



**DOOR COUNTY TOURISM ZONE  
EXECUTIVE COMMITTEE MEETING**

**Minutes of September 17, 2020- 9:00 a.m.**

**4 Teleconference Meeting conducted from Council Chambers  
5 City of Sturgeon Bay - 421 Michigan Street**

**6 ACTION ITEMS:**

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

**8 Anderson moved and Wait seconded to approve the minutes of August 20, 2020.** Motion carried.

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

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

**12**  
**13 Committee Members Present by Roll Call:** Josh Van Lieshout, Bryan Nelson, Elizabeth Le Clair, Linda Wait,  
14 Bill Weddig, Dave Eliot and Fred Anderson.

**15 Also in Attendance:** Kim Roberts/**Administrator DCTZC**, Jack Moneyppenny/**DDC**, Mary  
16 Horton/KerberRose, S.C. and Pam Busch.

**17 Call to Order**

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

**20 Approval of the Agenda**

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

**22 Approval of the minutes of the August 20, 2020 Annual Meeting.**

**23 Anderson moved and Wait seconded to approve the minutes of August 20, 2020.** Motion carried.

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

25 Moneyppenny discussed site traffic which 62% was coming from mobile devices. He went on to say this  
26 was in line with the younger demographic that they were seeing.

27 Welcome Center traffic, Moneyppenny said, was down three thousand (3,000) visits last month, but about  
28 the same number of Welcome Bags were picked up. They still came he said, but they did not come  
29 through the door for information. They got everything they needed in the Welcome Bag. He added  
30 that to date, approximately three thousand five hundred (3,500) bags have been distributed.

31 Moneyppenny reviewed the Travel Sentiment Visitor Survey from August 18-23, 2020 that received over  
32 eight thousand (8,000) responses. Some of the highlights of the survey responses included: 68% of  
33 respondents plan on traveling to Door County this fall, 28.3% of travelers planned to stay three (3) nights,  
34 35% were traveling from 150-250 miles away, and 60.62% reported that they would be traveling with two  
35 (2) people. Additionally, 25.22% said they cancelled their trips due to COVID, but 30.24% are still planning  
36 to visit and 23.63% already visited. Moneyppenny pointed out some key qualifiers that will be added to  
37 future surveys such as: Age brackets and gender.

38 Thirty (30) travel writers have visited so far in 2020, Moneyppenny said. We are one of the only destinations  
39 that has figured out how to do it safely. He added that they were doing small pods of three (3) journalists  
40 at a time. He went on to say that there were two (2) more trips, one in October and one in December,  
41 but was unsure if the December trip would happen.

42 Wait asked about survey question number five (5). She asked is the question implying the number of  
43 people traveling in the party or coming in one (1) car.

44 Money Penny said the question reads the total number in the party not in the car traveling to Door  
45 County.

#### 46 **Report from Administrator**

47 Roberts reviewed the number of properties that remain to report for 2020: January 2020 there is one (1)  
48 property that remains to report, February 2020 there is one (1) property that remains to report and for  
49 March 2020 there is one (1) property that remains to report. For April 2020, she said, there are three (3)  
50 properties to report. She added that for May 2020 there are now seventeen (17) properties to report,  
51 June 2020 now has thirty-nine (39) to report and July 2020 has one hundred and four (104) properties to  
52 report as of September 18<sup>th</sup>, 2020.

53 The total outstanding due in unpaid taxes, fees and penalties is three thousand two hundred fifty-five  
54 dollars (\$3,255) from six (6) permit holders.

55 Roberts reported that she had permitted thirteen (13) new properties. Four (4) were issued because of  
56 compliance efforts. Twenty-one (21) permits were issued during the same period last year. She added  
57 that there are currently one thousand two hundred eighty-one (1,281) permits.

58 Roberts noted that there would no longer be monthly postings of the online marketplace platforms. The  
59 audits will be conducted quarterly, however the review of the platforms for under-reporting and  
60 unpermitted properties will remain high priority.

61 Roberts reviewed the cover letter for the Marketplace Guide. The consensus was Roberts should utilize  
62 the proposed cover letter and send out the new Marketplace Guide to permit holders.

63 Roberts reviewed the updated Payment Policy and Procedure. The consensus was Roberts should  
64 forward the updated Policy and Procedure to legal counsel and bring back to the full commission for  
65 approval.

66 Roberts reviewed with the committee the Traveler Service Fee that is now taxable under state law as of  
67 January 1, 2020. The Traveler Service Fee becomes part of the taxable lodging sale, which in turn  
68 increases ADR. She asked that this point be kept in mind as we review metrics going forward.

69 Roberts reviewed the July 2020 "By Property Report".

70 Wait asked if there were provisions in the local ordinances that if permit holders did not comply their  
71 permits could be revoked.

72 Roberts replied that she did not believe the ordinances had that provision, but she would check.

#### 73 **Discussion on the current comparable occupancy numbers.**

74 Horton reported that for July we are down 5% from last year. We are down 25% year over year.

75 Nelson commented that he was amazed that we are only down 5% in July.

76 Horton agreed. She added that it really shows things turned around quickly this summer.

#### 77 **Consideration of approving reports and payables plus receipts to date**

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

#### 80 **Discussion and consideration of lodging tax revenue and operations.**

81 Van Lieshout said he wanted to start this conversation with a little bit of information that is a follow up  
82 from prior meetings and is part of Roberts report. He went on to say that he would call on Horton to

83 discuss our balance sheet and cash on hand. He went on to say that Roberts has put together a position  
84 description and felt that it was thorough enough for what we need that person to do. We have the  
85 demand and the need for the work, he said. The Online Lodging Marketplaces and the legislation that  
86 went into effect earlier this year are really driving the need for this as well as other special projects. One  
87 of those projects, he said, is pushing for modification of 2019 WI ACT 10 and that is going to consume a  
88 fair amount of Roberts time and effort. There are some other concepts and ideas that we will ask Eliot  
89 to expand on in a few minutes that will impact workflow for the office. Van Lieshout asked Roberts to  
90 review the position description.

91 Roberts reviewed the position description with the committee.

92 Weddig asked how many days a week and how many hours a day she felt a part time person would  
93 be needed.

94 Roberts felt that there could be some flexibility with the hours of day and days worked.

95 Van Lieshout said that there had been no specific rate of pay discussion. He went on to say seasonal  
96 employees at the City were at \$13/hour, but he felt this position was a bit more skilled than that. He  
97 asked if a rate of \$15/hour would be a reasonable rate to capture someone qualified for ten (10) to  
98 fifteen (15) hours a week.

99 Eliot asked about the job expectations. He asked if adding an employee in this capacity allows for time  
100 off.

101 Roberts replied that down the road the hope is that she would be able to get some time off. The primary  
102 focus would be training so that someone could answer emails and the phone.

103 Eliot replied that was a nice way of phrasing that we need to create redundancy within the organization  
104 so that we do not lose something in the event of an emergency or personal time off. At \$15/hour you  
105 probably can find someone, he said, but will it be the right person that will be discrete, he asked. There  
106 are no benefits, and it is a short-term position. Will they be just looking for the next job all the time at  
107 \$15/hour, he asked. He added that with part-time you tend to have to pay them more so that you do  
108 not lose them to a full-time position. Are we looking for someone with a similar skill set to Roberts, he  
109 asked, to create the redundancy or are we creating a short term stop gap. If it is a short term stop gap,  
110 he felt that we could get by at \$15/hour, but we have to be aware we might lose that person.

111 Roberts replied that those were good points and said one of her fears was how much rides on her  
112 position and if something ever happened to her there is no backup. There is no one that can step in  
113 and take over. She said this concerns her because there are a lot of people depending on the room  
114 tax process running smoothly; Destination Door County and our member municipalities depend on their  
115 revenues to arrive on time. Our permit holders depend on this office for information, assistance, and  
116 support. She added that on top of the flow of money, making sure everyone is permitted and paying is  
117 essential as well. She added that Eliot brings up good points and perhaps we need to think longer term  
118 and fill the bench.

119 Eliot replied then the expectation should be someone that can take some of the stress off. If we cannot  
120 look ahead and see this being a full-time position, it is not worth putting a lot of time into training  
121 someone that is going to leave.

122 Roberts replied that it was difficult to answer the questions about temporary help versus permanent help  
123 knowing what the next component of the conversation is. If we are talking about some of the items  
124 proposed, this would not be a short-term position. She went on to say it is difficult to provide an answer  
125 when I do not know where we are headed.

126 Nelson agreed with Eliot's reasoning. Let's hire someone who is qualified to perhaps be a second full  
127 time employee. Let's not price ourselves out of that kind of person. \$15/hour would be the basement  
128 for Northern Door, we are going to have be prepared to be in the range of \$17-18/hour. He added that  
129 he has someone in mind to alert once the position is posted.

130 Weddig said we need to be looking north of \$15/hour, if we want to expect anyone to drive, they need  
131 to work at least three (3) to five (5) hours. He asked Horton if she had any part-time employees looking  
132 for more work.

133 Horton replied that she is short staffed herself.

134 Van Lieshout said at a rate of \$18/hour, that comes to \$ 11,100/ year with 10% for payroll taxes. Total  
135 cost about \$12,500 a year. He asked Horton to join the conversation and talk about our unrestricted net  
136 assets.

137 Horton said right now the unrestricted net assets are about two hundred and fifty thousand, (\$250,000)  
138 which represents an accumulation of surplus over the years. Last year there was a deficit due to the  
139 online filing database which is something that had been planned for. (Admin note: Legal fees pertaining  
140 to 2019 WI ACT played a large role in expenses as well). This year there will be more than likely a deficit  
141 due to the decreased revenue. Those things due need to be considered, Horton said. There are no  
142 other large unbudgeted expenses or large expenses coming up, that unrestricted balance can be used  
143 for something like this if you want to put that into the budget.

144 Van Lieshout said, looking ahead, we show a deficit of about fifty-six thousand (\$56,000), so we are  
145 expecting our cash position at year-end as of today to be about one hundred ninety three thousand  
146 (\$193,000), he asked.

147 Horton agreed.

148 Van Lieshout said that the point he is trying to make is that we are talking about something we hate to  
149 do in government, but we are talking about spending cash on hand that we don't have revenues to  
150 replace. We are going into a deficit he stressed, but it is warranted and justified. It is important if we are  
151 going to set ourselves up for success if we are going to look at correcting legislation and some of the  
152 items Eliot is proposing.

153 Van Lieshout said he would like to put on the next agenda an action item to approve adding the  
154 position, we will settle on a rate of pay and authorize to hire right away. All agreed.

155 Van Lieshout turned the floor over to Eliot.

156 Eliot said that he has started to cause some commotion with room tax in some municipalities. He went  
157 on to say that the Town of Baileys Harbor had it on their agenda to discuss room tax on Monday and we  
158 did discuss it, he said. He was given permission by the Town of Baileys Harbor Board to pursue putting  
159 together a letter of intent that would increase room tax to 8% and change distribution from 66% to  
160 Destination Door County "DDC", 4% to the DCTZC and 30% to the municipalities to 70% DDC and 30%  
161 municipalities to a clean 70/30 split. He went on to say that he suggested we go to an annual permit  
162 fee for all lodging owners. The idea, he said, is after looking at the ordinance, that in order to change  
163 the rate or disbursement percentages or any of it, it would require thirteen (13) of the nineteen (19)  
164 municipalities to vote in favor of this. The idea is that the letter of intent is drafted and will be circulated  
165 to the other municipalities. He added that he would like the blessing of this governing body along with  
166 some numbers to be included for the letter of intent. He added that so far he has spoken with five (5)  
167 municipalities, four (4) of them are putting it on their next October agenda to vote on it, the fifth is  
168 strongly considering it. He added that he has more calls to make.

169 Eliot went on to say, the idea here is that the Town of Baileys Harbor needs more money, that is one push  
170 for this. He added that he has been in discussions with Money Penny on this and have worked together  
171 in the past and we have always looked for ways to incorporate more communication between the  
172 individual community associations and Destination Door County "DDC". But the funds have reflected  
173 that, how do we find money to do all of this. We have Strategic Community Partnership "SCP" funds in  
174 the amount of approximately three hundred forty thousand (\$340,00) that is disbursed to the  
175 communities by DDC, but has little oversight on it, he said. The Tourism Zone needs to increase their  
176 budget as well, he said that he strongly believed that we need two full time people in this organization.  
177 He added that we needed to have the ability to move quickly if need be to invest software and legal  
178 pursuits as things come up on the market.

179 Eliot continued by saying the way the model would work would be that if we go back to 2019 numbers  
180 for collection purposes it is about \$92 million in sales, which would result in about a \$1.6 million dollar  
181 increase to Destination Door County "DDC". He added that what he had proposed to Money Penny  
182 was a plan to take about a million of those dollars to put back into the individual community  
183 associations, the remaining approximately six hundred thousand (\$600,000) could be used for  
184 memberships for lodging providers to DDC. He added that a Door County Tourism Zone "DCTZC" permit  
185 fee of \$250 a year for lodging providers was discussed by the Baileys Harbor Town Board and for that  
186 fee they would get free membership with not only DDC but also their local community marketing  
187 organization. He added that he hoped that would offset any frustration from lodging providers regarding  
188 the DCTZC permit fee as well as collecting the increased tax. With the additional million dollars going  
189 back into the communities, he said, that would offset each individual town or village's contribution to  
190 their community business association. Using the Town of Baileys Harbor as an example, he said, we  
191 receive between one hundred thousand (\$100,000) to one hundred and ten thousand (\$110,000) as  
192 our 30% share of room tax, we annually write checks between forty thousand (\$40,000) and forty-five  
193 thousand (\$45,000) to the Baileys Harbor Community Association. If DDC took that away, that would be  
194 a net gain for the Town of forty thousand (\$40,000) to forty-five thousand (\$45,000) dollars and if we  
195 increase room tax, that is another forty five thousand (\$45,000) to sixty thousand (\$60,000) dollars. Baileys  
196 Harbor would increase from only having sixty (\$60,000) thousand after the distribution to the Baileys  
197 Harbor Community Association, to having closer to one hundred and fifty thousand dollars (\$150,000)  
198 which would really help with our infrastructure. It would really help show our locals the benefit of tourism  
199 here and put that money back into the repair of sidewalks, reducing the possibility of raising property  
200 taxes, and allow the town to reinvest in the infrastructure that supports tourism economy. He said in a  
201 nut, that is what I am talking about. He added, what I need from the Tourism Zone is a number for the  
202 annual permit application fee, if everyone thinks this is a good idea. I just threw a whole lot at everyone  
203 and I am curious what everyone thinks, he said. He asked Roberts how many permit holders there were.

204 Roberts replied one thousand two hundred eighty-one (1,281).

205 Eliot said if we went to a two hundred fifty-dollar (\$250) permit fee, that would generate revenue near  
206 three hundred twenty thousand dollars (\$320,000). That budget would allow us to hire another full-time  
207 person who would be eligible for benefits, we could pay an hourly rate to get someone to stick around  
208 to create redundancy. He added that he is not looking to build a bureaucracy here, but in my time of  
209 being on the Tourism Zone Board, I now see we need to build an office that is not dependent on one  
210 (1) person. Looking long term, at least eight hundred (800) of those permits are short-term rentals that  
211 require more work than traditional lodging. They require a lot more one on one and one person is not  
212 enough. Realistically, we are really looking at a three-person office. He said that was his run down on  
213 all this and asked Van Lieshout if he had anything to add.

214 Van Lieshout replied that math does not seem so far off, but would like to review the complete financial  
215 statements. He stressed that with regards to fees, in the State of Wisconsin the fee must bear reasonable  
216 nexus to the cost of providing service. The two hundred and fifty (\$250) dollars seems to be ok, but we  
217 need to review it in greater detail. The permit fee is something that has been brought up in the last  
218 couple budget cycles and we did forecast that eventually we would end up here needing to require a  
219 permit fee. He added that he did not mind the permit fee. The mechanics of involving Destination Door  
220 County, he said, the local marketing entities, I will leave the up to those Boards to sort out. The rational  
221 seems reasonable, but it will take more discussion.

222 Eliot proposed a meeting like when everyone was trying to get the Tourism Zone off the ground. The  
223 Executive Committees of both Boards met to manage expectations and make sure everyone was fully  
224 informed. He proposed a similar meeting be held via Zoom between the Executive Committees of  
225 Destination Door County and the Door County Tourism Zone so that a bigger discussion could happen  
226 between the leadership of the organizations.

227 Van Lieshout replied that a meeting certainly must happen, but what he needs to think about is that I  
228 am a sequential person. We need to think about the steps here. What I want to get arms around is  
229 dealing with 2019 ACT 10 and correcting legislation. Whether or not Roberts and I can take on a project  
230 which is essentially reimagining our relationship with Destination Door County. It is an hours in the day  
231 calculation for me. I believe the correcting legislation is a critical item for lodging providers. My  
232 preference is to get the legislation moving again and then take on this project.

233 Eliot disagreed. He said I have it on five (5) agendas. If you want to wait, then we are stuck.

234 Roberts added if we do not correct the legislation, you are going to have a tough time getting the  
235 Marketplaces to collect the correct tax rate anyways.

236 Eliot asked what the time involved was. He added that he was not asking that much from the Tourism  
237 Zone. Where I am coming from is when we talked last year you said that room tax legislation is not  
238 something that the Tourism Zone would push for. You said it had come to from the municipalities, I went  
239 and got the municipalities involved and now you are telling me to slow down.

240 Van Lieshout corrected Eliot. It has been a long-standing policy that the lodging providers need to drive  
241 any increase in room tax rate. That has been the policy since Mayor Birmingham brought up room tax  
242 rate in 2014, we brought that to the Commission and that has been the policy ever since that proposal.  
243 He added that he was OK with changing that, but we need to go through that.

244 Eliot asked if the municipalities come up with the change are you going to go with or fight it.

245 Van Lieshout said as a City Administrator he has projects to do, more money is good. No, I am not going  
246 to object to it, but the thought process has always been it is the lodging providers that bear the cost of  
247 collection and remittance of room tax and there was a lot of conversation about credit card fee  
248 reimbursement. There is a lot to discuss and to be worked out before we jump to raising room tax. I am  
249 not a lodging provider and I am looking at Anderson, Le Clair and Nelson and would like to hear from  
250 them. This was the policy brought forth by the lodging providers, if they are ready to say it is time to  
251 change, I do not need to be the anchor here, he said. We do need to pull these folks along.

252 Eliot responded and said the Tourism Zone cannot say no to the municipalities. The municipalities  
253 created the Tourism Zone.

254 Van Lieshout said I know.

255 Eliot said he was confused. Eliot asked if Van Lieshout was suggesting that he should call the  
256 municipalities and have them take it off their agendas because the Tourism Zone is not willing to look at  
257 how to move forward because they don't know where their revenue is going to come from.

258 Van Lieshout said that is not at all what I am suggesting. What I am suggesting is that the lodging  
259 providers who deal with the collections, the credit card fees, be brought along.

260 Nelson suggested that Eliot call the other municipalities and tell them to slow this down or table it. I do  
261 not see the big hurry on this. He added, with all due respect, great thinking. I think you have put most  
262 of the pieces in place on this, but I would like to see a market survey on the demand elasticity on 8%.  
263 We had that when we established the 5.5% and we were very careful when we established the rate. I  
264 do not see why we have to rush into this, a six (6) month timeline is realistic, a thirty (30) day timeline is  
265 just rushing it and making mistakes. He added that he wanted to get some input on the permit fee, it  
266 could be an enforcement issue. Is it going to add to enforcement issues and costs, he asked. There are  
267 really some issues we need to think through. He stressed we need to slow this down, with all due respect.

268 Weddig agreed with Nelson. As an innkeeper he understands during this time of COVID municipalities  
269 need money. I just do not think this time to hit tourists with an additional 2% in room tax. I think there is  
270 going to be resistance from all lodging providers, he said. I do not know if there are some provisions to  
271 recover some of the credit card fees and so forth, but that would be helpful. I agree, he said, things  
272 need to be discussed.

273 Eliot replied and said he talked to Anderson and Nelson recently, Van Lieshout and Roberts over a year  
274 ago about this idea. After talking to all of you, he said, the item is on agendas. He added that he  
275 understood the Tourism Zone's position. I also understand from the Town Board Chair position, how do I  
276 cover my gaps. I've got growing expenses, what I am asking for on the other four (4) agendas that I am  
277 on at this point, is is a letter of intent if that thirteen (13) other municipalities sign on that they would do  
278 it. There is no way that this is going to happen in one (1) month, I went down this path before. I was the  
279 one who campaigned for room tax in the first place along with Anderson and Lowry. It took five (5) or  
280 six (6) months. Point taken Nelson, he said. I appreciate that, but could we not take the next three (3)  
281 to four (4) months while I get the towns in line so that we are ready to do this all at once. If you tell me  
282 we are going to wait six (6) months we are in the middle of another tourist season and I am not going to  
283 be able to get people to spend the time on this. October, November, December, and January, this is  
284 the time to work on this. We have the time now as business owners to discuss the best way to put this  
285 forward. I understand that the Tourism Zone must think about how this will impact their budget, he said.  
286 Increasing your budget one hundred thousand dollars (\$100,000) by putting in a two hundred and fifty  
287 (\$250) dollar permit fee and room tax is going up, what is the time and effort involved by the Tourism  
288 Zone, he asked. He did not feel anytime would be taken away from seeking correcting legislation from  
289 2019 WI ACT 10.

290 Roberts pointed out there would be a significant time involved in the permit fees and possible  
291 compliance and enforcement.

292 There is no timeline on that, Eliot responded. We could start that any time you want, they are not paying  
293 anything right now. What I have told municipalities is that I would like to see this as something that  
294 changes for 2021. I would like to see the change in room tax effective for May 1, 2021 and wait until May  
295 to increase the tax, get through the wintertime and give all for 2021 for Destination Door County to work  
296 with the Tourism Zone to decide how that extra funding gets back to the communities. Be able to have  
297 the municipalities on board and the revenue to reinvest infrastructure and fund the community  
298 associations. I do not see how that takes any time from anyone at this point. We can change start date;  
299 it is a long process what I am looking for is a commitment that we are willing to do this.

300 Van Lieshout said the outcome of what you are proposing is fine. The concern is time, to go through  
301 preparing the ordinance amendments, updating the Intergovernmental Agreement, getting to every  
302 Town Board meeting, answer the questions, and providing the answers. When I look at what we already  
303 have going on and what we are trying to accomplish room tax collections and sorting out the online  
304 lodging marketplaces as best we can, I am just not certain we have the institutional capacity to get  
305 that done and go down this other path. I agree wholeheartedly, I have pitched the permit fee the last  
306 two or three budget cycles. We need to go that direction; I am not fighting you on that.

307 Eliot replied that he has already told his wife that he is not going to have most weeknights free when  
308 there are Board meetings. This is not something that the Tourism Zone can campaign for if it is beneficial  
309 to them. As a Town Board member, I feel this is something I can lobby for. It is something that the Town  
310 needs. I understand that it is a process, but we must get started. The rock must get started being pushed  
311 up the mountain; I am willing to do the work, he said. I am not asking you to do that part, but I also  
312 recognize if we don't change the income, in the next six to twelve months even hiring a part time person  
313 at 10-15 hours a week is not enough redundancy to back up Roberts. How long are we going to wait to  
314 bring in more revenue to bring in that help. If we do not get moving, and push it six months, we are  
315 looking at 2022, are we going to go another year. He pointed out that he has spoken with Roberts this  
316 summer and it has been months. We can't do that to you another year and a 10-15-hour employee  
317 isn't going to do it next summer. If we don't start now, we are not doing anything next summer.

318 Van Lieshout replied to Eliot and said, it isn't your expectation that the Tourism Zone will take this on the  
319 road and do the heavy lifting on the ordinance amendments, questions and answers, and stand before  
320 the lodging associations. This will be a municipal led effort headed by the Town of Baileys Harbor.

321 Eliot replied yes.

322 Van Lieshout said that alleviates my concerns about capacity.

323 Eliot replied he felt that it was way too self-serving to ask the room tax commission to participate in this  
324 at all.

325 Van Lieshout said that the points raised by Nelson need to receive some serious consideration. Demand  
326 elasticity and how this will affect lodging providers. He went on to say his advice would be if the Town  
327 wants to go down this path, they really need to talk to lodging providers and get them on board.

328 Eliot said he had talked to a few of them who are on this call. He asked Anderson where he was on this.

329 Anderson said he has been sitting here quietly. He replied to Eliot saying, since we spoke earlier in the  
330 week, great thinking and this obviously must start someplace. The difference between 2020 and 2005  
331 when we initially did this there was a strong group of innkeepers that understood the need. That need  
332 drove the conversation and my biggest concern at the time that this was all started was that we as  
333 innkeepers would have a say how these funds would be spent. That is the piece in my mind right now  
334 that is hanging out there as to what does that mean. If I as an innkeeper can be assured that there will  
335 be additional benefit to my business for doing this, I am all for it. I agree the cause and effect of going  
336 to the full 8% room tax, there must be some more information on that. With all that being said, statutorily  
337 I don't know when or how calendar wise where would be, May 1<sup>st</sup> may be a good start date. I concur  
338 that we should move this process forward but suggest that more lodging provider involvement in this  
339 whole process would be helpful and beneficial just to help sell this going forward.

340 Eliot agreed and said that is why he reached out to Anderson and Nelson as well as Kodanko, Whitney,  
341 and I am trying to reach out to those who will talk to me about it. All I wanted from this group today  
342 was the answer to is a \$250 permit fee a reasonable fee to cover costs. Everything else he said has left  
343 the building. I started this because I thought I had a few people whose opinions I respect and Ok from. I



344 thought I was doing the right thing and I am being told to pull back, I understand that there are a lot of  
345 things to work out, but the reality is there is going to be very little pushback from these municipalities  
346 there is more money available to them to help them with their budgets. He added, just to let you know  
347 Ephraim is considering implementing their Premier Resort Area Tax "PRAT", that is on their agenda. He  
348 added that he felt raising room tax made more sense than charging locals the additional half percent.  
349 That is where I stand with that, if Ephraim is going to consider their PRAT tax, other areas are going to  
350 continue to look for more revenue from tourism. In talking to innkeepers, it doesn't seem like raising room  
351 tax would increase their work it is not more time spent, yes, you have to consider the credit card fees, I  
352 acknowledge that. But I also look at if we say it is a \$250 annual permit fee and you get free membership  
353 in Destination Door County and their local community marketing association that is a net savings for  
354 permit holders of \$400 to \$500 a year. I am trying to block all pieces of this, I know personally I do not  
355 have all the answers, but I am trying to engage people to get them. If we can get thirteen (13)  
356 municipalities with a letter of intent and then within that time frame we start collectively between DDC  
357 Executive and Tourism Zone Executive Committee to hammer some things and get this figured out. We  
358 can leave 2021 to figure out how the money is spent, and the municipalities would have more money.

359 Money Penny noted that he was going to stay very Switzerland on the whole topic right now but wanted  
360 to make sure that everyone understood that Destination Door County "DDC" was not asking for more  
361 room tax revenue. We are not doing that. However, he said, would it be beneficial to the county, yes,  
362 I believe it would. However, when Eliot talks about free membership and meeting with the DDC  
363 Executive Committee, I have known about this for ten (10) days and have only talked to Eliot about it  
364 for three (3) days. He went on to say that the leadership team knows nothing about this. My current  
365 chairman is in the process of opening a humungous business in downtown Sturgeon Bay in less than thirty  
366 (30) days I don't see him having any time to put towards this in the next thirty (30) days, quite frankly. I  
367 will give him a call and because he is in the middle of so many things it can take him a day or two to  
368 get back to me. My point is, I am not telling you how fast to move or how much to slow down, that is  
369 not my point here, my point is please don't be premature and say people will get free membership and  
370 people will get this and that because that has not even been discussed with anyone on my Board or  
371 members of the leadership team. I just don't want to set up expectations as good as the thought  
372 process was in 2005 and 2006, when everyone thought three hundred and fifty dollars (\$350) was good  
373 for membership and they got everything under the sun for that fee, that probably wasn't the right  
374 number back then. We just need to think this a little bit more, at the very least on my side of the coin.  
375 Great idea, I just don't think our team is ready for this to happen in the next thirty (30) days. Not to  
376 mention I cannot get involved personally for the next week and a half to two (2) weeks.

377 Eliot replied that the alternative was that he drives room tax without input from you guys.

378 Money Penny replied, that is not fair, that is not fair. You have been talking to people about this for  
379 months and I have only heard about this ten (10) days ago.

380 Eliot replied that we talked about this last September.

381 Van Lieshout redirected the conversation to Nelson.

382 Nelson said he is just shocked at the timeline. He said he admired Eliot's thinking and we may end up  
383 with exactly his plan. However, if you remember in 2005 and 2006 there was a process, there were many  
384 meetings and a study. He went on to say that he was not suggesting anything as grand, but there needs  
385 to be a process, but it is not as heavy as a lift as when we instituted room tax from nothing. However, I  
386 would like to see some study of the elasticity on demand with 8% room tax as opposed to 7%. Let's do  
387 this methodically. I cannot, or we can't tell you what to do. Should you reach out to the Town Board  
388 chairs that you reached out to and retract it, he asked. Go ahead with your process and get your letter

389 of intent. I cannot tell you not to do that and this body cannot tell you not to do that. As an innkeeper,  
390 he said, I would like to be a part of the is process and help determine the elements of this puzzle.

391 Weddig agreed.

392 Wait said that is a lot. That is a lot of information. I do agree with Mr. Eliot she said. An increase in room  
393 tax is logical. Van Lieshout, she said, you know the costs of infrastructure. Streets alone, she said, have  
394 increased over the years. An increase in room tax is called for, I do not know if Mr. Eliot has reached out  
395 to the Town of Sevastopol. If it takes thirteen (13) of nineteen (19) municipalities to say yes, she said to  
396 Eliot, then everyone goes to eight percent (8%), she asked. She went on to ask a second question. The  
397 Town of Sevastopol is looking at a short-term rental regulations and licensing ordinance, some  
398 consistency would be nice if we adopted a short-term rental county wide ordinance. Maybe it is time  
399 to think about consistency in regulations if we are looking at making other changes.

400 Money Penny said the 5.5% room tax rate used to be the median in the state. There are more people at  
401 the 8% rate than there are at 5.5%. That was a couple of years ago, he offered to look at rates around  
402 the state.

403 Van Lieshout said he would like to go around and wrap up the conversation.

404 Anderson added if there is going to be a lodging permit fee that puts a couple of bucks back in his  
405 pocket with the add in memberships, he sees no issue with it from that perspective.

406 Money Penny said he was going to get this to his leadership team sooner than later.

407 Nelson said that he would like to see a couple of innkeeper information meeting or public information  
408 meetings held via zoom. I would like to see a bigger process before we decide on the precise elements  
409 of this.

410 Weddig agreed with Anderson and Nelson. If the municipalities are going to be moving forward with  
411 this, I don't want to be sitting at a Town Board meeting and have them asking me questions about the  
412 increase in room tax and what is behind it and why it is happening. I think all of us as commissioners  
413 need to be informed as well as the municipalities at the same time.

414 Eliot asked what the timeline Anderson, Nelson, Van Lieshout and Weddig were suggesting. What I am  
415 looking at was an end date of 5/1/2021 for implementation. We understand where the money needs to  
416 go to, ultimately the municipalities are going to approach this from their bottom line, which is why I have  
417 approached the municipalities. I understand that the innkeepers have a vested interest in this and  
418 appreciate all that they do. I am also looking at this from our communities who are starving for  
419 reinvestment in their communities. He asked what is that timeframe.

420 Wait said she had nothing further to add.

421 Van Lieshout asked Le Clair. Le Clair had left the meeting.

422 Van Lieshout asked Roberts if she had anything to add.

423 Roberts said from her perspective we need to remember the lodging providers. She added that she  
424 hears often from the perspective of the lodging providers that they are the only segment of tourism  
425 burdened with a tax that benefits all of Door County. We need to be very conscious of that as we  
426 proceed, there is no other part of this tourism wheel or economics that drive tourism like our lodging  
427 providers. She stressed we need to be very conscious of this and make sure however we proceed with  
428 this we take that into consideration. There must be that balance there.

429 Van Lieshout summarized his notes. He thanked Eliot for bringing it forward, it is important and felt that  
430 he was spot on with the need to change how we fund and the need to increase revenues. He felt that

431 Eliot's analysis of what is in front of us is correct in the coming years. As a City Administrator, I am not  
432 going to turn down additional revenue. This is not a new conversation about raising room tax or adding  
433 a permit fee. As far as the timeline goes, Van Lieshout said, you go ahead and have the conversations.  
434 You tell the municipalities what the Town of Baileys Harbor would like to do and why. He asked that Eliot  
435 not commit or obligate that the lodging providers are on board, nor Destination Door County. We want  
436 to be very cautious at this point of that. To Nelson's point, perhaps a study needs to occur to look at  
437 demand elasticity of lodging tax in Door County and whether there is enough support for an increase.  
438 I also believe the Commission would like to see something to get the lodging providers vested in the  
439 change. How that happens, I do not really know, he said.

440 Eliot asked Van Lieshout what he meant by that.

441 Van Lieshout replied that lodging providers need to be pulled along. It is a summary of the comments  
442 heard from our lodging providers today. How they get invested I do not know or what that vehicle is. Is  
443 it a county wide zoom meeting for lodging providers or is it published pieces, I don't know, he said.  
444 Lodging providers need to be explained this new idea.

445 Roberts stressed that lodging providers will need to feel part of the process.

446 Van Lieshout stressed that he understood the sense of urgency, I am working on the City budget right  
447 now. However, I would be reluctant to set a hard date and a hard timeline. We need to be realistic,  
448 less hard charging and set a date later in the year. We need to know if there is buy in.

449 Eliot replied that you want buy in from people without having answers to the challenges. He went on to  
450 say, that he came up with solutions to deal with each piece, but you guys want me or whoever to come  
451 up with more information first.

452 Van Lieshout said what I think needs to happen first is the sales piece needs to be put together first. So,  
453 if I am a lodging provider why is going from 5.5% and 8% important.

454 Eliot said I think it is simple, you want to talk about elasticity. He asked Roberts how many short-term  
455 rental units we increased this year.

456 Roberts said she did not have that information in front of her.

457 Eliot asked you are still adding permits as you find them.

458 Roberts replied, yes.

459 Eliot asked if we were adding properties monthly.

460 Roberts said yes, but we also lose properties as well.

461 Van Lieshout said what I am trying to do is give you some feedback based on the comments shared  
462 from the members of the commission today. He added as Nelson pointed out, the Town of Baileys  
463 Harbor does not need the consensus or the permission of the Tourism Zone. Frankly, he said, I like where  
464 you are going.

465 Eliot said the towns can push it. But if you want a sales package put together, what is the timeline for  
466 the Tourism Zone to meet with Destination Door County, he asked. What is the timeline for the Tourism  
467 Zone to look at a fee and a rate, he asked. If I cannot say those things are at least in process, I cannot  
468 complete the sales package and I look ridiculous. It needs to be a 70/30 split, we need to get in line  
469 with the statute, I am not sure how we ever got around that. I recognize by doing that the Tourism Zone  
470 needs to be funded so I looked at two hundred and fifty (\$250) from twelve hundred (1,200) permit  
471 holders gets us more than we have now. I have run a business and I look at staffing and employees and  
472 I think that it would be enough to add an additional staff person. It allows those rates to be determined

473 by the Tourism Zone on a regular basis. It would not have to go back an ordinance vote, he added,  
474 perhaps that is how it should be handled. Maybe it should be communicated that the Tourism Zone has  
475 yet to set a rate because they have not begun the budget process. They will establish a fee within the  
476 statutory regulations. What I am hearing is when I get to that line item, I would say that the Tourism Zone  
477 would stay within state statute when determining a permit fee and not charge more than is needed.  
478 He went on to say as a Tourism Zone member, here are the things that I believe we need more money  
479 to cover the cost of, including an additional employee for redundancy and possibly another half of an  
480 employee on top of that. That answers your questions and allows that to be pushed down the road  
481 before it gets looked at.

482 Eliot continued, when we are talking about working with Destination Door County in terms of funding  
483 the communities, I believe that by increasing the room tax by that much money there would be enough  
484 set aside that there could be some kind of impact, something put back to the communities. In my  
485 conversations with Money Penny, he said, and there have not been that many, with that kind of increase  
486 there could be enough money to cover the individual municipal contributions back to the community  
487 business associations with that increase. He said that you are looking at probably less than four hundred  
488 thousand dollars (\$400,000). Also with that increase, you are only giving membership away to lodging  
489 owners, you would have enough to offset the roughly three hundred (300) lodging providers and I think  
490 that is a high number, he said, that are paying DDC membership now. The increase in room tax would  
491 more than cover that. While the organization has not voted on that, as a Town Board member, he said  
492 he would encourage DDC to give free membership to the lodging providers because we are increasing  
493 the room tax. I feel like I can address each one of the things each one of you are talking about, he said.  
494 In the meantime, I respect the innkeepers. I thought I had talked to enough, he said. He went on to say  
495 that he had talked to other innkeepers about it that are not on this call and have run down scenarios of  
496 how this would be beneficial to them. If there is a feeling that there is too much being put on them, I  
497 am going to say to them that they should do their own study, go to the Town Board meetings and fight  
498 this quickly. If that is how they feel about that. On top of that he said, I feel that the short-term rental  
499 properties are the ones putting the burden on the Tourism Zone. They are the ones that have grown the  
500 most. We have a couple more hotels going up but, we have lost the old feel of motels and hotels. We  
501 do not have many B&B's popping up, but we have more and more short-term rentals popping up. Locals  
502 approached the Town of Baileys Harbor and felt that this was what was really changing their  
503 neighborhoods and changing the environment of their communities. So, Anderson, Nelson, Wedding  
504 and LeClair, it is not you guys that are putting the pressure on. As a Town Board Chair, it is the short-term  
505 rentals that are changing this community greatly. At some point, the locals are like great, they cannot  
506 be regulated with a commercial permit but what can we get from them to make up for the impact that  
507 they have made on my community. Can I have a sidewalk now that more people are coming down  
508 my road, he asked. It is that kind of stuff I cannot afford but, as a Town Board member I must push back  
509 on and come up with a solution for. This is how we can do that.

510 Eliot continued by saying from a timing standpoint, he said, those of you who know me well enough I  
511 just jump in and just get it done. I am not trying to keep anyone out of the process. I talked to the  
512 contacts I worked with over ten (10) years ago and got a lot of buy in before I did this. I am not trying to  
513 skirt anything. We had a big debate about this in my office about what we print about this and what  
514 we do not. I am not trying to hide any of it, but I do think this is a good idea. It has been in my brain for  
515 three (3) years, so I apologize for my added frustration and when people push back on me. I have  
516 thought about a lot of these pieces and understand that this could be considered an aggressive  
517 timeline. I feel by the time December Board meetings roll around; I can have thirteen (13) municipalities  
518 that think this is a good idea. Then we would have four (4) months to say OK, how to we deal with the

519 changes to collections and implementation of fees. We have to go on May 1<sup>st</sup> and from my standpoint  
520 I am going to get the people to push government to do something I am not going to wait for  
521 government to figure out the bureaucracy of how they are going to do it. Let's figure this out and find  
522 some solutions for our communities collectively. Let's invest when everyone else is divesting. Remember  
523 that is what we did the last time and it made Door County a great destination and we can do it again  
524 in a really good way.

525 Van Lieshout responded that he was going to give the parting comments to Weddig who had his hand  
526 raised for some time. There is no specific action that Eliot needs from us today but told Eliot we will work  
527 on a number for the permit fee and will share that as soon as we get it done.

528 Eliot said there is no urgency and that he could say that line item is to be put in by the Tourism Zone  
529 based on budgetary needs. It will not exceed the statutory regulation. I am advocating, by the way, just  
530 so this body understands, when I talk to communities about that fee, I can justify it very easily. I  
531 understand the operations and where we are lacking; we need more money. There is no argument  
532 against that. If I get an argument from the short-term rental people that we should not be charging a  
533 fee, then we should shift to that they should just pay the tax and they cannot call in for support and they  
534 will just be prosecuted immediately.

535 Van Lieshout said holy cow, that is draconian.

536 Weddig told Eliot that he understood that with the statutory split of 70/30, I always understood that the  
537 4% for the Tourism Zone came out of the municipal 30% portion. That is what I have always understood  
538 because the municipalities were collecting it. He asked where the 4% was coming out of.

539 Van Lieshout replied it comes of the 70% that goes to Destination Door County.

540 Eliot replied that Destination Door County is only receiving 66% out of the 70%.

541 Van Lieshout replied that the rationale is that the cost of operating to the commission is relevant to  
542 marketing and promotion of the county.

543 Weddig said most municipalities and cities around the state are doing the administration to collect local  
544 room tax so it was expected to come out of their 30%. I think the WH&LA president made it very clear  
545 with us that our municipal ordinances were taking the 4% out of the wrong position.

546 Van Lieshout replied that would be her opinion and asked to move on to the next agenda item.

547 Anderson added that it has never been challenged.

548 **Discussion and consideration of status, updates and/or impact of the COVID-19 pandemic to the Tourism**  
549 **and Lodging Industry of Door County.**

550 Van Lieshout said he had nothing to directly report. He asked if anyone had anything to report.

551 There was nothing to report.

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

553 Van Lieshout said we know what Baileys Harbor issues are. He asked if there were any other issues from  
554 the other municipalities.

555 Wait reported that the Town of Sevastopol has been looking at short-term rental regulations and  
556 licensing since 2018 and we continue that, she said.

557 Eliot added that last month the Town of Baileys Harbor tried to add a simple short-term rental ordinance  
558 and it got a lot of negative pushback from the short-term rental people. It was probably one of the  
559 largest zoom calls I have seen in a while from a Town Board perspective. The biggest push back was

560 that we really wanted to have it documented if someone in a short term rental we wanted to have their  
561 name and phone number and if they lived within twenty five (25) miles of the property so they actually  
562 do repairs on the property or respond to the emergency calls. Everyone said that the Tourism Zone did  
563 that or logged that information. Eliot had told them that was not that case. There is misinformation out  
564 there. Some of what we wanted in the ordinances the Tourism Zone could take on some of those simple  
565 things like keeping forms on file but making them available to the towns. Additional money to pay for  
566 that piece of the puzzle is what I am looking for, he said.

567 Roberts reminded everyone that she has supplied contact information to any municipality that has  
568 requested it. It can be sent at any time.

569 Eliot said the issue is that there are some that are LLC's that do not provide enough information. It is hard  
570 to track down that information. The issue arises when a neighbor wants to contact a neighbor and they  
571 cannot get contact information. That is why we want to break it down and it will require a person to be  
572 listed that is in a certain mile radius that can do something if a problem arises.

573 Anderson said for Eliot and Waits benefit, the vacation rental home that we rent in Florida. This work has  
574 already been done in other places. He referred to Kissimmee, Florida in Polk County, Florida they have  
575 in place regulations and ordinances that go a little bit deeper than what has been proposed in Door  
576 County. The house that they rent, if the owner cannot be within the 25-mile radius, then there must be  
577 a certified, bonded individual that will take that role. So, there is a small cottage industry that has  
578 developed in central Florida for that purpose. The key is that this work has been done, the key is to meld  
579 it for the different municipalities in Door County.

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

582 Van Lieshout said for the next meeting we will have for approval the Administrative Assistant position  
583 and rate of pay. Likely Eliot will ask for follow up discussion on the increase in room tax, he said.

584 **Adjournment**

585 **Anderson moved and Nelson seconded to adjourn.** Motion carried.

586

587 Respectfully submitted,

588 Kim Roberts

589 Administrator

590

591