

Spending dispute puts St. Germain town board, chamber of commerce at odds

Christensen: 'We don't have a heavy hammer'

By Fred Williston
OF THE LAKELAND TIMES

Relations between the St. Germain Town Board and the town's chamber of commerce have strained to the point where the chamber has hired an attorney to represent its interests in ongoing negotiations with the town.

At the center of the dispute is how the chamber spends its share of room tax revenue, which is collected by hotels, resorts, and other short-term rental properties.

By state statute, a municipality can only keep a maximum of 30% of those funds. The remainder is to be turned over to a not-for-profit entity (such as a chamber of commerce) to be spent on tourism promotion and development for the municipality it represents.

"What (the board) is trying

"I am confident the town and chamber will reach an agreement as directed by state law."

Penny Strom

Executive director of the St. Germain Chamber of Commerce

to get (the chamber) to do is spend more of the money on the development part and less on the promotion part," town chairman Tom Christensen told *The Lakeland Times*. "The board feels that (the chamber) has been doing the heavy hitting on the promotion side of things for long enough. Now it's time to start shifting the funds to help us maintain things like the bike trail or the snowmobile and ATV trail, or develop new trail systems."

He said the advertising to get people to come to the area could continue.

"If we don't take care of

our facilities like our lakes and trails, those people won't come back here next time," Christensen said. "Then we'll have to spend even more on advertising, because we'll have a reputation that we're no good."

State statutes, however, don't give a town board authority to dictate how a chamber of commerce (or similar entity) spends money. A municipality can make suggestions to that end, but it cannot mandate.

"It is up to the chamber management," Christensen explained. "They decide where and how all of the

money goes. We don't have a heavy hammer that comes down and we say 'You will do this.' The chamber is more geared into being sure that people are here. That's the promotion side. I guess it's going to need a shift in that thought process, and it looks like the only way we can do that is through our contract with them, where we spell out what we would like to see done, and then see if they agree to the terms of the contract."

The town/chamber contract has been under negotiation since September, but it appears as though the two parties are moving away from agreement rather than towards it.

When discussions of a new contract first began, the town was seeking a commitment from the chamber to spend \$100,000 yearly on tourism

development.

The chamber did propose committing \$40,000 annually to development projects and reducing its share of the room tax money from 75% to 70%, which would re-direct an additional projected \$60,000 to the town's coffers based on current revenue. Since then, the stakes have risen.

At a town board meeting on Nov. 8, supervisors discussed the possibility of contracting with another not-for-profit entity, which could either take over the development-spending side of things, or even replace the chamber entirely.

"Our executive director, Penny Strom, told the town board that chamber board members used the word 'extortion' on how this felt," St. Germain Chamber of Commerce president Cheryl

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Dispute

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Kelsey told chamber members in a Nov. 9 email. "So if we do not go along with their proposal, they will find someone who will."

In addition, The state of Wisconsin recently announced the St. Germain Chamber of Commerce will receive \$114,360 in grant money under the American Rescue Plan Act (ARPA) of 2021.

While the announcement of the grant is official, the funds have not yet been disbursed. The town board wants to see that money spent exclusively on development.

"Moving forward, with a letter of commitment from the Chamber Board to spend the

entire \$114,360 of grant money on maintenance and upgrades to our trail systems ... and a commitment that the chamber will seek the advice from all of the groups involved, including the town board, on what projects are going to be done, I will support modifying the chamber room tax contract to a one year contract, no automatic renewal, and a 70/30 split," Christensen wrote in an email to Kelsey and Strom on Nov. 13.

He requested the letter of commitment from the chamber by Nov. 17 so town supervisors could discuss — and potentially approve — a contract at its regular meeting on Nov. 18.

What Christensen got instead was a three-page letter from Attorney Zachary

Bemis of the Madison-based law firm of Godfrey and Kahn in which Bemis stated his firm now represents the chamber.

"We are writing to reject this offer," Bemis wrote.

Among the concerns listed by Bemis were "the town has allowed its tourism entity contract with the chamber to lapse (and) has not forwarded" the most recent room tax payments to the chamber."

Bemis also wrote about the ARPA grant money.

"This grant will be awarded directly to the chamber, and the chamber will be obligated to spend the funding consistent with its grant application, which specifies that \$70,000 will be spent on trail maintenance," he wrote. "The chamber fully intends to allocate

these funds consistent with its grant application. Therefore, we must respectfully reject your request to spend all of the \$114,360 on maintenance and upgrades to the trail system, in exchange for your support for extending the tourism entity agreement."

The attorney also opined that the chamber is essentially the town's only option for tourism promotion and development.

"No other existing entity can satisfy the (statutory) definition of 'tourism entity,'" Bemis wrote. "Therefore, the chamber is the only entity that the town may contract with for tourism promotion and tourism development, and your stated intent to contract with another entity in addition to the chamber places the town at risk of unlawfully ex-

pending room tax revenue." Christensen admitted shopping around for another tourism entity is more difficult than comparing banks for the best interest rates.

"We would need to find another entity and I can't tell you one right off the top of my head," he said. "There aren't many choices. They are very few and far between."

When asked about the impasse in negotiations, Strom told the *Times* she wasn't supposed to talk about it "per our attorney."

"The only comment the chamber really has at this time is that we have proudly promoted and developed tourism for the last 61 years, and I am confident the town and the chamber will reach an agreement as directed by state law."

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