



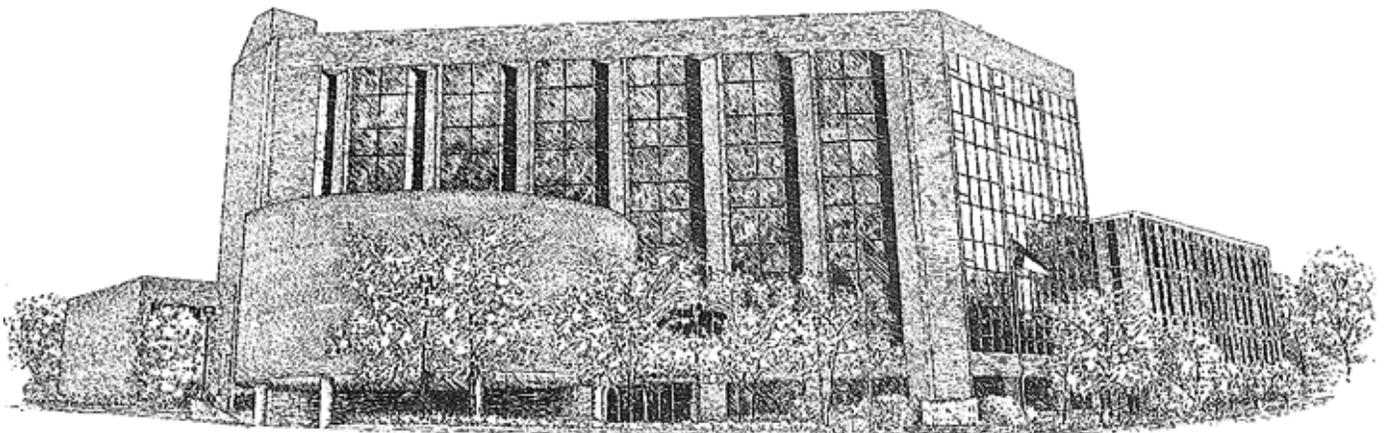
# Official Agenda

**RALEIGH CITY COUNCIL**

**Nancy McFarlane, Mayor**  
**Kay C. Crowder, Mayor Pro Tem**  
**Mary-Ann Baldwin**  
**Corey D. Branch**  
**David N. Cox**  
**Bonner Gaylord**  
**Russ Stephenson**  
**Dickie Thompson**

**TUESDAY, MARCH 15, 2016**  
**11:30 A.M. WORK SESSION**  
**CONFERENCE ROOM 305**

## **Avery C. Upchurch Government Complex**



**222 West Hargett Street, Raleigh, North Carolina 27602**

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**A. MEETING CALLED TO ORDER BY THE MAYOR****B. AGENDA****1. Raleigh BikeShare Discussion**

Eric Lamb, City Planning

In 2014 Toole Design completed a feasibility study to assess the potential for a bike sharing system in Raleigh. A business plan for implementation of a bikeshare system was completed in 2015, which provided funding options for capital and operation. The City received a Congestion Mitigation & Air Quality (CMAQ) grant for \$2.0 million through the Capital Area Metropolitan Planning Organization (CAMPO) to cover the costs of constructing a system; however the required local match of \$425,000 was not appropriated.

At the February 16 regular Council meeting, staff reviewed information regarding the feasibility study and business plan for a potential bike sharing system in Raleigh. Staff will provide a review of responses to questions generated by the City Council during and subsequent to the previous Council discussion. In addition, staff will provide an update regarding bikeshare program options, and will outline potential scenarios for funding, implementation, and operation of a bikeshare system.

**2. Update on Interlocal Agreement Between City of Raleigh and Wake County – Hotel/Motel Occupancy and Prepared Food & Beverage Taxes**

Perry E. James III, Finance Department

Johnna Rogers, Wake County Manager's Office

State Legislation passed in 1991, and later amended in 1995, authorized a countywide, 6% Occupancy Tax and a 1% Prepared Food Tax. Proceeds from these taxes are required to be utilized for projects supporting arts, cultural, sports or convention related activities. A 1991 Interlocal Agreement between the City and County established the process for administering the revenue from these funds; the agreement has subsequently been amended 19 times.

The 19th and most recent amendment called for a major review of the Convention Center Financing plan, the Convention Center Capital Facilities plan, and the PNC Arena Capital Facilities plan, and specified that the major review be performed by January, 2017. As part of this review, introductory educational sessions are being held with the both the Raleigh City Council (March 15), the Wake County Board of Commissioners (March 23), as well as major stakeholder groups (March 30). During these sessions, Wake County and City of Raleigh representatives will provide background information, review the current status of the County Major Facilities Fund and the Raleigh Convention Center Financing Model, and go over the next steps in the review process.

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## City of Raleigh North Carolina

March 9, 2016

### MEMORANDUM

TO: Ruffin Hall  
City Manager

FROM: Eric J. Lamb, PE  
Transportation Planning Manager

SUBJECT: Bikeshare System Questions

At the February 16, 2016 City Council meeting, several Councilors requested additional information on the proposed Raleigh Bikeshare system. A summary of those questions and answers is provided below.

#### General Questions

##### **Can we consider fewer stations with a first phase of implementation?**

Yes, Raleigh can certainly consider a smaller system for a first phase of implementation. This would be accomplished by reducing the density of stations within the downtown area and reducing the overall system coverage area. In order to install a successful system that will operate successfully, enough locations must be provided for riders to travel from station to station within a 30-minute timeframe. If too few locations are installed, the system will likely not connect enough destinations and will therefore not generate enough trips to be sustainable.

##### **If the number of stations is reduced, what would be impact to the system operating costs?**

Reducing the number of stations would reduce maintenance costs because of reduced inventory, but the staffing costs to run the program would not be reduced substantially. Time spent rebalancing bicycle inventory would likely be the same due to the increased distance between stations. Fewer stations will result in a decrease in potential ridership and will likely generate less revenue from memberships and usage fees. It is estimated that reducing the system to 20 stations would reduce operating costs from \$660,000 per year to \$550,000-\$600,000 per year.

##### **Is there an opportunity to revisit the proposed station locations?**

Yes. The study was completed in Fall 2014, and there have been changes in the area such as Dix Park that would necessitate reevaluating the potential locations identified in the Feasibility Study.

**How much time does Council have to think about this relative to the time constraints on the grant?**

CAMPO has requested a decision by April 2016. In the event the City does not proceed with using the \$2.0 CMAQ grant, CAMPO would reallocate the funds to other shovel-ready projects within our region.

**Would a Raleigh bikeshare membership be valid in other cities with bikeshare?**

This depends upon which vendor is selected. A couple of potential bikeshare vendors provide reciprocal membership with systems in other cities. If desired, that could be a requirement of an RFP process for a potential system vendor.

**Is there a provision for helmet rental?**

No, there are no provisions for helmet rentals included in the draft plan. Helmet usage by bikeshare riders will be suggested but not required, except for riders under age 16 to be consistent with state helmet law. The number of crashes reported by bikeshare system users in other cities is very low; for example, Nice Ride MN reported no major injuries and no head injuries by users of their bikeshare in 2014. Between 2010 and 2014, Washington, DC's Capital Bikeshare had less than 100 reported crashes out of 6.8 million trips taken. Seattle's program spent \$850,000 on helmet rental kiosks to accommodate the City's mandatory helmet use law. Their operating costs include the sanitizing and inspection of the rental helmets.

**Where are the failures and how do we avoid them?**

There are several examples of other bikesharing systems that have run into financial difficulty.

The B-Cycle system in San Antonio, TX ran into financial problems starting in 2013. This 55-station system relied exclusively on memberships to support operational costs and failed to secure a title sponsor for their system.

Seattle's Pronto bikeshare system opened in 2015 with 50 stations and is currently on the cusp of insolvency for several reasons. Pronto has been cited for having high operating costs and unrealistic ridership and revenue projections. Seattle's mandatory helmet law requirement has been cited as a major obstacle to meeting the system's ridership projections. The non-profit system operator provides helmet rental kiosks (increased capital costs) and must sanitize and inspect helmets routinely. The Seattle City Council is currently considering a purchase of Pronto from the non-profit owner for \$1.4 million.

**Assumed Use of Bikes**

**Is the system geared toward commuter or recreation use?**

Bikeshare systems are typically oriented to transportation uses and often draw many parallels to transit systems across the US. Most systems are typically used by commuters during the morning and evening peak travel periods to travel between their homes and their places of employment. They are also used for running errands, lunch trips, and weekend activities. Other cities have enjoyed the income associated with recreational use as an extra benefit, but not as the intended purpose of the system. For example, Charlotte's most popular station is located with one of their city parks. The grant money available to the City to fund the capital costs of the proposed system is Congestion Mitigation & Air Quality (CMAQ) funds, which will require the implementation of a more utilitarian oriented system.

**Is there a way to determine how much revenue would come in from stations dedicated solely to recreational use?**

No, there is no mechanism to estimate how much ridership or revenue would be generated by standalone bikeshare stations located exclusively near parks or greenways. These stations would have the potential to serve recreational riders who will ride as an activity (as opposed to riding for utilitarian purposes). Several potential recreation areas were mentioned during the meeting (e.g., Horseshoe Farm Park, Buffalo Road Aquatics Center, Anderson Point Park), however these locations would be relatively isolated and not connected to an overall system allowing point-to-point trips. Furthermore, growing the system footprint without increasing the system density increases operating costs by increasing travel times for inventory rebalancing and fleet maintenance. There are several recommended stations sited in or near parks and greenways in the recommended Phase I implementation plan that coincide with employment centers or residential areas.

**Can the bikes be used in conjunction with transit? Can you put a bike on a bus?**

As most bikeshare system bikes are larger and heavier than an average bicycle, they are not intended for use on the City’s bus bike racks. But the bikeshare system is intended to provide locations that are sited near transit stops make both bikeshare and transit more attractive options for travel, better connecting people to their destinations and improving opportunities for first/last mile of transit system access.

**Are we considering purchasing bike racks for bikeshare users to use?**

Not specifically. System users will more frequently dock their bikes at a station destination and will not use bike rack due to the financial penalty of keeping a bike out for more than 30 minutes. But the City already has a separately-funded program in place to install new bike racks to increase the convenience of traveling by bike. We anticipate installing an additional 50 bike racks in the downtown area in 2016.

**Costs and Business Model**

Questions were received about the costs associated with operating the proposed bikeshare system on an annual basis. The following breakdown assumes a 30-station deployment with 300 bikes. Staffing is assumed to include 7.5 full time employees to manage and operate such a system, including a general manager, administrative assistant, lead mechanic, station manager, fleet manager, call center/customer service manager, and a sales/marketing lead.

<b>Raleigh Bike Share</b>	<b>Total</b>	<b>% of</b>
<b>Operating Expenses</b>	<b>Year 1</b>	<b>Total</b>
Personnel Costs	\$418,996	64%
Facility Costs	\$21,634	3%
Vehicle Costs	\$9,890	2%
Supplies & Spares	\$24,724	4%
IT & Communications	\$89,780	14%
Call Center Operations	\$2,472	0%
Office & Administrative costs	\$9,272	1%
Professional Fees	\$12,362	2%
Marketing (non-Personnel)	\$30,905	5%
Insurance	\$32,966	5%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$653,000</b>	<b>100%</b>

**Where do the operating cost estimates come from?**

These costs were developed from analyzing costs for other existing bikeshare systems. Worst case cost scenarios were applied in order to develop a conservative budget for this program.

**Can funding be pushed to a private organization to run?**

Yes, there are no limitations on who can own or operate a bikeshare system.

**Can bikes be leased from a provider?**

We are not aware of any bikeshare system providers that allow for the leasing of a system. We will continue researching this issue.

**Are we locked to a particular company? Could we get out if they raise their prices too much?**

No, we have not entered into any agreements or discussions with particular vendors. The stations, bikes, and equipment are purchased by the system owner from a vendor. Several vendors offer operating contracts to system owners, but there is no obligation to use a particular vendor as a system operator. Operations contracts would be issued periodically via an RFP process.

**What other revenue options are there?**

Grants, user fees, and sponsorships are the most common sources of funding for the majority of bikeshare systems in the US. Other examples include Kansas City, where a crowdfunding campaign utilized to fund a portion of their system in 2013. There is also a bill currently pending in Congress that would make federal transit funds available to support bikesharing systems.

**Engagement and Equity:**

**What is the size and population of the coverage area?**

The coverage area of Phase 1 is approximately 6.7 square miles. With 30 stations, the resulting station density would be 4.5 stations per square mile. Per the City’s 2010 Census data, Phase 1 will directly serve 8% of the City’s population and 42% of the City’s job base. By comparison, the average for peer systems considered in the City’s Feasibility Study was 6.8 stations per square mile with a 9.0-square mile coverage area. Charlotte’s initial system operated with 20 stations in an 11.2-mile coverage area, resulting in a density of 1.8 stations per square mile.

Program	Density	Area (Sq. Mi.)	Stations
<i>Chattanooga</i>	6.3	5.2	33
<i>Charlotte</i>	1.8	11.2	20
<i>Washington DC</i>	10.7	22.8	244
<i>San Antonio</i>	10.3	5.2	53
<i>Spartanburg</i>	5	0.8	4
<i>Average All Peer Systems</i>	6.8	9.0	70.8

**How was citizen engagement conducted for the study?**

The City held a public workshop in 2014 to receive input about the system. The City also conducted an online survey for several months, which produced a crowdsourcing map for desired station locations. In addition, City staff and the consultant team interviewed a variety of local agencies and stakeholders to get input about a potential system.

**What steps can be taken to ensure equity for bike sharing systems?**

Many communities have explored different options for making their bikeshare system more accessible to economically disadvantaged residents. For example Chicago's Divvy launched a \$5 annual membership program last summer called "Divvy for Everyone." They received a \$75,000 grant from the Better Bike Share Partnership to be able to offer the discounted rate, allowing participants to sign up in person and without the need of a credit card. Chicago has partnered with equity-focused organization Slow Roll Chicago and others to provide community education and outreach on the availability of discounted memberships. Boston has also made significant efforts to ensure its bikeshare system is affordable and accessible to its lower income residents. They also offer annual membership for just \$5, however they do so on an honor system and do not require proof of income. They have determined that approximately 64% discounted membership holders also receive public assistance.

If you need additional information about this proposed system, please advise.

Cc: Ken Bowers, AICP

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# Update on Occupancy and Prepared Food and Beverage Taxes and Interlocal Agreements

*Raleigh City Council  
March 15, 2016*

*Wake County Board of Commissioners  
March 23, 2016*



# Presentation Overview

- I. History and Legislation
- II. Distribution of Funds
- III. Performance and Trends of Revenues
- IV. Current Status of County Major Facilities and Convention Center Model
- v. Stakeholder Review Process
- VI. Discussion

# Authorizing State Legislation

- ❖ State legislation approved in 1991 and amended in 1995.
- ❖ Tax levies 6% on occupancy stays; 1% on prepared food and beverage
- ❖ Revenues must be used for projects supporting arts, cultural, sports or convention
- ❖ Revenues in 1995 = \$12.4 million
- ❖ Revenues in 2015 = \$47.7 million

# Governed by Interlocal Agreements

- ❖ Original Interlocal Agreement between City of Raleigh and Wake County in 1991. Revised Interlocal Agreement in 1995.
- ❖ There have been 19 Amendments to the Revised Interlocal Agreement.
- ❖ 18<sup>th</sup> and 19<sup>th</sup> Amendments called for “a major review of the Convention Center Financing Plan, the Convention Center Capital Facilities Plan and the PNC Arena Capital Improvements Plan...a public process involving all parties”



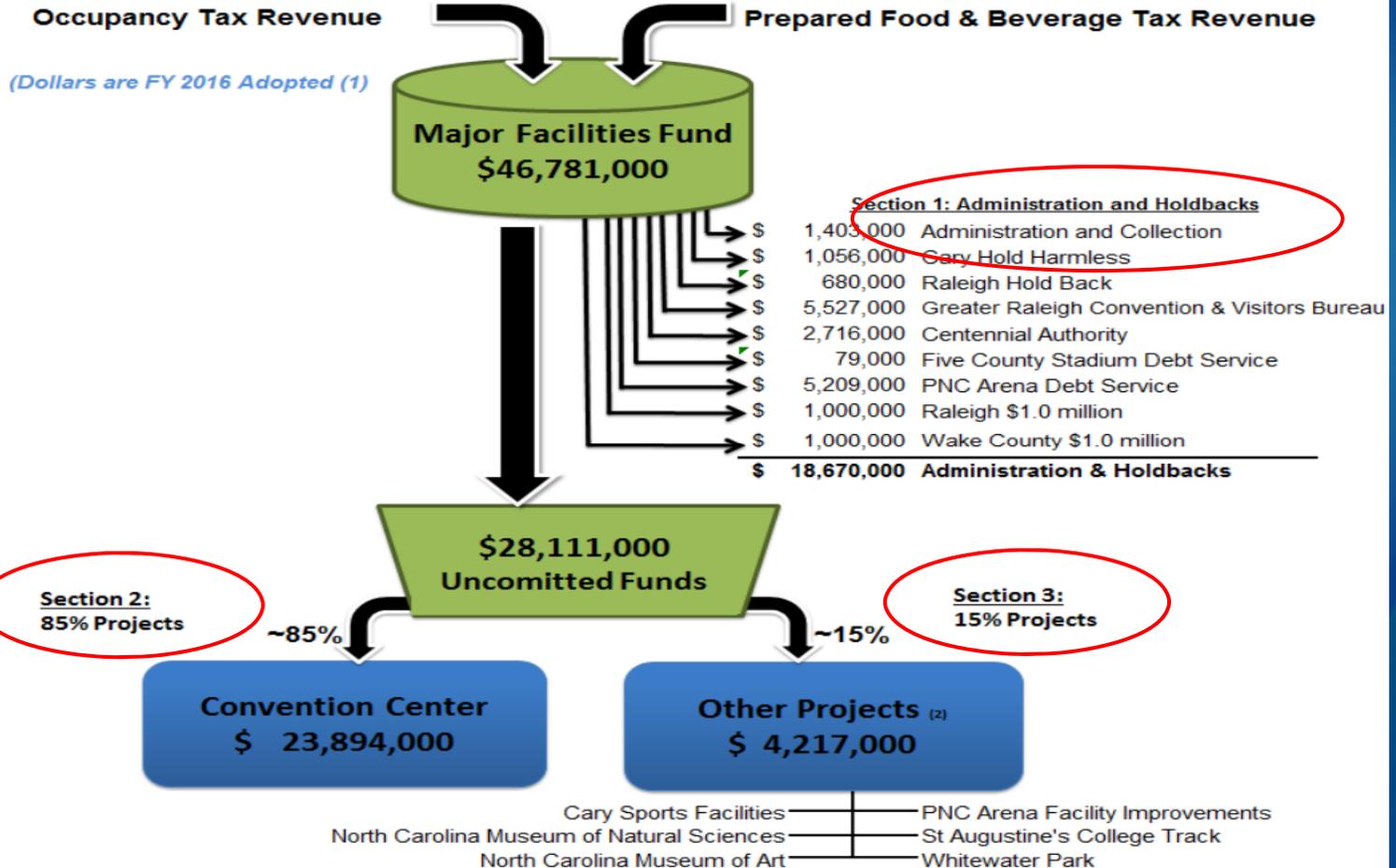
***See Attachment 1 for Summary of Amendments***

# County Fiscal Agent of Funds

- Revenue Department collects all revenues
- Finance Department distributes funds monthly in accordance with terms of the interlocal agreements
- Budget Office:
  - Maintains the Major Facilities Cash Flow Model
  - Develops the annual budget for appropriation
  - Provides monthly reporting on actual revenue collections

# Major Facilities Overview

## FY 2016 ADOPTED MAJOR FACILITIES FUND



**NOTES:** 1) Major Facilities Fund total budgeted revenues do not include interest, NSF charges and fees.  
2) Includes Contribution to fund balance

See Attachment 2 for Model Details



# A Quick Primer on the Agreements (cont'd)

- Section 1:
  - First dollars out – per legislation, specific entities get money before any projects are funded:
    - Wake County Cost of Collection/Administration
      - 3% of gross proceeds for administering and collecting the taxes
    - City of Raleigh “Holdback”
      - \$680K for visitor-related activities and programs
    - Town of Cary “Hold Harmless”
      - 5% of occupancy for public relations, and visitor-related programs and activities
    - Greater Raleigh Convention & Visitors Bureau
      - Approximately 22% of total Occupancy taxes and up to \$675,000 Prepared Food and Beverage tax for operational expenses associated with promotion of travel, tourism and conventions

# A Quick Primer on the Agreements

- Section 1: (Cont'd)
  - Centennial Authority
    - 7% for operational expenses for PNC Arena
  - PNC Arena Debt Services
    - Approx. \$5.2 million annually; paid off in FY2020 (Total = \$60 M)
  - Five-County Stadium
    - Approx. \$991K annually; paid off in FY2016 (Total = \$10 M)
  - Wake County and Raleigh
    - \$1 million per organization per year for discretionary projects
    - Wake supports Marbles, Five County Stadium maintenance and improvements and Green Square
    - Raleigh supports Duke Energy Center for Performing Arts

# A Quick Primer on the Agreements

- Projects funded prior to 2004:
  - Exploris/Marbles/IMAX
  - WRAL Soccer Center
  - Performing Arts Center
  - Yates Mill Pond Park
  - American Tobacco Trail Park
  - North Carolina Museum of Natural Sciences

# Agreements Since 2004

- Section 2: 85% of all net revenue dedicated to the Convention Center
- Section 3: 15% of remaining net revenue available for other qualifying uses:
  - 2005 Projects:
    - NC Museum of Art (\$15 M)
    - NC Ballet (\$250,000)
    - NC Museum of Natural Sciences Green Square Project (\$6 M)
    - Town of Cary Sports Facilities (\$10 M)
    - St. Augustine's College Track (\$1 M)
    - Whitewater Park (\$150,000)
  - 2007 -- PNC Facility Improvements (\$26 M)

## 2-for-1 Provision

- 8<sup>th</sup> Amendment authorized Raleigh to draw up to \$1 million per year for convention center operating expenses, and if utilized, County receives two dollars for every one dollar utilized by the City
- Raleigh exercised this provision in FY2009, 2010, 2011 and 2013; totaling \$4 million
- Wake County received \$8 million – source of funding is the Convention Center Financing Model Fund Balance
- Conducted competitive process
- Committed \$7.65 million to:
  - Wake Competition Center (Morrisville) -- \$3 million
  - Naismith Legacy Park (Knightdale) -- \$3 million
  - Holly Springs Athletic Complex -- \$1 million
  - NCSU Gregg Museum – \$650,000

# Cash Flow Model and Revenue Overview



# Major Facilities Cash Flow Model

 <b>Major Facilities Model</b> Section 1 - Summaries & Assumptions <b>Cash Flow Model</b>					
NOTE: All dollars are in thousands (\$ ,000)					
	2013	2014	2015	2016	2017
	Actual	Actual	Act (unaud)	Budget	Project
<b>Economic Growth Assumptions</b>					
Occupancy Tax (c)	6.6%	11.1%	(c) 11.2%	3.0%	10.0%
Prepared Food and Beverage Tax (c)	6.5%	5.6%	(c) 9.7%	5.0%	9.2%
<b>Sources of Funds:</b>					
Occupancy Taxes	17,292	19,218	(d) 21,371	21,774	23,800
Food and Beverage Taxes	(e) 20,873	(e) 22,046	24,180	25,008	26,000
Interest Revenues (b)	15	20	22	-	-
NSF Service Charges (b)	(58)	(30)	(54)	-	-
Reimbursement from the City of Raleigh (a)	1,204	1,674	2,146	-	-
<b>Total Sources</b>	<b>39,327</b>	<b>42,928</b>	<b>47,666</b>	<b>46,781</b>	<b>50,000</b>
<b>Section 1 - Admin and Holdbacks: Uses of Funds</b>					
Administration and Collection					
Occupancy Taxes	519	576	641	653	680
Food and Beverage Taxes	625	661	724	750	780
<b>Subtotal: Administration and Collection</b>	<b>1,143</b>	<b>1,237</b>	<b>1,365</b>	<b>1,403</b>	<b>1,460</b>
Construction Holdbacks	6	6	688	680	680

*See Attachment 2 for Model Details*

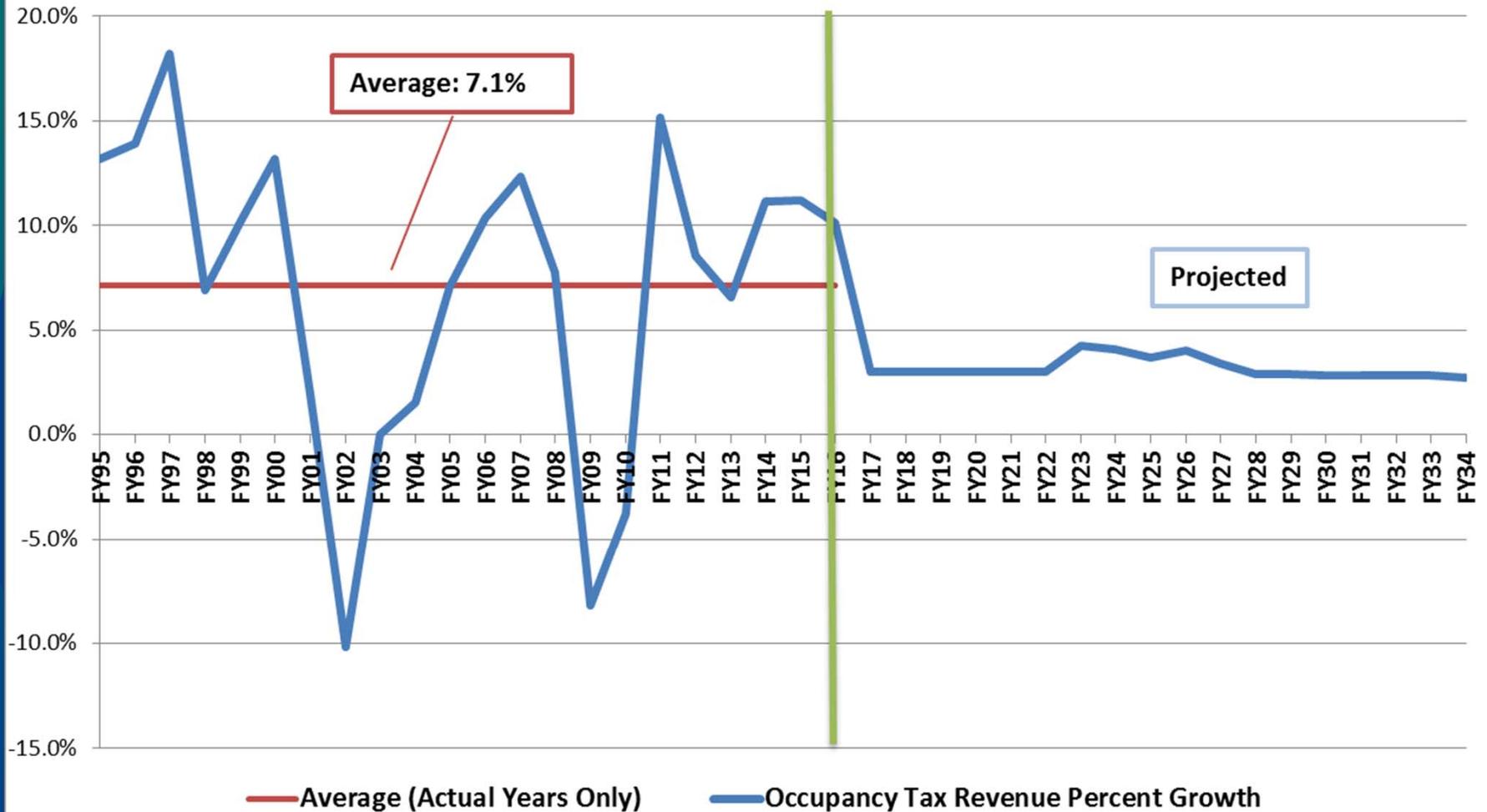


# Modeling Assumptions

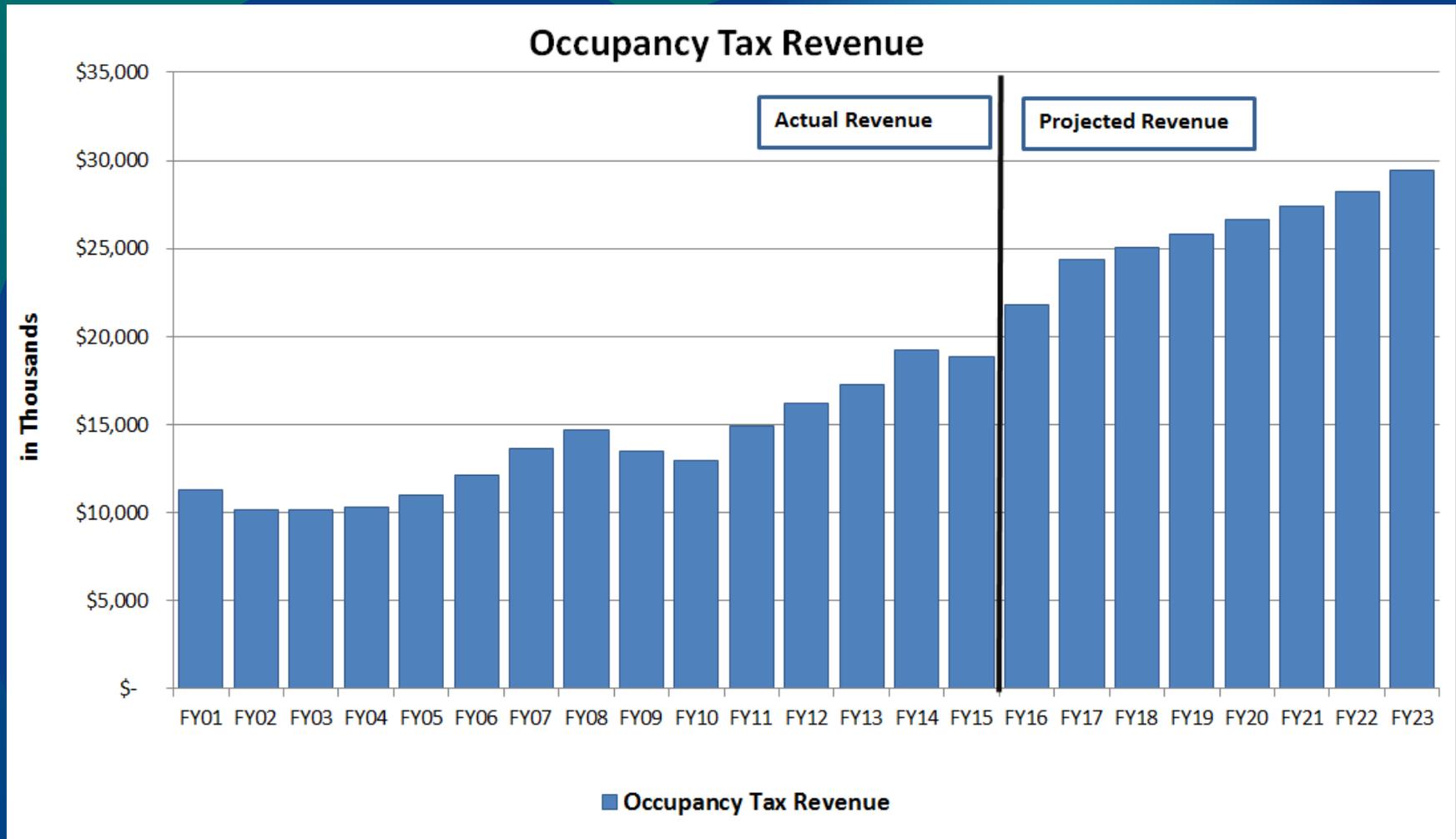
- Revenue projections trend toward conservative. Find this prudent:
  - To mitigate risk of not being able to meet long-term commitments (debt and project funding);
  - Due to potential market and economic fluctuations;
  - That entities receiving funding can be assured that budgeted obligations can be met; and
  - As distributions are based on actual collections not the budget, there is not “loss of funds” if the model over performs.

# Occupancy Tax Revenue

## Occupancy Tax Revenue - Percent Change Year to Year

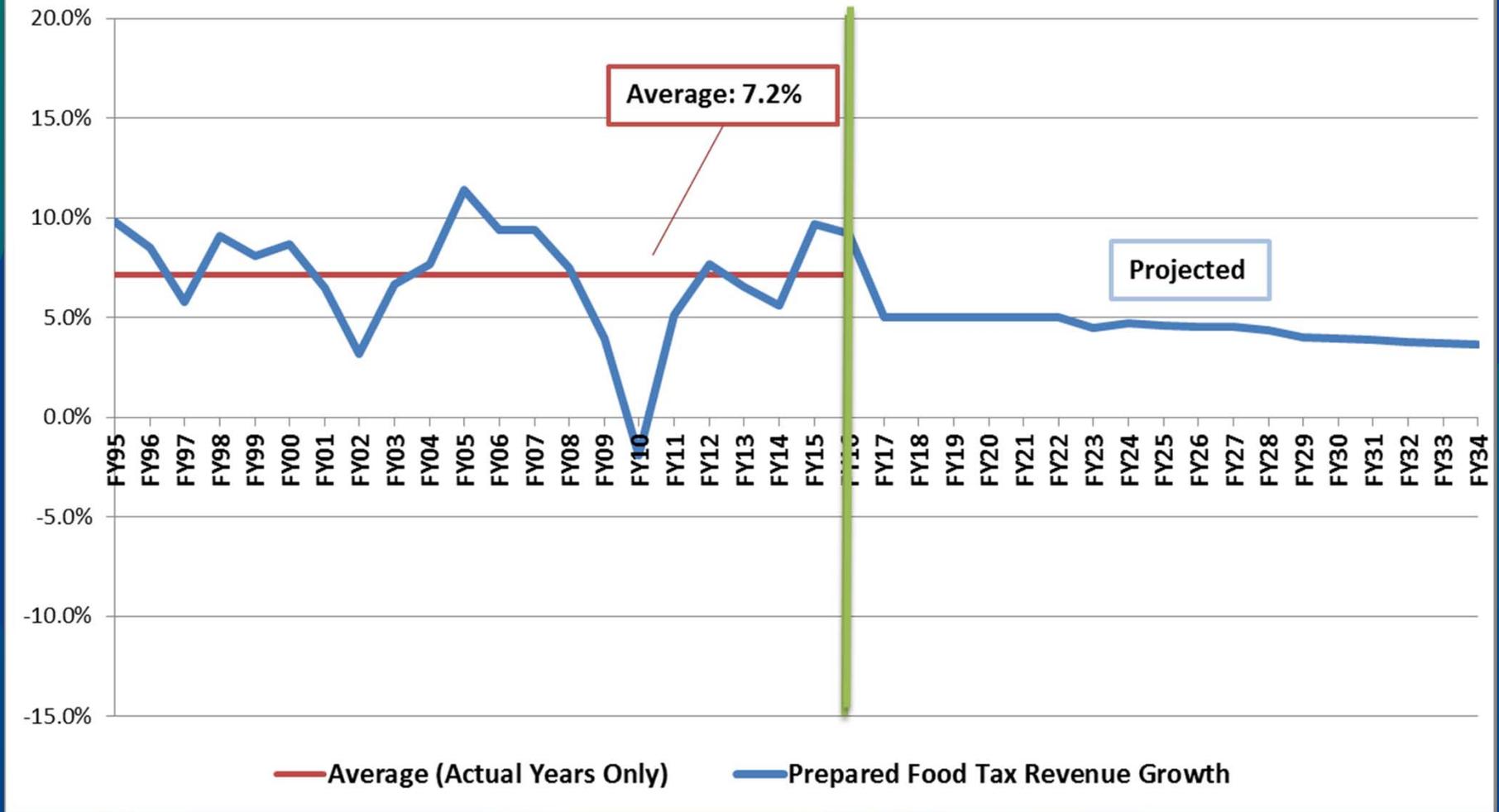


# Occupancy Tax Revenue



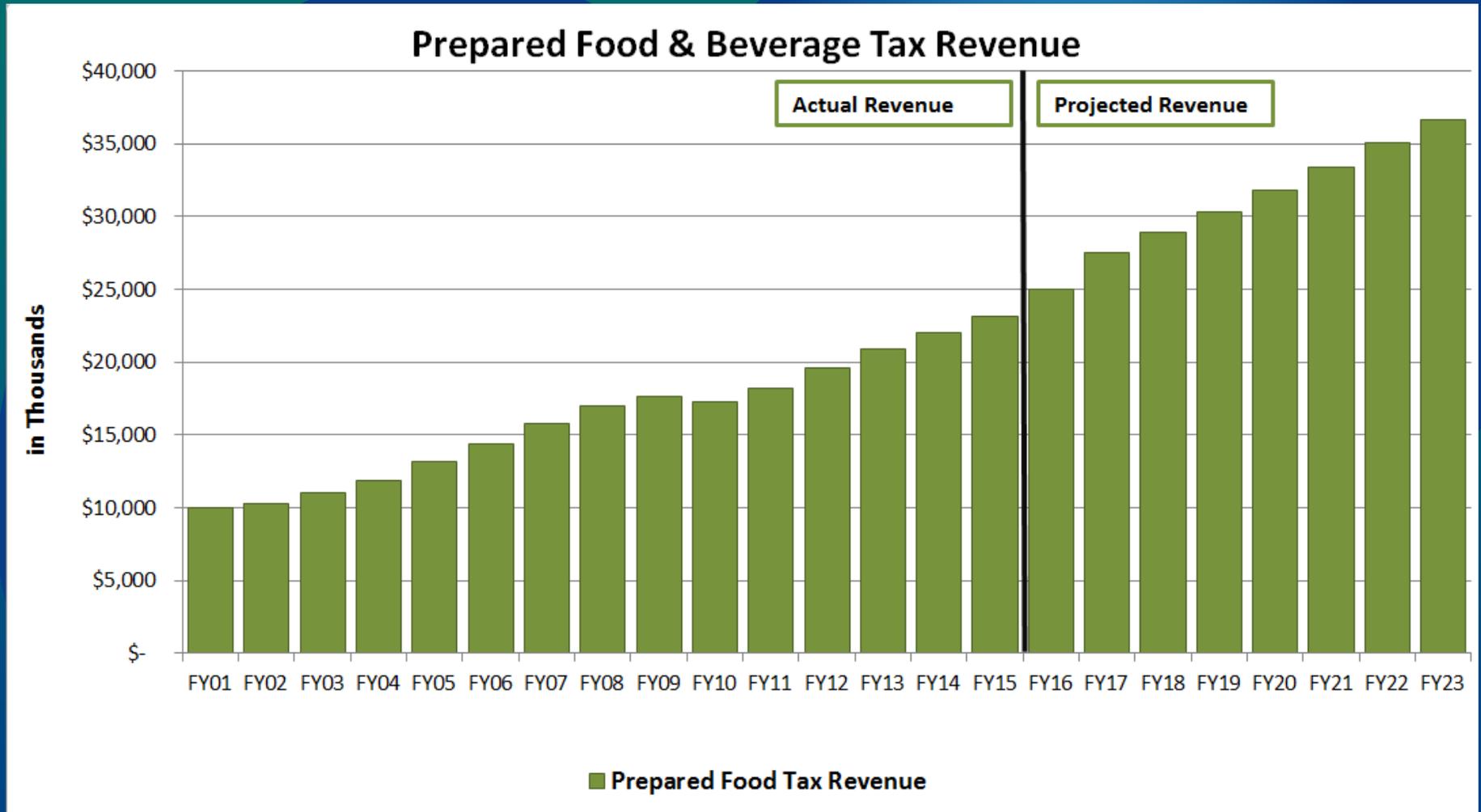
# Prepared Food Tax Revenue

Prepared Food & Beverage Tax Rev - Percent Change Yr to Yr



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# Prepared Food Tax Revenue



# Convention Center Financing Plan



# Background on the Convention Center Financing Model

- Genesis of the Financing Model: Study by a broad community task force from 2002 to 2003
- Ultimate joint decision by Raleigh City Council and Wake County Board of Commissioners to approve the 8<sup>th</sup> Amendment to the Interlocal Agreement to construct a new Raleigh Convention Center and invest in public space in the related headquarters' hotel

# Background (cont.)

- Amendment 8 dedicated 85% of “all not previously committed undesignated Interlocal Agreement proceeds” for the project.
- Attachment A (the “model”) to the 8<sup>th</sup> Amendment provided the approved financing model to fund the following components of the project:
  - a. Land Acquisition
  - b. Design and Construction
  - c. Expenses of relocating and closing the existing civic center
  - d. Upfitting and marketing of the Convention Center
  - e. Capital reserves
  - f. Debt financing
  - g. Future expansion (subject to approval of both the county and city)
  - h. Operating support

# Convention Center Financing Plan

City of Raleigh, North Carolina  
 Convention Center Project with Expansion  
 Financing Plan (\$ 000) updated as of 6/28/10

Fiscal Year	100% of Uncommit- ted Funds	85% of Uncommit- ted Funds	Funds NOI put into the Convention Center	\$55M Variable Series 2004A Net Debt Service	\$190M Fixed Forward Swap Net Debt Service	Net Debt Service	Annual Revenues	Annual Surplus/De- ficit	Other Expenses to be Paid	Free Cash
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
6/30/2005										
6/30/2006	11,628	9,884	1,744	10	-	10	9,884	9,874	2,181	
6/30/2007	13,709	11,652	2,056	660	156	817	11,652	10,836	2,246	
6/30/2008	15,468	13,118	2,350	1,883	157	2,039	13,118	11,079	2,314	
6/30/2009	15,474	13,153	2,321	1,427	6,190	7,617	13,153	5,536	2,383	
6/30/2010	14,206	12,075	2,131	825	8,794	9,619	12,075	2,456	2,454	
6/30/2011	14,672	12,471	2,201	1,874	8,817	10,691	12,471	1,780	2,528	
6/30/2012	15,697	13,342	2,355	1,878	8,819	10,697	13,342	2,646	2,604	
6/30/2013	16,767	14,252	2,515	1,880	8,817	10,697	14,252	3,555	2,682	
6/30/2014	17,884	15,201	2,683	1,870	8,863	10,733	15,201	4,469	2,762	
6/30/2015	19,055	16,197	2,858	1,870	16,150	18,020	16,197	(1,823)	2,845	
6/30/2016	21,189	18,011	3,178	1,878	16,143	18,021	18,011	(10)	2,931	
6/30/2017	22,544	19,162	3,382	1,871	16,149	18,020	19,162	1,143	3,019	
6/30/2018	23,880	20,298	3,582	1,874	16,143	18,017	20,298	2,281	3,109	
6/30/2019	25,278	21,486	3,792	1,884	16,135	18,019	21,486	3,468	3,202	
6/30/2020	31,080	26,418	4,662	1,869	16,151	18,020	26,418	8,398	3,299	
6/30/2021	33,476	28,455	5,021	1,871	16,146	18,017	28,455	10,438	3,397	
6/30/2022	35,073	29,812	5,261	1,874	16,142	18,016	29,812	11,796	3,499	
6/30/2023	36,744	31,232	5,512	1,874	16,145	18,019	31,232	13,213	3,604	
6/30/2024	38,492	32,718	5,774	1,887	16,132	18,019	32,718	14,699	3,713	
6/30/2025	40,319	34,271	6,048	1,867	16,148	18,015	34,271	16,256	3,824	
6/30/2026	42,231	35,896	6,335	1,870	16,149	18,019	35,896	17,878	3,939	
6/30/2027	44,231	37,596	6,635	1,874	16,143	18,017	37,596	19,579	4,057	
6/30/2028	46,323	39,375	6,948	1,878	16,139	18,017	39,375	21,358	4,178	
6/30/2029	48,512	41,235	7,277	1,871	16,148	18,019	41,235	23,216	4,304	
6/30/2030	50,802	43,182	7,620	1,884	16,138	18,022	43,182	25,160	4,433	
6/30/2031	53,199	45,219	7,980	14,970	5,450	20,419	45,219	24,800	4,566	
6/30/2032	55,706	47,350	8,356	14,952	5,452	20,404	47,350	26,946	4,703	
6/30/2033	58,330	49,581	8,750	14,939	5,450	20,390	49,581	29,191	4,844	
6/30/2034	61,075	51,914	9,161	14,919	5,449	20,368	51,914	31,545	4,989	
Total	83,071	64,557	13,877	\$ 402,087	\$ 330,714	\$ 432,714	784,514	351,777	98,610	

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# 3 Core Components of Initial Plan

The initial version of the Convention Center Model was designed to ensure that 3 core things could be covered by the 85% flow of tax funds:

- ✓ Debt service on bonds issued (bonds represent ~25% of City of Raleigh non-utility debt)
- ✓ A moderate amount of operating support similar to what was needed for the prior Civic Center
- ✓ A retained fund balance amount sufficient to reserve one year of anticipated debt service – for credit ratings

# Convention Center Financing Model Changes Since Inception

- Amendment 13, 18 and 19:
  - Added/adjusted a “Business Development Fund” that provides the GRCVB with annual funds (currently \$450,000) to support Convention Center marketing and booking activities
- Amendment 18:
  - Capital Maintenance annual funding was added to fund 95% of the “Heery Facilities Study”
  - A Convention Center expansion estimate was transferred from being a discrete column presentation on the model to the fund balance column
  - Updates and clarifications were made regarding “2 for 1” and other financial obligations between parties to the Agreement

# Current Status of Convention Center Financing Model

- ✓ Financing Model is performing as desired and meets financial and credit objectives
- ✓ Operating support amounts have allowed adequate operating budgets for the Center with no “2 for 1” withdrawals since 2013
- ✓ Capital Plan annual funding levels are providing important funding for maintenance of the building as recommended by the Heery Facilities Plan

# Status of Convention Center Financing Model (*cont.*)

- ✓ Credit ratings for the Convention Center have been consistent given good performance of model
- ✓ Fund balance is adequate for meeting the one-year debt service reserve policy
- ✓ Per Amendment 18, projected fund balance includes funding for the Center expansion if approved

# Fund Balance Priorities

The 18<sup>th</sup> Amendment also set in place certain criteria for use of the Fund Balance on the Convention Center Financing Model:

1. “2 for 1” obligations
2. To meet any previous commitment of funds that are called for by the Interlocal Agreement
3. For general reservation for future Convention and PNC Arena capital improvements

# The 2016 Review Process

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# Purpose of Review

- Per 19<sup>th</sup> Amendment
  - Review Financial Models
    - Current Projections and Forecast
  - Review PNC Capital Plan
  - Review Convention Center Capital Plan
- Inclusive of stakeholders

# Next Steps:

- Convene Stakeholders – March 30
  - Four meetings
- Complete review - mid-May
- City Council and Board of Commissioners consider future changes to the Interlocal Agreement