

AMENDMENT TO 2020 ADOPTED ROOM TAX COMMISSION BUDGET IN RESPONSE TO REDUCTION IN ESTIMATED ROOM TAXES DUE TO ECONOMIC IMPACT OF PUBLIC HEALTH EMERGENCY RELATED TO COVID-19 PANDEMIC

Motion:

Move to amend the 2020 adopted Room Tax Commission budget, as follows:

1. Reduce estimated room tax revenues by 50% from 2019 actual collections (\$-10,087,218 REV)
2. Amend room tax allocations to Monona Terrace, as follows:
 - Operating subsidy of \$2,147,508 (50% reduction from 2020 adopted amount)
 - Capital purchases allocation of \$250,000 (71% reduction)
 - Overall 51% reduction to 2020 adopted operating and capital budget
 - Transfer \$750,000 of prior year capital appropriation reserves to operating budget
 - Note that City general fund is supporting approximately \$265,000 of redeployed staff costs and that agency reserves of \$1.9 million will be fully depleted in 2020.
3. Amend room tax allocations to Overture Center, as follows:
 - \$1,200,000 (43% reduction from 2020 adopted amount)
4. Amend room tax allocations to Destination Madison, as follows:
 - \$2,950,000 for destination marketing (44% reduction)
 - \$50,000 for event booking assistance subsidy (75% reduction)
5. Amend room tax allocations to Olbrich Gardens and Henry Vilas Zoo, as follows:
 - \$0 for Olbrich Gardens and Henry Vilas Zoo (100% reduction)
6. Amend room tax allocations to City Tourism Marketing, as follows:
 - Fireworks -- \$0 (100% reduction)
 - Sister Cities -- \$15,000 (50% reduction)
 - Music -- \$30,000 (63% reduction -- \$10k for Dane Dances; \$10k for Songwriting; \$10k for Make Music Madison)
 - Art/Fests -- \$37,500 -- (21% reduction)
 - WIAA Tournament -- \$0 -- (100% reduction)
 - Civic Promotion/Civic Conferences -- \$20,000 -- (60% reduction)
7. Amend room tax allocations for administration and enforcement, as follows
 - Administration -- \$0 (100% reduction)
 - Enforcement -- \$0 (100% reduction)
8. Room Tax Commission will continue to monitor federal legislative actions to provide budget and economic stabilization funding to the City and may revisit amended 2020 room tax allocations if such legislation is enacted by Congress.

Note:

This motion reduces 2020 adopted room tax revenues and appropriations based on estimated economic impacts associated with the public health emergency actions in response to the COVID-19 pandemic. Preliminary national forecasts of hotel industry revenues estimate between a 50% and 60% reduction from 2019 actual revenues in 2020. The table below compares room tax allocations under the motion with the 2020 adopted budget allocations and 2019 actual revenues and expenditures. Based on the revised revenue estimates, amendments to 2020 adopted room tax allocations and reallocation of prior year appropriations the estimated Room Tax Fund balance at the end of 2020 is \$14,729.

	2019 Actual	2020 ADOPTED	50% Cut 2020 COVID-19	July 7 Meeting Motion 2020 Amended	% Chg
Fund Balance, January 1	\$ 1,633,514	\$ 1,745,492	\$ 1,745,492	\$ 1,745,492	0%
Restricted for Bond Requirements	-	-	-	-	
Reserved for Monona Terrace Capital Projects	(680,560)	(680,560)	(983,785)	(983,785)	45%
Committed for Event Booking Assistance	(369,765)	(369,765)	(406,275)	(406,275)	10%
Balance of Unassigned Funds, January 1	\$ 583,189	\$ 695,167	\$ 355,432	\$ 355,432	-49%
SOURCES					
Estimated Total Room Tax Receipts	\$ 18,929,841	\$ 19,552,138	\$ 9,464,921	\$ 9,464,921	-52%
Interest Revenue	18,976	12,674	6,135	6,135	-52%
TOTAL SOURCES	\$ 18,948,817	\$ 19,564,812	\$ 9,471,056	\$ 9,471,056	-52%
USES					
<u>Monona Terrace:</u>					
Debt Service Payment-Revenue Bond Issue (a)	\$ 800,025	\$ 272,275	\$ 272,275	\$ 272,275	0%
Debt Service Payment-Gen'l Obligation Bond Issue (a)	-	23,998	23,998	-	-100%
Operating Subsidy	3,795,928	4,295,016	2,147,508	2,147,508	-50%
Capital Purchases	588,587	870,000	287,000	250,000	-71%
Subtotal Monona Terrace	\$ 5,184,540	\$ 5,461,289	\$ 2,730,781	\$ 2,669,783	-51%
Monona Terrace Share of Room Tax Revenues	27%	28%	29%	28%	
<u>Henry Vilas Zoo and Olbrich Gardens (i)</u>	\$ 642,352	\$ 642,352	\$ 321,176	-	-100%
<u>Overture Center Subsidy from Room Tax</u>	\$ 2,000,000	\$ 2,095,000	\$ 1,050,000	\$ 1,200,000	-43%
Subtotal Tangible Municipal Development	\$ 7,826,892	\$ 8,198,641	\$ 4,101,957	\$ 3,869,783	-53%
Share of Room Tax Revenues	41%	42%	43%	41%	
<u>Greater Madison Convention and Visitors Bureau:</u>					
Destination Marketing (c)	\$ 4,989,009	\$ 5,264,037	\$ 2,632,019	\$ 2,950,000	-44%
Estimated Event Booking Assistance Subsidy	140,953	200,000	100,000	50,000	-75%
Subtotal Destination Madison	\$ 5,129,962	\$ 5,464,037	\$ 2,732,019	\$ 3,000,000	-45%
	27%	28%	29%	32%	
<u>City Tourism Marketing Activities</u>					
Support for Fireworks Events (d)	15,000	15,000	-	-	-100%
Sister Cities Program	27,000	30,000	15,000	15,000	-50%
Civic Conferences / Fairs / Festivals / Summer Concerts	132,895	177,500	103,750	87,500	-51%
Civic Conferences (e)	4,663	35,000	10,000	5,000	-86%
Civic Promotion (e)	11,732	15,000	4,125	15,000	0%
Madison Music City (g)					
Dane Dances (g)	25,000	25,000	20,000	10,000	-60%
Make Music Madison (g)	30,000	30,000	24,000	10,000	-67%
Songwriting Conference (g)	25,000	25,000	10,000	10,000	-60%
Fairs / Festivals / Summer Concerts (f)	16,500	17,500	13,125	15,000	-14%
Downtown Temporary Art Installations	20,000	30,000	22,500	22,500	-25%
WIAA Basketball Tournament (h)	-	15,000	-	-	-100%
Subtotal City Tourism Marketing	\$ 174,895	\$ 237,500	\$ 118,750	\$ 102,500	-57%
Subtotal Tourism Marketing	\$ 5,304,857	\$ 5,701,537	\$ 2,850,769	\$ 3,102,500	-46%
Share of Room Tax Revenues	28%	29%	30%	33%	
Room Tax Commission Administration	18,800	19,552	9,465	-	-100%
Room Tax Commission Enforcement of Transient Tourist Roomir	15,000	15,000	-	-	-100%
Share of Room Tax Revenues	0.2%	0.2%	0.1%	0.0%	
Room Tax Commission	\$ 13,165,549	\$ 13,934,730	\$ 6,962,191	\$ 6,972,283	-50%
Tourism-Related Share of Room Tax	69%	71%	73%	74%	
Room Tax Retained for General Purposes					
General Purposes (b)	\$ 5,592,290	\$ 5,786,642	\$ 2,799,976	\$ 2,760,476	-52%
Arts Grants	79,000	79,000	39,500	79,000	0%
Subtotal Retained for Other Purposes	\$ 5,671,290	\$ 5,865,642	\$ 2,839,476	\$ 2,839,476	-52%
Share of Room Tax Revenues	30%	30%	30%	30%	
TOTAL USES	\$ 18,836,839	\$ 19,800,372	\$ 9,801,667	\$ 9,811,759	-50%
Fund Balance, December 31	\$ 1,745,492	\$ 1,509,933	\$ 1,414,881	\$ 1,404,789	-7%
Expenditure of Monona Terrace Prior Year Balances					
Transfer to Monona Terrace Operations				\$ (750,000)	
Monona Terrace Capital Expenditures				\$ (233,785)	
Committed for Monona Terrace Capital Projects	(983,785)	(983,785)	(983,785)	-	-100%
Committed for Event Booking Assistance	(406,275)	(406,275)	(406,275)	(406,275)	0%
Balance of Unassigned Funds, December 31 (b)	\$ 355,432	\$ 119,873	\$ 24,821	\$ 14,729	-88%