

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

Wednesday, March 21, 2018 at 5:30 p.m.

Presiding: Scott Hill, Mayor

Recording Secretary: Melissa Grace

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Kellie Menke	Alan Ruden
	Sal Peralta	
	Wendy Stassens	

Also present were City Attorney David Koch, City Manager Jeff Towery, Planning Director Heather Richards, Fire Chief Rich Leipfert, Police Chief Matt Scales, Police Captain Tim Symons, and Finance Director Marcia Baragary.

1. CALL TO ORDER: Mayor Hill called the meeting to order at 5:37 p.m. and welcomed all in attendance.

2. PLEDGE

Mayor Hill led the Pledge of Allegiance.

3. SUBCOMMITTEE FOR HOMELESSNESS PRESENTATION

Dan Bryant, Pastor of First Christian Church in Eugene, presented on SquareOne Villages. He explained how his church had a long history of assisting “the least of these,” including a clothing ministry, interfaith family shelter, car camping program, free breakfast, and warming center. They typically had 20,000 touches during the course of a year. He stated that homelessness was the greatest injustice since the time of Martin Luther King, Jr. Homelessness was not only a problem for the homeless but it was a problem for all. The problem was not the homeless, but a lack of shelter, adequate addiction services, support for families, and income. It was everyone’s problem. In Eugene they were engaging in creative solutions. One of the programs was rest stops that were sanctioned camping areas in the City limits. They provided a sleeping platform for a tent and a shelter to keep the rain and sun off and a centralized place for cooking. There was one rest stop

specifically for veterans at the Mission. The Mission Director explained that having their own space improved the psyche of the veterans. Another program was Opportunity Village which was built over nine months with volunteers and future residents. It was a gated community where 30-35 people lived and where the average stay was between 9-15 months. There were a few individuals who had been there for three years. He shared that the residents were required to attend a weekly meeting. There were 29 units that took \$212,000 to build. It cost about \$1,200 per month to operate, which was about \$5 per night per person. The villagers paid \$35 per month to help with utility costs. They were located on city owned property that had to be approved by the Council and it had been renewed twice since it was built. The city commissioned the University of Oregon to look at the effectiveness of the village, and the survey results showed that nearly 90% of neighboring residents and businesses were in support of the program. Rest stop and Opportunity Village residents indicated that living in the communities increased their self-confidence (69%), made them feel more independent (81%), and gave them a sense of community (92%). More than 70% of residents indicated that staying at the rest stop/village was helping them transition into permanent housing. The biggest problem was finding a way to help transition people out. There was a lengthy wait time for people to get housing through the Housing Authority and Section 8. Some had been waiting five to six years, and their health had deteriorated rapidly being on the streets. He discussed an example of affordable housing in Eugene where the homes were \$169,000 per unit. There was a desperate need for more housing like this, but in this area there were 700 chronic homeless. If they tried to provide affordable housing for those individuals and stripped out all of the amenities, it would cost \$125,000 per unit and if they paired two people up per unit it would cost \$44 million to build. It took them seven years to get the \$17 million to build the affordable housing project. The reality was they were never going to see the money needed to address the need. In his county they had 10,000 to 12,000 individuals who had been homeless at some point in the year. The next project underway in Eugene was Emerald Village. It was a project of 22 tiny homes all built to code. Because they were simple designs they could maximize the use of volunteers in the construction. There would be two ADA accessible units. The property was purchased in May of 2015 and construction began the summer of 2017. The residents were required to put in 50 hours of sweat equity. The project was about 80% complete and cost about \$1.7 million, which meant about \$75,000 to \$77,000 per home. The in-kind donations had been \$1.2 million. The first residents had moved in before Christmas. The only public contribution was the city covering \$120,000 in SDC waivers. A similar model was going to be built in Cottage Grove. They received a grant to purchase the property there and they were working on getting the remaining funds to build the project. His website, SquareOnevillages.org, included a tiny house village toolbox that was a roadmap for how to build a village. The goal was to enable citizens with minimal incomes to live affordably with

pride in their own homes. They wanted to give residents the pride, responsibility, and benefit of their own home. They were not renters, but were members of a co-op that leased the facility from a non-profit. Their membership had a \$1,500 value that they were paying off at \$50 per month. The rent was \$250 to \$350 per month which included membership, and after the membership was paid off, their rent would go down. They wanted to provide safe, affordable, attractive, and efficient housing for all of the members of the community.

Councilor Stassens asked about the application process for the residents.

Mr. Bryant explained that there was a vetting committee of community members that was supervised by a volunteer, and they did background checks. All of the residents were required to put in 10 hours a week of service in the transitional housing and 10 hours a month in the permanent housing. Applicants also had to show that they understood the community concept and could be a good member of the community. They also had to show that they had adequate income to pay the rent.

Councilor Stassens asked how they determined the location for these projects.

Mr. Bryant stated they looked at access to public transportation and shopping. The property needed to be fairly contained to create a community environment and it had to be affordable.

Councilor Stassens asked about additional resources to help residents get on their feet.

Mr. Bryant explained that there was a support committee that worked to support the villagers and there were mentors that worked with villagers one on one. All villagers had a transition plan and an intern assisted them with that plan. There was a 12 hour per week staff person in the village. Otherwise it was self-governed. They also worked with villagers to improve their income and money management. They did not have addiction services or mental health services as the vetting process prevented people with severe issues to get into this program.

Councilor Peralta asked how these programs helped reach the large number of homeless.

Mr. Bryant said the warming centers addressed about 250-300 people, which was open about 30 nights this year. The interfaith family shelter served 10-12 families at a time, so about 40-50 families during the course of the school year. The car camping program helped about 60 people, and the rest stop program served about 72 people. The transitional shelter served 30-35 people

and the permanent housing served 22 households. Some of these people were chronically homeless, particularly those who used the warming center, rest stop, and car camping programs. A significant number were being served, but if they were not in a shelter with heat and plumbing they were still considered as being unsheltered.

Council President Menke asked what it would take for McMinnville to start these types of programs.

Mr. Bryant explained how Eugene created a task force who developed recommendations to the city. The first was to create a legal place for people to be. Meanwhile his group was developing the concept of a sanctioned camp and proposed to the city how to do that. It was a combination of organizations getting together to figure out a way to address the need. They also needed to determine what the community would accept and support.

Mayor Hill stated that it started by finding partners that had a similar vision. The City had been looking at intermediate and long term affordable housing, which included tiny homes. It would take time to get where they needed to go. He thought it would be beneficial to look at how Mr. Bryant had structured his programs. They also needed to look into the community block grants that had been helpful in Eugene as well as other financial avenues. McMinnville had a heart that they would not just look the other way, but they would need partners to help. He noted that the City could be a partner but it could not drive the process. There needed to be entities that drove the process and the City and County could partner with them. It was a learning process.

4.

PRESENTATION ON VACATION HOME RENTALS

Finance Director Baragary explained that this would be a presentation on improving vacation home rental tax compliance. The project was developed with City Manager Towery, Planning Director Richards, Engineering Department, Finance Department, and PSU student Elizabeth Gray.

Elizabeth Gray, Portland State University MPA student, shared that the purpose of this work was to examine the current state of lodging tax collection in McMinnville, specifically tax collection from Airbnb's and VRBO's. They also wanted to understand best practices in tax recovery by talking with other communities. She compared the differences between hotel/motel/B&Bs, which had traditional regulations for signage, fire code, and certain zones, and sharing platforms which facilitated communication and payment between the host and guest and were typically in a residential zone. Why was this important to investigate? Knowing the locations of all vacation home rentals supported: visitor health and safety, broader planning efforts, neighborhood livability, and timely and accurate TLT collection. There were informational challenges such as where these were located,

especially with duplication across multiple platforms. She stated the goal of the project was to produce a point-in-time list of publicly advertised vacation rentals that might not be compliant with the City's permitting and tax requirements and to provide a comparative analysis relevant to Oregon jurisdictions. To find the properties she identified properties in the City limits, cross-checked permitted vacation home rentals, looked for easier identification such as home photos, assessor records, and Google maps, and if the address was still unclear, asked the host. She then logged the information for the Finance Department.

She noted that she found 19 properties that were actively operating as vacation home rentals and were not remitting tax to the City. She noted that the process she took was replicable, but was slow and tedious. She reached out to other communities with lodging tax, who were in the news for this type of work, used compliance software, had Airbnb collection agreements, or were of similar size and had a similar Airbnb and VRBO population. She spoke with Deschutes County, Tillamook County, Corvallis, Sisters, Gearhart, Hood River, and Bend. Hood River and Gearhart were using compliance software. The communities that had Airbnb collection agreements were Bend and Tillamook County. She noted that all of her discussions with these communities and their recommendations were listed in the report.

Ms. Gray reviewed State legislation related to lodging tax including HB 3180 which allowed the option for information sharing agreements between state and local governments, HB 2400 which allowed the option for an IGA with the Department of Revenue to collect local TLT, and HB 4120 which filled in the loopholes of HB 2656 by requiring any business facilitating retail sale of lodging to collect, file, and pay state and local TLT. She shared that HB 4120 would require all platforms (Airbnb, VRBO, and Vacasa, etc.) to collect, file, and pay Transient Lodging Tax. They would be required to collect the tax at the point of payment.

Ms. Gray provided four suggestions: contract with a short-term rental software solution, require by ordinance vacation home rentals/short-term rentals to list their permit/tax IDs in their advertisements, collaborate with the County on an educational campaign for likely second homes with property taxes, and subscribe to AirDNA for market data. She did not recommend a voluntary collection agreement with Airbnb's or other platforms, a County tax warehouse, or sharing code enforcement across the County to deal with this issue. She shared her reflections noting that everyone she contacted and worked with through the project was extremely helpful.

Mayor Hill noted that the money being collected through the TLT was going back out to help the community and to give businesses a level playing field.

Councilor Stassens asked about the different platforms and how they collected and remitted taxes to the City.

Discussion ensued regarding the options for how Transient Lodging Tax would be collected and remitted.

Councilor Garvin asked about those rentals that were not licensed, were they aware that they needed a license or were they deliberately avoiding the system.

Ms. Gray had not asked them that question. Planning Director Richards stated that of the 19 that were not permitted, 5 were in commercial zones and did not require a permit, 12 were Airbnb's and the Planning Department would reach out to them, and 1 was a vacation home rental that also needed to be contacted.

Councilor Garvin asked if there would be litigation on the implementation of the tax for Airbnb's and VRBO's.

Ms. Gray stated Airbnb's did not state they planned to sue over this issue, but had requested a year to figure out how to collect the tax. The legislature did not give them that year.

The Council thanked Ms. Gray for her work.

5.

DISCUSSION ON SPECIALTY BUSINESS LICENSES

Planning Director Richards stated that there had been discussion with the Stable Table, MDA, Chamber, and MEDP about developing a business licensing program. The types of business licenses included general business licenses, regulatory business licenses, and specialty licenses. Currently the Business License Code provided authority for business licenses to be renewed every year on January 1 and to focus on regulatory businesses. She displayed a list of current code requirements for licenses some dating back to the 1920s and described the types of businesses that needed a license. The proposal was to revamp the business license code by adding general business licenses, updating regulatory licenses, and adding specialty licenses. The reasons for the update were to improve public safety as it created a contact list and allowed for inspections related to life and safety issues, to create a business database that could be used to understand the business community, and to fund economic development/business support. There were 1,596 businesses in McMinnville, 976 businesses (62%) had less than four employees and four businesses had over 250-499 employees (0.25%). There were 14,951 employees in McMinnville. Of that number, there were 38.20% (5,712) that worked in services, 22.68% (3,391) that worked in retail, 11.64% (1,741) that worked in manufacturing, and 9.08% (1,358) that worked in

public administration. She shared that having a database allowed for the City to conduct an annual survey to gather useful data. She shared the results of the annual survey that was sent out with the business license renewals. The questions asked included the size of the business and staff found out many people worked from their homes. The survey also asked what type of business they owned or operated. Funding business support would include consumer data and workforce strategies. Staff recommended updating the regulatory licenses to better reflect today's businesses.

Fire Chief Leipfert explained that there were many instances where businesses came to the City and did not go through the business license process and were not in a building that was designed to code for that type of business. The Fire Department came around and did an inspection and business owners had to stop work and spend a lot of money so they could get up to code. If they had the touchpoint initially with Planning staff, that conflict would not have happened.

Fire Chief Leipfert discussed specialty business licenses. These licenses would be used for certain businesses generating the need for additional city services that would be subject to fees in addition to those imposed for a general business license. It would add care facilities and retain ambulance patient drug fees. Care facilities created a significant impact on the City ambulance service. The term care facility included independent living. There were currently 17 licensed care facilities in the City of McMinnville with space for 1,093 residents. This was 3% of the City's population and created 37% of the EMS call volume within McMinnville. Care facilities calls were 1,741 of the total 4,646 calls per year. The impact to the Police Department was \$1.1 million after medical insurance reimbursement. It consumed one full time ambulance and reduced 911 ambulance availability for other citizens. He shared the various options for cost recovery. For full recovery, it would cost \$1,002 per bed per year in the licensing fee to the care homes. A 116 bed facility would be charged \$116,317 annually. For partial recovery, it would cost \$300 per bed per year in the licensing fee. For a 116 bed facility, that would be an annual charge of \$34,800. The total funds recaptured would be \$329,100. A service charge would recover the full cost per call recovery and would be charged to the facility. Last year it cost \$1,155 per call. There were an estimated 400 calls per year to care facilities for someone who fell, felt sick, or had an altered level of consciousness, which he thought could be reduced after education and implementing the service charge.

Fire Chief Leipfert recommended using a partial cost recovery and a service charge when services were used inappropriately. He met with eight care facilities regarding these changes. The care facilities recognized the impacts they had on service and four liked the per bed fee. It was noted that 16 out of the 17 care facilities were owned by out of state corporations. That made it difficult to educate them on Oregon regulations and what services the care

facilities were supposed to provide. He asked Council for direction on these changes.

Council President Menke asked about cost recovery and if there would be additional costs to administer the program.

Planning Director Richards stated full cost recovery would be the \$1,002 per bed per year fee. She explained how the business license program could be implemented. The Building Department was transitioning to a new program called Accela which had a free business license module. It would centralize the permitting services in the Community Development Center, would continue to be an annual renewal process, and be cost neutral for administration. The next steps included: public notice and dialogue, bringing an Ordinance forward for Code Amendments to be effective July 1, 2018, and developing a fee schedule.

Councilor Garvin asked about the service calls to these facilities.

Fire Chief Leipfert said the majority were trip and fall calls. They were also called out for wound care, catheter work, and sickness. The state has stringent guidelines for what care facilities are supposed to be providing. They are supposed to be able to evaluate their patients for medical issues and injuries. He was recommending that if the Fire Department arrived and identified that the evaluation did not occur or there was no need for them to be there, they would send a bill for that call to the facility. The use of cost recovery for general services was normal, but it had not been used for care facilities before.

Councilor Peralta noted in looking at the numbers that they were getting \$400 per call and were \$600 short.

Fire Chief Leipfert explained it cost \$1,800 for the call, but they ended up billing \$440 due to the limitations from Medicare and Medicaid. Medicare/Medicaid paid 80 percent of that and the patient was responsible for the remainder.

Councilor Peralta thought the closer they could get to full cost recovery the better.

Council President Menke agreed with Councilor Peralta.

It was noted that the fees would be charged to the business, not the patient.

Councilor Garvin would like to see at least a 50 percent cost recovery on the bed fee and to try to change behavior through a service charge.

Mayor Hill noted that they were using General Fund money for these calls for service, and there was a high proportion of care facilities in McMinnville. Most other cities were collecting these fees and it would provide for better knowledge of the businesses in the City. It would be important to have open dialogue with the care facilities about these changes.

Planning Director Richards highlighted the public safety aspect of the business licenses as well.

Councilor Stassens stated that she was for full cost recovery and to have a dialogue with the care facilities.

City Manager Towery stated that businesses wanted certainty and this would help businesses know the requirements at the beginning so they would be aware of what their costs and issues would be.

6.

ADJOURNMENT

Mayor Hill adjourned the meeting at 7:42 pm.

s/s Melissa Grace
Melissa Grace, City Recorder