



**DOOR COUNTY TOURISM ZONE  
EXECUTIVE COMMITTEE MEETING  
Minutes of January 21, 2021- 9:00 a.m.  
Zoom Meeting conducted from Council Chambers  
City of Sturgeon Bay - 421 Michigan Street**

**ACTION ITEMS:**

**Wait moved and Weddig seconded to approve the agenda.** Motion carried.

**Anderson moved and Weddig seconded to approve the minutes of December 17<sup>th</sup>, 2020.** Motion carried.

**Nelson moved and Wait seconded to approve the reports and payables plus receipts to date.** Motion carried.

**By roll call vote move into Closed Session pursuant to Wisconsin State Statutes, Section 19.85(1) (g) to confer with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or likely to become involved; to wit: enforcement actions against lodging providers who have failed to obtain lodging permits and to timely remit monthly room tax report and tax payments.**

**Wait moved and Nelson seconded to return to open session.** Motion carried.

**Anderson moved and Eliot seconded to adjourn.** Motion carried.

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**Committee Members Present by Roll Call:** Josh Van Lieshout, Bryan Nelson, Elizabeth Le Clair, Bill Weddig, Dave Eliot, Linda Wait and Fred Anderson.

**Also in Attendance:** Kim Roberts/**Administrator DCTZC**, Jack Money Penny/**Destination Door County**, Mary Horton/**KerberRose, S.C.**, William Vande Castle, Will Craig, Beach Harbor Resort, Snug Harbor Inn Inc., Tom Strong, Cathy Ward, and Jackson Parr.

**Call to Order**

Chair Van Lieshout called the meeting to order at 9:00 AM from the public location of the City Council Chambers at the City of Sturgeon Bay via Zoom.

**Approval of the Agenda**

**Wait moved and Weddig seconded to approve the agenda.** Motion carried.

**Approval of the minutes of the December 17<sup>th</sup>, 2020 Full Commission Meeting.**

**Anderson moved and Weddig seconded to approve the minutes of December 17<sup>th</sup>, 2020 Full Commission Meeting.** Motion carried.

**Approval of the minutes from the December 2, 2020 Ad Hoc Room Tax Rate Committee.**

Van Lieshout noted that regarding the Ad Hoc Room Tax Rate Committee minutes, the sub-committee would approve their own minutes which will be entered into the record, if that is agreeable with everybody, he said. He went on to say, let the record show that the Executive Committee reviewed the Ad Hoc Room Tax Rate Committee minutes.

**Update, discussion and consideration of proposal brought forth by Town of Baileys Harbor to increase the room tax rate, update the room tax ordinances and change the funding mechanism of the DCTZC.**

Van Lieshout said that Eliot has been working very hard at this. He brought the issue forward and he has been working on it from his position as chairman of the Town of Baileys Harbor.

44 Van Lieshout added that last week Eliot gave a presentation to the Sturgeon Bay Finance  
45 Committee. They asked a long series of questions and dialogue ensued. Ultimately, the Finance  
46 Committee recommended proceeding with raising the lodging tax rate from five and a half  
47 percent (5.5%) to eight percent (8%). There was more to the motion than that but that's the crux of  
48 the issue. Eliot has made a few other visits to other municipalities since then. Van Lieshout asked Eliot  
49 if he would share with the Executive Committee how it's been going.

50 Eliot said that the first update he wanted to talk about was that Money Penny and Destination Door  
51 County met a number of times, with their own Ad Hoc task force looking at what the increase of  
52 room tax would mean for their organization. He thanked Money Penny for all his work on that and  
53 all his board members' hard work. As of Tuesday morning, they had a special board meeting and  
54 they approved, if the room tax rate increase passes, of their new budget, nineteen percent (19%)  
55 of their new budget would be applied towards Local Business and Community Associations of Door  
56 County. How that relationship works, how it unfolds and how it starts is all still something that is being  
57 discussed. So, thank you Destination Door County for that. I think it's a great way, if all this can move  
58 forward, that money can be reinvested in some of the important aspects of what happens in our  
59 community, he said.

60 The second part, Eliot added, is after a few conversations with Van Lieshout and others and having  
61 gone around to a number of these municipalities there has been a lot of push back about the  
62 permit fee. It's addressed in the attorney's letter as well as in his summary. Innkeepers also have  
63 been frustrated with it as well. He added that when he spoke with Paul Woerfel from the Town of  
64 Gibraltar, who has been outspoken against room tax in the past, he said, "Hey, don't get me wrong,  
65 I'm not against room tax in fact I'd be in favor of it this time, but you can't start it before January 1<sup>st</sup>,  
66 2022 and please don't charge me a permit fee."

67 Eliot went on to say, in doing a lot of that investigation, he looked at ways that Destination Door  
68 County, potentially if they are receiving additional funds and since we are already feeding off that  
69 four percent (4%), we can find a way to fall in line with State Statute of the seventy/thirty (70/30)  
70 split. Destination Door County has agreed to ramp up to three hundred thousand dollars (\$300,000)  
71 with a review in three (3) years. There will also be a review in three (3) years of the nineteen percent  
72 (19%) back to the municipalities based on their percentage contribution of overall room tax. That  
73 money would, of course, must be used for tourism related infrastructure and follow the guidelines of  
74 State Statute but the larger collectors of room tax up here do a lot of that reinvestment already. The  
75 Village of Sister Bay, the City of Sturgeon Bay, they all do a tremendous amount of infrastructure  
76 development that tourists use a lot and that are used in marketing. So, with that commitment, now  
77 the municipalities could still receive their thirty percent (30%), and then they would basically fund  
78 the Tourism Zone. If for some reason the costs exceed three hundred thousand dollars (\$300,000)  
79 then they would not be essentially reimbursed from Destination Door County, but at the same time  
80 that shouldn't be a high number and in looking at the budget I think we should be at least in the  
81 next two (2) or three (3) years be able to keep it underneath three hundred thousand dollars  
82 (\$300,000). I think Destination Door County really stepped up and is helping in this process and  
83 appreciated them doing this. They understand that there is a study coming and that there is still  
84 some reservation on the road to go but I really appreciated their time and effort on this.

85 Eliot added that he had alluded to the Town of Gibraltar meeting earlier. Basically, he said, the  
86 board concluded that, if Destination Door County would support their Community Association and  
87 if Destination Door County would be able to fund them for tourism related infrastructure, they would  
88 be willing to pay the Tourism Zone cost and, as long as there is no permit fee, they would vote in  
89 favor of this. That was before Destination Door County made their commitment so I will go back to  
90 them once the findings come back from the Ad Hoc Room Tax Rate Committee. I want to get that  
91 information in hand first.

92 Eliot reported that Washington Island had a similar conclusion. They were curious if Destination Door  
93 County would be open to the idea of free membership for their lodging members if a permit fee  
94 were paid. However, per discussions with Money Penny, Destination Door County investigated and

95 there doesn't seem to be an easy way for them to eliminate a membership fee without losing their  
96 501(c)6 status. They have agreed to still look at ways to help with the lodging industry and see if  
97 there's ways to do something, but at this time it does not seem like that is possible in their books. I  
98 have taken that off the table as well, he said.

99 Eliot said, as of last night, Liberty Grove had the resolution with the letter of intent about the  
100 ordinance for increasing the room tax. They had signed one (1) that said there would be a permit  
101 fee. I went back to them last night with a new draft that eliminated the permit fee and  
102 communicated that the Tourism Zone would establish a budget annually and that the cost of that  
103 would not exceed any reasonable cost of running the Tourism Zone structure itself. The Village of  
104 Sister Bay also signed that new agreement on Tuesday night, and they are ready to move forward  
105 with an increase in room tax.

106 Moving south, Eliot said, I have spoken with Ephraim. I was supposed to be on their February 9<sup>th</sup>  
107 agenda, but considering that, in conversations with Nelson he learned that the report back from  
108 the Ad Hoc committee will not be available until now the earliest Feb 10<sup>th</sup>, I am going to have to  
109 reschedule that. I was also going to be on the February 2<sup>nd</sup> agenda for the City of Sturgeon Bay,  
110 but I guess I would like to push that back to the 16<sup>th</sup>, in hopes that the report actually comes in on  
111 the 10<sup>th</sup> and there's a meeting able to be scheduled.

112 Eliot moved on to the Village of Egg Harbor. I need to go back to Strong with that revised letter.  
113 We have gone back and forth with the Village because the Village was also going to send a letter  
114 to Destination Door County and the Tourism Zone urging that, or suggesting that, they would fund  
115 our Community Associations. We do not have to do that anymore, so that part is taken care of, he  
116 said.

117 Eliot moved on to the Town of Egg Harbor. He said that they would like him to come back when he  
118 had some more information from the Ad Hoc room rate tax committee as well some answers from  
119 Destination Door County. Those will be forthcoming so I will schedule a meeting with them at that  
120 time, he said.

121 Sevastopol was similar, Eliot said. I met with them on Monday. Wait was there. They wanted to make  
122 sure that the T's were crossed, and the I's were dotted, and we are almost there. The Town of  
123 Jacksonport was just basically a presentation. Le Clair was there. They have some concerns but,  
124 once I get some of these questions answered, I will go back to them and see where they stand on  
125 this. The Town of Baileys Harbor will be reviewing this at our next board meeting to sign on the new  
126 resolution that eliminates the permit fee.

127 Eliot concluded his update saying this is where everything is at. Lots of balls in the air, but everything  
128 is still moving forward. At this point, we have four (4) municipalities that have signed some kind of  
129 resolution and the City has recommended it from the Finance Committee to the council. So, we're  
130 at four and a half (4.5) of the thirteen (13) necessary municipalities.

131 Moneypenny informed Eliot that during the Destination Door County board meeting Ann Renard,  
132 who is a principle in Southern Door and a principle in the Southern Door Business Association was  
133 curious why they have heard nothing about this in the Southern Door. I'm just going to put it out  
134 there on the table. You might want to contact the Southern Door Business Association and do a  
135 presentation to all of them because they are pretty much the tourism business folks of Southern Door  
136 and, if my math is correct, you are going to need some Southern Door communities to sign on to  
137 this, just for what it's worth.

138 Eliot said thank you.

139 Van Lieshout inquired if there were any questions for Eliot.

140 Van Lieshout asked if we could have a summary sheet or a statement in writing of what it is exactly  
141 that is being asked of the Common Council, before we get to Common Council in February which  
142 addresses raising the rates, what happens to the new funds that are generated, how the

143 Commission will be funded with a direct payment from the municipality reimbursed by funds  
144 granted from Destination Door County and so forth. He said he thought that it is the one (1) piece  
145 that I know we are going to need before we get to the Common Council.

146 Eliot responded that he's being very careful with the use of 'reimbursed'. It is not a reimbursement,  
147 and he is trying to keep those things separate to make sure that we are following State Statute here.  
148 What I do have is a resolution to raise the room tax to eight percent (8%) with a seventy thirty (70/30)  
149 split, he said. In the resolution the funding is coming from the individual municipalities. That is what is  
150 in the resolution that the Town of Liberty Grove signed, The Village of Sister Bay has signed, and next  
151 we'll take it back to Baileys Harbor to adopt. I do have that piece of paper. I have a quick email  
152 from Money Penny saying this is what Destination Door County committed to on a board level,  
153 although I feel that is a separate document that's not related to the resolution because that can  
154 change between Destination Door County and the Tourism Zone. We can talk about changing that  
155 at some point too. If the Tourism Zone needs more or if nineteen percent (19%) seems excessive  
156 when room tax goes up maybe that changes to seventeen percent (17%), or maybe it goes up  
157 because it is working so well and needs more. I wouldn't want to tie it to a two-thirds (2/3) vote  
158 moving forward in the future to make a change. I guess that is where I was coming from on that.  
159 Does that make sense to you, he asked.

160 Van Lieshout said yes. I want to think about the sequence of events here, he said. Would the next  
161 step then be to amend or alter the agreement with Destination Door County to be reflective of a  
162 payment to municipalities equal to the cost of the Tourism Zone Commission for tourism related  
163 infrastructure, are you following me, he asked. I don't know that the Common Council will pass  
164 everything without knowing the rest of the pieces of this, he said..

165 Eliot agreed with Van Lieshout and suggested that we meet with Destination Door County and hash  
166 that out. I know that the commitment was in their minutes and that is what I am going by at this  
167 point. But if we want to have that commitment in a memorandum of understanding with Destination  
168 Door County, he is not against that. What do other people think, he asked.

169 Anderson said he appreciates all the hard work that everybody has been doing. He reminded  
170 everybody that we might be getting ahead of ourselves because obviously we're all going to wait  
171 and see what the report from the Ad Hoc Committee states. He is confident he knows what that  
172 answer is going to be, but obviously to formalize this we need to wait as a Commission, accept that  
173 report, in whatever form it is, whatever their underlying statement going forward is. If that group  
174 comes back and says it is not a good idea to raise tax at all, or maybe we should raise it something  
175 that's less than eight percent (8%), or whatever they come back with, it is the predicate. If that  
176 report comes back and says that it is not a good idea to raise room tax then all these conversations  
177 are moot, I hope. With that being said, once that report comes back and once these municipalities  
178 start either buying-in or saying no, I have thought long and hard about this. The one piece that I  
179 would like to see is that the Executive Committee of the Tourism Zone Commission get together with  
180 the Executive Committee of Destination Door County so we can all sit down, whether it be at a  
181 table or whether it is via Zoom meeting and have a better understanding of what each group's  
182 goals are and where commonality can be found, and where compromise needs to happen. So, if  
183 the report is due back in mid-February, I would like to schedule that meeting, he said. He would like  
184 it to be a Tourism Zone Commission meeting and invite the Executive Committee of Destination Door  
185 County, minus staff on both sides, so we can have a frank conversation of what needs to happen  
186 going forward and, he re-stated, where there is common ground, and where compromise is going  
187 to need to happen, or where change may need to happen. I'm making that a request of the whole  
188 group this morning. Thank you, he said.

189 Weddig stated he would like to ask Vande Castle about the legality of what we are doing now. It  
190 seems to me the funding of the Tourism Zone for collection of the tax is still going to come out of the  
191 seventy percent (70%), leaving thirty percent (30%) totally free and clear. I just would like to make  
192 sure that legally we're doing this properly. This is a municipality driven tax and if it becomes the

193 Tourism Zone and Destination Door County, you know, if there is going to be any involvement from  
194 the municipality side at all, he asked.

195 Vande Castle replied that there is a lot embedded in that question. If this is approved, there is a  
196 path forward to do this. It would require an amendment to the Tourism Zone Commission  
197 Agreement, in part, as well as the ordinances themselves. As long as you stay within the framework  
198 of what has already been established, you can raise the rates and adjust how the funds are  
199 allocated. You know right now the way it is set up is the four percent (4%) that goes to the  
200 Commission comes out of the seventy percent (70%) which is, as you may recall, as you've been  
201 on this for a long time, that was a bit of a stretch back in the day when that was approved. But it  
202 does work because it's tied to tourism. So that format can be modified. But it takes the required  
203 number of municipalities to agree to it. So legally we're within the ballpark of doing this, it's just how  
204 it gets structured so that it's documented the way it's supposed to be.

205 Van Lieshout took a moment to thank Anderson for reminding us that we are talking about an  
206 assumption not a foregone conclusion that there will be support from the lodging community about  
207 raising the rates. He added that we do not know that and that is why we've gone down the path  
208 of measuring the elasticity in the marketplace. We do not want to give the impression to our partners  
209 here in the media that we are so far down one (1) road that we cannot come back and rethink  
210 things. So, Anderson, thank you for pointing that out. I have been thinking about this, he said, I find  
211 myself getting to point B before we get done with point A. Getting the investment from the lodging  
212 providers that incur the cost of remitting the tax is an important step here.

213 Eliot added that I tell every municipality I go to that if the report comes back and says we can't do  
214 this, I will stop. As it's been pointed out we need thirteen (13) municipalities. The other push back I  
215 have received is that if you are going to do it, get it done so we can tell our guests'. We want to be  
216 able to let the innkeepers know immediately that there is going to be a tax increase as they start  
217 booking for the following year. That was one (1) thing that was reiterated in Gibraltar as well. He  
218 added that he heard that, "We'd ideally love twelve (12) months, but if you can give eight (8) to  
219 nine (9) months for us to know that this is coming that's really, really helpful for moving this forward."

220 Eliot said he appreciated the slow and the steady in getting there, but if we do not have enough  
221 of these lined up and this gets pushed into May, June, and July, the innkeepers are going to push  
222 back and say lets make this go later and later and later and then we're looking at mid-2022 which  
223 then causes all sorts of issues. I appreciate what everyone is saying but understand that I will put the  
224 brakes on if the report comes back negative. I have only spoken to eleven (11) municipalities. We  
225 need to get to thirteen (13). And for each one (1) I am talking to them twice and I have not talked  
226 to them all twice yet. He appreciates 'don't go too fast' but we've got to just keep all this stuff  
227 moving. And if it is all for naught, I have spent a lot of time doing something all for naught. But, he  
228 said, I do think that we also need to keep going.

229 Eliot addressed Weddig's comment about whether this is legal and are the municipalities seeming  
230 to just keep their full thirty (30%). I take a little bit of issue with that because Destination Door County  
231 has never ever had any oversight over the four percent (4%) that the Tourism Zone gets. It comes  
232 into the Tourism Zone coffers and we've had a reserve for a number of years. This is changing that.  
233 This is shifting so that those monies are spent on tourism related infrastructure in the municipalities,  
234 which also changes the relationship between the municipalities and Destination Door County and  
235 makes them pay a little more attention to what is an appropriate and good investment in their  
236 municipality to support the tourism industry. So, it does change that relationship and dynamic a lot  
237 as opposed to what it is now.

238 Le Clair noted that the Vande Castle letter talks about how the Zone could actually take out and  
239 raise the four percent (4%). We could take out another one (1) or two (2) percent that would give  
240 us about forty-two thousand dollars (\$42,000). This conversation, she thought, all started from how  
241 to fund administration costs and a second employee. We could probably get two thirds (2/3) vote  
242 much easier, taking out another percent or two out of the seventy percent (70%), which will affect

243 Destination Door County. But at bringing in four million dollars (\$4m), when we started at two  
244 hundred thousand dollars (\$200,000), there's still a lot of room and a lot of money coming in to  
245 market Door County. I truly want to find a different way other than raising the tax right now and take  
246 out of some of the money that has already come in to fund the Zone now. I think it's more  
247 appropriate.

248 I have been to these meetings, Eliot said, I do not think that is going to be easier than that because  
249 now you've got the innkeepers coming back and saying money is being taken away from their  
250 marketing that is bringing people here.

251 Le Clair said, yes, but look at what the marketing that has already been done for Door County since  
252 2007. The job that Destination Door County has done, for me and for Door County, is truly an  
253 astonishing job of marketing. If you take away two hundred thousand dollars (\$200,000) of that,  
254 which is not a drop in the bucket, the municipalities have free money right now at thirty percent  
255 (30%) that they never would have had before. I cannot keep justifying raising the municipality,  
256 when, frankly, as one of the highest taxpayers in my township, I would not mind if they raised my  
257 property taxes. We have that other option rather than trying to take it out of the tourists that come.  
258 Because it is only in the rooming industry that gets this tax attached. That is my take on that, she  
259 said.

260 Van Lieshout added that one (1) piece that we have yet to work on is getting together in reviewing  
261 the operations and the strengths and weaknesses of the Commission itself and doing some of that  
262 forward looking planning to really figure out where we need to be in terms of operations,  
263 redundancy and so forth. I appreciate Le Clair's position, he said, and what she sees as an issue.  
264 We will try to work those concerns out at the next Ad Hoc Committee meeting.

265 Eliot reminded that Anderson had thrown out a thought about meeting with Destination Door  
266 County's Executive Committee.

267 Van Lieshout replied that he did not have a problem in doing that. At some point we will need to  
268 work on a memorandum of understanding. That is fine, he said. We can try to float some dates  
269 around and get things together.

270 Others have mentioned, Eliot added, that if we are looking at potentially still a percentage coming  
271 out of the seventy percent (70%), to Le Clair's suggestion of raising it to five percent (5%), that still  
272 takes out of what I think is State Statute. And if we are going around publicly to thirteen (13) to  
273 nineteen (19) municipalities saying we really want to make public the fact that we are out of State  
274 Statute with this. I am curious what people think of that structure. If that is something that this body  
275 is going to really embrace, I would like to know, he said, because that really changes what I has  
276 been up to.

277 Anderson said I would like to offer a little bit of history. When room tax was first proposed and the  
278 original Committees had those conversations, at the time in 2004 and 2005, it was pretty much  
279 innkeeper driven. At that time, the innkeepers were looking to, obviously number one (1), adhere  
280 to State Statute. When all was said and done, the one (1) piece where there was a little bit of give  
281 from the innkeeper's side of the table was that four percent (4%). Looking back, he said, that should  
282 have been challenged at the time, but the group and myself had run out of energy. A couple of  
283 times over the course of the last twelve (12) or fourteen (14) years, I personally considered  
284 challenging the methodology behind how the tax is split. But, once again, it is easier to live with it  
285 the way it is and let's change it the next time we have these conversations. I am convinced, he  
286 said, Vande Castle you can tell me if I am wrong, but I do not believe that that four percent (4%),  
287 even with compliance and all those pieces that the Tourism Zone Commission participates in, can  
288 be themed as tourism marketing. I would argue that all day long. So, with that being said, moving  
289 forward, I'm hopeful that the conversations will be that we move back to the intent of State Statute  
290 and the seventy percent (70%) that is collected go to Destination Door County per State Statute  
291 and it's up to the municipalities to fund the operation of the Tourism Zone Commission.

292 Weddig stated he agreed with Anderson completely.

293 Vande Castle said he would echo that because he was involved in those negotiations. That is where  
294 the construct came up of arguing to get the four percent (4%) on the seventy percent (70%) side  
295 to be used for tourism promotion.

296 Vande Castle stated that he represents other single entity Tourism Commissions for other  
297 municipalities. The funding of the Commission in those entities comes from the municipal side, the  
298 thirty percent (30%) side. It is part of their municipal budget to run the cost of the Tourism  
299 Commission. Just like any other Commission, the municipality picks up the cost of running that  
300 Commission, but the four percent (4%) comes out of the seventy percent (70%) in this situation. I  
301 would agree with Anderson, that it was a bit of a stretch to get it to where it is and resulted from a  
302 lot of compromises to get it up and operating.

303 I just want to make sure a way to fund the Tourism Zone, Eliot said. If that's an option that people  
304 wanted to pursue, I want to make sure that's something we're getting on to sooner than later. It is  
305 another piece of this, guys, that we really got to look at. If that report comes back that the Ad Hoc  
306 Committee is looking at and says we maybe should not do this and we really need to consider these  
307 things, we have to really search long and hard about how we're going to fund the Tourism Zone.

308 Van Lieshout said one (1) of the things we are going to want to do as the Executive Committee,  
309 before we sit down with the folks from Destination Door County, is figure out what the Commission's  
310 position is. Roberts and I will get together and try to arrange a special meeting of the Executive  
311 Committee to put together an agenda and have a conversation. I am not convinced that we need  
312 to do this without professional staff involved, he said. I think it might be a little unwise to do that,  
313 simply because the Commission and Destination Door County rely so heavily on their professional  
314 staff for input, guidance, and their perspectives. We'll cover that in a separate meeting and get an  
315 agenda together. With that, I'd like to move along.

316 Eliot asked if we can we put a timeframe on the special Executive Committee meeting. If I am going  
317 back in front of City Council and I need that paperwork and we are doing all these things, can we  
318 rough out at least an idea of our expectations. Can we throw some goals out there for ourselves  
319 for this, he asked.

320 Van Lieshout replied that what he would like to cover with the Executive Committee is what do we  
321 want to talk about with Destination Door County and put together a list of things that we want to  
322 cover, a strategy, and more or less a desired outcome. I do not want to go to a meeting and have  
323 a free-flowing conversation that does not get us anywhere.

324 Eliot said I totally appreciate that but was wondering because we don't have another Executive  
325 Committee until March.

326 Van Lieshout replied that we will have a special Executive Committee meeting between now and  
327 when we get something going with Destination Door County. We will want to have all the info in  
328 front of us that we have or that we are looking for. One is of course, the elasticity study complete,  
329 our sub-committee meeting, at least one (1) of them, on the operations of the Commission, and a  
330 "SWOT" analysis partly going, so we can have some background before we sit down with our  
331 marketing partners.

332 Eliot proposed February 12 for a Special Executive Committee Meeting.

333 Van Lieshout asked Roberts to circulate that date.

334 Eliot added that the report is expected back by the 10<sup>th</sup>, I am just pushing it forward on behalf of  
335 the innkeepers as well.

336 Van Lieshout thanked Eliot.

337

338

339 **Report from the Ad Hoc Room Tax Rate/Innkeepers Committee.**

340 Most of the points I would make have just been discussed, Nelson said. You have heard that magic  
341 date that is holding Eliot's process up a little bit, but I did confirm with Russ Kashian yesterday that  
342 their target date is the 10<sup>th</sup>. I tried to hurry him up a little bit on that, but they have parallel studies  
343 going on.

344 Backing up a little bit, Nelson said, this committee met for its second official meeting on the 29<sup>th</sup> of  
345 December. Unfortunately, Nancy Bertz from Stone Harbor is unable to participate in the Committee.  
346 We are a seven (7) person committee. We met also with Dr. Kashian for a second time, asked him  
347 all the questions we needed answered and then we took a vote to proceed with commissioning  
348 the study which he is calling, "Study of the Economic Impact on the Room Tax Rate Hike for Door  
349 County".

350 I am planning to try and schedule a meeting within a couple days of receiving that study and  
351 having that confirmation of the 10<sup>th</sup>, I am going to try to schedule a meeting for the 11<sup>th</sup> or 12<sup>th</sup>,  
352 Nelson added. We will move as quickly as we can once we have that study. As summarized this  
353 morning, we will have the study but that does not mean we will have a decision. We may get into  
354 quite a debate or we may discuss it for five (5) minutes and say this looks good, let's go with it. We  
355 will get the study; we will consider it. We all need to remind ourselves, despite all the moving parts  
356 going on here, that we have set in place a process and we need to let the process play out and  
357 that is what I intend to do with this committee.

358 Van Lieshout thanked Nelson. He asked if there are questions for Nelson.

359 Eliot thanked Nelson. I have never said we should not do a process. I just wanted to make it clear  
360 that everything must keep moving together. We cannot wait for just one piece; it must be a  
361 collective.

362 **Report from Destination Door County on marketing efforts.**

363 Van Lieshout turned the discussion to Moneypenny. He asked, how do you sell Door County in the  
364 winter when you do not have any snow.

365 Moneypenny responded that we do it the way we have been selling it for thirteen (13) years. We  
366 try to sell indoors, fireplaces, wine, and personal experiences as opposed to being in the snow.  
367 We've never been able to actually promote snow in our marketing because we never know if we're  
368 going to have it or not.

369 I hope you have all looked at the monthly and year end reports, Moneypenny said. We fared very  
370 well, and I think did extraordinarily well during a pandemic year. Our website visits are up eleven  
371 percent (11%), our website unique users up thirteen-point five percent (13.5%), the newsletter open  
372 rates are up thirty-two-point five percent (32.5%). There are all kinds of huge wins for us at the end  
373 of the year based on what we went through last year especially when we look at the conversation  
374 we were having in March and April wondering if we would even have a year for tourism in Door  
375 County. Our marketing efforts are now turning to actually the booking of rooms with our roll-out of  
376 "Book Direct" to replace Ininline on our website.

377 Moneypenny continued saying that when our old "Book Now" was developed, we had two (2)  
378 groups come in and make a presentation from Bay Lakes Information Systems and Jackrabbit  
379 Systems. So, this is a group that's been looked at before. In rolling this out, there's a handful of  
380 innkeepers that it does not connect with and they are working feverishly trying to make sure all the  
381 connections work for everybody. They also have a system called "JREZ" that is free to an innkeeper  
382 if they don't have a connection or if they're small. It is really for anybody, he said, from a one-  
383 bedroom cabin up to a large innkeeper can input and use this system for automatic bookings.  
384 Another aspect of working with Simple View as a company, is the fact that they have a lot of  
385 different components that make up their company. Currently, we had a company for Ininline, we  
386 had a company where our images were stored, and we had company for weblink, and all those  
387 things collectively costs one hundred forty thousand dollars (\$140,000) a year out of our marketing



388 budget. All these now fall under Simple View and cost about thirty-two thousand dollars (\$32,000)  
389 per year and all these bases are covered including storage systems for our imagery that is probably  
390 two and a half times what we used to have. It was a no brainer, when we sat down and understood,  
391 not only how the nuts-and-bolts work, but that they work with over five hundred (500) Destination  
392 Marketing Organizations around the world. It really made us comfortable that we could start taking  
393 some of our older antiquated systems and rolling them into something that made more sense. For  
394 example, the module that replaced WebLink talks to Quickbooks, which eliminates double entry.  
395 Rolling out the Book Direct system to the innkeepers has been a big thrust this month.

396 We are rolling out more Leave No Trace, our sustainability campaign, in the next month or so,  
397 Money Penny reported. Hopefully in the spring when people start wanting to come, we have that  
398 in place on our website and the Business Associations around the county will have information about  
399 "Leave No Trace" to distribute so that people understand more about preservation than just  
400 vacation. We can do both together. He offered to answer specific questions.

401 Van Lieshout asked, as a user, what do you see on the Direct Booking piece and how does it work.  
402 Is that largely seamless, he asked.

403 You put your dates in, it goes out and gathers from all the actual availability and it serves them up  
404 to you, with an average rate, then when you press "Book It" it takes you right into the hotel booking  
405 system to make the reservation, Money Penny replied. We don't make the reservation. We are a  
406 pass through; they stop here first, tell us what they want, and we serve them up the properties that  
407 meet their criteria.

408 Van Lieshout asked Money Penny if they retain a small piece of that reservation or is that part of  
409 being a member.

410 We do not collect a percentage from the hotels, Money Penny said. We are not going to collect a  
411 percentage because people are being percentaged to death in Door County. But more  
412 importantly, after the year many people just had, there will be no fee for bookings. Even though it  
413 was a great year, a lot of people feel hurt by it. I would not dream of asking for a percentage. Our  
414 model is it is a service to our lodging.

415 Anderson asked is the fee to us for "pay to play" or is that going to go away as well.

416 Money Penny responded there will be no fee to pay to play. We have two hundred and sixty (260)  
417 lodging members, and every lodging member can join in, there is no fee.

418 Wait asked if you have to be a Destination Door County member in order to participate in "Book  
419 Direct."

420 Money Penny replied yes.

421 Van Lieshout asked if there will be data to share about the number of folks who use Book Direct.

422 Money Penny answered that Destination Door County will certainly be able to tell you how many  
423 people came through the system and went to hotels, but we won't know if those actual purchases  
424 are completed. Once they leave our site and go into the hotel, then it's up to the hotel to finish that  
425 booking.

### 426 **Report from Administrator**

427 Roberts reviewed the number of properties that remain to report for 2020: January- April 2020 there  
428 is one (1) property that remains to report that's already gone through circuit court. She added that  
429 for May 2020 there are still two (2) properties to report, June 2020 there are three (3) to report, July  
430 2020 has four (4) properties to report, August has six (6) to report, September has thirteen (13) to  
431 report, October 2020 has eighteen (18) to report, and November 2020 has forty-two (42) to report.

432 Roberts reported that since the last meeting fifteen (15) permits have been issued, four (4) of them  
433 due to compliance efforts. Five (5) permits were issued during the same period last year. She added  
434 that there are currently one thousand two hundred sixty-four (1,264) permits.

435 The total outstanding due in unpaid taxes, fees and penalties is seven thousand five hundred thirty-  
436 five dollars and thirty-six cents (\$7,535.36) from twenty-seven (27) permit holders. As you can see,  
437 the bulk of it is with the attorney; sixty-four hundred dollars (\$6,400).

438 Roberts reviewed the Marketplace Provider Audit breakdowns and unpermitted properties by  
439 platform.

440 Roberts noted that there were comments from the permit holder memo included in her report about  
441 the proposal to raise room tax.

442 Van Lieshout asked about the unpermitted wholesaler properties.

443 Roberts said I have a really hard time finding those. She added, I always keep after those  
444 wholesalers, we have had luck in the past and have taken one (1) to court successfully, but it is  
445 hard. There is not a lot of information for me to track on those, she said. I have reached out to the  
446 host properties and they do not have leads for me, so, that is a dead end as well, she said.

447 Eliot asked do we track where we are year over year with permits. We lose some permits, and we  
448 gain some permits year over year. But if it shows we are losing marketing share, it is a bad thing, if  
449 we are losing a lot of properties, he said.

450 Roberts stated that as of January 8<sup>th</sup>, 2020, there were one thousand two hundred sixty-one (1,261)  
451 permits.

452 So, we are pretty flat, Eliot said.

453 Van Lieshout noted that when they buy and sell properties, old permits are deactivated, and new  
454 ones issued. He asked Roberts if there are any hotel/motel resort type properties that we have lost  
455 or added in the last two (2) or three (3) years that come to mind.

456 Roberts stated that we lost Chalet in Sevastopol and lost the one (1) in the Village of Egg Harbor  
457 that became employee housing.

458 Van Lieshout asked if we have added the new hotel in Sister Bay.

459 It is permitted, Roberts said. It is part of the unit and permit count, but it will not be opening until  
460 May of this year.

461 Wait asked when Roberts noted that fifteen (15) new permits for this time frame compared to five  
462 (5) issued for the same period last year, is that during the past month or the past quarter. She also  
463 asked if they were short term rentals.

464 Roberts replied that the number is since the meetings report for December, compared to the same  
465 meeting report cycle last year. She added most new permits were cottage, cabin, homes and  
466 noted next to each new permit listed there was a property type code. She added that there was  
467 a legend above the list to determine which property type code

468 Nelson asked if there is going to a discussion of Avalara's inability to collect taxes and distribute  
469 correctly or is this the time to ask about that.

470 Roberts said it is something that we are tracking. Van Lieshout has seen some of the preliminary work  
471 I have done in documenting the issues. This week I found two (2) listings for the Town of Union that  
472 had no room tax programming. I was working with a new permit holder, just as an example, and  
473 cautioning him that his listing had no programming to collect room tax. I hate to see people that  
474 are starting out, not exactly aware who maybe have not read everything that we sent yet. I do not  
475 want them to be caught off-guard thinking a company is collecting taxes when that they are not.  
476 I sent him some screen shots and showed him his listing. We compared his listing to a listing that had  
477 the correct programming. He had me on the phone, and he called Airbnb and told them they  
478 needed to correct his listing since there was no room tax programming. They said, no, we cannot  
479 fix it, you need to go to the custom tax route. He did not want to do that. So that conversation

480 ended going nowhere. I took another run at it and reached out to Vertex who does all the  
481 programming for all the Marketplace companies. They replied that they had all their mapping  
482 correct for that municipality; it was not their problem. I asked them to reach out to Airbnb and try  
483 to resolve the problem, they said they do not do that. So, this poor guy wants his listing fixed and  
484 nobody wants to take responsibility for it. That is one (1) of the many scenarios playing out, she said.

485 Van Lieshout added in trying to undo some of the damage that was done two (2) years ago, he  
486 has reached out to Representative Kitchens. I have let him know my intentions to put this issue back  
487 on the Door Kewaunee Legislative Days agenda. I explained to him why and that Roberts has built  
488 a nice dossier on the issue and we would like support to try to undo what was done. Kitchens said  
489 he was aware of it since Roberts has done a good job of keeping him informed. Van Lieshout added  
490 that it sounds like he will be putting forth some legislation to correct it. I do not know what that is  
491 exactly but when we see it, we will certainly go through it with a fine-toothed comb and get it on  
492 the Legislative Days agenda.

493 Nelson stated that is what he wanted to hear. I assumed that you were keeping Assemblyman  
494 Kitchens in the loop and certainly hope that he is sharing this with a couple other concerned  
495 colleagues in the Assembly and the Senate. Nelson said he knows it is not just a problem for us.

496 **Discussion on the current comparable occupancy numbers.**

497 Horton reported for the month of November 2020 looking at collections that came in through the  
498 date of January 5, 2021: one hundred thirteen thousand nine hundred and nine dollars (\$113,909)  
499 was collected for the month of November thus far. Late collections for prior months received in the  
500 month of December totaled twenty-eight thousand seven hundred and nineteen (\$28,719). Of the  
501 November collections, eighty-two thousand one hundred and ninety-five dollars (\$82,195) were  
502 paid directly by permit holders while thirty-one thousand seven hundred and thirteen (\$31,713) were  
503 collections by Marketplace as reported by the permit holder. And for the late collections about  
504 twelve thousand (\$12,000) were paid directly by permit holders and sixteen thousand (\$16,000) were  
505 late collections received through Marketplace as permit holders reported. Forty-two thousand  
506 seven hundred eighty-eight (\$42,788) will be paid to the municipalities for all these collections and  
507 ninety-four thousand one hundred thirty-four (\$94,134) paid to Destination Door County. Late  
508 collections in December included about eleven thousand (\$11,000) for the month of October and  
509 three thousand (\$3,000) for the month of September.

510 Horton continued that for the months preceding September and October there were several that  
511 were negative amounts or amounts that had to be refunded to permit holders because of  
512 amended reporting due to errors where the permit holders were paying in taxes where they should  
513 not have because they were collected by Marketplace. Just to reiterate what Roberts said, the  
514 marketplace collection issue continues to be very complex. A lot of amending is required. A lot of  
515 Roberts' time goes into dealing with that and a lot of KerberRose time also goes into entering that  
516 information and calculating the amounts of the refunds. It's quite a big deal that's happening right  
517 now.

518 Horton concluded saying that regarding the comparative, the November collections were up  
519 thirteen-point two percent (13.2%) compared to 2019. October collections are down three-point  
520 nine percent (-3.9%) whereas last month we were showing that they were down six-point nine  
521 percent (-6.9%). 2020 year-to-date collections are now down seven-point nine percent (-7.9%)  
522 compared to 2019 and last month we were showing that they were down eight-point nine percent  
523 (-8.9%).

524 Anderson commented on a Smith Travel research statistics report for December that is just hot off  
525 the press as of yesterday. To put our off-year into perspective, the United States was off thirty-five-  
526 point seven percent (35.7%) room revenue, east of the Mississippi off thirty-seven-point four percent  
527 (-37.4%), and the State Wisconsin was off thirty-five-point seven percent (-35.7%) as well. He is very  
528 confident in saying that, while we're down for 2020, it could have been a whole lot worse.

529 Van Lieshout thanked Anderson for sharing that perspective. I have never been so thankful that we  
530 are not hooked into the convention business. I like the segment we are in; it seems very safe.

531 I would like to go back for a minute, Moneypenny said. When we went to this new system and this  
532 new company, we realized that we were leaving behind a hometown group. We worked with them  
533 for years and years, and we had challenges. We told them about the challenges, but they could  
534 not get us to the next level, where we needed to be. In the summer we still had staff that would sit  
535 on the phone all day calling hotels to see if they really had a room available versus what is printed  
536 on a piece of paper. Vacancy calendars are going to go away now and whatever shows up is a  
537 real room because it came right out of the system. It's really giving our customers a better way of  
538 booking rooms in Door County and it gives our staff a better way to tell those customers what's  
539 available when they need that help. There is a little bit of crankiness, and I understand that, but we  
540 had to do what's best for the county.

541 Nelson added that, anecdotally, we were slow when we expected to be slow, but we are having  
542 our best winter probably ever and the booking pace going into February and March are ahead of  
543 where they normally are. Again, I think it just goes to Anderson's point that when things are disrupted  
544 in the general culture and society in the country, Door County remains a safe harbor and we are  
545 very lucky to be in the niche we are in.

546 **Consideration of approving reports and payables plus receipts to date.**  
547 **Nelson moved and Wait seconded to approve reports and payables plus receipts to date.** Motion  
548 carried.

549 **Consideration of adjournment into Closed Session pursuant to Wisconsin State Statutes, Section**  
550 **19.85(1) (g) to confer with legal counsel for the governmental body who is rendering oral or written**  
551 **advice concerning strategy to be adopted by the body with respect to litigation in which it is or**  
552 **likely to become involved; to wit: enforcement actions against lodging providers who have failed**  
553 **to obtain lodging permits and to timely remit monthly room tax report and tax payments by roll call**  
554 **vote.**

555 **Roll Call**

556 **Closed Session**

557 **Wait moved and Nelson seconded to return to open session.** Motion carried.

558 **Roll Call**

559 **Report from Commissioners on feedback from local Boards on recent issues.**

560 Nothing was reported.

561 **Discussion regarding matters to be placed on a future agenda or referred to a committee, official**  
562 **or employee.**

563 Nothing was reported.

564 **Adjournment**

565 **Anderson moved and Eliot seconded to adjourn.** Motion carried.

566 Respectfully submitted,

567 Kim Roberts, Administrator