Hospitality Taxes Capital Investment Policy
OBJECTIVE: TO DEVELOP A POLICY FOR CITY COUNCIL CONSIDERATION TO EVALUATE CAPITAL INVESTMENTS FUNDED BY HOSPITALITY TAXES TO ENSURE TRANSPARENCY AND FUNDING RESOURCES ARE MAXIMIZED.
OBJECTIVES

• PERMISSIBLE USES OF HOSPITALITY REVENUES
• SOURCES AND USES OF FY 2021 PROJECTED TOURISM REVENUES
• CHARLOTTE REGIONAL VISITORS AUTHORITY
• HOSPITALITY CAPITAL INVESTMENTS – CURRENT
• CAPITAL FUNDING POLICY – NEXT STEPS
# PERMISSIBLE USES OF TOURISM REVENUES

<table>
<thead>
<tr>
<th>Fund</th>
<th>Permissible Uses</th>
<th>Current Uses</th>
</tr>
</thead>
</table>
| **Convention Center** | • Convention Center facilities, including parking: acquiring, constructing, operating, marketing and promoting  
• Convention and visitor promotion  
• Stadium > 60,000 seats and ancillary, associated facilities: acquiring, constructing, financing, renovating, maintaining & traffic control  
• Amateur sports facilities and ancillary facilities: acquiring, constructing, financing, renovating and maintaining | • Debt service on bonds for Convention Center, Bank of America Stadium and Bojangles Arena  
• Annual Convention Center and Bank of America Stadium maintenance and visitor promotions  
NOTE: Convention Center expansion ($11.9M) has been approved but not yet funded |
| **Tourism**           | • Activities and programs aiding and encouraging convention and visitor promotion  
• Construction, financing, maintaining and operating convention centers, civic centers, coliseums, auditoriums, museums  
• Visitor-related programs and activities including museums, art or cultural programs, events or festivals | • Debt service on bonds for Spectrum Center  
• Spectrum Center capital reserve and maintenance  
• BB&T Ballpark capital subsidy  
• Annual Ovens Auditorium and Bojangles Arena maintenance  
NOTE: Projects for the Carolina Theatre ($4.5M) and Memorial Stadium ($3.0M) have been approved but not yet funded |
| **Hall of Fame (HOF)**| • Acquisition, construction, repair, maintenance and financing of Hall of Fame  
• Some portion can be dedicated to Convention Center building in support of ballroom access | • Debt service on bonds for Hall of Fame  
• Annual Hall of Fame capital reserve and maintenance |
## Sources & Uses of Projected FY21 Hospitality Revenues (In Millions)

<table>
<thead>
<tr>
<th>Source/Use</th>
<th>CRVA Business Development</th>
<th>Ovens Maintenance</th>
<th>Ovens Special Projects</th>
<th>HOF Maintenance</th>
<th>Other</th>
<th>Total Fund Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRVA Business Development</td>
<td>$2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$56.6</td>
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<tr>
<td>CRVA Promotion and Marketing</td>
<td>$10.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$32.3</td>
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<tr>
<td>Operating Allocation for Conv. Center</td>
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<td></td>
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<td></td>
<td>$56.6</td>
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<tr>
<td>Debt Service</td>
<td>$27.0</td>
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<td></td>
<td></td>
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<td>$32.3</td>
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<tr>
<td>Transfers</td>
<td>$3.4</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
<td>$4.5</td>
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<td></td>
<td></td>
<td></td>
<td>$32.3</td>
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<tr>
<td>Cultural Facilities Maintenance</td>
<td></td>
<td></td>
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<td>$15.6</td>
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<tr>
<td>Cultural Debt Service</td>
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<td></td>
<td></td>
<td>$15.6</td>
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<tr>
<td>Arena Debt Service</td>
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<td></td>
<td></td>
<td></td>
<td>$15.6</td>
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<tr>
<td>Other Debt Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$15.6</td>
</tr>
</tbody>
</table>

**Total Fund Revenues:**
- Convention Center Fund: $56.6
- Tourism Funds: $32.3
- NASCAR HOF Fund: $15.6

**Main Sources:**
- Total Fund Revenues: $56.6

**Main Uses:**
- Ovens Maintenance: $0.4
- Ovens Special Projects: $1.8
- HOF Maintenance: $3.5
- Other: $1.5
- Cultural Debt Service: $7.7
- Arena Debt Service: $15.6
- Other Debt Service: $15.6
- Cultural Facilities Maintenance: $3.8
- Operating Allocation for Conv. Center: $9.2
- Debt Service: $27.0
- Transfers: $3.4
- Other: $4.5
- CRVA Business Development: $2.3
- CRVA Promotion and Marketing: $10.2

**Note:** The total expenditures for each category sum to the respective fund revenues.
CHARLOTTE REGIONAL VISITORS AUTHORITY (CRVA)

• CRVA leads efforts to maximize the region’s economic potential through visitor spending, creating jobs and opportunities for the community.
  ▪ Annual economic impact of almost $1B

• Guided by a 13-member board of directors comprised of industry and civic leaders appointed by the Mayor and City Council.

• Major functions include sales and marketing and venue operations.

• CRVA develops their budget and fiscal controls in concert with the City prior to adoption.
  ▪ Annual budget of over $70 million
    - Comprised of operating revenues (i.e., generated from operations of CRVA-managed venues) and external support (i.e., hospitality tax revenues received from the city).
    - Budget is approved by CRVA Board of Directors.
  ▪ Maintains 16% operating reserve.
  ▪ Component unit of City in annual audit.
HOSPITALITY CAPITAL INVESTMENTS - CURRENT

**TYPES OF INVESTMENTS**
- City-owned assets and facilities
- Partnerships (P3s and Intergovernmental)
- Events

**CRITERIA OF INVESTMENTS**
- Legal compliance
- Return on investment
- Maximize inclusion/diversity/MWSBE goals
- Job creation
- Support tourism and economic development

**PRIORITY OF INVESTMENTS**
- Current contractual obligations
- City-owned assets
- Discretionary investments

**FINANCIAL POLICIES**
- Affordability
- 100% of next year’s debt service
- Robust fund balance
CAPITAL FUNDING INVESTMENTS – NEXT STEPS