

John Day City Council Study Session
May 21, 2020
5:00 PM
VIRTUAL MEETING

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1. **OPEN AND NOTE ATTENDANCE**
2. **APPEARANCE OF INTERESTED CITIZENS** – At this time Mayor Lundbom will welcome the public and ask if there is anything they would like to add to tonight’s agenda.

STUDY SESSION ITEMS

3. **JOHN DAY TRANSIENT ROOM TAX**
Attachments:
 - John Day Ordinance No. 88-55-2
 - Grant County Ordinance 91-02
 - Grant County Ordinance Z26018
 - John Day Resolution No. 90-295-12
 - Economic Revitalization Projects
4. **GREENHOUSE ONLINE STOREFRONT**
Attachments:
 - Product Analytics

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 21, 2020

SUBJECT: Agenda Item #3: John Day Transient Room Tax Attachment(s)

- John Day Ordinance No. 88-55-2
- Grant County Ordinance 91-02
- Grant County Ordinance Z26018
- John Day Resolution No. 90-295-12
- John Day Economic Revitalization Projects

BACKGROUND

It has been 32 years since the City of John Day first implemented its TRT and 30 years since the funds have been collected by the County and dispersed to the Chamber of Commerce.

The John Day city council adopted its first transient room tax (TRT) ordinance in June 1988 (Ordinance No. 88-55-2). The ordinance defined transient lodging as hotels and RV parks with reservations for a period of 15-days or less, and imposed a tax of \$1.00 per night for hotels and \$0.50 for RVs. The ordinance also established a seven-member committee, called the Transient Room Tax Review Committee. The Committee's purpose was to meet at least quarterly to review and discuss expenditures of funds derived from the tax, make recommendations on tax expenditures, and approve grant applications. The committee was to include two operators and one member of the Grant County Chamber of Commerce.

The purpose of the tax was to promote tourism generally in the City of John Day and Grant County. The ordinance also required a special committee appointed by the city council to review the tax in two years and included a sunset provision that the ordinance shall terminate and be of no further force and effect upon the effective date of a similar transient room tax ordinance passed by Grant County.

Grant County approved an ordinance for its TRT following an initiative petition at the election of May 15, 1990 (Grant County Ordinance 91-02). The ordinance was administratively amended on June 10, 1992 but is substantially the same as John Day's original ordinance. In response, the John Day City Council passed a resolution to close the City's TRT Fund "to avoid duplication of efforts" and transfer the remaining funding to Grant County (Resolution No. 90-295-12). Following an initiative petition at the election of November 2, 2004, the County's TRT ordinance was superseded with a new ordinance that imposed a tax of 8% of the rent charged by the operator and made other administrative adjustments.

The County's ordinance (Section 22) describes the disposition and use of TRT funds as follows (key terms bolded):

- 1) The purpose of this tax is to raise revenues to be used to promote economic development and tourism in Grant County, Oregon. The tax revenue shall be spent for **encouragement of entrepreneurial development** and on the **promotion, acquisition, construction, operation and maintenance of recreational, cultural and tourist related services and facilities** intended to bring tourists and visitors to Grant County, Oregon, and further intended to **encourage residents of Grant County to make use of the County's recreational, cultural, and retail services, which is deemed a form of tourism within the County.**
- 2) All Transient Room Tax revenues collected by Grant County shall be placed in a separate County account to be titled "**Transient Room Tax Fund.**"

- 3) Operators shall withhold five (5%) percent of the tax collected, as described in Section 8 above.
- 4) The tax administrator's office shall be allocate five (5%) percent of the tax collected for administration of the ordinance.
- 5) **The remaining ninety (90%) percent of the Transient Room Tax Fund shall be disbursed to the Grant County Chamber of Commerce** on or before the 15th day of the month following collection, to-wit: May 15, August 15, November 15, February 15.
- 6) **The monies received from the Transient Room Tax Fund shall be utilized by the Grant County Chamber of Commerce for such projects as events, advertising, promotion, acquisition, construction, operation, and maintenance as necessary to carry out the purposes of this ordinance.** Grant County Chamber of Commerce shall publish and otherwise make available to Grant County residents grant applications by which county residents and recognized groups in Grant County may make written application for awards of transient room tax funds. **The Grant County Chamber of Commerce, itself, may utilize the transient room tax funds for its own projects, but at least twenty five (25%) percent of those funds remaining after deduction of operators' fees and tax administrator fees shall be available for applicants other than the Grant County Chamber of Commerce.**
- 7) The Grant County Chamber of Commerce shall **establish and publish a procedure for regular, public consideration of grant applications.** The procedure adopted and any subsequent changes shall be subject to prior approval by the County Court.
- 8) The Grant County Chamber of Commerce shall cooperate with the County Court and **shall make its records available to the County Court and be subject to audit by County auditors** as part of the annual general county audit required by law.

PURPOSE

The purpose of this meeting is to review whether the ordinance is meeting the needs of John Day residents and the John Day City Council, specifically with regard its intended purpose, i.e. to:

- Encourage entrepreneurial development;
- Promote, acquire, construct, operate and maintain recreational, cultural and tourist related facilities and services; and
- Encourage residents to make use of recreational, cultural, and retail services within the County.

TRT REVENUES & PROJECT FINANCING

Last year, the county's TRT generated \$191,749.12 countywide from all operators. Of this amount, \$111,495.07 (58%) was generated by operators in the city of John Day.

Over the past four years, the City of John Day has invested heavily in new economic revitalization projects (see presentation attached). These investments in entrepreneurship, tourism, recreation and cultural areas have raised \$3.5 million to-date, with an additional \$20 million planned for expenditure in the next four years. These capital improvement projects directly or indirectly support our hotels and tourism-related facilities.

Specifically, we have committed funding for the following projects:

- John Day Innovation Gateway, including: the land acquisition and/or assembly of 100 acres of brownfield; brownfield reclamation; planning, design and/or construction for the Innovation Gateway Area Plan, Inn at Whiskey Flat hotel, future event center and community center via the restoration of the sawmill and planar shed, and; construction of the city greenhouse (\$2.1 million)
- 2017 Eclipse and city campsites (raised \$75,000)
- Main Street Revitalization grants for Weaver Building & Len's (\$300,000)
- New 7th Street Complex playground and splashpad (donated \$50,000 to Parks & Rec who raised \$300K through OPRD)

- John Day's Integrated Park System and riverfront trails (\$662,000)
- Central Grant County Aquatics Center master plan (\$50,000)
- Oregon RAIN (\$10,000)
- Grant County Fairground Master Plan (\$15,000)
- Downtown Parking (\$60,000)
- John Day Wastewater Treatment Plant/Water Reclamation Facility to supply hotels with reclaimed water and with greenhouse visitors center for future tours (\$12 million)
- Planning and coordination for the new Kam Wah Chung Interpretive Center with local visitors center to learn about mining and cultural history of our area
- Applications for DOT, EDA and USDA grants for \$20M+ in new infrastructure related to the economic revitalization of John Day and Grant County, with \$8 million committed thus far for high speed internet to Long Creek, Monument, Seneca and rural residents of Grant County.

We have proven to be highly adept at achieving the intent of the TRT ordinance, specifically the promotion, acquisition, construction, operation and maintenance of recreational, cultural and tourist related services and facilities, but we have done so without any of the TRT funds. We built the city greenhouse, the new Davis Creek Park, the riverfront trails along the John Day River and acquired land for downtown parking. We have partnered successfully with: the John Day/Canyon City Parks and Recreation District to build the new playground and splashpad and plan the new aquatics center; Oregon Telephone Corporation to raise funding for broadband, and; with Grant County to increase entrepreneurial activity and tourism through Oregon RAIN and the Fairground Master Plan. All of these investments were made from City of John Day funds and grants awarded as a result of our applications and/or matching funds contributions.

Our ability to continue to promote our community as intended in the TRT ordinance depends largely on our ability to continue financing, operating and maintaining these projects. Several new projects and ideas have been discussed by the council that the TRT would also facilitate, including:

- Redefining Main Street as end-to-end within the city, to be more inclusive of businesses that operate on Main Street that are outside of the downtown core;
- Hiring a Community Development Director or Main Street coordinator to assist with event planning
- Investing in downtown improvements, including new facades for our businesses and improving sidewalks in need of repair;
- Continuing applications for the Main Street revitalization program;
- Flowers, banners and "the little things" that business owners ask the City to provide that should be paid for using TRT funds but currently are not.

TRT OPTIONS

The TRT is a useful revenue source, but only if it is put to its highest and best use. Based on our proven track record of success, I am recommending the John Day City Council re-establish its TRT ordinance effective July 1, 2020. I have reviewed two options with the city's legal counsel to accomplish this:

- 1) We implement our TRT, **in addition to** the County's TRT;
- 2) We implement our TRT, **in place of** the County's TRT.

Both options require the council to pass an ordinance. Both options apply only to operators within John Day and have no effect outside our incorporated city limits.

Neither option precludes our ability to work with the Chamber of Commerce in the future. However, the responsibility for the disposition of John Day's TRT funds, including their budgeting and annual audits, will reside with the John Day City Council, the John Day Budget Committee, and city staff and/or city TRT committees as appropriate. This will ensure the funds are used appropriately, transparently and effectively to achieve their intended purpose.

NEXT STEPS

The City Council should evaluate these options and come prepared to discuss them at the study session. The council cannot make decisions during the study session but if a consensus is reached, we can include this as an item for deliberation at the next city council meeting along with a draft ordinance.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 21, 2020

SUBJECT: Agenda Item #4: Greenhouse Online Storefront Attachment(s)

- Product Analytics

BACKGROUND

Last month we discussed implementing a pilot program to provide produce sales via an online, e-commerce platform (<https://john-day-greenhouse.square.site/>). This topic will review the status of this pilot program.

DISCUSSION

Converting to an e-commerce platform serves several useful purposes:

- 1) Streamlines order processing for business-to-business (B2B) and retail sales by converting all orders to a single, integrated, digital platform;
- 2) Provides multiple e-Pay methods including credit cards, Google Pay and Apple Pay; eliminates cash and check orders which are time consuming and require us to issue paper receipts;
- 3) Improves invoicing and discounting for B2B customers; invoices are generated through the app and/or B2B customers can order as-needed through the website applying their own unique discount code;
- 4) Aids city in inventory management – automatically tracks sales and reduces inventory until items are sold out; inventory can be updated through the system as plants are ready for harvest;
- 5) Improves growing efficiency; staff can monitor sales and orders daily and adjust grow patterns based on consumer demand
- 6) Creates an online platform for marketing the greenhouse as a local area attraction; features include subscriber information, tracking total visitors and unique visits, sales conversion rates, etc.
- 7) Allows for future tours to be booked through the site and for tourists to purchase produce online following the tours.

We will review the platform online during the study session. A printout of some of the data collected is enclosed.