

September 6, 2018 Meeting

ROOM TAX COMMISSION

AGENDA

- ✖ 2018 Room Tax Collections and Projection
- ✖ Long-Term Financial Outlook
- ✖ 2019 Budget Discussion
- ✖ Presentations – Overture, CVB, City Arts, Monona Terrace
- ✖ 2019 Budget Decisions
- ✖ Adjournment

ROOM TAX COLLECTIONS AND FORECAST

ROOM TAX COLLECTIONS – 2018

- ✖ 2018 Budget -- \$18,077,051

- + 17% over 2017 Final Collections (11.1% rate increase plus 5% base revenue increase)

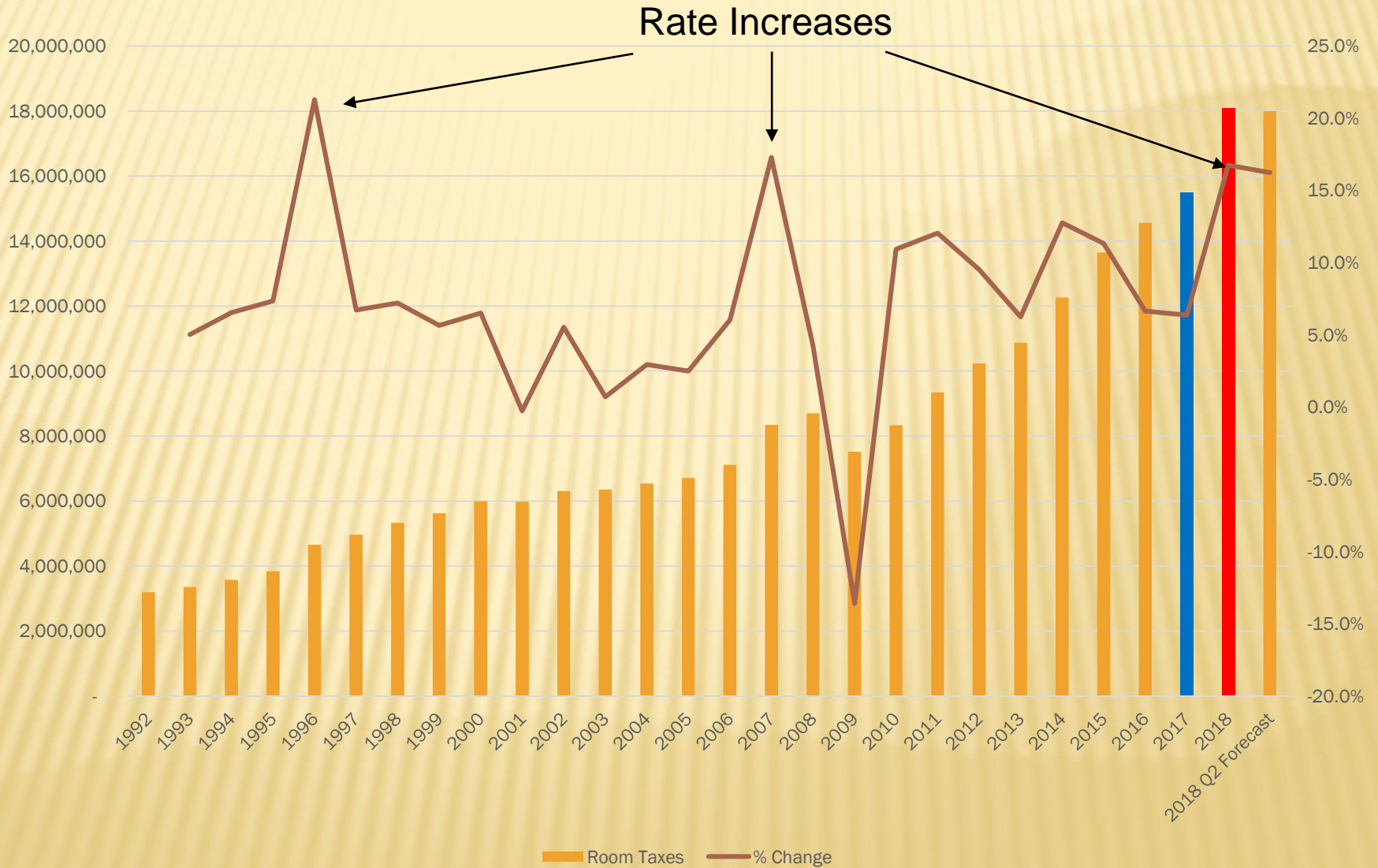
- ✖ 2018 Second Quarter -- \$4,820,496

- + 18% more than 2017 Q2; 17.5% year/year

- + Generally on track with forecast.

- + Third quarter will be available in early November.

ROOM TAXES



ROOM TAX COLLECTIONS - 2018

- ✖ Air BnB Q2 Collections = \$208,481 (\$445,041 since inception)
- ✖ One new property in Q2 collections – Madison West Tru Hotel by Hilton

2018 PROJECTED ROOM TAX FUND CONDITION

Compared with 2018 budget:

- ✖ Revenues and expenditures close to budget.
- ✖ 2018 Projected Balance = \$350,000

LONG-TERM FINANCIAL FORECAST

2019 TO 2025 FORECAST ASSUMPTIONS

- ✘ 2018 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 \$1.9 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 – 2018
- ✕ Capitol East District – 2019
- ✕ Rimrock Road – 2019
- ✕ State Street – 2020
- ✕ Downtown / MATC Site – 2021
- ✕ Judge Doyle -- TBD

FORECAST- RTC FUND BALANCE

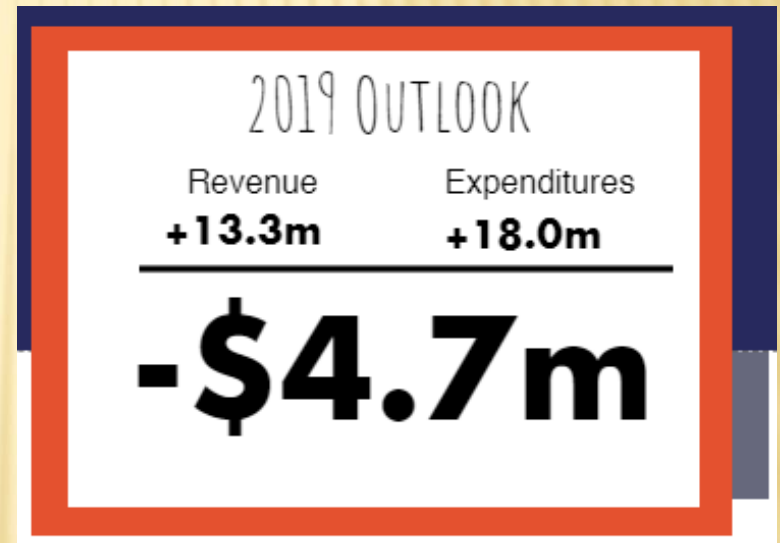
Average Growth	3%	4%	5%
2019	+\$100,000	+\$200,000	+\$350,000
2020	+\$100,000	+\$400,000	+\$700,000
2021	+\$200,000	+\$800,000	+\$1,500,000
2022	+\$100,000	+\$1,000,000	+\$2,100,000
2023 (10 year renovation cycle)	-\$4,000,000	-\$2,500,000	-\$1,100,000

2019 Budget

OVERVIEW, DISCUSSION AND DECISIONS

2019 GENERAL FUND BUDGET OUTLOOK

- ✗ General Fund expenditures are growing at a faster pace than allowable revenue growth
 - + Projected Revenue Growth=\$13.3m
 - + Projected Expenditure Growth=\$18.0m
- ✗ The projected deficit for 2019 is \$4.7m



UNDERSTANDING THE 2019 BUDGET OUTLOOK: REVENUE vs EXPENDITURES

REVENUE



+4.1%
INCREASE

- ✕ Growth in General Fund revenue is driven by projected levy increase(\$10.6m).
- ✕ Local revenues are projected to decline by 0.8% (\$0.4m) from 2018 to 2019.

EXPENDITURES



+5.8%
INCREASE

- ✕ General Fund expenditures are projected to increase by 5.8%. Debt service & personnel costs are the primary drivers of the increase.

UNDERSTANDING THE 2019 BUDGET OUTLOOK: GENERAL FUND REVENUES

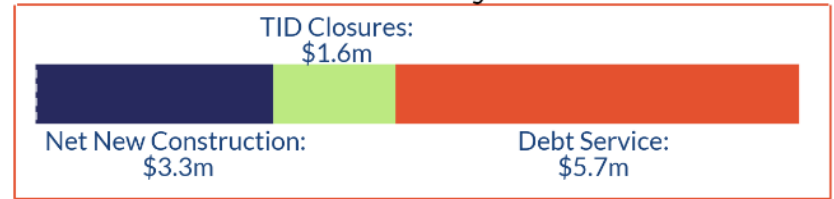
WHERE THE MONEY COMES FROM

GENERAL FUND REVENUE BY TYPE



PROPERTY TAX LEVY

Elements of Levy Growth

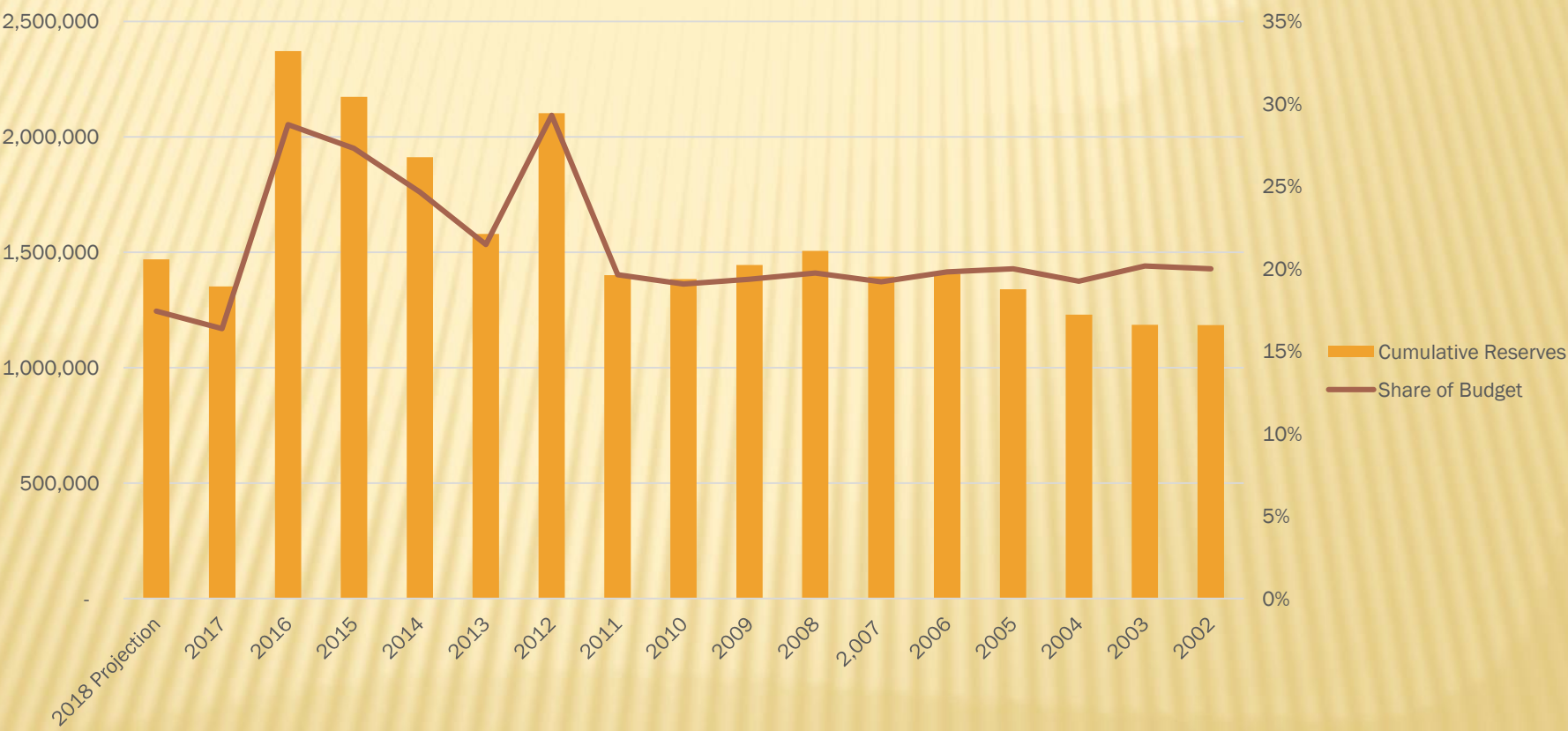


Projected Allowable Levy Growth=\$10.6m

- ✦ State-imposed Levy Limits cap the growth rate in the property tax levy. The closures of three TIF Districts adds \$1.6m to the allowable increase in 2019.
- ✦ The property tax levy is projected to increase by 4.6% (\$10.6m) from 2018 to 2019; at this rate taxes on the average value home will increase 1.1%.

MONONA TERRACE RESERVES

Monona Terrace Reserves
Goal is 20% of subsequent year budget



PRESENTATIONS

- ✗ Overture Center (requesting \$2.22 million – up \$320,882)
- ✗ Greater Madison Convention and Visitors Bureau (provide 26% of room tax revenues, per contract)
- ✗ City Tourism Marketing Arts Programs (add \$25,000)
- ✗ Monona Terrace
 - + \$3.8 million operating subsidy (reflects \$200,000 from reserves)
 - + \$890,000 capital request

2019 BUDGET DECISIONS

- ✖ Assume 4% revenue growth for 2019.
- ✖ Proposed Approach:
 - + Continue Olbrich and Zoo subsidy
 - + Increase MT budget for city-wide internal cost allocations (\$100,000)
 - + Continue GMCVB share increase per contract (26% in 2019)
 - + Maintain City Tourism funding at current levels.
 - + Maintain Overture Center funding at current level.
 - + Commission develops long-term plan to finance Monona Terrace renovations in 2023.
- ✖ Commission decisions.

ADJOURNMENT
