

**CITY of LA GRANDE
City Council Regular Session
Wednesday, October 5, 2022**

**Council Chambers
La Grande City Hall
1000 Adams Avenue**

AGENDA

The meeting will be available for viewing via the City's scheduled Charter Communications channel 180 that will begin at 6:00 p.m. on October 5, 2022, on the La Grande Alive website at <https://eoalive.tv/city-events/> or on the Eastern Oregon Alive.TV Facebook page at <https://www.facebook.com/EOAliveTV>.

1. WELCOME to this REGULAR SESSION of the LA GRANDE CITY COUNCIL

- a. Call to Order
- b. Pledge of Allegiance
- c. Roll Call

- Per ORS 192.670(1), some Councilors may be participating in this Regular Session by electronic communication.

2. AGENDA APPROVAL

3. CONSENT AGENDA

The Consent Agenda includes routine items of business which may be approved by one Motion of the Council. Any Councilor so desiring may by request remove one or more items from the Consent Agenda for Individual consideration under the Unfinished or New Business portion of the Agenda.

- a. **Consider:** Approving Regular Session Minutes; September 7, 2022
- b. **Consider:** Ratifying 2021-2022 City Manager Evaluation

4. PUBLIC COMMENTS

Those individuals who wish to address the Council in connection with any item which is printed on tonight's Agenda may do so during the time that item is under discussion by the Council. Individuals wishing to speak to the Council about non-Agenda items may do so during this Public Comments portion of the Agenda. Please print your name and address on the Public Comments Sign-in Sheet, located on the podium. When addressing the Council, speak loudly and clearly into the Podium microphone, and state your name. Persons interested in providing virtual public comments shall contact City Staff at sstockhoff@cityoflagrande.org or by calling the City Recorder at (541) 962-1309 not later than 5:00 pm the day prior to meeting to make arrangements. In the event the Mayor does not announce a time limit for comments, each speaker is asked to confine their comments to three minutes in length, whether the comments are in-person or virtual.

5. PUBLIC HEARINGS

- a. **Consider:** Ordinance, Second Reading: Public Hearing; Establishing Time, Place and Manner Restrictions on Psilocybin Service Centers and Manufacturing of Psilocybin Products [Boquist]
- b. **Consider:** Ordinance, Second Reading: Public Hearing; Establishing Temporary Moratorium on Bed and Breakfast Inns [Boquist]

6. UNFINISHED BUSINESS

7. NEW BUSINESS

- a. **Consider:** Resolution; Allocating American Rescue Plan Act Funding to Specific Projects [Strope]

8. UNION COUNTY COMMISSIONER'S UPDATE

9. STAFF COMMENTS

10. CITY MANAGER COMMENTS

11. CITY COUNCIL COMMENTS

12. ADJOURN TO URBAN RENEWAL AGENCY REGULAR SESSION

Stacey M. Stockhoff
Acting City Recorder

The City Council is currently scheduled to meet again in a Regular Session on Wednesday, November 2, 2022 at 6:00 p.m. The City Council of the City of La Grande reserves the right to convene an Executive Session for any purpose authorized under ORS 192.660. Persons requiring special accommodations who wish to participate in the City Council Meeting are encouraged to make arrangements prior to the meeting by calling 541-962-1309. The City of La Grande does not discriminate against individuals with disabilities.

CITY of LA GRANDE

COUNCIL ACTION FORM

Council Meeting Date: October 5, 2022

PRESENTER: Robert A. Strobe, City Manager

COUNCIL ACTION: CONSIDER CONSENT AGENDA

- 1. MAYOR: Request Staff Report
- 2. MAYOR: Entertain Motion

Suggested Motion: I move we accept the Consent Agenda as presented.

OR

Suggested Motion: I move we accept the Consent Agenda as amended.

- 3. MAYOR: Invite Council Discussion
- 4. MAYOR: Ask for the Vote

EXPLANATION: A Consent Agenda includes routine items of business with limited public interest, which may be approved by one Motion of the Council. Any Councilor may, by request, remove any item of business from the Consent Agenda.

- a. **Consider:** Approving Regular Session Minutes; *September 7, 2022*
- b. **Consider:** Ratifying 2021-2022 City Manager Evaluation

Reviewed By: (Initial)

City Manager _____

City Recorder _____

Aquatics Division _____

Building Department _____

ED Department _____

Finance _____

Fire Department _____

Human Resources Dept _____

Library _____

Parks Department _____

Planning Department _____

Police Department _____

Public Works Department _____

COUNCIL ACTION (Office Use Only)

- Motion Passed
- Motion Failed; _____
- Action Tabled: _____
Vote: _____
- Resolution Passed
Effective Date: _____
- Ordinance Adopted
First Reading: _____
Second Reading: _____
Effective Date: _____

CITY of LA GRANDE
City Council Regular Session
September 7, 2022

Council Chambers
La Grande City Hall
1000 Adams Avenue

MINUTES

COUNCILORS PRESENT:

Stephen E. Clements, *Mayor*
Gary Lillard, *Mayor Pro Tem*
John Bozarth, *Councilor*
David Glabe, *Councilor*
Mary Ann Miesner, *Councilor*
Nicole Howard, *Councilor*
Justin Rock, *Councilor*

COUNCILORS ABSENT EXCUSED:

STAFF PRESENT

Robert Strope, *City Manager*
Kayla Brainerd, *Assistant to the City Manager*
Stacey Stockhoff, *Acting City Recorder*
Gary Bell, *Police Chief*
Michael Boquist, *Community Development Director*
Carrie Bushman, *Library Director*
Kyle Carpenter, *Public Works Director*

**CALL TO ORDER/PLEDGE OF ALLEGIANCE/
ROLL CALL/AGENDA APPROVAL**

Mayor CLEMENTS called to order this Regular Session of the Council at 6:00 p.m. Roll Call was taken and a quorum was determined to be present.

Mayor CLEMENTS announced that the City Council would meet in Executive Session pursuant to ORS 192.660(2)(i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public office, employee or staff member who does not request an open hearing.

CONSENT AGENDA

- a. **Consider:** Approving Regular Session Minutes;
August 3, 2022
- b. **Consider:** Approving OLCC Liquor License;
Tequila's Mexican Restaurant

The following Motion was introduced by ROCK; MIESNER providing the Second:

MOTION

MOTION: I move that we accept the Consent Agenda as presented.

VOTE

MSC. (unanimous)

PUBLIC COMMENTS

Chief BELL introduced newly hired La Grande Police Officer Benjamin JOHNSON and gave a brief background summary on his career and education. JOHNSON was scheduled to attend the Basic Police Academy in December, 2022. BELL mentioned the La Grande Police Department was now fully staffed.

PUBLIC HEARINGS

- a. **Consider:** Ordinance, First Reading:
Public Hearing; Establishing Time, Place
and Manner for operation of Psilocybin
Service Centers and Manufacturer

Mayor CLEMENTS announced that the Public Hearing was open at 6:05 p.m. and asked Acting City Recorder STOCKHOFF to read the Rules of Order in their entirety.

STAFF REPORT

Mayor CLEMENTS requested the Staff Report.

Michael BOQUIST, *Community Development Director*

BOQUIST stated during the Regular Session of August 3, 2022, the City Council adopted Ordinance 3256, Series 2022, declaring a ban on psilocybin service centers and the manufacturing of psilocybin products within the City of La Grande; and referred said Ordinance and question of establishing a full ban to the voters at the November 8, 2022, Statewide General Election. Given the uncertainty of the outcome of the November vote regarding the proposed ban, City Staff recommended the City Council proceed with the process to establish time, place, and manner regulations for such facilities.

BOQUIST explained that if the November election resulted in a "No" vote, businesses engaged in the manufacturing, delivery, and administration of psilocybin may begin applying for permits to operate within the City of La Grande in January, 2023. In preparation for this potential election result and as discussed above, Staff recommended that the City Council consider establishing time, place and manner regulations as provided in ORS 475A.530, to minimize potential adverse impacts to adjacent properties and land uses that may be incompatible with such facilities. The proposed Ordinance was modeled after the City's Land Development Code Ordinance, Article 3.21, establishing time, place and manner regulations for marijuana related facilities.

BOQUIST further explained that if the November election resulted in a "Yes" vote and a ban was imposed, the time, place, and manner regulations applicable to psilocybin related businesses being proposed in the Ordinance would not be applicable until such time as the ban was repealed.

Following were the proposed standards for psilocybin service centers and the manufacturing of psilocybin products:

- A. **Location.** *Psilocybin service centers and the manufacturing of psilocybin products, measured from the real property boundary on which the facility is sited, shall not be located:*
1. *Within 1,000 feet of the real property comprising a:*
 - a. *Public or private preschool, elementary, secondary or career school attended primarily by minors; or,*
 - b. *Public library; or,*
 - c. *Public Park; or,*
 - d. *Community recreation facility attended primarily by minors; or*
 - e. *Participant sports and recreation facility attended primarily by minors; or,*
 - f. *Licensed daycare center.*
 2. *Within 1,000 feet of the real property boundary comprising a psilocybin service center and/or a business engaged in the manufacturing of psilocybin products.*
- B. **Residential Uses.** *Psilocybin service centers and the manufacturing of psilocybin products shall not be located on a property with a residence or a mixed-use property that includes a residence, including a caretaker's residence.*
- C. **Hours.** *Psilocybin service centers and the manufacturing of psilocybin products shall not operate between the hours of 8:00 p.m. and 8:00 a.m. Psilocybin service centers and the manufacturing of psilocybin products on properties with no other businesses, uses, or other patron activity are exempt from this restriction.*
- D. **Public View.** *All doorways, windows and other openings of psilocybin service centers and businesses engaged in the manufacturing of psilocybin products shall be located, covered or screened in such a manner to prevent a view into the interior from any exterior public or semipublic area.*
- E. **Lighting.** *Primary entrances, parking lots and exterior walkways shall be clearly illuminated with downward facing security lighting to provide after-dark visibility to employees and patrons. Fixtures shall be designed and located so the light patterns overlap, but do not cast light beyond the property boundaries, except over pedestrian areas within a public right-of-way.*

- F. Storage. All storage shall be located within a permanent building and may not be located within a trailer, tent or motor vehicle. Outdoor storage of any material associated with psilocybin service centers and the manufacturing of psilocybin products is prohibited.**
- G. Odors. Psilocybin service centers and the manufacturing of psilocybin products shall use an air filtration and ventilation system designed to ensure, that psilocybin related odors are confined to the premises and are not detectible beyond the property boundaries in which the facility is located.**
- H. Secure Disposal. Psilocybin service centers and businesses engaged in the manufacturing of psilocybin products must provide for secure disposal of psilocybin remnants or by-products; psilocybin remnants or by-products shall not be placed within the facility's exterior refuse container.**

The following was information provided to the City Council during the Regular Session of August 3, 2022, when they voted to place the question of a ban on the November ballot:

- A. In November 2020, Oregon voters (56%) approved Ballot Measure 109, known as the Oregon Psilocybin Service Act which allows for the manufacturing, delivery and administration of psilocybin at supervised, licensed facilities.**
- B. Psilocybin mushrooms are wild or cultivated mushrooms that contain psilocybin, a naturally occurring psychoactive and hallucinogenic compound that produce changes in perception, mood, and cognitive processes.**
- C. ORS 475A.235 provides that the Oregon Health Authority (OHA) will regulate the manufacturing, transportation, delivery, sale and purchase of psilocybin products and the provision of psilocybin services in the State.**
- D. The OHA has initiated a rulemaking process and intends to begin accepting applications for proposed facilities, beginning on January 2, 2023.**
- E. The OHA has not completed the rulemaking process for implementing the State's psilocybin program and there are still a lot of things unknown about the regulation process.**
- For instance, there was nothing known so far about how the OHA will regulate the administration of psilocybin so as to prevent DUIs when persons leave the service centers.
 - Additionally, the criteria for dosage levels have not been released.

- The State can impose a 15% tax on the sale of psilocybin products, but a municipality cannot impose a local tax.

BOQUIST stated because of the unknown elements of the rulemaking process, city staffs throughout the State do not know how the manufacturing, delivery and administration of psilocybin at supervised, licensed facilities would occur within city jurisdictions.

In response to MIESNER's question, BOQUIST clarified the difference between the two (2) line items listed under the "Location" section; line item one (1) covered buildings with services for minors where line item two (2) was a separation from other facilities that were not children-oriented establishments. Mayor CLEMENTS also explained that there cannot be two (2) service centers within 1,000 feet of each other.

PUBLIC TESTIMONY

None

COUNCIL DISCUSSION

LILLARD commented that he was curious if his comments made at the City Council Regular Session Meeting held on August 3, 2022, during the discussion on the Ordinance for declaring a ban on Psilocybin Service Centers, had any effect towards how a few of the Councilors decided to vote and do they need to be taken into consideration for discussion on this topic, to which Mayor CLEMENTS stated his vote at the last council meeting on the full ban of Psilocybin services would not have any influence on how he votes for the Time, Place and Manner Ordinance for Psilocybin services.

MIESNER asked under what circumstances would this Ordinance go into effect, to which BOQUIST explained regardless, whether the ballot measure passed or failed, if this Ordinance would be adopted next month, it would go into effect. This Ordinance would only be relevant if the ballot measure failed, meaning no ban would be in place on Psilocybin services within city limits.

Mayor CLEMENTS announced that the Public Hearing was continued to October 5, 2022, at which time the proposed Ordinance was scheduled to be read a Second Time by Title Only and considered for Adoption.

Upon Mayor CLEMENTS' request, Acting City Recorder STOCKHOFF read the proposed Ordinance by Title Only.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY, OREGON, ESTABLISHING TIME, PLACE AND MANNER RESTRICTION ON PSILOCYBIN SERVICE CENTERS AND THE MANUFACTURE OF PSILOCYBIN PRODUCTS; AND DECLARING AN EFFECTIVE

DATE

- b. Consider: Ordinance, First Reading:
Public Hearing; Establishing a Temporary
Moratorium on Bed and Breakfast Inns

Mayor CLEMENTS announced that the Public Hearing was open at 6:13 p.m. and asked Acting City Recorder STOCKHOFF to read the Rules of Order in their entirety.

STAFF REPORT

Mayor CLEMENTS requested the Staff Report.

Michael BOQUIST, *Community Development Director*

BOQUIST reported that the City Council and Planning Commission held a Joint Work Session on August 8, 2022, to discuss the possibility of pursuing a temporary moratorium which would limit new Bed and Breakfast Inns (BnBs).

BOQUIST mentioned as discussed during the Work Session, over the past 2+ years, since early 2020, the Planning Commission had considered twenty-eight (28) BnB applications, which had resulted in the conversion and removal/loss of twenty-four (24) dwelling units from the City's housing stock or inventory (rentals and home ownerships). The frequency of applications being submitted and the loss of housing had been concerning to the Planning Commission.

BOQUIST stated in 2019, the City of La Grande completed a Housing Needs Analysis (HNA), which was adopted by the City Council into the Goal 10 Chapter of the City's Comprehensive Plan Ordinance in 2020. The HNA identified that La Grande had a shortage of needed housing, with a need for seven hundred ninety-five (795) new dwelling units over the next twenty (20) years, by the year 2040. This included a need for three hundred thirty-six (336) single-family dwelling units, one hundred fifteen (115) duplex dwelling units, two hundred (200) multi-family dwelling units, and one hundred forty-four (144) other group housing dwelling units.

When broken down into annual targets or goals, the following was the breakdown of housing types, inventory needed per HNA, quantities of new housing built, quantities of housing lost to BnBs, and overall gain/deficit:

- Single-family dwellings (16.8/year = 50.4 needed in 2020-2022 = 336 total 20-year need)
 - Gained 26 new dwelling units
 - Lost 18 dwelling units to BnBs
 - Total: Gained 8 dwelling units towards HNA 2020-2022 goal.

- 42 units short of 3-year goal.
- Approximately 2+ year setback in housing production.
- Duplexes (5.75/year = 17.25 needed in 2020-2022 = 115 total 20-year need)
 - Gained 6 new dwelling units (6 duplexes)
 - Lost 2 dwelling units to BnBs
 - Total: Gained 4 dwelling units towards HNA 2020-2022 goal.
 - 13 units short of 3-year goal.
 - Approximately 2+ year setback in housing production.
- Multi-Family (10/year = 30 needed in 2020-2022 = 200 total 20-year need)
 - Gained 97 – 17 new completed MF units w/ 82 new MF units under construction
 - Lost 3 to BnBs
 - Total: Gained 64 dwelling units towards HNA 2020-2022 goal.
 - 34 units additional
 - Approximately 2 years ahead of schedule.
- Other: MH Parks & Group (7.2/year = 21.6 needed in 2020-2022 = 144 total 20-year need)
 - No change.

BOQUIST noted that in early 2021, the Planning Commission and City Council expressed a commitment toward addressing needed housing through the adoption of a Housing Production Strategy (HPS). The HPS provided a list of recommended strategies that the City could take to promote the development of needed housing in the City. The first seven (7) strategies required amendments to the City's Land Development Code Ordinance, which were intended to encourage the production of needed housing. Other strategies were policy/program related that involved developing incentives.

To further emphasize the City's commitment to address needed housing, during the Council 2022 goal setting retreat, BOQUIST stated that the Council emphasized the importance of continuing to pursue solutions to the housing shortage in La Grande per the City's adopted HNA and HPS. It was noted that the lack of adequate housing had an adverse impact on the ability of local businesses to recruit staff.

BOQUIST mentioned as a result of the recent adoption of the HNA and HPS, and the City Council's emphasis on pursuing solutions to address the City's housing shortage, the Planning Commission arranged for the August 8, 2022, Work Session with the City Council to discuss the

Commission's concerns regarding how Bed and Breakfast Inns may compromise the residential character of neighborhoods, and more importantly, adversely impact the City's needed housing inventory as a result of slower than anticipated residential growth due to various economic factors. Such concerns have resulted in the Planning Commission raising the question of whether or not to establish a temporary moratorium on the permitting of new Bed and Breakfast Inns. As a result of Work Session discussions, by consensus of the City Council, staff was directed to schedule a public hearing to consider this matter during the City Council's Regular Session on September 7, 2022, limited to a temporary moratorium only on the conversions of entire dwelling units from full-time single-family dwellings to vacation rentals.

With regards to process, to establish a moratorium, BOQUIST informed that notice was required to be provided to the Oregon Department of Land Conservation and Development at least 45-days prior to the final public hearing, in accordance with ORS 197.520(1)(a). Notice was provided to the State on August 15, 2022, which puts the final public hearing on the City Council's October 5, 2022, Regular Session agenda.

BOQUIST noted that to provide the public an opportunity to learn about the proposed temporary moratorium and to participate in the public hearings to consider this matter, the City elected to hold two (2) public hearings with the first public hearing and first reading of the Ordinance scheduled for September 7, 2022. The second public hearing on this proposed Ordinance was scheduled for October 5, 2022, at which time the Ordinance would be read for the second time and considered for adoption. Public comments would be accepted at both public hearings.

BOQUIST stated that the proposed Ordinance was drafted with an Emergency Clause, causing the Ordinance to go into effect immediately upon its passage on October 5, 2022. The purpose of this emergency clause was to minimize the additional loss of needed housing through new land use application submittals to convert dwellings to Bed and Breakfast Inns. All land use applications submitted prior to the effective date of the Moratorium Ordinance were not subject to the terms of the Ordinance.

In response to Mayor CLEMENTS' statement regarding changing the verbiage from Air BnB's to temporary rentals, BOQUIST stated the City referred to short-term rentals as BnBs due to our City Code from 1993. Vacation rentals, Airbnb, and traditional Bed and Breakfast Inns were all defined exactly the same per City Code. The City planned to amend the terminology in the Code to refer to BnBs as

short-term rentals to keep up with how the industry has changed.

HOWARD asked what was considered a short-term rental, to which BOQUIST stated a short-term rental was anything that was rented out thirty (30) days or less. Anything rented over thirty (30) days was considered a long-term rental.

Mayor CLEMENTS asked if the partial moratorium was only on single-family dwellings that might be brought forward for use as a Bed and Breakfast Inn, to which BOQUIST noted it could be any existing unit converted to a short-term rental that was not owner occupied. A daylight basement or accessory dwelling unit would not be included in the moratorium.

In response to Mayor CLEMENTS request for clarification on the duration of the temporary moratorium, BOQUIST stated the proposal was based on state law that allowed a temporary moratorium to be in place for one-hundred twenty (120) days. Prior to the expiration, an additional one-hundred twenty (120) day extension on the moratorium could be approved by the City Council to allow the City time to complete the Code adoption process.

Mayor CLEMENTS asked why a duplex was counted as two (2) dwellings lost due to the conversion of BnBs, explaining that an owner could live in one side and rent out the other, to which BOQUIST explained even though the units were connected, they were considered separate dwelling units. It would not be any different than a homeowner who owned multiple properties around town and rented them out.

In response to Mayor CLEMENTS question, BOQUIST mentioned an accessory building was not defined under state law as a dwelling unit the same as a duplex or a house. It had special considerations. The City was not allowed to count it as a dwelling unit for land use purposes. For code purposes, it was just an accessory to the house, no different than a garage or shed.

MIESNER asked if an accessory building would be assigned a different address if it were rented out, to which BOQUIST stated not necessarily.

Mayor CLEMENTS asked about the loss of three (3) multi-family dwellings to BnB conversions from the data provided and what that meant, to which BOQUIST specified if an apartment complex had ten (10) to twenty (20) units, three (3) units could be designated as BnBs. The City allowed up to five (5) guest bedrooms for a BnB, so depending on zoning, per City code, someone who owned a multi-family dwelling could only rent out five (5) bedrooms, not units, as BnBs. The same code would apply to duplexes. When

someone applied for a Conditional Use Permit, part of the information required was how many bedrooms were in the dwelling.

MIESNER asked if the Ordinance being proposed was only for new applicants, to which BOQUIST noted that was correct and it would not affect anyone who was already approved for a Conditional Use Permit.

If the temporary moratorium Ordinance should pass, LILLARD asked if there would be a waiting period before it was implemented, to which BOQUIST stated that the Council would be making that decision next month. Process wise, under State Law, a forty-five (45) day notice had to be provided to the State which was why the Council would wait to make that decision at the City Council Regular Session Meeting on October 5, 2022. At that meeting, Council would be asked to consider an emergency clause to implement the moratorium effective immediately, to prevent the loss of any additional housing. If it passed without the emergency declaration, there would be a thirty (30) day waiting period before it would go into effect. The Planning Department would continue accepting applications until the effective date of the moratorium.

LILLARD asked if there were other communities within the State that already have a moratorium in place and what they had been experiencing, to which BOQUIST expressed he cannot speak to what other communities have experienced, but there were several communities that had moratoriums in place, most of which have an emergency clause put into their Ordinance. There were also several cities in the process of establishing a similar moratorium. Some of the cities he had communicated with were looking at full bans, not just a partial ban like the City of La Grande was looking to implement.

PUBLIC TESTIMONY

Bill RILEY submitted a written testimony prior to the meeting; a copy of which is now a permanent document in the master file for this Regular Session and by this reference incorporated herewith as if fully set forth. RILEY voiced support for the moratorium as he felt the City Code was confusing and needed updated. He expressed concern for BnBs that were not owner occupied.

Mayor CLEMENTS asked for clarification that RILEY had two (2) BnBs in his neighborhood, to which RILEY stated yes, and an application for a third one was recently submitted.

Bev CALDER, owner of Bella Mercantile in La Grande and Baker City, voiced support for the moratorium from the perspective of an employer. She felt housing was a big issue among small business owners who have employees that had difficulty finding a house to live in. While she

understood that BnBs were great for tourism, she expressed the need to protect the available housing needed within our community for those who need a place to live.

Cassiopaia SMITH voiced she does not feel the need for a moratorium, but agreed that certain regulations need to be put into place, especially when it comes to units in apartment buildings being converted to BnBs. She stated a benefit of using a site like Airbnb, was the owner could choose whom to rent their space out to based off their reviews.

Monica MCLAUGHLIN was currently seeking to operate a BnB out of a downstairs bedroom space and was aware that this moratorium would not specifically apply to her application. She worked at Hot Lake Hotel and stated they rent out their units on the Airbnb website. She agreed with SMITH's comment in regards to the benefit of selecting potential renters based off reviews from the Airbnb website whereas you would not have the capability to do that with a long-term rental. She also worked for the Chamber of Commerce and for tourism purposes, felt more short-term rentals downtown would be ideal for people wanting to experience downtown La Grande.

Mayor CLEMENTS stated he does not rent through Airbnb often, but did not realize the impact from the ratings that people were given could impact a future host's decision to allow them to rent the space or not. Unfortunately, not all short-term rental sites have the same rating system.

MIESNER asked how many BnBs were located in downtown La Grande, to which MCLAUGHLIN noted she would be operating a short-term rental in the downtown area in the next month, but she was unclear of the exact number. The map on Airbnb only showed approximate location of where the Airbnb was located, but not the exact location, to which STROPE stated that the only way to know the exact address of each property would be to book the rental, otherwise the map would only show the general location of where the properties were located based off the dates selected to rent.

COUNCIL DISCUSSION

GLABE asked how many short-term rentals were currently in La Grande, to which BOQUIST noted the exact number was unknown, but the Planning Department had approximately thirty (30) permit applications that had been approved.

BOZARTH asked if the owner of a short-term rental paid room tax, and if so, who kept track of that, to which BOQUIST explained short-term rentals were required to pay Transient Room Taxes (TRT). The Finance Department kept track of those taxes. At times it could be challenging

because not every short-term rental paid the TRT like they were required to do.

In response to BOZARTH's question, BOQUIST stated the Finance Department periodically checked online and would discover that some short-term rental hosts have not applied for a permit; in that case, the host would be advised of the process and in turn, would get permitted and then start paying TRT.

HOWARD commented the logistics of going through five (5) short-term rental platforms for all dates would be time consuming, to which BOQUIST added unless the property was booked, you would not know the exact location. Some properties could be recognized based off pictures, but there were still some properties that could potentially be rented and who have not been approved or applied for a permit. Mayor CLEMENTS added that the process needed a better solution for tracking these properties.

Mayor CLEMENTS asked how long a Conditional Use Permit was valid for, to which BOQUIST noted as long as the person was exercising that permit, the permit would not expire. A Conditional Use Permit stayed with the property and would transfer to the next owner(s) as long as the new owner continued to exercise the permit. If a Conditional Use Permit usage discontinued, the permit would expire after one (1) year.

BOQUIST clarified that BnBs located in a commercial zone were not impacted by the proposed moratorium. Those types of applications do not go to the Planning Commission for approval because a lodging use was permitted outright in all commercial zones.

In response to Mayor CLEMENTS question regarding The Observer apartment complex, BOQUIST confirmed that this particular apartment complex was located in a residential zone.

HOWARD asked if one-hundred twenty (120) days was the maximum amount of time to request for the temporary moratorium, to which BOQUIST stated yes. One-hundred twenty (120) days was written in law and at the end of the one-hundred twenty (120) days, assuming the conditions continued to exist as well as making progress towards a solution, an extension could be filed.

Once the initial one-hundred twenty (120) days was due to expire, GLABE asked if the Planning Department anticipated requesting an additional five (5) to six (6) months to implement the changes, to which BOQUIST explained a code amendment process usually required that amount of time to be completed. Depending on when the code

amendment process would start, a shorter extension could be asked for.

BOQUIST mentioned the Planning Commission was scheduled to meet on Tuesday, September 13, 2022. They had one (1) BnB application to be considered as well as two (2) more BnB applications scheduled for consideration at the October meeting.

Mayor CLEMENTS announced that the Public Hearing was continued to October 5, 2022, at which time the proposed Ordinance was scheduled to be read a Second Time by Title Only and considered for Adoption.

Upon Mayor CLEMENTS' request, Acting City Recorder STOCKHOFF read the proposed Ordinance by Title Only.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY, OREGON, ESTABLISHING A TEMPORARY MORATORIUM ON BED AND BREAKFAST INNS; AND DECLARING AN EMERGENCY

UNFINISHED BUSINESS

None

NEW BUSINESS

- a. Consider: Awarding Bid for Grind and Inlay Project; Gekeler Lane

STAFF REPORT

Mayor CLEMENTS requested the Staff Report.

Kyle CARPENTER, Public Works Director

CARPENTER stated that the Parking, Traffic Safety and Street Maintenance Advisory Commission (PTSSMAC) established a priority list of street projects that required maintenance and/or reconstruction. During the 2022-2023 City Budget process, \$473,638 of funding was designated from the General Fund for this specific project: \$357,574 from the URA Under Levy, and \$116,064 unanticipated increase in General Fund cash. \$48,262 in STP funds was also budgeted for a total of \$521,900.

CARPENTER noted that City staff advertised for competitive bids and received two (2) qualified bids, with the low bid of \$517,615 from High Desert Aggregate and Paving of Redmond, Oregon. The project would rehabilitate the roadway driving surface of Gekeler Lane from 4th Street to Aries Lane. Work associated with the project consisted of approximately 13,000 square yards of cold plane pavement removal to an average depth of 3 inches, followed by placement of up to 3,155 tons of Level 2, ½ inch asphalt concrete pavement (ACP) mixture. The contract included the removal and disposal of all grind material, furnishing and placing all materials, and for furnishing all equipment,

labor, and incidentals necessary to complete the work as specified, including the raising and lowering of manholes and lamp holes.

MIESNER asked when the project would begin, to which CARPENTER stated he could not discuss scheduling until the Council allowed the bid to be rewarded. If the Council moved forward with allowing the City Manager to enter into the agreement, a seven (7) day notice would be put out to the public. If no disputes were made, the contract would be awarded on September 14, 2022, and conversations with the contractor would begin.

BOZARTH asked what a Pollution Control Plan was and why there was a discrepancy in bid price between the two (2) companies, to which CARPENTER explained a Pollution Control Plan was a requirement from the state where a contractor had to outline how they would protect the environmental aspects of a proposed project. They had to explain what actions they would take to protect the public from any potential environmental issues. As far as the difference in bid pricing, he stated that High Desert Aggregate and Paving might be cheaper because they might have a canned plan for this type of project.

HOWARD asked if High Desert Aggregate and Paving had absorbed the Pollution Control Costs elsewhere on the bid, to which CARPENTER stated a Grind and Inlay project was straightforward when it came to environmental aspects. They line plans for air quality, how to control dust, how to protect catch basins, and so on.

Mayor CLEMENTS commented it was possible that High Desert Aggregate had a different system when it comes to controlling Pollution than the other company had.

In response to Mayor CLEMENTS' question regarding what a ½ inch asphalt concrete pavement (ACP) mixture was, CARPENTER stated that the Level two (2) designated the type of rock size in the gradation and the type of oil that would be used. Half inch was the size of the aggregate inside the asphalt mixture. ACP was what the state wants them to call it.

Since the project could not get started right away, MIESNER asked if Public Works could fill the pot holes on that street, to which CARPENTER confirmed they could do that.

GLABE asked how long Gekeler might be closed for due to the project and how it would impact travel to the hospital, to which CARPENTER noted that with preliminary talks with contractors during the bidding process, they were hopeful in having no complete road closures during the whole aspect of the project. They expected to see limited closures

with the possibility the road could be open at the end of the work day and on weekends.

PUBLIC TESTIMONY

None

COUNCIL DISCUSSION

None

The following Motion was introduced by HOWARD; GLABE providing the Second:

MOTION

MOTION: I move that we award Gekeler Lane Grind and Inlay Project to High Desert Aggregate and Paving, in the amount of \$517,615 as shown in the Bid Summary, and further, that City Manager Strope be authorized to execute the contract documents for the bid for the 2022 – Grind and Inlay Project – Gekeler Lane (4th Street to Aries Lane).

COUNCIL DISCUSSION

None

VOTE

MSC. (unanimous)

STAFF COMMENTS

BELL provided a staffing update. Though the La Grande Police Department was currently fully staffed, some officers still needed to complete basic training. Officer Aaron Clark graduated from the basic Police Academy on Friday, September 9, 2022, and starting the following week, he would be ready for patrol and taking calls for service.

CITY MANAGER COMMENTS

STROPE reminded the Council of the Virtual Town Hall Work Session to discuss the American Rescue Plan Act (ARPA) funding scheduled for Wednesday, September 14, 2022, and gave a brief summary of what that meeting would look like.

MIESNER asked how much advertising had been done so the public knew how to participate in the Work Session, to which STROPE noted that he sent out a press release, a banner notification was added to the City of La Grande's website, and The Observer wrote an editorial advocating for the community to participate in the Work Session. The Observer had mentioned the Work Session three (3) times in the past couple of months. Members of the community could also access the Work Session the same way they access regular City Council Meetings. Community members could also send emails in advance of the meeting to arpa@cityoflagrande.org or call the City Manager's Office. During the Work Session, City Staff would be monitoring the email as well as the Facebook comments to share during the Public Comments and Questions section of the agenda.

Mayor CLEMENTS asked if other government entities or communities in Union County were receiving ARPA money and if they were getting the public's opinion on how to spend the money, to which STROPE stated that other entities have also received funding but he was not aware if

they were involving public outreach to the extent that La Grande was doing.

Mayor CLEMENTS commented he had thoughts on where to spend the money, but was open to hear what the public input would be.

CITY COUNCIL COMMENTS

GLABE mentioned *Celebrate La Grande* would be held on Thursday, September 8, 2022, from 5 p.m. to 7 p.m. at Riverside Park and encouraged everyone to attend.

LILLARD asked if there were any other major street projects that would be coming up aside from the Gekeler project, to which CARPENTER stated the pot holes at Riverside Park had been patched. Public Works had completed four (4) major paving operations in the past few months. There were one (1) or two (2) more streets on the docket for the remainder of the year. The Second Street project was scheduled for Spring, 2023.

There being no further business to come before this Regular Session of the Council, Mayor CLEMENTS adjourned the meeting to the Executive Session at 7:07 p.m. The Council is scheduled to meet again in Regular Session on Wednesday, October 5, 2022, at 6:00 p.m., in the Council Chambers of City Hall, 1000 Adams Avenue, La Grande, Oregon.

Kayla A. Brainerd
Assistant to the City Manager

Stephen E. Clements
Mayor

APPROVED: _____

CITY of LA GRANDE

COUNCIL ACTION FORM

Council Meeting Date: **October 5, 2022**

PRESENTER:

Stephen E. Clements, Mayor
Gary Lillard, Mayor Pro Tem

COUNCIL ACTION:

CONSIDER RATIFYING 2021-22 CITY MANAGER EVALUATION

- 1. MAYOR: Provide Background Information and Summarize Process
- 2. MAYOR: Entertain Motion

Suggested Motion: I move that City Manager Robert A. Strope's performance evaluation be ratified for 2021-22.

- 3. MAYOR: Invite Council Discussion
- 4. MAYOR: Ask for the Vote

EXPLANATION: The City Manager's evaluation process was conducted this year much as it was last year, with the evaluation forms distributed to the appropriate individuals by City Manager Strope. Mayor Clements then assembled the information received from Councilors; Mayor Pro Tem Gary Lillard compiled the Staff evaluations. Mr. Strope met with the City Council on Wednesday, September 7, 2022, to discuss his performance. On a scale of 1-5, with 5 being Superior and 4 Outstanding, Mr. Strope's cumulative rating from the Council was 4.30. The Staff Overall rating was 4.78 on a similar scale.

Reviewed By: (Initial)

City Manager _____
 City Recorder _____
 Aquatics Division _____
 Building Department _____
 ED Department _____
 Finance _____
 Fire Department _____

Human Resources Dept _____
 Library _____
 Parks Department _____
 Planning Department _____
 Police Department _____
 Public Works Department _____

COUNCIL ACTION (Office Use Only)

- Motion Passed
- Motion Failed; _____
- Action Tabled: _____
Vote: _____
- Resolution Passed
Effective Date: _____
- Ordinance Adopted
First Reading: _____
Second Reading: _____
Effective Date: _____

CITY of LA GRANDE
COUNCIL ACTION FORM

Council Meeting Date: October 5, 2022

PRESENTER: Michael Boquist, Community Development Director

COUNCIL ACTION: **SECOND READING BY TITLE ONLY OF PROPOSED ORDINANCE ESTABLISHING TIME, PLACE AND MANNER RESTRICTIONS ON PSILOCYBIN SERVICE CENTERS AND THE MANUFACTURING OF PSILOCYBIN PRODUCTS**

1. MAYOR: Announce that the Hearing is still open for the Ordinance to be read a Second Time by Title Only and considered for Adoption; and that the Rules of Order for this Public Hearing were read in their entirety during the Regular Session of September 7, 2022.
2. MAYOR: Request Staff Report
3. MAYOR: Invite Public Testimony from those in Favor, in Opposition, and ending with those Neutral to the proposed Ordinance
4. MAYOR: Invite Council Discussion
5. MAYOR: Close the Hearing and Entertain a Motion:

Suggested Motion: I move that the proposed Ordinance Establishing Time, Place and Manner Restrictions on Psilocybin Service Centers and the Manufacturing of Psilocybin Products be read for the Second Time by Title Only, Put to a Vote, and Adopted.
6. MAYOR: Invite Additional Council Discussion
7. MAYOR: Ask the City Recorder to Read the proposed Ordinance for the Second Time by Title Only
8. MAYOR: Ask for the Vote

EXPLANATION: During the Regular Session of August 3, 2022, the City Council adopted Ordinance 3256, Series 2022, declaring a ban on psilocybin service centers and the manufacturing of psilocybin products within the City of La Grande; and referring said Ordinance and the question of establishing a full ban to the voters at the November 8, 2022, Statewide General Election. Given the uncertainty of the outcome of the November vote regarding the proposed ban, City Staff recommends the City Council proceed with the process to establish time, place, and manner restrictions for such facilities.

Should the November election result in a “No” vote, businesses engaged in the manufacturing, delivery, and administration of psilocybin may begin applying for permits to operate within the City of La Grande in January, 2023. In preparation for this potential election result and as discussed above, Staff is recommending that the City Council consider establishing time, place and manner restrictions as provided in ORS 475A.530, to minimize potential adverse impacts to adjacent properties and land uses that may be incompatible with such facilities. The attached proposed Ordinance was modeled after the City’s Land Development Code Ordinance, Article 3.21, establishing time, place and manner regulations for marijuana related facilities.

Should the November election result in a “Yes” vote and a ban is imposed, the time, place, and manner restrictions applicable to psilocybin related businesses being proposed in the attached Ordinance would not be applicable until such time as the ban is repealed.

Following are the proposed standards for psilocybin service centers and the manufacturing of psilocybin products:

- A. Location. *Psilocybin service centers and the manufacturing of psilocybin products, measured from the real property boundary on which the facility is sited, shall not be located:*
 - 1. *Within 1,000 feet of the real property comprising a:*
 - a. *Public or private preschool, elementary, secondary or career school attended primarily by minors; or,*
 - b. *Public library; or,*
 - c. *Public park; or,*
 - d. *Community recreation facility attended primarily by minors; or*
 - e. *Participant sports and recreation facility attended primarily by minors; or,*
 - f. *Licensed daycare center.*
 - 2. *Within 1,000 feet of the real property boundary comprising a psilocybin service center and/or a business engaged in the manufacturing of psilocybin products.*
- B. Residential Uses. *Psilocybin service centers and the manufacturing of psilocybin products shall not be located on a property with a residence or a mixed-use property that includes a residence, including a caretaker's residence.*
- C. Hours. *Psilocybin service centers and the manufacturing of psilocybin products shall not operate between the hours of 8:00 p.m. and 8:00 a.m. Psilocybin service centers and the manufacturing of psilocybin products on properties with no other businesses, uses, or other patron activity are exempt from this restriction.*
- D. Public View. *All doorways, windows and other openings of psilocybin service centers and businesses engaged in the manufacturing of psilocybin products shall be located, covered or screened in such a manner to prevent a view into the interior from any exterior public or semipublic area.*
- E. Lighting. *Primary entrances, parking lots and exterior walkways shall be clearly illuminated with downward facing security lighting to provide after-dark visibility to employees and patrons. Fixtures shall be designed and located so the light patterns overlap, but do not cast light beyond the property boundaries, except over pedestrian areas within a public right-of-way.*
- F. Storage. *All storage shall be located within a permanent building and may not be located within a trailer, tent or motor vehicle. Outdoor storage of any material associated with psilocybin service centers and the manufacturing of psilocybin products is prohibited.*
- G. Odors. *Psilocybin service centers and the manufacturing of psilocybin products shall use an air filtration and ventilation system designed to ensure, that psilocybin related odors are confined to the premises and are not detectible beyond the property boundaries in which the facility is located.*
- H. Secure Disposal. *Psilocybin service centers and businesses engaged in the manufacturing of psilocybin products must provide for secure disposal of psilocybin remnants or by-products; psilocybin remnants or by-products shall not be placed within the facility's exterior refuse container.*

Below is information provided to the City Council during the Regular Session of August 3, 2022, when they voted to place the question of a ban on the November ballot:

- A. In November 2020, Oregon voters (56%) approved Ballot Measure 109, known as the Oregon Psilocybin Service Act which allows for the manufacturing, delivery and administration of psilocybin at supervised, licensed facilities.

- B. Psilocybin mushrooms are wild or cultivated mushrooms that contain psilocybin, a naturally occurring psychoactive and hallucinogenic compound that produce changes in perception, mood, and cognitive processes.
- C. ORS 475A.235 provides that the Oregon Health Authority (OHA) will regulate the manufacturing, transportation, delivery, sale and purchase of psilocybin products and the provision of psilocybin services in the State.
- D. The OHA has initiated a rulemaking process and intends to begin accepting applications for proposed facilities, beginning on January 2, 2023.
- E. The OHA has not completed the rulemaking process for implementing the State’s psilocybin program and there are still a lot of things unknown about the regulation process.
 - For instance, there is nothing known so far about how the OHA will regulate the administration of psilocybin so as to prevent DUIs when persons leave the service centers.
 - Additionally, the criteria for dosage levels have not been released.
 - The State can impose a 15% tax on the sale of psilocybin products, but a municipality cannot impose a local tax.

Because of the unknown elements of the rulemaking process, city staffs throughout the State do not know how the manufacturing, delivery and administration of psilocybin at supervised, licensed facilities will occur within city jurisdictions.

The first public hearing on this proposed Ordinance was held on September 7, 2022, at which time the Ordinance was read for the first time, by Title only. While public testimony was invited during this first public hearing, no written or oral testimony was submitted by members of the public. The City Council proceeded with the First Reading of the Ordinance and continued the hearing to October 5, 2022.

The City Manager recommends that the Council proceed with the Second Reading by Title Only and the passage of the proposed Ordinance.

Reviewed By: (Initial)

City Manager _____
 City Recorder _____
 Aquatics Division _____
 Building Department _____
 ED Department _____
 Finance _____
 Fire Department _____

Human Resources Dept _____
 Library _____
 Parks Department _____
 Planning Department _____
 Police Department _____
 Public Works Department _____

COUNCIL ACTION (Office Use Only)

- Motion Passed
- Motion Failed; _____
- Action Tabled: _____
Vote: _____
- Resolution Passed # _____
Effective Date: _____
- Ordinance Adopted # _____
First Reading: _____
Second Reading: _____
Effective Date: _____

RULES OF ORDER FOR A LEGISLATIVE PUBLIC HEARING

CITY RECORDER READS TO THE PUBLIC:

- A. These Rules of Order are applicable to the Public Hearing for a proposed Ordinance establishing time, place and manner restriction on psilocybin service centers and the manufacturing of psilocybin products.
- B. This is a legislative hearing, therefore Councilor ex parte or pre-hearing contact does not apply.
- C. The Hearing will proceed as follows:
 - 1. The Mayor will open the Public Hearing and request the Staff Report.
 - 2. The Mayor will then accept public testimony relating to the matter. There is a three-minute time limit for testimony. The order of testimony this evening will begin with that of Proponents (those in favor), followed by Opponents (those opposed), and ending with those Neutral to the Ordinance being adopted.
 - 3. The proceedings are being electronically recorded, to be converted to written Minutes. When testifying, please step to the podium and **clearly print** your name and address on the speaker sign-in sheet. Please **state only** your name before addressing the Council.
 - 4. Members of the City Council may ask questions of the Staff at any time.
 - 5. Subsequent to deliberation, the Mayor will close the Hearing.

CITY of LA GRANDE
ORDINANCE NUMBER _____
SERIES 2022

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY,
OREGON, ESTABLISHING TIME, PLACE AND MANNER RESTRICTIONS ON PSILOCYBIN SERVICE
CENTERS AND THE MANUFACTURE OF PSILOCYBIN PRODUCTS; AND DECLARING AN
EFFECTIVE DATE**

WHEREAS, in November, 2020, Oregon voters approved Ballot Measure 109, known as the Oregon Psilocybin Service Act (codified at ORS 475A), which allows for the manufacture, delivery and administration of psilocybin at licensed facilities; and

WHEREAS, ORS 475A.235 provides that the Oregon Health Authority will regulate the manufacturing, transportation, delivery, sale and purchase of psilocybin products and the provision of psilocybin services in the state; and

WHEREAS, the Oregon Health Authority has initiated a rulemaking process to implement the state's psilocybin regulatory program and intends to begin accepting applications for psilocybin-related licenses on January 2, 2023; and

WHEREAS, as of July, 2022, the Oregon Health Authority has not completed the rulemaking process for implementing the state's psilocybin regulatory program, and the City of La Grande is uncertain how the manufacture, delivery and administration of psilocybin at licensed psilocybin facilities will operate within the city; and

WHEREAS, ORS 475A.530 provides that a city council may adopt an ordinance establishing reasonable regulations governing the time, place, and manner for psilocybin service centers and the manufacturing of psilocybin products within the area subject to the jurisdiction of the city.

NOW, THEREFORE, THE CITY OF LA GRANDE ORDAINS AS FOLLOWS:

Section 1. DEFINITIONS INCLUDED BY REFERENCE. For the purposes of this Ordinance, the following definitions shall be used:

CAREER SCHOOL – means any private proprietary professional, technical, business or other school instruction, organization or person that offers any instruction or training or preparing persons for any profession at a physical location attended primarily by minors.

MANUFACTURING OF PSILOCYBIN PRODUCTS – means the manufacture, planting, cultivation, growing, harvesting, production, preparation, propagation, compounding, conversion or processing of a psilocybin product, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the psilocybin product or labeling or relabeling of its container.

MINOR – means an individual under the age of 18.

PRE-SCHOOL – means a school of instruction attended primarily by pre-kindergarten or age level equivalent (ages 2-5).

PRIMARY SCHOOL – (aka elementary school) means a learning institution containing one or any combination of grades kindergarten through 8th grade or age level equivalent.

PSILOCYBIN SERVICE CENTERS – means an establishment defined under ORS 475A.220 which provides psilocybin services to clients before, during, and after the client's consumption of a psilocybin product, and may include preparation, administration and integration sessions.

SECONDARY SCHOOL – means a learning institution containing one or any combination of grades 9 through 12 or age level equivalent and includes those institutions that provide junior high schools which include 9th grade.

Section 2. STANDARDS FOR PSILOCYBIN SERVICE CENTERS AND THE MANUFACTURING OF PSILOCYBIN PRODUCTS.

- A. Location. Psilocybin service centers and the manufacturing of psilocybin products, measured from the real property boundary on which the facility is sited, shall not be located:
 - 1. Within 1,000 feet of the real property comprising a:
 - a. Public or private preschool, elementary, secondary or career school attended primarily by minors; or,
 - b. Public library; or,
 - c. Public park; or,
 - d. Community recreation facility attended primarily by minors; or
 - e. Participant sports and recreation facility attended primarily by minors; or,
 - f. Licensed daycare center.
 - 2. Within 1,000 feet of the real property boundary comprising a psilocybin service center and/or a business engaged in the manufacturing of psilocybin products.
- B. Residential Uses. Psilocybin service centers and the manufacturing of psilocybin products shall not be located on a property with a residence or a mixed-use property that includes a residence, including a caretaker's residence.
- C. Hours. Psilocybin service centers and the manufacturing of psilocybin products shall not operate between the hours of 8:00 p.m. and 8:00 a.m. Psilocybin service centers and the manufacturing of psilocybin products on properties with no other businesses, uses, or other patron activity are exempt from this restriction.
- D. Public View. All doorways, windows and other openings of psilocybin service centers and businesses engaged in the manufacturing of psilocybin products shall be located, covered or screened in such a manner to prevent a view into the interior from any exterior public or semipublic area.
- E. Lighting. Primary entrances, parking lots and exterior walkways shall be clearly illuminated with downward facing security lighting to provide after-dark visibility to employees and patrons. Fixtures shall be designed and located so the light patterns overlap, but do not cast light beyond the property boundaries, except over pedestrian areas within a public right-of-way.
- F. Storage. All storage shall be located within a permanent building and may not be located within a trailer, tent or motor vehicle. Outdoor storage of any material associated with psilocybin service centers and the manufacturing of psilocybin products is prohibited.
- G. Odors. Psilocybin service centers and the manufacturing of psilocybin products shall use an air filtration and ventilation system designed to ensure, that psilocybin related odors are confined to the premises and are not detectible beyond the property boundaries in which the facility is located.

H. Secure Disposal. Psilocybin service centers and businesses engaged in the manufacturing of psilocybin products must provide for secure disposal of psilocybin remnants or by-products; psilocybin remnants or by-products shall not be placed within the facility's exterior refuse container.

Section 3. EFFECTIVE DATE. This Ordinance shall become effective thirty (30) days after its adoption by the City Council of the City of La Grande, Union County, Oregon and its approval by the Mayor; specifically, November 4, 2022.

ADOPTED AND APPROVED on this Fifth (5th) day of October, 2022, by _____ ()
of _____ () Councilors present and voting in the affirmative.

Stephen E. Clements, Mayor

ATTEST:

Stacey M. Stockhoff
Acting City Recorder

CITY of LA GRANDE
ORDINANCE NUMBER _____
SERIES 2022

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY,
OREGON, ESTABLISHING TIME, PLACE AND MANNER RESTRICTIONS ON PSILOCYBIN SERVICE
CENTERS AND THE MANUFACTURE OF PSILOCYBIN PRODUCTS; AND DECLARING AN
EFFECTIVE DATE**

WHEREAS, in November, 2020, Oregon voters approved Ballot Measure 109, known as the Oregon Psilocybin Service Act (codified at ORS 475A), which allows for the manufacture, delivery and administration of psilocybin at licensed facilities; and

WHEREAS, ORS 475A.235 provides that the Oregon Health Authority will regulate the manufacturing, transportation, delivery, sale and purchase of psilocybin products and the provision of psilocybin services in the state; and

WHEREAS, the Oregon Health Authority has initiated a rulemaking process to implement the state's psilocybin regulatory program and intends to begin accepting applications for psilocybin-related licenses on January 2, 2023; and

WHEREAS, as of July, 2022, the Oregon Health Authority has not completed the rulemaking process for implementing the state's psilocybin regulatory program, and the City of La Grande is uncertain how the manufacture, delivery and administration of psilocybin at licensed psilocybin facilities will operate within the city; and

WHEREAS, ORS 475A.530 provides that a city council may adopt an ordinance establishing reasonable regulations governing the time, place, and manner for psilocybin service centers and the manufacturing of psilocybin products within the area subject to the jurisdiction of the city.

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 - a. Public or private preschool, elementary, secondary or career school attended primarily by minors; or,
 - b. Public library; or,
 - c. Public park; or,
 - d. Community recreation facility attended primarily by minors; or
 - e. Participant sports and recreation facility attended primarily by minors; or,
 - f. Licensed daycare center.
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- C. Hours. Psilocybin service centers and the manufacturing of psilocybin products shall not operate between the hours of 8:00 p.m. and 8:00 a.m. Psilocybin service centers and the manufacturing of psilocybin products on properties with no other businesses, uses, or other patron activity are exempt from this restriction.
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- E. Lighting. Primary entrances, parking lots and exterior walkways shall be clearly illuminated with downward facing security lighting to provide after-dark visibility to employees and patrons. Fixtures shall be designed and located so the light patterns overlap, but do not cast light beyond the property boundaries, except over pedestrian areas within a public right-of-way.
- F. Storage. All storage shall be located within a permanent building and may not be located within a trailer, tent or motor vehicle. Outdoor storage of any material associated with psilocybin service centers and the manufacturing of psilocybin products is prohibited.
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Section 3. EFFECTIVE DATE. This Ordinance shall become effective thirty (30) days after its adoption by the City Council of the City of La Grande, Union County, Oregon and its approval by the Mayor; specifically, November 4, 2022.

ADOPTED AND APPROVED on this Fifth (5th) day of October, 2022, by _____ ()
of _____ () Councilors present and voting in the affirmative.

Stephen E. Clements, Mayor

ATTEST:

Stacey M. Stockhoff
Acting City Recorder

CITY of LA GRANDE

COUNCIL ACTION FORM

Council Meeting Date: October 5, 2022

PRESENTER: Michael Boquist, Community Development Director

COUNCIL ACTION: SECOND READING BY TITLE ONLY OF PROPOSED ORDINANCE ESTABLISHING A TEMPORARY MORATORIUM ON BED AND BREAKFAST INNS

- 1. MAYOR: Announce that the Hearing is still open for the Ordinance to be read a Second Time by Title Only and considered for Adoption; and that the Rules of Order for this Public Hearing were read in their entirety during the Regular Session of September 7, 2022.
- 2. MAYOR: Request Staff Report
- 3. MAYOR: Invite Public Testimony from those in Favor, in Opposition, and ending with those Neutral to the proposed Ordinance
- 4. MAYOR: Invite Council Discussion
- 5. MAYOR: Close the Hearing and Entertain a Motion:
Suggested Motion: I move that the proposed Ordinance Declaring an Emergency and Establishing a Temporary Moratorium on Bed and Breakfast Inns be read for the Second Time by Title Only, Put to a Vote, and Adopted.
- 6. MAYOR: Invite Additional Council Discussion
- 7. MAYOR: Ask the City Recorder to Read the proposed Ordinance for the Second Time by Title Only
- 8. MAYOR: Ask for the Vote

EXPLANATION: The City Council and Planning Commission held a Joint Work Session on August 8, 2022, to discuss the possibility of pursuing a temporary moratorium on the acceptance of Conditional Use Permit applications for new Bed and Breakfast Inns (BnBs).

As discussed during the Work Session, over the past 2+ years, since early 2020, the Planning Commission has considered twenty-eight (28) Conditional Use Permit applications for BnBs, which has resulted in the conversion and removal/loss of twenty-four (24) full-time dwelling units from the City’s housing stock or inventory (rentals and home ownerships). The frequency of applications being submitted and the loss of housing has been concerning to the Planning Commission.

In 2019, the City of La Grande completed a Housing Needs Analysis (HNA), which was adopted by the City Council into the Goal 10 Chapter of the City’s Comprehensive Plan Ordinance in 2020. The HNA identifies that La Grande has a shortage of needed housing, with a need for seven hundred ninety-five (795) new dwelling units over the next twenty (20) years, by the year 2040. This includes a need for three hundred thirty-six (336) single-family dwelling units, one hundred fifteen (115) duplex dwelling units, two hundred (200) multi-family dwelling units, and one hundred forty-four (144) other group housing dwelling units.

The following shows annual targets or goals, based on housing types, inventory needed per HNA, quantities of new housing built, quantities of housing lost to BnBs, and overall gain/deficit:

- **Single-family dwellings** (16.8/year = **50.4 needed in 2020-2022** = 336 total 20-year need)
 - Gained 26 new dwelling units
 - Lost 18 dwelling units to BnBs
 - Total: Gained 8 dwelling units towards HNA 2020-2022 goal.
 - **42 units short of 3-year goal.**
 - **Approximately 2+ year setback in housing production.**

- **Duplexes** (5.75/year = **17.25 needed in 2020-2022** = 115 total 20-year need)
 - Gained 6 new dwelling units (6 duplexes)
 - Lost 2 dwelling units to BnBs
 - Total: Gained 4 dwelling units towards HNA 2020-2022 goal.
 - **13 units short of 3-year goal.**
 - **Approximately 2+ year setback in housing production.**

- **Multi-Family** (10/year = **30 needed in 2020-2022** = 200 total 20-year need)
 - Gained 97 – 17 new completed MF units w/ 82 new MF units under construction
 - Lost 3 to BnBs
 - Total: Gained 64 dwelling units towards HNA 2020-2022 goal.
 - **34 units additional**
 - **Approximately 2 years ahead of schedule.**

- **Other: MH Parks & Group** (7.2/year = **21.6 needed in 2020-2022** = 144 total 20-year need)
 - No change.

In early 2021, the Planning Commission and City Council expressed a commitment toward addressing needed housing through the adoption of a Housing Production Strategy (HPS). The HPS provides a list of recommended strategies that the City can take to promote the development of needed housing in the City. The first seven (7) strategies require amendments to the City's Land Development Code Ordinance, which are intended to encourage the production of needed housing. Other strategies are policy or program related that involved developing incentives.

To further emphasize the City's commitment to address needed housing, during the Council 2022 goal setting retreat, the Council emphasized the importance of continuing to pursue solutions to the housing shortage in La Grande per the City's adopted HNA and HPS. It was noted that the lack of adequate housing has an adverse impact on the ability of local businesses to recruit staff.

As a result of the recent adoption of the HNA and HPS, and the City Council's emphasis on pursuing solutions to address the City's housing shortage, the Planning Commission requested the August 8, 2022, Work Session with the City Council to discuss the Commission's concerns regarding how Bed and Breakfast Inns may compromise the residential character of neighborhoods, and more importantly, adversely impact the City's needed housing inventory as a result of slower than anticipated residential growth due to various economic factors. Such concerns have resulted in the Planning Commission raising the question of whether or not to establish a temporary moratorium on the permitting of new Bed and Breakfast Inns. As a result of Work Session discussions, by consensus of the City Council, staff was directed to schedule a public hearing to consider this matter during the City Council's Regular Session on September 7, 2022, **limited to a temporary moratorium only on the conversion of entire dwelling units from full-time single-family dwellings to vacation rentals.**

With regards to process, to establish a moratorium, notice is required to be provided to the Oregon Department of Land Conservation and Development at least 45-days prior to the final public hearing, in accordance with ORS 197.520(1)(a). Notice was provided to the State on August 15, 2022, which puts the final public hearing on the City Council's October 5, 2022, Regular Session agenda.

To provide the public an opportunity to learn about the proposed temporary moratorium and to participate in the public hearings to consider this matter, the City Council elected to hold two (2) public hearings to receive public input. The first public hearing and First Reading of the Ordinance was held on September 7, 2022. Tonight is the second public hearing on the proposed Ordinance, at which time the Ordinance will be read for the second time and considered for adoption.

The proposed Ordinance is drafted with an Emergency Clause, causing the Ordinance to go into effect immediately upon its passage on October 5th. The purpose of this emergency clause is to minimize the additional loss of needed housing through new land use application submittals to convert dwellings to bed and breakfasts, should the City Council adopt the Ordinance. All land use applications submitted prior to the effective date of the Moratorium Ordinance are not subject to the moratorium and will be considered for approval.

At the first public hearing held on September 7, 2022, the Ordinance was read for the first time, by Title only. No written testimony was submitted regarding this matter, but oral testimony was provided in both support and neutral to this request during the hearing. The City Council continued the hearing to October 5, 2022.

Following the first public hearing, the Ordinance was revised to remove the reference to "Air BnB" as this is the name of a private company. The Land Development Code refers to these types of properties as Bed and Breakfast Inns so all references to Air BnB have been changed. There are no other revisions to the Ordinance.

The City Manager recommends that the Council proceed with the Second Reading by Title Only and the passage of the proposed Ordinance, with the Emergency Clause, as presented.

Reviewed By: (Initial)

City Manager _____
 City Recorder _____
 Aquatics Division _____
 Building Department _____
 ED Department _____
 Finance _____
 Fire Department _____

Human Resources Dept _____
 Library _____
 Parks Department _____
 Planning Department _____
 Police Department _____
 Public Works Department _____

COUNCIL ACTION (Office Use Only)

- Motion Passed
- Motion Failed; _____
- Action Tabled: _____
 Vote: _____
- Resolution Passed # _____
 Effective Date: _____
- Ordinance Adopted # _____
 First Reading: _____
 Second Reading: _____
 Effective Date: _____

RULES OF ORDER FOR A LEGISLATIVE PUBLIC HEARING

CITY RECORDER READS TO THE PUBLIC:

- A. These Rules of Order are applicable to the Public Hearing for a proposed Ordinance establishing a temporary moratorium on Bed and Breakfast Inns.
- B. This is a legislative hearing, therefore Councilor ex parte or pre-hearing contact does not apply.
- C. The Hearing will proceed as follows:
 - 1. The Mayor will open the Public Hearing and request the Staff Report.
 - 2. The Mayor will then accept public testimony relating to the matter. There is a three-minute time limit for testimony. The order of testimony this evening will begin with that of Proponents (those in favor), followed by Opponents (those opposed), and ending with those Neutral to the Ordinance being adopted.
 - 3. The proceedings are being electronically recorded, to be converted to written Minutes. When testifying, please step to the podium and **clearly print** your name and address on the speaker sign-in sheet. Please **state only** your name before addressing the Council.
 - 4. Members of the City Council may ask questions of the Staff at any time.
 - 5. Subsequent to deliberation, the Mayor will close the Hearing.

CITY of LA GRANDE
ORDINANCE NUMBER _____
SERIES 2022

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY,
OREGON, ESTABLISHING A TEMPORARY MORATORIUM ON BED AND BREAKFAST INNS; AND
DECLARING AN EMERGENCY**

WHEREAS, the City of La Grande allows dwelling units to be constructed or converted to Bed and Breakfast Inns, which ~~are defined as all lodging rentals of 30 days or less, including traditional bed and breakfasts where meals may be served, short term rentals, Air BnBs, full vacation home rentals, etc~~ are defined below; and,

[RS1][MB2]

WHEREAS, such use is subject to approval of a conditional use permit demonstrating that certain criteria contained in Article 8.5 of the City of La Grande Land Development Code Ordinance have been met; and,

WHEREAS, City of La Grande Land Development Code Ordinance, Article 1.3, specifically defines Bed and Breakfast Inns as, *“A structure designed and occupied as a residence in which sleeping rooms are provided on a daily or weekly basis for use by travelers or transients for a charge or fee paid or to be paid for the rental or use of the facility. The Bed and Breakfast establishment has no more than five guest sleeping rooms provided on a daily or weekly basis for the use of no more than a total of ten (10) travelers or transients at any one time;”* and,

WHEREAS, the City’s review criteria for the approval of conditional use permits for Bed and Breakfast Inns were established in 1993 as part of a City-wide Land Development Code update process, with the purpose and intent to ensure that the proposed use would not have significant adverse effects on the use and development of properties in the surrounding area, adversely impact desirable neighborhood characteristics and livability, and adversely impact traffic, parking and capacity of surrounding streets; and such review criteria have remained predominantly unchanged since 1993; and,

WHEREAS, in 2019, the City of La Grande completed a Housing Needs Analysis (HNA), which was adopted into the Goal 10 Chapter of the City’s Comprehensive Plan Ordinance in 2020. The HNA found that La Grande has a shortage of needed housing, with a predicted need for 795 new dwelling units by 2040, including a need for 336 single-family dwelling units, 115 duplex dwelling units, 200 multi-family dwelling units, and 144 other group housing dwelling units; and,

WHEREAS, to achieve the forecasted single-family and duplex housing need, the City needs to add approximately 16.8 new single-family dwellings (51 from 2020 to present), and 5.75 new duplexes (17.25 from 2020 to present) annually; and,

WHEREAS, in early 2021, the City of La Grande adopted a Housing Production Strategy (HPS), which outlines and recommends several strategies the City can take to promote the development of needed housing in the City, including seven (7) strategies which require amendments to the City’s Land Development Code Ordinance; and,

WHEREAS, in January, 2022, during the City Council’s annual goal setting retreat, the City Council noted that the lack of adequate housing has an adverse impact on the ability of local businesses to recruit staff and emphasized the importance of continuing to pursue solutions to the housing shortage in La Grande per the City’s adopted HNA and HPS; and,

WHEREAS, since March 2020, the City of La Grande Planning Commission has approved twenty-eight (28) conditional use permit applications for Bed and Breakfast Inns. Eighteen (18) of those were conversions from full-time single-family dwellings and two (2) were conversions of duplex dwelling units

into short-term rentals resulting in the loss of twenty (20) dwelling units –from the City’s residential housing inventory; and,

WHEREAS, since March 2020, the City has seen 26 new single-family dwelling units and 6 new duplex dwellings constructed, representing a gain of 38 dwelling units; however, the 20 dwelling units converted to Bed and Breakfast Inns results in a net realized housing gain of only 18 dwelling during that timeframe; and,

WHEREAS, the housing gain falls well short of the 68.25 total dwelling units forecasted in the City’s HNA for needed single-family and duplex housing since 2020; and,

WHEREAS, the City of La Grande Planning Commission has expressed concerns about Bed and Breakfast Inns compromising the residential character of neighborhoods, and more importantly, adversely impacting the City’s needed housing inventory, causing the Planning Commission to question whether or not the City should establish a temporary moratorium on the permitting of new Bed and Breakfast Inns; and,

WHEREAS, Oregon Revised Statute (ORS) 197.520 authorizes cities to impose a moratorium on the issuance of permits, including the approval of Bed and Breakfast Inns, upon demonstration of compelling need and findings in accordance with ORS 197.520(3)(a); and,

WHEREAS, on August 8, 2022, the Planning Commission and City Council held a joint Work Session to consider the merits of establishing a temporary moratorium, and by consensus the City Council directed staff to schedule a public hearing to consider a temporary moratorium on the conversions of entire dwelling units from full-time single-family dwellings to vacation rentals during the City Council’s Regular Session on September 7, 2022; and,

WHEREAS, notice was provided to the Oregon Department of Land Conservation and Development at least 45-days prior to the final public hearing, in accordance with ORS 197.520(1)(a), and notice was published in The Observer on August 23, 2022; and,

WHEREAS, after considering the evidence and arguments presented during the public hearing, the City Council determined that a compelling need exists for a moratorium based on the following findings per ORS 197.520(3)(a):

- A. The Council finds that the City’s existing conditional use permit review criteria are inadequate to prevent irrevocable public harm. In doing so, the City Council points to City’s housing need provided in the adopted HNA, which identifies a need for 795 new dwelling units by 2040. Such housing need can be achieved with the annual construction of approximately 16.8 single-family dwelling units (51 from 2020 to present), and 5.75 duplexes dwelling units (17.25 from 2020 to present).

However, since 2020, only 26 new single-family dwelling units and 6 duplex dwelling units have been constructed, while 20 dwelling units have been converted to Bed and Breakfast Inns (vacation rentals) resulting in net gain of only 18 dwelling units, which is well short of the 68.25 dwelling units which the City’s HNA predicts will be needed for single-family and duplex housing, amounting to roughly a 2+ year setback in housing production.

With slower than anticipated residential growth due to various economic factors, and the continued loss of housing to Bed and Breakfast Inns, it is in the public's interest to proceed with a City-wide moratorium so that housing issues can be addressed legislatively with amendments to the City's Land Development Code Ordinance.

Continuing to implement the existing development ordinances and approving new conditional use permits for Bed and Breakfast Inns while the City is preparing legislation is inadequate to prevent irrevocable public harm throughout the City, as each such dwelling unit conversion results in the additional loss of housing in the City, and approving such permit and conversion may establish a legal nonconforming use that runs with the land indefinitely. Additionally, continuing to allow more Bed and Breakfast Inns may create conditions where the residential and neighborhood character of residential areas may be lost.

- B. A temporary moratorium on Bed and Breakfast Inns will not unreasonably restrict the construction of needed housing because use of dwellings for transient short-term rental purposes is not a form of needed housing. State law defines needed housing as all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes (ref: ORS 197.303(1), as amended by SB 1051 (2017)). Persons occupying a dwelling for transient short-term rental purposes are typically vacationing in La Grande, or have travelled from out of town to visit family members or to fulfill short term work assignments. Bed and Breakfast Inns do not meet the day to day housing needs of local residents, nor are they typically households residing within the county.

Additionally, a temporary moratorium will not unreasonably restrict a needed supply of commercial or industrial facilities because Bed and Breakfast Inns are not identified in the City of La Grande's Commercial and Industrial Buildable Lands Inventory as a type of commercial or industrial activity that is lacking within the community, and the moratorium will allow existing, approved Bed and Breakfast Inns to continue to operate, and be transferred to new owners, while the temporary moratorium is in place.

- C. Allowing the legislative review process to proceed, without a moratorium, is the only alternative that appears to exist. However, this approach is unsatisfactory because it cannot ensure that the additional loss of housing to Bed and Breakfast Inns will not occur or that the character of existing residential neighborhoods will not be compromised before new rules can be crafted and adopted.
- D. This temporary moratorium applies to Bed and Breakfast Inns located within the City of La Grande's land use jurisdiction. It is unlikely that such a temporary action will cause any adverse effects on jurisdictions outside the City of La Grande. There are other factors that weigh into such decisions, including the proximity of the property to destinations, such as Eastern Oregon University, Grande Ronde Hospital, parks and recreation facilities, and the condition of the dwelling unit. While there may be some interests explored in jurisdictions outside of La Grande, the imposition of a temporary moratorium will not result in significant adverse impacts on other affected local governments.

- E. The City of La Grande has sufficient resources to complete needed interim or permanent changes in plans, regulations, or procedures within the 120-day period that a moratorium may be imposed pursuant to ORS 197.520(4). However, this may not provide sufficient time for the level of public outreach needed to adopt new legislation. The City Council is open to potentially extending the temporary moratorium, to provide sufficient time for such outreach to occur.

NOW, THEREFORE, THE CITY OF LA GRANDE ORDAINS AS FOLLOWS:

Section 1. MORATORIUM. The City shall halt the acceptance of Bed and Breakfast Inn land use applications, only in residential zones and only for requests that include the full conversion and use of a dwelling unit as a short-term rental (less than 30-days). Such use would otherwise be permissible only by the approval of a conditional use permit in residential zones pursuant to Land Development Code Sections 2.2.002, 2.2.003, 2.2.004, 2.2.005, 2.2.006, and 2.2.007, for properties that are not currently approved for such use.

Section 2. SUNSET. This moratorium shall expire automatically without further action of the City Council, one hundred twenty (120) days after the date of adoption, unless repealed sooner by the City Council.

Section 3. EXTENSIONS. The City Council may extend the moratorium if, after holding a public hearing, it finds the issues necessitating a moratorium as described herein still exist and reasonable progress is being made to alleviate those issues. Such an extension may be for a period not to exceed six (6) months.

Section 4. EMERGENCY. In order to protect the public health, safety, and welfare by ensuring needed housing availability, and that the character of the City's residential neighborhoods is not compromised while the City reassesses its criteria for permitting bed and breakfast uses, an emergency is declared to exist, and this Ordinance is effective upon its adoption by the City Council.

Section 54. EFFECTIVE DATE. This Ordinance shall become effective immediately upon its adoption by the City Council of the City of La Grande, Union County, Oregon, and its approval by the Mayor; specifically, October 5, 2022.

ADOPTED AND APPROVED on this Fifth (5th) day of October, 2022, by _____ ()
of _____ () Councilors present and voting in the affirmative.

Stephen E. Clements, Mayor

ATTEST:

Stacey M. Stockhoff
Acting City Recorder

CITY of LA GRANDE
ORDINANCE NUMBER _____
SERIES 2022

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY,
OREGON, ESTABLISHING A TEMPORARY MORATORIUM ON BED AND BREAKFAST INNS; AND
DECLARING AN EMERGENCY**

WHEREAS, the City of La Grande allows dwelling units to be constructed or converted to Bed and Breakfast Inns, which are defined below; and,

WHEREAS, such use is subject to approval of a conditional use permit demonstrating that certain criteria contained in Article 8.5 of the City of La Grande Land Development Code Ordinance have been met; and,

WHEREAS, City of La Grande Land Development Code Ordinance, Article 1.3, specifically defines Bed and Breakfast Inns as, *“A structure designed and occupied as a residence in which sleeping rooms are provided on a daily or weekly basis for use by travelers or transients for a charge or fee paid or to be paid for the rental or use of the facility. The Bed and Breakfast establishment has no more than five guest sleeping rooms provided on a daily or weekly basis for the use of no more than a total of ten (10) travelers or transients at any one time;”* and,

WHEREAS, the City’s review criteria for the approval of conditional use permits for Bed and Breakfast Inns were established in 1993 as part of a City-wide Land Development Code update process, with the purpose and intent to ensure that the proposed use would not have significant adverse effects on the use and development of properties in the surrounding area, adversely impact desirable neighborhood characteristics and livability, and adversely impact traffic, parking and capacity of surrounding streets; and such review criteria have remained predominantly unchanged since 1993; and,

WHEREAS, in 2019, the City of La Grande completed a Housing Needs Analysis (HNA), which was adopted into the Goal 10 Chapter of the City’s Comprehensive Plan Ordinance in 2020. The HNA found that La Grande has a shortage of needed housing, with a predicted need for 795 new dwelling units by 2040, including a need for 336 single-family dwelling units, 115 duplex dwelling units, 200 multi-family dwelling units, and 144 other group housing dwelling units; and,

WHEREAS, to achieve the forecasted single-family and duplex housing need, the City needs to add approximately 16.8 new single-family dwellings (51 from 2020 to present), and 5.75 new duplexes (17.25 from 2020 to present) annually; and,

WHEREAS, in early 2021, the City of La Grande adopted a Housing Production Strategy (HPS), which outlines and recommends several strategies the City can take to promote the development of needed housing in the City, including seven (7) strategies which require amendments to the City’s Land Development Code Ordinance; and,

WHEREAS, in January, 2022, during the City Council’s annual goal setting retreat, the City Council noted that the lack of adequate housing has an adverse impact on the ability of local businesses to recruit staff and emphasized the importance of continuing to pursue solutions to the housing shortage in La Grande per the City’s adopted HNA and HPS; and,

WHEREAS, since March 2020, the City of La Grande Planning Commission has approved twenty-eight (28) conditional use permit applications for Bed and Breakfast Inns. Eighteen (18) of those were conversions from full-time single-family dwellings and two (2) were conversions of duplex dwelling units into short-term rentals resulting in the loss of twenty (20) dwelling units from the City’s residential housing inventory; and,

WHEREAS, since March 2020, the City has seen 26 new single-family dwelling units and 6 new duplex dwellings constructed, representing a gain of 38 dwelling units; however, the 20 dwelling units converted to Bed and Breakfast Inns results in a net realized housing gain of only 18 dwelling during that timeframe; and,

WHEREAS, the housing gain falls well short of the 68.25 total dwelling units forecasted in the City's HNA for needed single-family and duplex housing since 2020; and,

WHEREAS, the City of La Grande Planning Commission has expressed concerns about Bed and Breakfast Inns compromising the residential character of neighborhoods, and more importantly, adversely impacting the City's needed housing inventory, causing the Planning Commission to question whether or not the City should establish a temporary moratorium on the permitting of new Bed and Breakfast Inns; and,

WHEREAS, Oregon Revised Statute (ORS) 197.520 authorizes cities to impose a moratorium on the issuance of permits, including the approval of Bed and Breakfast Inns, upon demonstration of compelling need and findings in accordance with ORS 197.520(3)(a); and,

WHEREAS, on August 8, 2022, the Planning Commission and City Council held a joint Work Session to consider the merits of establishing a temporary moratorium, and by consensus the City Council directed staff to schedule a public hearing to consider a temporary moratorium on the conversions of entire dwelling units from full-time single-family dwellings to vacation rentals during the City Council's Regular Session on September 7, 2022; and,

WHEREAS, notice was provided to the Oregon Department of Land Conservation and Development at least 45-days prior to the final public hearing, in accordance with ORS 197.520(1)(a), and notice was published in The Observer on August 23, 2022; and,

WHEREAS, after considering the evidence and arguments presented during the public hearing, the City Council determined that a compelling need exists for a moratorium based on the following findings per ORS 197.520(3)(a):

- A. The Council finds that the City's existing conditional use permit review criteria are inadequate to prevent irrevocable public harm. In doing so, the City Council points to City's housing need provided in the adopted HNA, which identifies a need for 795 new dwelling units by 2040. Such housing need can be achieved with the annual construction of approximately 16.8 single-family dwelling units (51 from 2020 to present), and 5.75 duplexes dwelling units (17.25 from 2020 to present).

However, since 2020, only 26 new single-family dwelling units and 6 duplex dwelling units have been constructed, while 20 dwelling units have been converted to Bed and Breakfast Inns (vacation rentals) resulting in net gain of only 18 dwelling units, which is well short of the 68.25 dwelling units which the City's HNA predicts will be needed for single-family and duplex housing, amounting to roughly a 2+ year setback in housing production.

With slower than anticipated residential growth due to various economic factors, and the continued loss of housing to Bed and Breakfast Inns, it is in the public's interest to

proceed with a City-wide moratorium so that housing issues can be addressed legislatively with amendments to the City's Land Development Code Ordinance.

Continuing to implement the existing development ordinances and approving new conditional use permits for Bed and Breakfast Inns while the City is preparing legislation is inadequate to prevent irrevocable public harm throughout the City, as each such dwelling unit conversion results in the additional loss of housing in the City, and approving such permit and conversion may establish a legal nonconforming use that runs with the land indefinitely. Additionally, continuing to allow more Bed and Breakfast Inns may create conditions where the residential and neighborhood character of residential areas may be lost.

- B. A temporary moratorium on Bed and Breakfast Inns will not unreasonably restrict the construction of needed housing because use of dwellings for transient short-term rental purposes is not a form of needed housing. State law defines needed housing as all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes (ref: ORS 197.303(1), as amended by SB 1051 (2017)). Persons occupying a dwelling for transient short-term rental purposes are typically vacationing in La Grande, or have travelled from out of town to visit family members or to fulfill short term work assignments. Bed and Breakfast Inns do not meet the day to day housing needs of local residents, nor are they typically households residing within the county.

Additionally, a temporary moratorium will not unreasonably restrict a needed supply of commercial or industrial facilities because Bed and Breakfast Inns are not identified in the City of La Grande's Commercial and Industrial Buildable Lands Inventory as a type of commercial or industrial activity that is lacking within the community, and the moratorium will allow existing, approved Bed and Breakfast Inns to continue to operate, and be transferred to new owners, while the temporary moratorium is in place.

- C. Allowing the legislative review process to proceed, without a moratorium, is the only alternative that appears to exist. However, this approach is unsatisfactory because it cannot ensure that the additional loss of housing to Bed and Breakfast Inns will not occur or that the character of existing residential neighborhoods will not be compromised before new rules can be crafted and adopted.
- D. This temporary moratorium applies to Bed and Breakfast Inns located within the City of La Grande's land use jurisdiction. It is unlikely that such a temporary action will cause any adverse effects on jurisdictions outside the City of La Grande. There are other factors that weigh into such decisions, including the proximity of the property to destinations, such as Eastern Oregon University, Grande Ronde Hospital, parks and recreation facilities, and the condition of the dwelling unit. While there may be some interests explored in jurisdictions outside of La Grande, the imposition of a temporary moratorium will not result in significant adverse impacts on other affected local governments.
- E. The City of La Grande has sufficient resources to complete needed interim or permanent changes in plans, regulations, or procedures within the 120-day period that

a moratorium may be imposed pursuant to ORS 197.520(4). However, this may not provide sufficient time for the level of public outreach needed to adopt new legislation. The City Council is open to potentially extending the temporary moratorium, to provide sufficient time for such outreach to occur.

NOW, THEREFORE, THE CITY OF LA GRANDE ORDAINS AS FOLLOWS:

Section 1. MORATORIUM. The City shall halt the acceptance of Bed and Breakfast Inn land use applications, only in residential zones and only for requests that include the full conversion and use of a dwelling unit as a short-term rental (less than 30-days). Such use would otherwise be permissible only by the approval of a conditional use permit in residential zones pursuant to Land Development Code Sections 2.2.002, 2.2.003, 2.2.004, 2.2.005, 2.2.006, and 2.2.007, for properties that are not currently approved for such use.

Section 2. SUNSET. This moratorium shall expire automatically without further action of the City Council, one hundred twenty (120) days after the date of adoption, unless repealed sooner by the City Council.

Section 3. EXTENSIONS. The City Council may extend the moratorium if, after holding a public hearing, it finds the issues necessitating a moratorium as described herein still exist and reasonable progress is being made to alleviate those issues. Such an extension may be for a period not to exceed six (6) months.

Section 4. EMERGENCY. In order to protect the public health, safety, and welfare by ensuring needed housing availability, and that the character of the City's residential neighborhoods is not compromised while the City reassesses its criteria for permitting bed and breakfast uses, an emergency is declared to exist, and this Ordinance is effective upon its adoption by the City Council.

Section 5. EFFECTIVE DATE. This Ordinance shall become effective immediately upon its adoption by the City Council of the City of La Grande, Union County, Oregon, and its approval by the Mayor; specifically, October 5, 2022.

ADOPTED AND APPROVED on this Fifth (5th) day of October, 2022, by _____ ()
of _____ () Councilors present and voting in the affirmative.

Stephen E. Clements, Mayor

ATTEST:

Stacey M. Stockhoff
Acting City Recorder

CITY of LA GRANDE
COUNCIL ACTION FORM

Council Meeting Date: October 5, 2022

PRESENTER: Robert Strope, City Manager

COUNCIL ACTION: **CONSIDER RESOLUTION ALLOCATING AMERICAN RESCUE PLAN ACT FUNDING TO SPECIFIC PROJECTS**

1. MAYOR: Request Staff Report
2. MAYOR: Invite Public Comments
3. MAYOR: Invite Council Discussion
4. MAYOR: Entertain Motion

Suggested Motion: I move that the proposed Resolution allocating American Rescue Plan Act funding to specific projects be read by Title Only, Put to a Vote, and Passed as presented (or amended).

5. MAYOR: Invite Additional Council Discussion
6. MAYOR: Ask the City Recorder to Read the proposed Resolution by Title Only
7. MAYOR: Ask for the Vote

EXPLANATION: The City of La Grande received \$3,023,872 from the American Rescue Plan Act (ARPA) and elected the “standard allowance,” which allows the City to consider the full amount as “Revenue Loss” and funds can be used for any governmental purpose. All ARPA funds must be obligated not later than December 31, 2024, and expended by December 31, 2026.

On June 13, 2022, the City Council held a Work Session to review project proposals identified by City staff and tentatively prioritized the projects. The City Council directed City staff to schedule a Virtual Town Hall/Work Session, to be held on September 14, 2022, to receive additional public input from the community regarding the proposed projects.

At the September 14, 2022, Virtual Town Hall/Work Session, the Department Directors, again, presented the proposed projects and responded to questions from the City Council. During the Work Session, City Council reviewed public comments received prior to the Work Session, comments submitted online during the Work Session, and heard public comments from those in attendance to assist in reaching consensus on the final priority ranking. The City Council added projects submitted by the public to those presented by City staff prior to their discussions regarding funding allocations.

At the September 14, 2022, Virtual Town Hall/Work Session, City Council reached consensus on a prioritized list of project funding based on input from staff and the public which includes the Eastside Housing Water and Sewer Infrastructure Project, various Street Projects, and up to \$250,000 of gap funding for water and sewer improvements at the Union County Fairgrounds, contingent upon the outcome of outstanding funding requests. Further, the Council indicated they would not consider any additional projects for ARPA funding with the intent that funding not expended on or allocated to the Eastside Housing Water and Sewer Infrastructure and Union County Fairgrounds shall be used to fund street projects until all ARPA funds are depleted.

The attached Resolution allocates the American Rescue Plan Act (ARPA) funds based on the consensus reached at the September 14, 2022, Work Session.

Upon passage, and assuming the priorities remain unchanged, Public Works will immediately begin the process to complete the design and prepare and publish the bid documents for the Eastside Housing Water and Sewer Infrastructure Project. Additionally, Public Works will move forward with the process to complete the 16th and 12th Street projects. The Council action item to establish the priority order for funding and completion of the remaining street projects will be on the November Regular Session agenda.

The City Council is scheduled to meet with the Fair Board in a Work Session on October 24, 2022, to discuss the Fairground project but it is not anticipated that decisions regarding the \$250,000 of gap funding will be included on the Council's November Regular Session agenda given the outside funding requests will still be in process.

The City Manager recommends passage of the proposed Resolution as presented.

Reviewed By: (Initial)

City Manager _____
 City Recorder _____
 Aquatics Division _____
 Building Department _____
 ED Department _____
 Finance _____
 Fire Department _____

Human Resources Dept _____
 Library _____
 Parks Department _____
 Planning Department _____
 Police Department _____
 Public Works Department _____

COUNCIL ACTION (Office Use Only)

- Motion Passed
- Motion Failed; _____
- Action Tabled: _____
Vote: _____
- Resolution Passed # _____
Effective Date: _____
- Ordinance Adopted # _____
First Reading: _____
Second Reading: _____
Effective Date: _____

**CITY OF LA GRANDE
RESOLUTION NUMBER _____
SERIES 2022**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY,
OREGON, ALLOCATING AMERICAN RESCUE PLAN ACT FUNDING TO SPECIFIC PROJECTS**

WHEREAS, the City of La Grande received \$3,023,872 from the American Rescue Plan Act (ARPA) and elected the “standard allowance,” which allows the City to consider the full amount as “Revenue Loss” and funds can be used for any governmental purpose; and,

WHEREAS, all ARPA funds must be obligated not later than December 31, 2024, and expended by December 31, 2026; and,

WHEREAS, on June 13, 2022, the City Council held a Work Session to review project proposals identified by City staff and tentatively prioritized the projects; and,

WHEREAS, the City Council directed City staff to schedule a Virtual Town Hall Work Session, to be held on September 14, 2022, to receive additional public input from the community regarding the proposed projects; and,

WHEREAS, on September 14, 2022, the City Council held a Virtual Town Hall Work Session at which the Department Directors again presented the proposed projects and responded to questions from the City Council; and,

WHEREAS, on September 14, 2022, the City Council reviewed public comments received prior to the Work Session, comments submitted online during the Work Session, and heard public comments from those in attendance to assist in reaching consensus on the final priority ranking; and,

WHEREAS, at the September 14, 2022, Town Hall Work Session, the City Council added projects submitted by the public to those presented by City staff prior to their discussions regarding funding allocations; and,

WHEREAS, at the September 14, 2022, Town Hall Work Session, the City Council reached consensus on a prioritized list of project funding based on input from staff and the public which includes the Eastside Housing Water and Sewer Infrastructure Project, various Street Projects, and up to \$250,000 of funding for water and sewer improvements at the Union County Fairgrounds, contingent upon the outcome of outstanding funding requests; and,

WHEREAS, at the September 14, 2022, Town Hall Work Session, the City Council reached consensus that no additional projects shall be considered for ARPA funding with the intent that funding not expended on or allocated to the Eastside Housing Water and Sewer Infrastructure and Union County Fairgrounds shall be used to fund street projects until all ARPA funds are depleted; and,

WHEREAS, the City Council directed the City Manager to prepare an action item for the October 5, 2022, City Council Regular Session to consider final approval of ARPA funding allocations;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of La Grande, Union County, Oregon, hereby affirms that: the American Rescue Plan Act (ARPA) funds in the amount of \$3,023,872 shall be allocated as shown below; that the City staff shall present to the City Council for consideration a prioritized list of the below street projects to determine the order in which they will be completed for approval, with 16th and 12th Street as the first two projects; and that the City Manager shall take all appropriate actions to obligate and expend the funds as required by ARPA within the required timelines:

- 1. Eastside Housing Water and Sewer Infrastructure - \$1,500,000**

2. Street Projects (\$1,273,872)

Project Roadway	Type of Project	Estimated Cost
16 th Street	Overlay	\$222,750
12 th Street	Grind and Inlay	\$392,000
N Avenue	Grind and Inlay	\$324,700
Willow Street	Overlay	\$168,750
Division Avenue	Overlay	\$303,000
Walnut Street	Grind and Inlay	\$289,000
6 th Street	Overlay	\$281,250
Monroe Avenue	Overlay	\$175,500
Harrison Avenue	Overlay	\$225,000
East L Avenue	Overlay	\$247,500
Alder Street	Grind and Inlay	\$139,400

3. Union County Fairgrounds Water and Sewer Project – \$250,000 shall be reserved and allocated by the City Council, contingent upon the outcome of the pending outside funding requests, in an amount not to exceed \$250,000 as gap funding to complete the water and sewer upgrades at the Fairgrounds. Any funding provided must be obligated and expended within the ARPA required timeframes.
4. Any funds not required or allocated for the Eastside Housing Water and Sewer Infrastructure Project and/or the Union County Fairgrounds Water and Sewer Project shall be dedicated to the Street Projects.

PASSED and EFFECTIVE ON this Fifth (5th) day of October, 2022, by _____ () of _____ () Councilors present and voting in the affirmative.

Stephen E. Clements, Mayor

Gary Lillard, Mayor Pro Tem

John Bozarth, Councilor

David Glabe, Councilor

Nicole Howard, Councilor

Mary Ann Miesner, Councilor

Justin Rock, Councilor

ATTEST:

Stacey M. Stockhoff
Acting City Recorder