



**DOOR COUNTY TOURISM ZONE
AD HOC FUNDING COMMITTEE
Minutes of January 29, 2020- 9:00 a.m.
Zoom Meeting conducted from Council Chambers
City of Sturgeon Bay - 421 Michigan Street**

ACTION ITEMS:

Kadanko moved and Seiler seconded to approve the agenda. Motion carried.

Eliot moved and Stillman seconded to adjourn. Motion carried.

Committee Members Present by Roll Call: Josh Van Lieshout, Dave Eliot, Pam Seiler, Greg Stillman and Chad Kadanko.

Also in Attendance: Kim Roberts/**Administrator DCTZC**, Tom Strong, Cathy Ward, and Bill Weddig.

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.

Approval of the Agenda

Kadanko moved and Seiler seconded to approve the agenda. Motion carried.

Discussion and consideration of the directives set forth by the Full Commission for the Funding Ad Hoc Committee. The Ad Hoc Committee will conduct an analysis of strengths, weaknesses, opportunities, and threats "SWOT" of the Tourism Zone Commission.

Van Lieshout began by saying we all know that the lodging industry throughout the country, not just Door County, has been turned upside down by the advent of the Short-Term Rental "STR" industry. In particular the online marketplace platforms like Airbnb and VRBO and so forth have made it really easy to casually enter the lodging industry. The advent of the platforms has dramatically impacted how tourists stay in Door County and how the Door County Tourism Zone functions to some degree with the additional workload. The legislature's actions in the last three (3) to four (4) years seems more and more inclined to make it easier on the platforms to function in Wisconsin especially from a lodging tax collection and remittance standpoint. During the same period of time, our local municipalities are looking to get more out of the Tourism Zone than what is authorized in the Intergovernmental Agreement and local ordinances. Some municipalities seem to be struggling with the STR's, we seem to be getting more inquiries about these issues. Coming back around, we should be asking what the expectations of the Commission are and what do we need to do to take the next step as an entity, he asked. Part of that process is to do a "SWOT" analysis so that we can get a better understanding of the issues we need to get to.

Van Lieshout went on to say that Roberts prepared a thoughtful summary of the history of room tax. It is a nice look back; there are some topics of discussion she provided as well. He asked Roberts to give some historical information on operations to lend insight on how we have had to adapt and transform as an organization.

Roberts provided a historical background on operations.

Van Lieshout said as we go forward, we want to focus where we want to be especially as it appears more and more that there may be an increase to the lodging tax rate. Perhaps optimistic or forward, but that is where my expectations are heading, he said. It strikes me with being the Chair for nine (9) years, the Commission has done very well and has been very successful in executing our initial "ask" of lodging tax collection, distribution, and ordinance enforcement. It seems that expectations are

45 changing. As we see towns and villages struggling with Short Term Rentals "STR's" it is driving some of
46 those changes in expectations. For the history of the Commission, we have operated first with a fraction
47 of an employee, now with one employee and a consulting partner. As we get into being a five (5) to
48 seven (7) million-dollar operation perhaps that model of operation is not the best. It seems like a lot of
49 reliance on too few people especially when we think about how that revenue is really turned around to
50 fuel marketing to drive tourism to the area. We are the weakest link in the chain of responsibilities to
51 make that happen; I would like to talk about that to get some feedback and thoughts. Let's start with
52 that question, is one enough, he asked. Should we be thinking about redundancy, he asked.

53 Eliot replied that he agreed with everything Van Lieshout said. I think the big thing here is we have
54 municipalities looking at or have implemented ordinances to regulate STR's, I think we should be
55 involved in. We collectively implemented room tax, but then when it comes dealing with the STR's at the
56 community level the Tourism Zone does not have the resources to assist at the level. I think this is a key
57 thing we consider as we move forward. What other things are expected of the Tourism Zone itself as we
58 move forward. Redundancy, I agree absolutely, he said. I think Roberts does an amazing job, but it is
59 too much to expect from one (1) person without any backup. It is too big and important of a task to be
60 set up that way. I think room the room tax increase will pass, he said, but if it doesn't, we need to have
61 a plan.

62 Eliot added that it is hard to take on a leadership position when we are just buried with the work in front
63 of us. That is what I have really realized, he said, as I have been more and more part of this. Van Lieshout
64 does a great job leading and Roberts does a great job, but we are never able to step back and look at
65 how we move this forward. We need the Executive Director to step back and have a few hours every
66 week to look at challenges that may lay ahead instead of being buried in the muck of what is in front
67 of you. Otherwise, we are going to get caught at some point. Finding a way to get ahead and be there
68 for the municipalities as a resource is something we could aspire to as an organization.

69 Stillman said when the room tax commission was set up, no one had any idea that there would be so
70 many Short-Term Rentals "STR's" coming into the market. Around the state and country, municipalities
71 are trying to figure out a good model to deal with some of the time and the unintended things related
72 to STR's. I think even within Door County with the municipalities dealing with it, there are examples that
73 could be shared.

74 Eliot added that we need to figure out how to be a leader in this so that municipalities do not have to
75 do it themselves. We set up a collective Tourism Zone to establish room tax, but then when we talk about
76 an ordinance for short term rentals it is fifty dollars (\$50) in one (1) municipality and five hundred dollars
77 (\$500) in another. Three (3) night minimum here and six (6) night minimums in another. That kind of
78 inconsistency can erode tourism from a visitor standpoint. It changes the way people travel within our
79 county; we have to find a way to get all the municipalities in a room and say let's do this collectively.
80 We do not have the time or manpower to do that.

81 Kadanko agreed with everything said. He went on to say that his office deals with Roberts quite a bit
82 and said she is on top of everything. I agree that there needs to be more resources freed up to allow
83 for her to do all the things we are talking about. I do have a stake in a company that manages vacation
84 rentals and I do want to look out for those people. I am not opposed to a fee; I know they are more
85 work, but they also bring more revenue. It is not all negative, he said. I know there are issues in these
86 communities, but I have never in the four (4) years that I have served in the Village of Sister Bay board
87 had an issue with vacation rentals been brought up. I do agree that a universal way forward for
88 vacation rentals makes more sense; over the last twenty (20) years it seems like the municipalities are
89 fighting each other rather than working together. I think if we can do it together it would be great.

90 Van Lieshout said he was making a "T" chart of external and internal issues. On the external side there is
91 the following: STR struggles, ordinances, advocacy, lobby efforts, state resources, accreditation for
92 professional rental managers.

93 Van Lieshout addressed the accreditation of those who might manage three or four properties without
94 no credentials or experience. This group struggles and poses the largest threat from a regulation
95 perspective.

96 Roberts added that this was the first year that she had to forward notices to owners to let them know
97 their agent had not filed their room tax reporting. She went on to say that this just demonstrates that
98 there should be a requirement of professional credentials to manage multiple properties. They are
99 holding money, do they have a trust account, she asked. Some of the professional agents had brought
100 their concerns to this office, she said, but what we found was at the state level they do not really show
101 an interest in regulating it.

102 Seiler asked if property managers are supposed to hold a broker's license.

103 Kadanko replied that they are required to have a broker's license because they work on a commission.
104 Some have the owner hold on to the money or a flat fee; I do not know if this gets them around the
105 requirements or not, he said.

106 Van Lieshout went on to say that the internal side had the following: Separation of duties, reliance on
107 consultant partners and financing for what is needed as we go forward.

108 Van Lieshout said he would create group notes and share for review. They can be edited as we see fit.
109 The next meeting, I would like to see us get into the "SWOT" analysis.

110 Kadanko suggested that a wish list budget be created and work backwards.

111 Van Lieshout asked everyone to mark down the calendars for the next meeting on 2/4/2021 at 9:30 AM.

112 **Adjournment**

113 **Eliot moved and Stillman seconded to adjourn.** Motion carried.

114 Respectfully submitted,

115 Kim Roberts, Administrator