

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – January 9, 2012

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, January 9, 2012, at 5:30 p.m. in the Conference Room of City Hall, Mayor Larson presiding.

Upon roll call, the following Councilmembers were declared present: Larson, Waldhausen, Hellquist, Johnson, Albrecht, Negard, Thompson

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, City Clerk Kay Murphy

Others Present: Dave Hengel, JEDC Executive Director

Mayor Larson stated that the purpose of the work session was to discuss hospitality tax and hear from the new JEDC Executive Director.

Negard requested that he be allowed to make comments regarding the recent decision by the City Council regarding the Phase I Annexation.

Hospitality Tax

Chattin provided additional information on a proposed hospitality tax, as requested by the City Council. If the Council had a one percent hospitality tax, it is estimated to bring in approximately \$501,625. If approved, the money collected would be used to cover the operations and maintenance of the event center. He recommended that the City seek legislative authority to impose a food, beverage and lodging tax of up to one percent and if approved, staff would immediately contact our legislators. Discussion continued regarding the process and how long it could possibly take to get the hospitality tax approved by the State.

Waldhausen stated that he has spoken with a number of business owners regarding the imposition of a hospitality tax and that the general feeling is that it would hurt business. He stated that the City has passed a lot of fees this year and he could not support a hospitality tax.

Negard stated that the City has been unable to set aside funds for capital improvements to the Sanford Center. At this time, he stated, the City is just covering operation and maintenance. He stated that the community is still divided about the event center and he will not support an increase in property taxes to cover the cost of operation.

Chattin stated that currently \$400,000 for the annual operation of the event center is coming from the taxpayers. Chattin stated that approximately 80% of the money spent in the City comes from outside City limits and by implementing a hospitality tax it would take the burden off of local taxpayers.

Albrecht stated that it is important to have community support for the hospitality tax. She commented that a hospitality tax is fairer than a property tax increase.

Motion by Negard, seconded by Thompson, directing City staff to seek legislative authority to impose a food, beverage and lodging tax of up to one percent. Motion carried with the following vote: Ayes: Thompson, Albrecht, Hellquist, Johnson, Larson, Negard. Nays: Waldhausen.

Several business owners/representatives were in attendance and made the following comments:

- Karl Jacobson, representing the Bemidji Area Beverage Association, stated that the City should be challenging VenuWorks to operate the event center more efficiently.
- Brian Mersman stated that there is a cost to business owners with the additional paperwork required to file the tax with the State.
- Mitch Rautio, owner of Keg 'n Cork, stated that the event center is not creating extra money in the community.
- Jody Parish, Manager of Peppercorn, stated that they are not seeing an increase in business from the event center and asked the Council to proceed cautiously.

JEDC Update

Dave Hengel, Executive Director, reviewed information about the new strategic focus of the Joint Economic Development Commission (JEDC). The JEDC Board has two new focus areas which are: attracting and retaining talent and growing the existing businesses. In addition, the JEDC is creating four action teams:

- Entrepreneurship and Innovation
- Grow, Attract and Retain Talent
- Economic Development Incentives
- Marketing and Business Recruitment

He stated that each team will meet 3-4 times in the coming months with a goal of, by May 2012, identifying 2-3 initiatives and a clear measurement tool for the JEDC. He invited the Council to participate in the process.

Hellquist asked what is available to keep businesses in Bemidji. Hengel responded that the JEDC will develop tools that will help but there is nothing to stop businesses from starting here and moving south.

Discussion continued regarding developing marketing material for the City of Bemidji. Hengel stated that the JEDC wants to be the “economic arm” for the City.

Annexation

Negard stated he had concerns regarding the Council’s recent decision to annex just Northern Township and to wait on Bemidji Township. He commented that the courtesy of discussing the boundary lines should have been extended to Northern Township as well and there was no reason to “rush”.

Albrecht commented that it was suggested at that meeting that a vote wait until all Councilors were in attendance.

Johnson stated that the Council should have set a deadline for Bemidji Township. Discussion continued regarding setting a deadline for Bemidji Township to discuss redrawing the lines for the annexation,

Brian Merzman, Bemidji Township resident, stated that the Bemidji Townships residents have met to discuss areas for potential annexation. However, there are a lot of unanswered questions that they are working on, i.e., how the levy will impact Bemidji Township and will they be able to sustain the Township if properties are annexed.

Hellquist stated that the Council should not take any action at this time as it was not on the agenda but wait until next Tuesday. Consensus of the Council was to place annexation discussion on the Tuesday, January 17 Council agenda.

ADJOURN

There being no further business, a motion was made by Negard, seconded by Waldhausen, to adjourn the meeting. Motion carried. Meeting adjourned at 7:10 p.m.

Respectfully submitted,


Kay M. Murphy
City Clerk