

MINUTES OF THE SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF  
YREKA HELD IN SAID CITY ON MAY 7, 2020

On the 7<sup>TH</sup> day of May 2020, the City Council of the City of Yreka met in special session, immediately following the regular session, and upon roll call, the following were present: Deborah Baird, Joan Smith Freeman, Duane Kegg, Paul McCoy, and Norman Shaskey.  
Absent - None.

Adoption of Uncodified Urgency Ordinance # 856 temporarily suspending Sections 3.12.080 and 3.12.090 of the Yreka Municipal Code concerning payment of Transient Occupancy Tax, and Declaring the Urgency thereof.

Finance Director Rhetta Hogan provided the Council with a memorandum reporting that the City Manager and Mayor met with the City of Yreka's Lodging establishments. They have requested, as some other cities in California have done, a deferral of transient occupancy taxes that have been collected by the lodging establishment.

Statewide and importantly our local establishments have been particularly hard hit economically by the Covid19 pandemic. The impacts to small businesses that have been closed, tourism and travel are far reaching in the local economy. The Siskiyou Tourism Improvement District's board met in April to approve the payment deferral of collected taxes for the TBID tax and is asking jurisdictions to consider deferral of their transit occupancy tax payments. The urgency ordinance would facilitate that deferral action.

Deferral and Other considerations:

Last fall, with Council's approval, the City transferred the collection, compliance and audit of lodging establishments to HdL Companies, who are currently collecting lodging taxes. Lodging establishment are now able to file their reports and pay online. Deferment changes to the collection process will need to be accommodated by the City's collection, compliance and audit agent. The City is working with its agent HdL to accommodate this urgency ordinance.

The deferral is complicated by the overlay of the Siskiyou Tourism Improvement district tax collections, where the City has no authority to defer payments on behalf of the district. As mentioned earlier, in a separate action the Siskiyou Tourism Board, did vote on a deferral action on March 27, 2020 with no end date.

In order to facilitate collections, the urgency ordinance is conditional upon adoption by the Siskiyou Tourism Improvement District Assessment Deferment to follow the City's deferment period for occupancy taxes collected from March 2020 through August 2020, due and payable in full on or before November 1, 2020. September occupancy taxes would revert to the regular filing period outlined in the City's ordinance Sections 3.12.070 and 3.12.080. In addition, the Siskiyou Tourism Improvement district's the penalties, due dates vary slightly from the City's collection dates and penalties, that also required some custom programming.

Current collection status:

All taxes were current and paid as of January 30, 2020 for the lodging collection period of December 2020. And transit occupancy taxes for January payable by February 28<sup>th</sup>, remitted to the City on March 15, 14 of 14 operators have remitted their taxes. Transit occupancy taxes for February payable by March 31<sup>st</sup>, remitted to the City on April 15, 12 of 14 operators have remitted their taxes.

Fiscal Impact: At the time of this report,

- (a) the City has not been able to estimate the custom cost of programming, if any, these deferrals with HdL.
- (b) the deferral and shift of the revenue stream for the lodging period of March to August, to be due and payable on November 1, 2020, is not expected to be significant due to marked decline in occupancy.
- (c) The TOT operators will still need to file their occupancy returns timely with the payment option of deferral selected to the City's agent HdL
- (d) the loss of tax revenue due to the decrease in occupancy rates to the City is expected to be material. Without tax filing data from its lodging establishments, statewide data suggests we can estimate revenues during this period to be down at least 80 to 90%, of historic trend data.
- (e) Expected easing of travel restrictions, however, are not expected to result in the recovery of occupancy rates (and tax revenue) and the occupancy rates may remain at all-time lows during the summer season. A rebound in staying local tourism (e.g. destinations within a one-day drive from bay area or Sacramento), or a major fire event this season, may offset the decrease in occupancy numbers later this summer.

Following Council discussion, Councilmember Kegg moved to adopt Urgency Ordinance No. 856 as submitted.

Councilmember Baird seconded the motion, and upon roll call, the following voted YEA: Baird, Freeman, Kegg, McCoy and Shaskey. Mayor Freeman thereupon declared the motion carried

**ADJOURNMENT** There being no further business before the Council the meeting was adjourned.

Attest:

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Joan Smith Freeman, Mayor  
Minutes approved by Council  
Motion May 21, 2020

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Elizabeth E. Casson, City Clerk