,991	32,553	32,999	33,459	33,934	34,424	34,930	35,453	35,992	36,549	37,124	37,718	38,330	38,963
Section 2 - 85% Projects: Raleigh Convention Center Complex																				
Amount for Distribution	32,780	34,584	36,648	39,628	40,191	40,191	31,865	36,279	38,256	40,306	42,432	44,636	46,921	49,290	51,746	54,293	56,934	59,672	62,512	65,456
Percent Allocated to Raleigh Convention Center	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Gross Allocation	27,863	29,396	31,151	33,684	34,163	34,163	27,085	30,837	32,518	34,260	36,067	37,940	39,883	41,896	43,984	46,149	48,394	50,722	53,135	55,638
City of Raleigh Contribution for Mediium Projects					(5,400)	(5,400)	(4,400)	(4,400)	(4,400)	(4,400)										
Subtotal: Payments to Raleigh Convention Center	27,863	29,396	31,151	33,684	28,763	28,763	22,685	26,437	28,118	29,860	36,067	37,940	39,883	41,896	43,984	46,149	48,394	50,722	53,135	55,638



Major Facilities Cash Flow Model: Revised 21st ILA Recommendation - Alternate Option

	2018	2019	2019	2020	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals	Adopted Budget	Actuals as of June	Adopted Budget	21st ILA Manager Rec	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Section 3 - 15% Projects: Other Joint Projects and Agreements																				
Cary Sports Facilities	2,600	2,000	2,000		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Competitive Projects - Small	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Competitive Projects - Medium																				
Medium Competitive Projects Cash Funding (Section 1)						-	3,140	3,140	3,140	3,140	3,140									
Medium Competitive Projects (Section 3)					5,400	5,400	4,400	4,400	4,400	4,400	4,400	3,500								
Subtotal Medium Competitive Projects						5,400	7,540	7,540	7,540	7,540	7,540	3,500								
Subtotal: 15% Projects / Other Agreements	4,600	4,000	4,000	2,000	10,400	10,400	9,400	9,400	9,400	9,400	9,400	8,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
				-																
Total Uses	55,315	56,127	58,792	58,316	61,982	61,982	66,076	68,390	70,517	72,719	79,401	80,865	79,813	82,349	84,977	87,698	90,518	93,439	96,466	99,601
Total Uses Over (or Under) Total Sources	419	1,188	1,497	3,944	1,029	1,029	(220)	442	738	1,046	(3,035)	(1,805)	2,038	2,393	2,762	3,144	3,540	3,951	4,377	4,818
Section4: Fund Balance																				
Beginning Fund Balance	2,455	2,717	2,873	4,290	4,371	4,371	5,399	5,179	5,621	6,359	7,405	4,370	2,565	4,604	6,997	9,759	12,903	16,443	20,394	24,771
Increase In Uncommitted Funds	419	1,188	1,497	3,944	1,029	1,029	-	442	738	1,046	-	-	2,038	2,393	2,762	3,144	3,540	3,951	4,377	4,818
Use of Uncommitted Funds	-	-	-		-	-	(220)	-	-	-	(3,035)	(1,805)	-	-	-	-	-	-	-	-
Ending Fund Balance	2,873	3,905	4,371	8,234	5,399	5,399	5,179	5,621	6,359	7,405	4,370	2,565	4,604	6,997	9,759	12,903	16,443	20,394	24,771	29,589
					-															
Minimum Fund Balance Guideline	2,000	1,000	5,200	1,000	4,700	4,700	4,700	4,700	4,700	4,700	4,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Excess Fund Balance (Capacity)	873	2,905	(829)	7,234	699	699	479	921	1,659	2,705	120	65	2,104	4,497	7,259	10,403	13,943	17,894	22,271	27,089



City of Raleigh, North Carolina
Convention Center Complex Financing Plan
Projected Financing Plan thru 06/30/19 (Projections as of April 2019)
Interlocal Agreement (ILA) 21 - Alternative Proposal
With June Distributions

Fiscal Year	85% of Uncommitted Funds/Annual Revenues	Current Debt Service Raleigh Convention Center (RCC)	Planned Future Capacity Music Venue Debt Service	Planned Future Capacity Convention Center Expansion Debt Service	Planned Future Capacity Parking / Infrastructure Debt Service	Total Debt Service	RCC Operating Subsidy	Business Development Fund	RCC Capital Maintenance Plan	PAC Capital Maintenance Plan	RCC Optimiztion & Land Acquisition	Contribution to Medium Projects	Interest Income @ 3%	Revenues Over (Under) Expenditures	Ending Fund Balance
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
6/30/2019	31,151	18,475				18,475	3,393	600	2,709	500			1,380	6,854	52,847
6/30/2020	34,163	18,476				18,476	3,562	600	3,000	1,000	14,000	5,400	1,585	(10,290)	42,557
6/30/2021	27,085	18,473				18,473	3,741	600	3,000	1,000	5,000	4,400	1,277	(7,851)	34,705
6/30/2022	30,837	18,472				18,472	3,928	600	3,200	1,000		4,400	1,041	278	34,983
6/30/2023	32,518	18,475			2,200	20,675	4,124	600	3,200	1,000		4,400	1,049	(432)	34,551
6/30/2024	34,260	18,475			2,200	20,675	4,330	600	3,200	1,000		4,400	1,037	1,092	35,643
6/30/2025	36,067	18,471	2,575		2,200	23,246	4,547	600	3,200	1,000			1,069	4,544	40,187
6/30/2026	37,940	18,475	2,575		2,200	23,250	4,774	600	3,200	1,000			1,206	6,323	46,509
6/30/2027	39,883	18,473	2,575		2,200	23,248	5,013	600	3,200	1,000			1,395	8,217	54,726
6/30/2028	41,896	18,473	2,575	15,000	2,200	38,248	5,263	600	3,200	1,000			1,642	(4,773)	49,953
6/30/2029	43,984	18,475	2,575	15,000	2,200	38,250	5,527	600	3,200	1,000			1,499	(3,094)	46,860
6/30/2030	46,149	18,478	2,575	15,000	2,200	38,253	5,803	600	3,200	1,000			1,406	(1,300)	45,559
6/30/2031	48,394	20,875	2,575	15,000	2,200	40,650	6,093	600	3,200	1,000			1,367	(1,783)	43,777
6/30/2032	50,722	20,860	2,575	15,000	2,200	40,635	6,398	600	3,200	1,000			1,313	202	43,979
6/30/2033	53,135	20,846	2,575	15,000	2,200	40,621	6,718	600	3,200	1,000			1,319	2,316	46,295
6/30/2034	55,638	20,824	2,575	15,000	2,200	40,599	7,053	600	3,200	1,000			1,389	4,574	50,869

DATE: July 16, 2019

TO: Wake County Board of Commissioners and Raleigh City Council

FROM: Dan Freeland, Chair, Greater Raleigh Convention & Visitors Bureau

CC: David Ellis and Ruffin Hall

The Greater Raleigh Convention & Visitors Bureau would like to thank the City of Raleigh and Wake County Managers, along with their staff, for the countless hours they have spent to determine the best use of future funding of the hotel occupancy and prepared food & beverage taxes, otherwise known as the interlocal funds.

They incorporated a process which was approved by the Raleigh City Council and the Wake County Board of Commissioners, which included following the hospitality tax operating principles and practices and were created with input from stakeholders throughout the county. We also appreciate the fact that they conducted a number of stakeholder meetings for community discussion and to learn of projects and potential requests for the use of the funds.

Given the limited amount of funds available, the GRCVB Board of Directors is in agreement with and supportive of the managers' recommendations. We believe their conclusions are consistent with the priorities of the Wake County Destination Strategic Plan, which was completed just last year. These projects will best drive significant overnight visitation and generate even more hotel and prepared food & beverage taxes, which will ultimately allow us to fund even more projects in the future.





OFFICE OF THE MAYOR

TOWN of CARY

P.O. Box 8005
316 North Academy Street
Cary, NC 27512-8005
tel: 919-469-4011
fax 919-460-4910
www.townofcary.org

July 16, 2019

The Honorable Jessica Holmes, Chair
Wake County Board of Commissioners
PO Box 555
Raleigh, NC 27602

The Honorable Nancy McFarlane, Mayor
City of Raleigh
222 West Hargett Street
Raleigh, NC 27601

Dear Chair Holmes and Mayor McFarlane:

On behalf of the entire Cary Town Council and the nearly 170,000 people who call Cary home, I want to open by thanking you for creating a thoughtful and fair process for distributing our county's Occupancy and Prepared Foods and Beverage Tax proceeds, and I want to encourage you to follow the process to its conclusion.

Like most in our area, we are aware of the very exciting vision for a downtown Raleigh soccer stadium and mixed used development recently announced by the NCFC/Kane Realty partnership. Cary enjoys a long relationship with the NCFC, and growth in their program could be of great benefit to our area. Therefore, we fully support your comprehensive evaluation of their complete proposal once in hand and following your decision-making on the currently recommended allocation.

In my 2016 letter to you, Mayor McFarlane, and then Chair West, I said that the Town believed a new distribution model needed to be investigated for the future as revenues continued to increase faster than inflation. Our hope was to establish a fair, balanced, and holistic plan that would help all communities develop new projects as well as maintain existing facilities that contribute to the region's success.

This is exactly what you have accomplished with the current process, and, in doing so, have also facilitated even stronger, more collaborative relationships among us all.

In closing, the Town of Cary supports the recommended plan that resulted from this year's process – including but not limited to the proposed maintenance funding for Cary venues as well as the possible creation of a new recreation venue in Wake County. We are excited about the future and the opportunity to continue enhancing the region's overall economic success.

Sincerely,

Harold Weinbrecht, Jr.
Mayor

Cc: Wake County Manager David Ellis
City of Raleigh Manager Ruffin L Hall
GRVCB President Denny Edwards

CENTENNIAL AUTHORITY



August 7, 2019

David Ellis, County Manager
P.O. Box 550
Raleigh, NC 27602

Dear David,

As you get closer to making decisions regarding future use of Wake County Hospitality Tax funds, I want to clearly define the Centennial Authority's intentions for enhancements to PNC Arena.

PNC Arena renovation plans are designed with two goals in mind:

- To create opportunities for more events to come to Wake County
- Remain a world-class economic engine the region can be proud of

PNC Arena renovation does not increase seating, but instead adds to the venue's capabilities. It will increase the number of annual events – both public and private – that can be held here. True to our original mandate, enhancement will add to the more than \$250 million annual economic impact estimated for Wake County alone.

The Centennial Authority believes, and the recent JLL Study/Wake County Destination Strategic Plan confirms, there is an opportunity to create further synergies with the Raleigh Convention Center and the Greater Raleigh Convention and Visitors Bureau to pursue conventions with 5,000+ attendees that have a need for an arena. Many of the upgrades envisioned have that goal in mind.

Competition for events such as the NCAA Basketball Men's and Women's Tournaments (which combined have been hosted here five times in 20 years) is stronger than ever given the number of venues able to host these large, multi-day programs. The same holds true for major touring concerts and family shows. Live performances have replaced recording sales as the main source of income for artists. Raleigh competes with arenas not only in Greensboro and Charlotte, but also Charlottesville, VA, Columbia, Greenville and North Charleston, SC. New arenas are being discussed for nearby Richmond and Virginia Beach as well as renovations or replacement for the Smith Center in Chapel Hill – once the dominate arena for major concerts in the Triangle before PNC Arena.

This is an expansion where the majority of the funds will be used for upgrades to enhance revenue and employment opportunities as well as meet the demands of touring shows and special events. Thanks to Interlocal funding, the Centennial Authority has made the necessary investments in mechanical, electrical, plumbing, and finishes which are essential to keeping a facility like PNC Arena running. The Authority does this with the aid of a Capital Expense plan created by third party experts. This CapEx plan

– updated every five years since 2006 – is a 25-year look at critical needs allowing thoughtful, prudent infrastructure and fan experience investments in PNC Arena on an annual basis.

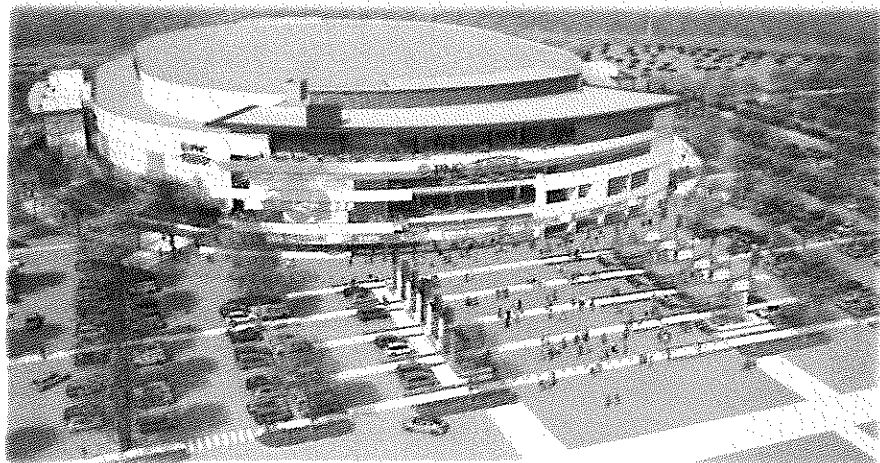
The enhancement plan for PNC Arena encompasses several key components with estimated construction costs listed below.

South Enhancements	\$53 million
North Enhancements	\$34 million
East/West Enhancements	\$11 million
General Concourse Upgrades	\$7.6 million
Backstage Renovations	\$1.2 million
Main Concourse Quad Concessions	\$2 million
Club Concourse Suite Renovations	\$3 million
East/West Lobby and Priority Lounge	\$5 million
East/West Club Concourse Concessions	\$1 million
Club Concourse Overlooks	\$1.2 million
<u>Upper Concourse Quad Concessions</u>	<u>\$1 million</u>
Total	\$120 million

These figures are for estimated construction costs only. Furniture, fixtures and other equipment in addition to design and engineering fees would add upwards of 25% to the construction total.

The two most visible areas of improvement will be to the South and North Ends of PNC Arena. It is important to note that RATIO/HOK thoughtfully considered limited resources in their visioning plans. Their vision leans heavily on renovating existing space over significant square footage additions. As

such, the arena's South End (considered the arena's front door facing Carter-Finley Stadium) will see dramatic improvement. To make this possible, staff currently working on two floors will be relocated to new space in the North End (the loading dock area). The North End enhancement will be created on top an existing patio area which was



engineered to hold such space when originally designed in the late 1990s. The new North End area is designed to solve a nagging storage issue as well as provide much needed check-in and locker room space for the up to 850 event night part-time staff.

SOUTH END ENHANCEMENTS

\$53,000,000



- *Roof-top restaurant and meeting space*
- *Increased Arena Club capacity with seating for more 500 – up from current maximum seated capacity of 344.*
- *Creation of reception/stand-up/flex space for up to 500 (receptions for touring shows / NCAA / other special events)*
- *Creation of an open lobby with views from entry doors to the arena bowl*
- *Expanded retail space*
- *Relocation and improvement to ticketing and guest services*
- *Enhanced non-event/off-hours arena entrance*

With these improvements, PNC Arena can create additional revenue and fan experience opportunities and attract more outdoor events. The demand for concert and family show pre-functions will be met. Running and cycling events such as the Rock and Roll Marathon and Ironman competition could return to the area utilizing new spaces combined with our landscaped parking area. Further, with new space, PNC Arena will be able to coordinate with NC State University for football and special events at Carter-Finley Stadium. Currently, the arena's interior is used only for restrooms and weather refuge when events take place at the stadium.



Keep in mind most concerts and family shows are staged in the arena bowl's North End. The enhancement vision takes this into account as well as the South End being essentially PNC Arena's front door.

NORTH END OFFICE AND PART-TIME STAFF ADDITION AND RENOVATION

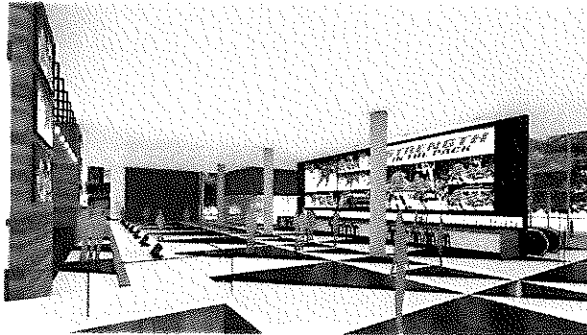
\$34,000,000



- *Two-story addition with offices for arena and Hurricanes staff*
- *Expansion of part-time/event day staff check-in and locker room*
- *Creation of climate-controlled storage space (currently off-site)*
- *Security upgrades*

EAST & WEST ENTRANCES AND PRIORITY LOUNGE RENOVATIONS

\$16,000,000



- *Renovation to the Priority Lounge areas and adjacent concourses and lobby spaces*
- *Creates new food & beverage stations*
- *Updates entrances and plazas to conform with other structural changes*
- *Creates rentable space for receptions and trade shows*

MAIN CONCOURSE QUAD CONCESSIONS

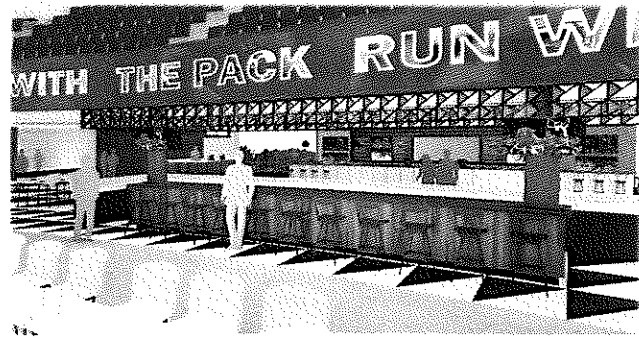
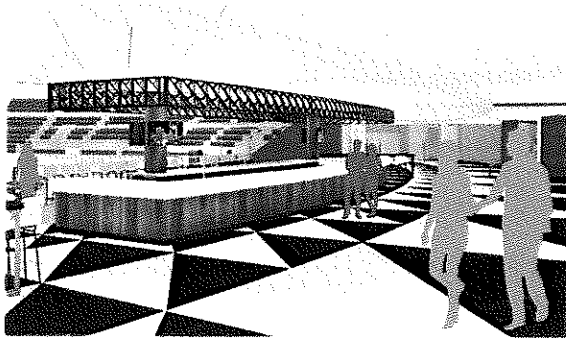
\$2,000,000



- *Creation of two open concession spaces by removing redundant staircases on the South End*
- *Reconfigure curtain wall to allow for "garage doors" to open for hosting indoor/outdoor events*

UPPER LEVEL QUAD CONCESSIONS

\$1,000,000



- *Creation of two concessions/standing room spaces opening bowl views from concourse on the South End*

EAST & WEST CLUB CONCOURSE CONCESSIONS

\$1,000,000

- *Refresh of concession areas on the arena's second level to conform with changes in both the first and third levels*

EAST & WEST CLUB CONCOURSE OVERLOOKS

\$1,200,000

- *Refreshes current spaces to conform with changes happening around them*
- *Creates spaces which could be used for small meetings on non-event days*

GENERAL CONCOURSE UPGRADES

\$7,600,000

- *Refresh design of all areas not affected by other renovation efforts*
- *Includes refresh of signage/wayfinding*

SUITE RENOVATIONS

\$3,000,000

- *Complete renovation to 40 club level suites*
- *Includes select conversions to high demand Loge boxes*

BACKSTAGE RENOVATIONS

\$1,200,000

- *Upgrades to artist dressing rooms, green room, and visiting hockey locker room*
- *Larger security area*

The vision presented to you has been five years in the making. Input has come from a diverse array of stakeholders, the experience of other venues, and lessons learned from 20 years of operation. The PNC Arena enhancement will take the facility well into the next 20 years and continue to be a place the area can be proud of.

I am happy to answer any questions you may have.

Sincerely,

Thomas A. McCormick, Chairman

CC: Raleigh City Council
Wake County Commissioners
Ruffin L. Hall, City Manager
David Ellis, Wake County Manager

From: Joe Durham and Associates LLC <jdurham@joedurhamassociates.com>
Date: July 17, 2019 at 9:54:59 AM EDT
Subject: Interlocal Process Support
To: McFarlane, Nancy <Nancy.McFarlane@raleighnc.gov>, Stephenson, Russ <Russell.Stephenson@raleighnc.gov>, Stewart, Nicole <Nicole.Stewart@raleighnc.gov>, Thompson, Dickie <Richard.Thompson@raleighnc.gov>, Cox, David <David.Cox@raleighnc.gov>, Branch, Corey <Corey.Branch@raleighnc.gov>, Crowder, Kay <Kay.Crowder@raleighnc.gov>, Mendell, Stef <stef.mendell@raleighnc.gov>
Cc: Hall, Ruffin <Ruffin.Hall@raleighnc.gov>, Greene, Jim <jim.greene@raleighnc.gov>, Painter, Kerry <Kerry.Painter@raleighnc.gov>

Raleigh Mayor and City Council

The City of Raleigh has experienced tremendous success at its Convention and Performing Arts Center. The Raleigh Convention Center, Performing Arts Center and Red Hat Amphitheater have a collective economic impact of over \$530 million and \$53 million in local and state government taxes over the last 10 years. In addition, since 2008 when the new Convention Center opened these venues have contributed to a 71% increase in hospitality tax collections building a solid base for future investment in our community .

We are aware that the City of Raleigh and Wake County are at end of the Interlocal (Room /Food Tax) review process. While we would prefer an accelerated allocation of funds, on behalf of the Raleigh Convention and Performing Arts Centers Authority we fully support and endorse the recommendations from the Managers for continued investment in the Convention Center and Performing Arts venues. The recommendations offered represent a continued investment in this verified economic generator for Raleigh and Wake County. We encourage your support for the Manager's recommendation as you continue your deliberations.

We appreciate your support and your great service to this community.

Joe Durham, Chairman
Raleigh Convention and Performing Arts Centers Authority

Joe Durham

Joe Durham and Associates LLC.
jdurham@joedurhamassociates.com
www.joedurhamandassociates.com
Office 800-332-0724
Mobile 919-215-1064

Wake County Hospitality Alliance



June 28, 2019

From: Wake County Hospitality Alliance (WCHA)
Cyndi Tomblin, Director
On behalf of WCHA Members

Re: Response to Hospitality Tax City/County Managers Recommendations presented
June 19, 2019

Denise & Jim,

The Wake County Hospitality Alliance appreciates the efforts of the City and County staff to communicate with the stakeholder group during this Interlocal Review. You requested for stakeholders to review the Managers' recommendations and provide feedback prior to the presentations to the elected boards next month.

Attached are comments from WCHA regarding the Manager recommended revisions to the Major Facilities Cash Flow Model and the Convention Center Complex Financing Plan presented on June 19, 2019. In general we support the proposal and feel that it accomplishes the goals of the Hospitality taxes and helps achieve the objectives outlined in the Destination Strategic Plan. We support continuing the 85/15 split for the Section 2 & 3 expenses and reserving capacity for the expansion of the Convention Center, although we would like to see a more aggressive timeline for its optimization and expansion. We see taking care of existing facilities as a priority so we support the inclusion of CapEx funding for the Convention Center, Performing Arts Center and Cary Sports Facilities. We also support the proposed funding of the PNC enhancement, conditional upon a concurrent lease with a major tenant. We see the Indoor Sports Facility as an important piece of the DSP and are pleased to see that matching funding to develop such facility is a part of this recommendation. We also know there are Medium Projects which will fulfill the goals of these taxes and we support this new allocation of funds and a competitive process to award those funds. This should be through a process similar to the current Small Projects fund, which we also support continuing at the current level.

We feel that these recommendations fulfill our overall objective of investing hospitality tax dollars in assets that generate additional, measurable overnight visitation in order to continue the growth of this source of funding. I hope that you will review the attached comments and contact us if you have any questions as well as forward to Managers Ellis & Hall.

Revenue Recommendations			
	2020-2022	2023 & after	WCHA Comments
Occupancy Tax	4% annual increase	3% annual increase	
Prepared F&B Tax	5% annual increase	4% annual increase	

Section 1 Recommendations			
	Funding Level	Timing	WCHA Comments
PNC Arena Enhancement	\$8M annually (leverages \$115 debt)	Start FY21 (assumes 25-year debt)	This should be contingent on a lease with a major tenant throughout term of the funding and the 21st amendment should clearly express not extending the PILOT beyond its current expiration date.
Indoor Sports Facility	\$2.36M annually (leverage \$35M debt)	Start FY21 (assumes 25 year debt)	We agree with the JLL recommendation that this facility is an important part of our DSP and we support contributing these matching funds to help develop this facility.
Medium Projects	\$3.14M annually (\$15.7M cash)	FY20 – FY25	See note on Medium Projects

Section 2 Recommendations			
	Funding Level	Timing	WCHA Comments
Business Development Fund	\$.6M annually (continue current amount)	FY20 – FY34	This amount is sufficient for the short term but we support increasing the amount over time & with the expansion of the Convention Center. We also support the addition of a funding mechanism to secure/create signature events as recommended in the DSP.
Raleigh Performing Arts Center Maintenance	\$1M annually (increase of \$500k)	FY20 – FY34	We support use of these funds to continue to assist Raleigh in maintaining these facilities
Raleigh Convention Center Maintenance	\$3M/\$3.2M annually (increase of ~\$300k)	FY20 – FY34	We continue to support funding the Convention Center CapEx program at 95% of the plan amount.
Medium Projects Transfer	\$4.4M annually (total transfer = \$22M)	FY20 – FY24	See note on Medium Projects
Raleigh Convention Center (RCC) Optimization	\$5M	FY21	We would like to see a more aggressive timeline in implementing optimization of the Convention Center
Raleigh Land Acquisition for RCC Complex	\$15M	FY20	We support this acquisition of land so the planning process can move forward
Raleigh Parking/Infrastructure for RCC Complex	Est. \$2.2M annually (leverages \$30M debt)	Est. start FY23 (assumes 25-year debt)	We would like to see a more aggressive timeline on having the infrastructure in place for the RCC complex expansion
Raleigh Music Venue Relocation	Est. \$2.575M annually (leverages \$33.5M debt)	Est. start FY25 (assumes 20-year debt)	This facility is an important part of the Downtown Raleigh visitor & tourism ecosystem and we support keeping this venue in operations in downtown, to include Dix Park, during and after the convention center expansion.
RCC Expansion	Est. \$15M annually (leverages \$230M debt)	Est. start FY28 (assumes 30-year debt)	We would like to see a more aggressive timeline on the expansion of the Convention Center

Section 3 Recommendations			
	Funding Level	Timing	WCHA Comments
Town of Cary Sports Facilities Capital Maintenance	\$3M annually	FY20 – FY34	We support maintaining the Cary Sports Facilities with these funds
Medium Projects	\$4.4M annually (All sections total \$42.1M)	FY20 – FY25	See note on Medium Projects
Small Projects	\$2M annually (no change)	FY20 – FY34	We support maintaining this fund at the current amount

Medium Projects Fund: We support the creation of this fund to allow for other projects to be considered for approval by both the City and County. The competitive process should follow a similar process to the small projects fund for the County. Approved projects need to conform to the Principles and the funding agreement should be tied to performance measures including visitation & ROI of Hospitality Taxes contributed to the project.

We support continuing the 85/15 percent split between Section 2 and Section 3 expenses