

Hospitality Tax City/County Manager Recommendations
June 19, 2019

I. Revenues:

Occupancy Tax – 4% 2020 – 2022; 3% thereafter

Prepared Food and Beverage Tax – 5% 2020 – 2022; 4% thereafter

II. Expenses:

| Section 1 Recommendations | | | |
|---|--|---|---|
| | Funding Level | Timing | Other |
| PNC Arena Enhancement | \$8M annually (leverages \$115 debt) | Start FY21 (assumes 25-year debt) | Can support capital/operating |
| Indoor Sports Facility | \$2.36M annually (leverage \$35M debt) | Start FY21 (assumes 25 year debt) | Conduct competitive process |
| Medium Projects | \$3.14M annually (\$15.7M cash) | FY20 – FY25 | Combine with funds from Sec 2 and Sec 3 – conduct competitive process |
| Section 2 Recommendations | | | |
| | Funding Level | Timing | Other |
| Business Development Fund | \$.6M annually (continue current amount) | FY20 – FY34 | Extends current commitment through model |
| Raleigh Performing Arts Center Maintenance | \$1M annually (increase of \$500k) | FY20 – FY34 | Approx. 50% CapEx |
| Raleigh Convention Center Maintenance | \$3M/\$3.2M annually (increase of ~\$300k) | FY20 – FY34 | Approx. 95% CapEx |
| Medium Projects Transfer | \$4.4M annually (total transfer = \$22M) | FY20 – FY24 | Funds transfer to Sec 3 – conduct competitive process |
| Raleigh Convention Center (RCC) Optimization | \$5M | FY21 | Use cash |
| Raleigh Land Acquisition for RCC Complex | \$15M | FY20 | Use cash |
| Raleigh Parking/ Infrastructure for RCC Complex | Est. \$2.2M annually (leverages \$30M debt) | Est. start FY23 (assumes 25-year debt) | Not to exceed estimate |
| Raleigh Music Venue Relocation | Est. \$2.575M annually (leverages \$33.5M debt) | Est. start FY25 (assumes 20-year debt) | Planned not committed |
| RCC Expansion | Est. \$15M annually (leverages \$230M debt) | Est. start FY28 (assumes 30-year debt) | Planned not committed |
| Section 3 Recommendations | | | |
| | Funding Level | Timing | Other |
| Town of Cary Sports Facilities Capital Maintenance | \$3M annually | FY20 – FY34 | Approx. 75% CapEx |
| Medium Projects | \$4.4M annually (All sections total \$42.1M) | FY20 – FY25 | Conduct competitive process Fall 2019/Winter 2020 |
| Small Projects | \$2M annually (no change) | FY20 – FY34 | Conduct competitive process Fall 2019/Winter 2020 |

III. Next review: Complete by July 1, 2022