

**AGREEMENT**  
**By and Between the City of Racine and Real Racine**  
**For the Collection and Disbursement of Room Tax Revenues**

This Agreement (“Agreement”) is hereby entered into this \_\_\_\_ day of \_\_\_\_\_, 2018, by and between the City of Racine, a Wisconsin municipal corporation, hereinafter referred to as the “City”, and Real Racine, Inc., a Wisconsin non-profit corporation engaged in tourism promotion efforts and activities on behalf of greater Racine County, hereinafter referred to as “Real Racine”. (The City and Real Racine may be collectively referred to herein as “The Parties”, or individually as a “Party”).

RECITALS

**WHEREAS**, Real Racine, formerly known as the Racine County Convention & Visitors Bureau, and successor agency to the Greater Racine Area Convention and Visitors Bureau, has, since July 26, 1983, maintained a contractual agreement with the City to provide tourism promotion activities to the benefit of the Greater Racine area, including the City, in exchange for the City paying over and disbursing to Real Racine, eighty-five percent (85%) of the proceeds received by the City from the Room Tax levied by the City against the retail furnishing of rooms or lodging within the City; and

**WHEREAS**, in the intervening years since the contractual agreement was first entered into, multiple amendments have been made to the Wisconsin State Statutes governing the collection, disbursement and use of Room taxes, and the percentage of tax levied on rooms has been adjusted from 4% to 8% of gross receipts. In fact, many circumstances have changed and evolved, yet the Parties have not acted to amend or renegotiate the original contractual agreement to reflect such changes; and

**WHEREAS**, it is now the desire of the Parties to herein set forth and memorialize a new, updated and amended Agreement, which fully reflects the desires of each to serve their respective constituencies in the most complete and accountable manner possible.

**NOW, THEREFORE**, for and in consideration of the mutual covenants herein contained, the City and Real Racine agree as follows:

AGREEMENT

1. **AUTHORITY.** This agreement supersedes and replaces all past agreements, implied or in writing, between the City and Real Racine.
2. **TERM.** The term of this Agreement shall be in force and effect from the date of execution of this Agreement and shall continue in force and effect until December 31, 2021. It may be terminated as follows:
  - A. By either Party upon not-less-than six (6) months written notice, to the other, in advance of the next-occurring December 31<sup>st</sup> of the agreement term.

- B. Repeal of Section 22.27 of the Municipal Code of the City of Racine which levies the Room Tax referred to herein, without the concurrent replacement of such Section with amended language providing for the continuation of said Room Tax levy, collection and distribution by the City.
  - C. By the mutual written agreement of the Parties hereto as evidenced by formal action of each Party's Governing Body.
3. ROOM TAX COLLECTION AND DISTRIBUTION. The City agrees to Account for and receipt all proceeds from Room Taxes received by the City from the Room Tax levied and imposed by the City against the retail furnishing of rooms and lodging within the City, consistent with Section 66.75, Wis. Stats., as amended. From such totals, the City shall pay over and disburse to Real Racine, on a monthly basis during the term of this Agreement, eighty-five percent (85%) of the Room Tax proceeds received by the City from lodging properties existing and doing business within the City prior to January 1, 2018; (which shall consist of the Doubletree Hotel; The Riverside Inn; The Christmas House B&B; The Lochnaier Inn B&B; and, The Seeker Motel; or successor businesses thereto operating out of the same physical locations) Conversely, The City shall retain for its own tourism-promotion activities consistent with State Statute, and shall not pay over and disburse to Real Racine, one-hundred-percent (100%) of all Room Tax proceeds received by the City from payments remitted to the City as a result of any "Voluntary Collection Agreements" entered into with Air B&B or similar "Home Sharing" services or platforms, or their successor entities; as well as from the first (1<sup>st</sup>), destination-quality, upscale, select-service lodging facility, containing not-less-than one-hundred forty (140) rooms, or its successor entity, which locates and establishes its retail business within the established jurisdictional boundaries of The City after January 1, 2018.

For each additional lodging facility locating within the City after January 1, 2018 but not meeting the above-described conditions; pertaining to the first (1<sup>st</sup>) such lodging facility, or its successor entity, locating and establishing business within the City after January 1, 2018, the City shall pay over and disburse to Real Racine fifty-percent (50%) of the Room Tax proceeds received therefrom; for the second (2<sup>nd</sup>) such lodging facility, or its successor entity, locating and establishing business within the City after January 1, 2018, the City shall pay over and disburse to Real Racine seventy-five percent (75%) of the Room Tax proceeds received therefrom; and further, for the third (3<sup>rd</sup>) and succeeding lodging facility(ies) locating and establishing business within the City after January 1, 2018, the City shall pay over and disburse to Real Racine eighty-five percent (85%) of the Room Tax proceeds received therefrom.

4. CITY'S USE OF ROOM TAX PROCEEDS. It is the City's stated intention to use the room tax proceeds it receives from the first "destination-quality" lodging facility described in Section 3. herein for the purposes of supporting the debt-service financing, for the complete term of such debt-service financing instrument, of a tangible municipal development which, due to its construction and ongoing operation is reasonably likely to generate paid overnight stays within the Real Racine service area. The City shall not use such room tax proceeds for any plans, studies, soft costs, or other due diligence costs or activities which may be required for or precedent to the construction of the tangible municipal development; but instead, only as debt-

service repayment on the contracted and established debt service thereof, upon the project's completion. To the extent that the City receives room tax proceeds from the first "destination-quality" lodging facility described in 3. herein for a period exceeding twenty-four (24) consecutive calendar months in which the City does not contract for and establish the debt service financing on a tangible municipal development; or fully escrow with an independent, third-party fiduciary, all such proceeds received and dedicated to the debt-service repayment of a planned, tangible municipal development; then, the City agrees to pay over and disburse to Real Racine fifty-percent (50%) of the room tax proceeds received therefrom until such time as debt service financing is contracted.

5. SCOPE OF SERVICES. In exchange for the receipt of Room Tax collections as detailed in Section 3. Herein, Real Racine agrees to serve as the primary Tourism Entity on behalf of the City of Racine and shall more specifically provide: A. Ongoing tourism promotion and tourism development; B. Marketing, promotional, and advertising efforts; C. Cooperation with, support for, and actual organization and operating of one-time and recurring community events; and D. The employing and/or contracting for destination professional, marketing, and support staff to achieve A-C.; all of which serves the interest and intent of creating, growing, and expanding the positive economic impact achieved by the City of Racine and its business and commercial sector from induced spending on tourism, hospitality, culture, recreation and arts & entertainment.
6. REPORTING. Real Racine agrees to submit to the Office of the City Administrator of the City, detailed written reports, every twelve (12) months, beginning with March 1, 2019 for the period January 1, 2018 - December 31, 2018; March 1, 2020 for the period January 1, 2019 – December 31, 2019; and so on, for the term of this agreement. The Reports shall account for all monies received and expended from the City under Section 3. Herein and shall include specific detail on the program of work pursued; the activities and efforts put forth and produced; the events held; the promotions, advertisements and outreach efforts conducted or placed; and the comparative success measured across established time metrics such as event attendees; dollars spent; room nights induced; overall economic impact, etc. In addition, Real Racine, as represented by its President & CEO, or a representative designee, shall appear before the Common Council of the City at least once yearly, during the term of this agreement, at a time mutually determined between the Parties, in order to present such yearly report on efforts and achievements and other points of mutual interest.
7. NOTICES. Notices, reporting, or correspondence subject to this Agreement shall be in writing and addressed to the parties at the following addresses:

City Administrator  
City of Racine  
730 Washington Avenue  
Racine, WI 53403

Real Racine

President & CEO  
14115 Washington Avenue  
Sturtevant, WI 53177

**IN WITNESS WHEREOF**, The parties, by their respective officers and agents, have executed this Agreement on the date first above written.

CITY OF RACINE

By: \_\_\_\_\_  
Cory Mason, Mayor

ATTEST:

By: \_\_\_\_\_  
Janice Johnson-Martin, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Scott R. Letteney, City Attorney

Provisions have been made to pay the liability that will accrue hereunder.

\_\_\_\_\_  
David Brown, Finance Director

REAL RACINE

By: \_\_\_\_\_  
Dave Blank, President/CEO

By: \_\_\_\_\_  
Denise Roberts McKee, Board Chair