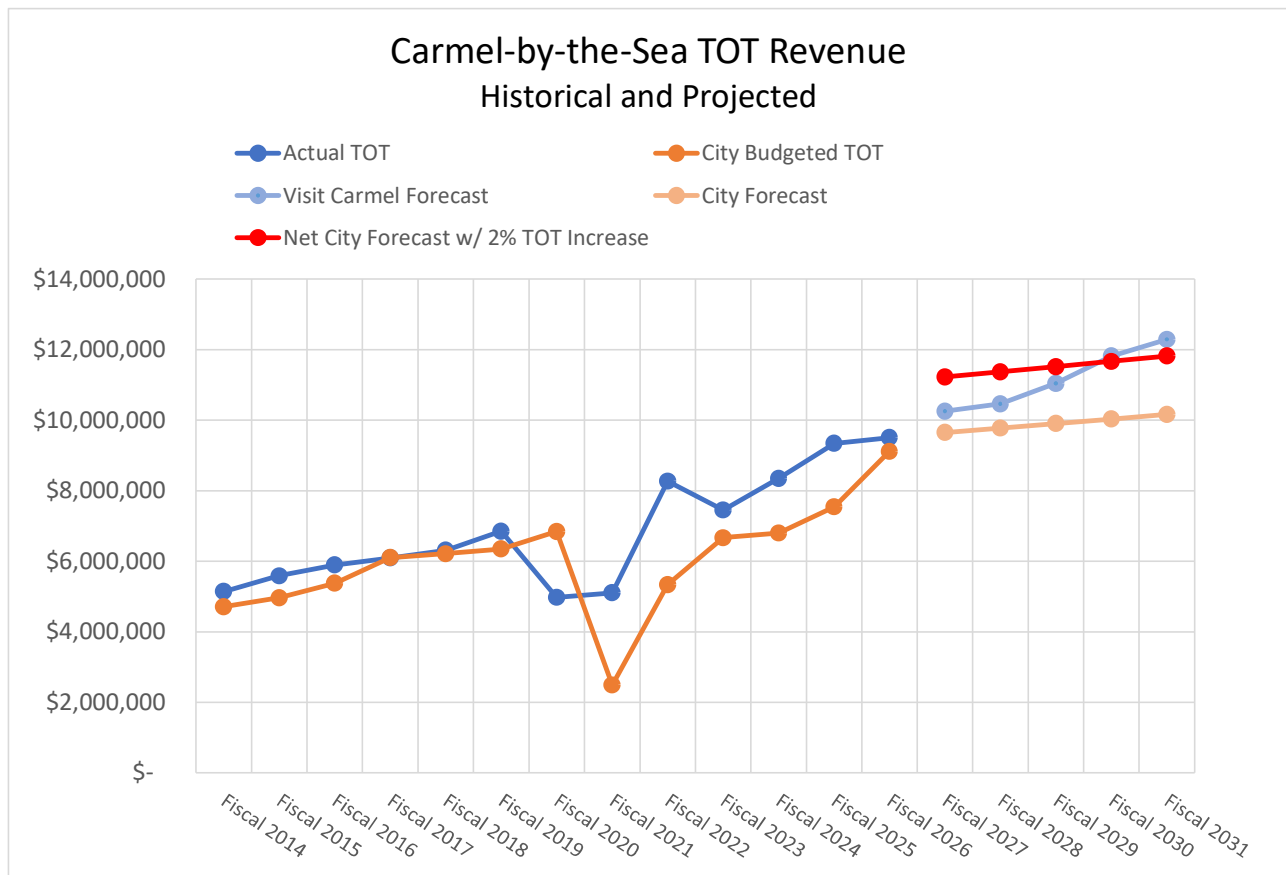


## Exhibit F

### Projected TOT Revenue Compared to Historical Growth Performance

	FY 25-26 Estimated Actual	FY 26-27 Projection	FY 27-28 Projection	FY 28-29 Projection	FY 29-30 Projection	FY 30-31 Projection
<b>Revenues</b>						
Property	9,445,000	9,680,988	9,923,013	10,171,088	10,425,366	10,686,000
Sales tax - Bradley Burns	4,092,183	4,166,843	4,279,348	4,394,890	4,513,552	4,635,418
Sales tax - Local Meas. C	6,900,734	7,023,597	7,220,258	7,422,425	7,630,253	7,843,900
Transient Occupancy Tax (TOT)	9,526,737	9,650,584	9,776,042	9,903,130	10,031,871	10,162,286
Charges for Services	2,725,019	3,436,094	3,532,305	3,631,209	3,732,883	3,837,404
Other Revenues *	4,600,827	4,662,030	4,792,567	4,926,759	5,064,708	5,206,520
<b>Revenue Total</b>	<b>37,290,499</b>	<b>38,620,137</b>	<b>39,523,532</b>	<b>40,449,502</b>	<b>41,398,633</b>	<b>42,371,527</b>



Using the City's own budget framework, the Visit Carmel and Innkeepers Association analysis suggests that projected TOT revenues can meet or exceed current expectations without a 2% increase in the tax rate.

In recent years, the City's budgeting approach has not consistently incorporated Visit Carmel's forward-looking forecasts. As a result, the current 5-year projection assumes approximately 1.3% annual growth in TOT before any rate change. By comparison, actual TOT growth since the formation of the HID in 2013 has averaged approximately 5.7% annually.

This difference in assumptions appears to be a key driver of the perceived need for a tax increase. Incorporating a broader range of forecast inputs may provide a more complete picture of expected revenue performance.

Importantly, our analysis also accounts for potential demand impacts, including an estimated 14% erosion of the incremental revenue from a higher TOT rate, as outlined in Exhibit E.

## **6. Exhibit F**

### **Forecast Assumptions and Revenue Outlook**

Exhibit F compares the City's five-year TOT forecast with historical performance and current market trends.

The City's projection assumes approximately 1.3% annual growth in TOT prior to any rate increase. As shown in Exhibit F, this is materially below both long-term and recent performance. Since the creation of the HID in 2013, TOT has grown at approximately 5.7% annually, with even stronger gains in the post-COVID period.

This difference in assumptions is significant, as it directly influences the perceived need for a tax increase. Lower baseline growth produces projected shortfalls, while incorporating historical trends and current operating data suggests that TOT is likely to continue growing at a higher rate without changes to the tax structure.

Exhibit F illustrates this by comparing actual results, the City's forecast, and alternative projections based on observed trends. Viewed together, the data indicates that projected revenues may meet or exceed expectations under the current rate, particularly with continued reinvestment and pricing strength in the lodging market.

This analysis also incorporates the demand impacts outlined in Exhibit E. While a higher tax rate increases revenue per occupied room, a portion of that gain is expected to be offset by reduced demand and related economic activity.

The key consideration is not only the tax rate itself, but the assumptions used to project revenue. Aligning those assumptions with demonstrated performance and current market conditions may provide a more complete basis for evaluating the proposed increase.

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### **Conclusion**

- Exhibit F shows that the City's revenue projections rely on growth assumptions materially below historical performance and recent trends, which may overstate the need for a tax increase.

Carmel's current model, built on reinvestment, strong pricing power, and disciplined marketing through the HID, is already generating growing tax revenues. Maintaining that approach, while aligning projections with actual performance, offers a more reliable path than introducing a tax increase that risks undermining long-term economic growth and fiscal stability.