



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of April 14, 2025

Title/Subject

Discussion of Transient Room Tax (TRT) Distribution.

Summary and Background

In two different but recent city council meetings, motions were made in relation to reallocating the TRT to other uses. Neither of those motions were adopted. In the January 2025, Council/Staff Goal Setting session this topic was discussed and was adopted into the draft final report that was scheduled for adoption earlier at this same city council meeting.

This item was scheduled into this session's discussion because of the timing of upcoming budget discussions. With those coming soon, any possible change in the distribution would need to be factored into those upcoming budget discussions.

TRT Discussion

As some background to this discussion, beginning April 1, 2024, the TRT was increased by 1% to 9%. This increase was implemented in order to generate some additional revenue to the General Fund to support Law Enforcement activities. Also as an overlay to this discussion, the State of Oregon requires that all TRT spending be split 70 percent to tourism promotion or venues and 30 percent to other activities. There are some nuances with that requirement based on the dates of when the tax or any changes were adopted. City staff believes that we are in compliance with those requirements.

Below is the distribution formula based on the language contained in [HMC 112.25](#) with numbers based on the [FY2024-25 adopted budget](#).

37.50%	\$411,000	Cost of constructing a community outdoor pool, including paying for bonds
25.00%	\$274,000	Maintain/Operate the Community Center and EOTEC
15.00%	\$164,400	Offset costs of programs such as Senior Citizen Taxi program, economic development, streets maintenance and similar programs
9.00%	\$ 98,640	Recreation and recreation-related programs and activities and park improvements administered by the advisory committee
9.00%	\$ 98,640	City parks and recreation development administered by the Parks and Rec Committee
3.00%	\$ 32,880	Cost of operating a visitor's information center within the City of Hermiston
1.50%	\$ 16,440	Preventative maintenance/repairs to a community outdoor swimming pool
	\$1,096,000	

Harkenrider Contribution

In February 2014, the City entered into an agreement with the Hermiston Senior Center Board (Board). The Board had operated the former senior center on the county fairgrounds property. Discussions and efforts were taking place that would eventually transfer ownership of the fairgrounds property to the Hermiston School District. During that time the Board was working to try and find another location for a senior center. After a lot of difficulty, the City of Hermiston agreed to seek a Community Development Block Grant (CDBG) to build a new senior focused facility. As that partnership was forming and prior to a successful grant application, the Board entered into a facility agreement with the City in February 2014. The City was ultimately successful in receiving the grant and building the Harkenrider Senior Activity Center (Center). The building was opened in September of 2018.

For the past few years, the City has been budgeting funds to assist the Board in operations at the Center. In the FY2024-25 budget, the City allocated ~\$88,000 for some staffing and other costs at the Harkenrider Center. However, the Board operates the meals program as spelled out in the City's 2014 agreement with them at their expense.

Tie-In to Council Goals

3.6 Evaluate use of Community TRT + Harkenrider Contribution

Fiscal Information

In the FY2024-25 budget, the City budgeted to receive approximately \$1.1 million from TRT. Collections are coming in ahead of budget estimates.

In the FY2024-25 budget, the City budgeted to spend \$88,076 on Harkenrider expenses.

Alternatives and Recommendation

Alternatives

Recommended Action/Motion

Staff is seeking direction on any possible changes in these two areas.

Submitted By:

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