

COMMITTEE REPORT

COMMITTEE: Development & Planning
CHAIRPERSON: Ron Mapes
DATE/TIME: October 24, 2006. 7:00 p.m.

PRESENT:

Baranski
 Berlage

Hasken
 Kluesner

Mapes
 Stoffregen

Galena City Council members: Tom Brusch, Laverne Greene, Marc McCoy, Jerry Murdock, Dan O'Keefe. Todd Lincoln and Terry Murphy were absent.

Other Board members:

Others: Betsy Eaton, Liz Bulasko, Dan Reimer, Mark Moran

SPECIAL MEETING WITH GALENA CITY COUNCIL

MINUTES

1. Presiding Officer Ron Mapes, Chairperson, County Development and Planning Committee called the meeting at the DeSoto House Hotel to order. Mapes stated that he would like to have the meeting completed by 9:00 p.m. if possible. Input from the audience will be allowed at the end of the meeting.
2. Roll Call and Declaration of Quorum. Roll was called and a quorum was present for both bodies.
3. Introduction of Committee Members and Council Members. The members of the committee and council plus staff at the table were introduced.
4. Purpose of the Meeting—Review of Petition Submitted to Galena City Council by Galena Business Owners. The Development & Planning Committee members reviewed the petition for the first time. Merri Berlage questioned when and how the City Council accepts petitions. Mayor Brusch stated that they accept petitions from any individual or group and distribute them to the council members. Jerry Murdock stated that the petition was presented to the City Council taking a stand that the current structure is not what the industry wants and Council members are listening to their constituents. He doesn't feel that the Advisory Board has anything to say and that the County Board makes all the decisions. Marc McCoy stated that he believes the petition shows that the individual business owners have come to a consensus that they would like a change of direction. Greene stated that the sales tax has been down and Berlage reminded him that hotel/motel tax is the subject of the discussion. Greene stated that the lower sales tax indicates fewer visitors. Baranski asked the City Council members to explain what their goal is in taking the hotel/motel tax. She will hold her question until later in the meeting. O'Keefe stated that this is one of the few petitions that he has seen that is fairly unanimous in the business district and lodging industry. Brusch stated that he still has questions about cause and effect and stated that he and the City Administrator have contacted other communities regarding their business. Lake Geneva has stated that they are very down. He would like to hear from others in tourism. Berlage stated that when she was making calls for the CVB Task Force that other areas are also down or flat.

5. Discussion of Convention and Visitors Bureau

O'Keefe asked what the role is of the CVB Advisory Board. Terry Stoffregen stated that he considers the Advisory Board very important and as a Board member he considers their input when a request is put forward. Murdock asked why so many people have left the Advisory Board. He stated that a meeting was requested with the County Board Chair and a committee would be formed but it was never done. Berlage replied that a Task Force was appointed right away but a meeting could never be set up. O'Keefe said that people have quit the Advisory Board because they didn't feel that recommendations were followed. The City would like to have more input. Bruschi reported he served on the Advisory Board and found it helpful and left the Board when the City originally talked about collecting the tax and felt that his positions were conflicting. O'Keefe stated that he believes the biggest issue is the likelihood of the CVB becoming an independent body and is the likelihood going to happen in the near future. McCoy asked if there are reasons why the CVB would not become independent. Berlage replied that the Task Force worked on a list of pros and cons and she stated that the list is pretty equal. She feels that the issue is about control and who wants to be in control. She believes that the County is to represent the taxpayer and be responsible for all tax money. Bruschi stated that he has heard for years that autonomy of the CVB is the crux of the problem. He would like to see the Task Force complete their recommendation. O'Keefe stated that from the City's standpoint they don't want to be in control, but they want to participate and have input. Mapes stated that it seems that everyone has the same goal but developing a mechanism to make everyone happy is a goal. Murdock stated that the whole tourism community is saying there is a problem. Berlage asked what the problem is. Murdock stated that the County Board does not listen to the Advisory Board. Berlage asked what the Advisory Board wanted that was not passed. Murdock doesn't know but stated again that there is a lot of frustration on the Advisory Board. He questioned who on the Development & Planning Committee has experience in tourism. Bruschi stated that his goal is to see an independent CVB.

6. Implications of City of Galena Collecting Hotel/Motel Tax within Galena City Limits

Berlage asked what the plan is for collecting the hotel/motel tax. Murdock stated that the vote says to the County Board that there is a problem that needs to be resolved. Staff has been directed to present options, possibly contract with Dubuque. There is no answer yet. Baranski stated that it seems the common goal is to grow the tourism industry and fill the beds. She attended a retreat with the CVB Advisory Board and the County Board when she came on the Board that was supposed to be a discussion about what the Advisory Board would be working on but it turned into a discussion about structure. It was the only thing the attendees cared about. She said that no one has said clearly what the improvement is going to be and what the specific changes will be. She has seen the CVB working and seen the product and doesn't think that what the CVB is doing is causing the numbers to be down. She believes that the competition is much higher now. If additional attractions in other destinations are driving their tourism, then Galena is missing the boat and wasting time and energy. She is waiting for the Task Force's report to convince her. She would like to see some new attractions such as the Grant Interpretive Center, planetarium and new visitor center. McCoy reported that he believes in the privatization of the CVB to take government out of the process in order to be more responsive. He discussed Galena as a destination and that nothing different has been done. He would like the City to collect the tax, forego the 10% and funnel it all into this private organization. If a change is needed in five years, then

we'll change it again. O'Keefe agreed with Baranski that tourism has been highly competitive and doesn't fault the CVB's operation. He discussed the downtown reconstruction and that the last thing he wants to see is replicating the CVB's efforts. If it can be done together, it should be; but something different needs to be done. Baranski has concerns about making changes without having a plan. Bruschi asked if the goal for the City Council members is to work toward an independent CVB. Greene stated that privatization is probably the right answer. He asked about the sales tax in the County. County Administrator Dan Reimer reported that the County tax for July is about 4.5% above the same period last year. O'Keefe feels that not everything needs to be done differently; for instance the visitors guide is excellent. Berlage stated that she has four pages of questions regarding the action the council took at last night's meeting. How will the CVB provide the same level of service, especially to businesses in Galena? Will they be required to pay for CVB services? How will the CVB continue to fund all the program areas and which will the City be willing to fund? McCoy stated that his hope is that the City would contract with the CVB and not dilute the funds. Berlage stated that doesn't answer the question. Murdock stated that staff will develop a plan and the County better plan something because the City is going to take the money. Mapes replied that the County Board has never disputed the Advisory Board's recommendations and they need to make decisions regarding the implications of the City's actions. Murdock stated that they will be looking at all the options. Matt Kluesner stated that just because nothing has been denied from the Advisory Board doesn't mean it's right. The majority of the people who pay the taxes are not represented on the Board. The Advisory Board needs to have some sort of power. Baranski asked, with the exception of privatization, what recommendation from the Advisory Board hasn't gone through? Kluesner asked about the hiring of the CVB Executive Director and Baranski stated that wasn't a function of the Advisory Board. Mapes would like to come to a consensus of what is best for the industry and is concerned about where Galena is going with this at the present time. Murdock said that his opinion is that the Council has set a deadline. Bruschi described the petition that says that once the City collects their tax they will be in a position to contract with the CVB for services. That's different from a private CVB. O'Keefe stated that boards approve advisory board recommendations sometimes when they shouldn't. He feels that there should be some schedule to work together. Mapes would like some consensus on how to move forward through this transition period regarding ongoing programs. Murdock doesn't feel that can be answered at this time until they receive some recommendations from staff. Vince Hasken asked if the Task Force is looking at the current structure; Berlage replied they are only comparing a 501(c) to the current structure. Hasken asked if the current structure could be improved to make it the best for everyone. He is not aware of anyone on the County Board that is not willing to change if something better can be shown. Bruschi asked if the CVB Task Force can be expanded with more members and be charged to look at other possibilities. Hasken suggested that a transition could be worked out because the fiscal years between the organizations are different. O'Keefe asked if the Task Force has made a recommendation yet. Berlage reported that the Task Force charged the tourism industry with developing a plan so they can make a recommendation. She asked if the industry would still want the City and County to separately collect the taxes if the County would contract with a 501(c)6. O'Keefe stated that he believes the issue would need to be reviewed and answered as soon as possible. Kluesner asked what structure the Task Force's recommendation will be compared to. Berlage replied that it will be compared to the CVB's

current structure and look at the pros and cons. John Cox stated that the nature of the motion was to ask the tourism community in Jo Daviess County to come up with a structure proposal to compare and contrast with the current structure with the goal of making a recommendation at the next meeting of making a recommendation to the County Board. Mike Murphy commented that he, Fred Bonnet and Jess Farlow happened to show up at the meeting and that the original intent of the Task Force wasn't to receive a proposal from the industry. Cox stated that they received input during the meeting and that the motion developed from that meeting. Fred Bonnet commented that he agreed with Baranski's comments. He stated that a 9-member committee is working on the proposal to the Task Force. He also agrees that there are some nice products that come from the CVB but the results are variable.

Mapes opened the meeting at this time for general public comment. Mike Murphy stated that this issue with the County Board goes back to 2001. In 2004, he was asked to give a presentation to the County Board as a compromise not to privatize the CVB. At that meeting, the structure was going to move forward but was held up due to a new State's Attorney taking office. A hiring committee was established and they were assured that the new director would work within this structure; that never took place. The lack of decision-making in the last two or three years to move forward toward privatization is causing this discussion to come up again. He also commented that some action items go forward to the Development & Planning Committee without being presented to the CVB Advisory Board. He feels that the City issue should go before the Advisory Board for a recommendation. The County has one month to finalize the budget. He thinks that the County Board should either 1) agree to the privatization of the CVB and work through the 2007 budget year so that the money is co-mingled, 2) agree to contract with the City for marketing under the current structure and forego \$40,000 in administrative fees, or 3) split into independent City and County CVBs which no one would like to see happen. He doesn't feel that anything can be changed for 2007.

Patricia Goldthorpe stated that she is on the CVB Advisory Board and has been for some time. She stated that the County Board has not passed all the 21 points from the DCI report, that recommendations to hire a new marketing firm have not been followed, and the staff has spent so much time with these issues that they have missed timelines to get the marketing RFP out. She would like to revisit the DCI report and examine their conclusions. She believes that actions and decisions made by the staff and the Advisory Board may be different if operating under a different structure. She also expressed concern about dividing the money and feel that small businesses would suffer from the lack of services. She agreed that the destination has to grow and cannot stay stagnate.

Cox asked to hear from the County Board regarding his role on the CVB Task Force as to why the privatization hasn't happened yet. Baranski stated that this topic was discussed during a retreat and is waiting for the explanation of "why" that is desired. She is yet to be convinced that privatization is the right thing. She has seen a lot of chaos during this process. Bruschi stated that it sounds like the County Board is receptive to the idea of privatization and suggested expanding the Task Force members and scope. Murphy hopes to have an outline to present to the Task Force on the 29th, but it won't be entirely detailed. Murphy expects to do a presentation and request another meeting of the Task Force. Murphy

addressed Baranski regarding the director search and the fact that the salary level is a part of the County's salary structure and many candidates were not interested once they found out what salary amount was being offered. Mapes replied to Cox that he has his attention. Hasken commented that vague ideas have been presented, but until a detailed plan is presented there is no way to move in that direction. Cox stated that he thinks he failed to understand the mission of the task force; how can you determine the pros and cons until you know how a 501(c) will be structured? Bruschi stated that he would like to look at a 501(c) but also go beyond that and look at the possibility of the City contracting with the County. O'Keefe doesn't want to see the committee expand and delay the process. Bonnet would like to keep the focus narrow on this task force. Goldthorpe believes that different structures and destinations were looked at by DCI and it was their determination to create a 501(c).

7. Identification of Next Steps/Future Goals

Baranski suggested that the CVB Task Force stay with their focus and that the County Board and committee members consider other factors. Mapes stated that the CVB will move forward with the budget and programs until something different comes along. Mapes questioned if the scope of the Task Force is being expanded. Berlage commented that the members committed to discussing the pros and cons and is not sure if they want to take on looking at other structures. She had told them the commitment would be for four or five meetings.

Cheryl Farrugia stated that the DCI report is five-years old and questioned if something else should be looked at. Berlage replied that many are still in place and if they don't look at all they shouldn't look at just some. Jess Farlow stated that it all comes down to structure. Bruschi said that the City Council voted for May 1st and the task force needs to report on the structure to the council and then they will move forward. Cox asked for a mandate for the Task Force to be able to come up with a recommendation if they get a detailed structure and if they don't then they need to go back to the drawing board. Hasken recommended that they could also look at the current structure and see what can be improved. Cox stated that when reviewing the pros and cons they will be doing that. Murphy stated that the group is looking at the structure and possible change and want it to address all the needs of the County and City. He stated that part of the reason they haven't had consensus is that the industry has been acting as three separate groups and they need to come together. Baranski asked if the City Council would be willing to take back their action so that May 1st is not the deadline as long as the County is continuing to work on the structure. O'Keefe asked if the Task Force is being expanded and stated that he was not in favor of that; the reason for the vote last night is because nothing has been moving forward. Bonnet suggested that the Task Force maintain its current task; the issue cannot be decided overnight. Already they will be working a year behind because of funding and matching funds. If two people from the County Board and two people from the City would like to participate that would be fine; he doesn't see it as an all or nothing situation. Berlage confirmed that the committee will make a recommendation. Murphy asked that secrets are not kept and strive to get this structure in place by November. Mapes confirmed that the recommendation will go through the Development & Planning Committee. Berlage questioned the City Council members for some answers if they plan to begin collecting the hotel/motel tax on May 1. Bruschi replied that they will be looking at things and maybe on May 1 they won't take the tax. Berlage stated that she is looking for some sort of protection for the investment that will be put into printing the visitors guide.

Greene believes that the County will have some idea by the end of November where the City is going. Kluesner made a comment about the \$500,000 reserve fund. Murphy stated that the groups need to work diligently and consider an intergovernmental agreement about the City's portion of the tax. O'Keefe asked if the City needs to commit to a specific amount to proceed regarding reimbursing the County for outlay toward the printed items. Baranski asked the City to pass a motion if they are presented with an amount. O'Keefe stated that he thought something could be put on the agenda and they would do what they could to pass it.

8. Adjourn

Meeting adjourned at 9:15 p.m.