

JOINT FINANCE COMMITTEES AND ROOM TAX COMMISSION MEETING

Date and Time: Thursday July 16, 2020 @ 5:30 pm., Council Chambers

Finance Members Present: Rasmussen, Martens, Watson, Ryan, Herbst

Room Tax Commission Members Present: Weaver, Rasmussen, Martens, Neal, VanDeYacht

Others Present: Rosenberg, Groat, Jacobson, Van Krey

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. The Finance Committee was called to order by Chairperson Rasmussen and the Room Tax Commission was called to order by Chairperson Weaver.

Overview of the Room Tax

Groat reviewed the major changes Wisconsin legislative changes implemented January 1, 2017 including the creation of a room tax commission; the segregation of room tax revenues control between the City and Room Tax Commission; the limitation of the amount of room tax a municipality may retain; the mandate that the monies disbursed by the room tax commission be used for tourism promotion and tourism development; and the requirement that the Room Tax Commission enter into a contract with the tourism entity.

Rasmussen confirmed that after the City retained room tax equal to the larger of 30% room tax collected or the look back provision. The balance remaining is forwarded to the room tax commission. The payment to the CVB is funded through the funds distributed to the commission. Rasmussen indicated that the City has maintained a stable 37.5% contribution to the CVB.

Weaver questioned the continued purpose of the Room Tax Commission. He wondered if the two committees were duplicating efforts. Groat explained that the City's funds support existing not-for-profits that added a tourism and quality of life component to the community but may not meet the definitions contained in the law. The room tax commission manages the strict tourism activity and is required by law. Rasmussen added that the Commission does add value to room tax spending. One component is the hotel representative and a level of accountability. Rasmussen stated that with prolonged growth in the room tax collections will increase the commission's allocation responsibility. Rasmussen sees continued value in the separate processes.

Discussion and possible action regarding the 2019 financial results

Groat indicated the presentation clearly shows the delineation between the City controlled and Room Tax Commission controlled room tax funds. Groat indicated that the total room tax collected for 2019 was \$975,537.91. The City funded General Fund activities, 400 Block maintenance, Riverfront maintenance and continuing appropriation grant recipients with its funds. The room tax commission distributed 37.5% of the 2019 room tax revenues to the CVB, and funded \$80,088 of tourism grants as outlined on the report. The commission had \$87,860 of funds collected available to distribute which carried over to 2020. Weaver inquired about the 2019 room tax award for the Grand Theater. Groat indicated that invoice was submitted to the City for funding in June 2020 and is being processed.

Discussion and possible action regarding the 2020 financial results

Groat indicated that the 2020 room tax financial shows that the City will have to collect \$559,534 in 2020 room tax revenues to break even in its distribution of the \$431,973 to the City and the 37.50% of room tax to the CVB. As shown on the document the payment to the CVB is funded by the unspent 2019 room tax commission funds. This break even analysis provides no funding for the two tourism grant requests submitted to the commission for the spring of 2020. Groat indicated that she had not paid the CVB their 1st quarter payment since the contract clearly indicates that the CVB is paid after the City retains their share. Groat indicated that in addition to the economic impact of COVID the Plaza Hotel is closed for renovations which will also reduce room tax revenues in 2020.

Rasmussen indicated that she is encouraged that the City will be able to meet some of its obligations in 2020.

Discussion and possible action regarding the Wausau/Central Wisconsin Convention and Visitors Bureau Contract

Rasmussen indicated that prior to initiating closed session the committee can participate in open session discussion items. She indicated that the issue has attracted media coverage and the City has serious questions regarding contract compliance and revenue collections that occurred. Strategy regarding the impact of these concerns will take place in closed session.

Rasmussen indicated that the CVB collected room tax on behalf of surrounding communities without community knowledge. She indicated that there is conflicting accounts of what happened. Rasmussen invited the CVB Director to answer questions.

Steven Schinker, Esq who represents the CVB posed a number of questions to the committees. He indicated that the only tourism entity is the CVB. He felt that the City needed to comply with the room tax laws otherwise the hotels may not collect room tax.

Ed Gale spoke of his support of the CVB. He pleaded for continued participation in the CVB. He said it may be a good time to evaluate procedures and evaluate the contract but felt that the CVB helps us build our community and the city should continue to participate.

Dick Barrett CVB Executive Director spoke of the CVB's successes stating that room tax had experience steady growth increasing room tax revenues 63% over the last 10 years. They went from 1 event in 2010 to 120 events annually. In 2019 the area was number 2 in growth in occupancy and number 6 for growth of new tourism dollars. This included Milwaukee, Madison and the Packers and Brewers. Barrett indicated they assisted Expedia collect. He said in May he received a number from his Association that Expedia was having problems distributing room tax. He worked with Expedia to identify hotels in the individual communities and contact information. He stated the contract with the City indicates the CVB and City will work cooperatively to collect delinquent room tax. He said he did not know that the check would be submitted to the CVB. He stated funds were eventually hand delivered to each community. Rasmussen questioned why he didn't reach out to the communities immediately upon receiving the funds.

CLOSED SESSION pursuant to 19.85(1)(g) of the Wisconsin Statutes for conferring with legal counsel for the rendering of oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, specifically regarding the contract for services with the Wausau/Central Wisconsin Convention & Visitors Bureau

Finance Committee: Motion by Martens, second by Herbst to convene in closed session. Roll Call Vote: Ayes: Rasmussen, Martens, Watson, Ryan, Herbst. Noes: 0. Motion carried unanimously.

Room Tax Commission: Motion by Neal, second by VanDeYacht to convene in closed session. Roll Call Vote: Ayes: Weaver, Rasmussen, Martens, Neal, VanDeYacht. Noes: 0 Motion carried unanimously.

Room Tax Commission: Motion by Neal, second by Rasmussen to convene in open session. Roll Call Vote: Ayes: Weaver, Rasmussen, Martens, Neal, VanDeYacht. Noes: 0 Motion carried unanimously.
Rasmussen reported that the Finance Committee adjourned in closed session.

Discussion and possible action regarding the 2020 Room Tax Tourism Grant Requests

Weaver indicated that we had two grant requests for \$10,000 each. He felt that the uncertainty of the room tax collections really prevents the commission from awarding contacts at this time. Rasmussen agreed she felt the committee should hold the applications and see what the fall brings. Weaver encouraged a reapplying in the fall round of applications.

Kathy Foley and Amy Beck of the Leigh Yawkey Woodson Art Museum requested a reallocation of their 2019 tourism grant awarded for the French Poster Exhibit marketing to the Birds in Art exhibit that will occur in the fall of 2020. Foley explained that the French Poster Exhibit was to begin just about the time COVID hit and the marketing dollars were not spent. She stated they have reopened with the proper safety precautions and are getting many travelers from out of the area who are taking day trips and overnight trip and visiting the museum. Committee consensus supported the reallocation. Neal leaves the meeting.

Motion by Rasmussen, second by VanDeYacht to hold all allocations until the fall. Motion carried 4-0.

Adjournment

Motion by, Martens second by VanDeYacht to adjourn the Room Tax Commission. Motion carried unanimously.