

February 25, 2019 Meeting

ROOM TAX COMMISSION

AGENDA

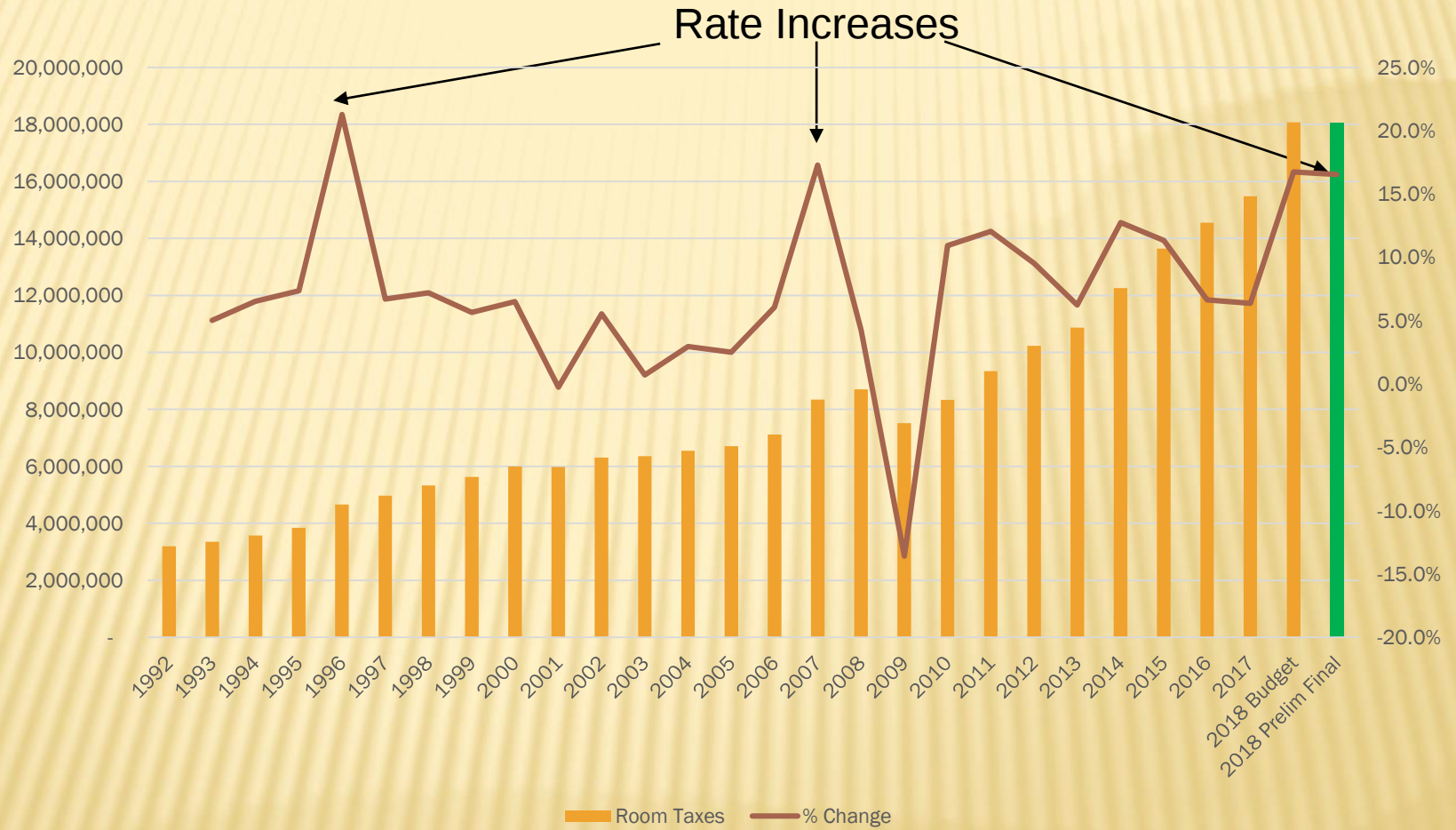
- ✕ 2018 Room Tax Collections
- ✕ Long-Term Financial Outlook
- ✕ City Cost Allocation Plan
- ✕ 2019 Meeting Calendar

2018 ROOM TAX COLLECTIONS

ROOM TAX COLLECTIONS – 2018

- ✖ 2018 Budget – \$18,077,051
 - + 17% over 2017 Final Collections (11.1% rate increase plus 5% base revenue increase)
- ✖ 2018 Preliminary Final -- \$18,111,000
 - + 4th qtr = \$4,175,000 (up 8.4% over 2017 Q4)
 - + Up 17% annually over 2017

ROOM TAXES



ROOM TAX COLLECTIONS - 2018

- ✖ 2018 Air BnB Collections = \$385,337 (\$621,897 since inception).
- ✖ Full year for AC Marriott and Air BnB.
- ✖ One new property in 2018 – Madison West Tru Hotel by Hilton.
- ✖ Excluding rate increase, 2018 Q4 down 2.5% compared to 2017 Q4 (2017 Q4 was up 11.5% over 2016 Q4); last Q4 decrease was in 2009 (-11%)

2018 PROJECTED ROOM TAX FUND CONDITION

Compared with 2018 budget:

- ✖ Revenues and expenditures close to budget.
- ✖ 2018 Projected Balance = \$380,000
- ✖ Final 2018 figures will be available at next RTC meeting.

LONG-TERM FINANCIAL FORECAST

2019 TO 2025 FORECAST ASSUMPTIONS

- ✖ 2019 at budget; average growth – 10% since 2009; 7% since 2015.
- ✖ Monona Terrace operating subsidy grows 2% annually; implement City internal services cost allocation.
- ✖ Monona Terrace capital needs based on 2019 CIP through 2024.
- ✖ Monona Terrace construction bond paid off in 2020.
- ✖ GMCVB share increases 2% points annually from 26% in 2019 to 34% by 2023.
- ✖ Overture subsidy remains at \$2.0 million.
- ✖ Olbrich Gardens and Zoo subsidies remain in Room Tax Fund.

MONONA TERRACE CAPITAL IMPROVEMENT PLAN

	2019	2020	2021	2022	2023	2024
Building Improvements	\$465,000	\$410,000	\$485,000	\$595,000	\$3,755,000	\$1,595,000
<i>Major Items</i>	Network core replacement	North Hall Ceiling	Technology Upgrade	Olin Terrace tiles; Room Audio; Heat Exchanger	10-year major renovation cycle	10-year major renovation cycle
Equipment	\$425,000	\$610,000	\$400,000	\$340,000	\$870,000	\$350,000
<i>Major Items</i>	Dance floor	Large tier projector update; resurface docks	Trash waste containers	Rooftop stage; banquet tables	Banquet chairs; décor package; drape and table skirts	Stage steps and railings
GRAND TOTAL	\$890,000	\$1,020,000	\$885,000	\$935,000	\$4,625,000	\$1,945,000

NEW PROPERTIES UNDER/NEAR CONSTRUCTION

- ✕ Hilldale area – 2019
- ✕ Capitol East District – 2019
- ✕ Rimrock Road – 2019
- ✕ State Street – 2021
- ✕ Downtown / MATC Site – 2021
- ✕ Judge Doyle -- TBD

FORECAST– RTC FUND BALANCE

Average Growth	3%	4%	5%
2019	\$0	+\$160,000	+\$300,000
2020	-\$100,000	+\$200,000	+\$560,000
2021	-\$100,000	+\$550,000	+\$1,200,000
2022	-\$300,000	+\$680,000	+\$1,700,000
2023 (10 year renovation cycle)	-\$4,500,000	-\$3,100,000	-\$1,600,000
2024	-\$5,900,000	-\$3,900,000	-\$1,800,000
2025	-\$7,100,000	-\$4,400,000	-\$1,600,000

COST ALLOCATION PLAN

BACKGROUND

- ✖ Cost allocation plans are common to allocate central costs to direct service agencies and funding sources:
 - + Ensure appropriate cost recovery for federal grants
 - + Ensure appropriate recovery from enterprise units.

DEVELOPMENT

- ✖ \$30,000 included in 2018 budget to hire a cost allocation consultant.
- ✖ RFP conducted and Sequoia Consulting hired in Spring 2018.
- ✖ Outreach efforts were conducted with stakeholder agencies.
- ✖ 2018 budget reflected \$850,000 in costs shifted from General Fund – approximately 50% of estimated cost. Due to time to develop plan, no costs were allocated in 2018.

2019 BUDGET

- ✖ Cost allocation plan completed in latter half of 2018.
- ✖ 2019 budget reflects implementation of the plan at 75% of total cost allocation (\$700,000)
- ✖ Monona Terrace impact:
 - + Prior interfund transfer to general fund for information technology costs = \$65,000
 - + 2019 interfund transfer based on cost allocation plan for all central services costs = \$266,000

COST ALLOCATIONS TO MONONA TERRACE

Segment 3	Object	2018	2019
80 - MONONA TERRACE COMM CO	57100 - ID CHARGE FRO GENERAL FUND	-	-
	57111 - ID CHARGE FROM ATTORNEY	-	32,437
	57113 - ID CHARGE FROM CLERK	-	565
	57115 - ID CHARGE FROM FINANCE	-	75,901
	57116 - ID CHARGE FROM HUMAN RESOURCES	-	64,351
	57117 - ID CHARGE FROM INFORMATION TEC	65,520	57,711
	57119 - ID CHARGE FROM MAYOR	-	22,806
	57121 - ID CHARGE FROM TREASURER	-	9,051
	57122 - ID CHARGE FROM EAP	-	2,454
	57140 - ID CHARGE FROM ENGINEERING	-	690

2019 MEETING CALENDAR

DRAFT 2019 MEETING CALENDAR

- ✘ February 25, 2019 – Quarterly update
- ✘ May/June 2019 – Quarterly update; preliminary 2020 budget outlook.
- ✘ August 2019 – Quarterly update; Initial 2020 Budget Meeting and Presentations
- ✘ Early September 2019 – 2020 Budget Decisions

ADJOURNMENT
