

DOOR COUNTY TOURISM ZONE COMMISSION

FINANCIAL COMMITTEE MINUTES OF DECEMBER 7, 2009 Kerber Rose Offices/Sister Bay

ACTION ITEMS:

Nelson moved and Benzshawel seconded to recommend approval of the budget at December's meeting. Motion passed unanimously.

Benzshawel moved and Nelson seconded to go into Closed Session pursuant to Wisconsin State Statutes Section 19.85(1)(c) to discuss personnel. Motion passed unanimously.

Benzshawel moved and Nelson seconded to recommend to the Commission that Kirkland receive 24 paid hours off per year plus 25 cents/hour increase in pay. Motion passed unanimously.

Committee Members Present: Bob Kufirin, Tom Benzshawel, Bryan Nelson, Dick Skare

Also Present: Dianne Lensert, Kerber Rose; Kathy Kirkland, Administrative Assistant

Absent: Andy Coulson

Call to Order

Kufirin called the meeting to order at 2:06 p.m.

Discussion on Modifications to Commission Accounting Software

Greg Swain's proposal regarding permit and payment tracking software upgrades was handed out in his absence.

Late Fees (\$930). Lensert felt that implementing automated Late Fees letters through Bay Lake would make sense. The letters would generate and require only envelope-stuffing. Benzshawel asked how quickly the cost could be recouped. Lensert said certainly within the year. She wants to ask Swain how they would track what has gone out; it's not a receivable package, so the properties wouldn't be listed by name. Benzshawel noted there would have to be some kind of report. Lensert said the program would have to deal with \$25 late fees plus the 1% and 25% calculations. The current form letter has the date paid, date late, an "and/if" calculator to calculate the amount for penalties, and then the due date.

Password Changes (\$250 for Admin changes; \$1,150 for User ability to change). Lensert said that as an enhancement, it's a security measure. She felt nobody should have access to the reporting as being logged on "as" the property owner/agent; Kerber Rose would have to show logging in as "Kerber Rose" ("admin entered"). She would like a security level where we don't even have a record of their new passwords. If someone can't get in, we'd have the ability to reset it; Justin said the system would e-mail them a new password. Benzshawel asked if there's liability with having other people's passwords; Lensert said yes. Is there information on these accounts that could harm them? There are no Social Security numbers, Lensert said, but you can file a report, see past income, and change information. Right now, Kerber Rose can change an address, how many units, etc. but cannot enter a report as the owner/agent; if Kerber Rose does the report, it says "admin entered." Benzshawel said databases he's familiar with has account information flagged with time/date/who entered, kept electronically, as a record for liability issues. Lensert isn't sure this program

1 does that. Would the \$1,150 fee give the user the ability to select a password or change it? Lensert said this
2 category needs fine-tuning, but if they've locked themselves out, we could "regenerate." Kufrin doesn't like
3 an entity giving him a password, even the vendor, because it means they have a record of it. He feels the
4 acceptability of the program would be greater if the user has the ability to change their password. The current
5 system is Kirkland giving new permit holders the computer-generated login information provided by Bay
6 Lakes. Benzshawel said we could even set it to a standard login for all (e.g., "password"); the first time they
7 log on, it's mandatory to change it before they can get to the reporting screen. Kufrin said even if this doesn't
8 have a payback; it improves security and the comfort level for end users. Kufrin noted that the auditors could
9 see that the current password setup as a deficit in internal controls; we could ask them if it's a better internal
10 security policy for their own passwords. Lensert feels it will be.

11
12 **Credit Cards** (\$2,250). Kirkland had done an aging report that shows only 1%-3% (larger lodging versus 1-
13 and-2, respectively) are still late beyond the 30-day-out period. Lensert said it'll be a losing proposition if we
14 don't charge fees. Kirkland found out from Jay Zahn that the vendor he uses (Official Payment Corp.)
15 charges \$27.50 per \$1,000, so it's 2.7%, which includes the credit card fees. Can we pass it on to the
16 customer? Is it legal or not? Kufrin said we'd have to pass it along to the user. Benzshawel asked the attorney
17 for the City, who said we can, but the credit card processing company might have something against it. Skare
18 asked if the idea putting it on a credit card would get people to pay earlier. If larger properties started
19 charging, are we willing to give up \$27,000 a year to make it uniform, given the report Kirkland generated?
20 Nelson feels everyone will pay by credit card. Benzshawel said offering the service is fine but we should
21 pass it along, maybe 5% extra. Kirkland will contact Rolando Navarro, the local rep, and have him give us a
22 specific proposal. We also have to consider the extra the \$2,250 fee for Bay Lake. Lensert said it will be
23 effective internally only if we get extra people, aside from current ACH users, onboard. ACH has to be
24 uploaded every day by Kerber Rose. Benzshawel said you should have to reconcile that statement with a
25 printout every night. Lensert said they would have already filed the report and cleared the credit card
26 payments but it would still have to be put into the accounting software. Lensert recommends waiting on the
27 credit card part. Benzshawel asked if there's an advantage to doing it all at one time. Lensert will ask Bay
28 Lakes.

29
30 **Confirmations** (\$600). People are still unclear as to whether they've paid or not when they pay on line.
31 Lensert said even though it says "review" onscreen and gives a confirmation to print out, there are still
32 people who mess it up. An automatically generated e-mail with amount listed should be good enough for a
33 confirmation, and she feels it's a good component.

34
35 **Data Export Program** (\$3,675). Lensert talked briefly to Justin at Bay Lakes. Her concern is not people who
36 have a different program, but those who have Lodgical specifically. There is a cost to train people on how to
37 update Lodgical. Nelson said the biggest workload as far as human input comes from the agents. Lensert said
38 the first section in the proposal talks about other software with the Data Export Program. If it's a different
39 program, they'd have to go through more steps. For Lodgical, it'd be straightforward but they would have to
40 do a data transfer of some kind.

41
42 Kufrin said if each location would have to pay for installation at about \$125 each location that would pass on
43 the cost to do that. Or should we absorb the cost? Lensert said it would be a value-added feature but there
44 could be resistance. Kufrin said he doesn't understand how each piece plays into internal accounting. Nelson
45 asked if Bay Lakes is already charging an annual fee to Lodgical customers. Lensert said we need details
46 from Greg; it's a large fee. Kufrin said Lensert would have to see if it'll pay for itself. She's not sure about
47 that or the resistance from properties to pay for the upgrade/install.

1 **Recommendations.** Kufrin asked if there are any we can do comfortably right now? Lensert would
2 recommend Late Fees, Passwords, Confirmation. Nelson said we have to recommend them to the full
3 Commission. Kufrin will add them to the agenda for December's meeting, and then the Finance Committee
4 will meet again in January to see if credit card and Lodgical components can work. Kufrin wants to make
5 sure it'll accomplish what we want. Nelson feels it'll take another face-to-face meeting; Kufrin suggested
6 having Warren Lundquist sit in to see how he feels about it. If it works for Kerber Rose, Justin, and the
7 agents, those are the people involved. Kufrin said the TZC should explore establishing fees for reports that
8 don't come to us in a user-friendly fashion: If you're going to submit a form that's capable of being directly
9 imported, you don't pay; if you submit a report with manual entry, there's a processing fee of \$25 or \$50.
10 Kirkland said her calculations show what Lensert expected: 78% are done by hand. Kufrin said perhaps if
11 you're an agent doing for 10-50, there's a processing fee. Benzshawel felt that people should use our
12 standardized form for every property. Kirkland noted that the Lodgical reports are primitive and difficult to
13 read, so input is also more difficult.

14
15 Benzshawel felt we have to justify the cost and recoup the investment; if The Zone is paying for it, we need
16 to have a cost analysis about ROI, whether it's from Kerber Rose, etc., or else pass the cost on to the permit
17 holders. Nelson said we'd discussed 20 hours a month/peak months to input for Kerber Rose; Lensert said
18 that is a guesstimate. Kufrin referred to the aging report and, other than May when the season starts, the on-
19 time payment is extremely high. Lensert talked about the problematic properties, who either won't respond to
20 become permitted or file reports or those that have multiple properties; Lensert agrees that it's 96% of dollars
21 on time.

22
23 Kufrin said Tice didn't have time to complete the Compliance Policy and has left as chair of the committee;
24 Mary Boston has done up some sample letters, which he passed out. Kufrin looked at the non-compliant
25 property list; again, it's not an enormous number who haven't kept up with reports. There are about 25
26 properties that are permitted but not following payments. Kufrin felt compliance should be to standardize the
27 procedure, treating everyone the same with an escalating series of penalties for not following the rules.

28
29 Kufrin recalled that the state and federal agencies have amnesty for people to come clean without having to
30 pay the penalties. From a financial perspective, if going after Maple Grove is going to cost \$8,000+, there are
31 15 or 50 of those, and it costs \$50,000 to go after them, perhaps we should say, "This is your opportunity for
32 amnesty. Pay what you think you owe, don't worry about what happened in the past." If people are refusing
33 to pay from 2007, how much will it cost to recoup? Skare felt there's also a difference between those who
34 have collected that tax and not paid between those who haven't collected the tax. Nelson asked what the best
35 time of year would be to offer an amnesty program, perhaps in the spring before the season starts? Kufrin
36 said we give everyone between January 1 and May 1 to come clean, get permitted, those who've collected to
37 pay what they owe and start over. Nelson said we should bring it up at the December meeting.

38
39 Kufrin asked if, when the councils and boards hear about it, is it politically acceptable? Benzshawel has no
40 problem with it; a lot of municipalities have become detached from room tax, just keep the money coming.
41 Nelson said it's the way to increase revenue. Kirkland brought up that if people have paid in the past, they
42 may object. Benzshawel said another option is the collection agency, someone to knock on doors, demanding
43 payments. Skare felt we should present both options to the Commission. Kufrin felt the Commission is
44 comprised of innkeepers who are strict with the non-payers; part of this is a business decision from the
45 compliance/attorney side: Does it make financial sense to pursue Compliance as written? Benzshawel said a
46 collection agency would cost less; they take about 50% but there aren't attorney fees unless it becomes
47 apparent one is needed. Lensert said it doesn't deal with non-compliance/permitting; we'd have to have
48 proof. The State of Wisconsin does an estimate and says the person has x-days to prove otherwise. We could
49 send such an estimate letter—based on their ads, comps in the area—with an invoice, asking them to prove

1 otherwise. Nelson said he likes the idea for violators without permits as well as those not paying on time;
2 would that approach be contrary to the draft of our Compliance policy? Kufrin said the challenge is trying to
3 figure out what we want to apply at what point. Kufrin suggests two approaches: He will draft an amnesty
4 program. Benzshawel can draft a collection agent program. The Finance Committee will go to Commission
5 with two ways to address the problems. Non-permitted properties compared to noncompliant (irregular,
6 paying not all, etc.) is the biggest pot compared to the aging payments. Benzshawel felt the right person for
7 collection is a retired cop who relishes the job and knows the rules.

8
9 Kufrin asked if we can run an ad for someone wanting to act as collection agency. Kirkland can draft an ad
10 and send it around; Skare said to wait until Commission hears the proposals. Kufrin said amnesty, collection,
11 compliance—do we need action at the December meeting or some in the January meeting and say “here are
12 the two choices on how to proceed.” Benzshawel would like to have it on the meeting December at least for
13 discussion; give people time to think about it. Kufrin said the Commissioners need something to read ahead
14 of time; Nelson said the two proposals could be a simple 5-step on each of those to go out before the
15 meeting. Because it affects compliance policy and budget, he’d like it on the December agenda. Benzshawel
16 feels amnesty may be too soft; collection may be the opposite. Kufrin doesn’t envision amnesty as not
17 paying; it’s an offer to pay up delinquencies without penalties and if not permitted, you have to get
18 permitted. Amnesty says, “Submit an amount, and if we agree, we’ll accept it without penalties. If you’re not
19 permitted and haven’t been on list anywhere, we don’t go back X-years; we start going forward.”
20 Benzshawel suggested offering amnesty before May 1 and then it will go to collections, Lensert said at that
21 point, we would be the ones to estimate. No amnesty for the group for whom we’ve already figured amounts.

22
23 Kirkland brought up the DCVB website problem; at what point do we ask the DCVB to take the
24 noncompliant people off? Until now, permitting alone has been the criterion. Kufrin said it could be like a
25 liquor license; however, without a hearing, you can’t take away their right to do business. There has to be a
26 hearing opportunity, and then the committee decides. Kufrin said the DCVB sends out an annual renewal
27 form; the DCVB would have to add a line in there as their policy that they have to be “in good standing” to
28 continue to have a presence on its site. Kufrin said the Compliance Policy as written expects the person to
29 pay 100% of tax due before the hearing plus \$300, which was too punitive and unrealistic. If you’re in
30 dispute over the tax, who would pay 100% of tax and expect to have a fair hearing? The policy had
31 progressions of penalties and an appellate review (Sec. 14).

32
33 Kufrin was not thinking of revoking a permit; he would want Vande Castle to assure that we could revoke or
34 suspend a permit. Perhaps the threshold could be \$500 or \$800 in late fees, send a notice and have a hearing
35 whether to suspend; if we suspended the permit, it would be tied only to the DCVB website presence. Skare
36 asked what happens with county sales tax if not paid; Lensert said it goes through the Wisconsin Department
37 of Revenue, if the amount is not contested, they owe it, period. Kirkland said we could use leverage and say
38 we’re going to ask the State about their sales tax as an estimate. Benzshawel said all methods of permit
39 suspension/DCVB presence are low cost to the Commission but high impact on sending the message to pay.
40 Benzshawel said the threat of not being on the website is what motivated the City of Sturgeon Bay to join
41 The Zone. People will be grandfathered into the new policy as they sign their annual DCVB contract. Kufrin
42 said we could do the suspension twice a year, June 1 and another date, have the DCVB take them off the site
43 until paid up. He’ll ask Money Penny what their costs would be in relation to this policy.

44
45 Kufrin felt the Commission should hold off passing a formal compliance policy until January or February.
46 Boston may be willing to continue on the committee; Tice is not. It should be a three-person committee; he’ll
47 ask for a volunteer at December’s meeting. It could be that the Compliance Draft may be just four pages, etc.
48 We don’t want to appear punitive, just effective and efficient. There may be more opposition to paying if

1 we're too much of hammer. Skare feels the Compliance Committee has been rigid; he's more comfortable
2 taking the parts that work and put it in the environment: serious but flexible.

3
4 **2010 Budget**

5 Nelson asked if we should pass the 2010 budget in December. Kufrin asked if, from a financial perspective,
6 there is anything critical to add before the recommendation of the budget. Compliance enforcement was big
7 unknown; if we have steps to change it, is there any reason not to go forward? Lensert can add the Bay Lake
8 changes if the Commission votes for those three components. Skare said that his own town meeting
9 anticipated paying for enforcement so there wasn't any disagreement on that. If it's spread evenly to the
10 municipalities, it's \$500 or so, Kufrin said; Skare said rather than paying it by the community's infractions, it
11 would be more like an insurance policy. Nelson moved and Benzshawel seconded to recommend approval of
12 the budget at December's meeting. Nelson said it would require a vote of the commission to keep the late
13 fees (about \$8,000). All ayes.

14
15 Nelson said, worst case, we'll come up with an alternative plan and numbers will come down. January's
16 meeting will discuss the larger software changes, and the TZC could possibly use the reserve fund. There
17 was no need for the Closed Session agenda item re: late returns or delinquent accounts naming specific
18 permit holders.

19
20 **Consider motion to adjourn into Closed Session pursuant to Wisconsin State Statutes Section**
21 **19.85(1)(c) to discuss personnel.** Kirkland was asked to reiterate her proposal, which involved paid hours
22 off; a cost-of-living raise and insurance options aren't as feasible. Benzshawel moved and Nelson seconded
23 to go into closed session. All ayes.


24
25 **Consider a motion to reconvene into Open Session.**
26 Benzshawel moved and Nelson seconded to come out closed session.

27
28 **Consider a Motion To Take Action if Required.**
29 The Finance Committee considered Kirkland's proposal, views her as a valued employee, appreciates the
30 effort put forth, and she has become an asset. Benzshawel made the motion and Nelson seconded to
31 recommend to the Commission as a whole that Kirkland receive 24 paid hours off per year plus 25
32 cents/hour increase in pay. All ayes. Kufrin said that he and Nelson will do an in-person evaluation likely in
33 January.

34
35 **Adjournment**

36 Skare moved to adjourn; Benzshawel seconded. All ayes.

37
38 Respectfully submitted,

39
40  41
42
43 Kathy Kirkland

44 Administrative Assistant

45