

September 20, 2023

Chair Miley
Alder Figueroa Cole
Alder Verveer

2024 ROOM TAX COMMISSION BUDGET MOTION

1. Estimate 2024 room tax revenues of \$21,165,000 (6% increase over estimated 2023 revenues of \$19,967,000)
2. Allocate \$6,207,700 of room tax to Monona Terrace, as follows:
 - Operating subsidy of \$5,392,000
 - Capital purchases allocation of \$399,000 (the 2024 executive capital budget includes \$2,057,275 Room Tax Fund-supported GO borrowing for Monona Terrace capital projects)
 - Debt service estimate of \$416,700 for previously issued Room Tax Fund-supported GO debt issued for Monona Terrace capital projects
3. Allocate \$2,180,000 of room tax to Overture Center (4% increase over 2023)
4. Allocate \$1,386,000 for the Alliant Energy Center, Olbrich Botanical Gardens and Henry Vilas Zoo, as follows:
 - Alliant Energy Center -- \$99,000 (Dane County) – a 3% increase over 2023
 - Olbrich Botanical Gardens -- \$796,000 (City of Madison) – 50% of net costs – a 144% increase over 2023
 - Henry Vilas Zoo -- \$491,000 (City of Madison operating contribution) – 50% of City share – a 55% increase over 2023
5. Allocate \$5,866,000 of room tax to Destination Madison, as follows:
 - \$5,591,000 for destination marketing – a 6.2% increase over 2023; 28% of estimated 2023 room taxes
 - \$275,000 for event booking assistance subsidy
6. Allocate \$252,500 of room tax to City Tourism Marketing, as follows:
 - Sister Cities – \$30,000
 - Music -- \$55,000 (\$25k for Dane Dances and \$30k for Make Music Madison)
 - Art/Fests -- \$17,500
 - Blink+ -- \$30,000
 - Implementation of Music Tourism Economic Recovery Plan -- \$25,000
 - WIAA Tournament -- \$15,000
 - Civic Promotion/Civic Conferences -- \$50,000
 - Arts Worker Grants -- \$75,000 (new program)
7. Allocate room tax for administration and enforcement, as follows
 - Administration -- \$20,000
 - Enforcement -- \$15,000

8. Adopt Room Tax Reserve Fund Policy

- The Room Tax Commission shall by its 2029 budget establish a reserve at least equal to 10% of budgeted appropriations for Room Tax Commission programs. The reserve amount for the 2024 budget will be at least 5% of budgeted appropriations for Room Tax Commission programs.
- Reserves will only be used to respond to declining revenue of more than 10% compared to the prior year. Use of reserve levels requires an affirmative vote of at least two-thirds of commission members (4 of 6). Reserve levels will be replenished to policy target within 5 years of event.
- This policy statement shall be included annually in the Notes to the Room Tax Fund Condition statement in the City's Adopted Budget.

9. Describe Room Tax Commission Role

- The City of Madison Room Tax Commission is created and defined by state law, as reflected in city ordinance, with members appointed by the Mayor and approved by the Common Council.
- The Room Tax Commission is responsible for allocating at least 70 percent of room taxes collected by the City of Madison and allocated to it in the adopted City budget. Funds allocated by the Commission must adhere to state law which requires that the funds be used for tourism marketing and tangible municipal development that is reasonably expected to result in overnight stays at transient occupancy facilities in the city. The remaining 30 percent of room taxes are deposited in the City's General Fund for appropriation by the Common Council to support general city programs and services.
- The City of Madison has entered into a contract with Destination Madison (i.e., the Greater Madison Convention and Visitors Bureau) to provide tourism destination marketing services to the Monona Terrace Convention and Community Center. That contract provides 28% of all room taxes collected in the prior year to Destination Madison to fund these services. Monona Terrace administers this contract, including evaluation of performance measures. The Room Tax Commission budget allocations reflect estimates of this payment calculation.
- The City of Madison has entered into a Structural Agreement and Annual Performance Contract with the Overture Center Foundation, operating entity of the Overture Center for the Performing Arts. The Structural Agreement and Annual Performance Contract include an expected amount of City subsidy provided annually, subject to appropriation. The Room Tax Commission allocates room tax funding to the Overture Center annually based on its review of overall priorities, available funding, and Commission policies. The Madison Arts Commission and Common Council review the various performance provisions included in the Structural Agreement and the Annual Performance Contract.
- This description of roles shall be included annually in the Notes to the Room Tax Fund Condition statement in the City's Adopted Budget.

Note: After transferring 30 percent of 2024 room tax revenues to the General Fund (\$6,350,000), the estimated balance in the Room Tax Fund on December 31, 2024, would be \$1,989,531, which is 12.5% of 2024 revenues. On-going expenditures exceed on-going revenues by \$1,157,200.

	2023	2024
	<u>Post-Budget Projected</u>	<u>MOTION</u>
Fund Balance, January 1	\$ 4,552,920	\$ 3,669,452
Restricted for Bond Requirements	\$ -	
Reserved for Monona Terrace Capital Projects	\$ (94,505)	(94,505)
Committed for Event Booking Assistance	\$ (470,145)	(470,145)
Balance of Unassigned Funds, January 1	<u>\$ 3,988,270</u>	<u>\$ 3,104,802</u>
SOURCES		
Estimated Total Room Tax Receipts	19,967,000	21,165,000
Room Tax Increase to 10%		
Transfer In from General Fund (for Monona Terrace Reserves)		
Transfer In from TID 25 (9-21-2021 - Council Resolution)		
Interest Revenue	\$ 52,025	\$ 41,930
TOTAL SOURCES	<u>\$ 20,019,025</u>	<u>\$ 21,206,930</u>
USES		
Tangible Municipal Development (s. 66.0615 (1) (fm) 3., Wis. Stats.)		
<u>Monona Terrace:</u>		
Debt Service Payment-Revenue Bond Issue (a)		
Debt Service Payment-Gen'l Obligation Bond Issue (i)	\$ 207,721	\$ 416,700
Operating Subsidy	\$ 4,825,725	5,392,000
Capital Purchases	\$ 1,655,000	399,000
Reserves (b)		
Subtotal Monona Terrace	\$ 6,688,446	\$ 6,207,700
Monona Terrace Share of Room Tax Revenues	\$ -	
<u>Alliant Center, Henry Vilas Zoo and Olbrich Gardens</u>	<u>\$ 738,152</u>	<u>\$ 1,386,000</u>
<u>Overture Center Subsidy from Room Tax</u>	<u>\$ 2,095,000</u>	<u>\$ 2,180,000</u>
Subtotal Tangible Municipal Development	\$ 9,521,598	\$ 9,773,700
Share of Room Tax Revenues	\$ -	
	\$ -	
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)		
<u>Greater Madison Convention and Visitors Bureau:</u>		
Destination Marketing (c)	\$ 5,264,037	\$ 5,591,000
Estimated Event Booking Assistance Subsidy	\$ 275,000	\$ 275,000
	28%	28%
Additional Funding (b)		
Subtotal Destination Madison	\$ 5,539,037	\$ 5,866,000
<u>City Tourism Marketing Activities</u>		
Sister Cities Program	\$ 30,000	30,000
Civic Conferences / Fairs / Festivals / Summer Con	202,500	252,500
Civic Conferences (e)	\$ 35,000	\$ 35,000
Civic Promotion (e)	\$ 15,000	\$ 15,000
Madison Music City (g)		
Dane Dances (g)	\$ 25,000	\$ 25,000
Make Music Madison (g)	\$ 30,000	\$ 30,000
Songwriting Conference (g)	\$ -	
Music Tourism Study / Implementation	\$ 50,000	\$ 25,000
Arts Workers Grants	\$ -	\$ 75,000
Fairs / Festivals / Summer Concerts (f)	\$ 17,500	\$ 17,500
Downtown Temporary Art Installations	\$ 30,000	\$ 30,000
WIAA Basketball Tournament (h)	15,000	15,000
Subtotal City Tourism Marketing	\$ 247,500	\$ 297,500
Subtotal Tourism Marketing	\$ 5,786,537	\$ 6,163,500
Room Tax Commission Administration	\$ 32,835	\$ 20,000
Room Tax Commission Enforcement of Transient Tourist		
Rooming Houses (i)	\$ 15,000	\$ 15,000
Room Tax Commission	\$ 15,355,970	\$ 15,972,200
Room Tax Retained for General Purposes		
General Purposes (b)	\$ 5,467,523	\$ 6,271,000
Arts Grants	\$ 79,000	79,000
Subtotal Retained for Other Purposes	\$ 5,546,523	\$ 6,350,000
TOTAL USES	<u>\$ 20,902,493</u>	<u>\$ 22,322,200</u>
Fund Balance, December 31	<u>\$ 3,669,452</u>	<u>\$ 2,554,181</u>
Committed for Monona Terrace Capital Projects	(94,505)	(94,505)
Committed for Event Booking Assistance	(470,145)	(470,145)
Balance of Unassigned Funds, December 31 (b)	<u>\$ 3,104,802</u>	<u>\$ 1,989,531</u>
Unassigned Funds Share of RTC Allocations	20.22%	12.46%
Structural Balance (difference between on-going revenues and expenditures)	\$ (935,493)	\$ (1,157,200)