

DOOR COUNTY TOURISM ZONE COMMISSION

MINUTES OF THE MAY 27, 2008 ANNUAL MEETING

The Landmark, Egg Harbor

Commissioners present: Chairperson Bob Kufrin, members Mary Boston, Andy Coulson, Nancy Goss, Bruce Hill, Jeff Larson, LittleBit LeClair, Amy McClelland, Craig Nedderson, Bryan Nelson, Dick Skare, Chuck Tice, and Bill Weddig. Carol Stayton and Diane Jacobson were excused.

Also present: Diane Lensert (Commission accountant), Jack Moneypenny and DCVB Staff, Kathy Kirkland (Administrative Assistant), Paige Funkhauser.

Chairperson Kufrin called the meeting to order at 6 p.m. He welcomed the Commission members and public to the 1st Annual Meeting as an opportunity to talk about accomplishments of the past year. He introduced Dianne Lensert as the Commission's accountant from Kerber Rose, and new Administrative Assistant, Kathy Kirkland.

Since the Commission was formed on April 12, 2007, there have been 30 meetings. Some original members are still active, but there are new members as well. Meetings are held at different municipalities, making an effort to meet at each one. Kufrin acknowledged Charlie Most, Jim Sarkis, Paul Georgia, Barb Lautenbach, and Patty Taylor as five who served and are no longer on the Commission. All the members have spent many unpaid hours accomplishing most, if not all, of the goals set in 2007.

Kufrin presented a PowerPoint presentation, attached to these minutes as part of the record. The presentation named the 10 communities that signed the Room Tax agreement in April 2007, with Washington Island joining in August 2007, and Gardner in May of this year. Seven more are eligible to adopt the Room Tax model ordinance. Kufrin explained that the State Room Tax is governed by Wisconsin State Statute and is designed to increase overnight stays by enhancing the atmosphere in Door County, marketing businesses and member communities. The Commission contracted with the Door County Visitors Bureau (DCVB) and has been working with it closely since. The Commission approved a Mission Statement: to collect room tax on members, does it efficiently and properly account for the tax moneys. The Commission has an operating agreement with the DCVB to promote the Tourism Zone as a single destination and increase the likelihood of overnight stays. An additional Commission function is to inform businesses as well as towns/village boards of activities.

Day-to-day tasks are taken care of by Kerber Rose with \$2.4 million in taxes collected. There are procedures in place to disburse funds to the DCVB and municipalities. Kerber Rose provides statistics so the Commission can monitor goals and accomplishments.

1 Kufrin gave an overview of the Room Tax of 5.5%, with 30% going to member municipalities,
2 66% to the DCVB, and 4% to the Commission for expenses. All Commission members are
3 volunteers.

4 The Commission sent application sent to 600 potential permit holders in April 2007,
5 subsequently issuing 696 permits in the past 12 months. Of those, approximately 15% (105) are
6 commercial; the balance are units of 1 or 2 and small holders. The permits represent 3,844
7 individual units; 2,793 are commercial, so a relatively small number of total permit holders
8 represent 70% of all activity.

9 The initial budget projected 3,112 units for rent, and the final figure was 24% more at 3,844.
10 There are "hidden" units that had never had permits in the past. The average daily rate was
11 estimated to be \$80 but came in at \$132. The budget projected a Room Tax collection of
12 \$998,402; the final collection was \$2,362,655 or 137% higher. The funds collected are disbursed
13 according to the various agreements. Any municipality that achieves \$300,000 annually is
14 entitled to two representatives; currently, Sister Bay, Ephraim, and Gibraltar are at that level and
15 Egg Harbor is close.

16 In January 2008, the Commission added online reporting to paper-based collection, with custom
17 software to track more efficiently. The annual audit, also attached and made part of the record,
18 was completed and is available for anyone's perusal. In addition to hiring Kirkland to ensure
19 better communication with municipalities and innkeepers, the Commission is contracting with a
20 private investigator to seek out individuals operating without a permit.

21 Due to the delay between reporting and moneys received, the Commission does not yet have 12
22 months of actual collections; April will be finalized in June. The DCVB's activities will also be
23 measured to make sure goals are being achieved. It is clear that the Room Tax has been
24 rewarding and all will start seeing the benefit of the marketing efforts that would've been
25 otherwise impossible.

26 Kufrin turned the meeting over to Jack Money penny, who joined the DCVB on October 15. He
27 stated that early figures showed that the Commission would gain more in collections than
28 originally thought, so the budget was reworked and a marketing plan presented in December to
29 the Commission. The Commission is on a calendar year and DCVB on a fiscal year, but the
30 DCVB is switching to a calendar year to keep in sync. The marketing plan and budget runs
31 through July 31, so a five-month budget will be put together through December 31, then we will
32 work on 3-year strategic plan. By January 2009, all will be in sync for reporting.

33 Money penny stated that goals set in May 2007 were aggressive. One unmet goal is the amount of
34 tourist spending as determined by the State. It was 3.27% in 2006 of State's total spent on
35 tourism; it was estimated that we'd raise that to 3.7% but it slipped to 3.16%. Our occupancy
36 benchmark was 37%, the goal was 38.92% and we're currently YTD at 42%. It was expected
37 that traveler expenditures would rise from \$420 million to \$480 million but it came in at only
38 \$404 million. When there is only a \$200,000 budget to market an entire county, that's inevitable.

1 Money Penny stated it's a valuable lesson of those not proponents of Room Tax: to sell Door
2 County correctly, these tax dollars are the most aggressive weapon we can have in the arsenal.
3 Trends around the country show that this is important.

4 Other statistics did not match up as expected. E-Brain did a length-of-stay survey to 40,000 opt-
5 in participants with a return of 11.5% showing the average stay at 7 days.

6 On the Public Relations front, Money Penny stated that in 2006-2007, 46 media contacts wrote
7 stories. The 2007-08 goal was 150 individuals, and YTD through end of April 2008 was
8 projected at 125 and actual is 126. Geiger & Assoc. have added on three additional media trips to
9 make sure we hit 150 by year's end. The DCVB clipping service has found 247 mentions at this
10 point; the year's goal is 400. Media impressions are at 33.3 million for the year.

11 The Ad Value Equivalency (AVE) is based on column inch ad value. To date, we have a \$1.346
12 million AVE and of that, \$388,000 came from Geiger. Two new articles today represent another
13 \$90,000 of value, so we're up to \$478,000.

14 The website visits are moving quickly. E-Brain's entire job is to build organic users, e-
15 newsletter. We're currently at 1.814 million website visits. Subscribers were at 16,000 when
16 joined E-Brain...at the end of April we're up to 88,722 opt-in users. Many people turning to the
17 web, building their itinerary.

18 E-Brain has been the single largest expenditure. Geiger & Assoc. contract is \$250,000 annually
19 but we already have a return on that investment. The marketing initiatives include courting motor
20 coach groups, group travel, package travel, car clubs, bank travel, high-end package travel. The
21 DCVB has worked with 32 tour companies so far, 20 of which have 27 tours booked. Also had
22 18 meeting planners contact for small meetings, high-end corporate retreats? Looking for 20-40
23 people, 3-4 days, trying to build shoulder seasons. That's what it's about; tug at the shoulders to
24 get one more week on front and back ends--building occupancy, state share, moving the needle
25 just a little can take years.

26 *Midwest Living* was a great boon. 10-pg 4/c, with each municipality getting a half-page space.
27 The brochure was tipped into 950,000 copies, both subs and newsstand, with 327,000 in the
28 Greater Chicago area. Extra inserts went to 7 ZIP-code-picked (for demographics) in *Chicago*
29 *Tribune*, *Milwaukee J-Sentinel*, *Madison Capitol Times* and *St. Paul Pioneer Press*. Brochure
30 touched over 1 million people in three weeks. For a four-week period (April 23-May 20),
31 website visits went from 145,000 to 234,000 visits, a 38% increase. The brochure used
32 "Doorcounty.travel" URL as a portal so the DCVB could track how many people have clicked
33 through because of the brochure.

34 One targeted market: The Harley-Davidson 105th Anniversary is Labor Day, so DCVB bought a
35 double-page spread and three more pages in *Riders Guide* inviting people to come to DC. The
36 county is biker friendly, they have a huge disposable income, There will also be a billboard in
37 downtown Milwaukee during that time for the captive audience when bikers coming into town.

1 The 2008 budget was reallocated for \$60,000 to a summer marketing campaign that includes TV,
2 radio, and newsprint/insertions. Fox 11 TV will run a 30-second commercial on “Good Day WI”
3 every morning for 140 days; members can buy into the commercial for \$100 and 102 have
4 committed so far. There will be a fall buy for Gift Certificates for holidays and a WI Public
5 Radio campaign for \$10,000 campaign; they match our demographics.

6 Door County’s branding exercise was done to confirm with customers that we are who we say
7 we are. The exercise generated a 31-page report condensed into four pages (available on the
8 website). Eight strategies with 15 tactics to take us into the future. The Strategic Radar Model
9 shows 8 areas we need to focus on in coming years: Legal, Geophysical, Customer, Competitor,
10 Economic, Technological, Social and Political.

11 Super-Trends include:

- 12 • Customer: Proliferating Preferences
- 13 • Competitor: Battle for Attention (ads)
- 14 • Fear of Asteroids (economy, not if but when) must attract new model of people coming in
15 have to react to what people want, Smart & Friendly Websites (ties to technological and
16 social – have to be part of social networking, ready to be part of social networking...not
17 going away. Youth of today leading the way; have to incorporate message into the
18 electronic culture.
- 19 • Political: Quest for Relevance. This is the key struggle in Sturgeon Bay—why is it
20 relevant to be part of this group? For many reasons...it’s about exclusivity, selling the
21 entire destination.
- 22 • Legal: Mixed Signals From Government (legal struggle of community relevance
- 23 • Geophysical: Going Green. Must push the importance of carbon footprints; travelers
24 don’t want to leave money in communities who aren’t part of that message. “Walk gently
25 and be good stewards.” Ecotourism.

26 Moneypenny holds “Coffee with Jack” every Wednesday morning to talk about specific topics,
27 marketing ideas. The meeting was turned back to Kufrin, who called for questions from the
28 audience.

29 Q: Donna Lash: Curious about overall sales tax collection. What was it in 2005, 2006, 2007?

30 A: Kufrin stated it’s difficult to correlate sales tax to tourist activity but effectively there is no
31 way. Sales tax could be up but tourist activity down. We’re interested solely in the Tourism
32 Zone; sales tax is collected on unrelated activities.

33 Q: Nancy Fisher/Egg Harbor: In presentation, mentioned there are steps to “revise the
34 intergovernmental agreement”?

- 1 A: Kufrin said that intergovernmental agreement was put together creating ordinances and
2 intergovernmental agreements; when they tried to apply it, some things weren't working
3 well. For example, the original agreement said that the officers needed \$2 million bonds;
4 couldn't find anyone who would underwrite that. We were able to get \$250,000 at \$750
5 apiece; typical treasurers are \$25-50,000 so it was overkill in the language. Other things
6 didn't get included or need clarification. For example, reporting on statistics by specific
7 dates; the Annual Meeting was supposed to be held in March, but we don't get December's
8 payment until end of February, so the Commission voted on revisions that will be going out
9 to municipalities next week.
- 10 Q: Unknown questioner: Is there interaction between DCVB and local groups to help with
11 branding?
- 12 A: Moneypenny stated that dollars are set aside dollars to help eight visitors center (not all
13 municipalities have them). They have bought computers for those who didn't have them,
14 trained the staff, and got them online. It's all about making the entire county is accessible to
15 visitors. There's a unified tagline/sticker: "Member of Door County Visitor Network,"
16 helping people find what they want in county. Municipalities are sending visitors to other
17 municipalities to find what they want. There has been a customer service training program,
18 motivational training, with 142 people attending a couple weeks ago.
- 19 Q: Ron Overdahl, Town of Washington: The Island has been well served by the Room Tax. As
20 we received the 30% back into townships, we've talked of plans for summer concerts in park,
21 pavilions, infrastructure, and flush toilets on the beach. We struggled with the 2.5% cap for a
22 long time.
- 23 A: Kufrin said everyone should review the permitted list periodically to make sure individuals
24 who are renting rooms; units for overnight stays have permits and are paying tax. We'll do
25 follow-up and enforcement, but we need to know who's out there.
- 26 Q: Unknown questioner: Do you envision promoting kids' activities to encourage kids to return
27 with families? Anything countywide to support bike path, ATV trails?
- 28 A: Moneypenny said there are lots of plans. We have to keep in mind that we can't use
29 marketing dollars to build bike trails in the county; they have to be used outside the market.
30 We have to follow the letter of the State statute on how it can be spent
- 31 Q: Leo from Sevastopol: What is the indicator of Sturgeon Bay joining?
- 32 A: Moneypenny noted the Wednesday night meeting in Sturgeon Bay; the board voted
33 unanimously in favor of joining but they don't want to lose the Sturgeon Bay Visitors Center.
34 The mayor spoke about going to city council members; just those 7 city council members
35 will make the decision.

1 Q: Scott Schultz/Gibraltar: On monthly reporting, occupied nights and other information, can
2 individual property owners get information on their municipality's averages?

3 A: Kufrin stated that information should be on the Internet site on a monthly basis. The
4 information is cleansed so no individual inn person's business information is on there, just
5 pure statistics for the community, occupancy and ADRs.

6 Commission member Bruce Hill noted that it's fundamental that the community understand
7 where the dollars go: 30% to the municipality, 66% directly to DCVB, 4% for the
8 Commission's administrative expenses.

9 Q: Unknown questioner: How long does the Commission keep the money owed the DCVB?

10 A: Kufrin said there's an agreed-upon disbursement schedule so dollars are dispersed to the
11 DCVB on a 66% allocation. One issue is that last August or September, we collected
12 \$500,000 in one month; in Dec/Jan only \$30,000. We're dispersing money according to the
13 agreed upon schedule. But there's never been an instance where the DCVB needed money
14 and the Commission hasn't dispersed it. Moneypenny concurred, stating that there were
15 safeguards in the agreements that the custodians made sure went to appropriate location at
16 the right time.

17 Bruce Hill commended Dianne Lensert from Kerber Rose for holding it all together while the
18 Commission gelled.

19 Motion to adjourn by consensus. The meeting was adjourned at 7:45 p.m.

20 Respectfully submitted,



21
22 Kathy Kirkland, Administrative Assistant

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