

CITY OF SHEBOYGAN

REDEVELOPMENT AUTHORITY

FEBRUARY 17, 2021

1. OPENING OF MEETINGMEMBERS PRESENT: Alderperson Trey Mitchell, James Owen, Amy Horst, David Sachse, Steven Harrison, and Roberta Filicky-Peneski -all remoteMEMBERS EXCUSED: David GassSTAFF/OFFICIALS PRESENT: Mayor Michael Vandersteen, City Attorney Charles Adams -remote, and Planning & Development Director Chad PelishekOTHERS PRESENT: Property Appraiser RaeAnn Schmitz, Attorney Peter Mayer (Representing Blue Harbor Condominium Association), David Leslie (Member of Blue Harbor Condominium Association), Tom Atkins (Member of Blue Harbor Condominium Association), Marsha Forsythe (Blue Harbor Resort)-remote, Susan Engler (Blue Harbor Resort)-remote, and Attorney Wendy Taube (Representing Blue Harbor Resort) -remote

1.1 ROLL CALL -Roberta Filicky-Peneski, David Sachse, Steven Harrison, David Gass, James Owen, Alderperson Trey Mitchell, and Amy Horst may attend meeting remotely.

1.2 Call to Order.

Chair Roberta Filicky-Peneski called the meeting to order.

1.3 Pledge of Allegiance.

The Pledge of Allegiance was recited.

1.4 Identify potential conflict of interest.

No committee member has a conflict of interest with any item on this agenda.

2. MINUTES

2.1 Approval of minutes from the February, 3, 2021 meeting.

Motion by David Sachse, second by Steve Harrison to approve. Motion carried.

3. DISCUSSION AND POSSIBLE ACTION

3.1 Discussion and possible action on request from the Blue Harbor Resort Condominium Association, Inc. to grant a waiver and release of the limitation of continuous occupancy for 29 days at the Blue Harbor Condominiums.

Chair Roberta Filicky-Peneski explained that the only thing the Redevelopment Authority can make a decision on is the 29 days clause within the ground lease for the Blue Harbor Condominiums.

The committee can either decide to amend the ground lease to remove the 29 days clause or keep it. The Chair also asked to keep all discussion brief and to the subject at hand, the 29 days clause and no more than five or six

minutes per speaker.

Chad Pelishek reviewed the documentation that was received by the Assessor with the committee and others present. The documentation reflects that the assessed

value of the Blue Harbor Condominiums could nearly double if the 29 day clause was removed.

It would appear that if the 29 day

clause is removed that there would be an approximate lost of \$200,000 in room tax yearly. Unless some owners decide to still rent out their condos on VRBO

or AirBNB than there would be room tax coming in that was not accounted for in these numbers.

The committee inquired if the condo owners could work with Blue Harbor Resort on individual contracts instead of the whole complex. Attorney Charles Adams stated that is between Blue Harbor Resort and the Blue Harbor Condominium Association. They also asked for clarification on the assessment values if the 29 day

clause is removed.

RaeAnn Schmitz, Property Appraiser, confirmed that it would appear that the values would double if the condos allowed longer occupancies.

Roberta Filicky-Peneski asked for the representatives of Blue Harbor Resort and Blue Harbor Condominium Association to speak on behalf of their clients.

She reiterated that the only item the Redevelopment Authority is going to be making a decision on is the 29 day

clauses and that their comments should be brief and related to the 29 day clause only.

Attorney Peter Mayer spoke on behalf of the Blue Harbor Condominium Association.

Attorney Meyer stated that he had already provided the Redevelopment Authority with documentation, and he would like to touch on a few more points. The Condominium Association agrees with the increased assessment and understand that it will raise property taxes, but they are in favor of it.

The opposition state that the City will lose room tax dollars.

We agree with this statement as well, but you must keep in mind that the occupancy rate for the Blue Harbor

Condominiums is currently 30 - 33 %.

So what is lost in room tax will be made up in property taxes.

Attorney Mayer also addressed a question asked by the committee regarding working on individual contracts with Blue Harbor Resort.

The Condominium Association has been working with another management company that will take care of the condo rentals.

Attorney Wendy Taube spoke on behalf of Blue Harbor Resort and Conference Center.

Attorney Taube stated that the room tax loss would be closer to \$276,000.

With the removal of the 29 day

clause, the loss of funding would be felt immediately.

The current room tax doesn't go all to the city.

Seventy percent goes to Visit Sheboygan which is going back to the City to pay for a 5 -year loan for the new Visitor Center on South 8 th Street.

For those owners who don't want to go to residential and remain vacation rentals, will they be required to do code updates? City Attorney Charles Adams explained that with the removal of the 29 day

clause, all the condo units will be required to address the code issues.

Attorney Taube inquired about how the new assessment values were figured out?

RaeAnn Schmitz stated that they looked at 17 market rate condominium sales from January 2016 to December 2020 and the average price was \$204,535.00.

The sales ranged from \$135,000.00 to \$250,000.00.

Attorney Taube requested that this item be held until the Condominium Association owners know exactly what is needed to bring the building and units up to code.

Attorney Mayer addressed Attorney Taube concerns about the condo owner's cost.

Attorney Mayer stated that no cost will be imposed to condo owners who don't want to change to residential.

Marsha Forsythe (Blue Harbor Resort Owner & multiple Condos Owner) mentioned that there are Wisconsin laws that requires a vote of the Condominium Association to make this change.

She has never been to a Condominium Association meeting. Her concerns are parking, code updates, assessments, and cost of updates.

The committee reminded Ms. Forsythe that the Redevelopment Authority is to review the 29 day clause

in the ground lease and the issues she has mentioned are between her and the condo association.

Ms. Forsythe further stated that if the 29 day

clause is removed from the ground lease the city would not only lose the room tax from the condos but from the resort as well because the ground lease is one

and the same. Chad Pelishek asked City Attorney Charles Adams if Blue Harbor Resort and Blue Harbor Condominiums were on the same ground lease.

City Attorney Charles Adams replied that there is more than one ground lease.

The committee inquired why the ownership of Blue Harbor Resort and Blue Harbor Condominiums can't come to an agreement when it seems like it would be a benefit to both parties to remove the 29 days clause. Attorney Taube stated that the Villas are not meant to be full time residents.

There is only have one meter (water, alarm, and gas) per building. There will be conflicts between full time residents and renters. The cost of updating the building, some owners don't want to pay it. These Villas are meant to be a resort not homes.

The committee inquired why this needs to be governed by the city instead of the Condominium Association including it in their bylaws.

Once again Attorney Taube asked for this item to be tabled until we have answers to the cost of updating the buildings.

City Attorney Charles Adams stated that the Redevelopment Authority may want to consider tabling this item because of the unknown impact to the condo owners such as building code updates and cost. The committee asked if there is any liability to moving forward.

City Attorney Adams replied that they

could make allegations that is why we need to go through the process. Attorney Adams suggested the motion may allow staff to move forward with negotiations on this matter and bring back an agreed upon agreement that deals with all the issues that have been disclosed.

Motion by David Sachse, seconded by Steven Harrison to move forward with negotiation to remove the 29 days clause from the ground lease for the Blue Harbor Condominium Association, Inc. Roll Call Vote: Aye: Filicky-Peneski, Harrison, Sachse, Mitchell, Owen, and Horst Nay: none

Motion carried.

4. ADJOURN

4.1 Motion to Adjourn.

Motion by Amy Horst, second by Alderperson Mitchell to adjourn. Motion carried.

Being no further business the meeting was adjourned at 8: 46 a.m.