

**City of Hood River
City Council Work Session
August 10, 2020**

Council: Mayor Kate McBride, Mark Zanmiller, Megan Saunders, Tim Counihan, Jessica Metta, Erick Haynie

Staff: City Manager Rachael Fuller, City Attorney Dan Kearns, Finance Director/ACM Will Norris, Planning Director Dustin Nilsen, Fire Chief Leonard Damian, Police Chief Neal Holste, Interim Public Works Director Wade Seaborn, City Recorder Jennifer Gray, GIS Analyst Jonathan Skloven-Gill

Absent: Gladys Rivera

I CALL TO ORDER – Cell Phone Reminder – 6:00 p.m.

II BUSINESS FROM THE AUDIENCE

MariRuth Petzing, Hood River, OR –“Last month, I heard the City Council identifying priorities for legislative advocacy. The number one selection by the Council members was for increased mental health resources. I also listened to a presentation from the Hood River Police Department in which I heard the opinion that Mid-Columbia Center for Living can't increase their services because they are overwhelmed and maxed out. In fact, the direct response to a call for mental health response to replace a police response to non-criminal mental-health calls was that there are no mental health resources available. Let's make mental health resources available.”

“I agree with the City Council's assessment that mental health services are critically needed in our community. I appreciate the identification of that need as a priority for advocacy at the state level. But I urge the City Council to use the local power and resources to invest in local services to meet local needs. Re-imagining public safety means acknowledging that we will pay for needed mental health care, we can either pay for it by hiring counselors and social workers and outreach workers, or we can pay for it with police, and jail, and EMS. I'm asking that the City Council be bold in planning for our future by committing to redistributing funds to meet your and our priorities for community well-being.” Petzing's full statement has been added to the record.

III PRESENTATIONS

1. Columbia Area Transit Solar Initiatives
CAT was unavailable to present.

IV PUBLIC HEARINGS

1. Ordinance 2055 -Transient Lodging Tax Code Update, W. Norris

Mayor McBride opened the public hearing at 6:06 p.m. and read the script and rules regarding public hearing conduct.

Norris presented the staff report. Norris explained the transient lodging tax is the second largest source of general fund revenue. Funding public safety, park, planning and all of the general governmental functions of the City. It is the largest tax the City administrators, since property taxes are administered by Hood River County. It is worth making sure the City municipal code is current and up today with contemporary changes of the industry. What is before Council tonight is a more targeted surgical approach to changing specific items that are needed. Norris gave the history of transient lodging tax that began in 1981 when it was first established. There have only been slight changes since it was established.

Online booking intermediaries for vacation rentals, like Airbnb and VRBO/HomeAway.com, have grown significantly since the City's code was last updated. While vacation rentals still only generate about 15% of the City's lodging tax revenue, they constitute over 85% of the City's monthly tax return volume.

In 2018, Oregon House Bill (HB) 4120 updated the State of Oregon's lodging tax to clarify that online booking intermediaries are jointly and severability liable for tax collection and remittance. After HB 4120, VRBO/HomeAway.com began remitting tax to the City of Hood River. Airbnb has asserted that their company does not have authority to collect and remit lodging taxes in Hood River until the local code explicitly references booking intermediaries.

The proposed Ordinance 2055 emulates language from Corvallis and Portland where Airbnb collects and remits local lodging taxes. Representatives from Airbnb have reviewed the proposed language and confirmed it is sufficient to begin tax collection in Hood River. A letter from Airbnb is included in the meeting packet.

Aligning Airbnb's practices with VRBO/HomeAway.com will be less confusing for short term rental operators. This will reduce staff workload associated with processing amended tax returns. It will also help the City improve tax compliance as operators sometimes erroneously deduct business expenses from taxable gross receipts. Due to the length of time since the last update the City's lodging tax code, the proposed Ordinance 2055 also makes the following updates:

1. Authorizes online tax return filing and payment The original lodging tax code was drafted before the growth of eCommerce. The City launched an e-file option in 2019.
2. Changes the chapter title from "Hotel Tax" to "Transient Lodging Tax" The chapter title, "Hotel Tax", is from the original 1981 Ordinance. The title has become increasingly confusing over time as alternative short-term housing arrangements become more commonplace. "Transient Lodging Tax" is the title used by the State of Oregon
3. Incorporation of Gender-Neutral References The 1981 Ordinance referenced all positions as male.
4. Removes unused filing extension provision This provision has never been exercised to the best knowledge of staff. The process is unnecessary given the small sums typically involved with delinquent payments.
5. Directs legal action locally The City has never needed to seek judicial enforcement of this chapter. If needed in the future, the City will want to seek relief in local courts
6. Adds standard Civil Enforcement language References the City's civil enforcement chapter 1.10 that provides a standard code enforcement process that staff is experienced using. It is

helpful to have a standardized process for enforcement of chapters that are not commonly violated.

The proposed code update was emailed for input on July 28th to all holders of Certificates of Authority to collect lodging taxes as well as individuals registered to receive emails on the topic of Short-term Rentals. The two lists cumulatively include 827 email addresses although there is overlap. The notice of Public Hearing was posted online and outside of City Hall on August 3rd and emailed to the same email groups.

Mayor McBride opened the public testimony portion of the hearing

There was no testimony for or against the ordinance.

Mayor McBride closed the oral argument and public testimony portion of the public hearing and Council entered into deliberations.

There was a spelling errors in the Ordinance noted under 5.09.050 A; it should read rent, not tent.

There was general Council discussion and questions. There were no substantial changes made.

Councilor Haynie stated he agrees with a lot of what has been said during the Council deliberation. He is in favor of the ordinance. He will be recusing himself from the vote due to an indirect business relationship with his employer, with one of the companies that was referenced tonight.

Motion: I move to adopt Ordinance 2055 with the correction noted in 5.09.050 A and provide first reading by title only during the work session under City Recorder.
First: Saunders
Second: Metta
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta,
Nays: None
Abstentions: Haynie
Excused: Rivera (absent)

Mayor McBride adjourned the public hearing at 6:30 p.m.

Councilor Haynie asked to be excused from the meeting at 6:30 p.m.

WORK SESSION

V OPEN WORK SESSION – 6:31 p.m.

VI AGENDA ADDITIONS OR CORRECTIONS

A correction motion was needed to move the reading of the Ordinance 2055 from the Work Session to the Regular Meeting under City Recorder.

Motion: I moved to adopt Ordinance 2055 with the correction noted earlier and

provide first reading by title only during the Regular Meeting, under City Recorder.

First: Saunders
Second: Zanmiller
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta
Nays: None
Abstentions: None
Excused: Rivera, Haynie (both absent)

VII DISCUSSION ITEMS

VIII ADJOURN WORK SESSION – 6:35 p.m.

REGULAR COUNCIL MEETING

I OPEN REGULAR COUNCIL MEETING – 6:35 p.m.

II AGENDA ADDITIONS OR CORRECTIONS – Reading of Ordinance 2055 for first time by title only, under City Recorder.

III CONSENT AGENDA

1. Council Meeting Minutes – January 11, 2020 and July 27, 2020
2. Purchase of Two (2) Hybrid Police Vehicles, N. Holste

Motion: To approve the Consent Agenda.
First: Saunders
Second: Metta
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta
Nays: None
Abstentions: None
Excused: Rivera, Haynie (both absent)

IV REGULAR BUSINESS ITEMS

V REPORT OF OFFICERS

- A. Department Heads
1. Announcements
Norris stated staff has finished contract negotiations with MIG to continue forward with the Heights Project. It will go to the Urban Renewal Advisory Committee later this month. URAC will add their recommendation and it will come back to the Urban Renewal Agency at the September meeting.
- B. City Recorder
1. Reading of Ordinance 2055 (Transient Lodging Tax) for the first time by title only.

Motion: To read Ordinance 2055 for the first time by title only.
First: Saunders
Second: Metta
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta
Nays: None
Abstentions: None
Excused: Rivera, Haynie (both absent)

Gray read the ordinance by title only. The Mayor announced that Ordinance 2055 had passed its first reading and would be read for the second and final time at the next regular meeting.

VI MAYOR

Mayor McBride stated the Emergency Operation Center is no longer meeting twice a week regarding COVID. It got to the point they felt the COVID situation was no longer a crisis emergency. Hood River County is still on the watch list, which means additional help from the Oregon Health Authority for those working on the tracing, is still happening. It will be determined at the end of this week if the County will remain in Phase 2 or be moved back to Phase 1. The Emergency Operation Center meetings will start again, if needed. Mayor McBride stated it would be nice to have something in writing that came from Public Health that has a few bullet points on where the City stands. She is going to speak with County Chair Mike Oats, if that is something the City can ask for and keep the City updated.

Norris added Fuller and Hood River County Administrator Jeff Hecksel are in close contact often. The City is also on a list serve to continue receiving updates from Barb Ayers.

Mayor McBride gave an update on the Hood River Bridge Replacement Project.

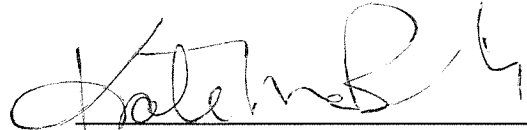
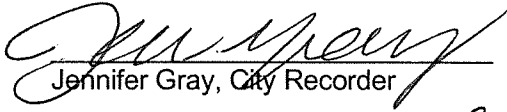
VII COUNCIL CALL

Metta gave an update on the ODOT ACT. They are at a point where the City can comment on how the next funding allocation is done for 2024-2027. She knows Hood River County has three members on ACT, along with Councilor Haynie; they are working on preparing a letter.

Counselor Metta stated MCEDD continues to work on getting information out on the Business Oregon Fund they received for business. This Friday is the deadline, based on when they need to get the funds out. So far, they have given less than half of what they have available for Hood River County. The reason is because of the requirements that Business Oregon has put on those dollars. There were also some seasonality issues that have caused problems for some businesses. MCEDD has and will continued to work on this to get available money to businesses.

Councilor Saunders asked Norris about where things were at with the money the City received from the State for COVID assistance and the money allocated from the City's budget. Norris gave an update. Council agreed they would like to add this as a discussion item on a future agenda to talk about money allocated for COVID assistance. Staff will look at the agenda forecast to see when this can be discussed further.

VIII **ADJOURN** – Adjourned by unanimous consent at 7:09 p.m.


Kate McBride, Mayor
Jennifer Gray, City Recorder

Approved by City Council on August 24, 2020