

NOVEMBER 29, 2022

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MINUTES OF SPECIAL COUNCIL WORK SESSION
VERSAILLES MUNICIPAL BUILDING/5:30 P.M.

ROLL CALL: MAYOR BRIAN TRUGOTT PRESIDED OVER THE MEETING. ALSO PRESENT WERE COUNCIL MEMBERS MARY BRADLEY, LAURA DAKE, LISA JOHNSON, KEN KERKHOFF, FRED SIEGELMAN AND AARON SMITHER. CITY ATTORNEY BILL MOORE WAS ALSO PRESENT.

Council member Fred Siegelman left the meeting early at 5:49 p.m.

DEPT. HEADS: MIKE MURRAY AND ARIEL O'REEL WERE PRESENT REPRESENTING THEIR RESPECTIVE DEPARTMENTS.

Restaurant Tax

Council member Ken Kerkhoff opened the discussion with stating that he was going to talk about vision, imagination and a possibility of where to go from there. Mr. Kerkhoff stated that the restaurant tax was previously discussed in 2020 and he would like to discuss it again with updated information. He asked the council members what they want individually as council members, what can and should the city look like, improvements that can be made and what we as council members want to do here. Mr. Kerkhoff shared a design for the revitalization of Big Spring Park which would be an example of a vision coming to fruition. He also shared an updated PowerPoint regarding the restaurant tax which was originally shown in 2020 which helped answer any questions and provided benefits which could be had if the tax were to be implemented. Council member Kerkhoff noted that the majority of cities with a restaurant tax indicated that their revenue actually increased when the tax passed. He shared a statistic that 76% of the cities that have a restaurant tax have city only tourism commissions, 20% have a joint commission with their county and 4% have a joint commission with another city or cities.

Mayor Traugott stated that he was initially lukewarm towards the tax proposal due to the city's limited ability to control the funds received. He noted that the council has to take a hard vote on the tax, have three of the seven tourism commission appointments, and then have to completely hand over any funds received through the tax to the tourism commission. Mayor Traugott stated that it is the city's reputation, tax money and the city needs control over the money that is collected. Council member Dake voiced concern that trust and goodwill may be lost with the tourism commission and may not be made up if the city were to start a city only tourism commission. Mayor Traugott questioned where the accountability lies. Council member Dake stated that the city may not dictate how tourism commission spends funds. She noted that if the city were to set up their own tourism commission, there is still no guarantee that they will work directly at the hand of the city. Mayor Traugott stated that a city tourism commission would be more than likely to work strongly with the city because there will be an annual audit if you spend over \$500,000 which would likely be the case if the tax passed.

Council member Smither asked if an ordinance could be passed to adopt the restaurant tax now and then a separate tourism commission at a later time. Attorney Moore responded yes. Mr. Smither stated that a large function of tourism is advertising and trying to get anyone outside of Woodford County in. Council member Kerkhoff claimed that in his opinion, Versailles has not changed that much since he has been a resident. He stated that the assets in Woodford County are enormous and need to be greatly capitalized on.

Council member Dake stated that she is not opposed to a restaurant tax, but at a previous hearing in 2020 about it, more people voiced that they were opposed to it as it was especially not a great time for it. She also noted that thoughts about breaking up the current tourism commission does not feel good. She said that it almost creates a 'trust issue' that if we appoint these individuals to tourism, then we should put trust in their positions. Council member Kerkhoff asked when a good time to implement the tax would be. He said initially there was a pandemic and now we are dealing with inflation. Council member Johnson stated that there needs to be a strategic plan in place for implementing the proposed tax. She said that she loves dreams and visions but she would rather see a plan and currently that has not been fully formed. Council member Kerkhoff stated that he is not suggesting that the tax needs to be done right now but he encouraged the conversations about it to start.

A member of the audience who runs the restaurant Rolling Oven asked the council when the right time would be to implement this tax. He stated that prices are higher and margins are lower than ever.

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He noted that adding another line item is a rough proposition at this time. Attorney Moore asked if the purpose of this proposed tax is to support and help restaurants. Council member Kerkhoff answered that the ultimate goal is to help restaurants in any way possible through the tax. The same member of the audience stated that he would feel better to Council member Johnson's point about needing a plan implemented for the proposed restaurant tax. Council member Kerkhoff provided the council with a draft ordinance regarding the restaurant tax which was reflected from Shelbyville's current ordinance. He stated that he would like for conversations to continue and would like to revisit this topic in the near future.

Mayor Traugott adjourned the meeting without objections.

APPROVED:

BRIAN TRAUGOTT, MAYOR

ATTEST:

ELIZABETH C. REYNOLDS, CITY CLERK