



DATE: December 15, 2025
TO: Mayor and City Council, City of Dundee
FROM: Interim City Administrator, Brandon Hamilton
RE: Transient Room Tax (TRT) Abatement Agreement – Outpost Dundee, LLC

Background: The City of Dundee has adopted a Transient Room Tax (TRT) code that generates revenue from hotel operations in the City. The TRT revenue generated must be expended as follows: general fund (30%) and tourism fund (70%). The “tourism fund” may be used to support “tourism-related facilities” which is defined in state law and city code to be “real property with a useful life of ten (10) or more years that has a substantial purpose of supporting tourism or accommodating tourist activities,” which includes a hotel.

The City acknowledges that there are challenges for the operation of hotels in the current real estate, hospitality, and other economic market conditions, and the City desires to encourage and incentivize the operation and stabilization of a new hotel in the City. The stable operation of hotels in the City will help to: (a) attract visitors to the City; (b) contribute to the economic vitality of the City; (c) expand the City’s tax base; (d) generate significant increased transient room taxes and other revenue to the City; (e) further enhance the quality of facilities, goods, and services available to the City and its residents; and (f) otherwise improve the economic and physical conditions in the City.

On November 25, 2025, the City Council held a work session to discuss entering into an Transient Room Tax Abatement agreement with Outpost Dundee, LLC, to support of Outpost Dundee’s proposed Terrain Hotel, located at located at 180 S.W. 9th Street, Dundee, Oregon, and 240 S.W. 9th Street, Dundee Oregon, uses using tourism funds for “tourism-related facilities (the “Abatement Agreement”). On December 2, 2025, the City held a City Council meeting to further discuss the terms and conditions of the Abatement Agreement that would be acceptable to the City of Dundee.

These discussions and negotiations resulted in the following proposed terms and conditions, shown on the attached TRT Agreement:

- For years 1 – 2, 70% of the TRT Revenue collected by the City will be abated, up to a maximum amount of \$500,000 per year. A Minimum of 30% of TRT Revenue will be paid to the City per year.
- For years 3 – 20, 50% of the TRT Revenue collected by the City will be abated, up to a maximum amount of \$800,000 per year. A minimum of 50% of TRT Revenue will be paid to the City per year.
- Outpost Dundee’s Urban Renewal Grant Agreement for SDC fees will be reduced by a minimum of \$300,000 to \$0. The balance of the Urban Renewal Grant Agreement will be awarded based on the following construction schedule:
 - A grant in the amount of \$700,000 for the Improvements if construction commences by June 1, 2026.



- A grant in the amount of \$500,000 for the Improvements if construction commences by September 30, 2026.
- A grant in the amount of \$250,000 for the Improvements if construction commences by December 31, 2026.

RECOMMENDATION: For the reasons stated above, it is recommended that the City of Dundee approve the TRT Abatement Agreement presented at this City Council meeting.

RECOMMENDED MOTION: I move to approve the TRT Abatement Agreement between the City of Dundee and Outpost Dundee, LLC, as presented in this Council meeting.