

**CITY OF JOHN DAY
CITY COUNCIL MINUTES
JOHN DAY, OREGON**

July 28th, 2020

COUCILORS PRESENT:

Ron Lundbom, Mayor
Steve Schuette, Council President
Shannon Adair, Councilor
Paul Smith, Councilor
Elliot Sky, Councilor
David Holland, Councilor
Gregg Haberly, Councilor

COUNCILORS ABSENT:

STAFF PRESENT:

Nicholas Green, City Manager
Daisy Goebel, Associate Planner
Mike Durr, Police Chief
Aaron Lieuallen, Project Manager

GUESTS PRESENT:

(in person)
Rudy Diaz, Blue Mountain Eagle
Sherry Rininger
Mindy Winegar
Bob Quinton
Jim Bay

(Virtual)
Maulin Patel
Stephanie LeQuieu
Logan Bagett
Caller #6
Joe Bellinger
Caller #1
Greg Astley; ORLA
Harsh Patel
Troy Clark

Agenda Item No. 1—Open and Note Attendance

Mayor Lundbom called the meeting to order at 6:00 p.m., noting everyone was present.

Agenda Item No. 2—Approval of Prior Minutes

The minutes from the July 14th, 2020 City Council Meeting were presented.

Councilor Schuette made a motion to approve the minutes as presented. Councilor Adair seconded and the motion passed unanimously.

Agenda Item No. 3—Appearance of Interested Citizens

Mayor Lundbom welcomed the public to the city council meeting and asked if there was anything they would like to add to the agenda. *None Appearing.*

Agenda Item No. 4 – Transient Lodging Tax – Study Session

City Manager Nick Green presented the information regarding the proposed TRT. Discussion on the proposal began on May 21st. He reviewed the prior conversation and acknowledged the challenge of making this decision and reminded the public of the importance of taking an aggressive effort to promote arts and culture, tourism, and outdoor recreation to help diversify our economy and overcome three decades of population and economic decline. Green stated that while the city has done the best it can with the revenue sources available to-date, the large-scale city investment projects that are in progress require more substantial ongoing funding.

Green deferred to the Mayor on methodology for running the study session, who agreed to follow the outline presented. Mayor Lundbom invited the John Day motel and transient lodging operators to speak to what they would like to see with the proposed transient lodging tax. Maulin Patel (Best Western, America's Best Value Inn) voiced support for using occupancy taxes for the city to promote tourism but discouraged the city from adding an additional tax to the County's. Mr. Patel expressed concern that increasing the tax rate would discourage tourists from staying in John Day and divert them to Burns, Baker City, or other nearby towns. Mr. Patel asked for clarification on what the city is proposing to do with the funds. Green clarified that the city is working to revitalize brownfields in the innovation gateway area and take on recreation-oriented investments along the John Day River, in addition to positioning John Day's Main Street as a gateway for outdoor recreation year-round. Mr. Patel expressed concern that the city is investing in an industry (tourism) that is cyclical and not recession-proof. He encouraged the city to invest in year-round economic investment activities that would bring in tourists for more than two months out of the year. Green explained the city's methodology for deciding what investments to make including the decision to build an event center and clarified that TLT revenues would not be a source of funding to secure debt for these projects.

Greg Astley commended the City for reaching out to hotel operators for input on this decision. Astley noted that it will be at least 18 months and may be 4-5 years before the hospitality industry fully recovers from the current pandemic. Astley encouraged the council to consider all available options and all potential outcomes before making a decision. Councilor Adair addressed the comment made earlier about the lack of tourism as a result of COVID-19. Adair noted that there has been an increase in business at her restaurant every year that they have been in operation and is currently as busy as it can be. This increase has been seen in museums and recreation as well, but may not be reflected in the hotel industry. Mayor Lundbom expressed excitement about the RERC grant and suggested that the COVID pandemic may encourage people to travel to more rural and remote communities.

Sky asked the hotel operators how they would like to see the TLT used in a way that could benefit their businesses. Mr. Patel noted that he would like to see revitalization of the downtown area and a redirection of the current TRT towards the projects that the city is working on including the innovation gateway and the fairgrounds proposal.

Harsh Patel (Dreamers Lodge) expressed concern that tourists would go out of their way to avoid staying in John Day if the TRT was prohibitively high. Astley noted that he was encouraged by the City's attempt to include short-term rental owners in this process. Councilor Sky asked if other cities had conducted studies on whether or not increasing a TRT deters tourists from staying in their hotels. Anecdotally, Astley noted that Beaverton raised their TRT by 4% and there may have been an impact on tourists deciding to stay in Portland as an alternative. Lundbom expressed doubt that a TLT would impact tourism and cause individuals to avoid the John Day area because of it. Councilor Holland agreed that a \$3-4 increase per night was not likely to deter individual travelers. Holland also noted that hotel rates will have a much larger impact on this trend than a tax rate increase.

Green discouraged the council from getting hung up on consumer behavior and encouraged the councilors to refocus on how the city can position itself as a destination location where more people want to travel. Green noted that a cohesive investment strategy will have a much larger impact on hotel revenue and occupancy than a 4% difference in TLT rates. Councilor Adair noted that for several months during the summer there is no vacancy while winter months are very slow for John Day. Green agreed that the need for year-round recreation is apparent for many local businesses. Greg Astley asked if the hotel owners would have a say on how the TLT would be spent. Mr. Quinton interjected that for the current TLT there is one hotel owner from Prairie City that sits on the board for deciding how the county's funds are spent. Joe Bellinger asked the council why the examples in the TLT packet didn't include data from similar sized cities. Green noted that in 2019, the TLT netted about \$120,000 from John Day and Burns netted about \$140,000, which is retained by Burns rather than Harney County. To put it in perspective, Green compared this to our property taxes which only net about \$300,000 per year for John Day. Councilor Sky clarified that the City is not looking to replicate a major metropolitan area, but rather just included this information for rate comparisons. Bellinger expressed concern that the comparison with Portland and Beaverton would not be an accurate way to evaluate this. Lundbom noted that at the last study session, the council was provided comparisons to similar sized cities. Green noted John Day and Baker City are unique as being the only two major population center of any county in Oregon that do not impose a city tax. He proposed that the council have a first reading of the TLT ordinance on August 11th and a second on the 25th before making a decision. Lundbom thanked the public for their comments and asked for a motion to close the study session.

Councilor Schuette made a motion to close the study session. Councilor Haberly seconded and the motion passed unanimously.

Agenda Item No. 5—Consent Agenda

Mayor Lunbom reconvened the regular session and welcomed the virtual participants. Lundbom asked if there were any questions on the COVID funds.

Councilor Holland moved to approve the consent agenda. The motion was seconded by Councilor Sky and passed unanimously.

Agenda Item No. 6—Resolution No. 20-841-14, A Resolution Adopting the 2020 Grant County Multi-Jurisdictional Natural Hazards Mitigation Plan

City Manager Green explained the NHMP process and the process for reviewing natural hazards for the county, city, and individual stakeholders. He further explained that adoption of this plan would allow the City to apply for FEMA hazard mitigation grants for City projects like the relocation of the wastewater treatment plant and reconstruction/rehabilitation of the John Day River and Canyon Creek to reduce flood risk to surrounding properties.

Councilor Holland moved to approve Resolution No. 20-841-14, A Resolution Adopting the 2020 Grant County Multi-Jurisdictional Natural Hazards Mitigation Plan. The motion was seconded by Councilor Adair and passed unanimously.

Agenda Item No. 7—Grant County Fairgrounds Strategy

City Manager Green presented the final draft of the Grant County Fairgrounds Strategy. The strategy proposes a 36% increase in RV spaces and additional plans to maximize the property. Mindy Winegar said she was fairly happy with the outcome, but wishes they had touched more on Keerins Hall and the rental house. Sky asked how she felt about the sticker price compared to what was proposed. Winegar clarified that this was not a comprehensive evaluation and it has not yet been presented to the county or the fair board. Sky noted that revenue generation was the focus of the study and general improvements may have more non-tangible benefits that could be explored. Jim Bay noted that the intangible benefits of giving guests something to remember is what matters more than the revenue generation aspect. Sky asked why the Fairgrounds has not been improved before it is absolutely necessary. Winegar expressed excitement about remodeling the pavilion and councilor Haberly noted that the fairgrounds has never been the county's priority.

Agenda Item No. 8—7th Street Parking Lot Project—Phase I

City Manager Nick Green reviewed the proposals for the 7th Street parking lot project and announced that Iron Triangle had the lowest bid by a significant amount.

Councilor Haberly moved to approve the City Manager to sign a construction agreement with Iron Triangle for \$54,857.76 and issue the notice to proceed provided no protests have been filed by the July 31st deadline. The motion was seconded by Councilor Schuette and passed unanimously.

Agenda Item No. 9– Other Business & Upcoming Meetings

Councilor Schuette announced that he does not plan to run for City Council in November. Green explained the CDGB process and the city's plans to submit the application in September. Green announced plans to transition the RERC workshop to a virtual meeting. Topics for future study sessions were announced to include potential repeal of the marijuana ordinance and revision of the industrial park land use restrictions to stimulate economic activity.

- August 11, City Council Meeting, 7 P.M. Virtual/Fire Hall
- August 25, City Council Meeting, 7 P.M. Virtual/Fire Hall
- September 8, City Council Meeting, 7 P.M. Virtual/Fire Hall

- September 21-22, Recreation Economy for Rural Communities 2-Day Workshop
- September 22, City Council Meeting, 7 P.M Virtual/Fire Hall

Mayor Lundbom asked city staff if they have any new business. Police Chief Durr announced a major meth bust this week and Green commended their efforts. Councilor Haberly expressed disappointment that Canyon City denied the citizens the opportunity to vote on the pool proposal. Mayor Lundbom and Councilor Holland agreed with this concern and Councilor Smith asked if the proposal could still move forward. Green explained that the County can still bring forward the pool proposal, but because of state statute and Oregon's home rule charters, each city needs to pass a resolution to consent to the permanent tax rate of the proposed district. So even if the capital improvement bond to build the pool went to a vote, there would be no source of funding to operate the pool. Green also pointed out that Canyon City and Mount Vernon mailed surveys to their constituents before the final pool report was published or made available to the public, and the surveys contained no information about the pool facility. As a result, they could not have known the details of the facility they were being asked to comment about in the surveys. It was also not explained to them that their responses would be used by those councils to decide about whether to opt in or out. Stephanie LeQuieu noted that she mailed a letter to the Mount Vernon council and received no response. LeQuieu also noted that the council is hard to contact. Lundbom asked if there would be another chance to refer the pool to the voters next year. Green answered that it would be possible only if the city councils reconsider their decisions.

Joe Bellinger asked if the COVID relief funds would need to be reimbursed and Mayor Lundbom clarified that it would be distributed to the city as a reimbursement after the money is spent. Bellinger asked where more information could be found on the 7th street proposal and Green directed him to the city website.

Mindy Winegar expressed concern over the TLT proposal and told the council that RV travelers may go elsewhere over a few dollars' increase. Jim Bay expressed support of the TLT but told the council that there needs to be something to come for if they are going to be asked to pay more for lodging. Lundbom asked Bay why people stay at his short-term rentals. Bay told the council that 9 out of 10 travelers are going to the Painted Hills and the other 10% are hiking, biking, or coming to local events. Councilor Sky posed the question of how to make John Day an attractive place to stay whether or not the TLT is increased. Winegar asked how a TLT would help the city grow. Green explained that the city has invested all of the resources available to promote the city without external funding and needs to explore other opportunities to promote John Day.

There being no further business before the council, Councilor Schuette moved to adjourn the meeting at 7:39 PM. The motion was seconded by Councilor Holland and passed unanimously.

Respectfully Submitted:

Nicholas Green

City Manager

ACCEPTED BY THE CITY COUNCIL ON August 11, 2020

A handwritten signature in black ink, appearing to read 'Ron Lundbom', written over a horizontal line.

Ron Lundbom, Mayor