



CITY OF YACHATS

CITY COUNCIL WORK SESSION & REGULAR MEETING

June 5, 2019

Draft Minutes

I. Meeting Call to Order

Mayor W. John Moore called the June 5, 2019 work session and regular meeting of the City Council to order at 9:30 am in Room 1 of the Yachats Commons. Council members present: W. John Moore, Max Glenn, James Kerti, Jim Tooke, and Leslie Vaaler. Absent: none. Staff present: City Manager Shannon Beaucaire, Clerk Kimmie Jackson, and Facilities Manager Heather Hoen. Audience: 20.

II. Public Hearing: 2018/19 URA & City Budget, Shared Revenue Use

Mayor Moore announced the Public Hearing was postponed to June 19, 2019.

III. Work Session Discussion Topics

A. Vacation Rental Citizen Input

Mayor Moore asked Councilors for their input. Councilor Kerti favored leaving the regulation as is. Councilor Tooke suggested there were other opinions he wanted to hear before making a definitive statement. Councilor Glenn indicated he heard eleven points raised at the public input meeting. Glenn clarified that the moratorium was on a few very specific components of the licensing program, and he did not want to open the discussion up beyond these specific points. Councilor Vaaler stated the Council had a balancing between the “livability” issues for residents and the desires of vacation rental owners and those wanting licenses. Vaaler also raised the issue of water usage with vacation rentals.

Glenn summarized the issues he heard as follows:

1. Keep cap in place
2. Inheritance, grandfathering, or transfer at sale
3. Operating business in R-1 zones
4. Need for Enforcement
5. Economic value of licenses on home value
6. Operation of rentals without licenses
7. Possible categories of licenses
8. Licenses that are not active
9. Charging a license transfer fee upon sale of property

1 10. Third parties collect the city taxes

2 11. Creating formal waiting list for licenses

3
4 Glenn stated he wanted to keep the cap, to not reissue licenses to those who do not use them,
5 using software to check online listings, possibly starting a 5% of home value fee for transferring
6 license, keeping the \$1,000 per day fee for illegal renting, consider code enforcement personnel.

7
8 Kerti could be in favor of removing unused licenses, but wanted more information from owners
9 about why the owners do not have rentals. Regarding caps, Vaaler was interested in the number
10 of vacation rentals being used rather than the number issued and whether the City should have
11 different caps in different parts of the city. Mayor Moore recalled the cap of 125 arose because
12 the historical average had been around 120 to 125, and he wanted to know more from owners
13 who do not use their licenses. Mayor Moore added that the payments that come through third
14 parties do not break down the taxes by house, which would can complicate determining exactly
15 how many homes are active in renting.

16
17 Mayor Moore summarized he heard Council in agreement on having a cap, not necessarily the
18 number the cap should be, and needing to address unused licensed.

19
20 Manager Beaucaire indicates she talked to Host Compliance, a vacation rental online ad tracking
21 service, who reported they found 126 unique rental home listings appearing as a total of 307 ads
22 across 54 online short-term rental sites. The company also indicated the estimated compliance
23 rate was high in Yachats and suggested a permanent cap could lead to more non-compliance.

24
25 Tooke added that a full-time code enforcement officer would cost between \$3,300 to \$4,400 per
26 month for a union position and slightly more for one who does vacation rental code enforcement.
27 He summarized a represented, full-time position would cost from \$71,000 to \$95,600 annually.
28 Manager Beaucaire stated about 28% of transient rental taxes come vacation rentals, or \$31,640
29 annually, noting that would decrease as licenses go down with the cap. Tooke added that 39% of
30 that amount goes to Visitor Amenities Funds. Vaaler wondered how vacation rentals impacted
31 hotel capacities. Councilors discussed possible reasons why the current vacation rental
32 proportion was at 21%.

33
34 Councilors discussed the ramifications of having different caps in different areas of the city.
35 Vaaler reported she received mixed opinions of owners on Ocean View Drive. Mayor Moore
36 suggested renters have diverse requirements in a rental home. Tooke raised the argument that a
37 person expects that they should have a right to use their home as they wish and the position that a
38 person has a right to enjoy living in their home. Glenn speculated that the optimal vacation
39 rental housing stock has already been maximized.

40
41 Mayor Moore suggested the City Manager find out if there were legal matters to consider in
42 creating zone overlays for vacation rentals.

43
44 Vaaler noted there were similar issues faced by a person who inherits a home whether nor not it
45 had a vacation rental license. She provided an example of an inheritor who does not have a
46 vacation rental license wanting to rent the home as a vacation rental while the estate was in

1 probate or while they decided how they wanted to use the home. Glenn noted the loudest voices
2 for inheritance came from the owners of the larger vacation rental homes. Glenn favored a 5%
3 of value transfer fee to keep the vacation rental license in the event of sale or inheritance. Tooke
4 noted there was a significant misunderstanding among owners believing they could transfer the
5 license with a sale. Tooke stated if licenses were to be grandfathered, he would not favor a cap.
6 Kerti stated there should be some time for a new owners of a former vacation rental home to
7 apply for a license. Mayor Moore indicated some sort of transfer fee could benefit owners and
8 the city.

9
10 Vaaler noted new vacation rentals are limited to four bedrooms, and the homes with greater
11 bedrooms might need to be considered differently.

12
13 Councilors concurred that the \$1,000 per day fee for renting unlicensed homes should remain.

14
15 Manager Beaucaire reported the modules for monitoring from Home Compliance would cost
16 approximately \$10,000 per year. She indicated she would provide more cost information to
17 Council at the next work session.

18
19 Manager Beaucaire explained Lincoln County is looking into adding another Community
20 Enforcement Officer to help with enforcement in unincorporated areas. She stated she was
21 planning to meet with the department to get more information on how their programs were
22 working. Mayor Moore clarified that Manager Beaucaire was still discussing sharing the
23 services of code enforcement and planning.

24
25 Mayor Moore recalled the previous Council decided not to have a waiting list until the count got
26 to a certain number. Glenn was not certain of the value of creating a waiting list. Vaaler
27 suggested they could give those who have been waiting longer an edge but they would need to
28 advertise the list in a manner that reaches everyone. Kerti indicated they needed some means of
29 deciding who on the waiting list would get the available licenses. Tooke stated that people might
30 be looking for some form of certainty about where they stand.

31
32 Manager Beaucaire explained the state is reviewing legislation to help cities get more
33 compliance from third party rental companies. She indicated she would be checking with the
34 attorney about whether they could audit these rental situations.

35
36 Mayor Moore noted Council does have the option to extend the trial period of the ordinance if
37 they had not yet made a final decision.

38
39 Kerti expressed disfavor with licensing by neighborhoods or regions, noting it could get
40 extremely complicated and there could be so many ways to define the regions that could lead to
41 the perception of preferential treatment. Glenn and Mayor Moore concurred with Kerti's
42 argument.

43
44 Vern Simmons (102 Highway 101 S) asked if the fact that his view has been blocked by building
45 could be figured into his taxes. Mayor Moore suggested the gentleman talk to the County Tax
46 Assessor.

1
2 Bob King (902 Horizon Hill) suggested the city could save money by contracting rather than
3 hiring as a full employ so they do not have to pay benefits.
4

5 Duke Tracy (178 Yachats Ocean Road) raised the issue that an owner of a vacation rental, when
6 using their home themselves, must follow the same rules as a vacation renter. This policy limits
7 how many people the owner can have at their home, especially around holidays.
8

9 Tom Lauritzen (204 Shell Street) asserted that vacation rentals in a commercial zone not be
10 counted as part of the cap because they are essentially a business.
11

12 Ron Spiso (Lemwick Lane) recalled an instance of the City taking a homeowner to court over
13 using their home as a business and the home owner prevailed. He argued that license should be
14 transferrable and suggested the city survey vacation rental owners to determine how they feel.
15

16 Allison Albright (Lemwick Lane) argued that a 5% transfer fee would be too much and
17 suggested they have some installment plan.
18

19 **B. Feedback from Commissions and Request for Input** – not discussed
20

21 **REGULAR MEETING**

22 **IV. Announcements, Correspondence and Proclamations**

23 Mayor Moore announced Senator Merkley would be having a townhall in Newport on June 14,
24 2019 and he invited all Councilors to attend the 30-minute briefing before the townhall.
25

26 Mayor Moore announced a tour of the County Jail on three dates in July 2019 and asked
27 Councilors to RSVP to their emails.
28

29 **V. Public Comment (topics not on the agenda)**

30 Bob Bennett (196 Shell Street) asked when Item B on the work session would be addressed.
31 Mayor Moore indicated Council would address that after the vacation rental issue has been
32 settled.
33

34 Bob King (902 Horizon Hill) asked about opening the road that is blocked at the end of Horizon
35 Hill. He also noted the No Left Turn sign on River Road at Highway 101 was far back from the
36 intersection and suggested it be moved closer to the Highway.
37

38 Gary Hoffer (905 Horizon Hill) reported he talked to several neighbors who also want
39 emergency egress at the blocked end of Horizon Hill. Manager Beaucaire explained she was
40 talking to the engineer and the planner about easements and what could be installed.
41

42 Anthony Muirhead (77 Aqua Vista) announced Laughing Crab Gallery was having a grand
43 opening on June 8, 2019. Muirhead also gave an update on the business meetings and plans for
44 the Chamber of Commerce.
45

46 **VII. New Business**

1 **A. Public Works & Streets Commission Recommendation**

2 Mayor Moore stated the Public Works & Streets Commission had three recommendations to
3 Council:

- 4 1. Notify large users of over and under billings
- 5 2. Publish names of over and under billed accounts
- 6 3. Hire a company to complete a water rate study

7 Manager Beaucaire noted there was an exception to the public records to the second request
8 where these records cannot be disclosed.

9
10 Bob Bennet, Chair of the Public Works & Streets Commission, stated the Commission
11 recommend that someone notify the account holders. He asked for input on the role the
12 Commission would play in the hiring and work for the rate study. He provided an example of
13 how the base rates were increased to two units. He noted the Commission is charged with
14 reviewing the rate structure but had not direction on what they should be doing for the study.

15
16 Vaaler expressed concern that a community of 800 people and maybe 15 large users would
17 spend \$24,000 to figure how much to bill for water and sewer. Manager Beaucaire explained the
18 aspects of planning and maintenance that would be covered by a rate study. Vaaler suggested the
19 water master plan might include some of the things Manager Beaucaire stated. Bennett
20 suggested that the master plan included a list of projects. Mayor Moore noted these companies
21 provide solid rationale for pricing structure that can be understood by the rate payers. Manager
22 Beaucaire noted both the city attorney and the auditors recommend a third party doing the rate
23 analysis.

24
25 Vaaler suggested that Council direct the City Manager to negotiate a better bid on a study.
26 Mayor Moore noted the Budget Committee allocated the funds for the study. Vaaler wondered
27 why a water rate study would cost twice the amount of an accounting audit. Kerti indicated he
28 was not yet ready to approve the study and wanted more information.

29
30 Tom Lauritzen suggested the quickest way to drive volunteers away is to dismiss their
31 contributions. He suggested that Vaaler's point of duplicating the capital improvement aspect of
32 the plan in both the master plan and the water rate study. Lauritzen also noted these studies do
33 not make recommendations but only present options and those options have not changed.
34 Lauritzen suggested the City fix all of the clerical errors in the current system.

35
36 An audience member indicated he did a water rate study suggested the city look at principles
37 they want to include in the rates structure.

38
39 Bennett reported the Commission was recommending that the City send a letter to ODOT about
40 moving the speed limit further north on Highway 101 to accommodate the Fire Department
41 moving to the north end of town and the significant increase of residents on Diversity Drive with
42 the new housing complex. He also indicated they were suggested a marked crosswalk in that
43 area. He asked that the City send a letter to ODOT and copy the Fire Department on that letter.
44 Vaaler added that Laughing Crab now has a coffee shop and more people might go there if they
45 could safely cross the Highway.

1 Vaaler moved to direct the City Manager to draft a letter to ODOT requesting the repositioning
2 of the speed zone and installation of a marked cross walk on the north end of the city: Aye – 5;
3 No – 0.

4 5 **B. Resolution: Annual Review of Dahl Disposal Rates**

6 Glenn moved to approve Resolution 2019-78 adopting the rate structure from Dahl Disposal:
7 Aye – 5; No – 0.

8 Muirhead clarified there was not increase for the commercial properties. Muirhead asked the
9 City to look at other options as the Adobe found Florence had cheaper service for them but they
10 cannot use them due to this contract.

11 12 **C. Resolution: Red Flag Policy and Website Use Policy Updates**

13 Manager Beaucaire indicated the insurance provided a first document and Council had the city
14 attorney's revised version.

15
16 Vaaler moved to approve Resolution 2019-77 on identity theft and website use protection
17 programs: Aye – 5; No – 0.

18 19 **D. 2018/19 Audit Services**

20 Glenn moved to approve Resolution 2019-79 authorizing the City Manager to contract for audit
21 services:

22
23 Vaaler moved to amend Glenn's motion to correct a date on page 5 changing October 2018 to
24 October 2019:

25
26 Call for vote on motion and amendment: Aye – 5; No – 0.

27 28 **E. June 19, 2019 Council Agenda**

29 Mayor Moore noted the five items from the Public Hearing scheduled for this meeting be added
30 to the June 19, 2019 meeting. He also added "Recommendations on water study" to New
31 Business.

32
33 Vaaler asked that Council review their goals at the July 2019 Work Session.

34
35 Vaaler asked to have an agenda item to schedule a State of the City address. Mayor Moore noted
36 the State of the City has traditionally been in January both the past two years have had the State
37 of the City in April. He noted they are now putting summaries of Council activity in the
38 Newsletter and the City Manager is reporting more details of activity in her report. Kerti
39 suggested a goal of informing people and a goal of letting people know what the Council thinks
40 is important and what would be coming up. He favored having a State of the City as soon as
41 possible. Glenn was content with waiting until January.

42
43 Vaaler stated she heard the previous mayor say that he was required to give an annual financial
44 summary of the city. She also thought it would be good for the new Mayor and two new
45 Councilors to have visibility at a city event. Vaaler suggested they advertise the event and get
46 the information in the July Newsletter.

1
2 **Kerti moved to approve the June 19, 2019 Council Agenda as amended: Aye – 5; No – 0.**
3

4 **IV. Other Business**

5 **A. From the Mayor - none**

6 **B. From the Council**

7 Glenn reported the Secretary of Agriculture proposed moving the Angell Job Corps from the
8 Forest Service to a private company and Senator Merkley's office was working to reject this
9 proposal.

10
11 **C. From Staff - none**
12

13 With no further business before Council, Mayor Moore adjourned the meeting at approximately
14 11:48 am.
15

16 **PUBLIC HEARING**

17 Mayor Moore opened a Public Hearing on a citizen request for a water rate adjustment at 11:53
18 am.
19

20 Mayor Moore stated the individual requesting the hearing was not present. Glenn asked for
21 clarity on what was before Council. Glenn asked about the information on blighted properties.
22 Manager Beaucaire stated Mr. Bernard provided that information. Council wanted to postpone
23 the hearing until Mr. Bernard could be present.
24

25 Manager Beaucaire asked if Council had direction on whether the outstanding balance on the
26 water bill be partially paid by the continued hearing date. Vaaler stated she believed the bill
27 should be paid in full (with the amount indicated to be forgiven). Tooke clarified the current bill
28 was for approximately \$2,700.
29

30 **Council voted to direct the City Manager to send a 7-Day Notice to the water user requesting**
31 **payment in full: Aye – 5; No – 0.**
32

33 Council set a date of June 12, 2019 at 10:00 am to continue the hearing.
34

35 Mayor Moore adjourned the Public Hearing at 12:00 pm.
36
37
38
39

40 _____
41 W. JOHN MOORE, Mayor

42 ATTEST:
43
44

45 _____
46 Shannon Beaucaire, City Manager

Date