



TOWN OF FAIRFAX

STAFF REPORT

September 7, 2022

TO: Mayor and Town Council

FROM: Heather Abrams, Town Manager
David Woltering, Interim Planning and Building Services Director

SUBJECT: Adoption of a Resolution Adopting Fees for the Short-term Rental Program for Inclusion in the Master Fee Schedule

RECOMMENDATION

Adopt the Resolution Adopting Fees for the Short-term Rental Program for Inclusion in the Master Fee Schedule.

BACKGROUND/DISCUSSION

At its meeting of June 1, 2022, the Town Council adopted Resolution 22-44, which provides the policies and procedures necessary to implement and administer the Town's Short-term Rental (STR) Program. The STR Program allows permanent residents in Fairfax to rent out specified residential dwellings for 30 consecutive days or less, subject to compliance with prescribed requirements including those related to occupancy limits and parking requirements. At its meeting of July 6, 2022, the Town Council adopted Ordinance No.865, which allows STRs in single family residential zones in the Town, and Ordinance No. 866, which establishes the STR Program. Both ordinances became effective 30 days after being adopted, and the provisions of the adopted Resolution are effective in support of these ordinances. At the January 19, 2022, Town Council meeting, a third-party administrator of STR Programs, Host Compliance, presented to the Council the range of services it could provide in support of the Town's STR Program. These services include the following: Address Identification; 24/7 Hotline Compliance Monitoring; Mobile Permitting & Registration; Rental Activity Monitoring; and Tax Collection. The Host Compliance services are primarily an online platform to coordinate the identification, registration, monitoring, initial enforcement, fee collection, and data collection activities involved with an STR Program. While the third-party contractor would provide a foundation for the implementation and administration of the STR Program, staff would still have a significant role in verifying registrations, responding to information requests and complaints, financial monitoring, business licenses, enforcement, and legal. The third-party contractor's services would be extremely valuable in identifying STRs in the community and providing foundational support and data collection to make the program successful. At the January 19, 2022, Town Council meeting, Host Compliance representatives indicated they anticipated their services would cost the Town approximately \$14,000.

Staff has followed-up with Host Compliance representatives to learn more about their services and requested a formal cost proposal. Host Compliance has submitted a cost proposal for the service areas listed above for a total amount annually of \$13,823.00. While the Host

Compliance proposal is firm, this is a new program and staff costs and associated program revenues can only be estimated. Staff estimated costs, proposed fees may not cover all program costs, and the Council may direct staff to review the program to adjust fees towards the end of the first year of operation when actual costs are more firm. As directed by the Town Council when adopting the implementing ordinances and resolution for this program, the registration fee will be waived for the first six months as an incentive to encourage registration of the STRs in the Fairfax community. Additionally, staff is recommending a relatively low initial registration fee of \$150 per unit. As a local example for comparison, the City of San Rafael charges \$170 for initial registration per unit, and \$135 for renewals.

FISCAL IMPACT

Staff expects that towards the end of the first year, there will be relevant information about both actual costs and revenues to adjust the registration fee as may be necessary. A combination of the registration fee, Hotel User Tax (HUT), general funds, and business license fees can be used to fund the program.

ATTACHMENTS

- A. Resolution Adopting Fees
- B. Granicus (Host Compliance) STR Program Services Proposal

RESOLUTION 22-__

**A RESOLUTION OF THE TOWN OF FAIRFAX ADOPTING A RESOLUTION
ADOPTING FEES FOR THE SHORT-TERM RENTAL PROGRAM FOR INCLUSION
IN THE MASTER FEE SCHEDULE**

WHEREAS, California Government Code section 50076 permits municipalities to charge fees for services or regulatory activities which do not exceed the reasonable cost of providing those services or activities; and

WHEREAS, Town staff has analyzed the Town's Short-term Rental (STR) Program ("Fee Estimate Worksheet for Short-term Rental (STR) Program, dated 9.1.22"), and determined a reasonable initial registration fee for the STR Program to be \$150 per unit; and

WHEREAS, registrants of the STR Program also will be required to obtain a Town business license and pay an annual Hotel User Tax (HUT).

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Fairfax does hereby adopt and authorize the \$150 STR Program Registration Fee to be included in the Town's Master Fee Schedule.

The foregoing Resolution was duly passed and adopted at a Regular Meeting of the Town Council of the Town of Fairfax held in said Town on the 7th day of September 2022, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Stephanie Hellman, Mayor

Attest:

Michele Gardner, Town Clerk



408 Saint Peter Street, Suite 600
Saint Paul, MN 55102
United States

THIS IS NOT AN INVOICE

Order Form
Prepared for
Fairfax, CA

Granicus Proposal for Fairfax, CA

ORDER DETAILS

Prepared By: Kester Bonsu
Phone:
Email: kester.bonsu@granicus.com
Order #: Q-167596
Prepared On: 08/08/2022
Expires On: 09/30/2022

ORDER TERMS

Currency: USD
Payment Terms: Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)
Period of Performance: The term of the Agreement will commence on the date this document is signed and will continue for 12 months.

PRICING SUMMARY

The pricing and terms within this Proposal are specific to the products and volumes contained within this Proposal.

One-Time Fees			
Solution	Billing Frequency	Quantity/Unit	One-Time Fee
Address Identification - Setup and Configuration	Up Front	1 Each	\$0.00
Address Identification - Online Training	Up Front	1 Each	\$0.00
24/7 Hotline - Setup and Configuration	Up Front	1 Each	\$0.00
24/7 Hotline - Online Training	Up Front	1 Each	\$0.00
Compliance Monitoring - Setup and Configuration	Up Front	1 Each	\$0.00
Compliance Monitoring - Online Training	Up Front	1 Each	\$0.00
Mobile Permitting & Registration - Setup and Configuration	Up Front	1 Each	\$0.00
Mobile Permitting & Registration - Online Training	Up Front	1 Each	\$0.00
Rental Activity Monitoring - Setup and Configuration	Up Front	1 Each	\$0.00
Rental Activity Monitoring - Online Training	Up Front	1 Each	\$0.00
Tax Collection - Setup and Configuration	Up Front	1 Each	\$0.00
Tax Collection - Online Training	Up Front	1 Each	\$0.00
SUBTOTAL:			\$0.00

New Subscription Fees			
Solution	Billing Frequency	Quantity/Unit	Annual Fee
Address Identification	Annual	90 Rental Listings	\$4,050.00
24/7 Hotline	Annual	74 Rental Units	\$888.00
Compliance Monitoring	Annual	74 Rental Units	\$1,665.00
Mobile Permitting & Registration	Annual	1 Each	\$5,000.00
Rental Activity Monitoring	Annual	74 Rental Units	\$2,220.00
Tax Collection	Annual	1 Each	\$0.00
SUBTOTAL:			\$13,823.00

PRODUCT DESCRIPTIONS

Solution	Description
Address Identification	<p>Ongoing monitoring of 60+ Short Term Rental websites including major platforms Airbnb, VRBO, HomeAway, Booking.com, FlipKey, & Expedia. Our machine learning will deduplicate all known Listings into unique Rental Units, where our identification team will provide owner contact information for further enforcement. This product includes:- Ongoing monitoring of all listings in your jurisdiction</p> <ul style="list-style-type: none"> - Updating listing activity and details every 3-5 days - Screenshot activity of every listing - Deduplication of listings into unique Rental Units - Activity dashboard and map to monitor trends and breakdown of compliance
24/7 Hotline	<p>24/7 web and phone hotline for your community to report short term rental complaints such as parking, trash, noise disturbances, and illegal short term rentals. This product include:- Mobile-enabled online web form for citizens to submit tips or complaints (text, videos, and photos)</p> <ul style="list-style-type: none"> - 24/7 call center for citizens to contact and report complaints verbally - Recordings for all call center complaints - Email notifications to your team when complaints are logged - Automatic outbound IVR calls and SMS messages to permit emergency contacts notifying them of the complaint - SMS support for emergency contacts to mark a complaint as acknowledged or resolved with the ability to send resolution notes - Hotline Dashboard for tracking complaint volumes, trends, and categories - Ability to upload Notes/Comments to each complaint
Compliance Monitoring	<p>Compliance monitoring provides up-to-date information for each identified Rental Unit and its compliance status. We configure your compliance definition specific to your jurisdiction rules and ordinances in order to provide up-to-date compliance status of each identified Rental Unit. Additionally, this product will:- Allow your team to send letters to non-compliant properties 24/7</p> <ul style="list-style-type: none"> - Configure letter templates with your branding and letterhead - Add as many letter sequences as you need for escalation - Monitor properties that become compliant after letter enforcement

Solution	Description
Mobile Permitting & Registration	Mobile-enabled online forms and back-end systems for streamlining the registration/licensing/permitting of individual short-term rental hosts. These registration forms and workflows include:- Parcel Number lookup and validation - E-Signatures - ACH, Debit, and Credit Payments exclusively powered by Stripe.com - Registration Number & Certificate creation - Document Upload - Renewals - Email confirmation - Admin approval & denial
Rental Activity Monitoring	Ongoing monitoring of Short Term Rental listings for signs of rental activity including historical revenue estimates & occupancy. Coupled with our Tax Collection product, users can also compare historical revenue estimates to actual reported revenue to identify those that may be underreporting and underpaying sales tax (i.e. TOT).
Address Identification - Setup and Configuration	Setup and configuration of the platform to facilitate the systematic identification of the addresses and owner's contact information for short-term rentals located in a specific local government's jurisdiction. <i>Note: The implementation timeline for Client is dependent on Granicus' receipt of all data from Client required to complete the services, including assessor data and registration files, in the format agreed upon by the parties prior to project kick-off. Any fees associated with the collection or receipt of required data will be borne by Client.</i>
Address Identification - Online Training	Virtual training session with a Granicus professional services trainer.
24/7 Hotline - Setup and Configuration	Setup and configuration of the online platform to enable neighbors to report, prove and get instant resolution to non-emergency short-term rental related problems.
24/7 Hotline - Online Training	Virtual training session with a Granicus professional services trainer.
Compliance Monitoring - Setup and Configuration	Setup and configuration of the system to enable ongoing monitoring of a specific jurisdiction's short-term rentals for compliance with the relevant registration/licensing/permitting requirements.
Compliance Monitoring - Online Training	Virtual training session with a Granicus professional services trainer.

Solution	Description
Mobile Permitting & Registration - Setup and Configuration	Setup and configuration of mobile-enabled online forms and back-end systems for streamlining the registration/licensing/permitting of individual short-term rental hosts and capturing and processing the associated signatures, payments and required documentation
Mobile Permitting & Registration - Online Training	Virtual training session with a Granicus professional services trainer.
Rental Activity Monitoring - Setup and Configuration	Setup and configuration of ongoing monitoring of Short-term Rental listings for signs of rental activity.
Rental Activity Monitoring - Online Training	Virtual training session with a Granicus professional services trainer.
Tax Collection	Tax Collection can be built as a separate mobile-enabled form or coupled with Mobile Permitting & Registration in one single portal allowing your users to:- Report revenue monthly, quarterly, or annually and pay sales tax due (i.e TOT) - Remind users when they are registering for a permit/license to also report any back taxes - Collect ACH, Debit, and Credit Payments exclusively powered by Stripe.com
Tax Collection - Setup and Configuration	Setup and configuration of mobile-enabled online forms and back-end systems for streamlining the monthly/quarterly collection of taxes from individual short-term rental hosts and capturing and processing the associated signatures, payments and required documentation
Tax Collection - Online Training	Virtual training session with a Granicus professional services trainer.

TERMS & CONDITIONS

- Link to Terms: https://granicus.com/pdfs/Master_Subscription_Agreement.pdf
- This quote is exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is the responsibility of Fairfax, CA to provide applicable exemption certificate(s).
- Granicus certifies that it will not sell, retain, use, or disclose any personal information provided by Client for any purpose other than the specific purpose of performing the services outlined within this Agreement.
- Any lapse in payment may result in suspension of service and will require the payment of a setup fee to reinstate the subscription.
- Notwithstanding anything to the contrary, Granicus reserves the right to adjust pricing at any renewal in which the volume has changed from the prior term without regard to the prior term's per-unit pricing.

BILLING INFORMATION

Billing Contact:		Purchase Order Required?	[] - No [] - Yes
Billing Address:		PO Number: <i>If PO required</i>	
Billing Email:		Billing Phone:	

If submitting a Purchase Order, please include the following language:

The pricing, terms, and conditions of quote Q-167596 dated 08/08/2022 are incorporated into this Purchase Order by reference and shall take precedence over any terms and conditions included in this Purchase Order.

AGREEMENT AND ACCEPTANCE

By signing this document, the undersigned certifies they have authority to enter the agreement. The undersigned also understands the services and terms.

Fairfax, CA	
Signature:	
Name:	
Title:	
Date:	