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City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance & Personnel LEGISLATION ITEM #: 0582-19

AGENDA DATE: May 28, 2019 Finance & Personnel Committee
June 4, 2019 Common Council Meeting

DEPARTMENT:

Prepared By: City Administrator, James M. Palenick

Sponsored By: Mayor Cory Mason

SUBJECT:

A Request to Award \$25,000 in "S.T.A.R.T." Grant (Supporting Tourism Allocation of Room Tax) funding to the Racine Zoo in support of marketing activities for the 2019 Chinese lantern festival consistent with the grant application submitted.

EXECUTIVE SUMMARY:

All overnight lodging facilities registered in the City of Racine, including Air BnB and other home-sharing service platforms, are required, by Ordinance to remit to the City a Room Tax equal to 8% of gross room revenues. Of this revenue stream, the City, by contract, remits 85% of all non-home-sharing revenues to Real Racine for their marketing efforts, and the remaining 15% is maintained for City use. In addition, the City keeps 100% of the home-sharing Room Tax revenues. Of the Room tax revenues which accrue to the City, our Policy for expenditure calls for 60% to be used on marketing, services, equipment, capital improvements or other expenditures designed to support or expand tourism and related overnight stays in the City. The remaining 40% is earmarked to fund small, yearly Grant awards under the "S.T.A.R.T. (Supporting Tourism Allocation of Room Tax)" program. The S.T.A.R.T. Grants are to be made to organized community non-profit agencies in support of efforts and activities designed to generate overnight room stays or to bring tourists from outside the area. The grants are limited to \$25,000 per agency per year. A committee made up of the City Administrator and Mayor of Racine, as well as the President of Real Racine are charged with recommending yearly Grant

31 awards to the Common Council for approval with recommended action first by the Finance &
32 Personnel Committee.

33 The Racine Zoo has submitted a request for \$25,000 in S.T.A.R. T. Grant Funding to support marketing
34 efforts toward their planned, first-ever Chinese Lantern Festival to be held from October 1st through
35 December 31st, 2019. The Review Committee, following a review of the Zoo's application, has
36 unanimously recommended award of \$25,000, and asks that the Finance & Personnel Committee and
37 Common Council approve the expenditure and disbursement.

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39 **BACKGROUND & ANALYSIS:**

40 The Racine Zoo has been chosen to host a prestigious, international, destination event for the Fall of
41 2019 –partnering with the Zigong Lantern group out of Zigong China for the first-ever Chinese Lantern
42 Festival. To be open to the public from October through December, 2019, the large-scale, intricate
43 lanterns will look like pieces of artwork during the day but bring the Zoo to life after dark. The
44 Lanterns will be larger than life sculptures of various animals and will be assembled throughout the
45 summer by the Zigong artisans housed in the City. The three-month event would be a ticketed, walk-
46 around event after the Zoo is closed in the evenings and is expected to draw at least 100,000
47 attendees from the Milwaukee-Chicago corridor. In-kind promotional and operational expenses to
48 prepare for and conduct the event (made up largely of the \$400,000 in professional services value of
49 the artisans) is estimated at \$450,000; while the Zoo expects to actually expend an additional
50 \$245,000 in operational and promotional expenses (\$170,000 operational; \$75,000 promotional); and
51 the S.T.A.R.T. Grant will then provide an additional \$5,000 in local marketing and \$20,000 in regional
52 and broader, non-local promotions and advertising.

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54 **BUDGETARY IMPACT:**

55 For 2019, the City has \$63,320.00 available to fund S.T.A.R.T. Grants. If this award of \$25,000 is made
56 to the Zoo to support the Lantern festival, we will still have \$38,320.00 remaining for additional, 2019
57 Awards. The Zoo has already received Grants from the State of Wisconsin "Joint Effort Marketing"
58 (JEM) program for \$15,000; as well as Real Racine for \$30,000 in support of the planned Lantern
59 Festival.

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61 **OPTIONS/ALTERNATIVES:**

- 62 1.) To award \$25,000 in 2019 S.T.A.R.T. Grant Funding to the Racine Zoo in support of marketing
63 activities for the Chinese Lantern Festival.
- 64 2.) To award S.T.A.R.T. Grant funding in some amount less than \$25,000 to the Racine Zoo in
65 support of marketing activities for the Chinese Lantern festival.
- 66 3.) To reject the Racine Zoo application for funding and deny the award of any 2019 S.T.A.R.T.
67 Grant to the Racine Zoo.

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69 **RECOMMENDED ACTION:**

70 **To award \$25,000 in 2019 S.T.A.R.T. Grant Funding to the Racine Zoo in support of marketing activities**
71 **for the Chinese Lantern Festival**

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73 **ATTACHMENT(S):**

74 **Racine Zoo S.T.A.R.T. grant application packet.**

75 **City of Racine S.T.A.R.T. Grant Program guidelines**

76 **City of Racine Policy on the use of Room Tax proceeds**