



DOOR COUNTY TOURISM ZONE
COMMISSION and EXECUTIVE COMMITTEE MEETING
Minutes of June 21, 2018
Town of Baileys Harbor – 2392 CTH F, Baileys Harbor

ACTION ITEMS:

Dannhausen moved and Mulliken seconded to approve the officers as presented. Motion carried.

Robillard moved and Boston seconded to approve the agenda. Motion carried.

Le Clair moved and Krist seconded to approve the minutes of May 17th, 2018 Full Commission meeting as presented. Motion carried. Nelson abstained due to his absence at the May meeting.

Nelson moved and Nellen seconded to approve the 2017 Tourism Zone Audit. Motion carried.

Dannhausen moved and Maci-Schmidt seconded to approve reports and payables plus receipts. Motion carried.

Consider motion to convene 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 reports and tax payments. Le Clair moved and Wait seconded to convene into Closed Session as per statutes named by roll call.

Nelson moved to reconvene into Open Session; Skare seconded. Motion carried.

Krist moved to adjourn; Skare seconded. Motion carried.

Committee Members Present by Roll Call: Mary Boston, Kathleen Maci Schmidt, Ryan Heise, Bryan Nelson, Myles Dannhausen, Keith Krist, Nancy Robillard, Bill Weddig, Cathy Ward, Hugh Mulliken, Richard Young, Jim Nellen, Linda Wait, and Josh Van Lieshout.

Excused: Fred Anderson, Jeff Larson and Bill Weddig.

Absent: Andy Stimers, Mike Johnson, and Nate Bell.

Also in Attendance: Kim Roberts/**Administrator**, Jack Money Penny/**DCVB**, Jon Jarosh/**DCVB**, Michelle Rasmussen/**DCVB**, Mary Horton/**KerberRose**, Dianne Lensert/**KerberRose**, Pam Seiler/**Sturgeon Bay Visitor Center**, Representative Joel Kitchens and Jackson Parr/**Peninsula Pulse**.

Call to Order

Chair Van Lieshout called the meeting to order at 9:50 AM.

Comments, correspondence and concerns from the public

Chair Van Lieshout said that Representative Kitchens requested to respond to a few items from the Annual Meeting.

Representative Kitchens addressed the Commission and said he didn't have any updates because they are not in session right now. He felt that there were a couple things he could address that came up during the Annual Meeting.

First, as far as the whole Airbnb issue, it came up suddenly during the budget process and he was in contact with Josh and Jack and several others about that. He went on to say that he did think that it needs to be straightened out so that we know exactly where these people are staying so that the money can be distributed properly and fairly. He went on to say that he felt it was a good step statewide, to make sure that Airbnb's are paying room tax, but we need to work on the distribution part of it. He added that he is happy to work with people from this board or Jack in figuring out how to address that as best we can.

As to Hugh's comments about the return on investment for tourism dollars, he said that he totally gets that. There is a great return on all of the tourism dollars we spend. He added that he is on the

1 Tourism Committee, and yes when you look at us compared to Michigan in particular, they outspend
2 us tremendously. We do spend our money very well, he said. Our Tourism Department is one of the
3 best departments we have and Stephanie Klett does a great job. We do get tremendous return on
4 our tourism dollars. He added that he will continue to fight to get more money put into the Tourism
5 Department.

6 Room tax dollars, we did put language in there last year, but Door County has always done room tax
7 well. The room tax dollars have always been spent in Door County the way they are supposed to be.
8 But he reminded everyone that there were places in the state where they are not spent correctly so
9 they felt that language needed to be put into the legislation. He said one of the biggest offenders
10 was Dane County. But we've never had that problem here and stressed that he will make sure that it
11 stays that way and not open that up again, nor the desire to do so.

12 Van Lieshout thanked Representative Kitchens.

13 **Nomination and vote for Tourism Zone Commission officers – Nominations are as follows:**

- 14 i. Josh Van Lieshout as Chair
- 15 ii. Skare as Vice-Chair
- 16 iii. Le Clair as Secretary
- 17 iv. Nelson as Treasurer

18 **Dannhausen moved and Mulliken seconded to approve the officers as presented.** Motion carried.

19 **Approval of the Agenda**

20 **Robillard moved and Boston seconded to approve the agenda.** Motion carried.

21 **Approval of the Minutes of May 17th, 2018 Full Commission meeting as presented.**

22 **Le Clair moved and Krist seconded to approve the minutes of May 17th, 2018 Full Commission**
23 **meeting as presented.** Motion carried. Nelson abstained due to his absence at the May meeting.

24 **Discussion and consideration of safety and quality standards for non-traditional lodging. Craig**
25 **Kratcha from the Department of Trade, Agriculture and Consumer Protection to speak about licensing**
26 **via DTACP.**

27 Van Lieshout introduced Craig Kratcha from the Department of Trade, Agriculture and Consumer
28 Protection "DTACP".

29 Kratcha reviewed that anyone who wants to engage in short term rentals is required to get a state
30 license. The Tourist Rooming House license from DTACP is for those who will be renting their home to
31 tourists.

32 Kratcha reviewed the procedure for licensing: A property owner needs to contact a licensing
33 specialist, pay the fees and complete the application. The property owner must provide a social
34 security number for the application. Kratcha said he gets notified then to complete an inspection
35 and then he calls to arrange the inspection.

36 Kratcha reviewed some of the highlights of basic safety requirements from chapter 72 of the DTACP
37 code. He stressed that he is not looking for the quality of the rental rather basic safety regulations;
38 the big focus is safety, he said. Some of the areas he looks at are: Safe water supply, if on a private
39 well that the water testing has been completed annually, review of the septic drain field looking for
40 leaks or backups, septic tanks must be covered and have a lock, there must be a toilet, shower and
41 running water and both hot and cold water are available.

42 He went on to say that properties do not have to provide soap, towels nor linens. They can require
43 guests to provide their own. Pillow covers and mattress pad covers are required. If an operator
44 provides linens, they must be laundered between each rental and there must be twelve (12) inch
45 fold over to protect blankets. Blankets must be kept clean, but are not required to be laundered in
46 between guests.

1 Kratcha said that there must be garbage and recycling available that is picked up regularly. He
2 went on to say that all furnishings must be safe and not wobbly. Utensils must be washed and
3 sanitized. This can become a burden for a tourist rooming house, he said. In 2015 they determined
4 that a sign posted instructing guests with how to do sanitize utensils would be sufficient and
5 acceptable. He went on to say that food service is not permitted with a tourist rooming house
6 license, but shelf stable, factory sealed food items are allowed.

7 Buildings must also be in compliance of uniform dwelling codes which relate to fire safety, fall
8 hazards, ventilation and CO2 alarms. He went on to say that there must be a CO2 alarm on each
9 floor and a smoke alarm in each bedroom and one on each floor outside the bedrooms.

10 Van Lieshout asked Kratcha what the common issues with short term rentals that he says during the
11 inspection process.

12 Kratcha said that he often saw no CO2 alarms, outdated smoke alarms and fall hazards. He said
13 that bath tubs without non-slip protection and decks with guard rail issues often were issues.

14 Van Lieshout asked if it was common for a property to have to make improvements after the
15 inspection or does he typically find most homes going to rental market are typically in pretty good
16 condition.

17 Kratcha said it depends on the property and the age of construction. Before 1980, there was not a
18 uniform dwelling code, so they encounter homes with pretty wide open guard rails that have to be
19 corrected. If it is a new license they would be required to have 36 inch guard rails spaced four
20 inches or less. Initially in 2015 the license would be withheld but now a property owner had ninety
21 (90) days to fix while continuing to operate with a conditional license.

22 Le Clair asked if the state becomes aware of the Airbnb properties after the Tourism Zone permits
23 them. She went on to say that she is very concerned in some areas about the quality of water. How
24 do we know that they are inspected and brought into full compliance?

25 They are required to get their water tested as part of the license, Kratcha said.

26 Water in Door County is a huge issue, Le Clair stressed.

27 Le Clair asked what happens when a property is permitted by the Tourism Zone; how does the State
28 know that they need to inspect that property.

29 Kratcha said DNR regulations come into play as well. Private homes do not have to meet the DNR
30 requirements for quarterly testing, but the DTACP code says they must have annual testing for
31 coliform bacteria.

32 Seiler asked how the state is going to keep up with all the homes coming on to the rental market with
33 the potential of the number of units usurping the number of hotel units in the future. She asked what
34 the plan was.

35 Kratcha said right now the homes are inspected on a three (3) year schedule. He pointed out that
36 there is just one inspector for Door County and that is just the manpower they have right now.

37 Van Lieshout said the central question is of quality and brand promise of coming to Door County.
38 Hotel and motels have certain thresholds they have to meet, but property owners that engage in
39 short term rentals have a different level of requirements. He asked what does that mean or
40 guarantee while they are in Door County. He added that was the purpose of having Kratcha here
41 today, to try and understand the differences between the two sets of lodging providers.

42 Roberts stressed that each compliance letter gets a notification of the health inspection requirement
43 and when they are brought into compliance and receive their permit packet, they are advised
44 again via the checklist and notice of additional requirements of the health inspection requirement.

45 Moneypenny asked about fire safety in the county, exit signs and evacuation plans. He expressed
46 concern with visitors staying in an unfamiliar home and in a crisis situation unable to get out of the

1 home or know the fire number to call emergency officials. Is there anywhere they have to post the
2 fire number in the home, he asked.

3 Kratcha said no, the tourist rooming license has to be posted and that has the address on it. He went
4 on to say that exit signs were not required for residential dwellings, but that there must be two (2) exits
5 for the dwelling.

6 Le Clair added that Door County has an enhanced 911 system. The fire department knows through
7 the phone systems where the call is coming from, they are able to ping through the enhanced
8 system.

9 Nellen asked Kratcha how it comes to their attention that a property owner is operating or how
10 would a property owner know of the requirements.

11 Kratcha said they are made aware of the requirements by the Tourism Zone.

12 Nellen asked what happens if the property owner is recalcitrant in obtaining the Tourist Rooming
13 License.

14 Kratcha said that there is a fine of \$749 for operating without a license.

15 Nellen asked if he had the opportunity to review the list of permitted properties versus the state
16 licenses.

17 Kratcha said if a name and address is provided it can be looked into and pursued, but off the top of
18 his head there are over seven hundred tourist rooming licenses in Door County in their database.

19 What happens if they don't comply with water quality standards with regards to the DNR asked
20 Nellen.

21 Kratcha explained that the DNR doesn't get involved in the residential structures, but the property
22 owner has to provide the water tests for each year upon the three (3) year inspection. If there was a
23 new well, the DNR would get involved, but otherwise not.

24 Van Lieshout interjected that there would be one (1) last question.

25 Dannhausen commented that as a group, as municipalities and the state legislature have to
26 recognize that this is the new reality. We've created it by having a room tax that benefits the private
27 property of home owners who want to rent their units because we have to provide this service not
28 only to the hotels but the home owners who rent. And it is a reality that has been probably been
29 going on almost for a century. There are a lot of things going on that are going to affect it such as
30 shorefront property taxes are putting shorefront resorts out of business, families want bigger quarters
31 than most of the hotels can provide and we have an aging population on the other hand who are
32 less than fully mobile that need a higher level of service than hotels can provide and all of these
33 issues are floating under the table. He added that in his opinion they need to be made up front so
34 that the legislature can deal with the fact that here is the inability to inspect all of the units and what
35 kind of tourism marketplace do we want to have in the future.

36 Ward asked about the communication between the State and the Tourism Zone Commission. She
37 said she understood that permit holders are notified of their responsibility to obtain the DTACP
38 inspection, but when do we know that they have fulfilled that obligation.

39 Van Lieshout responded that the long standing policy of the Commission has been that our permit
40 holders and name and rental property addresses are all public record as they would be anywhere
41 else. Unless requested, we don't voluntarily push any information or data anywhere. The information
42 is available. If a property owner fails to get the proper permitting through DTACP or the DNR, the issue
43 is between them and the State agency. The reason is that ordinances don't include that kind of
44 enforcement provision or authority. It is up to each property owner to make sure they are in
45 compliance with all the laws and regulations. We make every effort to provide the information to
46 property owners so they are aware of what they need to do and the information is available to other
47 entities. He stressed that we do not have the authority to require the property owners to have to go

1 through DTACP or anyone else. We advise them of their obligations but we don't have any ability to
2 go do that and it isn't necessarily that wasn't included in the ordinances that establish the zone it's a
3 matter that it is not part of the statute giving us that authority.

4 Ward asked if we could be collecting lodging tax from a permit that has not been inspected by the
5 state.

6 Van Lieshout said yes, that is possible.

7 Ward asked if it is not our problem.

8 Van Lieshout replied no, it is a problem for the Tourism Zone in that obviously we want everyone that
9 visits Door County to have a positive safe experience. So from that perspective it is a concern, but
10 there is not a regulatory mechanism for us to manage that.

11 Van Lieshout thanked Kratcha for attending the meeting.

12 **Presentation of the Door County Tourism Zone 2017 Audit by Josh Swanson of Schenck, S.C.**

13 Van Lieshout introduced Josh Swanson of the municipal auditing firm Schenck, S.C.

14 Swanson reviewed the 2017 Door County Tourism Zone, beginning with the Annual Financial Report.
15 He explained that their responsibility is to express an opinion of the audit. He stressed that the audit
16 opinion was clean and unmodified, the required disclosures are presented, the audit is presented in
17 generally accepted accounting principles and the numbers are materially correct.

18 He went on to review page 4, the balance sheet as of the end of the year 2017. It reflects consistent
19 balances between 2016 and 2017, with a slight increase in cash. He drew attention to a new item on
20 the balance sheet which reflects the deferred outflow of the regular contributions to the Wisconsin
21 Retirement participation, which is a new accounting standard that requires the Commission to
22 present their proportionate share of the Wisconsin Retirement System balances. There will be no
23 liability or asset listed as it is the first year, but going forward we may see that depending on rate on
24 return, he said. It doesn't change anything that we are doing, we will still make the required
25 contributions each month, but it is a number presented on the audit going forward.

26 Swanson moved on to page 5, the income statement for the year with comparative numbers to
27 2016. He noted that there was an increase in room tax collections as well as a corresponding
28 increase in distributions the Visitor Bureau and the municipalities.

29 Page 6, Swanson said, shows cash flow, he said there were some slight fluctuations due to category
30 reorganization. He noted that operating cash reflects positive results with a net position of \$36,518.
31 He went on to say pages 7-9 are the required disclosures and footnotes.

32 Page 16-17 review compliance and internal controls which he noted that there were no deficiencies.

33 Swanson moved on to the Management Communications, which he explained is the
34 communication to the board of the results of the audit. He added that overall the audit went very
35 well and that staff of the Tourism Zone and KerberRose were helpful. It was a positive year from a
36 financial perspective.

37 **Discussion and consideration of the Tourism Zone Commission 2017 Audit**
38 **Nelson moved and Nellen seconded to approve the 2017 Tourism Zone Audit.**

39 **Report by the Door County Visitor Bureau on Marketing Efforts**

40 Moneypenny updated the Commission on Door County Visitor Bureau membership levels. He noted
41 it has been about a year since the Silver Membership was added as a result of the Tourism Zone
42 permit holder survey. He added that total members are 718 with 84 (11.74%) of them being silver
43 memberships. Of the 84 silver memberships, 58 or 69% of those are homes and cottages.
44 Moneypenny went on to say that the silver membership was a good introduction to the DCVB
45 memberships and many had already moved to different levels.

1 Moneypenny spoke about his trip to Denver for the International Travel show in which there were
2 thirty three (33) appointments. He went on to explain about Brand USA, which is the national group
3 that promotes inbound travel to the USA to international travelers and that Door County was
4 featured on the Wisconsin page of their publication.

5 Moneypenny discussed the potential of a new welcome center and stressed that the first step is that
6 there needs to be a needs assessment conducted which will be done in September to provide hard
7 numbers and hard ideas. He added that there was an update on the Welcome Center project in
8 the member newsletter. He went on to say that there is more to follow and hopes that any concerns
9 have been laid to rest, he stressed that no shovels are in the ground.

10 Rasmussen reviewed media results. She said that season has arrived; there were nearly 130,000 visits
11 to the site in May which is a 2% increase over May 2017 and by far the most this year. May site visits
12 were a 23% increase over April visits. Session durations have improved 8-10% over last May as well.
13 Mobile was the #1 way to access the site, accounting for 48% of all visits. Events and Stay were the
14 two most visited pages after the home page, which is typical. The blossom report was right behind
15 them in terms of the most page views. Facebook engagement was 128% and Instagram 182% of the
16 2018 goals.

17 Rasmussen noted that they have begun work on the 2019 Strategic Plan and the winter guide.

18 Jarosh discussed the Power of Tourism piece that went out to 447 in-county and 665 out area permit
19 holders were directly mailed as a result of the permit holder survey.

20 June 24-28 is the next press trip, he said and they were just finishing up the 2018 spring press tour with
21 coverage in great markets.

22 He went on to discuss the July/August Midwest Living Magazine and a feature of the Great Lakes in
23 which all the images were of Door County. He added that Coastal Living was also doing a Lake
24 White fish story. The travel editor loved it the story and it has turned into more coverage in the future.

25 Van Lieshout asked about the shift to mobile and if it is now shifting back to desktops.

26 Rasmussen replied due to the algorithm changes have caused a bounce back, but tablet is still lower
27 and desktop is higher she said.

28 Van Lieshout asked what's next in technology.

29 Rasmussen said she felt it was still going to be mobile until the next shift,

30 Jarosh agreed and said that it'll stay with the phone, they'll be new options and new things on
31 phones; people will keep buying new phones.

32 Van Lieshout asked if Twitter is dying.

33 Rasmussen replied that Twitter is not setting itself apart like Facebook and Instagram.

34 Mulliken asked if magazine circulation is going up or down.

35 Jarosh replied that he wouldn't say that it is going up or down but holding steady. He added that
36 many magazines are exploring how to make money from online sources.

37 Moneypenny added that digital views of the Visitor Guide surpass hard copy distribution.

38 **Report from Administrative Assistant on current activities, projects and issues associated with**
39 **permitting new members.**

40 Roberts reported that all properties for January, February and March 2018 have reported. She
41 added that for April as of June 19, 2018 the number of properties to report is down to 32 from 49 as of
42 June 19th.

43 The total outstanding due in unpaid taxes, fees and penalties is one thousand six hundred seventy
44 nine dollars and five cents (\$1,544.85) from four (4) permit holders as of June 12th, 2018.

1 Roberts reported that she had permitted twenty eight (28) new properties since the meeting in May;
2 eleven (11) of which were a result of compliance efforts. She remarked that during the same period
3 in 2017 she only had permitted nineteen (19) properties. She added that she was working on
4 nineteen (19) properties with regards to permitting.

5 Roberts reviewed the online rental sites and the status of permitted listings versus unpermitted listings.

6 Roberts updated the Commission with the June newsletter that went out to permit holders.

7 Roberts reviewed the 2017 aging report, by-unit report, permitted report and removed report.

8 **Discussion on Current Comparable Occupancy numbers**

9 Lensert reviewed April reporting and noted that April took a hit with the snow storm.

10 **Consideration of approving reports and payables plus receipts**

11 **Danhausen moved and Maci-Schmidt seconded to approve reports and payables plus receipts.**

12 Motion carried.

13 **Report from Commissioners on feedback from local boards on recent issues.**

14 Van Lieshout reported that there has been discussion of performance issues in Sturgeon Bay and it is
15 a point of concern from the standpoint of tourism growth.

16 **Consider motion to convene into Closed Session pursuant to Wisconsin State Statutes, Section**
17 **19.85(1)(g) to confer with legal counsel for the governmental body who is rendering oral or written**
18 **advice concerning strategy to be adopted by the body with respect to litigation in which it is or likely**
19 **to become involved; to wit: enforcement actions against lodging providers who have failed to obtain**
20 **lodging permits and to timely remit monthly room tax reports and tax payments. Le Clair moved and**
21 **Wait seconded to convene into Closed Session as per statutes named by roll call.**

22 Nelson moved to reconvene into Open Session; Skare seconded. Motion carried.

23 **Adjournment**

24 **Krist moved to adjourn; Skare seconded. Motion carried.**

25 Respectfully submitted,



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27 Kim Roberts
28 Administrator
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DOOR COUNTY TOURISM ZONE
COMMISSION and EXECUTIVE COMMITTEE MEETING

5 Minutes of June 21st, 2018

6 Town of Baileys Harbor - 2392 CTH F, Baileys Harbor

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8 The closed session of the Tourism Zone Full Commission was convened by Chairperson Van Lieshout
9 at the Town of Baileys Harbor.

10 **Committee Members Present by Roll Call:** Mary Boston, Kathleen Maci Schmidt, Bryan Nelson, Myles
11 Dannhausen, Keith Krist, Nancy Robillard, Bill Weddig, Cathy Ward, Hugh Mulliken, Richard Young, Jim
12 Nellen, Linda Wait, and Josh Van Lieshout.

13 **Excused:** Fred Anderson, Jeff Larson, Ryan Heise and Bill Weddig.

14 **Absent:** Andy Stimers, Mike Johnson, and Nate Bell.

15 **Also in Attendance:** Kim Roberts/**Administrator**, Jack Money Penny/**DCVB**, Jon Jarosh/**DCVB**, Michelle
16 Rasmussen/**DCVB**, Mary Horton/**KerberRose** and Dianne Lensert/**KerberRose**

17 **Consider motion to convene into Closed Session pursuant to Wisconsin State Statutes, Section**
18 **19.85(1)(g) to confer with legal counsel for the governmental body who is rendering oral or written**
19 **advice concerning strategy to be adopted by the body with respect to litigation in which it is or likely**
20 **to become involved; to wit: enforcement actions against lodging providers who have failed to obtain**
21 **lodging permits and to timely remit monthly room tax reports and tax payments. Le Clair moved and**
22 **Wait seconded to convene into Closed Session as per statutes named by roll call.**

23 **CLOSED SESSION**

24 Discussion took place in regard to non-compliant properties.

25 **Consider a motion to reconvene into Open Session.**

26 **Nelson moved to reconvene into Open Session; Skare seconded. Motion carried.**

27 The meeting reconvened in open session.

28 Respectfully submitted,

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30 Kim Roberts
31 Administrator