

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 21, 2020 // Updated July 2020

SUBJECT: John Day Transient Lodging Tax
Attachment(s)

- John Day Ordinance No. 88-55-2
- John Day Resolution No. 90-295-12
- John Day Economic Revitalization Projects
- Grant County Ordinance 91-02
- Grant County Ordinance Z26018
- Grant County Ordinance 2012-04
- Material Provided by the Chamber of Commerce to the Council

BACKGROUND

It has been 32 years since the City of John Day first implemented its Transient Lodging Tax (TLT) and 30 years since the funds have been collected by the County and/or County's Chamber in lieu of John Day.

The John Day city council adopted its first TLT 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 TLT 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 TLT 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 Following an initiative petition at the election of November 2, 2004, the County's TLT ordinance was superseded with a new ordinance that imposed a tax of 8% of the rent charged by the operator and made other administrative adjustments. This ordinance was restated by the County through an administrative action of the Court on October 2nd, 2012 (Ordinance 2012-04). The County and the Chamber of Commerce executed a services agreement the same month that designated the Chamber as the Tax Administrator under the County's ordinance.

TLT REVENUES & PROJECT FINANCING

Last year, the county's TLT 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 TLT 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 TLT 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 TLT 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 TLT 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 efforts for the Main Street revitalization (the OPRD Main Street Revitalization grants have been discontinued due to COVID-19 budgetary shortfalls);

TLT OPTIONS

The council is considering two options:

- 1) Implement a City TLT, **in addition to** the County's TLT;

- 2) Implement a City TLT, **in place of** the County's TLT.

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 TLT 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 TLT committees as appropriate.

CHAMBER PROVIDED INFORMATION

During the May 21 study session the Chamber of Commerce provided several documents to the city council, including:

- 2019-20 Proposed Budget
- List of City Sponsored events
- Tax analysis
- How Does the Chamber Support Tourism
- Kam Wah Chung Visitors
- State of Oregon Lodging Tax Information Sheet
- TLT Services Agreement with Grant County
- TLT Comparison
- TLT Grant Awards
- TLT Review Committee
- What Your Chamber Does for You

This information has been incorporated into the Councils study packets and is available online.

NEXT STEPS

The hotel operators have requested a study session with the city council prior to the council determining their course of action. Council may hold the first reading on August 11 and a second reading August 25, with the ordinance becoming effective September 25.