

MINUTES
City of Newport
Short-Term Rental Implementation Work Group Meeting
City Hall, Conference Room A
Tuesday, August 20, 2019

Members Present: Bill Branigan, Dietmar Goebel, Cynthia Jacobi, Jamie Michel, Spencer Nebel, Bill Posner, and John Rogers.

City Staff Present: Community Development Director (CDD), Derrick Tokos; Police Chief, Jason Malloy; Community Service Officer, Jim Folmar; Finance Director, Mike Murzynsky; and Executive Assistant, Sherri Marineau.

Public Members Present: Carla Perry, Cheryl Connell, Wayne Benson, and Mona Linstromberg.

1. **Call to Order.** The meeting was called to order at 1:05 p.m.
2. **Introductions.** Introductions were done. Tokos noted that Bill Posner and Jamie Michel served on the Short-Term Rental Advisory Committee (AC). He explained that the Short-Term Rental Work Group (WG) were exempt from the disclosures requirements required of that prior group because the new work group was appointed to fill specific roles as outlined in the resolution.
3. **Review and Amend Agenda as Needed.** Tokos reviewed the agenda and pertaining materials. He asked for adjustments to agenda. None were heard.
4. **Committee Scope of Responsibilities.** Tokos reviewed Resolution No. 3857 for the establishment of the Short-Term Rental Implementation Work Group, including the responsibilities of the group and staff.
5. **Short-Term Rental Ordinance Q&A.** Tokos noted that the ordinance was currently a part of the Municipal Code and was what the City was working under. He covered NMC Chapters 4.25 and 14.25, maps of the overlay zone, and Resolutions 3850 and 3849.
6. **Staff Roles and Responsibilities.** Tokos reviewed the staff roles and responsibilities. The Community Development Department (CDD) would ensure that Short-Term Rental (STR) licenses meet the current land use rules, or if they fell under the prior rules as nonconforming to the new rules. The CDD would also answer questions on the standards and land use rules. Nebel asked for an explanation of what nonconforming was. Tokos explained that most of the licensed STRs didn't meet current rules due to things like occupancy, parking, spacing standards, B&Bs that have more rooms than permitted in the new rules, and landscaping. This meant they did not conform to the new rules. Tokos explained the CDD maintained the STR waitlist, answered questions on the applicability of the rules, and supported the Police Department (PD) in the enforcement of the rules. He also explained how violations for licensed and non-licensed STRs would be enforced. The PD did the enforcement. The Finance Department did the license renewals and room tax collections.

Jacobi asked when would a suspension start when someone had two strikes with a suspension. Tokos explained it would be determined on the letter. If they didn't amend then they would get to another strike. Jacobi asked if the owner would have to cancel reservations. Folmar explained they are expected to take down advertisements and stop operations. Malloy said there was a challenge with the units that weren't licensed and were booked out a number of months, and it was hard to be sure that they stopped the rentals they had booked already when they took down the listing. The PD had to make a decision on how to enforce this. Folmar noted that the goal was to have everyone follow the rules, and they were in the process of finding the people who weren't doing this to educate them.

Branigan asked what happened with challenging complaints. Malloy said there was a recent complaint that was a continuation of the same complaint, that the person disagreed should be a continuation. When this happened the PD would open up the complaint list and look at the history to determine if it was another complaint. Tokos

noted the way the ordinance was drafted was the second and third letters went to the City Council and the Judge. The first violation needed to be worked out internally for the appropriate course of action. Malloy said the first letter didn't have a monetary loss and didn't hold as much weight as the next letters that did. The City still needed to map out a due diligence process.

Michel asked if the property owner had to bring the appeal to the city or if a property manager could. Folmar thought the property manager or representative could if they had written authorization. Tokos explained the violation would be against the property owner.

7. **Renewal Update.** Tokos reviewed the status of the STR renewals and the procedures going forward. He noted the STRs that didn't renew were not licensed at that time. They would remain eligible for STR use for 12 months under the nonconforming rules, starting on August 16, 2019.

Tokos reviewed the STRs that were still in process under the old rules. They had until November 1, 2019 to complete their applications before they were considered expired, because they had 180 days since the date the ordinance was approved (May 6, 2019) to bring their applications to licensing.

Tokos noted that when the numbers were tallied up for the STRs in the overlay, it came up to the cap number of 176. As of the date of the meeting, there was a waitlist with 15 people on it. Tokos noted that once the November 1st deadline passed, he expected some of the pending applications to not be complete, and assumed there might be open spots for new STRs at that time. Nebel asked when the nonconforming status would go away for the STRs that didn't renew. Tokos said it was 12 months from when the STR ceased its nonconforming use. Tokos said the City would have to wait for 12 months for the nonconforming uses to go away until the city added new licenses from the waitlist for those spots. He explained that there would be open spots after the 12 months was up on August 16, 2020.

Tokos reported that the City had forgone enforcement of the sign requirement until the third party vendor was hired. The City was in the process of ordering the uniform signs that would need to be posted. Michel asked if the property management placard could be posted alongside the City sign. Tokos said there were no rules that said they couldn't post the management sign as well. Michel asked if the City would be providing the signs to be installed, and if it would be at the City's expense. Tokos said he would look at the fee contract collected for the third party to see if it offset the costs. He thought it was reasonable to have the City cover the costs. If the fee contract didn't cover the costs, it would be on the property owner to pay for the signs. Michel suggested writing in the fees for the sign with the license costs.

Tokos explained that a more detailed list of licensed units would be posted on the website when the renewal list had been confirmed. Michel requested the contact information for the management or local contact be included on this list. She also requested the list on the website be searchable.

8. **Status of Third Party Enforcement Implementation.** Tokos noted that the 24-hour hotline was now up and operable. LodgingRevs was the vendor who the City contracted with. Tokos reported they had just completed a sweep of addresses in Newport to compare it to the list the City gave them on licensed rentals. LodgingRevs would send out one of two violation warning letters to the rentals that weren't licensed. Tokos noted the online version was in English and Spanish. He explained that the online complaint system wasn't active yet because staff training hadn't happened yet. The City would send a letter to everyone who participated in the process when the online system was open. Tokos explained that LodgingRevs would dispatch on complaints to the manager/local representative of the unit and the Community Service Officer (CSO) would follow up with these individuals.

Tokos said at first the City hoped to do online room tax payments through the LodgingRevs system but the City decided to use the Caselle system. Each owner would do this online as part of their room tax remittance and was about 3 months out for it to start. In the meantime, owners would do paper submittals. LodgingRevs would be auditing what the City should be collecting, and they would do a boiler plate reminder to owners to pay room taxes. Nebel thought the reminder would have a link to the website.

Posner asked if the City would get a feedback report from the public on how the vendor was doing. Malloy said the PD could monitor when calls came in and when they were dispatched to see if there was follow up as a way to monitor the vendor. Goebel asked how LodgingRevs would report to the City. Tokos explained the enforcement would be given to the PD and the room tax estimates would be submitted to the Finance Department. Murzynsky reported that owners would get a pin number to pay the room tax payments.

Michel asked if the report the vendor gave on the number of nights a unit was rented for room tax remittance took into account different times of the year the unit was rented and the different rates. Tokos said they would look at significant discrepancies for issues. Michel voiced concern about complaints not being assumed to be violations. She asked if a neighbor called about a disturbance and the management called the guest and it was stopped, would it be a violation. Folmar said it wouldn't be a violation until it reached the PD and there was multiple evidence. A letter wouldn't be sent for every call. There needed to be evidence that the violation occurred and something to support it. Michel was concerned that the signs would only have the 24/7 hotline information, and not the management information on it. Folmar said the PD would be looking at complaints on a case by case basis. Nebel noted that the 24/7 hotline would call the managers first. Malloy said that the PD needed to determine how to be consistent with the complaints and how violations were determined. Tokos said a violation needed tangible evidence to prove it violated the code.

9. **Complaint Resolutions.** Folmar reviewed the PD memorandum on letters sent out for violations. He noted he was looking at various websites to determine if STRs were licensed until the third party website was up and running. Letters had been sent out for over occupancy and were complaint driven. Nebel noted there would be a better report at the next meeting on where things stood. Tokos thought it would be helpful for the CSO to get as much of his research and complaints he had dealt already within the system. Nebel thought the PD needed some standard protocol when responding to STR complaints to make sure the CSO was informed.

Branigan asked if there was a backup for the CSO when he was out of the office. Malloy said there were two CSOs and each would back up the other. They were establishing protocols, and Officer Ballentine would be trained to step in when Folmar was gone. They would both share job duties until close to the beginning of the year when they would see what happened with the third party vendor. Goebel asked if the CSO saw an increase in complaints. Folmar said they had not received a lot of complaints. There had only been one or two complaint driven letters sent out to owners. Folmar thought a lot of people didn't know how to log a complaint yet. He felt signage would help officers. Malloy said there had been about a dozen complaints that came in before Folmar started and they were from people who were part of the STR process. He worked with Tokos on responding to them. There had been four cease and desist letters sent and a few phone calls. Malloy thought there would be more of this happening after people understood the process.

10. **Frequency of Meetings.** Tokos noted that the resolution committed the WG to report to the Planning Commission and City Council on a quarterly basis. He asked for input on when the WG should meet. Nebel thought a meeting in the next month would be advantageous. Tokos would do a poll to get dates in October/November for the next meeting. Malloy noted that if the WG had enforcement questions they could reach out to him and Folmar.
11. **Public Comment.** Tokos opened up the meeting for public comments. Carla Perry asked how people would provide direct evidence if they used the phone to make a violation report. Tokos would talk to the vendor about this and thought the vendor would direct them to upload the evidence. Perry was concerned that not everyone had a computer to do this. Malloy said there could be a request for follow up by the CSO to talk to the complainant about the evidence. Nebel thought they City needed to have a discussion with LodgingRevs on what the agents should say. Tokos would write a script for the agents at LodgingRevs to use.

Perry asked if the information on the list of licensed STRs would be done and how the local representatives were going to be shared. Marineau explained that the list provided had the most up to date information on the local representatives. This information was what was provided as part of the STR license renewals. Some of the STR renewals listed as "incomplete" were still missing the local representative information. Perry didn't see Meredith Lodging on the list and she knew there were some rentals that used them as a manager. Folmar reported that he had been looking at Meredith Lodging's website along with other property management websites for compliance.

He reminded that the owner would be contacted first and then would talk to the manager. Perry suggested that LodgingRevs said “property violation report form” instead of just saying “property complaint form”. She felt complaint was a negative word and thought violation would go over better with the populous. Malloy said complaints was a standard word. Using the word “violation” indicated there was already a violation.

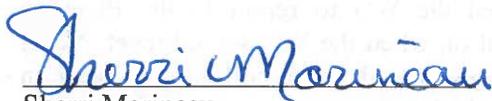
Cheryl Connell addressed the WG. She wanted to rename the complaint button and try to get the nomenclature different. She asked the WG to consider that many of the people reporting complaints had been undergoing this for many months and needed to be treated with respect. She wanted to know what the process would be to let people know about the new reporting process. Nebel said once the City knew things were working with the third party vendor, they would look at ways to get the word out. They could look at a standard press release and giving it a prominent place on the website. They could also possibly put a notice in a utility bill mailing. Tokos explained that they wanted to reach out to everyone who participated in the process to let them know. He hoped the signs would also inform the public. Connell thought multiple types of notifications would reach many people and was necessary for the City to be successful in getting the word out. Nebel thought it was important to direct people to a central location and do internal training with staff on forwarding complaints in this system. Connell requested that whatever they decided, they should do a direct mailing to residents next to STRs. Nebel asked to add an agenda item on the next meeting to discuss the outreach process. Connell requested the CSO be available to speak to groups on how to make a report on complaints.

Wayne Benson asked for clarification on how an STR could operate for 12 months if they didn’t renew. Tokos explained the STRs that didn’t renew couldn’t operate, but had a right to come in to get a proper license within 12 months. If they were operating at the time, they were in violation. Tokos explained that these STRs could still get a license, but it would be a brand new license with their spot held open for 12 months. Once the 12 months passed and they discontinued use, this went away. Wayne suggested “incident” instead of “complaint” when reporting. He asked if the signs would be clear that the units were STRs. Tokos confirmed they would.

Goebel asked if someone who called in a complaint report had to follow up with a written form. Nebel explained that the call would generate a report and the vendor would call the owner. The CSO would get a report each morning on who called in, what the complaint was, who responded, and a brief description of what happened. Michel asked if the property manager would have to report back to the city on how they responded. Folmar hoped that there was something on the complaint system to request the property management report back to the CSO on what had been done. Michel requested this be discussed in the staff training.

12. **Adjournment.** The meeting adjourned at 2:53 p.m.

Respectfully submitted,



Sherri Marineau
Executive Assistant