

CITY OF MCMINNVILLE
MINUTES OF DINNER MEETING of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, April 12, 2016, at 6:00 p.m.

Presiding: Rick Olson, Mayor

Recording: Rose A. Lorenzen, Recording Secretary

Councilors: Present
Remy Drabkin Kellie Menke
Scott Hill Alan Ruden
Kevin Jeffries Larry Yoder

Also present were City Manager Martha Meeker, City Attorney David Koch, Principal Planner Ron Pomeroy, Finance Director Marcia Baragary, Community Development Director Mike Bisset, and members of the news media, Don Iler of the *News Register*, and Dave Adams of KLYC Radio.

DINNER

CALL TO ORDER: Mayor Olson called the Dinner Meeting to order at 6:35 p.m. and welcomed all in attendance. He advised that the Regular City Council meeting would mark the beginning of the use of the "Consent Agenda." He explained that should one of the Council wish to discuss something in the Consent Agenda, they should note their desire and the item would be removed from the Consent Agenda and placed appropriately within the agenda.

INVITATION TO CITIZENS: Mayor Olson stated that there may be an individual, Cole Risdon, at the Regular Meeting who wished to speak. He noted that he has been doing some consulting work for Mr. Risdon, although that would not preclude him from making an unbiased decision on Mr. Risdon's issue. Councilor Drabkin advised that she had learned that Mr. Risdon leases property from her father; she agreed that she could make an unbiased decision on any matter than required a vote.

Principal Planner Pomeroy explained to the Council Mr. Risdon's concerns. Mr. Risdon had applied for a building permit for a marijuana dispensary. The permit is final; however, a boundary issue arose at the end of January when a citizen asked about the tennis courts on Cows Street being considered a high school outside classroom for the teaching of tennis. He stated that the Oregon Health Authority (OHA) has been notified and that the 1,000 foot boundary runs through the middle of Mr. Risdon's site. Because the building permit has been cleared, staff will release the building permit to Mr. Risdon and that any boundary issue will be between Mr. Risdon and the OHA.

Mayor Olson added that Mr. Risdon would like for the City to tell OHA to exclude his property from the exclusion zone.

City Attorney Koch advised that this matter involves a regulation that is outside the City's hands.

A brief discussion followed.

SOUTH DOWNTOWN ASSOCIATION OF NEIGHBORS (SoDAN): City Manager Meeker advised that the City does not currently have an ordinance that recognizes neighborhoods. She explained that this precluded the City's ability to "notice" the Association regarding planning issues.

PUBLIC HEARING - REGARDING A MARIJUANA LOCAL SALES TAX: City Manager Meeker briefly overviewed the Public Hearing regarding a marijuana local sales tax.

ORDINANCE - AMENDING THE McMinnville Municipal Code Provisions Incorporating A Local Transient Lodging Tax (Ordinances No. 4994, 4974, and 4970): Finance Director Baragary gave an overview of the proposed ordinance and advised that staff felt it would be more effective for the Transient Lodging Tax (TLT) audits to be completed based on a risk assessment approach, rather than requiring all transient lodging providers to be audited once in every three year period. She explained that when selecting providers to be audited, factors such as delinquent payments, incomplete quarterly returns, and the potential for underpayment of taxes may be considered. Those providers that have implemented comprehensive procedures for collecting taxes and have demonstrated compliance with TLT requirements may be audited less frequently. City Manager Meeker added that staff would most likely complete more audits this year - until providers get to know the process.

Finance Director Baragary advised that if the ordinance is passed, the Council would then vote on a resolution approving entering into a contract with Talbot, Korvola and Warwick LLP to provide TLT attestation services for fiscal years 2015-16, 2016-17, and 2017-18.

ADJOURNMENT: Mayor Olson adjourned the Dinner Meeting at 6:57 p.m.

CITY OF McMinnville
MINUTES OF REGULAR MEETING of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, April 12, 2016 at 7:00 p.m.

Presiding: Rick Olson, Mayor

Recording: Rose A. Lorenzen, Recording Secretary

Councilors: Present
Remy Drabkin Kellie Menke
Scott Hill Alan Ruden
Kevin Jeffries Larry Yoder

Also present were City Manager Martha Meeker, City Attorney David Koch, Principal Planner Ron Pomeroy, Finance Director Marcia Baragary, Community Development Director Mike Bisset, Police Captain Dennis Marks, Information Systems Director Scott Burke, and members of the news media, Don Iler of the *News Register*, and Dave Adams of KLYC Radio.

AGENDA ITEM

CALL TO ORDER: Mayor Olson called the meeting to order at 7:00 p.m. and welcomed all in attendance.

PLEDGE OF ALLEGIANCE: Mayor Olson welcomed several young men from a group of Boy Scouts sponsored by the Amity LDS Church and asked them to lead the group in the recitation of the Pledge of Allegiance.

INVITATION TO CITIZENS FOR PUBLIC COMMENT: Mayor Olson asked for comments from citizens on topics not on the evening's agenda. Mayor Olson recognized Cole Risdon. He noted for the record that he has done computer networking consultation for Mr. Risdon. Councilor Drabkin noted for the record that Mr. Risdon is leasing property from her father.

Cole Risdon, 807 NW Adams Street, spoke to the City Council. He stated that he wished to address a 1000 foot boundary around the tennis courts at 11th and Cows Streets. He explained that the first that the Oregon Health Authority (OHA) heard about the boundary was in February when notified by the City's Planning Department. The boundary, if enforced, could have a significant impact on whether he receives his dispensary license from the OHA. He stated he is concerned because of the OHA and the possibility of the agency stopping him from operating his business at that site. Following a brief discussion, Mr. Risdon stated he would like additional time, perhaps 15 minutes or so, to discuss this matter with the City Council. City Manager Meeker advised Mr. Risdon that he would be placed on the April 26, 2016 City Council agenda.

1 PROCLAMATION - LEMONADE DAY!: Mayor Olson invited Chamber President Nathan Knottingham and Mr. Lemonhead (Council President Jeffries) to the front of the dais. He read the Lemonade Day! proclamation into the record. Mayor Olson encouraged the members of the City Council to support Lemonade Day! by getting out and purchasing lemonade from the many children who will have booths all over town.

2 CONSENT AGENDA: Mayor Olson outlined the following items for the Consent Agenda:

- Minutes of the January 12, 2016 Dinner and Regular City Council Meetings
- **Resolution No. 2016 - 14:** Awarding the contract for the Biosolids Application Project, Project 2016-4
- **Resolution No. 2016 - 15:** Awarding the contract for the City Facility HVAC Preventative Maintenance Services
- **Resolution No. 2016 - 16:** Awarding the contract for the 2016 City Facility Janitorial Services
- **Resolution No. 2016 - 17:** Accepting the Reimbursable Agreement and authorizing the City Manager to execute

an agreement with the Federal Aviation Administration (FAA) for the Airport Improvement Project

Mayor Olson asked if there were any items on the Consent Agenda that anyone wished to discuss. There were none.

Councilor Hill MOVED to adopt the Consent Agenda as presented; SECONDED by Councilor Drabkin. Motion PASSED unanimously.

3 PUBLIC HEARING

3 a 7:00 P.M. PUBLIC HEARING: REGARDING A MARIJUANA LOCAL SALES TAX: City Manager Meeker briefed the City Council on the proposed marijuana local sales tax. She pointed out the House Bill 2400 passed legislation that allows cities to adopt up to a three percent sales tax. If the City Council agrees to adopt legislation on a marijuana local sales tax, staff will prepare a referral resolution and ordinance and the matter will be presented to the voters on the November 8, 2016 ballot. It is hard to predict the amount of tax dollars that will be collected; however all tax revenues will be directed to Public Safety.

Mayor Olson opened the Public Hearing at 7:21 p.m. and asked for public testimony. No testimony was heard.

Mayor Olson closed the public hearing at 7:21 p.m. and asked for Council discussion.

Councilor Ruden stated that he believed the proposed tax to be in line with other luxury taxes and it would be additional revenue for public safety. Councilor Menke agreed with Councilor Ruden's assessment. No other comments were received.

City Attorney Koch advised that staff would present a final, draft ordinance at the April 26, 2016 City Council meeting.

4 ORDINANCE

4 a AMENDING THE McMinnville MUNICIPAL CODE PROVISIONS INCORPORATING A LOCAL TRANSIENT LODGING TAX (ORDINANCES NO. 4994, 4974, AND 4970): Finance Director Baragary explained that the draft ordinance would amend the McMinnville Municipal Code by incorporation revised language regarding formal auditing of the transient lodging tax (TLT) tax records. The language would be modified to allow an auditing of a transient lodging provider's books at the discretion of the Finance Director, rather than every three years as is currently mandated. She stated that she had spoken with other cities, auditors, and Visit McMinnville members and the consensus was that the amendment would improve the process's effectiveness and efficiency. It would focus on risk areas, such as those who pay late or who do not pay at all. She further explained that if there

is a provider who has an excellent process for keeping records, collecting taxes, etc., in place then they might not be audited for some period of time. She added that this would be an opportunity to educate the providers - and it may also identify underpayment of taxes.

Councilor Jeffries stated that it made sense to go about the process in this manner; although it would be important to not let too much time elapse between audits.

Councilor Menke stated that to her, the education factor is very important. She agreed with the comments voiced by Councilor Jeffries.

Councilor Yoder asked how long an audit would take. Ms. Baragary stated that the auditors say a large motel could take upwards of a day; however, a vacation rental may take just a few hours.

Councilor Hill advised that as members of the Audit Committee, he and Councilor Menke had sat in on discussions on the matter. He believed the proposed ordinance was right in line and also gave staff the flexibility to put the City's resources where they are most needed. He added that the Visit McMinnville Board of Directors is in support. He pointed out that the ordinance was not punitive and would provide a training piece, especially for the small boutique bed and breakfasts and small motels.

Councilor Drabkin asked how often someone who is doing a great job would be audited. Finance Director Baragary explained that the intention is to audit every place every three years, minimally. Additionally, she advised that the payments and tax returns are due quarterly. Visit McMinnville feels that it is very important to "drill down" into the occupancy rates to determine the number of available rooms. She stated that this is an area staff feels it is important to focus education so the providers can better understand why it is important. Ms. Baragary explained that staff has attempted to model the City's form after one of the State's forms and instructions do accompany the form. She agreed that it was a pretty straightforward form. Councilor Hill agreed and pointed out that larger motels have software that is built into their national chains for completion of the tax forms. Smaller locations much complete the form by hand.

Councilor Drabkin referenced Chapter 5.10 line E - definition of lodging, and asked if there could be a possibility that transitional housing for the homeless, such as the Gospel Rescue Mission could qualify as a short term rental. She suggested that language be included to exclude these types of transitional housing.

City Attorney Koch pointed out that exemptions in the state statute include facilities providing treatment for drug and alcohol addictions; temporary human occupancy; and dwelling

units used for emergency or temporary shelter; and non-profit agencies are all exempt. Mayor Olson added that if the City does not follow the state's statutes, then it could become out of compliance with the state. City Attorney Koch noted that although the state collects taxes on campgrounds, the City wanted to exclude campgrounds, which is why they are specifically named as an exclusion. However, if it is the Council's desire to move away from the state statute, staff will come up with language to accommodate that wish. He also pointed out that if the City follows state statute and the state statute is amended, the City would automatically pick up the changes rather than having to come back to the Council each time there is an amendment.

Following additional discussion, Mayor Olson asked City Attorney Koch to read the ordinance by title only.

City Attorney Koch read by title only Ordinance No. 5003 amending the McMinnville Municipal Code provisions incorporating a Local Transient Lodging Tax (Ordinances No. 4994, 4974, and 4970). (No Councilor present requested that the ordinance be read in full.) The title of the ordinance was read for the second time.

Ordinance No. 5003 PASSED by a unanimous roll-call vote.

5

RESOLUTION

5 a

APPROVING ENTERING INTO A CONTRACT WITH TALBOT, KORVOLA AND WARWICK LLP: Finance Director Baragary advised that the City issued a Request for Proposals (RFP) to three different firms in March of this year for attestation services related to the Transient Lodging Tax. Only one firm, Talbot, Korvola and Warwick LLP, responded. The firm has a great deal of experience with these sorts of audits and the City has an excellent working relationship with Rob Moody, partner in the Talbot, Korvola Warwick LLP firm. The auditors will verify accuracy for the collecting, reporting, and admitting after which they will write a report on each audit completed. The fees associated with the first year of work will be \$21,000, based on the number of hours the firm is expecting to spend on each provider. Subsequent years will be \$16,500. The reason for the higher cost in the first year is that this year, the number of audits conducted will be higher.

Councilor Hill asked if the payment to Talbot, Korvola Warwick LLP would be paid by Visit McMinnville or the City. Ms. Baragary stated that after discussion with the City Attorney, it was determined that these administrative fees would be deducted from the total amount of tax collected; after which 70 percent would be allocated to Visit McMinnville and 30 percent to the City.

Councilor Menke MOVED to adopt Resolution No. 2016 - 17 approving entering into a contract with Talbot, Korvola and

Warwick LLP; SECONDED by Councilor Hill. Motion PASSED
unanimously.

6 ADVICE / INFORMATION ITEMS

6 a REPORTS FROM COUNCILORS ON COMMITTEE AND BOARD ASSIGNMENTS:
Each Councilor present gave a brief report.

6 b DEPARTMENT HEAD REPORTS: Each department head present gave
a brief report.

7 ADJOURNMENT: Mayor Olson adjourned the meeting at 8:04
p.m.

Rose A. Lorenzen, Recording Secretary