

**FINANCE/PURCHASING & BUILDING COMMITTEE**  
**September 29, 2020**

A meeting of the Finance/Purchasing & Building Committee was called to order at 4:00 pm by Chairperson Bacon in the Council Chambers, City Hall. Roll call: Alderpersons Bacon, Wiederanders and Williams were present. Ald. Wiederanders appeared by zoom and Alders. Bacon and Williams appeared in person. Also present: City Administrator Van Lieshout, City Treasurer/Finance Director Clarizio, Community Development Director Olejniczak, and Receptionist Metzger.

A motion was made by Alderperson Williams, seconded by Alderperson Wiederanders to adopt the following agenda.

1. Roll call.
2. Adoption of agenda.
3. Public comment on agenda items and other issues related to finance & purchasing.
4. Consideration of: Request from Crossroads at Big Creek to Acquire City Property (Michigan St/Hwy 42-57)
5. Consideration of: Offer to Donate Land-ENDF3DK, LLC-1227 Egg Harbor Road.
6. Consideration of: Redevelopment of Sunset School Property for Affordable Housing.
7. Discussion of: Lodging Tax Rate and Revenues.
8. Review bills.
9. Adjourn.

No one spoke during public comment on agenda items and other issues related to finance & purchasing.

Consideration of: Request from Crossroads at Big Creek to Acquire City Property (Michigan St/Hwy 42-57).

City Administrator VanLieshout explained that the City owns a strip of property east of Hwy 42-57 that Crossroads would like to acquire to place signage directing visitors to Crossroads. The property does have easements for the recreational path, overhead power and transmission lines. Community Development Director Olejniczak stated that the City doesn't have reason to hold on to the property and the easements may not allow for signage. The City can still transfer the property to Crossroads as they may have others uses other than signage.

Moved by Alderperson Williams, seconded by Alderperson Wiederanders to recommend to Common Council to approve the transfer of 3.19 acres, parcel # 281-62-42000101 to Crossroads at Big Creek in the amount of \$1.00. Carried.

Consideration of: Offer to Donate Land-ENDF3DK, LLC-1227 Egg Harbor Road:

Community Development Director Olejniczak explained that the old Bank Mutual property located at 1227 Egg Harbor Road has been for sale for quite a while. There is a vacant lot behind Bank Mutual that was acquired by the County by tax foreclosure. Mr. Olejniczak stated the option of combining these two properties would enhance development opportunities. The city contacted the realtor of the Bank Mutual property, owned by ENDF3DK, LLC, they have offered to donate the property to the City. If the City acquired the vacant lot from the County for the amount of the back taxes owed, the combined property could be developed for commercial uses or apartments, in particular senior housing given the proximity to the ADRC community center and amenities along Egg Harbor Road.

Moved by Alderperson Wiederanders, seconded by Alderperson Williams to recommend to Common Council to accept the land donation from ENDF3DK, LLC for the parcel located at 1227 Egg Harbor Road. Carried.

Consideration of: Redevelopment of Sunset School Property for Affordable Housing:

Community Development Director Olejniczak explained that the Sturgeon Bay School district has closed Sunset School and is selling the property. The City has received numerous inquiries from developers for affordable housing projects. The school site is zoned multiple-family residential (R-4), apartments would be suitable for this property. Mr. Olejniczak stated a developer has interest in the property for a 40-50 unit affordable housing project. The developer would be submitting application for affordable housing tax credits from WHEDA for this project. The process is very competitive, WHEDA tax credit are awarded based on a complicated scoring system. The applicant receives extra points if the project is in response to an RFP, if tax increment financing is available or grant funds. Therefore the developer has requested that the City and Sturgeon Bay School District issue a RFP for the redevelopment of Sunset School with the understanding that this opens the opportunity for multiple developers to submit proposals. The prospective developer is not guaranteed that his proposal would be the best. In addition, the RFP issuance would offer the best proposal to score better if that developer is applying for WHEDA tax credits.

Moved by Alderperson Williams, seconded by Alderperson Wiederanders to direct Staff to move the project forward from the RFP point and report back as needed to the Committee and explore the viability of the City's financial participation through tax incremental financing or other mean to get the affordable housing constructed. Carried.

Discussion of: Lodging Tax Rate and Revenues:

City Administrator VanLieshout advised the Committee that the Baileys Harbor Chairman and Vice Chair of the Tourism Commission suggested Door County municipalities consider raising the lodging tax rate from 5.5% to 8%. Years ago all the municipalities agreed to adopt the same ordinance, establishing the same lodging tax rate of 5.5% and delegated authority of the collection and distribution of lodging tax revenues to the Commission. The proposal by Baileys Harbor would require the majority of municipalities in the Commission agree to the increased tax rate, as they cannot offer different rates. Mr. VanLieshout explained that the proposal has several points. In addition to raising the lodging tax rate, it also raises the levy tax rate and has the Commission operating on a permit fee basis, instead of on a portion of tax collected basis. As an incentive to the lodging providers, the Bailey Harbor Chair has suggested Destination Door County waive their membership fees and make everyone a member. He stated that the membership fees are not a large part of their budget, however they are their own separate business entity. They are also the designated marketing agency for all of Door County. Finally, instead of the local municipality supporting their local marketing agencies, such as Destination Sturgeon Bay, of the 30% lodging tax revenues retained by local municipalities, the additional revenues expected by the lodging tax increase would generate approximately 1M that Destination Door County could distribute to local marketing agencies. Mr. VanLieshout stated the proposal has merit specifically the rate increase. This would allow the City more funding to address budget shortfalls. Items to consider are what the effect would be to the relationship with Destination Sturgeon Bay, will the lodging industry support the change of imposing the permit fee, and is this authorized by the State. Pam Seiler of Destination Sturgeon Bay spoke to the Committee of the potential impact these changes could have for them. The Committee discussed the merit to increase the rate to 8% but considered other aspects of the proposal with regard to the current economic environment, changing to a permit fee structure, the ability to maintain the appeal of the differences of Door County communities that draw visitors, and lastly that perhaps Baileys Harbor is trying to resolve its challenges that are not those of the other municipalities. Mr. VanLieshout stated he would like the input from the lodging industry as part of the continuing discussions.

Review bills

Moved by Alderperson Wiederanders, seconded by Alderperson Williams to approve the bills as presented and forward to the Common Council for payment. Carried.

Moved by Alderperson Williams, seconded by Alderperson Bacon to adjourn. Carried. The meeting 5:10pm.

Respectfully submitted,

Tricia Metzger