



**DOOR COUNTY TOURISM ZONE
EXECUTIVE COMMITTEE MEETING
Minutes of November 19th, 2020- 9:00 a.m.
Teleconference Meeting conducted from Council Chambers
City of Sturgeon Bay - 421 Michigan Street**

ACTION ITEMS:

Wait moved and Nelson seconded to approve the agenda. Motion carried.

Anderson moved and Wait seconded to approve the minutes of October 15th, 2020. Motion carried.

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

Le Clair moved and Weddig seconded to form an Ad Hoc Committee of Innkeepers as a subcommittee of the Door County Tourism Zone Commission. Motion carried.

Eliot moved and Nelson seconded to create an Ad Hoc Funding Committee for the purpose of reviewing how the Commission is funded. Motion carried.

Anderson moved and Le Clair seconded the directives for Funding Ad Hoc Committee. The Ad Hoc Committee will conduct an analysis of strength, threats, opportunities, and weaknesses. Motion carried.

Eliot moved and Nelson seconded to request an RFP from UWW Fiscal and Economic Research Center on behalf of the Ad Hoc Committee of Innkeepers of the Door County Tourism Zone not to exceed five thousand (\$5,000) dollars. Motion carried.

Nelson moved and Eliot seconded to bring the 2021 Draft Budget forward to the full commission. 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.

Nelson moved and Le Clair seconded to return to open session. Motion carried.

Eliot moved and Anderson seconded to adjourn. Motion carried.

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/**DDC**, Mary Horton/Kerber Rose, S.C., Andrew Phillips, Jon Jarosh/**DDC**, Meredith Coulson, Cathy Ward, Representative Joel Kitchens, Mona Christenson, Solomon Lindberg, and Pam Busch.

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

Wait moved and Nelson seconded to approve the agenda. Motion carried.

Approval of the minutes of the October 15th, 2020 Annual Meeting.

Anderson moved and Wait seconded to approve the minutes of October 15th, 2020. Motion carried.

Report from Destination Door County on marketing efforts.

43 Money Penny reviewed metrics as related to the Destination Door County Website and press/PR for the
44 month of October.

45 Money Penny reviewed the budget position year to date for Destination Door County "DDC". He went
46 on to review receipt of a Tourism State Grant and the impact of the grant on the DDC budget.

47 Money Penny noted that the 2021 Strategic Plan and Budget would be approved by the DDC board on
48 December 8th, 2020 and would then be presented to the Tourism Zone at the December 17th, 2020 Full
49 Commission meeting.

50 **Report from Administrator**

51 Roberts reviewed the number of properties that remain to report for 2020: January- April 2020 there is
52 one (1) property that remains to report. She added that for May 2020 there are now two (2) properties
53 to report, June 2020 now has three (3) to report and July 2020 has six (6) properties to report, August has
54 nineteen (19) to report and September has sixty-six (66) to report.

55 The total outstanding due in unpaid taxes, fees and penalties is seven thousand nine hundred twenty-
56 seven dollars and fourteen cents (\$7,927.14) from fifteen (15) permit holders.

57 Roberts reported that she had permitted fourteen (14) new properties. Five (5) were issued because of
58 compliance efforts. Ten (10) permits were issued during the same period last year. She added that there
59 are currently one thousand two hundred seventy-one (1,271) permits.

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

61 Roberts presented an updated permit application as recommended by legal counsel.

62 All were in agreement that the new permit application should be utilized going forward.

63 Roberts presented the 2021 meeting schedule. She advised that should it be safe to meet in person, the
64 schedule will be adjusted with meeting locations.

65 Roberts pointed out that she had included a Longwoods International COVID-19 Impact Study in her
66 report distributed by the Wisconsin Department of Tourism.

67 Roberts reviewed the September 2020 "By Property Report".

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

69 Horton reported that for September the Tourism Zone collected seven hundred twenty thousand nine
70 hundred eighty-two dollars (\$720,982). She went on to review the breakdown of distributions to
71 Destination Door County and the municipalities. Lates that arrived in the month of October totaled
72 thirty-eight thousand nine hundred eighteen (\$38,918) and of that number twenty-seven thousand six
73 hundred (\$27,600) for August and the rest of it was for June and July. That brings August up to just
74 negative -.3% lower than prior year. She noted that September is already positive to last year.

75 Horton reviewed the Financial Statement and stressed that the cash position is still strong. She reviewed
76 the cash position as of the end of September. She also noted the change in the line item of Marketplace
77 Collections. She reviewed the issues with timing differences, late reporting from permit holders, and
78 amended returns.

79 Horton reviewed the Profit and Loss statement. She noted that year to date the Tourism Zone is showing
80 a loss of sixteen thousand six hundred and two dollars (\$16,602).

81 **Consideration of approving reports and payables plus receipts to date**

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

84 **Discussion and consideration of the creation of an Ad Hoc Advisory Committee of Innkeepers regarding**
85 **the proposal by the Town of Baileys Harbor to increase the room tax rate founded by Bryan Nelson,**
86 **Meredith Coulson, Rachel Willems & Fred Anderson. Task, purpose and expected outcome discussion.**

87 Van Lieshout said this item was a follow up from the last meeting. He asked Nelson or Anderson to lead
88 the conversation.

89 Nelson said that the four (4) of us met informally on October 21, 2020 via Zoom. The outcome of this was
90 that we felt that the Innkeepers should have a strong say in any change to the room tax rate. Our
91 recommendation to you was to form a committee and formalize this committee. If this body does form
92 a formalized committee, we would like to round out the members and increase membership to nine (9)
93 to eleven (11) members. We would like some good representation from short term rentals as well as
94 lodging providers from other municipalities. Right now, we are Baileys Harbor, Fish Creek, Ephraim, and
95 Egg Harbor.

96 Nelson went on to say, if we do proceed with the committee, we would like to develop a request for
97 proposal from Russell Kashian from UWW Fiscal and Economic Research Center for a survey with results
98 regarding the elasticity on demand. He added this was a fancy way of saying how much can we raise
99 room tax before demand drops off. Nelson asked Anderson to add to the conversation.

100 Anderson said it was a spirited conversation. The overall attitude of the four (4) of us is that it is
101 appropriate for the innkeeper's group to have a seat at the table and have a place in the discussion.
102 We are looking for outside help to give us the ability to answer some questions that we cannot answer
103 internally.

104 **Le Clair moved and Weddig seconded to form an Ad Hoc Committee of Innkeepers as a subcommittee**
105 **of the Door County Tourism Zone Commission.** Motion carried.

106 Van Lieshout noted that the item is now on the floor for discussion.

107 Le Clair asked if there was ever an intention for there to be more innkeepers on the board or is it just the
108 two (2) At-Large members. She noted that currently out of the twenty-four (24) seats, nine (9)- eleven
109 (11) are filled by municipal town board representatives. She asked why there is not a percentage of
110 innkeepers outlined in the By-Laws. She added that she had posted in a Facebook group of those
111 discussing the possibility of a room tax increase that they need to participate or volunteer to represent
112 their municipality. She added that the suggestion of participation had quieted the conversation online.

113 Nelson stressed that we are in compliance with membership per the By-Lawsⁱ. He added that there was
114 an Innkeepers Association years ago, but it is no longer active. He added as we all know it is hard to
115 get representation.

116 Anderson added that there was an attempt to revive the group but is not currently active. He added
117 that he believed Greg Stillman still functions as the head of the group, but that was all he knew.

118 Nelson replied that the authority comes from the Door County Tourism Zone Commission, so it made
119 sense to come to this organization especially since the Innkeepers group is no longer active.

120 Van Lieshout reviewed the motion. He said that we have the creation of an Ad Hoc Committee with
121 the following initial members: Nelson, Anderson, Coulson and Willems. Additional members to be
122 nominated and brought forward for the December meeting. He suggested that they nominate their
123 Chair and be in touch with Roberts about records keeping.

124 All ayes.

125 Nelson asked Van Lieshout if adding thee (3) members was a hard number or if that was open to
126 discussion.

127 Van Lieshout said the number of members for the Ad Hoc Committee was not part of the motion. We
128 can expand the number but recommended that it not get too big.

129 Eliot asked what the timing was, what are you looking at in setting up meetings and getting this started.

130 Nelson replied that he understood that Eliot wanted this to be expeditious. He added that he did too
131 and did not want to meet too many times, but I think we need this study, he stressed.

132 Eliot replied and said don't get me wrong but understand there are other pressures here. He went on
133 to say that the Village of Egg Harbor is talking about a referendum for the Kress Center and they brought
134 up room tax at their last village board meeting. I took it off their agenda, Heise called to put it back on.
135 He stressed that this is not just me; I opened the door, but it is going down the tracks and I would like to
136 make sure the innkeepers are represented in this and that opinion is heard. That is why I am putting
137 urgency to it.

138 Nelson replied we know the train is rolling and we want to make sure we stay with it. The four (4) of us
139 are meeting again to have discussion and have some names to present at the next meeting. Then we
140 can formally meet once we have that roster in December. We would then meet to flush out a Request
141 for Proposal for Dr. Kashian. That puts us into January. He added that Dr. Kashian had previously said
142 that there would be a fairly quick turnaround on such a study so that would put us into March.

143 Eliot said the study is a line item and we can talk about it then. He added that he has some ideas on
144 how to accelerate that. He added that if the study comes back that it is not a good idea, he wants to
145 be able to slow things down.

146 **Discussion and consideration of the creation of an Ad Hoc Advisory Committee to focus on the funding**
147 **of the Door County Tourism Zone Commission. Task, purpose and expected outcome discussion.**

148 Van Lieshout said this item gets back to how the Commission operates and how it is funded. He went
149 on to say right now we are funded out of proceeds from room tax revenue. The Baileys Harbor proposal
150 would move us to funding through a permit fee and that triggers other actions. Currently, the City of
151 Sturgeon Bay Ordinance says there will not be a fee for a lodging tax permit; this would be a fairly large
152 discussion. He went on to ask if anyone cared to put the creation of this Ad Hoc Committee on the floor.

153 **Eliot moved and Nelson seconded to create an Ad Hoc Funding Committee for the purpose of reviewing**
154 **how the Commission is funded.** Motion carried.

155 Eliot added that regardless of what happens with the proposal we are pulling out reserves to hire an
156 employee. The organization is not sustainable as is if we are pulling out of our reserves to operate and
157 hire an additional employee. He added that Anderson had mentioned that this organization could be
158 more of a lobbying organization on behalf of lodging providers. If we want to set those expectations,
159 we have to create a sustainable model of funding to do all of that.

160 Eliot mentioned that Van Lieshout had felt that once the issues with 2019 ACT 10 go away, Roberts would
161 have more time. He felt that may be true for a short time, but I am pretty sure the OTA's will bring more
162 challenges down the road that we will have to deal with. I think we need to look at what our income is
163 and can we adequately staff ourselves for the next five (5) to ten (10) years.

164 Van Lieshout replied that the notion of adding a permit fee was brought up several years ago during a
165 budget cycle because it is not hard to see how the short-term rental business has impacted the
166 workload. When you look at the numbers, 74% of permits are homes (STR's) and they have 24% of the
167 rooms. Our professional innkeepers do not require as much assistance as the short-term rental folks.
168 Some STR's really struggle in comparison to the professional innkeepers, it consumes a lot of time and
169 handholding. He added, not to mention the expense of enforcement. If I had to guess, he said, about

170 80% of our enforcement cases are related to short-term rentals. We do recover much of these costs, but
171 it is time-consuming and often comes much further down the road. There are some challenges to that.

172 Van Lieshout added that looking at sources of revenue and operation strategies would be appropriate
173 and is likely necessary. How do the lodging providers feel about the cost of a permit fee and what does
174 that mean to them, he asked. He stressed that question is probably better posed to the Innkeeper Ad
175 Hoc Committee.

176 Wedding added that if we are trying to get 2019 WI ACT 10 cleared up, he asked if the legislation only
177 allowed for 4% to be retained by Tourism Zone Commissions. He felt that we should be able to take off
178 the top whatever it costs to administer the tax. Granted the situation with STR's may become easier
179 down the road, I just think whatever it costs to run the Commission is what we should be able to collect.
180 The funding of this organization should not be that difficult; it should come out of the tax. If that is
181 something that needs to be changed at the state level or we just proceed and do it; I think we should
182 take the funding off the top and then proceed with the 70/30 split, he said. Funding this organization
183 should not be such a difficult situation when we are the ones doing the work to collect the tax. He
184 added that if the municipalities were doing the work to collect their own room tax, the cost would come
185 out of their municipal budget. The total structure should be looked at, he stressed.

186 Eliot replied that he thought the line item on the agenda referred to something other than what is being
187 discussed. He thought the agenda item referred to how much the Tourism Zone needed in funding to
188 staff itself adequately moving forward. I thought that was the challenge being discussed he said. He
189 went on to say that when he proposed the two hundred fifty-dollar (\$250) permit fee, the response from
190 Van Lieshout was we do not know if that is too much or not enough. We really should know what we
191 need to operate in an ideal circumstance. Can we come up with a dollar figure and agree on it and
192 have a statement that says this is how much we need to operate. To Weddig's point, we do not have
193 enough to continue to operate like this to keep up with the demand. He asked if this was an accurate
194 assumption. He added that he could be corrected on this.

195 Van Lieshout replied that we have a good idea of what is costs to operate the Commission on an annual
196 basis and that is indicated by our operating budget. If we wanted to fund the Commission through a
197 permit fee it would be around two hundred dollars (\$200) to two hundred fifty dollars (\$250) a permit.
198 But there are other issues. Do the municipalities want to impose a permit fee on every lodging provider
199 and then what do we have to change to effectuate the change, he asked.

200 Eliot asked if he was hearing that with the current four percent (4%) is sustainable for the office we have
201 right now and to take care of the STR people. The first question is does the Tourism Zone have enough
202 money to take care of itself. I am hearing that Roberts can barely keep up. The part-time hire is
203 temporary, not a long-term fix.

204 Van Lieshout replied to Eliot and said if you look at the budget, it is the best indicator of what it costs to
205 run the Commission. It is the best indication of the operating expenses. When we look at these things, I
206 think we can reasonably conclude as the Commission grows, and the lodging community grows so does
207 that 4%. The advent of the STR's does consume a great deal of time, and that is the condition we have
208 today. We can reasonably conclude with our current budget plus what we are spending down in
209 reserves is likely where we need to be or where we should be. I am not discounting the permit fee; my
210 point is if we look at our current expenses that is a good indicator of where we need to be. Coming
211 back around, he said, what is it we want the Ad Hoc Funding Committee to do.

212 Eliot said that he still had the question if we need a number two (2) in the office or not. We do not have
213 a lot of backup in the office. We do not have redundancy or security in the position. I guess I was looking
214 at what makes the Tourism Zone staffing sustainable for the long term. When I brought Van Lieshout the

215 number of two hundred fifty dollars (\$250) for the permit fee, your direct quote was, "that may be
216 enough but we have no idea" and now you tell me we can just look at the budget. There are some
217 inconsistencies there. What do we want this office to be to take care of the permit holders regardless of
218 whether or not we change the room tax structure or add a fee, he asked. Is the office we have in a
219 position to continue to work and maintain the standards that Roberts has set at this pace. The pace
220 seems aggressive and unsustainable. I know we have stepped in and added an employee for ten (10)
221 to fifteen (15) hours a week; I am hesitant to say that is a long-term solution. If everyone says that this is
222 the solution, I will step back, but I am slightly confused by this.

223 Anderson said from what I am hearing and from past discussions unless something changes in the very
224 near future, we are looking at deficit spending for next year, when we get to that agenda item down
225 the road here. I am leaning towards agreeing with Eliot, at the very least we should look at the internal
226 operations and I am not suggesting we are going to be critical of our employee or new employee does.
227 In a perfect world, if we could put the office together in such a way that we do not have to repeat the
228 conversations that we have had over the past couple of months, this would be the place to start. I am
229 thinking out loud in saying, but I can't fathom what the model would look like, but I feel it is important
230 for the conversation to take place.

231 Van Lieshout summarized Anderson's point; more of an organizational approach rather than a financial
232 approach.

233 Anderson said funding it would be part of the discussion down the road, but at the outset how much
234 does it truly cost. If we were to build an office that is sustainable, then it would come down to how much
235 does that cost and how do we pay for it.

236 Van Lieshout said that the directive to the Ad Hoc Committee will be to look at the organization and do
237 more or less strengths, weaknesses, and opportunities kind of assessment.

238 **Anderson moved and Le Clair seconded the directives for Funding Ad Hoc Committee. The Ad Hoc**
239 **Committee will conduct an analysis of strength, threats, opportunities, and weaknesses.** Motion carried.

240 Le Clair added that she was just doing some numbers, we have 1,271 permits and if we charged two
241 hundred fifty dollars (\$250), that would be over three hundred seventeen thousand dollars (\$317,000).
242 As a lodging innkeeper I would not have a problem with paying two hundred fifty dollars (\$250) for a
243 permit for the Zone. To say that we would take that away from Jack, that is a separate entity. Some of
244 us might spend that going out to dinner in a week, we all have different priorities, and they are different
245 ways of looking at your priorities and where you want to spend your money. To fund this, I think would
246 be a better issue. She went on to say that without the office of the Administer nothing would get done.
247 If the individual municipalities and their town clerk had to do their own room tax collection, they would
248 not be able to do it. She added that she would have no issue paying the permit fee of two hundred
249 fifty dollars (\$250) or three hundred dollars (\$300) dollars.

250 Anderson agreed it wouldn't work.

251 Wedding added that he did not want to pay a permit fee as an innkeeper. I do not feel that this
252 organization should be collecting a fee. He went on to say that it will be difficult to collect and explain
253 what they are getting for that fee, it would chew up another employee's time. If we are trying to fund
254 this organization, it should come out of the tax. He did not want everyone to forget the cost of credit
255 card fees; the increased percentage of that is paid via credit cards. An increased room tax rate would
256 raise credit card fees. If you look at the \$4.5 million in room tax and assume 90% is paid with credit cards.
257 That means at 2.5% credit card fees, the lodging people are paying \$102,000 a year in credit card fees
258 currently on the room tax they are collecting, that is no small change. If we add 2.5% to the room tax,

259 that will increase to \$140,000 with 8% room tax. It might seem insignificant and we can write off the
260 expense, but it raises the rates, we all add on to the nightly rate just to cover that fee. Adding 2.5% on
261 my own business is another \$600-\$700 in room tax, two and half times what a permit fee would be. Let's
262 not forget that, it has to be part of the equation.

263 Eliot said he appreciates the comments on the fee and coming out of the percentage and all of that.
264 I am looking into the investigation of what we need as the Tourism Zone budget to keep us going was
265 outside the realm of how we were actually going to fund it. We just need to know what the dollar figure
266 was to make sure that the office that kept good people working so that their lives are not miserable and
267 kept happy. I do appreciate all the work that Roberts does, this is not at all a slight on her. How do we
268 make this job better and easier to do and how do we staff properly, he asked. I understand that funding
269 is going to be a part of the conversation, but the first step is to look at the strengths, opportunities, and
270 weaknesses and what our origination should look like three (3), five (5) or ten (10) years out. And then
271 we look at what that would take and cost to get there. Then we look at if we have enough money or
272 not, that is a secondary conversation. He asked Anderson if that lined up with what he was thinking.

273 Anderson replied yes.

274 Nelson asked if it was fair to more narrowly define this and charge this committee in looking out five (5)
275 years and looking at making this sustainable and pleasant office work place for the next five (5) years
276 or maybe we pick three (3) years. We need to define this more narrowly and define it properly for them.

277 Wait added the directive says to look at the organization's strengths, opportunities, and weaknesses
278 assessment so I assume we will include funding opportunities and strategies, such as a permit fee,
279 correct, she asked.

280 Van Lieshout said that would be his expectation.

281 Anderson added that would be his as well.

282 Eliot added that another point of this is if we even consider a permit fee it has to be based on only
283 absolutely what we need. By state statute the fee can be no more or no less than what it costs to
284 facilitate the collection and distribution of tax. He asked Van Lieshout for confirmation on the statutory
285 language for fees.

286 Van Lieshout agreed.

287 Eliot said we should not be looking at a pile of money and how do we spend it. How do find a way to
288 fund this office to work efficiently for the least amount of money and then what is that dollar figure. Then
289 we move on to how to fund it.

290 Van Lieshout said we have a motion and a second on the floor to establish an Ad Hoc Committee to
291 look at the operations of the Commission with a SWOT analysis which would include looking at how we
292 pay for operations. As a matter of business, would you like me to appoint people to the Committee or
293 do we want to accept nominations. How do we want to get folks on the Committee, he asked.

294 Eliot volunteered, if we can find a way to fund it, I want to help.

295 Van Lieshout said he would be happy to participate.

296 Nelson suggested we keep the rooster open until the Full Commission meeting.

297 Van Lieshout agreed and that we would place the item on the agenda for the nominations to the Ad
298 Hoc Committee for the next meeting.

299 Eliot asked how many people we will be looking for involved in this.

300 Van Lieshout said he likes smaller meetings, perhaps five (5) total.
301 Eliot said then we are looking for three (3) additional people. He asked that an email be sent prior to
302 the meeting to ask for volunteers so there is shorter discussion for the meeting.
303 Le Clair asked if we were asking for innkeepers or town board people.
304 All replied it could be anyone.
305 Eliot said it would be nice to have innkeepers.
306 All ayes.

307 **Discussion and consideration of commissioning a study related to the proposed increase in room tax**
308 **rate, with a request for an RFP from UW Whitewater.**

309 Eliot said he thought this was a good idea. He wondered if we could set a dollar limit to item and if the
310 Ad Hoc Group of Innkeepers could go out and get this rolling. The Ad Hoc Group of Innkeepers is made
311 of fully qualified individuals from this body to make financial decisions and they know what they are
312 looking for. I would make a motion to get this moving and not to exceed three thousand dollars (\$3,000)
313 and that the task force of innkeepers approve it moving forward.

314 Van Lieshout asked to make a friendly amendment to Eliot's motion to not to exceed five thousand
315 (\$5,000).

316 Eliot said ok.

317 Van Lieshout said thank you.

318 **Eliot moved and Nelson seconded to request an RFP from UWW Fiscal and Economic Research Center**
319 **on behalf of the Ad Hoc Committee of Innkeepers of the Door County Tourism Zone not to exceed five**
320 **thousand (\$5,000) dollars.** Motion carried.

321 **Discussion and consideration of giving notice to Destination Door County regarding renewal of the Entity**
322 **Agreement (Vice Chair Dave Eliot).**

323 Van Lieshout noted that Eliot had asked for the agenda item late last week.

324 Eliot acknowledged that this was a weird one, he was not trying to threaten or scare anyone about it.
325 He went on to say that he wanted everyone to be aware of the way our Entity Agreement is set up with
326 Destination Door County is that you must give six (6) months'ii notice to change, if there was any reason
327 to change. I am not suggesting there is anything to change, he said. I think it is important to take note
328 of the date, it is May first or seventh, that we are supposed to notify six (6) months ahead. I don't think
329 there is any reason to change what we are doing, but it is an important relationship we have with
330 Destination Door County and it is important to note that it can change. And there are reasons
331 Destination Door County could get frustrated with us or vice versa. I want to take note of it on the
332 calendar and be aware that it is there.

333 Van Lieshout thanked Eliot and said it is so noted.

334 Anderson asked Van Lieshout if we need to formalize the motion at least. I will leave it up to you. We
335 have had the discussion, but I do not know if that would put in place the true meaning of the intent of
336 the Entity Agreement

337 Van Lieshout replied and said then the question becomes whether or not we want to give notice to
338 Destination Door County regarding the renewal of the Entity Agreement. He went on to say that I will
339 start, if we are satisfied with the relationship we have and we don't have plans to materially alter how
340 we do business in the immediate future, I would suggest that notice would be inappropriate. I would not
341 see the need for that.

342 Eliot noted that as long as the changes are amenable, changes can be made to that document without
343 the six (6) months' notice if both entities agree on the changes. If at some point Destination Door County
344 comes back and says they are amenable to these changes, changes can be made as long as both
345 sides agree. The six (6) months' notice is more to end the relationship or make drastic changes to the
346 agreement without a discussion with the other party. He went on to say it is important to take note of
347 this document, it is what ties us together and keeps us moving forward together. To not take notice of
348 it and that it is fragile and can break is important, that is why I asked for it to be on the agenda.

349 Eliot asked Van Lieshout that if you want to make any changes to the agreement and both sides agree
350 we can make changes at any time. If we want to sever the relationship, this is the time to do so.

351 Van Lieshout replied normally when you negotiate an agreement, we would have a conversation prior
352 and know what the objectives are. Then you would have a conversation with the other party and
353 discuss and come to a mutual conclusion and amend the agreement and move forward. That would
354 be the best approach.

355 Eliot responded that this would be the worst-case scenario if we were not able to come to terms on
356 anything. I think it is worth putting on the agenda every November to say let's honor this agreement and
357 recognize that we work well together and mutually beneficial. We need to keep identifying that, he
358 said, this is the document that makes everything possible.

359 Anderson thanked Eliot and Van Lieshout. He said he was more than satisfied to move forward without
360 a motion on the agenda item.

361 **Discussion and Consideration of 2021 Draft Budget.**

362 Van Lieshout noted that Roberts and Hoton had put together a Draft 2021 operating budget as well as
363 a memo to go along with the budget.

364 Roberts noted that KerberRose had not worked on the budget or memo, she didn't want Horton put on
365 the spot to answer questions as it was completed without KerberRose.

366 Roberts noted that the budget is fairly conservative in that we don't know what the next year is going
367 to bring with regard to the pandemic. We are planned flat for 2021 using actual numbers through
368 September 2020, for October 2021, 2019 revenue was used less 15%, and for November and December
369 2021, November, and December 2019 revenue less 30% was used. She went on to say this was the best
370 guess to forecast these months that Van Lieshout and herself had agreed on.

371 Roberts reviewed the 2021 draft budget line by line along with the budget memo.

372 Wait requested the budget comparison be put on one sheet with the 2021 budget, 2020 budget, and
373 2020 year to date. A line by line by comparison would make it easier for me, she said.

374 Nelson noted that the reason he thought there were not a lot of questions is that memo was
375 comprehensive. He took no issue with any of the rationale presented. He thanked KerberRose for not
376 increasing rates in 2021 and their vital partnership that they provide.

377 **Nelson moved and Eliot seconded to bring the 2021 Draft Budget forward to the full commission.** Motion
378 carried.

379 **Discussion of Door County Tourism Zone Legislative Agenda for 2021- Correcting Language to 2019 WI** 380 **ACT 10.**

381 Van Lieshout said we had invited Assemblyman Kitchens "Rep. Kitchens" to the meeting.

382 Eliot replied that he had just heard from Rep. Kitchens as he is traveling and asked that he be texted
383 when we got to the agenda item. He will be calling in, he said.

384 Van Lieshout said he was pleased to see the item as part of Rep. Kitchens campaign statement for
385 legislative objectives. 2019 WI ACT 10 dramatically changed how room tax is collected and remitted by
386 Online Travel Agencies "OTA's". This is why we have the challenge with reconciling the payments from
387 OTA's. When we were last in Madison to testify the lobbying efforts of the OTA's came to bear on the
388 legislature and the current changes were pushed through. He went on to say that he believed that
389 there has been enough pain shared with municipalities around the state that perhaps there is now some
390 wisdom or perhaps they have seen the light as to why this legislation was a bad law including some of
391 our other lobbying partners such as the Town's Association and the WH&LA. I would like to see a push
392 for a correction to that bill in the upcoming budget process. Hopefully, the folks in Madison in the
393 legislature see the need as well. He asked if Roberts had anything to add.

394 Roberts said it has been a while since we have talked about how it is going on the reconciliation side.
395 Yesterday, she said, was a really busy day in helping permit holders as we edge closer to the filing
396 deadline. She added that one (1) permit holder had allowed access into their Airbnb account for
397 assistance in reviewing their reporting, he was so frustrated. Out of twenty one (21) reservations for the
398 entire season, guess how many reservations Airbnb collected sales and room tax, she asked. One (1),
399 she said, one (1) reservation had both sales and room tax collected as per 2019 WI ACT 10. She went
400 on to say that the first defense from these companies is that the reservations were made prior to the
401 effective date of the legislation. She added that they opened each reservation and all of the
402 reservations had been booked after 1/1/2020. She added, how only one (1) reservation received the
403 correct programming and the others not, is anyone's guess.

404 Eliot said that Rep. Kitchens had said that now that we have evidence documented it helps because
405 before he kept running up against why are we trying to fix a problem that didn't exist. We have a much
406 better case now; we should be able to get further.

407 Le Clair asked Roberts if she is tracking all of this.

408 She said yes.

409 Eliot asked if the Wisconsin Dells was having the same issues, they have multiple zip codes as well.

410 Roberts replied that she had not heard anything from the Dells.

411 Nelson added that when he went to Madison with Roberts and Van Lieshout to testify, we thought we
412 had made our points for other parts of the state. Rep. Macco from Green Bay seemed sympathetic, but
413 then we heard afterward that from Rep. Kitchens that Rep. Macco defaulted to there is not a problem
414 here and we do not want to meddle in this. Hopefully, a year down the road it will no longer just be
415 Door County talking about this and there will be enough evidence.

416 Eliot added that Kitchens is looking for someone to co-sponsor the bill. If we are aware of other areas
417 that are facing the same challenges, we should get them in touch with Rep. Kitchens. He added that
418 Bayfield has two different room tax rates between the City and Town, they may be a community to
419 reach out to.

420 Roberts noted that she always copies Rep. Kitchens when she responds to inquiries from other areas
421 facing challenges.

422 Eliot asked if it has impacted Premier Resort Area Tax "PRAT" tax for the Village of Sister Bay.

423 Roberts responded that we would have no way of knowing. What I do know she said, is that we have
424 assisted permit holders with letters to correct location issues associated with PRAT.

425 Eliot asked if there was documentation that the Village of Sister Bay could provide showing issues.

426 Roberts added that there is an additional issue with VRBO locating much of Ephraim in Sister Bay and
427 therefore collecting PRAT for those properties. She added that she had provided letters to the owners
428 of the properties this summer to assist with getting PRAT added or removed from their property listing.
429 Eliot asked if we had documentation of that.

430 Roberts replied yes.

431 Van Lieshout noted that we didn't have any calls waiting to be accepted into the meeting. He asked
432 for a consensus that this issue is still a priority and we wish to move forward with correcting language to
433 2019 WI ACT 10.

434 All agreed.

435 Nelson added that Assemblyman Macco seemed sympathetic and had mentioned that he kept his
436 boat at Stone Harbor, if this drags into next summer, we should knock on his hull.

437 Van Lieshout said that Rep. Kitchens was on the line. He added that he was on the line with the Tourism
438 Zone Executive Committee and that there were members of the press and public in attendance. We've
439 been discussing 2019 WI ACT 10, he said, and working on getting some changes made in the next
440 budget cycle. He asked Rep. Kitchens to share his thoughts and comments.

441 Rep. Kitchens said as you know we worked on legislation during the last session and it ended up being
442 a lot more difficult than we expected. Airbnb is really trying to squash any kind of these efforts across
443 the country. So, it was very difficult, and we had to scale back substantially from what we wanted. We
444 passed that scaled back version of legislation through the Assembly, but when the pandemic hit the
445 Senate never took up any of those bills. Unless somehow the Senate decides to take them up, we are
446 going to have to come back next time and do it again. We have been working on a bill anticipating
447 that is what will happen. I have been working with Kathy Kilgore of the Hotel and Lodging Association
448 to get a bill done. We are going to ask for more than we did last time. Speaker Voss has said it will go
449 to a different committee next time; it will not go back to the same committee which is what screwed us
450 over last time. We are going to ask for more, but not as much as we want. The thing to remember is
451 that we will have that audit authority with just cause. You guys have documented an awful lot that
452 would stand as just cause. Luther Olsen was my Senate Co-Sponsor last time, he has retired. Senator
453 Joan Ballweg from the Wisconsin Dells area and I think she will be enthusiastic in pushing it through the
454 Senate this time.

455 Van Lieshout thanked Rep. Kitchens. He asked if there were any questions.

456 There were no questions.

457 Rep. Kitchens said one the of things we are going to strengthen is we can't make the penalties as steep
458 as we would have liked for not collecting the proper amount, we have to go by pretty much what the
459 hotels would be penalized if they don't collect the right amount. But what we do want to beef up is the
460 penalty if they don't respond to an audit, in that case we need to hit them hard enough that they pay
461 attention. That is my biggest fear is that you send a company like Airbnb an audit request and they
462 ignore it. That is the one area we want to strengthen.

463 Van Lieshout said he would support that.

464 Rep. Kitchens added that as you guys talk and have other things, we will get you a draft once we have
465 it done to look at. He emphasized again that it isn't going to be everything you would have liked. It is
466 going to be possible to get legislation passed to obtain all the information we want. Again, as long as
467 we can audit and reconcile it that way. And we did make it easier for them, it will be a standard form

468 for every municipality and standard due date for all municipalities; we are going to make it as easy for
469 them as possible. But then we are going to hold their feet to the fire and make them comply.

470 Weddig asked if the municipalities will be given a number.

471 Roberts added that it is hard for these companies; they use an outside company to do all of their tax
472 programming, they are not even in charge of their own tax programming or their boundaries for
473 municipalities. The larger issue that I hope this legislation will achieve is ensuring that all Wisconsin
474 municipalities are getting their due share. That means that the correct amount of money is going to the
475 municipalities and that can only happen if these companies can guarantee that they are locating the
476 properties correctly to begin with. Currently that is not happening.

477 Kitchens replied that is what we ran into last time, they claim they are getting it to the right place. We
478 ran into everyone thought we were trying to solve a problem that did not exist. You guys have
479 documented that is not happening. WI DOR is going to be taking care of the standard form and that
480 municipal code identifier may be part of that. That is where the audit comes in, you can double check
481 if the money went to the right place. You guys are still going to have your hands full with following these
482 companies to verify they are collecting from everyone. In the short term your role does not change
483 much, you will continue to check what they are remitting.

484 Van Lieshout thanked Kitchens.

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

491 **Nelson moved and Le Clair seconded to return to open session.** Motion carried.

492 **Roll Call**

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

494 Eliot noted that on Monday the letter of intent will go in front of the Baileys Harbor town board to be
495 approved. He added that most seem in favor. We have not had a lot of people at the meetings, the
496 line item at the November meeting was too vague so I pushed it off two weeks, he said. We will see if
497 we get more attendance with the updated agenda item that indicates an increase in room tax. He
498 went on to say that he has given Nelson his word that if the surveys come back that say this a horrible
499 idea, I will put the brakes on talking to other municipalities. We do need thirteen (13) municipalities to
500 make this move forward, if we are all moving forward at the same time, we can do this in a smart and
501 intelligent way. If information comes back that has red flags, we will need to go back to the town boards
502 and request to amend the information based on the information at hand. I think we are smart people
503 that can help make this work; we can come up with a way to put a halt on it if necessary.

504 Wedding asked Eliot for an explanation of the 70/30 split clarification and how you are explaining it to
505 board members.

506 Eliot replied that he adjusted it to state statute because Bob Kufrin in all his wisdom figured out a way to
507 work around this whole thing with the 70/30 split. Under state statute, the Wisconsin Lodging Association
508 lobbied hard to make sure that at least and no less than 70% is distributed to the tourism marketing
509 agency. The 30% covers the cost of room tax collection. In any other municipality, and the City of
510 Sturgeon bay prior to joining the Tourism Zone, 70% went to the Sturgeon Bay Visitor Convention and the

511 30% was kept by the City and paid for the room tax collection. The reality is we got around it because
512 the Tourism Zone name indicates marketing.

513 Weddig said that was what he thought but reiterated his question about language that could be
514 added to legislation just for Tourism Zones that might help clarify and give us the ability to take our costs
515 off the top prior to the 70/30 split.

516 Eliot replied that we are an anomaly, most municipalities function individually and not collectively. We
517 found a way to get nineteen (19) municipalities to agree to the same thing which is somewhat a
518 miracle. There are not many of us, room tax is typically administered by the municipality itself. Kufrin
519 did it that way and I am saying this a little bit tongue and cheek, but he was trying to purchase the
520 Helms Four Seasons and he was looking for as much money as possible and didn't want it to come out
521 of the thirty (30%) percent. The 30% was the maximum he could get so he found every angle to make
522 it come out of the Tourism Zone side. As a hotelier, he said, I would think you would be on the other
523 side of this fence and want the 70% to go to marketing as opposed to only 66%.

524 Weddig said I agree. But because we are a Zone, why cannot we take what we need off the top and
525 split the rest. I do not understand what would be so difficult about changing the language.

526 Van Lieshout noted that we are deviating from the agenda a bit too far. He asked to bring things back
527 around to feedback from local boards.

528 Eliot replied to Weddig, this is in your town, during a budget meeting there was discussion about the
529 Gibraltar Civic Association having its funds cut drastically and it was not based on room tax. He added
530 this should be part of the discussion and you should be aware. There was some turmoil with the Civic
531 Association and the Town.

532 Weddig said he was aware of that. The Town of Gibraltar collects a lot of money and when you are
533 talking about percentages it is substantial compared to other townships. The dollar numbers are
534 substantially less. I understand what you are saying, but I am trying to solve the bigger problem which is
535 the funding of the Tourism Zone.

536 Eliot replied to Weddig and said I am trying to mitigate that by saying they would get a free membership
537 to Destination Door County and local marketing associations. I think that could be agreed upon and
538 folks would be saving money overall. I am trying to look out for the innkeepers that way although you
539 might not see it that way, he said.

540 Weddig replied and said I am looking out for the Commission and I do not think we should be collecting
541 a fee. I strongly feel that way.

542 Eliot added that since there is a precedent of the 30% to the municipalities it is going to be hard to argue
543 them out of that. I am trying to get us in line with the 70%, so that is where the fee comes from. We have
544 to find a way to cover the costs of doing business.

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

547 Van Lieshout noted that there was to be follow up with ad hoc committees with the next agenda.

548 **Adjournment**

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

550 Respectfully submitted,

551 Kim Roberts, Administrator

ⁱ Commission Composition/Membership: DCTZC BYLAWS: Section 4.2 Number of Commissioners. (a) The number of commissioners comprising the Commission shall be as prescribed under the provisions of Section 66.0615(1m) (c) 2, of the Wisconsin Statutes. (b) The municipal members of the commission shall be appointed by the principal elected official in the member municipality subject to confirmation by majority vote of the members of that municipality's governing body who are present when such vote is taken. (c) Two (2) additional ("At Large") members, who represent the hotel and motel industry, shall be appointed to the commission by the chairperson of the commission and shall be confirmed by a majority vote of the commissioners who are present when the vote is taken. (d) While membership on the Commission is provided for each municipality in the zone agreement, all membership positions need not be filled if a municipality does not see a need. A member municipality that does not appoint a representative shall not count towards the determination of a quorum. (e) The Commission by vote of 2/3 of members present at a duly noticed meeting may establish an executive committee. The membership of the executive committee shall include at least one at large member. The powers of the executive committee shall include the authority to approve payments and to take such other actions as is granted by the Commission.

ⁱⁱ Entity Agreement Renewal: The initial term of this Agreement shall be concurrent with the term of the Tourism Zone Commission Intergovernmental Agreement, effective May 1, 2007, and thereafter renew automatically on a year-to-year basis unless either party to this Agreement, with at least six (6) months' notice, declines the renewal provision. "

DOOR COUNTY TOURISM ZONE

EXECUTIVE COMMITTEE MEETING

Minutes of November 19th, 2020- 9:00 a.m.

Teleconference Meeting conducted from Council Chambers

City of Sturgeon Bay - 421 Michigan Street

The closed session of the Tourism Zone Full Commission was convened by Chairperson Van Lieshout at the City of Sturgeon Bay.

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: Mary Horton/ **KerberRose, S.C.** and Kim Roberts/**Administrator DCTZC.**

Motion by roll call vote to convene in to Closed Session pursuant to Wisconsin State Statutes, Section 19.85(1)(a)(f) or (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 reports and tax payments. The commission moved into Closed Session by roll call vote as per statutes named. Motion carried.

CLOSED SESSION

Discussion took place regarding compliance and enforcement issues.

Respectfully submitted,



Kim Roberts
Administrator
