

Critical to our success is an engaged community and knowledgeable and experienced staff.

Town Council Values

- *Preserve our high quality of Life*
- *Resource Efficiency/ Environmental Stewardship*
- *Support a sustainable and healthy business climate*
- *Maintain a “real” community*
- *Fiscally Responsible*
- *Historic Core*

AGENDA
Town of Crested Butte
Regular Town Council Meeting
Monday, April 18, 2016
Council Chambers, Crested Butte Town Hall

6:00 REGULAR COUNCIL MEETING CALLED TO ORDER BY MAYOR OR MAYOR PRO-TEM

6:02 APPROVAL OF AGENDA

6:04 CONSENT AGENDA

- 1) Approval of April 1, 2016 Special Town Council Meeting Minutes.
- 2) Approval of April 4, 2016 Regular Town Council Meeting Minutes.
- 3) Approval of Letter of Support for the Crested Butte Creative District Certification Application.

The listing under Consent Agenda is a group of items to be acted on with a single motion. The Consent Agenda is designed to expedite Council business. The Mayor will ask if any citizen or council member wishes to have any specific item discussed. You may request that an item be removed from Consent Agenda at that time, prior to the Council’s vote. Items removed from the Consent Agenda will be considered under New Business.

6:06 PUBLIC COMMENT

Citizens may make comments on item not scheduled on the agenda. Those commenting should state their name and physical address for the record. Comments may be limited to five minutes.

6:15 STAFF UPDATES

6:25 NEW BUSINESS

- 1) Formal Request for Funding by Coal Creek Watershed Coalition Not to Exceed \$8,750.00 for Coal Creek’s Evaluation of, and Participation in, Certain Water Standards and Related Proceedings in Connection with the Memorandum of Understanding for Mt. Emmons with Mt. Emmons Mining Company et al. and Matters Before the Water Quality Control Commission Relative to Coal Creek.

6:40 2) Discussion on Request for Proposal (RFP) for Search Consultants for the Town Manager Position.

7:20 LEGAL MATTERS

7:25 COUNCIL REPORTS AND COMMITTEE UPDATES

7:35 EXECUTIVE SESSION

For a conference with the Town Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b).

8:05 OTHER BUSINESS TO COME BEFORE THE COUNCIL

8:20 DISCUSSION OF SCHEDULING FUTURE WORK SESSION TOPICS AND COUNCIL MEETING SCHEDULE

- Monday, May 2, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, May 16, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, June 6, 2016 – 6:00PM Work Session – 7:00PM Regular Council

8:25 ADJOURNMENT

MINUTES
Town of Crested Butte
Special Town Council Meeting
Friday, April 1, 2016
Council Chambers, Crested Butte Town Hall

Mayor Michel called the meeting to order at 11:08AM.

Council Members Present: Jim Schmidt, Erika Vohman, Chris Ladoulis, Roland Mason, Laura Mitchell, and Paul Merck

Staff Present: Town Clerk Lynelle Stanford (for the beginning of the meeting)

APPROVAL OF THE AGENDA

Mason moved and Schmidt seconded a motion to approve the agenda. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

EXECUTIVE SESSION

Michel read the reason for the Executive Session: For discussion of a personnel matter under C.R.S. Section 24-6-402(2)(f) and not involving: any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; the appointment of any person to fill an office of this body or of an elected official; or personnel policies that do not require the discussion of matters personal to particular employees; and for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C.R.S. Section 24-6-402(4)(e) for the purpose of interviewing a prospective interim Town Manager.

Merck moved and Schmidt seconded a motion to go into Executive Session. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

The Council went into Executive Session at 11:11AM. Council returned to open meeting at 12:28PM. Mayor Michel made the required announcement before returning to the open meeting. No action was taken.

ADJOURNMENT

Mayor Michel adjourned the meeting at 12:29PM.

Glenn Michel, Mayor

Lynelle Stanford, Town Clerk (SEAL)

MINUTES
Town of Crested Butte
Regular Town Council Meeting
Monday, April 4, 2016
Council Chambers, Crested Butte Town Hall

Mayor Michel called the meeting to order at 7:01PM.

Council Members Present: Jim Schmidt, Erika Vohman, Chris Ladoulis, Roland Mason, Laura Mitchell, and Paul Merck

Staff Present: Town Clerk Lynelle Stanford, Public Works Director Rodney Due, Building and Zoning Director Bob Gillie, Finance Director Lois Rozman, Town Planner Michael Yerman, and Parks and Recreation Director Janna Hansen

APPROVAL OF THE AGENDA

Schmidt moved and Merck seconded a motion to approve the agenda as presented. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

CONSENT AGENDA

- 1) Approval of March 21, 2016 Regular Town Council Meeting Minutes.**
- 2) Approval of Gunnison Car Show Breakfast Run Special Event Application Proposed for Sunday, August 21, 2016 from 7AM to 11AM on Elk Avenue from 2nd Street to 5th Street.**
- 3) Approval to Authorize the Mayor to Sign an Intergovernmental Agreement Regarding Undesirable Plant Management.**
- 4) Approval of Resolution No. 8, Series 2016 - Resolutions of the Crested Butte Town Council Authorizing the Grant of a Revocable License to 3D 367 Real Estate Ltd. to Encroach into the Whiterock Avenue Public Right-of-Way with a 785 Square Foot Area that Includes a Rock Wall, Landscaping, Steps and Parking Area Adjacent to Lot 22-24, Block 31, Town of Crested Butte.**

Ladoulis requested the removal of item number 4 and for it to be moved to New Business.

Mitchell moved and Mason seconded a motion to approve the Consent Agenda. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

PUBLIC COMMENT

Andrew Heath and Sigrid Cottrell - Reported to live at Pitchfork on the mountain.

- Requested a place on the agenda in July.
- Their objective was to make Crested Butte sustainable using current resources for power to the Town with zero emissions.
- Cottrell referred the Council to the website: solarhydrogeninc.com.
- Michel said they could contact the Town Manager concerning a future agenda item.

Glo Cunningham - 324 Teocalli Ave

- Was present for the agenda items on the Town Manager search and appointment of an Interim Town Manager. She wanted to hear the Council discuss before commenting.

STAFF UPDATES

Lynelle Stanford

- Mentioned the Clerk's Office was busy with special events.
- Confirmed there would be a quorum for the next meeting.
- It was questioned when the location of Vinotok would be discussed. The Council requested earlier rather than later.

Janna Hansen

- Her department was gearing up for spring and summer projects.
- She thought they could have proposals from four companies on the tennis courts.
- The Rec Path was to be cleared this week to make it accessible to walkers and bikers.
- Schmidt questioned how long the tennis courts would be unavailable, and Hansen said about two weeks.

Rodney Due

- Agreed the discussion on Vinotok should occur sooner rather than later, considering the upcoming work at the Four Way lot. They discussed installing firebricks in the parking lot to accommodate the event.
- The crew started street sweeping today.
- He was attending a Board of County Commissioners meeting tomorrow. They were discussing changes to onsite wastewater treatment regulations.
- Mitchell questioned what was happening at the Meadows. She asked if there were plans to revegetate or to put in gravel to help with the mud. Due confirmed the area was seeded last year. The ditch was used for drainage, and it was the ditch owner's responsibility to arrange for drainage. He suggested to residents that they put the bridges back for mud season. Due added that a capped pipe was included in the box installed by Town, and they could run piping into the box for drainage in the future. Hansen said they were working with the property owners, and Due stated they could talk to either Hansen or himself.

Lois Rozman

- Confirmed with the Council they were okay with her proceeding with the second round for spring grants. She said the grant committee would need to meet in late May or early June.

Bob Gillie

- Sixth Street Station withdrew their zoning application.

Michael Yerman

- Reported he was catching up from vacation.
- He would have a Creative District meeting on Wednesday.

Schmidt questioned the sales tax numbers provided by Rozman. She said they were missing filers, but February was stronger than she would have expected.

NEW BUSINESS

1) Direction to the Town Staff Regarding Creation of a Committee to Make Recommendations to the Town Council Regarding Short-Term Rentals (VHRs).

Gillie explained that he met with Schmidt and Rozman, and they decided it was most efficient to form a committee. He said there were a lot of decisions imbedded in the discussion. He outlined the make up of the committee, and he listed broad topics for discussion for the committee. Michel confirmed the committee would be checking in with the Council and would be making recommendations. Michel further questioned how they would vet applications (from prospective committee members) that came in from the public. Gillie explained it was his intent to gain balance on the committee. He offered to bring the applications to the Council to make the decision. Ladoulis thought the Council needed to weigh in on the make up of the group. Both Mitchell and Schmidt volunteered to be the Council members on the committee.

Mitchell asked if anyone had suggested forming a district for the north end of the valley. Yerman said the One Valley Prosperity Project - Affordable Housing Group discussed the idea of a regional housing source. They were trying to assess the legal issues and logistics. Michel said they could work collaboratively, but they didn't have to wait.

Schmidt moved and Mitchell seconded a motion to authorize the formation of a committee to make recommendations to the Council regarding changes to the regulatory framework for short-term rentals within the Town of Crested Butte. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

2) Discussion and Possible Appointment of Interim Town Manager.

Michel explained the Council interviewed Bill Crank last Friday. Schmidt asked how soon he would start, and Crank said it would be a week from today.

Schmidt moved and Merck seconded a motion to appoint Bill Crank as the Interim Town Manager pending a suitable contract. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

3) Approval of Resolution No. 8, Series 2016 - Resolutions of the Crested Butte Town Council Authorizing the Grant of a Revocable License to 3D 367 Real Estate Ltd. to Encroach into the Whiterock Avenue Public Right-of-Way with a 785 Square Foot Area that Includes a Rock Wall, Landscaping, Steps and Parking Area Adjacent to Lot 22-24, Block 31, Town of Crested Butte.

Ladoulis was concerned they would commemorate parking places in the Town's right of way subject to winter parking for a specific property in Town. He wondered how they would be treated in the winter. Gillie said the property was near the bridge, and there was not a lot of snow storage in the area. When the house was built, no one cared about parking, and they used the spots for 30 to 40 years. He said there were houses in the Town's right of way that they granted licenses to as well. Town was being a good neighbor to memorialize what had been going on. Michel asked if they were setting precedent for the future. Gillie's stance would be different if he thought there was a practical solution for them to use their own property. Due added that nothing was really changing. Ladoulis said that other items on the Consent Agenda were overhanging eaves or steps. Devoting an entire parking space, considering fees paid by businesses and winter parking regulations, were reasons to discuss. He didn't want to memorialize for a certain property. Gillie recognized it was an exceptional situation relative to the lot and creek. Gillie said Town would rather they had parking there than on the street. Schmidt said the situation had been exasperated when the bridge was raised. Ladoulis was concerned about the precedential value. Gillie said the intent was not to put random parking in the Town's right of way; it was an exceptional situation that had been in place for decades.

Vohman moved and Schmidt seconded a motion to approve Resolution No. 8, Series 2016 – Resolutions of the Crested Butte Town Council authorizing the grant of a revocable license to 3D 367 Real Estate Ltd. to encroach into the Whiterock Avenue public right of way with a 785 square foot area that includes a rock wall, etc. A roll call vote was taken with all voting, "Yes," except Ladoulis voted, "No." **Motion passed.**

4) Town Council Discussion of Town Manager Search.

Michel explained that the Executive Session (held during a special meeting last Friday) didn't have clear consensus. Vohman stated she was not in favor of hiring a search firm. She felt confident there were local candidates, and then they could expand if necessary. Schmidt agreed with Vohman that he had a problem using a search firm. Judging by the last three results, it was difficult to pick someone based on interviews and letters. He thought it was nice for a local to have the opportunity to work up to something. He was for keeping the hiring local. He cited concern with the cost of a headhunting firm.

Michel asked who was considered a local. Schmidt said they would just advertise locally, and they would put a lot of weight on someone spending a lot of time in Town with proven abilities. Ladoulis thought it was hard to define a local. He thought they were mistaken commingling using a search firm and not hiring a local. He thought they should hire a firm to help them make a better decision, and he would like to see the process handled by a professional group.

Michel identified the options for the Council: 1) Hand over the search; 2) Hire a firm to help organize and to help with interviews (the middle ground/hybrid); 3) Handle the search internally with Staff and Council members on a committee. Schmidt said they could work out some sort of hybrid, and Crank and Rozman could report back at an upcoming meeting. Schmidt spoke with Sam Mamet from the Colorado Municipal League (CML). Mamet said Towns had succeeded and failed both by using a search firm and not using one. Schmidt had a hard time pulling someone away from a job because that person would do the same thing again. Mason didn't want to hand the whole process over to a firm, and he didn't want to ask Rozman or Crank if they had time. He suggested they hire a consultant to manage the search with the Council. Mason also said before they focused on local or nationwide, they needed to do a work session or retreat to determine what they wanted in a Town Manager. He thought a local could rise to the top regardless. He also wanted to see a five-year projection on salary and benefits in making the decision on what they could offer. Mitchell stated she was on the same page as Mason, and some type of hybrid made sense. She wanted to get the right person, local or not. Michel was an advocate for opening up the process to get a better pool, having assistance, and being more transparent. The process would add legitimacy for whomever they chose to hire.

Michel asked if they wanted to direct Staff to put out a RFP for assistance in the search for the Town Manager. Rozman said they needed time for responses to the RFP. Crank identified it was clear they wanted an outside group to help with the search. He cautioned that headhunters often had their own stables of applicants. He stated he could work with Rozman. Michel reiterated that the Council needed to identify what they wanted in either a work session or retreat, and then they could decide on the RFP. Schmidt was disappointed. He thought it was a waste of money and would greatly lengthen the process. There were some very good local candidates. Michel reminded the Council that hiring the Town Manager was one of the most important things they would do as a body. He wanted them to err on the side of a good, thorough job. Mason recognized they were at a different point from the last time they hired. He thought the Manager's job description could have changed. He thought they should at least have a retreat, and they should get input from the public as well, which he would like to see the consultant facilitate.

Michel asked if anyone from the public wanted to comment:

Glo Cunningham

- Was not in favor of using a search firm, but she liked the idea of having a consultant come in and advise.

- Said to look locally because they needed someone who knew Crested Butte.
- She was comfortable with a wonderful candidate in the community.
- Thrilled that Crank was appointed Interim Town Manager.

Ladoulis cautioned there could be an unrealistic expectation with what the consultant would cost. Michel added that DOLA had services they provided to ensure good governance. Schmidt said the cost could be up to \$40K. Vohman was okay with up to \$15K. Ladoulis said they couldn't expect \$50K results by spending \$2K. Michel wanted to identify what was needed, and then consultants would bid. Ladoulis wanted to weave local knowledge into the job description. Mitchell stated anyone with a master's degree would float to the top, and that \$10K to \$20K should not cause huge public uproar. She thought \$50K sounded outrageous. Schmidt was back to suggesting that Crank and Rozman explored before the next meeting what was out there at what price.

Next, the Council discussed passive candidates. Mason stated they didn't know what was out there. Crank recognized the hardest part was deciding what they wanted in a candidate. He said Staff could spend time on it. Michel summarized they didn't know the cost, but they were agreeing to a hybrid model. Rozman had a general idea of what the Council wanted. She confirmed they were taking the middle road. She could refer to the RFP used by Gunnison, and she could use the HR Listserv as a resource.

5) Scheduling of Town Attorney Review.

Michel said the Council needed to review the Town Attorney at the end of May or beginning of June. Both Schmidt and Mason would miss the second meeting in May. The Council directed Stanford to work to coordinate the review for the end of May.

LEGAL MATTERS

None

COUNCIL REPORTS UPDATES AND COMMITTEE UPDATES

Jim Schmidt

- He would be meeting with the Creative District on Wednesday.

Erika Vohman

- They had a plastic bag meeting. She wondered if Town would take the lead to manage the ban, or if they should form a 501c3. It was advised that Vohman bring up the topic under Other Business.

Laura Mitchell

- Met with HCCA and Alli Melton. They were working on in-stream water flows. Also, Melton was working on the relationship around coal in Delta and Gunnison Counties.

OTHER BUSINESS TO COME BEFORE THE COUNCIL

None

DISCUSSION OF SCHEDULING FUTURE WORK SESSION TOPICS AND COUNCIL MEETING SCHEDULE

- Monday, April 18, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, May 2, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, May 16, 2016 – 6:00PM Work Session – 7:00PM Regular Council

Schmidt wanted to discuss the location of Vinotok the first meeting in June or at a work session in May. Mitchell recognized the impact of Vinotok at the Chamber. She didn't think that Vinotok organizers demonstrated follow through. They needed to hold someone accountable for cleaning up. Ladoulis suggested that they also talked about how to manage events as a body.

Next, the Council asked Mitchell if she would be apprised of the process to hire a new Chamber Director, since the Chamber was a crutch when it came to events. Mitchell said she would call (outgoing Director) Ochs to discuss.

Michel explained to Crank that one priority identified by the Council was special events and how the Town processed them. They wanted a baseline set. Crank said to get issues they wanted addressed to him. Mitchell suggested that an event manager could be hired who would also be an assistant to the Town Manager.

Schmidt didn't want a parade of presentations on the agenda, just because it took two Council members to put an item on the agenda. The Council also briefly discussed how to handle letters addressed to them and if they should be passed on to relevant agencies. Michel summarized and said to hold off on forwarding letters sent to Council.

ADJOURNMENT

Mayor Michel adjourned the meeting at 8:31PM.

Glenn Michel, Mayor

Lynelle Stanford, Town Clerk (SEAL)



To: Mayor Michel and Town Council
From: Michael Yerman, Town Planner
Thru: Bill Crank, Town Manager
Subject: **Creative District Application Letter of Support**
Date: April 18, 2016

Background:

The Town will be submitting its final application to become a Certified Creative District on April 28th. The Creative District Commission has requested a letter of support from the Town Council. Attached to this memo is a draft letter of support to send Colorado Creative Industries with the Town's final application.

Recommendation:

Staff recommends the Town Council authorize the Mayor to sign a letter of support for Crested Butte Creative District.

Town of Crested Butte

P.O. Box 39 Crested Butte, Colorado 81224

-National Trust for Historic Preservation's 2008 Dozen Distinctive Destinations Award Recipient-

-A National Historic District-

Phone: (970) 349-5338
FAX: (970) 349-6626
www.townofcrestedbutte.com

Creative Industries
Colorado Office of Economic Development and International Trade
Attn: Margaret Hunt
1625 Broadway, Ste. 2700
Denver, CO 80202

RE: Town of Crested Butte Creative District Certification Application

Dear Ms. Hunt,

On behalf of the Town Council, I would like to express the Town's support and commitment to Crested Butte's Creative District application. The Town has a rich history of supporting the arts, creative businesses, entrepreneurs, non-profit organizations, and special events that embody the character of Town of Crested Butte. The creative industry of artists and unique businesses emerged shortly after the closure of the mine in the 1960's and has evolved into one of the Town's core economic industries.

Over the past two years, our creatives have engaged in a rigorous planning effort conducting numerous public meetings and events for how to enhance our thriving arts and creative economy. A Strategic Plan was adopted by the Town Council by Resolution 28, Series 2015 which sets the vision and goals for enhancing our District over the next five to ten years. The Town Council passed Ordinance 15, Series 2015 establishing the Creative District Commission to oversee the implementation of the Strategic Plan.

The Town Council has charged the Commission with the creation of a public arts policy for the Town's numerous parks, trails, open spaces, and Town owned facilities. The Commission will be engaging the community during the fall to ensure the buy-in of our residents and creative businesses to this new policy.

The Town has and is planning to fiscally support the creative economy with numerous capital projects in the coming years that will enrich the District. The Town has committed a million dollars to assist in expanding the existing Center for the Arts to allow art, music, theatrical performances, and other educational programming to be expanded in the District. Other major projects include updating wayfinding signage, public art, streetscape improvements, and upgrades to the Town's visitor Center in the next few years. The Town also continues to promote the arts by providing space for seven essential art organizations in Town owned facilities.

If certified by the State of Colorado as a creative district, the Town will continue to support the Commission and its efforts to establish the Town of Crested Butte as one of the State's premier Creative Districts.

Sincerely,

Glenn Michel
Mayor of the Town of Crested Butte

J. D. BELKIN & ASSOCIATES, LLC

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MEMORANDUM

Non Attorney - Client Privileged and Confidential Communication

TO: Town Council
FROM: John D. Belkin, Town Attorney
CC: Bill Crank, Interim Town Manager
DATE: April 14, 2016
RE: Request Letter from the Coal Creek Watershed Coalition

- Attached is a request letter from the Coal Creek Watershed Coalition (CCWC) for \$7,500.00 from the Town Council in additional funding to work with the Mount Emmons Mining Company (MEMCO) and the various stakeholders under the MOU and other matters on:
 - 1) adequately assessing the data and developing an independent proposal for site-specific standards;
 - 2) reviewing and commenting on the MEMCO proposal for site specific standards; and
 - 3) participating in stakeholder meetings and in any Water Quality Control Commission proceedings.
- The total request is for \$15,000.00, pursuant to which CCWC has proposed that the County will pay half of such amount. I understand that the Board of County Commissioners will take up the matter in several weeks.
- NOTE: There may also be additional fees for the services of Town Special Legal Counsel in the matter, Barbara Green, that have been estimated by CCWC to be approximately \$2,500.00. Those are not included in this request, but will be brought before the Town Council at a later date should it be necessary, in particular as it applies to item 3) above.
- Lastly, the Red Lady Coalition (RLC) has agreed to provide \$1,500.00 towards the \$15,000.00 total estimated request. This would reduce the CCWC request from the Town to \$6,750.00.

Town Council
Request Letter from the CCWC
April 14, 2016
Page 2

- **RECOMMENDATION**: Move to approve the CCWC's request for \$6,750.00 in funding to be used to work with MEMCO and the various stakeholders under the MOU and on other associated matters on:
 - 1) adequately assessing the data and developing an independent proposal for site-specific standards;
 - 2) reviewing and commenting on the MEMCO proposal for site specific standards; and
 - 3) participating in stakeholder meetings and in any Water Quality Control Commission hearings.

Encl.



April 18, 2016

Crested Butte Town Council
Town of Crested Butte
via John D. Belkin, Esq., Town Attorney
P.O. Box 39
Crested Butte, CO 81224

Dear Crested Butte Town Council:

The recently signed Memorandum of Understanding for Mt. Emmons, Mt. Emmons Project dated February 12, 2016 (MOU) which was signed by the Town of Crested Butte, Gunnison County, and other parties stipulates in Bullet 6 on page 1 that the Parties will “Collaboratively work to develop site specific water quality standards for Coal Creek that may include monthly technical meetings with interested parties.” Segment 12 of Coal Creek (which runs from the Town’s intake to Slate River) has had “Temporary Modifications” for the last 25 years which have been the subject of review and negotiations, most recently for the past two years. The MOU process described above will be used to establish the referenced site-specific water quality standards for this segment of Coal Creek.

The Coal Creek Watershed Coalition (CCWC) has been sampling water quality in Coal Creek for the past 12 years, with funding from the Town, County and others. CCWC has also participated with the stakeholders’ process for the past two years to establish site-specific water quality standards for Segment 12. This year, the CCWC will be analyzing all the water quality data that CCWC, and all other sources, have collected, to verify that the standards proposed by the Mt. Emmons Mining Company are appropriate. This analysis will add extra costs to our efforts. Having discussed CCWC’s situation with John Belkin, the CCWC is requesting funding to pay for the cost of our work toward Bullet 6 in the MOU.

Based on the December 2, 2015 proposal from Ms. Ashley Bembenek, the CCWC Technical Coordinator, who has been the lead scientist for CCWC regarding the Temporary Modifications process, the total funding needed to 1) adequately assess the data and develop an independent proposal for site-specific standards, 2) review and comment on the Mt. Emmons Mining Company proposal for site specific standards, and 3) participate in Stakeholder meetings and in the Water Quality Control Commission hearing, is likely to be around \$15,000.00 in 2016. Since the MOU anticipates that the stakeholders will work toward a consensus opinion about what the stream standards should be, it is also possible that CCWC’s costs will increase. For instance, more meetings with local stakeholders and then with all the stakeholders will be required, and more data may need to be gathered and analyzed. In 2017, an additional \$6,500 will also be needed for Ms. Bembenek’s work in the 2017 Basin Standards Rulemaking.

Therefore, the CCWC requests \$7,500.00 of the \$15,000, with the rest coming from Gunnison County, to help develop, consensus-based, site-specific water quality standards for Coal Creek in 2016. Additional funds may be required if the stakeholder process becomes more involved, and we ask for the agreement of the Town Council to request any such additional funding at the time should the need arise. The CCWC will come to the Town Council later should it appear that funding will be necessary as part of the 2017 Basin Standards Rulemaking.

Since CCWC was not involved in the MOU negotiations, we do not know what other technical expertise CCWC can provide to the Town, but we are available and willing to help further with this very important process. Please let us know if such further assistance would be useful to the Town.

Thank you. We look forward to continuing our work with all the stakeholders and assisting the Town with our expertise.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Glazer", written in a cursive style.

Steve Glazer, President

cc: Bill Crank, Interim Town Manager
Lois Rozman, Finance Director



Staff Report

April 14, 2016

To: Mayor and Town Council
Thru: Bill Crank, Interim Town Manager
From: Lois Rozman, Finance Director
Subject: **Town Manager Search Process**

Summary: Attached is a Search Outline which summarizes the overall process and decision points of a town manager search regardless of who conducts the search; a draft Request for Proposals (“RFP”) for town manager search consulting firms for the Council to consider with a limited scope of work; the City of Gunnison’s recent RFP for City Manager Recruitment Services for comparison purposes.

Previous Council Action: At the April 4, 2016 Town Council meeting, Council discussed the 3 methods of search (use of internal staff, use of an executive search firm to conduct the entire search, and a hybrid approach using a search firm to help internal staff with the search). Council indicated their desire for outside help with the search and directed Staff to bring forward a Request for Proposals for obtaining consultant help with the search for the next town manager, with preference for the hybrid method.

Background: The attached RFP contemplates using the consultant for the following items found in the attached Search Outline:

- Key Elements/Decision Points at the Outset of the Search
- Advertising/Outreach – developing the job ad and other descriptive materials for potential candidates
- Reviewing Initial Applications
- 1st Interview

Council may expand or subtract from the list as they desire. One of the most critical aspects of the search process, whether it’s conducted internally (by Council and Staff) or by an executive search firm, is to spend some time on the Key Elements/Decision Points section of the Search Outline, especially the development of an Administrator Profile (position profile—not job description). This key aspect will help drive what the Council is looking for, it will help candidates decide if they are a fit and should apply, and it will help in the evaluation of candidates and final selection of the new town manager. Spending some upfront time dealing with this aspect will help in all other areas of the search and may help the incoming town manager be successful.

The City of Gunnison RFP gives an example of a broader scope of services and a national search. Gunnison estimates the final bill for services to be approximately \$25,000 and the entire process to take 6 months (from RFP date to start date of a new manager).

Discussion: No matter who conducts the search and whether the search is “local” or national, it will take time. Following are some points on the Pros & Cons

Internal Search (Council & Staff):

- Requires the most amount of time from Council & Staff – Do you have the time and/or the willingness to put in the required amount of time to see the search through
- Least expensive of the methods, but there will still be out of pocket costs the Town will need to cover; Council and Staff will need to come up with a search budget for the process to track costs
- Lack of expertise in hiring top executive positions

Executive Search Firm:

- Longer time frame (additional RFP to find & contract with a consulting firm)
- Requires lesser amount of Council & Staff time; Council time is needed at the outset and the end; Staff time is needed throughout, but on a much lesser scale
- Most expensive of the methods, however, costs are fairly well known upfront; full search for the City of Gunnison is around \$25,000
- Experts in the field of hiring top executive positions

Hybrid Method (Internal with the aid of Search Firm):

- Expert help with the some of the key, and perhaps most difficult, aspects of the search process
- Requires a fair amount of time from Council and Staff
- Expenses determined by responses to RFP, Town will also incur out of pocket costs for final phase(s) of search process

The proposed RFP has an aggressive time frame with work by the selected consulting firm commencing the last week of May. However, this is only about 1 week longer than if the Council selected the use of the internal staff method to conduct the search. HR Staff will be out of the office through May 2nd. If Council directs Staff to start the search, HR Staff will need through May 13th to gather materials and come up with a plan to help the Council begin the development of the Administrator Profile (the first piece needed before the search begins). Actual work with the Council on the Administrator Profile would be the week of May 16 - 20.

Legal Implications: The search must be conducted in a professional manner following all legal requirements. The Council and/or executive search firm will need to be apprised of all Federal, State and local legal requirements concerning the hiring of an executive position, including Colorado Open Records Act.

Financial Implications: The 2016 budget did not contemplate transition of the managerial position. No matter what search method the Council selects, it will be a “budget bust” and will need to be addressed in the year end budget amendment.

Recommendation: Staff recommends moving forward with the RFP to get an executive search firm to help Staff with the search. Should the Council decide to minimize the amount of use of an executive search firm, Staff recommends a minimum scope of work to include the 5 points under the Key Elements/Decision Points section of the attached Search Outline.

SEARCH OUTLINE

Key Elements/Decision Points at the Outset of the Search Process:

1. Development of an Administrator Profile—what qualities, characteristics, experience and areas of expertise would be found in the ideal candidate. This is not the job description, but rather what the Council will use to judge the candidates so that the candidate it appoints will have the appropriate combination of work experience, management experience and leadership style to be successful. Define the criteria for an applicant to be considered for the position.
2. Compensation—a general understanding of the acceptable salary range and benefit package
3. Schedule—a reasonable schedule or recruiting/selection process so everyone is aware of timeframes and commitments they are making.
4. Review of job description—is current description adequate with some adjustments, do you need to develop a new description
5. Development of goals and objectives for the position, at least for the first year—how will the goals/objectives be measured & evaluated for success. This is key for laying the groundwork for a successful working relationship between the Council and the newly appointed Town Manager

Advertising/Outreach Decisions:

1. Compose job ad that adequately portrays the Administrator Profile developed by the Council
2. What publications should be used—local, regional, professional management publications, state/national resources such as CML, ICMA, CCCMA
3. What is the application time frame – deadline for submissions

Reviewing Initial Applications – identify those candidates who best reflect the qualities, characteristics, experience and areas of expertise that were defined in the administrator profile:

1. Who will review initial applications—Council as a whole, subcommittee of the Council, staff, consultant, a combination thereof
2. Develop rating matrix to be used when reviewing applications
3. Who will conduct initial background check – verifying education, conducting online checks while still maintaining confidentiality
4. Selection of candidates for 1st Interview

1st Interview:

1. Type of interview – in person, Skype, questions to be answered in writing
2. Who conducts the interview – same group as initial application review or different group
3. Development of questions
4. Develop interview review matrix

Selection of Finalists (once finalists are selected the information becomes public): Who selects the finalists—Council as a whole, committee of the Council, consultant, a combination thereof

Final Interview:

1. Development of questions that ascertain the candidates fit based on the developed administrator profile
2. Complete background check and reference check – who will conduct the checks
3. Determine level of involvement, if any, for staff and community

Council determination of the top candidate

Negotiating Contract – does the Council desire to delegate the final negotiations to one or two Council members with given parameters or does the entire Council want to handle the negotiation

TOWN OF CRESTED BUTTE

REQUEST FOR PROPOSALS

TO PROVIDE TOWN MANAGER RECRUITMENT
SERVICES

4/20/2016

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EXHIBITS:

Exhibit A Disclosure Statement

I. OVERVIEW AND BACKGROUND

The Town of Crested Butte, Colorado, is seeking proposals for Town Manager Recruitment Services from competent firms. The selected Consultant will assist the Town's Mayor/Town Council on the Project that is discussed further in this request for proposals ("RFP").

The Town of Crested Butte (the "Town") is one of the premier destination resorts on the Western Slope of the Colorado Rocky Mountains. The Town was established in 1880 and became a home rule Town in 1974 with the adoption of its Home Rule Charter. The Town is on the National Historic Register and was named as one of the "Dozen Distinctive Destinations" in 2008 by the National Trust for Historic Preservation due to its preservation efforts. The Town is home to approximately 1,500 year-round residents and thousands of visitors. The Town has seven (7) elected officials that make up Town Council to include a mayor and six (6) Councilmembers. The Town Council appoints a Town Manager to lead the organization. The Town Manager oversees (7) department directors including Town Clerk/Court/Elections, Finance/HR, Planning, Building & Zoning, Police, Public Works (including water and wastewater services), and Recreation & Parks. Currently there are thirty-nine (39) full-time employees, two (2) part-time and up to ten (10) seasonal employees per year.

II. DEFINITIONS

The following terms when used in this RFP, shall have the following meaning:

"Agreement" means the Agreement for Professional Services (non-construction), which will be provided to the successful consultant at a later date.

"Consultant" or "Consultants" means entities responding to this RFP.

"CORA" refers to the Colorado Open Records Act.

"Project" means comprehensive recruitment and selection consulting services of the Town Manager position for the Town of Crested Butte as more specifically described in Section IV of this RFP.

"RFP" means this request for proposals, dated April 20, 2016, the Town Manager Recruitment Services Project.

"Successful Consultant" means the best fit, qualified and responsible Consultant to whom the Town makes an award on the basis of the Town's evaluations as hereinafter provided.

III. INVITATION TO SUBMIT

Date of Request: April 20, 2016

Due Date for Proposals: May 6, 2016 at 5:00p.m. MST

Proposals must be received by 5:00pm Mountain Standard Time (M.S.T.) on Friday, May 6, 2016. Proposals shall be in sealed envelopes with the notation "PROPOSAL ENCLOSED" on the face of the envelope. Proposals shall be addressed to:

Town of Crested Butte
PO Box 39
507 Maroon Ave
Crested Butte, CO 81224
Manager Recruitment – Attn: Lynelle Stanford, Town Clerk

No proposals received after the due date will be considered, and any proposals received after the deadline shall be discarded. Sole responsibility rests with the Consultant to see that its proposal is received on time at the stated location.

Proposals must meet or exceed requirements contained in this RFP. The material shall be complete, organized, easy to follow and cross-referenced to the requirements of the RFP.

The Request for Proposals does not bind the Town to accept a submittal when, in the Town's sole discretion, the Town determines not to do so. Town will use a qualification matrix to determine the firm which best fits the Town's needs. Final scope and fees to be negotiated with the selected firm.

The RFP will be posted on the Colorado Municipal League website and the Town's website at www.townofcrestedbutte.com

TIMELINE:

April 20, 2016	Publish Request for Proposals
April 29, 2016	Deadline for submission of questions and clarifications of the RFP by 9:00am M.S.T.
May 3, 2016	If questions/clarifications are raised, an addendum to answer submitted questions will be issued
May 6, 2016	Deadline for submission of Proposals 5:00 PM M.S.T.

May 9 – 13, 2016	Review of Proposal Submittals
May 16 – 20, 2016	Interviews of short list Consultants during this week; Special Council meeting for selection and approval of Consultant
May 23 -27, 2016	Negotiations of final scope of work and fees with selected firm, final Service Contract approval by Town Council; commencement of services

IV. SCOPE OF WORK

The scope of work will include, but not be limited to, a process which includes the following:

1. Consultant shall assist the Town Council solicit Senior Staff and community input and feedback regarding a new Town Manager.
2. Consultant shall assist the Town Council in selection criteria for evaluating Town Manager candidates, including, but not limited to, the development of an Administrator Profile, job description, goals & objectives, general compensation package.
3. Consultant shall work with the Town Council and current Interim Town Manager to develop descriptive documents for prospective candidates. The descriptive documents shall include background statements and expectations regarding the Town Manager position for prospective candidates as well as marketing information regarding the Town for distribution to prospective candidates.
4. Consultant shall work with Town Council and Senior Staff to review resumes of qualified applicant, perform initial education and background checks, schedule and conduct initial interviews. Consultant shall provide best practices and legal requirements and instructions applicable through the process.
5. Consultant shall provide sufficient notification to all candidates who applied but were not selected for initial interviews.
6. Consultant shall act at all times in an attentive, ethical, and responsible manner so as to represent the Town of Crested Butte with the utmost concern for its interests, goals and image with candidates, other communities, and members of the general public.

V. PROPOSALS OF CONSULTANTS

1. Provide the name and home office address of your organization. Describe what type of business entity your organization is (corporation, general partnership, limited liability company, etc.). Indicate what state your business entity was incorporated or formed. Indicate whether the firm is local, regional, national or international.
2. Provide a brief history of your business including year of operation, general business description, number of clients serviced, types of services generally offered, size of firm, and a statement of philosophy of customer service levels provided to clients.
3. Detail proposals and previous executive search experiences, especially for local governmental entities. Describe the experience of the firm in the past thirty-six (36) months in performing similar services.
4. Identify the key personnel of the business who will be assigned to perform services for the Town, and who will provide continuing support throughout the term of the Agreement. Provide resumes stating proposals for key personnel and provide a statement as to the availability, continuity, and accessibility of the individuals who would be assigned to the Project.
5. Provide your Project work plan. Describe your proposed strategy to complete the Project, including a general statement of the philosophy of the firm. Provide a detailed proposed Project schedule and confirm that your firm can meet the Project schedule.
6. Indicate any additional information for the consideration of your firm's proposals for conducting this Project.
7. Discuss the general nature and extent of benefits that the Town of Crested Butte is reasonably likely to experience as a result of these services.
8. List five (5) current/recent clients (municipal/government/Colorado communities preferred) for whom your firm has provided executive search services for in the last thirty-six (36) months. For each client, the list must specify the type of work performed by your company, the size of the client's organization and the period of time retained as a client. Provide telephone numbers and contact names for references.
9. Complete the attached Disclosure Statement and return with your proposal.
10. Evidence of Consultant's qualification to do business in the State of Colorado may be required.

VI. TERMS AND CONDITIONS

Consultants are advised of the following terms and conditions which have been established by the Town:

1. The Town reserves the right to undertake its own investigation to evaluate a Consultant. The Town shall have the sole discretion to accept or reject any, or all responses, or to abandon the submittal process. The Town may enter into negotiations with any one or more firms and may permit, at its discretion, an amendment or supplement of the firm's response.
2. All submittals become the property of the Town upon receipt and will not be returned. Selection or rejection of the submittal will not affect this right.
3. All proposals submitted must be valid for a period of 90 days after the date of the proposal deadline.
4. Cost of developing the submittal, attendance at an oral interview (if required) or any other such costs are entirely the responsibility of the candidate and shall not be reimbursed in any manner by the Town.
5. The Town requires the Selected Consultant to procure and maintain policies of insurance, which at a minimum, include the following:
 - (i) Workers' Compensation insurance with minimum limits of Five Hundred Thousand Dollars (\$500,000.00) each accident, Five Hundred Thousand Dollars (\$500,000.00) disease- policy limit, and Five Hundred Thousand Dollars (\$500,000.00) disease- each employee; and
 - (ii) Comprehensive General Liability insurance with minimum combined single limits of One Million Dollars (\$1,000,000.00) per occurrence and One Million Dollars (\$1,000,000.00) aggregate, applicable to all premises and operations, and including coverage for bodily injury, broad form property damage (including completed operations), personal injury (including coverage for contractual and employee acts), blanket contractual, independent contractors, products, and completed operations.
 - (iii) Comprehensive Automobile Liability insurance with minimum combined single limits for bodily injury and property damage of not less than One Million Dollars (\$1,000,000.00) each occurrence and One Million Dollars (\$1,000,000.00) aggregate.
 - (iv) **Only the selected firm will be required to submit the required insurance information. This section is informational for the RFP process.**
 - (v) The policies required above, except for the Workers' Compensation insurance, shall be endorsed to include the Town, and its officers and employees, as additional insureds. Every policy required above shall be primary insurance, and

any insurance carried by the Town, its officers, or its employees, shall be excess and not contributory insurance to that provided by the contractor. The additional insured endorsement for the Comprehensive General Liability insurance required above shall not contain any exclusion for bodily injury or property damage arising from completed operations. The contractor shall be solely responsible for any deductible losses under each of the policies required above.

6. Failure to conform to the submittal rules, including failure to respond to each item in the request contents section of this RFP, or to follow the submittal format requested in the RFP, may lead to the rejection of the response. The submittal should contain all information necessary to evaluate the submission.
7. The Successful Consultant shall not, at any time, permit any individual employed by the Town to benefit because of any financial interest in the business of the Successful Consultant, any affiliate of the Successful Consultant, or any Consultant subcontractor.
8. The selected firm shall be an independent contractor and the Town shall be neither liable nor obligated to pay that entity sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax which may arise as an incident of employment.
9. The Town will expect to enter into a written contract for services with the Successful Consultant, upon terms negotiated between the parties.
10. Candidates are advised that Town contracts are subject to Town Council and Town Attorney approval, and will contain provisions required by state law, in the reasonable discretion of the Town.
11. The Town may, at its sole and absolute discretion, reject all, or parts of any or all, proposals submitted by prospective Consultants; re-advertise this Request for Proposals; postpone or cancel the review and decision making process for this Request for Proposals; waive any irregularities or technicalities that are not qualified as a requirement for responsiveness in this RFP or in submittals received in conjunction with this RFP; and/or determine the criteria and process whereby submittals are evaluated and awarded. No damages shall be recoverable by any challenger as a result of these determinations or decisions by the Town; provided, however, that in the event a Court of competent jurisdiction determines that the actions of the Town were arbitrary, capricious or void, then said challenger may recover only actual, necessary and reasonable preparation costs. No attorney fees or costs associated with the recovery of the preparation costs, including costs for litigation against the Town, shall be recoverable by any challenger.

VII. COLORADO OPEN RECORDS ACT

The information included in this RFP is for your exclusive use in preparing a proposal. The use of the Town's name in any way as a potential customer is strictly prohibited.

The proposer acknowledges the Town is subject to CORA and the information in the proposal may be subject to public inspection and disclosure under CORA. The proposers should expect that the proposal may be viewed by the general public and competitors following the deadline for submission. If anything submitted in a proposal is marked "confidential", "proprietary", or otherwise stating an intention to protect the information from disclosure, the Town cannot guarantee that such demarcation is sufficient to prevent disclosure by law.

DISCLOSURE STATEMENT

As a condition for consideration Consultant must disclose any conflict of interest with the Town of Crested Butte, including, but not limited to, any relationship with any Town of Crested Butte elected official or employee. Your response must disclose if a known relationship exists between any principal of your firm and any Town of Crested Butte elected official or employee. If, to your knowledge, no relationship exists, this should also be stated in your response. Failure to disclose a conflict may result in disqualification. This form must be completed and returned in order for your proposal to be eligible for consideration.

NO KNOWN RELATIONSHIP EXISTS

RELATIONSHIP EXISTS (Please explain the relationship)

I CERTIFY THAT:

1. I, as an officer of this organization, or per the attached letter of authorization, am duly authorized to certify the information provided herein is accurate and true as of the date; and
2. My organization shall comply with all State and Federal Equal Opportunity and Non-Discrimination requirements and conditions of employment.

Print Name

Title

Signature



CITY OF GUNNISON, COLORADO

REQUEST FOR PROPOSALS FOR CITY MANAGER RECRUITMENT SERVICES

January 6, 2016

201 WEST VIRGINIA AVENUE
PO BOX 239
GUNNISON, CO 8123

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I. INVITATION TO SUBMIT PROPOSALS

Date of Request: January 6, 2016

Due Date for Proposals: February 4, 2016 at 5:00 pm MST

The City of Gunnison, Colorado, respectfully requests proposals for the City Manager Recruitment Services from qualified consultants (“Consultants”). The selected Consultant will assist the City’s Mayor/City Council on the project that is discussed further in this request for proposal (the “RFP”).

II. PROJECT BACKGROUND, DESCRIPTION AND SCOPE OF WORK

A. PROJECT BACKGROUND AND DESCRIPTION

The City of Gunnison, Colorado is seeking consulting services to assist with the national recruitment, evaluation and selection of a new City Manager. The current City Manager is retiring after nearly 35 years with the organization in January 2016 (the last 10 being in the position of City Manager).

An interim manager has been appointed for up to 180 days according to the City of Gunnison Municipal Home Rule Charter.

B. SCOPE OF WORK TO BE PERFORMED

Included with the RFP are the detailed minimum scope of services and tasks to be completed by the Consultant. It is not the intent of the City to outline a rigid scope of tasks as part of this RFP. The Consultant is encouraged to develop a comprehensive approach with City staff throughout the project that includes step-by-step interim deliverables and workshops. That being stated, the minimum scope of services is provided to help further define the City’s expectations and goals for this project.

III. SPECIAL INSTRUCTIONS TO SUBMITTERS

The City of Gunnison will be accepting proposals for consulting services for the recruitment of a City Manager.

The City is interested in retaining services of a company, or an individual, that has executive recruitment expertise relative to City government executive positions, has considerable knowledge of how to conduct an executive recruitment (again specific to City government positions), has the ability to recruit a diverse set of qualified applicants with respect to minorities and women, and can successfully conduct an effective, timely nationwide recruitment.

A. REQUIRED ELEMENTS

All proposals shall include the following elements as outlined below:

1. Assist with creating a position profile for the ideal candidate that includes the City Charter guidelines for hiring a city manager, years of experience and education required, desired personality, work habits and people skills, and summary of the City and community attributes and challenges.
2. Include a suggested plan for advertisement for the position from the job description – print, internet, direct mailing, professional publications, targeted calls, etc. Proposals should identify specifics on the Consultant’s plan for national recruitment.
3. Conduct a nationwide search for qualified candidates including advertising and recruitment.
4. Review and screen applications and resumes. Identify review and screening methods.
5. Create a candidate list for Council to review, providing the City with seven (7) binders of all applications.
6. Conduct reference and background checks on candidates – include details as to the components of the reference and background checks, and at what point in the process a background check is performed.

7. Assist City Council with the interview process – include details as to the specifics, e.g., travel coordination, conducting of the interviews, etc.
8. Conduct a public forum for the community to meet the finalist candidates.
9. Assist with negotiation and follow-up with the selected candidate.
10. Terms of any warranty offered if no candidate is selected, hired through the search process, or employed by the City of Gunnison within one year.

B. EVALUATION CRITERIA

Proposals must include the following:

1. The name and home office address of your organization. Describe what type of a business entity your organization is (corporation, general partnership, limited liability company, etc.). Indicate in what state your business entity was incorporated or formed.
2. Provide a brief history of your business including years of operation, general business description, number of clients serviced, types of services generally offered, size of firm, and a statement of philosophy of customer service levels provided to clients.
3. Detail qualifications and previous executive search experiences, especially for local governmental entities.
4. Identify the key personnel of the business who will be assigned to perform services for the City, and who will provide continuing support throughout the term of the Agreement. Provide resumes stating qualifications and successful recruitments for key personnel and provide a statement as to the availability, continuity, and accessibility of the individuals who would be assigned to the Project.
5. Provide your recruitment work plan.
6. Detailed time-frame for the process from hiring the consulting firm to hiring the City Manager. **The schedule should contemplate the hiring of a new City Manager by July 5, 2016.**

7. List three current clients (municipal/government/Colorado communities preferred) for whom you provided executive search services for in the last 36 months. For each client, the list must specify the type of work performed by your company and the size of the client's organization. Provide telephone numbers and contact names for references.
8. Provide fee structure including specific costs per services, fee payment schedule and cost guarantees, etc. Reasonable and necessary airline and hotel expenses for candidates will be paid directly by the City of Gunnison. Any additional reimbursable expenses including but not limited to advertising, recruitment brochures, postage, and estimated additional travel expenses should be listed in the proposal.
9. Include an hourly rate for services performed beyond the normal scope of services that would be included in an Agreement.
10. Evidence of Consultant's qualification to do business in the State of Colorado may be required.
11. Consultants will be required to establish to the satisfaction of the City the reliability and responsibility of all proposed subcontractors and suppliers pursuant to the criteria set forth in these Instructions and Proposal Requirements. Prior to the award of the Contract, the City will notify Consultant in writing if the City has reasonable objection to any proposed subcontractor. In such event, Consultant may, at its option, (1) withdraw its proposal, or (2) submit a substitute sub-consultant acceptable to the City with an adjustment in the proposal to cover any difference in cost. The City may, at its discretion, accept the adjusted proposal.

The Consultant must provide progress reports to the City Council. Periodic meetings are required to discuss progress and to determine the process for screening candidates (i.e. written tests, videotape presentations, etc.). The City Council will monitor the Consultant to assure that quality work is being performed and that the Project schedule is being met.

All consultants agree that their proposals are a firm offer to provide the requested services to the City. Once submitted, all offers must remain valid for 120 days from submission deadline date for proposals.

C. ORAL PRESENTATIONS

During the evaluation process, the City may, at its discretion, request up to three (3) firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the City may have on a firm's proposal.

D. BASIS FOR EVALUATION OF PROPOSALS AND AWARD OF PROJECT

The City does not discriminate on the grounds of race, religion, color, age, sex, disability, or national origin in consideration of an award. Disadvantaged business enterprises are afforded a full opportunity to submit proposals. Proposals will be evaluated on the Consultant's qualifications, experience, Project understanding and approach.

Based on the preliminary review of the proposals, Consultants may then be interviewed prior to selection.

The award will be made to the responsible and responsive Consultant with the lowest bid who City Council determines best meets the City's needs and desires. In making such determination, City Council shall consider but not be limited to the Evaluation Criteria enumerated in Section III.B.

The City makes no commitments to any Consultant until such time as the City approves the negotiated contract. Upon recommendation of the Interim City Manager, the City Council may reject all proposals when it determines that such action is in the public interest.

The number of days within which the Project is to be completed shall be negotiated prior to execution of the Agreement and made part thereof. The City anticipates the Agreement to require completion of services by July 5, 2016.

E. INTERPRETATIONS AND GOVERNING LAW

All questions regarding the meaning or intent of this RFP must be submitted **IN WRITING ONLY VIA EMAIL** to the City Clerk, Gail Davidson at gail@cityofgunnison-co.gov. Only questions answered by formal written Addenda to this RFP will be binding. Oral and other interpretations or clarifications will be without legal effect and will NOT be considered in awarding the Project. Addenda will be mailed or delivered to all parties recorded by the City as having received the RFP. It shall be each Consultant's responsibility to make inquiry as to Addenda that have been issued. All Addenda shall become part of this RFP, and all Consultants shall be bound by such Addenda, whether or not received by the Consultant.

All applicable State of Colorado and Federal laws, City ordinances, and licenses and regulations of all agencies having jurisdiction shall apply to the Consultant and Project throughout the Project and are incorporated herein by reference. The Agreement with the selected Consultant, and all questions concerning the execution, validity or invalidity, capacity of the parties, and the performance of the Agreement, shall be interpreted in all respects in accordance with the Home Rule Charter and Code of the City of Gunnison and the laws of the State of Colorado.

IV. SUBMISSION OF PROPOSAL

Due Date for Proposals: February 4, 2016 at 5:00 pm MST

If the proposal is sent by mail, the sealed envelope shall be enclosed in a separate mailing envelope with the notation "PROPOSAL ENCLOSED" on the face thereof.

Seven (7) copies of the sealed proposal must be submitted and be received at the City Clerk's Office located at the Gunnison City Hall and shall be addressed as follows:

**Mayor and City Council City of Gunnison
P.O. Box 239
201 W. Virginia Ave.
Gunnison, CO 81230
City Manager Recruitment
Attn: Gail Davidson, City Clerk**

Submit an additional electronic copy of proposal via email to gail@cityofgunnison-co.gov , with subject line *City Manager Recruitment*.

The City reserves the right to reject any and all proposals or any part thereof, to waive any formalities or informalities and further, to award the services to the most responsive and responsible Consultant, according to the City's evaluation and as deemed to be in the best interest of the City.

Proposals must meet or exceed requirements contained in this RFP.

All costs of the development for Proposal submittal are the responsibility of the Consultant.

Proposals shall be submitted prior to the time and date set for receipt of proposals as indicated in these Instructions and Proposal Requirements, or the modified time and date as indicated by any Addendum. Proposals received after the time and date set for receipt of proposals will not be considered. Consultant shall assume full responsibility for timely delivery at the location designated for receipt of proposals; Consultants must allow adequate time for delivery of their proposal either by hand delivery, postal service, or other delivery service.

No extensions for submittal of an RFP will be granted on an individual basis. If the City determines, in its sole discretion, that the response time it has provided is inadequate for the preparation of complete proposals, or if amendments issued have materially changed the proposal requirements, the City may, at its option, extend the opening or response dates to all firms.

No Consultant may submit more than one proposal. Multiple proposals under different names will not be accepted from one firm or association. Evidence of collusion among Consultants shall be grounds for exclusion of any Consultant who is a participant in any such collusion.

All information submitted to the City by the Consultant is a public record, and may be subject to disclosure under the Colorado Open Records Act, Colorado Revised Statute § 24-72-200.1, et seq. **The Consultant shall clearly identify any portion(s) of its proposal that it believes constitutes trade secrets, privileged information, and/or confidential commercial, financial, geological or geophysical data which shall not be subject to disclosure under the Colorado Open Records Act.**

To the extent required by Illegal Aliens Public Contracts for Services C.R.S. § 8-17.5-102(1), by submitting a proposal, the Consultant certifies that at the time of proposal submission it does not knowingly employ or contract with an illegal alien who will perform work under its proposal, and that the Consultant will participate in the E-verify program administered by the United States Department of Homeland Security and the Social Security Administration, or the employment verification program administered by the Colorado Department of Labor and Employment in order to verify the employment eligibility of all employees who are newly hired for employment to perform work under its proposal.

V. CONFIDENTIALITY

The Consultant may be provided confidential information by the City. Complete confidentiality must be maintained regarding confidential City information and data. Signing of a confidentiality agreement may be required by the Successful Consultant.

The information included in this RFP is for Consultant's exclusive use in preparing a proposal and must not be shared, whether written or oral, with any other person or entity or used for any other purpose. The use of the City's name in any way as a potential client is strictly prohibited.

VI. MODIFICATION AND WITHDRAWAL OF PROPOSAL

Proposals submitted early may be modified or withdrawn, subject to the Project Manager's discretion. Withdrawn proposals may be resubmitted until the deadline for submission of proposals.

VII. SIGNING OF AGREEMENT

When the City gives a notice of award to the Successful Consultant, it will be accompanied by unsigned counterparts of the Agreement and this RFP. The Successful Consultant shall execute the Agreement and deliver it, together with evidence of insurance to the City within ten (10) calendar days from the date of the notice of award. Failure to do so will be adequate and just cause for the annulment or cancellation of the awards.

VIII. PROPOSAL BECOMES CITY PROPERTY

Once submitted, a proposal becomes City property. The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the Consultant of the conditions contained in this RFP.

Lynelle Stanford

From: Aaron J. Huckstep <huck@hucksteplaw.com>
Sent: Friday, April 01, 2016 1:31 PM
To: Glenn Michel; R Mason; J Schmidt; Chris Ladoulis; Paul Merck; Erika Vohman; Laura Mitchell
Cc: Lynelle Stanford; Michael Yerman; Bob Gillie
Subject: FW: DU white paper on STR's
Attachments: DU-short-term-rental white paper.pdf

Hi Council,

Happy Friday afternoon. I hope you all are doing well and enjoying the worthwhile work you're performing. Thanks for your efforts.

I wanted to pass along an interesting article from Estes Park regarding VRBO/STR regulations. Here is the link to the story:

http://www.denverpost.com/business/ci_29709144/conflicting-regulations-roil-short-term-vacation-rentals-estes

Some graduate students from DU also published an interesting report on STR's recently. It might be worth a read (see attached).

Best Regards,

Aaron J. Huckstep
("Huck")

P: (970) 349-2009
F: (970) 797-1023

Short-term Rentals in Denver, CO

White Paper

**David L. Corsun, Ph.D., Karen Xie, Ph.D., & Cheri A. Young, Ph.D.
Fritz Knoebel School of Hospitality Management
University of Denver**

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How does that compare to Hotels?

EXECUTIVE SUMMARY

Key findings from our study of 408 STR renters in the City and County of Denver are provided below. They, along with full explanations of the methodology, are fully explained in the sections that follow.

- Extrapolating from these data, and assuming an STR occupancy rate of 40% for the City and County of Denver, we estimate that annual STR rents total approximately \$13.6 million. Note that these figures are based only on the properties listed on VRBO.
- If the lodger's tax was applied to these rents they would generate approximately \$2 million in additional tax revenue for the City and County of Denver.
- Also assuming a 40% occupancy rate, STR renters' ancillary spending while visiting, not including STR rent or transportation to Denver, is approximately \$21.28 million per year.
- Only about 17% of respondents recalled paying a lodging tax, 9% remembered *not* paying one, and nearly 75% did not know or could not remember paying a lodging tax on their STR stay.
- Almost 55% of STR renters reported that paying a lodging tax would have had no impact on their decisions to travel to Denver and to rent an STR. Another 25% were not sure whether the tax would have affected their decisions.
- STR renters underspent hotel guests on a per person per day basis in terms of ancillary spending.
- 44% of the STR renters surveyed prefer staying in hotels for business travel, less than 11% prefer staying in STRs, and 32% do not travel for business.
- 73% of the STR travelers surveyed prefer staying in STRs for leisure travel, 5% prefer hotels, and 22% have no preference.
- Location and a dislike of big hotel chains were the most influential factors in the choice of an STR over a hotel for leisure travel.
- Price, location, and safety and security were the most influential factors indicated when people choose a hotel over an STR for leisure travel.
- Only high frequency business travelers had factors other than location that were more than halfway between somewhat and very influential in the choice to stay in a hotel rather than an STR when traveling for business. These factors were the ability to earn loyalty points and the certainty of knowing what they will find in the way of facilities and services.

INTRODUCTION

The growth of the so-called sharing economy has included a proliferation of properties available for short-term rental to visitors to a location. These properties range from a room in an occupied home (which includes rental apartments, condominiums on up to private, freestanding homes) to an entire, non-owner occupied unit, regardless of size. These rentals are advertised on a variety of websites, some of which offer only properties available in their entirety. Among the most prominent of these sites is VRBO (vacation rental by owner). While Airbnb is probably best known, many of the rentals to which it provides access are owner occupied. Increasingly, municipalities are considering legislation that addresses the short-term rental (STR) lodging market, particularly in terms of non-owner occupied units. Among the reasons for such legislation is that hoteliers and others argue STRs are advantaged by benefiting from the marketing efforts of the municipality without contributing to the lodging tax base that supports these marketing efforts. The City and County of Denver is currently considering such legislation. While STRs are increasing in popularity, little scholarly attention has been devoted to them (Guttentag, 2015), or for that matter, to the STR guests in terms of their search process, decision making, spending patterns while renting an STR, what impact paying a lodgers tax would have on their behavior, and whether there are differences between leisure and business travelers who rent STRs.

This absence of information on STR guests may be due to mass media's almost exclusive focus on STR hosts: those who rent out their spare couches, beds, bedrooms, entire homes or even an entire island on a short-term basis (Wortham, 2011). This coverage has focused on whether hosts are paying lodging taxes and abiding by local zoning and building codes (Conti, 2014); problems with vandalism (Nash, 2015; "The Rise of the Sharing Economy," 2013); and whether individuals are buying up real estate for STR purposes (Hamm, 2014), negatively affecting the residential housing supply (Carrns, 2015) and subsequently increasing rents, as claimed in San Francisco (Said, 2012).

In an effort to shed light on the questions before City Council, this white paper explores the outstanding areas noted above using a sample of those who rented STRs in the City and County of Denver.

METHOD

Through direct contact with an STR owner who lists on VRBO, the research team used snowball sampling to access a total of 22 of Denver's STR owners, all of whom list their properties through VRBO. These owners provided the research team with access to the contact information of property renters during the two year period ending November, 2015. A sample of 788 renters was assembled; each had rented one of the approximately 411 properties listed on VRBO and located in Denver. Although 477 properties came up on a recent search (1/17/2016) of available STRs in Denver, 66 were located outside the City and County of Denver. Each individual renter received an email from the research team explaining the nature of the study and a request to participate. The email included a link to an online survey instrument to which respondents replied; the measures used in this survey were specifically created for the study. Survey respondents were offered the opportunity to be entered in a drawing for one of three \$250 gift cards; 408 usable surveys were received, which is a response rate of 51.8%. Note, however, that some analyses may include fewer respondents than the total number as occasional missing data points prevented us from using these cases.

RESULTS

Prior to addressing the areas of interest regarding STR renters, we present respondent demographics in Table 1. The majority of respondents were married, female, and White. They worked full-time; more than 38% had a four-year college degree and nearly 42% had an advanced degree. Most had no children under 18 living at home, and over 82% owned their own homes. Mean household income was over \$117K.

Table 1
Sample Demographics

Marital status n=389	Single	Married	Separated	Divorced	Widowed	Living with someone	
	10.28%	78.15%	0.0%	4.11%	2.31%	5.14%	
Gender n=389		Male		Female		Transgendered	
		32.65%		67.10%		0.26%	
Race/ethnicity n=367	White (non-Hispanic)	African American	Latino/Hispanic	Asian/Asian Indian	Native American/Native Alaskan	Pacific Islander/Native Hawaiian	Other
	87.74%	1.09%	6.81%	1.63%	0.54%	0.27%	1.91%
Employment n=389	Part-time	Full-time	Seasonal	Don't work	Other		
	13.88%	58.87%	0.77%	10.28%	16.20%		
Education n=390	High school/GED	Some college	2-year college degree	4-year college degree	Masters degree	Doctoral degree	Professional degree (JD, MD)
	2.82%	11.03%	5.90%	38.46%	29.49%	4.87%	7.44%
Children (under 18) living at home n=388	0		1	2	3	4	
	71.65%		11.60%	13.14%	3.35%	0.26%	
Do you own or rent your home? N=389	Own	Rent	Living with parents/family/friends (no rent)			Other	
	82.26%	15.17%	3.35%			0.26%	
Household income n=367		Mean	Std. Dev.	Min	Max		
		\$117,193.50	\$41,887.15	\$10,000	\$155,000		

Table 2 displays the summary statistics for the survey items measured on a continuous scale (e.g., dollars). Summary statistics for variables for which responses were measured in categories are inappropriate; such categorical measures require the reporting of response frequencies, which can be found in Table 3.

Table 2
Summary Statistics for Continuous Variables

	Observations	Mean	Std. Dev.	Min	Max
How much did you spend per night on the STR, including non-refundable fees?	402	\$226.93	\$120.10	\$10.71	\$683.33
Average nights stayed	406	5.67	4.80	1	31
During your STR stay, how much did your travel party spend on the following per day:					
-Dining out	379	\$106.61	\$151.75	\$0.00	\$1857.43
-Groceries	353	\$44.85	\$38.77	\$0.00	\$333.33
-Transportation (not including getting to Denver)	267	\$57.34	\$38.77	\$0.00	\$500.00
-Shopping/retail	292	\$72.66	\$82.84	\$0.00	\$666.67
-Sporting events	160	\$48.89	\$131.71	\$0.00	\$1000.00
-Performances (concerts, theater, etc.)	163	\$38.69	\$68.25	\$0.00	\$333.33
-Movies	121	\$2.27	\$4.68	\$0.00	\$25.00
-Museums	185	\$11.37	\$14.41	\$0.00	\$75.00
-Night clubs, bars, pubs, etc.	210	\$70.37	\$192.88	\$0.00	\$2500.00
-Outdoor recreation (rafting, biking, etc.)	170	\$29.13	\$51.12	\$0.00	\$333.33
-Amusement parks (Elitch, Waterworld)	121	\$9.02	\$19.72	\$0.00	\$120.00
-Spa treatments	120	\$10.08	\$22.66	\$0.00	\$125.00
-Gambling	107	\$5.17	\$35.83	\$0.00	\$360.00
-Other	126	\$107.51	\$480.87	\$0.00	\$5000.00
Total travel party spending per day	408	\$354.71	\$481.22	\$0.00	\$5958.33
Total per person spending per day	406	\$73.68	\$77.55	\$0.00	\$744.79
<hr/>					
How many children under 18 live in your house?	388	1.49	0.86	1	5
<hr/>					
Other than this stay in Denver, how many times have you stayed in an STR in the past year?	344	3.83	2.28	1	11
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Personality dimensions					
-Extraversion	382	9.12	2.93	2	14
-Agreeableness	380	10.79	2.05	4	14
-Neuroticism	382	4.94	2.01	2	12
-Conscientiousness	381	11.98	1.74	6	14
-Openness to experience	382	10.92	1.94	6	14

Table 3
Response Frequencies of Categorical Variables

Were you charged a lodging tax? n=406	Yes	No	Don't know/Can't remember				
	17.24%	9.36%	73.4%				
If the owner charged the Denver lodging tax of 14.85%, would that have influence your decision to use an STR? n=330	Yes	No	Not sure				
	20.61%	54.24%	25.15%				
If an STR had NOT been available for your trip to Denver, would you have... n=390	Not visited Denver	Visited but shortened my trip	Stayed the same amount of time but at alternative lodging				
	11.79%	30.26%	57.95%				
How many trips of any length have you taken for LEISURE purposes in the last year? n=398	0	1-3	4-6	7+			
	1.76%	48.99%	38.44%	10.80%			
When traveling for leisure do you prefer to stay in: n=398	Hotel	STR	No preference				
	4.77%	72.86%	32.15%				
How many trips of any length have you taken for BUSINESS purposes in the last year? n=398	0	1-3	4-6	7-9	10-12	13-15	16+
	43.97%	34.67%	9.55%	4.02%	3.77%	1.01%	3.02%
When traveling for business do you prefer to stay in: n=395	Hotel	STR	No preference	Don't travel for business			
	44.05%	10.89%	12.91%	32.15%			
After eliminating those who don't travel for business: n=268	64.93%	16.04%	19.03%				
Did you rent: n=407	Entire unit	Private bedroom/bath	Private bedroom/shared bath	Other			
	95.82%	0.49%	0.0%	3.69%			

Paying Lodger's Tax

In general, STR hosts have not been charging guests hotel taxes. In many locations around the world, as in Denver, renting out one's home on a short-term basis (less than 30 days, for example, in Denver) is considered illegal. Thus, for governments to tax something that is essentially illegal presents a quandary. Much like taxing the illegal sale of heroin, imposing hotel taxes on STRs hints at implicit legitimization.

Clearly selling recreational heroin is illegal while the renting of one's home in some cities is still being argued in the courts as to its legality. Whether legal or not, "governments are starting to pay closer attention" to the issue of tax collection (Carrns, 2015). As a result, Airbnb has begun collecting lodging taxes for hosts in six locations (for a list of these cities see: <https://www.airbnb.com/help/article/653/in-what-areas-is-occupancy-tax-collection-and-remittance-by-airbnb-available>) and hosts in other locations are supposed to charge and collect the lodging taxes themselves.

Despite STR hosts' reluctance to collect and pay hotel taxes, the question remains whether travelers would resist paying hotel taxes on STRs. They may be accustomed to searching for the "final price" for travel-related goods and services after fees and taxes given the pricing strategies of the airline industry and hotel sector. In the airline industry, travelers are being asked to pay separately for baggage, priority seat assignments, and food and beverage. In the hotel sector, some hotels charge resort fees (to cover the cost of bottled water, internet, phone calls, and the gym, for example) using what is commonly referred to as "drip" pricing (Elliott, 2012). With drip pricing, the hotel or online travel agency (e.g., Expedia) initially advertises only the price of the hotel room, revealing additional mandatory charges later as a traveler proceeds through the buying process. Thus, if consumers have become savvy and accustomed to fees and hence search for "total cost" pricing before making a hotel purchasing decision, would the same logic apply to the STR purchasing decision? Thus, the following important questions arise:

- Will STR guests recall whether or not they paid a lodging tax?
- Will STR guests eschew choosing an STR if lodging taxes are being levied?

What we found: Approximately 17% of respondents recalled paying a lodging tax and slightly over 9% unequivocally remembered not paying a tax. Nearly 75% of respondents did not know or remember paying such a tax on their STR in Denver. Slightly more than 20% of respondents indicated that having to pay a lodging tax would have influenced their STR rental decision; nearly 55% said a lodging tax would have no impact and 25% were not sure. These results are graphically presented in Figures 1 and 2.

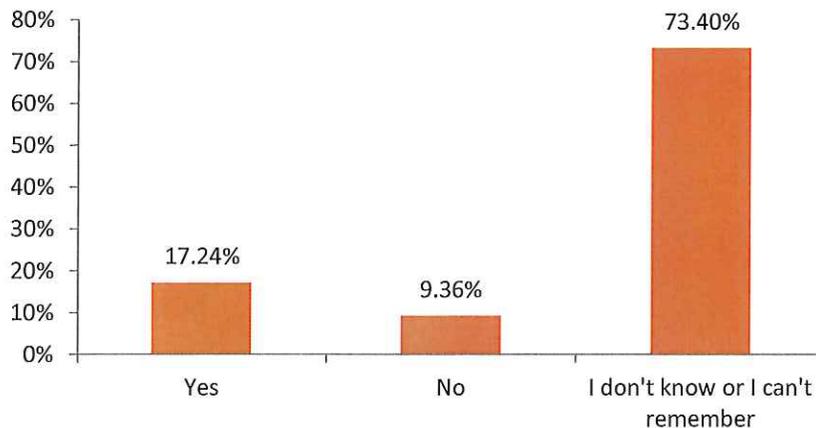


Figure 1
Were you charged the Lodger's Tax?

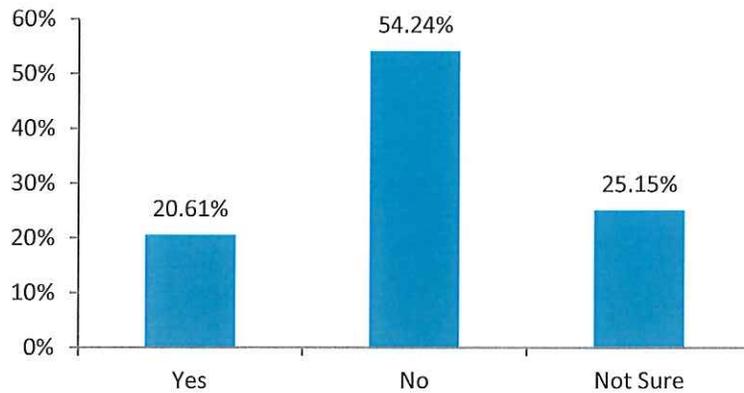


Figure 2
Would having to pay the Lodger's Tax have influenced your STR rental?

Spending

In the section that follows we present the data around renters' spending on both the STR itself and on other activities in which they partook while in Denver. First, our interest was in the rental and other non-refundable fees paid by STR renters.

What we found: The average nightly STR rent, including non-refundable fees, was \$226.93.

While some cities have commissioned studies to determine the economic impact of STRs (e.g., Galveston, Texas; Myrtle Beach, South Carolina), Airbnb has produced its own economic impact studies in various cities across the globe. It found that Airbnb guests (referred to as "travelers") spend more and stay longer in comparison to hotel guests in the same city (<http://blog.airbnb.com/economic-impact-airbnb/>). The assumption is that by saving money on their accommodations, Airbnb travelers have more money to spend on other tourist-related, ancillary activities and services. Given that our study was conducted in Denver, Colorado (a city not studied by Airbnb regarding economic impacts) and focused on VRBO (a peer-to-peer accommodations platform focusing on vacation rentals primarily), we questioned whether spending patterns would mimic those of the Airbnb studies. While Denver, Colorado homes listed on VRBO are not vacation homes per se, the overwhelming majority are entire homes (despite a few listings that are separate spaces within the host's home such as a private bedroom with private bathroom and its own sitting area or a private bedroom with shared bath with no sharing of the kitchen or other areas). Given that renting an entire home may be more expensive than renting shared spaces, we questioned whether VRBO guests' ancillary (non-lodging) spending would exceed that of hotel guests in the Denver, Colorado area.

- Will STR guests' total ancillary spending (on restaurants, entertainment, and other tourist-related products and services) be greater than that of hotel guests?

What we found: Since our sample consisted of only STR renters, we needed to access archival data regarding hotel guests' ancillary spending in order to address this question. The most recent such data are for the 2014 fiscal year and are available through Visit Denver, the city's convention and visitor's

bureau. The STR renters in our sample spent an average of nearly \$74 per person per day on non-lodging items while hotel guests spent \$87 per day on average (Longwoods International, 2015).

In contrast to claims by Airbnb, these data show that STR renters' ancillary spending is 15% below that of hotel guests. This finding is likely influenced by the low number of business travelers in our sample. Data from the Denver hotel visitor market show that business travelers outspent hotel leisure travelers by an average of \$21/day. Having a more even mix of respondents who rented STRs for business travel in our sample would likely have increased the average ancillary spending. However, it is somewhat telling that only 10 of 408 respondents were traveling for purely business reasons. It may well be that business travelers are significantly underrepresented in the population of STR renters, though their representation may change over time. Figures 3 and 4 provide a breakdown on the STR rent and fees paid and ancillary spending, respectively. STR rent and fees is shown for the length of the stay. The average per night rent was reported at the beginning of this section; percentages are the % of the sample for each range. Ancillary spending is presented on a per day, per person basis.

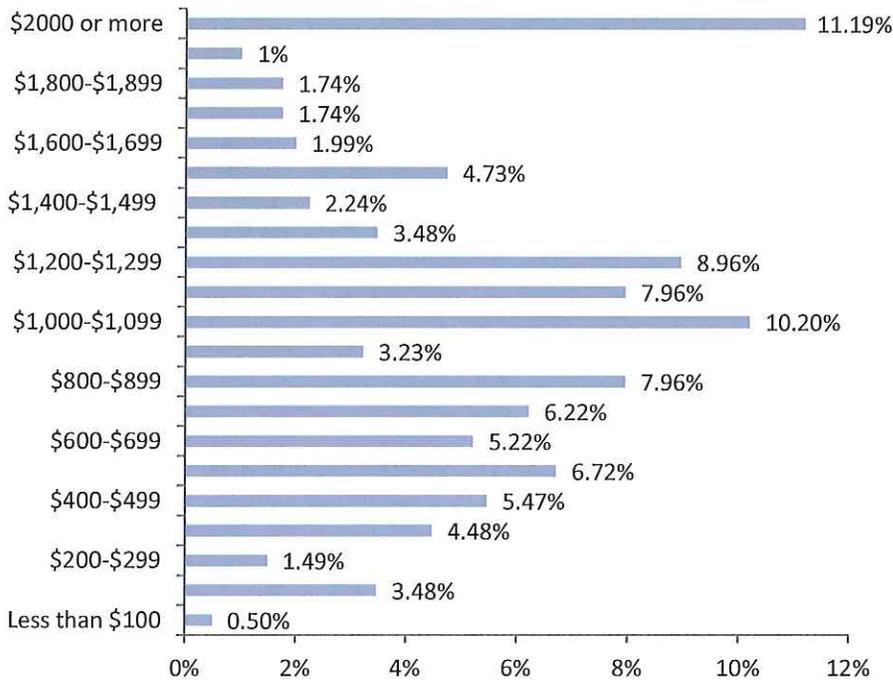


Figure 3
Total spending on the STR including cleaning fees, taxes, and/or non-refundable fees

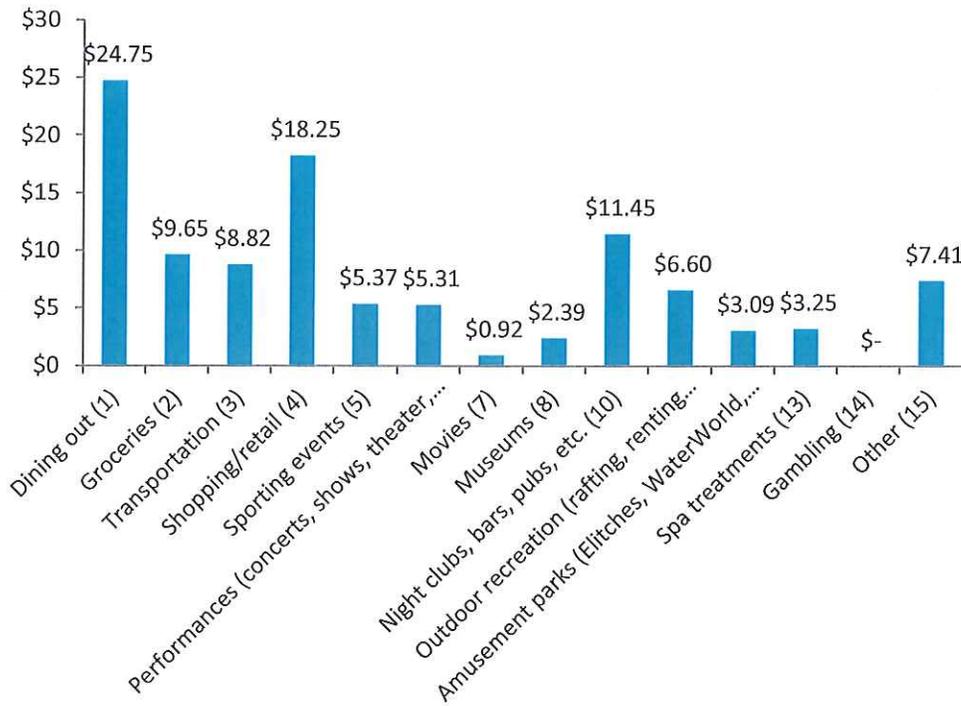


Figure 4
Average per day, per person spending on other activities while renting the STR

Survey participants were asked how not having the STR lodging option would have influenced their visiting behavior. Just under 12% of respondents indicated that they would *not* have visited Denver without this option; a little more than 30% would have come but shortened their stay; and 58% would have come for the same length of time but stayed in alternative lodging. Table 4 presents spending on STR rent per night and ancillary spending per night per person for each of the three behavioral intention categories. The most price sensitive group was those who would have visited Denver but shortened their trips had STRs not been available. They spent the least on average for both STR rent and on ancillary activities.

Table 4
STR spending by behavioral intention

Behavioral intention	Average STR rent/night	Average ancillary spend/group/night	Average ancillary spend/person/night
Not visited Denver (group 1)	\$235.56	\$359.50	\$74.93
Visited but shortened the trip (group 2)	\$219.56	\$325.97	\$72.48
Stayed the same amount of time at alternative lodging (group 3)	\$232.38	\$383.11	\$76.22

Estimated economic impact

As shown in Table 2, the average STR rent/night was \$226.93. We used this figure in computing the estimated annual STR rent revenue for the City and County of Denver. The mean group ancillary spending of our sample was \$354.71 on a per night basis, and the ancillary spending per person per night was \$73.68. Below we provide several levels of projection based on STR occupancy. Note that these projections assume that our sample of respondents is representative of all STR renters in Denver. Additionally, these projections are based on the assumption that the properties in which our respondents stayed are representative of the population of available STRs in Denver. A recent search of VRBO (1/16/2016) revealed a total of 477 available units. An examination of each of these units resulted in the elimination of 66 that were in the Denver Metro Area, but not in the City and County of Denver, and would, therefore, not produce lodger’s tax revenue for Denver. Some ancillary revenue is likely to accrue to Denver businesses, and to the City and County via sales tax, from people staying in these 66 units, but we do not include them in our projections. Further, we assume that the group sizes of those we surveyed would be equivalently represented in the population of Denver’s STR renters. Finally, we assume the STRs are available for rent 365 days/year. Since actual availability may be for fewer days, the occupancy rate projections are somewhat conservative. Note that these figures are based only on the properties listed on VRBO. It is worth keeping in mind that if the VRBO properties in Denver are rented for three out of every seven nights, the result would be an occupancy rate of over 42%. Also worth noting is that, as shown in Table 2, the average number of nights per stay in our sample was 5.67.

**Table 5
Estimated economic impact of STRs on Denver**

	20% occupancy	40% occupancy	60% occupancy
Group ancillary spending	\$10,642,364	\$21,284,728	\$31,927,092
Projected total annual STR rent	\$6,808,581	\$13,617,161	\$20,425,741
Estimated economic impact	\$17,450,945	\$34,901,889	\$52,352,833
Lodger’s Tax revenue	\$1,004,266	\$2,008,531	\$3,012,797

STRs versus hotels

To date, no research has sought to fully understand STR renters in the Denver market or their preferences. In order to gain such an understanding, we asked respondents which type of lodging (hotel vs. STR) they prefer when traveling for leisure or business. Figure 5 provides STR renters’ lodging preferences when on a leisure trip and Figure 6 does the same for business trips.

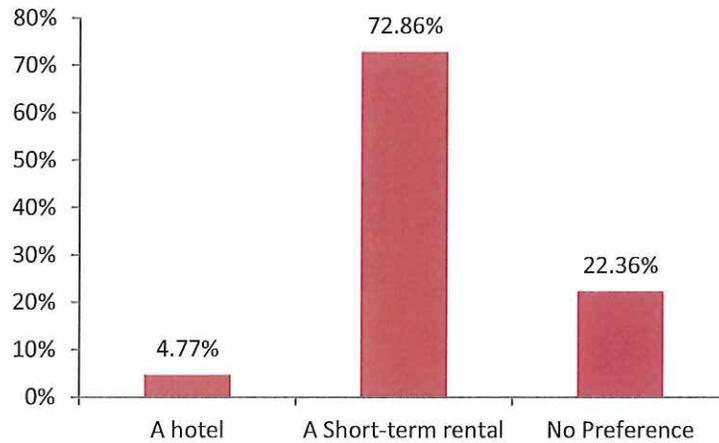


Figure 5
Lodging preference for leisure trips

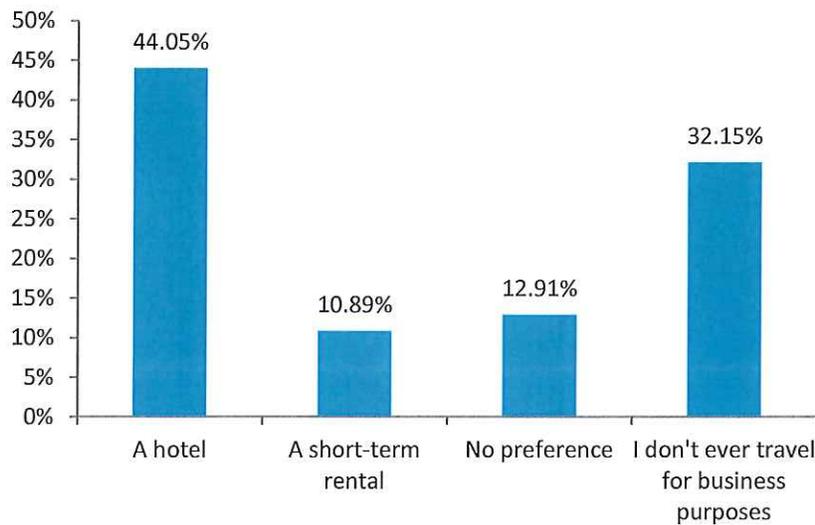


Figure 6
Lodging preference for business trips

In an effort to understand these preferences in greater depth, we asked respondents about their leisure and business travel behavior. Specifically, we inquired how many trips were made for each purpose in the prior 12 months. Doing so enabled us to examine the travel frequency behavior of those who prefer STRs. Figures 7 and 8 share the raw distribution of the leisure and business travel frequency of those who expressed a preference for staying in STRs.

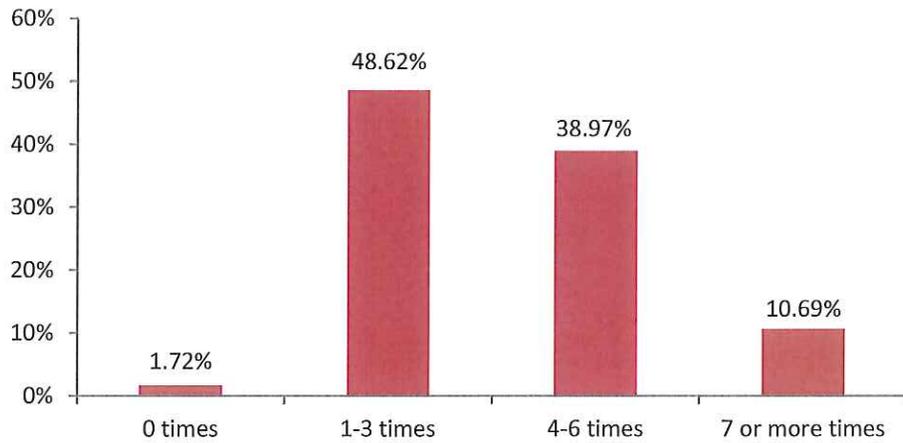


Figure 7
Annual leisure travel frequency among those who prefer to stay in STRs for leisure

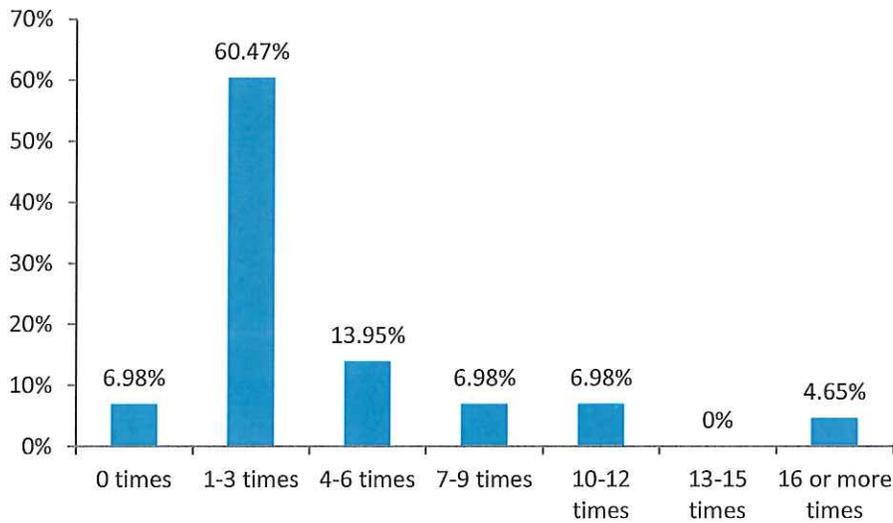


Figure 8
Annual business travel frequency among those who prefer to stay in STRs for business

We then grouped those who expressed a preference for STRs for leisure and business trips by low, medium, and high frequency of leisure and business travel. Figures 9 and 10 display how heavily represented each frequency group is in terms of STR preference for leisure and business travel, respectively. The data indicate that nearly half the travelers who prefer STRs for leisure were medium or high frequency leisure travelers, while fewer than 20% of those who prefer STRs for business were medium or high frequency business travelers.

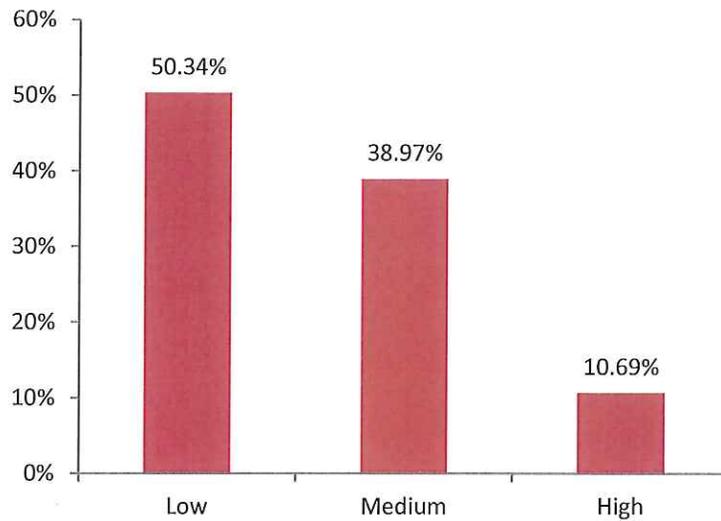


Figure 9
Preference of STRs for leisure trips by leisure travel frequency

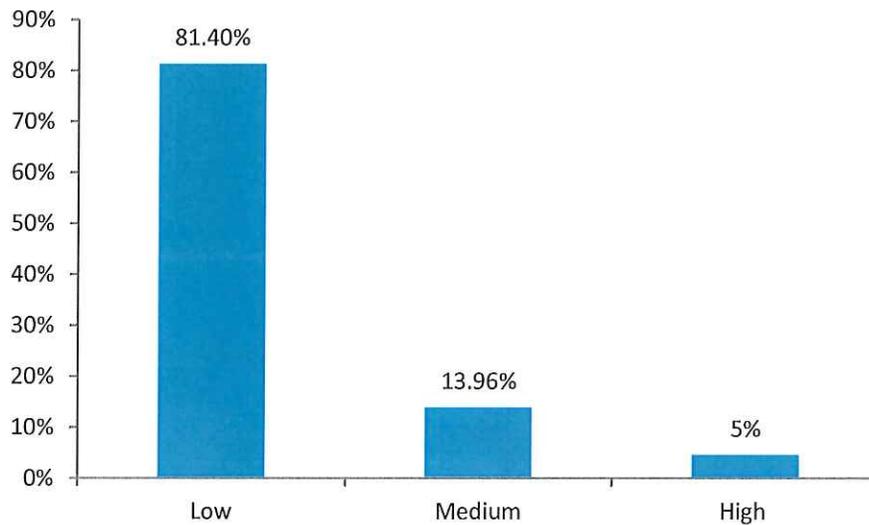


Figure 10
Preference of STRs for business trips by business travel frequency

When the data around the business and leisure trips made by participants who prefer STRs are aggregated across leisure and business trips, one gets a sense of the overall travel frequency of those who prefer STRs. Respondents were aggregated into three traveler categories based on trip frequency: 70% of those who prefer STRs are low-frequency travelers, 25% of are medium frequency travelers, and 5% of them are high-frequency travelers.

Influencers of STR usage

One area of particular interest is developing a better understanding of who STR renters are and what factors influence their decision to stay in STRs. To assess this area we asked respondents to report on the number of STR stays, other than their stay in Denver, they experienced in the year prior to our survey. Using the number of stays as the response variable, we performed an estimation using a variety of demographic variables as predictors. Specifically, we used marital status, gender, race, household income, employment status, education, number of children living at home, and whether the respondent owned or rented his or her home as predictor variables. The demographic variables failed to significantly predict number of STR stays ($F=1.24, p=.162$).

These same demographic variables were used as predictors of the number of trips (leisure and business combined) taken in the prior year. In this case, the demographics significantly predicted 20% of the variation in the response, number of trips ($F=1.88, p=.002$). Not surprisingly, those with a household income of \$100K or above generally have made more trips than those under \$20,000, with an exception being those in the \$120K-\$129,999 annual household income group. No difference was found in trip frequency between those earning between \$20K and \$100K when compared with those under \$20K. Those working seasonally traveled more than full- or part-timers. Last, those with a single child living at home traveled less than did those without children. There was, however, no difference between those with two or more children at home and those without.

Several questions of interest regarding the attributes of hotels and STRs, and how they influence decision-making, merit examination.

- Among STR guests, what attributes are most influential in choosing an STR over a hotel for leisure trips?
- What attributes are most influential in choosing hotel accommodations over an STR for leisure trips? Do these attributes differ based on lodging preference (hotel, STRs, no preference) for leisure trips?
- What are the most influential attributes in preferring a hotel instead of an STR for business trips? Do these attributes differ for frequent business travelers versus infrequent business travelers?

What we found: To address the first of these questions, respondents were asked to rate how influential a variety of attributes were when choosing an STR over a hotel for leisure travel. The two most influential were location (rated highest at 4.75 on a five-point influence scale) and a dislike of big hotel chains (4.5). Four other factors were quite influential (4.25), though not quite so as the two mentioned above. These four factors were price, free internet/wireless, length of trip, and being near to restaurants, shopping and grocery stores. The influence factors and their ratings on a five-point influence scale (a score of five being highly influential) are displayed graphically in Figure 11.

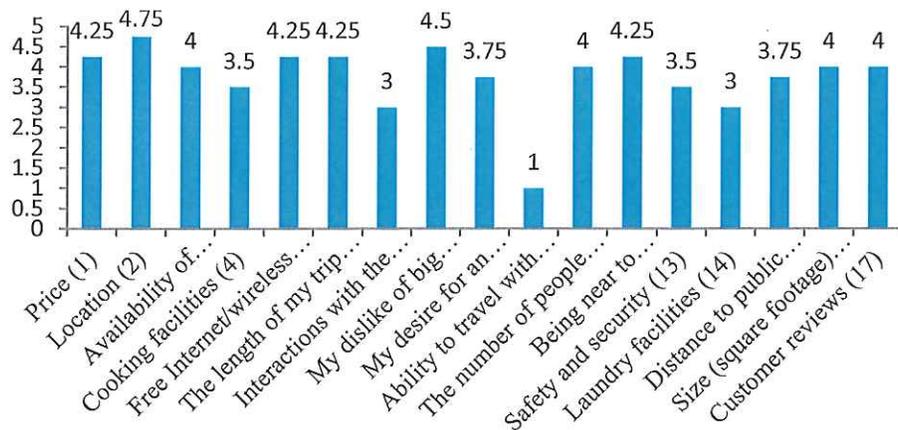


Figure 11: Factors influencing the choice of STR over a hotel

The second pair of questions examined the attributes most influential when STR renters do choose hotels for leisure travel. Three factors stood out: Price, location, and safety and security. Lodging preference for leisure had a marginal effect on the influence weights respondents' assigned to the attributes shaping the choice to book a hotel over an STR for leisure. The top three factors were the same whether the respondent's preference was STR, hotel, or there was no preference. What changed across the three groups was how influential each factor was. Scores for all three were highest among those who had no preference, slightly lower for those who preferred hotels and lower still (though probably not significantly) for those with an STR preference. Not unexpectedly, those who prefer hotels for leisure had a couple of other factors that were somewhat influential: Food and beverage options and a liking for being served. Figure 12 displays the leisure preferences for the three groups.

The final set of questions addressed STR renters' preferred lodging type while traveling on business. Of the 268 respondents who indicated they travel for business, 65% prefer to stay in hotels when traveling on business, 16% prefer STRs, and 19% have no preference.

In examining what factors influence STR renters when considering a hotel as opposed to an STR for business travel, only those respondents who travel for business were considered. We worked from the business travel frequency categories discussed earlier – low-, moderate-, and high-frequency business travelers. The distribution of our sample is heavily weighted toward low-frequency business travelers (nearly 81%). Another 13% travel moderately frequently for business and only about 6% travel with high frequency for business. For all three groups, location is the most important factor and the only one that was very influential. Only high frequency travelers had factors other than location that were more than halfway between somewhat and very influential. These factors were the ability to earn loyalty points and the certainty of knowing what they will find in the way of facilities and services.

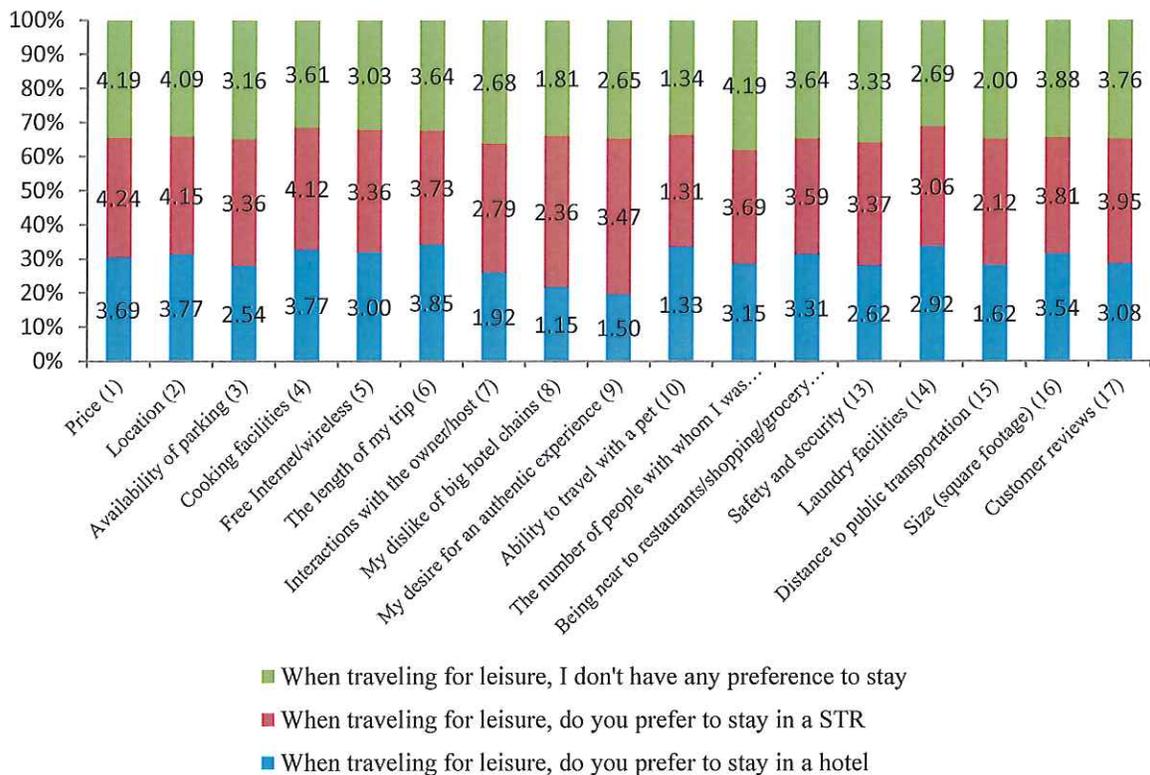


Figure 12: Influence factors by lodging preference

Personality

In addition to a demographic profile of STR renters, our interest extended to formulating a psychographic profile. Most personality research employs a five factor model of personality. Each factor is measured on a continuum and the factor names are the anchors at one end of the continuum for each. The factors are easily recalled using the acronym, OCEAN. The factors are openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism. Using the five personality factors as predictors of the number of previous STR stays as outcomes, we modeled regression estimations that revealed relationships between openness to experience and agreeableness and the number of previous STR stays, though the personality dimensions explain only a very small percentage of the variation in STR stays.

The relationship between openness and STR stays was positive, meaning that the more open one is the more STR stays one has had. This finding was expected. There is still a newness to STRs; despite increasingly widespread usage, they are definitely not as mainstream as are hotels. Those who are more open are more likely to experiment with non-traditional alternatives to the mainstream, like STRs.

Agreeableness, though, was negatively related to STR stays; the more agreeable, the fewer stays. One can infer a certain logic to this finding. Agreeableness is, in part, about not rocking the boat – accepting the status quo. It makes sense that those high in agreeableness wouldn't be particularly interested in

trying STRs when hotels are satisfying their needs well enough. Table 6 displays the regression output for predicting STR stays with the five dimensions of personality.

Table 6
Personality and STR stays

Factor	Coefficient	Std. Error	t-value	p-value	Regression equation
Openness	0.14	0.07	2.04	0.04	$F(5,318) = 1.87$ $p = 0.0996$ R-square = 0.0285 Adjusted R-square = 0.0133
Conscientiousness	0.01	0.07	0.07	0.95	
Extraversion	-0.03	0.05	-0.66	0.51	
Agreeableness	-0.17	0.07	-2.46	0.01	
Neuroticism	-0.03	0.07	-0.41	0.69	

DISCUSSION AND LIMITATIONS

This exploratory study provides an informative first look at those who stay in STRs. Among the most important questions STR owners have is whether legislation that subjects their properties to lodging taxes will affect their businesses. These data indicate that the majority of renters are unaware of whether tax was charged and only 20% of renters would have been influenced in their decision to rent an STR. These results are also important to municipalities considering legislation to legalize STRs and charge renters the same lodging tax as applies to hotels. Also important to municipalities and local businesses is the ancillary spending driven by STR renters. In contrast to claims by Airbnb, these data show that STR renters' ancillary spending is below that of hotel guests. This finding is likely influenced by the low number of business travelers in our sample. Data from the Denver hotel visitor market show that business travelers outspent hotel leisure travelers by an average of \$21/day. Having a more even mix of respondents who rented STRs for business travel in our sample would likely have increased the average ancillary spending. However, it is somewhat telling that only 10 of 408 respondents were traveling for purely business reasons. It may well be that business travelers are significantly underrepresented in the population of STR renters.

Although the entire sample rented an STR on the trip about which we asked, more than half considered staying in a hotel for this trip. Likewise, nearly half the sample failed to consider staying in a hotel. This finding speaks to the degree to which STRs have become mainstream, particularly when the sample demographics are considered. Our sample was highly educated, the vast majority owned their own homes, and average household income was nearly \$120K. These were not the spendthrift Millennials talked about as driving the sharing economy. There is overlap here - similar to marijuana legalization customer profile

STR usage, as mentioned above, seems almost exclusively driven by leisure travel. The findings around leisure preferences and search processes all seem to point to a growing loyalty to STRs. Nearly as high a percentage of business travelers in the sample preferred hotels to STRs while on business as did leisure travelers prefer STRs. The good news for the hotel industry is that for now it appears to be holding onto higher paying, higher spending business travelers.

Despite the important findings of this study, it is not without limitations, which include the small, convenient sample of VRBO hosts acquired and the focus on a single U.S. city. VRBO guests, unlike current Airbnb guests, appear to have higher disposable income and rent entire spaces only. However,

these guests may represent the future of STRs as it seems they will increasingly capture more mainstream market segments. Additionally, respondents were asked about their preferences regarding choice of STRs or hotels for leisure and business trips, but when faced with the actual purchase decision, intentions may not be perfect predictors of behavior. Thus, future research should examine actual purchase decision making (retrospectively, perhaps, or even during using anthropological methods) and compare and contrast STR travelers based on income and room type (entire home versus private bedroom versus shared bedroom). Ideally, more research is needed on the psychographic characteristics of individuals associated with STR usage, and the attractiveness of STR attributes over hotels (Guttentag, 2015). Furthermore, what attributes influence their purchasing decision of one STR over another? Are STR guests loyal to particular STR platforms (e.g., Airbnb, VRBO, etc.)?

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Conflicting regulations roil short-term vacation rentals in Estes Park

Estes Park town board and Larimer County commissioners agree rules are needed, but the county wants a 700-home cap

By Jason Blevins

The Denver Post

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Mark Newman is photographed inside his vacation rental in Estes Park, Colorado on February 18, 2015. His home, which is named 'Rockhedge', is a beautifully restored 1921 Historic Home just outside of Estes Park. (*Helen H. Richardson, The Denver Post*)

ESTES PARK — A municipal power struggle is brewing over regulating the number of vacation rentals in Larimer County's top tourist destination.

Larimer County's commissioners on Wednesday voted 3-0 to cap the number of vacation rentals in Estes Park and surrounding valley to 700, but the town board declined to support the limit.

"Mr. Mayor we have a problem. We have a serious problem that has never occurred in 16 years," Estes Park town attorney Greg White said after the commissioners voted. "We have never had a situation where the code has been changed without both boards approving the exact same language."

The Estes Park trustees have spent a year wrangling with increased regulation of the exploding number of vacation rentals in their town.

There are 339 licensed short-term rentals among the Estes Park Valley's almost 7,300 homes, up from 206 in 2010.

Since Jan. 1, another 90 homeowners have applied for a new license, most of them prodded to register as increased regulation and potential permit limits loom. That compares to a total of 24 new licenses issued in all of 2013, 30 in 2014 and 50 in 2015.

And town officials estimate there are many more unlicensed homeowners renting to tourists who flood Estes Park for vacations that include visiting Rocky Mountain National Park, one of the 10 most visited national parks in the U.S.

[A proposed amendment to the town's development code](#) was designed by town planners to increase enforcement of short-term rental licensing, bolster communication between short-term hosts and neighbors and corral rogue renters into a strict licensing program.

Among the many requirements in that amendment — like notifying neighbors, enlisting a 24-hour local manager to handle issues and suspending the licenses of troublemakers — the town's planning commission suggested a 700-permit cap.

Both the county commissioners and town board heard public comment on the proposal Wednesday night.

A steady stream of vacation rental supporters pleaded for more study and clarification of proposed rules that hold homeowners more accountable for their renters and impacts on the neighborhood.

It's a scene playing out across Colorado as municipalities [big and small grapple with the suddenly-everywhere vacation rentals](#).

Neighbors bemoan impacts on their communities as homes fill with vacationers. [Homeowners trumpet their property rights](#) as they harvest twice as much renting short-term versus long-term. City leaders lament lost worker housing as more homes host vacationers. And the real estate brokers, flush with growing sales and management revenue, argue that both property values and tourist economies could suffer with heavy restrictions on so-called "rentalpreneurs."

Estes Park short-term rental homeowners on Wednesday said complaints related to a few bad operators should not taint their rentals. Nearly all the speakers — many who had spoken at previous meetings over the course of a year — asked that the board enforce existing regulations on vacation rentals before adding more rules.

"You don't have enough information ... to make a regulation that won't have a lot of problems," said Seth Smith, a local broker who manages dozens of vacation rental properties in the valley. He urged the board to abandon the cap, calling the proposed limit "pure insanity."

"This is a massive, massive overstep of government that will take away people's private property rights," he said.

Larimer County commissioner Steve Johnson was not swayed.

Citing the town's [2016 housing-needs assessment](#), Johnson said 700 renters have been forced to move from their homes in the last five years, roughly 200 of them when landlords converted properties to short-term rentals. He said the town's employers cite housing as their top problem in finding and keeping quality workers.

"Maybe that's the free market. Maybe that's the way it is. Maybe that's OK. But we should have the ability for the people who work in our community to live in our community," Johnson said, clicking through a slide showing Airbnb's growth from 50,000 properties in 2011 to nearly a million today.

"I've come to the conclusion that if you don't have a cap in your community, your community is going to change. The longer you wait, the harder it is to do a cap. This is a really fundamentally important decision that is going to affect Estes Park for generations. And I think it's a permanent decision," he said. "What you decide here, you better get it right because you are not going to get a chance to do a do-over."

Town trustees do not oppose a cap. They just wanted more precise data about the unlicensed renters. If there are already close to 700 short-term renters in their town, they don't want to stifle future growth.

Many trustees urged their colleagues delay a final vote on a cap until a town task force studying the impact of vacation rentals releases its final report in the fall.

"There's more good in this ordinance than bad," trustee Ward Nelson said, "but we are just not ready to do it."

"Well-managed vacation rentals are good for our guests and our economy," trustee Ron Norris said.

"I think having an unlimited amount of vacation rentals in our town has a vast potential of degrading our way of life," trustee Bob Holcomb said. "But I cannot support a cap until we have better information."

The town board approved an ordinance that passed the proposed amendment without the cap, promising to return to the potential of limiting short-term rentals later in the year.

But because neither elected board backed down from the underlying premise of their vote, they are at a stalemate.

The commissioners urged the trustees to change their position. The trustees asked the commissioners to reconsider.

Commissioner Lew Gaiter, who amended the resolution his board approved to exclude homes in higher density zoning areas from the cap, asked the trustees to impose the limit and revisit it later.

"It's much more difficult to add a restriction than it is to remove one," he said.

Mayor pro-tem Wendy Koenig said she wasn't sure there were fewer than 700 vacation rentals in town now and a cap at this point "defeats the purpose of getting everyone permitted."

"Going down your path will grind the registration process to a halt," trustee John Ericson told the board of commissioners.

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May 2, 2016

Consent Agenda

- Sidewalk Seating

New Business

- Weed Commission
- Presentation by EPA
- Special events: 4th of July, Bike Week, People's Fair, Farmer's Market, Splatterdash

- Coal Creek Watershed Request for Funds

Future Work Session Items:

- Camping @ Town Ranch (allow? Not allow? Allow camping in other places?)
- BLM and OBJ Campground/Seasonal Housing Shortage (this could be combined with others – especially the Affordable Housing item at the bottom of this list)
- Perimeter Trail – Update, timelines, costs, what does this look like when finished
- Land Trust and Town Preservation Priorities – basically a joint planning/discussion with the CBLT (maybe in Exec Session if they would like) to confer on the priority parcels identified by the CBLT and the priorities of the Town (for planning future open space acquisitions). Maybe even a discussion about purchasing trail easements.
- Elk Avenue Rule Set re: Private Clubs – the whole “private clubs on Elk Avenue” concern that was raised when Irwin obtained a private liquor license for the Scarp Ridge Lodge.
- Affordable Housing/Density/Workforce – Blk 79/80
- Double Basements
- Drones
- Special Events
- Location of Vinotok