



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, March 7, 2016
Council Chambers, Crested Butte Town Hall

6:00 WORK SESSION

Facilitated Discussion Regarding Potential Town Policy Objectives Related to Vacation Home Rentals (VHRs) Led by Town Manager Todd Crossett.

7:00 REGULAR COUNCIL MEETING CALLED TO ORDER BY MAYOR OR MAYOR PRO-TEM

7:02 APPROVAL OF AGENDA

7:05 CONSENT AGENDA

- 1) Approval of February 16, 2016 Regular Town Council Meeting Minutes.
- 2) Approval of February 26, 2016 Special Town Council Meeting Minutes.
- 3) Approval of Letter of Support for Crested Butte Land Trust’s Grant Application to the Laura Jane Musser Foundation for Replacement of the Gunsight Bridge, Riparian Restoration, and Trail Signage.
- 4) Approval of Resolution No. 5, Series 2016 – Resolutions of the Crested Butte Town Council Approving the Replat of Blocks 79 and 80, Paradise Park Subdivision, Town of Crested Butte.

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.

7:07 EXECUTIVE SESSION

For the purpose of discussing the purchase, acquisition, lease, transfer, or sale of real, personal or other property interest under C.R.S. 24-6-402(4)(a) relative to certain Town and other water rights.

8:30 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.

8:35 STAFF UPDATES

8:45 PUBLIC HEARING

- 1) Ordinance No. 1, Series 2016 – An Ordinance of the Crested Butte Town Council Authorizing the Short Term Borrowing of Funds Not to Exceed \$170,000.00 and the Expenditure of Such Funds for Purposes of Purchasing a Certain 2016 John Deere Loader by Way of a Lease to Purchase Arrangement.

8:50 NEW BUSINESS

- 1) Ordinance No. 2, Series 2016 – An Ordinance of the Crested Butte Town Council Adopting Changes and Additions to the 2016 Budget and Appropriations Relative to the General Fund, and General Capital Fund.

9:00 2) Presentation by the Crested Butte Community School Regarding a Student Design- Build Affordable Housing Proposal.

9:20 3) Discussion and Possible Direction Regarding Town Policy Relevant to Removal of Snow from Alleys.

9:40 4) Discussion and Possible Direction of Town Manager to Issue a Comment on Behalf of the Town Relevant to a U.S. Forest Service Proposal to Close Dispersed Camping in the Gothic Corridor.

9:50 LEGAL MATTERS

9:55 COUNCIL REPORTS AND COMMITTEE UPDATES

10:05 OTHER BUSINESS TO COME BEFORE THE COUNCIL

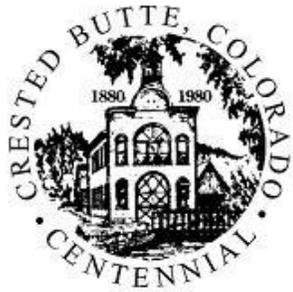
10:10 DISCUSSION OF SCHEDULING FUTURE WORK SESSION TOPICS AND COUNCIL MEETING SCHEDULE

- Monday, March 21, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, April 4, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, April 18, 2016 – 6:00PM Work Session – 7:00PM Regular Council

10:15 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 relative to the process for reviewing the Town Manager, Todd Crossett requested by Councilmen Ladoulis and Schmidt.

10:45 ADJOURNMENT



Staff Report

To: Mayor and Town Council
From: Todd Crossett, Town Manager
Subject: **Work Session: Vacation Home Rentals – Identifying Objectives**
Date: March 7, 2016

Background:

Vacation Home Rentals (VHRs), also known as RBOs or VRBOs, have been on the rise nationally and in the Town of Crested Butte.

The recent significant rise of VHRs in Town has also coincided with an increasingly acute lack of long term rental housing. A general lack of local housing became particularly apparent and acute during summer 2015.

In 2015, the Colorado Association of Ski Towns (CAST) initiated a study by Rees Consulting Inc., WSW Consulting, and RRC Associates, LLC to examine issues, emerging trends and best practices relevant to this burgeoning industry. The Town participated in funding the study and also as a participating community in terms of contributing data, policies and practices. See attached.

The recent explosion of the VHR business nationally has created a very dynamic situation in which towns, cities and counties across the country are plowing new ground in order to deal with the varied impacts within their jurisdictions.

The issue of VHRs has numerous implications for the Town of Crested Butte – both positive and negative. The discussion as to how to approach VHRs from a policy standpoint is relevant to numerous aspects of the community and municipal government, including: community character and design, economic impacts both positive and negative, neighborhood impacts, public safety, and financial implications.

Staff presented an initial review of key points and relevant issues from the CAST study to the Council in late summer 2015, prior to the seating of the new Council.

Work Session Objectives:

- Review impacts of VHRs that the staff believes are particularly relevant to the Town of Crested Butte.
- Review and discussion of Pros and Cons of VHRs in the Community
- Focus discussion upon key impact areas for the purpose of determining which areas, if any, the Council, as a body, wishes to address.
- Formation of objectives based upon areas of impact the Council wishes to address

Next Steps:

Based upon Council identified Council objectives, Staff will prepare a follow-up discussion at the Council's next meeting regarding specific policy tools that the Council might select and direct Staff to move forward to implement.

Vacation Home Rental Discussion

**Overview/Review of CAST Study/Initial Discussion
2015 Prior to Council Change**

Background - Crested Butte

- VHRs are on the rise in Crested Butte
 - Comprised roughly 15 % of units in CB (2014) and rising
- Town has experienced housing shortage – particularly for long term rentals
 - Became dramatically more acute in 2015
- Town has experienced a dramatic increase in price of rents
 - Marked increase in 2105
- Town contracted with CAST to participate in VHR study in 2015

Background - Crested Butte

- Town allows VHRs in certain zones: Residential 1, 1A, 1C, 2, 2C, 3C and Commercial: B3
 - Some specific rules sets apply:
 - ❖ Adequate Parking
 - ❖ Business license and business occupation license tax
 - ❖ ID of a management contact person or entity within the County
 - ❖ Adequate rubbish storage and removal
 - ❖ Adequate instruction to tenants regarding solid fuel-burning devices and parking restrictions
 - Town has no dedicated enforcement

Background - Crested Butte

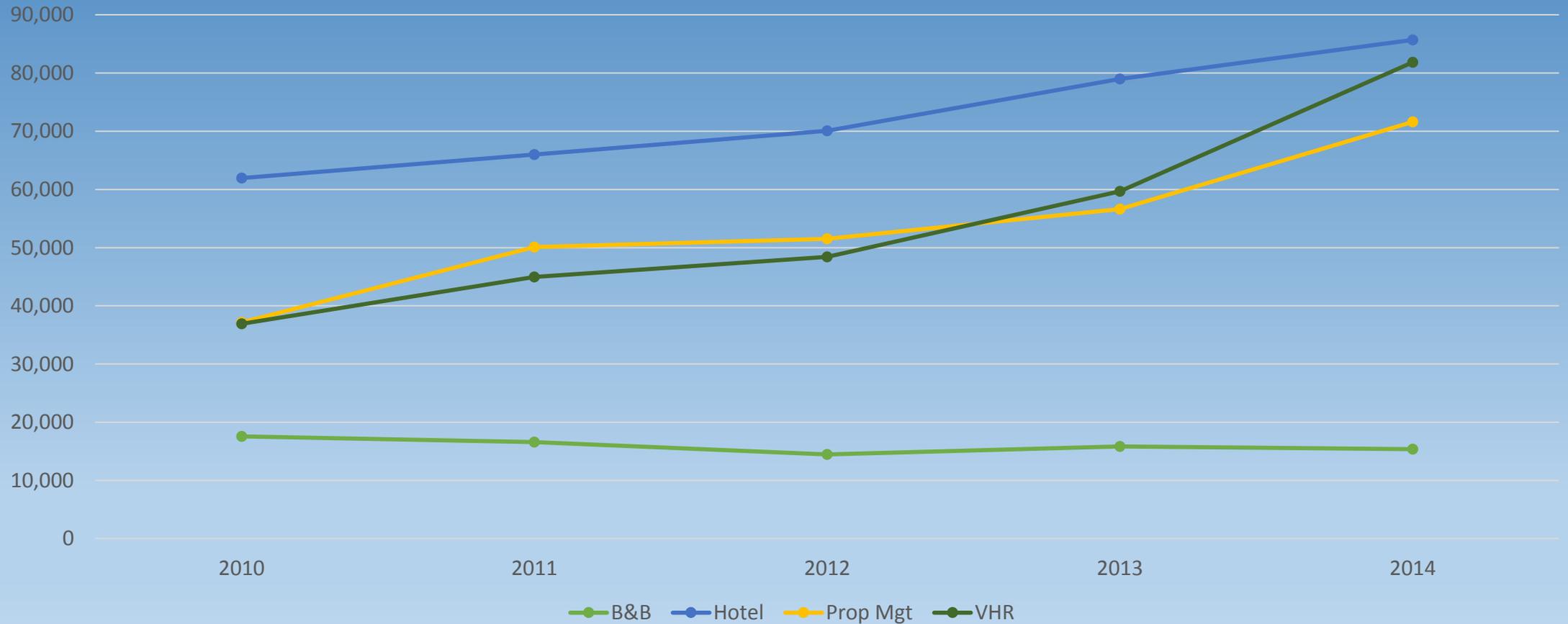
- Town currently charges:
 - Business license fee
 - Sales tax
- To date, Town has had more success than most municipalities in tracking VHRs – although it takes much time
 - VHRs are tracked by the Finance Department online and records kept
 - The Finance Department has begun cross-referencing with the Building Department – although staff time is limited for a more robust compliance effort

Crested Butte Trends

Total Lodging Sales Tax Collected	2010	2011	2012	2013	2014
Bed & Breakfast	\$ 17,575.41	\$ 16,594.96	\$ 14,475.83	\$ 15,848.98	\$ 15,371.84
Hotels	\$ 61,950.62	\$ 66,007.78	\$ 70,089.27	\$ 78,971.12	\$ 85,700.70
Property Managements	\$ 37,150.91	\$ 50,081.38	\$ 51,518.30	\$ 56,633.37	\$ 71,628.08
Short Term Rentals	\$ 36,911.09	\$ 44,947.68	\$ 48,407.83	\$ 59,677.34	\$ 81,870.39
	\$ 153,588.03	\$ 177,631.80	\$ 184,491.23	\$ 211,130.81	\$ 254,571.01
Short Term + Property Management sales tax collected	\$ 74,062.00	\$ 95,029.06	\$ 99,926.13	\$ 116,310.71	\$ 153,498.47

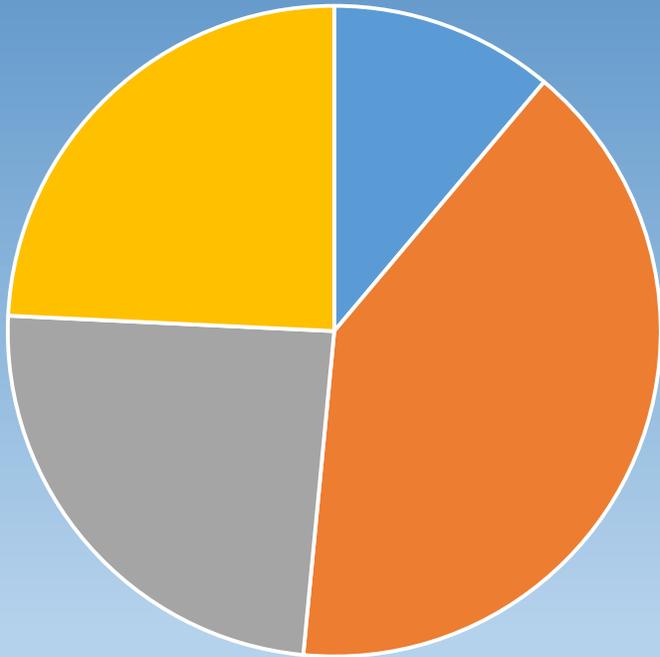
% of Lodging Sales tax Collected	2010	2011	2012	2013	2014
Bed & Breakfast	11%	9%	8%	8%	6%
Hotels	40%	37%	38%	37%	34%
Property Managements	24%	28%	28%	27%	28%
Short Term Rentals	24%	25%	26%	28%	32%

Lodging Sales Tax Collected



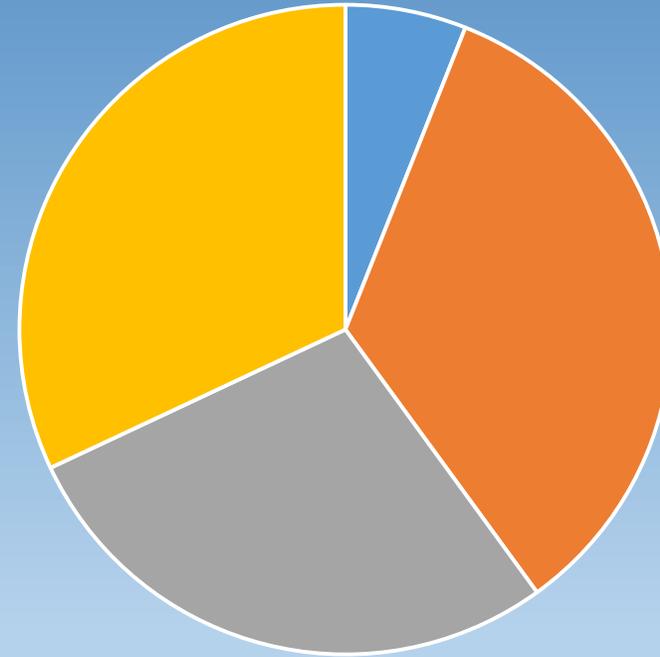
2010 vs. 2014 % of Lodging Sales Tax Breakout

2010 % of Sales Tax



■ B&B ■ Hotel ■ Prop Mgt ■ VHR

2014 % of Sales Tax



■ B&B ■ Hotel ■ Prop Mgt ■ VHR

Key CAST Study Findings

- VHRs on the rise across the country
- Difficult for most communities to track
- Communities often struggle with compliance
- Cooperation from VHR companies has been mixed at best
- Concern about particular impacts varies by community
- Legislative regimes are very much in development
- Range in % of housing in CAST communities from 1% in Durango to 41% in Breckenridge and 52% in Mt. CB
- Ability to classify VHRs as commercial for assessment purposes is limited by the State

Vacation Home Rental Positives

- Supplies beds for visitors who do business in Town
- Sales tax revenue
- Revenue source for property management companies
- Jobs for people who provide services to VHRs/or mgmt. companies
- Locals use VHRs as a financial tool to help offset mortgage or expenses
- Drives real estate sales as an investment mechanism

Key Impact Categories

- Community Impacts
- Safety
- Neighborhood Impacts
- Tracking and Compliance
- Financial Impacts

Key Impacts - Community

- Reduction in year-round housing occupation contributes to a change in community feel and sense of place
 - Potential for increasingly “dark” neighborhoods
- Reduces local rental housing stock
- Puts downward pressure on local workforce availability
 - Adds demand for workforce, at the same time by increasing demand for visitor services
- Puts upward pressure on price of rents
- Lack of fair competition (level playing field) with B&Bs and other lodging as a result of a lesser regulatory regime

Potential Tools and Practices

- Institute licensing fees
 - Implement a 2-tier licensing fee (< 31 days vs >30 days or some such)
 - Playing field leveling device and funds tracking and enforcement
- Limit number of VHRs by code
- Limit number of days a home can be short-term rented per year
 - Probably difficult to enforce
- Restrict zone districts where VHRs permitted
- Research and discuss offset mechanisms as mitigation for the loss of local housing.
 - Deed restricted and workforce housing and ADUs already cannot be used for VHR.
 - Not much in the way of current practices out there at this point. Nashville is looking at some sort of option.

Key Impacts – Safety

- VHRs currently not inspected or held to any building safety standard
- Visitors may not be aware of safety-related peculiarities of the home
- Visitors may exceed safe occupancy without knowing it
- There may be no local contact in the event of an emergency
- Unsafe visitor VHR experiences may reflect poorly on Town
- Setting and enforcing safety standards is a way of levelling the playing field with other lodging types

Potential Tools and Practices

- Implement licensing program
 - Require license number to be posted on advertising
 - Inform public and visitors that non-licensed VHRs are not legal
- Building Inspections
 - Would need to tailor inspection criteria (exits, alarms, etc.)
 - Additional FTE in Building Dept.
- Set and post occupancy limits
- Post safety information specific to each unit
- Require local emergency contacts

Key Impacts – Neighborhood

- Too many VHRs can alter community character of neighborhood by reducing residents and lived-in neighborhood feel
- Noise generation in residential setting
- Lack of sufficient parking or increased pressure on neighborhood parking
- Snow removal challenges
- Potential lack of local contact in case of problems
- Non-compliance with local rule sets
 - Visitors sometimes unfamiliar with local rule sets

Potential Tools and Practices

- Post municipal rule set (parking, trash, snow removal, etc.)
 - Familiarize visitors with local rules
- Require local management
- Enhance Town enforcement capacity and practice
 - Impose a fine regime in the municipal code for enforcement
- Limit number of VHRs per block
- Address through zoning

Key Impacts – Tracking and Compliance

Current Issues

- Tracking units themselves
- Zoning compliance
- Payment of business license and property tax

Potential Additional Regulations to Track

- Compliance with building codes should the Town add regulation

Potential Tools and Practices

- Enhance interdepartmental information sharing systems
- Add full time employee for compliance if inspection regime imposed
- Institute licensing
- Require license # to be on all materials
- Post map of VHRs

Key Impacts – Fiscal

- Tracking and keeping up with units uses resources
- Covering costs of enforcement of current and potentially new requirements
 - Need to finance additional if regulation increased
- Town has limited resources to offset loss of local housing
- Level playing field issues

Potential Tools and Practices

- License fee
 - possibly two tier
- Offset tax for local housing
 - Would likely need to be a ballot initiative



June 2015

Dear Members, Friends & Colleagues:

CAST began its efforts with the impacts of Vacation Home Rentals (VHR's) back in 2009 when we put together a task force, developed an RFP, and subsequently chose a vendor to help our communities identify short-term rentals and bring them into compliance. At the time, our efforts were revenue-focused, as we recognized that our member towns were missing potentially large chunks of revenue from short-term rental owners who were not in compliance with their local government's tax requirements.

This was a lengthy process, but one of major importance as we helped bring this issue to the forefront on a national level. Our vendor, VRCompliance LLC, helped several of our communities bring in many thousands of dollars of otherwise lost revenue by assisting them in tracking and collecting information on VHR's.

While revenue collection still remains an issue, CAST's focus has shifted to include the impacts that VHR's are having on our communities in terms of loss of long-term rental housing, community character, zoning, safety, parking, noise, etc. The VHR industry is growing so rapidly there's a much bigger picture that is changing daily and is a moving target. Many of our member communities are in crisis, or will soon reach a crisis point, because of the proliferation of VHR's and the challenges created in regulating them and mitigating their impact.

To assist our members in better understanding this industry and learn from each other as to how each is handling the challenges, the CAST Board of Directors agreed to commission a study and best practices guide with Melanie Rees of Rees Consulting, Wendy Sullivan of WSW Associates and Chris Cares of RRC Associates. The end result is the attached report.

We hope that you find this report to be informative, insightful and helpful to you in your ongoing efforts. We'd like to thank the ten CAST communities who made this report possible – Breckenridge, Crested Butte, Durango, Estes Park, Frisco, Jackson, Mt. Crested Butte, Ouray, Park City and Steamboat Springs. And we also thank Melanie Rees, Wendy Sullivan and RRC Associates for their time, professionalism and thorough research efforts.

For more information, please contact me at 970-485-2737 or info@coskitowns.com.

Sincerely,

Joyce Burford

Joyce Burford
Executive Director



Vacation Home Rentals Issues, Emerging Trends and Best Practices

WIMDU

HOUSE
TRIP



VRBO®
from HomeAway®



June 2015



FLIPKEY®
by TripAdvisor®

vacasa
vacation rentals made easy

Prepared for:

Colorado Association of Ski Towns

With Participation by:

Breckenridge, Crested Butte, Durango, Estes Park, Frisco, Jackson, Mt. Crested Butte, Ouray, Park City and Steamboat Springs

Prepared by:

Rees Consulting Inc.

WSW Consulting

RRC Associates LLC

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Introduction

Purpose

The purpose of this report is to assist officials in Rocky Mountain resort communities better understand and oversee the growing number of Vacation Home Rentals (VHR's) rented by visitors through online hosting sites, such as VRBO and Airbnb. It describes regulations and tracking systems, examines impacts to neighborhoods and workforce housing and provides examples of best practices that can be easily referenced.

The focus is on 10 members of the Colorado Association of Ski Towns (CAST) that sponsored this study:

Breckenridge	Jackson
Crested Butte	Mt. Crested Butte
Durango	Ouray
Estes Park	Park City
Frisco	Steamboat Springs

There are wide-ranging benefits to sharing information on the efforts undertaken and lessons learned in these comparable mountain towns. Much insight is also gained from the information provided on leading edge practices and up-to-date efforts by communities across the country to respond to the proliferation of short-term rentals in residential neighborhoods. Research shows that the issues facing the large high-cost cities are much the same as the concerns that have surfaced among CAST towns. Fortunately this expands the best practices from which towns can borrow as they craft responses appropriate for the unique characteristics of their communities.

Organization of the Report

This report begins with the Executive Summary, which includes an introduction to the industry, the size of the market in participating CAST towns, and the extent to which specified issues are of concern in these communities. The subsequent sections in this report are organized around the major themes that emerged across our research:

- I. Tracking
- II. Regulations
- III. Licensing and Permitting
- IV. Taxing
- V. Staffing
- VI. Neighborhood Impacts
- VII. Workforce Housing

Each section consists of four subsections:

- Issues and Emerging Trends – Information primarily on national trends related to the particular Section. Examples from communities throughout the nation are provided. Information on the

evolution of national concerns and methods that have been employed or discussed to address each issue are presented.

- CAST Survey Findings – Findings from a survey of the 10 CAST communities that participated in this study. Information on how different communities have addressed or struggled with VHR issues in each section is presented. Particularly innovative or effective methods to address each issue are highlighted.
- Best Practices – Practices that communities wanting to address particular issues should consider. This includes examples from larger cities, high-cost communities and resort towns. Each practice will likely require tailoring to meet unique community circumstances.
- Potential Practices – Suggestions that communities may consider to address certain issues. This includes practices for which either community examples were not found or that address issues that may selectively affect certain communities or be of peripheral concern to some.

Each section informs the types of issues town officials and staff have raised and that may arise as communities shape policies, continue oversight and consider regulatory options.

How to Use This Report

This report is intended to be used as a manual for communities interested in learning about and addressing particular VHR impacts. Each section may be read independently of the other sections. Each section contains all of the information particular to the section's topic, meaning it should not be necessary to "mine" information from other sections of the report to collect the information needed.

If read from front to cover, readers will encounter some repetition among sections. Several community examples and methods used can be effective at addressing multiple VHR issues and may, therefore, appear in multiple sections. Each section, however, highlights the most important components of each example that helps address the topic issue for that particular section, presenting new or alternative information from that provided in other sections.

Methodology

Sources referenced in this report include:

- A 12-page questionnaire completed by staff in the 10 participating CAST communities;
- A survey on perceptions about community concerns related to short-term Vacation Home Rentals completed by 34 staff and elected officials in the 10 participating towns;
- Articles published in newspapers, trade journals and on-line news services;
- Municipal and county web sites, codes, ordinances, policy memos and relevant studies;
- Hosting sites (VRBO, Airbnb, etc.);

- Colorado State Demography Section of the Department of Local Affairs;
- 2010 Census; and
- The Colorado Constitution, Colorado Revised Statutes and relevant case law.

Terminology

Vacation Home Rental (VHR): The term used in this report for the residential units that are listed for rent on a short-term basis through one or more online hosting sites. There is no consistency in the terms used by municipalities or the industry for these units. “Vacation” was included since this report focuses on mountain resort towns where most rentals are used for vacations. “Home” indicates these are residential units rather than commercial lodging.

Hosting Site(s): VRBO, Airbnb and an increasing number of other for-profit internet-based businesses that provide online listing services for various types of short-term residential rentals including Vacation Home Rentals.

Owner/Manager: The contact entity for the Vacation Home Rental. Often referred to as the “host,” particularly in reference to renting of bedrooms within a private residence and accessory units where the primary occupant (owner or long-term renter) lives on site.

Executive Summary

Overview of the VHR Industry

Vacation Home Rentals are BIG Business. The industry is large and rapidly growing, capturing an increasing share of the travel/lodging market. New hosting sites like Vacasa are continually popping up, trying to capture a share of the large profits being generated. In 2014 there were over 2.1 million rentals listed on the top three hosting sites:

- HomeAway, which includes VRBO and roughly 60 other hosting sites, has more than 1 million listings in 190 countries.
- Airbnb offers over 800,000 listings in more than 34,000 cities worldwide.
- FlipKey offers 300,000 properties in 179 countries.

In comparison, the Marriot family of hotels, which has 19 different brands (from Ritz Carlton to the Courtyard), are located in 4,000 destinations in 78 countries – only 40% of the countries served by HomeAway and 12% of the cities serviced by Airbnb.

Part of this fast rise in VHR activity has been assisted by the unequal taxing structure in its early years when compared to traditional lodging businesses. “When you tax one thing and don't tax another, it's not shocking that one grows faster,” as stated by William F. Fox, University of Tennessee economics professor, in an interview with Bloomberg BNA. This is also part of the reason electronic commerce developed as rapidly as it did 15 years ago.

VHR's in the “Sharing Economy”

The industry, for which no single term has emerged, is considered part of the “sharing economy”, which is described on Wikipedia as:

*A **sharing economy** takes a variety of forms, often leveraging information technology to empower individuals, corporations, non-profits and government with information that enables distribution, sharing and reuse of excess capacity in goods and services. A common premise is that when information about goods is shared (typically via an online marketplace), the value of those goods may increase, for the business, for individuals, and for the community.*

The industry has grown far beyond its original status within the “sharing economy.” It is no longer just using “excess capacity” -- a spare bedroom or two, the home a family would otherwise leave empty while on vacation, or the second home that owners visit only a few times a year. Many units now listed on these hosting sites previously housed members of the workforce. They were once homes for families, but are now tourist accommodations. They were occupied by their owners or rented long term but are now investor owned and rented for the highest rates achievable as frequently as possible for maximum profits.

The business model is very distinct from the traditional lodging industry, which also uses online advertising and booking systems. The difference is that most online hosting sites function as brokers, taking a percentage of rent charged but leaving compliance with local laws to the individual

owner/manager and guest. Unlike hotels and other commercial lodging accommodations, online hosting sites do not ensure that residences meet quality or minimum safety standards, generally do not collect sales and lodging taxes, and are not limited to locations within commercial zones where the use may be more compatible or expected.

VHR's Presence in Mountain Towns

VHR's are a significant resource in Rocky Mountain towns, providing visitors an alternative to traditional lodging offered in these tourism-based economies. The growth in the number of residential units listed on hosting sites in these communities is outpacing much of the rest of the country and growth in visitor utilization of these sites is also up. HomeAway reported in 2014 that Park City and Winter Park made their list of top 10 destinations for the largest increase in new vacation rental listings. Crested Butte was one of the top 10 in terms of destinations, showing the largest increase in traveler demand.

VHR's now equal between 1% and 52% of total residential units among the participating CAST communities. In most towns, VHR numbers have been growing during a time when the recession brought construction to a halt and new housing starts have just started to recover.

VHR's Compared to Housing Units

	Total Housing Units 2014 Estimates	VHR Listings 2014	Percent of Units Listed
Breckenridge	7,187	2,911	41%
Crested Butte	1,098	170	15%
Durango	7,234	73	1%
Estes Park	4,176	301	7%
Frisco	3,167*	184	6%
Jackson	4,736	N/A	N/A
Mt. Crested Butte	1,575	819	52%
Ouray	802	97	12%
Park City	9,471*	2,547	27%
Steamboat Springs	9,991	696	7%

*2000 Census figures; 2014 estimates for other towns from Colorado State Demographer.

Community Concerns

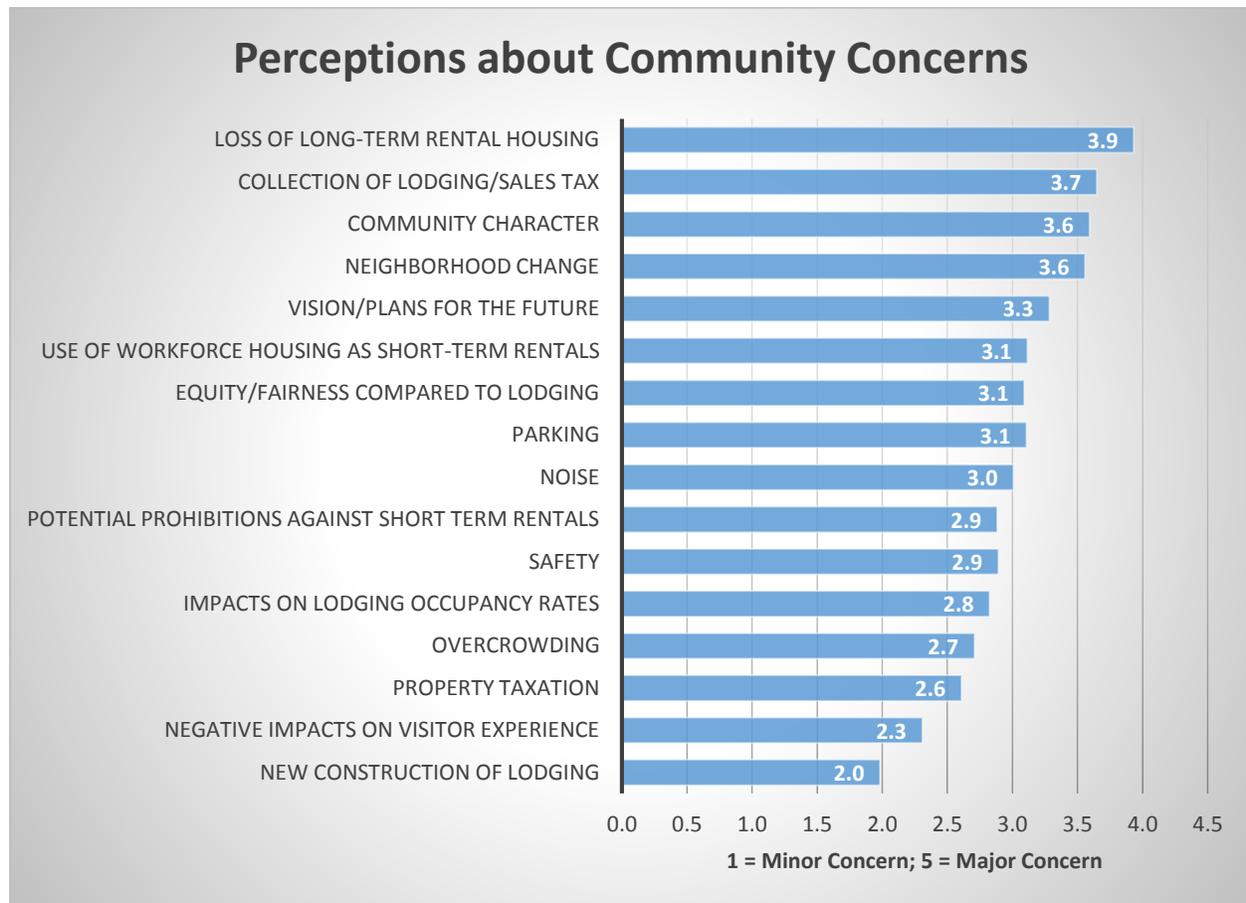
From large cities to small resort towns, the proliferation of VHR's is raising concerns. The National League of Cities reported that common elements among communities of all sizes are the issues of ensuring that safety, regulation and licensing systems are up to par, along with proper taxing procedures given the revenue development potential.

Issues related to the tight and expensive housing markets, preservation of resident neighborhoods and character, and ensuring a fair playing field with other lodging businesses in terms of tax payment and regulations are the top concerns among participating CAST communities. The top five issues of concern, in order, are:

- Loss of free-market rental housing previously rented to the workforce on a long-term basis;

- Collection of lodging/sales tax;
- Community character;
- Neighborhood change; and
- Vision/plans for the future.

The use of housing restricted for occupancy only by members of the workforce as a VHR was of less concern than the loss of market rentals; this report will show it happens infrequently. Safety is a moderate concern but one that might increase over time if accidents and injuries occur.



Source: Survey of elected officials and staff in 10 participating CAST communities; 34 responses received.

Several other concerns that were not as prominent deserve mention given their unique ties to these communities.

Visitor Experience – The potential negative impacts of VHR’s on visitor experience, through low quality or unsafe accommodations for example, received a relatively low rating overall. Park City, however, rated this issue significantly higher (3.7 average). The resort prides itself on its reputation for offering a paramount visitor experience and is concerned that a largely unregulated industry could adversely impact this experience.

Over time, concerns about negative visitor experiences may increase from:

- Publicized incidents of visitors who are endangered, hurt or even killed by unsafe VHR's that are not up to lodging codes;
- Dissatisfaction among visitors who want to "live like locals" and experience the "real" community they are visiting, yet discover that the increased number of VHR's have displaced locals and turned neighborhoods into lodging districts.

In many resort communities, surveys sponsored by Chambers of Commerce, the ski resort companies, the municipalities or other entities could be a source for better understanding visitor experience and determining if steps should be taken to help experiences be positive. Questions about how lodging reservations are made are standard in these surveys. In some towns including Breckenridge, analysis of existing surveys could be very insightful about visitor experience.

New Lodging Construction – Most communities do not appear to be concerned that the increased availability of VHR's through online hosting sites may be a factor in reduced hotel and lodging development. Of the 10 CAST participants, the only one with major lodging projects under construction is Breckenridge.

Equity/Fairness With Lodging – Communities are concerned about VHR's being treated equitably with existing commercial lodging. The term "level playing field" was used by many of the town officials interviewed.

Potential Prohibitions Against Short-Term Rentals – This is a concern of many community members, including but not limited to:

- Local residents who want to occasionally rent their homes or spare bedrooms short term to help pay mortgages.
- Realtors with listings they want to be allowed to sell to investors or second homeowners who want to rent their units short term.
- Public officials who recognize the contributions that VHR's make to their bed base and tax revenue.

Contrary to community concerns about potential prohibitions, most communities have been moving to legalize VHR's where they were previously prohibited.

Matrix of Best Practices

The following matrix summarizes the Best Practices described in this report. The Best and Potential Practices are listed in the column on the left. The report section within which each practice is discussed and recommended appears across the top row. An "X" indicates each section within which the recommended practice is discussed. This serves both as a summary of practice recommendations that was derived from this research, as well as a map for the report so that communities interested in a particular practice can easily locate each section of the report with relevant information. Some practices are applicable to multiple issues as indicated by an "X" under more than one category.

CAST could have a significant role in the implementation of Best Practices, taking on responsibilities for state initiatives in revisions to state statutes on property and sales taxes, negotiating agreements with hosting sites and developing efficient tracking systems.

Best and Potential Practices	Tracking	Regulations	Licensing Permits	Taxing	Staffing	Neighborhood Impacts	Workforce Housing
Post information within the VHR		X	X			X	
Require local manager/emergency contact		X	X			X	
Coordinate with jurisdictions in region	X			X	X		
Create website on VHR's		X	X			X	
Require property inspections		X	X				
Negotiate Airbnb agreement	X			X			
Require license numbers to be on all listings	X		X				
Give neighbors notice			X		X		
Map licensed/permitted VHR's	X					X	
Establish fee to cover management costs			X		X		
Coordinate tracking across departments	X				X		
Publish VHR requirements in newspapers			X		X		
Work with code enforcement on complaints	X						
Post local VHR regulations on Airbnb	X						
Restrict VHR concentration		X					
Implement more restrictive regulations where impacts are higher		X					
Give owners unique rights to short-term their homes		X					
Permit bedroom rentals w/owners present		X					
Create separate categories for VHR's depending on time rented		X					
Dedicate/hire staff for license compliance			X				
Educate realtors about requirements			X				
Link complaints to legal vs illegal VHR's			X				
Establish enforcement procedures and use them			X				
Revoke licenses/permits for violations			X				
Increase license fees to mitigate workforce housing impacts			X				
Collect VHR details on license or permit applications			X				
Educate visitors that listings must have license numbers			X				
Initiate state action to address 30-day limit on sale taxation				X			
Initiate state action to address how properties are classified for property taxes							
Assign community development lead responsibility for VHR's					X		
Coordinate VHR's w/ economic development					X		
Add staff specialist					X		
Hold stakeholder roundtables						X	
Impose occupancy limits						X	
Impose visitor limits						X	

Best and Potential Practices continued	Tracking	Regulations	Licensing Permits	Taxing	Staffing	Neighborhood Impacts	Workforce Housing
Limit outdoor parties						X	
Manage trash						X	
Address parking						X	
Have general nuisance provision						X	
Use real estate database to track conversion of housing into VHR's							X
Create housing census							X
Prohibit use of workforce housing for VHR's							X
Require check for workforce compliance when licensing VHR's							X
Allocate VHR revenue to housing							X
Replace lost housing units							X

I. Tracking

Issues and Emerging Trends

The ability to track and collect information on Vacation Home Rentals advertised on hosting sites is in turmoil. Local governments have been struggling with finding and identifying VHR owners and property managers since this issue arose in the mid-2000's. CAST communities are not the only communities struggling with collecting the information that they need to ensure VHR's are operating as legal licensed and tax paying entities. The general consensus is that more cooperation from the hosting sites is needed to improve tracking and VHR compliance. Current litigation and legislative efforts are largely aimed at this purpose.

Progress Made on Hosting Site Compliance

Both Airbnb and HomeAway (and its subsidiaries), the two primary hosting sites, provide information on their websites and in their user agreements that alert VHR owners that they may be subject to and must comply with permitting, licensing and tax laws in their jurisdiction.

Airbnb has a "Responsible Hosting" webpage, which includes notifying owners to check their community's regulations with respect to taxing, permits and other regulations, with links provided to several city websites explaining these requirements.

Airbnb has negotiated agreements with several cities to collect taxes on behalf of VHR's that are hosted on their website. San Francisco was also able to collect back-taxes owed. These agreements may contain additional provisions, such as requiring permit numbers to be posted on advertisements. Part of Portland's agreement will allow VHR hosts to receive free smoke and carbon monoxide detectors upon request and Airbnb will assist Portland's tourism board to promote the city and its attractions.

Tracking Units Has Become Harder

Despite these advances, collecting information on VHR's advertised on these sites has gotten more difficult. The experience of CAST community participants has not been unlike that of cities and counties throughout the nation. CAST communities noted that:

- Exact address and owner contact information is not available on Airbnb and limited on other sites;
- Listings are inconsistent, with some providing street addresses and unit numbers and others not; and
- VRBO no longer lists properties in the same order, meaning that new listings are harder to find.

Communities Use Subpoenas to Obtain Information

Several communities facing the same frustrations have issued subpoenas with some success to procure ownership and rental information from Airbnb and other hosting sites. VHR owners have sued Airbnb to preserve the privacy of their information. Pursuant to Airbnb's user agreement, subpoenas protect them

against legal action from VHR owners/managers. Subpoenas are, therefore, one method through which detail on owners and bookings may be received from some hosting sites.

Data Mining Barriers

Adding complication, HomeAway's user agreement for visitors to its website prohibits data mining of information on VRBO and its other sites without its written permission. Governments seeking information to ensure VHR license and tax compliance have not been issued such permission. Program scripts to collect data from Airbnb are available online, but are of limited utility for tracking units given the impreciseness of property location and lack of address and owner information provided.

Cities Requiring Hosting Sites to Provide VHR Data

The lack of accessible data has resulted in some communities instituting or considering ordinances requiring names and addresses to be provided by hosting sites. For example, Portland has struggled to increase its license participation rate above 10 percent. The City's inability to identify violators or receive cooperation from Airbnb in ensuring compliance or providing needed information led the City to pass a new ordinance effective this year. As of February 20, 2015, VHR hosting websites are required to provide the VHR location and names and addresses of VHR owners/managers so the City can verify that properties are operating pursuant to city requirements. This information has yet to be released by the hosting sites.

San Francisco began licensing short-term rentals in February of this year. In March, only a few dozen residents had registered, while about 5,000 rooms and units are listed on short-term rental sites. A city board member has proposed revisions to require Airbnb to share data about rentals, including length of time rented and unit information.

State Initiatives Surfacing

Dueling state initiatives have also been making their way into the legislature. For example, in California, SB 593 would require online vacation rental companies to disclose VHR information to cities and counties. A competing bill, AB 1220, sought to prohibit local governments from collecting Transient Occupancy Tax (T.O.T.) for short-term residential rentals, but has since been withdrawn by its author.

CAST Survey Findings

When Communities Began Tracking

Most participating CAST communities began tracking VHR's advertised on various hosting sites between five and ten years ago. Tax collection was the primary motivation. Durango is the exception, having started tracking in 2014 in response to neighborhood impacts and citizen concerns.

Hosting Sites Tracked

All track VRBO and Airbnb and most also track HomeAway and Craigslist. Local property manager sites and the local newspaper are alternative sources that some communities scour. Only three communities track rooms for rent in addition to complete units.

Frequency of Tracking

Communities may pull data monthly, quarterly, yearly, or a few times each year. Durango, Breckenridge and Steamboat are a few communities that track VHR's on a regular basis. Several other communities track properties "as time allows."

Information Collected

All communities face challenges collecting VHR data. The information available varies by hosting site. Airbnb does not provide addresses, owner contact information, nor exact locations of units and other sites have varying pieces of information available. While condo complex names, bedrooms available for rent, and rental terms (daily, weekly, monthly) may be pulled from various sites, this information is inconsistent in its availability.

Understanding Owner Occupancy of VHR's

Only Frisco noted that they are able to identify the time that owners occupy their units. This is typically checked only when units are listed by both a property manager and the owner. They have found that owner occupancy may be reported on the listings calendar on some hosting sites. For units managed by a management company for part of the year, some may be able to report the number of weeks for which the owner occupies the unit or is responsible for bookings.

Approach/Methodology

Each community pulls data manually and conducts a record-by-record search. While VHR addresses can eventually be identified, the process is time-consuming and can be frustrating.

VHR information is stored in MS Excel or Access and new listings are manually compared to existing files. In communities with licensing and permitting requirements, listed VHR's are cross-checked with licensing/permitting records to check compliance.

If addresses are not found through the hosting sites, communities use a combination of photos, online maps, condominium complex names, owner names and/or property management names to locate a property. If an owner or property manager is known, they can be contacted for an address. Maps may provide the general location, and photos make it possible to identify the property upon driving to the area or comparing to ArcGIS and Google map street views. Some conducting property searches are very familiar with the communities and can recognize most properties from the photos while sitting at their desks.

Durango and Steamboat Springs both tried creating accounts on Airbnb to notify owners of their need to comply with regulations. Both accounts were promptly canceled for violation of user agreements. Frisco has had some success contacting owners through the hosting sites without incident – the small number of properties in this community (under 30) may not have drawn the attention of the hosting sites.

Duplication of Effort

In most CAST communities, different entities parse the same data to identify only those properties within their respective jurisdictions. Better communication and coordination of resources could improve the tracking process and investment for all entities.

Estes Park is unique because it also manages legal VHR's in unincorporated areas of the county defined as the "Estes Valley" (this is discussed in more detail in the Permitting section of this report). Therefore, the role of monitoring units located both within and outside town limits within the Estes Valley is conducted by only one jurisdictional office.

Assistance From Complaints

Ouray and Estes Park reported that neighbor complaints regarding noise, parking, parties or other nuisance issues can call their attention to units that are VHR's.

Durango provides an online map of all permitted VHR's with the ability for visitors to submit complaints directly to the community development department, which can be useful for tracking VHR activity. It also informs neighbors of the existence (or not) of VHR's in their area.

Best Practices

Optimally, hosting sites would be required to provide needed information to communities upon request to track VHR's. Communities can monitor the progress of Portland's new ordinance and state legislation, such as California's SB 593, in achieving local and statewide compliance. Communities could also lobby for similar initiatives on a statewide basis. Since taxation is largely controlled by state statutes, cooperative initiatives are needed.

Until hosting sites start providing this information, communities should consider several options:

Negotiate Airbnb agreement – Portland, Malibu

- Can go beyond tax collection and require permit numbers to be on ads and VHR information to be provided upon request.
- Most individual communities may be too small, but cooperative agreements encompassing multiple communities, entire counties, or the CAST organization may have some success.

Post local VHR regulations on Airbnb – Truckee, Snowmass

- Have your community added to the list of cities for which Airbnb provides direct links to your VHR requirements at <https://www.airbnb.com/support/responsible-hosting>

Require license numbers to be displayed on all advertising – Durango, Steamboat

- Greatly assists with identifying non-compliant properties and new listings.

Coordinate VHR tracking across departments – Steamboat

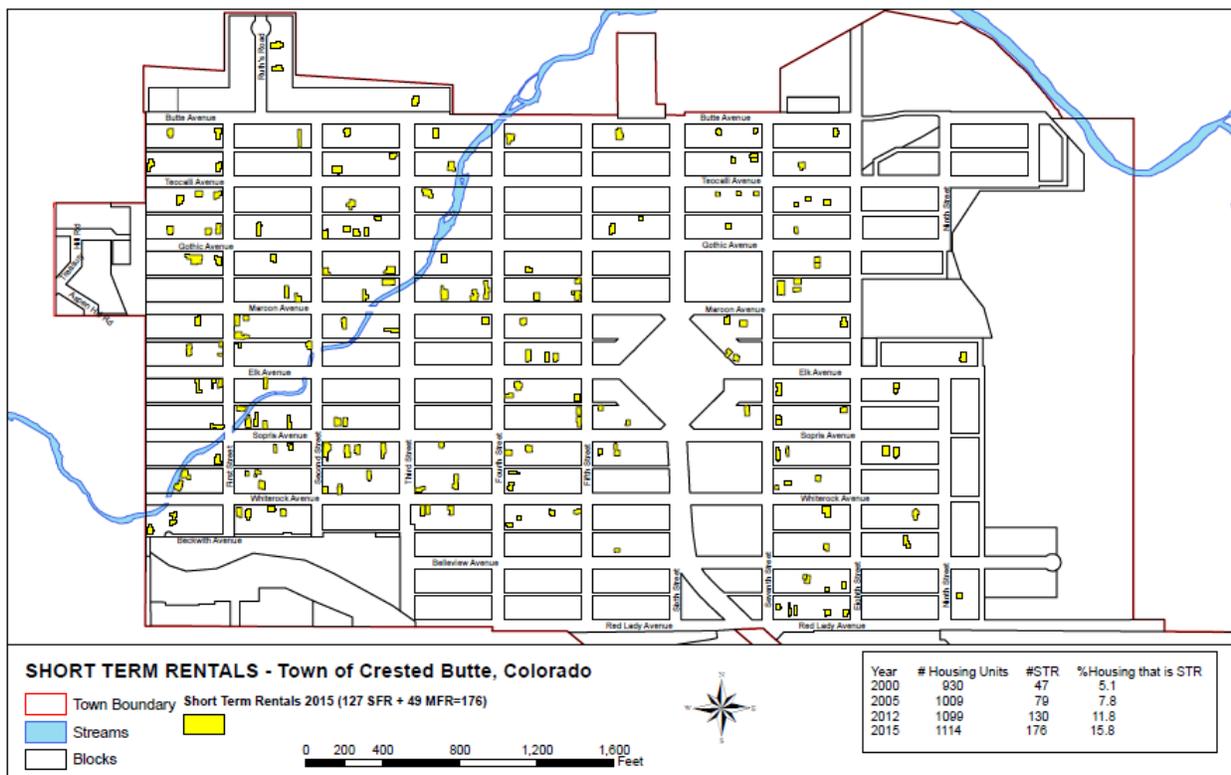
- When collecting information on the CAST survey for this study, several communities needed to pass the survey to various departments to collect the needed information, with inconsistent results. Steamboat has a system where planning staff provides VHR data to finance, who then provides legal VHR listings to police/compliance – the departments were in communication. Various city departments with an interest in tracking VHR’s need to coordinate to share information and avoid duplication of effort.

Work with Code Enforcement on Complaints – Ouray, Estes Park

- Communication with code compliance, planning, police or other departments that enforce VHR’s and nuisance regulations can call attention to properties that may be illegal VHR’s.

Map VHR’s – Durango and Crested Butte

- This educates the public regarding VHR’s in the community and can provide a resource through which complaints can be logged, helping to locate illegal VHR’s.
- It provides elected officials and staff the information needed to quickly understand changes in their communities and to revise policies and codes as appropriate. The following maps of VHR’s in Crested Butte illustrate how powerful mapping can be.



Coordinate VHR tracking with other jurisdictions in the region – Estes Park

- When searching on the hosting sites for VHR's in a specified location, rentals located both within and outside of city or town limits are shown. Rather than have both city/town staff and county staff parse the same properties to identify those that are within and outside of the jurisdiction, sharing the responsibility could be much more efficient.

Potential Practice

CAST Initiative – Development of Tracking System and Database

- Develop a system that captures data on units for sharing by multiple departments and that could be replicated by towns and counties.

II. Regulations

Issues and Emerging Trends

The VHR market has hit many communities by storm and is growing. Since their founding in the mid- and late-2000's, Airbnb, Flipkey and HomeAway combined now advertise over 2,000,000 properties. Largely driven by concerns over public safety, fair business practices with lodging establishments, and lost tax revenue, many communities have moved toward developing regulations to address the growing issue. Even communities in which VHR's are illegal have needed to either increase enforcement of existing prohibitions or implement regulations to address the rising number of VHR's. Although regulatory approaches vary, one apparent constant is that enforcement of adopted regulations has been a significant challenge and needs to be an important consideration in any regulatory program.

VHR's Proliferate Where Prohibited

Simply prohibiting VHR's will not make them go away. Units are still advertised and rented where they are prohibited.

- In April of 2014, the City of Napa, California, had about 40 licensed VHR's in the city. In Napa County, where VHR's are banned, there were 285 listings on Airbnb and HomeAway.
- Most all VHR's are illegal in Philadelphia, yet over 1,000 properties were advertised on Airbnb in April of this year. The City admittedly takes a lax stance on enforcing their prohibition absent a complaint being received.
- VHR's are not formally legal in Washington D.C., yet Airbnb negotiated an agreement to begin collecting taxes from these properties. Over 1,000 rentals were advertised on Airbnb in the city in April of this year.
- For states with strong protections for private property rights, banning VHR's can also backfire. The City of Sedona, Arizona had to pay diminution in property values to private property owners when, in 2008, it strengthened the enforcement provisions of its ordinance banning short-term rentals.

Moving From Prohibition to Regulation

Finding that VHR's existed despite prohibitions, many communities have been moving toward regulating them. Preserving neighborhood character has been a common concern in addition to tax collection, fair business practices and safety, mentioned above. In higher-cost communities with limited housing stock for residents, the loss of long-term rentals and discouraging VHR speculative buyers have been factors in shaping regulations.

- Portland legalized limited VHR's in July 2014 for single-family homes, at which time 1,500 properties were listed on Airbnb's website. As stated by the mayor, "We're trying to legalize what's already going on, in a way that is sensible." The program was expanded in February 2015 to also include multi-unit buildings. Owners may rent out up to 5 bedrooms in their homes upon acquiring a \$180

permit, receiving an inspection to make sure there are adequate smoke alarms and carbon monoxide detectors and legal bedrooms are being rented, and providing notice to neighbors. Owners must occupy their homes at least 9 months out of each year – a regulation intended to prevent the speculative purchase of homes for conversion into short-term rentals.

- VHR's were legalized in San Francisco, effective February of this year. Under the law, residents in San Francisco are allowed to rent their properties an unlimited amount of days if the owner or manager is present. There is a 90-day cap on rentals in which the owner or manager is not present. The different limits were aimed at allowing residents to use Airbnb for needed income, while making it impossible for landlords to lease their units short term on a permanent basis. Before the law passed, all short-term rentals (rentals less than 30 days) were banned.
- Austin legalized VHR's in certain areas in 2012. The City broadened the rules six months later to allow partial rental of homes, which was previously illegal. Owners must apply for a \$285 permit, receive an inspection, have adequate insurance and notify neighbors. VHR's that are not an owner's primary residence cannot comprise more than 3% of any given census tract.
- Prior to 2010, Estes Park allowed VHR's in the town as an accessory use to single-family homes; VHR's were prohibited in the county. In 2010, the Town Board and County Commissioners approved allowing VHR's as a primary use throughout the Estes Valley, which includes part of the unincorporated county. Recognizing that growth in this market would continue, a goal was to take steps to preserve residential neighborhood character through operational restrictions.

Enforcement is the Weak Link

Communities with good intentions in adopting regulations have found that enforcing them is the weak link. Cities have been unable to procure cooperation from hosting sites to not list illegal VHR's nor to provide them the information needed to locate VHR's that are in violation of local or state regulations. Regulations that restrict the number of days VHR's may be rented or that require owner occupancy of homes have been a particular challenge.

- A VHR owner in Portland must occupy the rented home at least 9 months out of the year, yet the City has been seeing a rise in the number of multiple rentals being advertised by a single owner or manager. Even for VHR's with a single owner, knowing that units are owner-occupied 270 days has proved largely unenforceable. Airbnb can provide the rental period information needed, but it and other hosting sites have, in the words of a Portland City Commissioner, "made it clear they do not intend to play ball with us on the enforcement side." Portland does require that owners maintain a guest log book with guest names, information and dates of stay that can be inspected by the City upon request, but this has not deterred owners from advertising multiple units.
- In San Francisco, of about 5,000 listings on Airbnb last May, two-thirds were entire houses or apartments. Also, owners or managers controlled more than one unit in nearly one-third of listings. Without exact data about who is renting, for how long, and whether the owner is present at the time, enforcement of even a strong regulatory framework like San Francisco's can be frustrating. The Planning Department is asking for additional funding to administer the law, and officials are proposing ways to strengthen its effectiveness. One proposal is to require Airbnb to share its booking data with the City. Whether Airbnb can do this legally absent a subpoena is in question.

Portland and New York Get Aggressive

The lack of cooperation in enforcement from hosting sites has caused some communities to take a stronger stance.

- Portland initially took the cooperative track by negotiating a tax collection agreement with Airbnb and instituting VHR regulations, but has since changed its stance. A new ordinance, effective February 20, 2015 (and referenced in the Tracking section), requires hosting sites to provide VHR location and owner information to the city. Hosting sites and VHR owners are also required to “prominently display” permit numbers on their advertising. Further, hosting sites cannot advertise VHR’s that do not have permits. The City can fine VHR owners and hosting companies up to \$500 for each property that is not in compliance. Letters seeking voluntary compliance are being issued. Time will tell how enforcement of the regulation is received.
- New York found that 72% of VHR reservations made on Airbnb between 2010 and 2014 violated state laws regarding VHR’s. The Attorney General recently announced a joint enforcement initiative with city regulators to shut down illegal hotels, which will reduce Airbnb’s presence in New York. The process uses 311 complaints to help NYC Office of Special Enforcement find and eventually shut down illegal hotels. In 2014, there were 1,150 illegal hotel complaints filed.

VHR’s Fight Back

With all of the negative publicity from communities regarding the adverse impacts of VHR’s and enforcement problems, local VHR advocacy groups have been forming in some communities. Hosting sites have also started pouring some money into lobbying groups to sponsor VHR-friendly legislation to support their current business practices, if not undo some regulatory gains. Airbnb is credited with helping to push AB 1220 this year in California, which sought to prohibit local governments from collecting Transient Occupancy Tax on VHR’s.

- In Virginia, the Short Term Lodging Association was established by owners who support renting their homes. Their hope is that regulations strike a balance between letting them continue to rent, yet operate in a responsible manner. Similar groups have formed in New York (Short Term Rental Advocacy) and San Diego (the Short-Term Rental Alliance of San Diego).
- The Short Term Rental Advocacy Center is a new group that was formed by and lobbies on behalf of Airbnb, HomeAway, TripAdvisor and FlipKey. It provides data and resources regarding an alternative view of VHR impacts – benefits to the tourism economy and income to owners to help pay mortgages. It provides a platform that allows individuals to access and use the information in support of short-term rentals.
- Fair to Share is an online resource and action center for San Franciscans who believe that you should be allowed to share your home. The Fair to Share lobbying platform is owned by Airbnb, and it is being used to push the City’s legislation to be more favorable towards the company.

CAST Survey Findings

Restrictions on the Number and Location of VHR's

Seven of the ten CAST participating communities limit VHR's in certain zones. Breckenridge, Frisco and Mt. Crested Butte have no location restrictions.

Durango is the only participating community that limits the number of VHR's within a given geographic area in some of the zones within which VHR's may be located. A combined total of 39 permits may be issued on a first-come, first-serve basis in two of their "Established Neighborhood" zones. The goal is to prevent clustering of VHR's and maintain neighborhood integrity. This equates to a 3% cap of the total number of lots in any neighborhood and a limit of one unit per block/street segment. A second vacation rental could be located on the street segment if it meets specific criteria and obtains a Conditional Use Permit.

	Location Restrictions
Breckenridge	No location restrictions
Crested Butte	Only permitted in Residential Districts (R1, R1A, R1C, R2, R2C, R3C) and B3 Business District. Cannot be rented for less than one month more than twice in any calendar year in the B1 Business district. Not allowed in B2, Commercial and Tourist Districts.
Durango	Limited to certain neighborhoods; cap on total number allowed in each area
Estes Park	No location restrictions
Frisco	No location restrictions
Jackson	Only permitted in Lodging overlay district and Snow King Master Plan
Mt. Crested Butte	No location restrictions
Ouray	Only permitted in High Density Residential (R2) and Commercial Districts
Park City	Limited in Single Family zones
Steamboat	Allowed in all zones except mobile homes and industrial zones.

Variations in Regulations Based on Unit Type or Location

Communities do not apply all VHR requirements to all properties within all zones on an equal basis. This is typically because VHR use in some areas is either less desirable or has a larger impact on neighborhood character than in others.

- In Breckenridge, VHR's are permitted in all zones. VHR of condominiums, however, are less restrictive than for single-family homes. A single-family residence is permitted as a VHR once the property owner purchases an accommodation unit license. These homes are subject to additional conditions to help maintain the residential character of the neighborhood. These special conditions focus around parking, trash, noise and nuisance standards.
- In Steamboat Springs, only duplexes and single-family homes outside of the Resort Residential districts are required to get VHR licenses through the community development department. This is

where the impacts to neighborhoods are of most concern. VHR permits are not required for condominiums regardless of their location. Condominiums and rentals in the Resort Residential districts are still required to get a sales tax license and pay applicable taxes, though they are not subject to parking, number of people, and other limitations that apply to VHR licensed properties.

Restrictions on Length of Time VHR's Can Be Rented and the 30-Day Loophole

VHR's are generally defined as being rented for either less than 30 days or 30 days or less by all CAST participating communities. This definition does not place an upper limit on the number of consecutive days that a unit may be rented, which creates a 30-day loophole. If VHR's are rented for 30 or more consecutive days (as may often occur in the summer months in mountain resort towns), they are treated as a long-term rental and not required to pay sales and lodging taxes. The 30-day requirement is discussed in more detail in the Taxing section of this report.

Distinguishing between Year-Round and Occasional VHR's

Steamboat Springs allows two categories of short-term residential rentals, one of which is appropriate for residents who occupy their homes most of the year, but rent it out on occasion.

- "Vacation Home Rentals" may be rented any number of days during the year, but not for more than 29 consecutive days. It must meet city licensing and VHR operational requirements.
- "Short-Term Rentals" are single family homes and duplexes that may only be rented by visitors *up to twice per year, not to exceed 30 days annually*. Owners only need a business/tax license to operate. The small number of "short-term rentals" makes it fairly easy to locate units that are violating their license by monitoring advertising. Licensed units found to be in violation receive a Notice of Violation letter, with a possible citation into municipal court.

Rental of Bedrooms

Only Breckenridge, Estes Park and Steamboat do not allow owners to rent individual bedrooms while they are occupying the home. Many communities that allow bedrooms rentals do not track, license or collect taxes from these rentals. In Estes Park, owners that occupy their homes and rent out one or more bedrooms are defined as a bed-and-breakfast and must be licensed as such.

Communities that allow bedroom rentals provide owners the ability to supplement their income, use rooms vacated by grown children and, as hosts, assist visitors in getting to know their community. Enforcement can be a challenge, however, depending upon the complexity of bedroom rental regulations.

Changes to Regulations

Four of the ten CAST participating communities have implemented regulation changes to address the rise in VHR's.

- Breckenridge strengthened sections of its nuisance ordinance to address VHR concerns, such as parking, trash and noise. As part of receiving a VHR license, the town requires that a local contact person be designated to receive communications from the town regarding the VHR. This person must maintain a residence or permanent place of business within the town.
- Durango has allowed Tourist Homes since 1989. The increase in vacation rental interest as well as an increase in the number of VHR complaints led to amendments in 2007, 2008, 2009 and 2014. These amendments established separation of VHR's to prevent clusters, transferability of permits, parking, HOA approval of VHR's, safety standards (fire extinguishers required) and required a locally available property manager, among others.
- Park City altered its business license and approval process with a specific VHR category.
- Jackson clarified its definition and interpretation of VHR's, continuing its prohibition of VHR's in residential zones.

Local Property Manager

Most of CAST participating communities require a local property manager/emergency contact. Most are required to be available 24/7. This includes Breckenridge, Crested Butte, Durango, Estes Park, Frisco, Mt. Crested Butte, Park City and Steamboat.

- Park City has the most specific requirements. The property manager or contact person must reside or have offices within Summit County. The contact person must be able to respond to telephone inquiries within twenty (20) minutes. The contact person is stated to be "personally liable for the failure to properly manage the rental." If the contact person is someone other than the owner, the person "must comply with applicable state law, including U.C.A. Section 61-2-2, as amended, which requires those who receive valuable consideration to lease property to have a state license."
- Estes Park requires the name of a local property manager that can be available around the clock, but local is not specified to mean "within the Estes Valley." There have been problems with unresponsive managers and penalties to hold managers accountable are not in place.
- Breckenridge requires the contact person/property manager to reside or have a permanent place of business within town. Owners are liable for strict compliance with all VHR regulations and they cannot delegate this liability.

Safety Requirements/Inspections

Four CAST participating communities have safety standards for VHR's. In Durango, safety standards are tied to an inspection of the property before permits or licenses are issued.

Park City and Steamboat Springs indicated that they do not have specific safety standards, but they do require inspections of units prior to issuing permits or licenses. Park City requires safety inspections of all new, previously unlicensed VHR's "to ensure compliance with building, fire, municipal and health codes." Licenses must be renewed each year, but a new inspection will not occur unless there is a

change of ownership. Inspections may occur at other times and failure to meet standards can result in license revocation.

VHR permitting or licensing inspections may check for fire extinguishers and alarms, carbon-monoxide detectors, structural integrity of the building and emergency escape and rescue availability. Some also make sure the number of bedrooms match the application and are suitable to rent.

Guest Experience

The Tourism Office in Breckenridge's Chamber of Commerce conducts ongoing surveys of visitors and residents and has added a question to identify VHR visitors and their satisfaction with their accommodations.

Some communities will look at online reviews of properties when tracking units, although it is recognized that this is not a good measure of general visitor satisfaction since not all visitors provide reviews, nor are negative reviews necessarily posted.

Best Practices

When considering adding or changing regulations, the pros and cons of VHR's must be weighed for each community. The existing unit mix, lodging base, community character and neighborhood composition will affect the type and extent of regulations that may be needed. Some communities have allowed VHR's to occur relatively unrestricted in areas where they are appropriate – e.g. in existing high-tourism accommodation areas – while protecting residential neighborhoods with more restrictive requirements. The following recommendations are regulations that communities can consider for various issues of concern, but will need to be tailored to meet the unique needs of each community.

Safety

Require VHR safety inspections – Park City, Breckenridge, Durango

- Inspections should ensure compliance with building, fire, municipal and health codes and VHR permit specifications (number of bedrooms, parking, etc.). Units should be inspected upon initial license or permit issuance. Change in ownership, unit status, receipt of complaints or notification of a potential inconsistency or problem may trigger another inspection. Absent other re-inspection triggers, Portland requires an inspection at least every six years.

Post safety and emergency contact information in the VHR - Breckenridge

Property Management

Require local manager/emergency contact – Grand Lake, Park City, Breckenridge

- This requirement is viewed as critical to the success of short-term vacation rentals in residential neighborhoods to address guest or neighborhood questions and resolve conflicts quickly.
- Be specific. E.g., manager/emergency contact with residence or place of business within the community/county, available 24/7, able to respond onsite within 45 minutes of complaints.

Consider penalty for failure to respond – violation of VHR regulations, fine, potential VHR license revocation.

Neighborhood and Community Character

Restrict number/concentration of VHR's – Durango

- Durango allows no more than 3% of homes to be VHR's in certain neighborhoods. No more than one VHR permitted per block. Permits are issued on a first-come, first-serve basis. This may allow too few VHR's in communities that do not have the lodging bed base of Durango.

More restrictive regulations where VHR less desirable/has higher negative impact – Breckenridge, Grand Lake, Durango, Steamboat Springs

- CUP in Grand Lake and some neighborhoods in Durango.
- Higher “nuisance” standards imposed on single-family VHR's in Breckenridge.
- Single-family and duplex VHR's in Steamboat Springs must receive licenses through the community development department in all but the Resort Residential zone, making them subject to parking, number of people, and other regulations. All condominiums are exempt from this requirement.

Provide VHR Options for Owners and Help Protect Local Housing Supply

Create Separate Categories for VHR's Depending on Time Rented – Steamboat Springs

- Year-round VHR's, typically investor owned or second home. No limit on the total number of days that the home may be rented per year. In Steamboat, this category is subject to a community development license process and extensive VHR regulations.
- Limited VHR's, rented only occasionally by resident owner. Provides an option for local resident occupants (could be an owner or long-term renter) to supplement their income. In Steamboat, this category can be rented no more than twice, nor more than 30 days total in any given year and it only needs a business/tax license to operate.
- Large cities have had trouble enforcing limited rent term restrictions. Steamboat reports few limited VHR rentals and can enforce by monitoring VHR hosting sites. Smaller communities can manage rental term regulations on a per-unit basis more effectively than large cities.

Discourage speculative VHR purchases – San Francisco, Portland

- Owner-occupancy requirements. Portland – VHR owner must occupy the home nine months of each year, which preserves community and discourages speculative VHR purchases.
- Limited rental days during the year. San Francisco – a 90-day cap on rental nights per year for un-hosted VHR's (i.e., the owner is not present while renting the home).

Permit Bedroom Rentals With Owner Present – Petaluma (proposed)

- This allows owners to supplement their income/mortgage by providing them the option of hosting guests in their home. Some CAST communities have restrictive bed-and-breakfast requirements that may prevent this practice.
- Petaluma defines a bed-and-breakfast as three-or-more bedrooms being hosted; if less than three bedrooms then it is a VHR.
- Require permits, inspect units and consider taxes/license fees.

III. Licensing and Permitting

Issues and Emerging Trends

License requirements evolved along with regulations to ensure responsible maintenance and leasing of VHR's. License and permit applications typically require safety inspections and the background information necessary to ensure VHR's are operated in accordance with local regulations. This may include insurance requirements, designating a 24/7 emergency contact to handle problems and complaints, requiring license and permit numbers to be displayed on all advertising, providing "good neighbor" information to renters, and notifying neighbors of units being rented and VHR manager contact information. Yearly renewal ensures communities remain up-to-date on VHR changes and permit revocation procedures help ensure continuous VHR owner compliance.

A challenge for some communities has been getting VHR owners to acquire necessary permits and licenses. While education of owners and property managers regarding the licensing process has been instituted by most communities, this has been more effective when paired with good enforcement.

Licenses and Permits Often Have Safety, Advertising, Notice and Renewal Requirements

Permits and licenses typically record necessary information regarding the VHR, such as number of bedrooms, owner information, property manager or emergency contact information, use or occupancy restrictions, among other requirements. In addition, to receive a permit or license, many communities require the following:

- Safety inspection: Austin, Portland, San Francisco, Chicago, Santa Fe;
- Proof of adequate property insurance coverage: Austin, San Francisco, Santa Fe; and
- Permit or license number to be displayed on all advertising: Austin, Portland, San Francisco, Santa Fe, Sonoma County, Bend, Oregon.

Neighbors may also need to be notified as part of the permit process. For example:

- Austin requires notice be given to neighbors for public comment as part of the permit approval process, similar to other land use applications.
- Many communities require notice to be sent to neighbors upon permit issuance. Notice may provide neighbors with the address; terms of rental use or permit; contact information for a property manager, owner or emergency contact in the event of problems; and the process for reporting violations or complaints to the community's enforcement office. This can be an effective tool to help neighbors know about and police VHR activity in their area. Portland, Oregon, and Petaluma, Santa Cruz, and Sonoma County in California require neighbor notice.

Most of the above communities also require annual renewal of permits or licenses. Yearly renewal maintains a current list of active vacation rentals and contact information. Renewals may also be withheld if VHR regulations have been violated, too many complaints have been received, applicable

taxes have not been paid, or if there are health and safety issues on the property. As an exception, Portland requires renewal every two years, with a new inspection required every six years, barring a change in owner, bedrooms rented, or cause for safety or violation concern.

License and Permit Fees

Most communities have modest license and permit fees for VHR's – in some cases insufficient to cover paperwork processing, tax collection, property inspections and monitoring.

- Portland charges \$178 for the initial license and \$62 for each renewal year in which an inspection is not required. For inspection years, \$178 is charged.
- Austin charges \$285 for an initial permit and \$235 for renewals. A budget of \$350,000 has been established to cover the hiring of three staff members to register and inspect VHR's. Fees for an estimated 1,500 VHR's are intended to fund this budget.
- In Napa, fees were initially set to cover all application processing, inspections and monitoring of VHR permits such that no costs were borne by the general public. In 2009, owners paid \$1,075 per year; the permit fee has since decreased to \$197 per year. Fewer complaints than expected were received from neighbors. As a result, the City reduced their allocation of code enforcement staff to VHR's and, with it, permit fees.

Enforcement of Licensing and Permitting Requirements

Getting properties to receive required permits and licenses can be a challenge. Generally, communities with active tracking and identification of illegal rental properties, paired with resident, property manager and visitor education and strong enforcement ability have been the most successful. In larger cities in particular, this means dedicating staff or hiring new positions to address illegal VHR's, taking a proactive approach in notifying owners of permit and licensing requirements, and following up with non-responsive owners.

Portland has a license compliance rate of less than 10%. At the other end of the spectrum, Austin has a compliance rate of about 72%. While other factors are involved, enforcement has played a role in this difference.

- In Portland, permit issuance was initially centered in the Bureau of Development Services office, which admittedly is reactive. The office only acts to enforce city rules when a complaint is received; they do not take an active role in locating or citing illegal VHR's. A new city ordinance adopted this year places enforcement with the Revenue Bureau, which takes a more proactive approach. The Bureau is issuing letters to hosting sites to advise them of the requirement that permit numbers must be posted on all VHR advertising. Companies can be fined up to \$500 per non-compliant property. Responses are pending.
- In Austin, permit fees are higher than Portland, yet compliance rates are much higher. The City's Code Compliance Department hired additional staff specifically to investigate illegal short-term rental activity and advertised such to the public. The city can also fine VHR operators up to \$2,000 per day of non-compliance. When 1,089 properties were notified that they needed licenses, 72

percent came into compliance by either delisting or getting licenses. Code Compliance and the City's criminal prosecution are working together to follow up with the other 300 properties to ensure everyone is playing by the same rules.

Education can also play an important role. Public information campaigns through newspaper articles and website postings have been widely used education tools. Less prominent are visitor education campaigns regarding the importance of renting units that display permit numbers in their advertisements. Units displaying valid permit numbers let visitors know that they are renting a legal unit (as opposed to a scam) and that units meet safety and VHR operational requirements. Visitor education can work from the demand side of the equation.

Revocation of Licenses or Permits

Most communities have the ability to revoke licenses or permits in the event that VHR regulations are violated or taxes are not paid. Some have a purely discretionary process, whereas others may establish mandatory thresholds for revocation. For example:

- The City of Santa Fe documents all alleged regulation violations for VHR's and pursues enforcement through the municipal court if warranted. Upon conviction of a third violation by the municipal court, the city *shall* revoke the permit.
- Portland has a more discretionary revocation procedure, but once a permit is revoked, it may not be renewed for two years.

CAST Survey Findings

Who Requires Licenses and Permits

- All participating communities except Ouray require a *business license* for VHR's. All communities require a sales tax license number.
- Five communities also require a permit to ensure compliance with land use regulations.
- All require licenses to be renewed once per year. Breckenridge assumes that owners are renewing their licenses unless the town is informed otherwise. The town will issue an automatic renewal and charge yearly fees.

License and Permit Requirements

	Business License	Permit	Yearly Renewal
Breckenridge	X		X
Crested Butte	X		X
Durango	X	X	X
Estes Park	X	X	X
Frisco	X		X
Jackson	X	X	X
Mt. Crested Butte	X		X
Ouray			
Park City	X	X	X
Steamboat Springs	X	X	X

For communities requiring permits:

- Estes Park is unique because it also manages legal VHR's in unincorporated areas of the county, defined as the "Estes Valley." Business licenses are required for VHR's within city limits only. VHR's in the county must get an operating permit.
- Jackson permits VHR's only in the Lodging Overlay District and the Snow King Master Plan. A one-time basic land use permit must be received for VHR's in these zones.
- Steamboat requires single-family homes and duplexes outside of the Resort Residential districts to apply for a VHR license through the community development department. This application is reviewed the same as an application for approval of a Use with Criteria. Condominiums are not required to have this license.
- Durango requires a Limited Use Permit be received for VHR uses. A Conditional Use Permit may be applied for if general land use permit criteria are not met.
- Park City requires that the VHR's be located within a zone and subzone allowing VHR's. A Conditional Use Permit may be required in some zones.

Permit and License Fees

Fees are applied either on a flat-rate basis each year or scaled based on the number of bedrooms, sleeping rooms (which includes rooms with a pullout couch bed), or pillows. Fees overall are relatively modest.

- Breckenridge charges a base fee of \$75 for a studio unit, plus \$25 per additional bedroom, not to exceed \$175.
- Estes Park charges \$150 for renewal of a VHR business license for town properties; renewal of the county operating permit has no fee.

- Park City charges a \$17 administrative fee, plus \$28.74 per bedroom.

Fees for permits range between \$500 and \$750, imposed as a one-time application fee. Durango also has a one-time lodgers tax fee (\$25) in addition to the below.

Cost of Permits

	Permit Application	Yearly Renewal
Breckenridge	-	\$75 studio, \$25 additional bedrooms, \$175 max
Crested Butte	-	\$10/pillow
Durango	\$750	\$50 (license)
Estes Park	\$0	\$150 (license)
Frisco	-	\$75
Jackson	\$500	N/A
Mt. Crested Butte	-	\$10/pillow
Ouray	-	N/A
Park City	\$1,100 (if CUP needed)	\$17 admin plus \$28.74/bedroom
Steamboat Springs	\$500	\$50 per sleeping room (permit)

License and Permit Requirements

License applications collect varying information within the CAST participating communities.

- The most common items are VHR addresses and property manager or emergency contact information.
- None of the CAST participating communities requires evidence of insurance suitable for short-term rental use. Nor are times or dates on which the unit will be rented obtained.
- Only two communities require license or permit numbers to be on VHR advertising. Requiring these numbers has been reported to greatly assist with compliance verification when tracking units.

In Durango all advertisements for an approved vacation rental unit must clearly display the permit number issued for the stated purpose of enhancing enforcement of illegal VHR. Failure to display the permit number is grounds for revocation of the permit.

- Fire and safety inspections are required by three communities upon license or permit application. Inspections are not required as part of the license or permit renewal process.

Information Required on Licenses/Permits

	Unit Address	Unit Type	Manager Contact Information	Inspection	License Number on Advertising
Breckenridge	X	X	X		
Crested Butte	X		X		
Durango	X	X	X	X	X
Estes Park	X		X		
Frisco	X		X		
Jackson					
Mt. Crested Butte	X		X		
Ouray					
Park City	X		X	X	
Steamboat Springs	X		X	X	X

Notice to neighbors of rental activity in the neighborhood is required by only one community.

- Durango requires notice to be sent to neighbors when a permit is pending to solicit public comment prior to approval. After approval, notice indicating the terms of the VHR and contact information in case of complaints or problems, is not required as is the case in many California communities.

Has a map on its website of all permitted VHR's. This allows the public to see VHR activity in their neighborhood and know whether a permitted VHR is next door.

Posting of license and permit numbers, along with terms of responsible VHR's and contact information, within the unit can be beneficial to visitors.

- Breckenridge requires single-family VHR's to post "Special Conditions of License" in a "conspicuous location" in the VHR for the benefit of visitors. It outlines parking requirements; trash, noise and nuisance information; emergency contact requirements; and town contact information.

Enforcement of Licensing and Permitting Requirements

CAST participating communities tend to have higher compliance with license and tax requirements than larger cities. Of listed properties, those with a valid license range from 99% in Breckenridge down to about 50% in Estes Park. This is in part due to the smaller VHR pool and local knowledge of properties by those tracking listings – photos are often easy to recognize.

The most successful communities combine dedicated staff time to locate illegal VHR's, education of the public and owners of VHR requirements, and enforcement procedures backed by a willingness to enforce.

- Breckenridge:
 - Has one of the more proactive owner outreach programs. Education begins when the Town Clerk sends all new owners an introductory letter and application form for VHR's, explaining the licensing program. A reminder letter on VHR requirements is sent every four years.
 - Has an estimated 99% compliance rate from existing owners, in part due to a dedicated investigative search for illegal rentals several years ago. Listed units were compared with the license database and "nice" letters were sent to owners regarding requirements. Non-respondents received a "mean" letter letting them know they needed to respond or they would be sent to court. For the few that still did not respond, the town's lawyer sent a certified letter to the owner, at which time everyone complied.
 - Publicized licensing requirements in a newspaper article which made a "big deal" over unlicensed VHR's and notified owners that the Town was *ramping up enforcement*.
 - Achieved on-going compliance. About 2,750 units were in compliance in 2011. Only 15 units listed in 2012 were found not licensed and roughly about five non-compliant units since that time have been identified each year.
- Steamboat Springs:
 - Has an estimated 75% compliance rate with existing VHR license requirements. The City did a similar push as Breckenridge in 2009 to get existing owners to license VHR properties. A total of 440 letters were sent to owners without required tax licenses, resulting in 110 new licenses within a couple of months.
 - Sends notice of violation letters to owners if they are advertising without proper licenses. Violators have 15 days from receipt of the notice of violation letter to submit an application or remove their advertising. Should they fail to do this they are issued a citation into municipal court with fines of up to \$999 per day, jail time of up to 180 days, or both.
 - Relies on complaints from neighbors to locate violators. The finance department keeps a list of licensed properties, including VHR permitted properties from the community development department. Monthly updates to this list are provided to the police department, who responds to complaints. The police department can then notify the respective departments if a call involves either a legal (or illegal) VHR.
- Mt. Crested Butte has also noticed a difference with consistent tracking of VHR listings. When research was done every quarter, compliance was near 95%; when research was done "when available," compliance dropped to near 85%. When non-compliant properties are found, two letters may be sent. The first threatens a lien on their property if they do not respond. The second is a certified letter which includes the intent to lien. If that is ignored, then a lien is filed with the county based on estimated sales tax.
- Ouray often finds properties through the neighbor complaint process. Owners are educated about VHR requirements in an attachment sent out periodically with customer utility bills.

- Some communities have also instituted property manager and realtor seminars regarding VHR requirements. New owners have approached some communities seeking to short-term rent their new home in zone where they may not be permitted based on erroneous realtor information. Education of the real estate community can help with misconceptions.

Revocation of Licenses or Permits

Licenses or permits may be revoked in several CAST participating communities.

- In Park City, violation of the noise ordinance, occupancy loads, failure to use designated off-street parking, illegal conduct, or any other abuse, which violates any law regarding use or occupancy of the premises is grounds for revocation. Failure to collect and deposit sales tax is also a violation of the license and grounds for revocation.
- In Estes Park, the Town Code Compliance Officer manages enforcement efforts of vacation home regulations. Once a violation is verified, the officer generally attempts to work with the property owner to address the issues without formal enforcement action. Formal enforcement efforts can eventually lead to town properties having their license revoked and/or a hearing at the Estes Park Municipal Court. Violations may occur due to parking, illegal renting of an ADU, occupancy limit violations, among other violations. The town has only had one revocation, which was in part due to the unit operating as an illegal bed-and-breakfast as opposed to a VHR.
- Steamboat has a three-strikes policy. If a VHR receives three violations in one year, then the VHR permit can be revoked for up to two years.

Best Practices

License requirements

Establish License Safety/Inspection, Property Manager/Contact, Advertising, Notice Requirements

- Require property inspection – Breckenridge, Durango, Park City
- Require local Property Manager/Emergency contact – Breckenridge, Park City
- Require permit/license numbers on all advertising – Durango
- Require notice to neighbors of permitted VHR's – Sonoma County, Petaluma (proposed)
Written notice to neighbors after VHR approval. Provide the terms of the VHR and owner/manager contact information in case of complaints or problems.
- Post VHR contact information and requirements in VHR unit – Breckenridge
Educates visitors on any parking requirements; trash, noise and nuisance information; emergency contact requirements; and town contact information.

Fees

Establish fees to cover costs of VHR management – Austin, Napa

- Communities need to develop a targeted system for managing VHR's and take firm inventory of staff time and costs required for VHR monitoring, processing and management. This will allow

communities to develop a budget for VHR oversight and establish fees sufficient to cover the program.

Explore Variation in Fees Based on Use and/or Unit Type – Santa Fe

- While additional analysis of Colorado statutes is recommended, fee systems similar to Santa Fe's could provide for variation in fees for year-round VHR's compared with residences that are normally occupied by their owners and only rented short term for two periods per year. There are no fees for the latter, whereas fees for year-round VHR's range from \$175 for an accessory dwelling to \$350 for a single-family home.

Compliance: Investigation, Education, Enforcement

Dedicate or hire staff to track and manage license compliance – Park City, Austin

Mail new homeowners VHR regulations and license application – Breckenridge, Mt. Crested Butte

- Breckenridge also follows up with a reminder letter every four years.

Publish VHR requirements in newspaper, websites – Breckenridge, Durango

Seminars and education outreach to real estate professionals – Estes Park, Park City

- Can help educate realtors and property managers regarding VHR's so they can properly inform their clients as to VHR legality and regulations.

Link complaints to legal and illegal VHR's - Steamboat

- Have Code Enforcement communicate with VHR tracking departments (planning, finance). Can help find illegal VHR's and monitor permitted VHR's for regulation compliance.

Establish license/permitting enforcement procedures and threaten or use them when necessary – Breckenridge, Mt. Crested Butte, Austin

Revocation

Make permits/licenses revocable if non-compliant – Steamboat, Estes Park, Santa Fe

- Steamboat has a three-strikes permit policy – three violations in one year and the permit may be revoked for up to 2 years. Three-strikes gives some certainty to owners and clarity to the city for enforcement.
- Santa Fe makes revocation *mandatory* after three-strikes.
- Estes Park has a discretionary revocation policy in the event of a violation.

Potential practices

Increase license fees to mitigate workforce housing impacts.

- No quantification has been done to date to determine the specific impacts VHR's have on workforce housing. A nexus study may be required to quantify the link between the impacts on housing and the fees charged.

Collect VHR unit operating detail on permit/license application

- Depending upon the complexity of regulations and VHR rental term requirements, license/permit applications can capture number of bedrooms rented, unit type, times of the year rented, when owner occupied, etc. to assist with monitoring and evaluate the appropriateness of potential revisions to regulations.

Educate visitors that VHR's not showing permit numbers are illegal

- As more communities require permit and license numbers to be shown on all advertising, a visitor education campaign could help spur compliance from the demand side. Inform visitors that units not showing a permit number may not meet safety standards and/or may be a scam.

IV. Taxing

Issues and Emerging Trends

The significant revenue-generating potential from VHR's prompted many communities to begin collecting taxes from this market. Concerns over equity and fairness with existing lodging establishments were also a significant factor for some. CAST participating resort communities rate these issues among their top ten concerns about VHR's.

Difficulty tracking and locating illegal VHR's have frustrated some community efforts to collect taxes. Although some progress has been made with hosting sites, many communities are pushing for more cooperation. The process has been likened to the ongoing litigation over getting taxes from hotel rooms booked through online travel companies, some of which are reaching resolution, but it has taken a decade.

Taxes Help Pay for VHR Services and Impacts

VHR taxes support a variety of general fund purposes for which taxes are allocated. The taxes help cover services that assist and benefit VHR operations, including fire and police departments and municipal infrastructure. In San Francisco, the taxes also help feed the City's Affordable Housing Trust Fund.

The Ability to Tax VHR's as Commercial Property is Limited

In Colorado, the Constitution and State Statutes limits the ability for jurisdictions to classify properties as commercial and residential. The distinction between residential and commercial classifications is significant because residential real property is valued for property tax assessment at a lower rate than commercial. See Colo. Const. Art. X, § 3(1)(b). It is possible that some VHR's may be able to be classified as "commercial" rather than "residential" for property tax purposes, but this will depend upon whether the use and ownership of the particular property meets the legal reclassification requirements. Some of these requirements include:

- Residential real property includes residential land and residential improvements, excluding hotels and motels. Colo. Rev. Stat. § 39-1-102(14.5).
- Hotels and motels include lodging that is predominantly used on an "overnight or weekly basis." Hotels and motels exclude properties that are rented on a long-term basis (i.e., for 30 days or more). Colo. Rev. Stat. § 39-1-102(5.5); E.R. Southtech, Ltd. v. Arapahoe County Board of Equalization, 972 P.2d 1057, 1060 (Colo.App. 1998).
- Hotel units include four or more units in a project that are owned by the same entity. If one entity owns and operates four or more VHR's, their properties may be a candidate for commercial reclassification if other requirements are met. See Colo. Rev. Stat. § 39-1-102(5.5), et seq.
- Bed-and-breakfasts are overnight establishments where the innkeeper resides in or near the establishment, providing accommodations for a fee, at least one meal per day, with no more than 13 sleeping rooms. Colo. Rev. Stat. § 39-1-102(2.5).

None of the CAST participating communities classify VHR's as commercial. Looking to other states, Palm Beach, Florida, classifies VHR's as commercial property. In Palm Beach, if a VHR is rented for less than three months over three times per year, then the property is classified as a commercial, rather than residential, property for taxation purposes. An owner can also lose their County homestead exemption, which provides a substantial property tax break to resident homeowners, if homes are rented for more than thirty days in one year.

Hosting Sites Have Shown Some Signs of Cooperation

After initial battles in which HomeAway and Airbnb denied any liability or necessity to perpetuate tax collection for VHR's, these hosting sites have been showing some signs of cooperation, albeit on different levels and capacities.

- HomeAway has invested in HotSpot Tax, Inc., to allow VHR owners an efficient interface through which they can pay their taxes, although HomeAway does not facilitate collection of those taxes.
- Airbnb has negotiated agreements with several cities to collect taxes on behalf of VHR's that are hosted on their website. Airbnb also paid an estimated \$25 million in back taxes to San Francisco.
- Airbnb volunteered to begin collecting taxes for properties in Washington D.C., even though VHR's are not explicitly recognized by D.C. law. Airbnb has learned this can be a way to open the door to invite VHR's into more communities by at least removing the tax barrier.

Locating VHR Tax Evaders Remains a Challenge

With Transient Occupancy Taxes (TOTs) and Airbnb, it is primarily an issue of how to collect the tax, not whether it applies in the first place. Particularly in larger cities, taxing authorities cannot spend time to go after each VHR, but they can spend the resources to go after the hosting companies that are advertising and, in some cases, managing them.

Tax Collection Agreements Do Not Extend to All Hosting Companies

In cities where Airbnb has agreed or been required to collect taxes, it automatically collects the local hotel or occupancy taxes on every transaction. Airbnb pays in a lump sum, omitting details about individual hosts or guests. The company began collecting taxes in Portland and San Francisco last year and has since reached agreements with many other communities, including with Chicago and Washington, D.C. These cities are among the company's largest markets; however, a recent agreement with Malibu indicates smaller cities are also having some success.

Airbnb would like a level playing field with HomeAway and other hosting sites now that it has started collecting taxes in some cities. Airbnb, however, operates on a different platform than HomeAway. Airbnb manages all transactions for its users and acts as a merchant for VHR bookings, whereas VHR owners/managers merely advertise on HomeAway. HomeAway never touches the monetary exchange between owners and renters. Based on this model, San Francisco agreed that HomeAway is not an operator that is required to collect taxes under their tax regulations.

CAST Survey Findings

VHR Lodge and Sales Tax Collections – the 30-Day Rental Rule

The ability to collect sales and lodging taxes are limited by the Colorado Constitution and Statutes. Sales taxes are collected for any unit rented for less than 30 consecutive days; units rented for 30 consecutive days or more are considered long term and exempt from the sales tax.¹ Any county lodging tax adopted pursuant to Colo. Rev. Stat. § 30-11-107.5 also does not apply to homes rented for 30 or more consecutive days.

VHR's are defined as being rented for either less than 30 days or 30 days or less by all CAST participating communities for tax collection purposes. These definitions do not provide an upward cap on the number of consecutive days a VHR may be rented. This would allow, for example, a VHR to be rented for a consecutive period of 6-weeks in July, which would be exempt from paying taxes.

Of all participating CAST communities, only Steamboat Springs provided a category of VHR's that would prevent the unit from being rented for a period of more than 30 days. In Steamboat Springs, "Short-Term Rentals" are single-family homes and duplexes that may only be rented by visitors *up to twice per year, not to exceed 30 days annually*.

Tax Rates on VHR's

All CAST participating communities collect taxes on VHR's, excluding the town of Jackson. A mix of sales tax, lodging tax, local marketing district tax and personal property tax (for furnishings) on VHR's are applied. Some communities have multiple tax collection entities, each of which collect taxes on their own.

- Sale tax rates range from 0.25% in Steamboat Springs, up to 7.95% in Park City.
- Lodging tax rates range from \$3 per night in Ouray, up to 3.4% in Breckenridge.
- Total sales and lodging tax rates range from 1.25% in Steamboat Springs, up to 10.95% in Park City.
- Local Marketing District (LMD) taxes also apply in Steamboat Springs, Estes Park, Mt. Crested Butte and Crested Butte. Steamboat Springs has one tax collection entity that collects all taxes; in the other towns, the LMD taxes are collected independently of the Town Clerk.
- Some communities have additional entities that collect taxes, which are not listed in the below table. For example, the Breckenridge Mountain Master Association also collects a 2% assessment on VHR's and the Summit County Housing Authority collects a 0.125% tax.

¹ See E.R. Southtech, Ltd. v. Arapahoe County Board of Equalization, 972 P.2d 1057, 1060 (Colo.App. 1998); 1 Code Colo. Reg. 201-4 Department of Revenue Regulations.

- Summit County collects “personal property tax” for furnishings within VHR.² The value of the furnishings constitutes the property to which the property tax is applied. This provides another source of potential revenue for communities.

Local Tax Collections by Type

	Sales Tax	Lodging Tax	Other (LMD)
Breckenridge	2.5%	3.4%	-
Crested Butte	4%	n/a	-
Durango	N/A	2%	-
Estes Park	5%	2% (LMD)	-
Frisco	2%	2.35%	-
Jackson	N/A	N/A	-
Mt. Crested Butte	5%	N/A	4% (County)
Ouray	3%	\$3/night	-
Park City	7.95%	3%	-
Steamboat	0.25%	1%	2%

VHR Tax Revenues

Not all participating CAST communities were able to report VHR tax collections separate from tax collections on other lodging properties. This increases the difficulty of tracking the financial impact that VHR has on local revenues. Understanding the financial impact of VHR’s can help communities identify the extent to which VHR tax collections should be a priority (or not) based on lost revenue potential. Improved record-keeping systems and coordination with licensing and permitting offices would help communities track this information.

For those communities that provided separate tax information, VHR tax collections range between 1% and 73% of tax collections on all lodging properties. The percentage of sales tax collections from VHR’s in a community is related to the volume of alternative lodging properties available.

- In Mt. Crested Butte and Crested Butte, VHR tax collections comprise a respective 73% and 60% of tax collections on all lodging. Of Mt. Crested Butte’s lodging establishments, only two are hotels. Condotels including the Grand Lodge and Mountaineer Square are included in these figures and account for the high percentage. In Crested Butte, there are relatively few lodging establishments, all of which are small, making VHR’s a very significant share of guest accommodations and sales tax on lodging.
- In Estes Park and Ouray, hotel and motel rooms are much more prevalent. Estes Park has about 4,000 hotel/motel rooms and cabins and just over 4,000 residential housing units. VHR’s comprise a lower 13% and 1% of total taxes collected on lodging in these communities.

² See Colo. Const. art. X, § 3(c); Colo. Rev. Stat. § 39-1-102(11).

VHR and Total Lodge Tax Collections Compared: 2014 Collections

	Crested Butte	Estes Park	Frisco	Mt. Crested Butte	Ouray
Sales tax (VHR only)	\$150,368	\$382,748	\$105,690	\$597,885	\$2,922
Sales tax (all lodging properties)	\$251,182	\$2,871,340	\$340,586	\$819,361	\$279,098
% from VHR	60%	13%	31%	73%	1%
	-	-	-	-	-
Lodging tax (VHR only)	Not collected	Not reported	\$123,484	County only	\$2,396
Lodging tax (all lodging properties)	Not collected	\$1,596,347	\$388,198	County only	\$228,071
% from VHR	-	-	32%	-	1%

CAST participating communities were asked to report comparative tax collection information for each year beginning in 2010. For those able to respond, between 2010 and 2014:

- In Crested Butte, VHR sales tax collections increased from about 47% to 60% of all lodging sales tax collections;
- In Frisco, VHR sales tax collections increased from about 28% to 31% of all lodging sales tax collections;
- In Estes Park, VHR sales tax collections consistently comprised between 12% and 13% of all lodging sales tax collections; and
- In Ouray, VHR sales tax collections increased from about 0.5% to 1%.

Best Practices

Coordinated Tax Collection

Negotiate tax collection agreement with Airbnb – Portland, Malibu, numerous others

- Most individual communities may be too small, but cooperative agreements encompassing multiple communities, entire counties, or the CAST organization may have some success.

Coordinate tax collection among collection entities within a geographic area – Steamboat Springs

- The City of Steamboat Springs collects taxes on behalf of the city and its LMD.

Improved Tracking of VHR Tax Revenues

- Coordinate information with the VHR licensing/permitting staff and tax collection to enable easier identification of tax revenues received from VHR's.

Potential Practices

Initiate state-level action to address the under 30-day rental restriction for collecting short-term rental taxes that now limits the ability of local communities to collect taxes on VHR's that are consecutively rented for longer than a 30-day period.

V. Staffing

Issues and Emerging Trends

As with most aspects of the VHR industry, staffing has evolved over time and continues to be an area where needs are not clearly known.

Staff Responsibilities Shift as Issues Grow

Responsibility for tracking VHR's and ensuring that they are in compliance with local tax and licensing requirements has evolved over time. Since collection of tax revenues was the first concern of most mountain municipalities, finance departments were typically assigned research and compliance duties. As neighborhood impacts, land use, zoning and workforce housing issues emerged, staff in planning and community development departments became involved. Law enforcement has also had the responsibility for responding to complaints about noise, parking and other neighborhood disruptions but has typically not documented the source as a VHR.

Existing Staff Take On Increase in Duties

While there are exceptions to this trend, in most mountain communities existing staff have absorbed the increase in work load. Responsibilities are decentralized with staff in multiple departments performing tasks. VRCompliance LLC, a business that contracted with several CAST members to track VHR's, has ceased operations.

Allocating Time/Staff Resources is Low/Moderate Priority

Tracking of VHR units is done in many communities as time permits, typically only a few times per year. This creates the possibility that units rented on a short-term basis through online hosting sites only part of the time are not well tracked.

Administrative Costs are Unclear

The cost associated with the tracking and compliance has not been well documented. For the most part, mountain towns have not been conducting cost/benefit analyses to determine if hiring additional staff or redirecting existing assignments in order to conduct more frequent monitoring of VHR's listed on line would be worth the investment.

Staffing Not Shared - Regional Inefficiencies

In most mountain towns, more than one jurisdiction levies taxes on short-term rentals but these entities generally do not share responsibilities and information. In areas where municipalities are in close proximity (i.e. Crested Butte and Mt. Crested Butte, Telluride and Mountain Village, Summit County, CO) or are often considered a single-market area, searches on hosting sites list all of the VHR's available in the area, not within the borders of a single town. Yet the towns covered each spend time separately researching the units to identify the ones within their boundaries.

Large Cities Get Aggressive

Metropolitan areas are greatly expanding their staffing efforts to respond to the proliferation of units, concerns, complaints and tax compliance. Applicable taxes add up to significant sums in major cities. For example, the New York Attorney General has estimated that New York City is owed at least \$33.4 million in unpaid hotel occupancy taxes over the past five years, as a result of short-term rentals through Airbnb. With such large amounts at stake, New York's search for illegal short-term rentals now combines a variety of sources - building/fire inspectors, police, lawyers and tax specialists using multiple techniques ranging from door-knocking to digital sleuthing and video surveillance.

CAST Survey Findings

Responsible Departments

Finance department staff is involved in almost all of the 10 CAST participating towns. When this is not the case, administrative staff, under the direction of the town manager, handles VHR's. Responsibility is shared with planning/community development/building staff in half of the communities.

Town Departments Responsible for VHR Management

	Tracking	Licensing/ Tax Collection	Regulations	Complaints
Breckenridge	Finance	Finance	Finance	Finance
Crested Butte	Finance	Finance	Building	Marshals
Durango	Comm Dev/Code Enforce. & City Clerk	Finance & Comm Dev	Comm Dev	Comm Dev/ Code Enforce.
Estes Park	Comm Dev/Town Clerk	Town Clerk	Comm Dev	Comm Dev/Police
Frisco	Finance	Finance	Finance	CDD
Jackson	Planning & Building			Planning & Building
Mt. Crested Butte	Admin	Admin		
Ouray	Admin	Admin	Admin/PD	
Park City	Building	Finance	Building/Planning	Building
Steamboat Springs	Planning	Planning/Tax	Planning	Planning

Number of Staff Involved and Hours Spent

Among most towns, either one or two staff members per department are involved in the four main areas of responsibility – tracking, licensing/tax collection, regulations and complaints. On average, 3.7 staff members have some type of responsibility. Durango has the most staff involved – 12 staff in three departments followed by Crested Butte and Park City with four each.

Staffing and Time Spent on VHR Management

	Tracking	Licensing/ Tax Collection	Regulations	Complaints	Total
Average # of Staff Involved	1.6	1.4	1.8	1.3	3.6
Avg. Hours Spent Monthly	19	34	6	6	54

It takes an average of 54 hours per month to manage the systems now in place. Nearly two-thirds of the time is spent on licensing and tax collection. Tracking of VHR listings takes up about one-third of the hours devoted.

Costs

Staff frequently expressed uncertainty when questioned about the cost of their work on overseeing Vacation Home Rentals. The average cost totaled \$1,567/ month or \$18,800/year among the seven CAST towns who provided rough estimates.

On an hourly basis, costs range from \$22 to \$32, which likely is not a fully loaded figure including benefits.

Best Practices

Staffing Alternatives

Community Development Department Takes the Lead – Durango

- As issues continue to expand and concerns shift from a focus on tax collection to workforce housing and neighborhood issues, lead responsibility is placed within the purview of community development/planning/building staff in Durango. Community development coordinates quarterly with finance and administrative services.

VHR Oversight Coordinated by Economic Development Staff – Park City

- In recognition of the importance of VHR's to the resort town's economy, economic development staff coordinate oversight tasks, coordinating with finance, building and planning staff.

Staff Specialist Added – Park City

- A staff person was hired to implement an inspection program, insuring that VHR units are safe and of sufficient quality for a positive visitor experience, which is considered tantamount to the community's sustainability as a high-end destination resort. Park City is the only one of the 10 CAST towns that has hired staff specifically for its VHR oversight.

Potential Practices

Share Staff/Contract Services through Regional Cooperation

Whatever system is used to track, license, tax and oversee VHR's, sharing the responsibility with neighboring jurisdictions should be more efficient. Summit County shared the VRCompliance LLC contract when they used the company's services to track VHR's.

Compare Costs/Benefits

The staff cost to oversee VHR's should be documented. This will enable cost/benefit analysis, potentially support increases in license fees and inform consideration of other administrative options, such as contract services.

VI. Neighborhood Impacts

Issues and Emerging Trends

The impacts of VHR's are widespread. Communities have become alarmed about changes in the character of their residential neighborhoods as they transition into lodging districts. Familiar faces are being replaced by transient populations. In many cities, neighbors are outraged and leading the fight against the proliferation of the industry. In mountain towns where visitors are the mainstay of the economy, residents and community officials are also concerned about changes in community character as well as specific disruptions including noise, parking violations, overcrowding and garbage.

Metro Areas React to Neighborhood Concerns

In urban areas, concerns about neighborhood impacts were generally first to get significant attention. Short-term rentals were often prohibited in residential zones and were thus illegal uses that could not be licensed and taxed. Boulder is a prime example. When the issue of taxing short-term rentals was raised several years ago, the City chose not to take action at that time. When complaints lodged by neighbors in 2014 increased in number and volume, the City's initial response was to issue 20 cease and desist letters to known violators of zoning prohibitions. The letters were quickly rescinded when the magnitude of the violations became better understood. Comprehensive solutions responsive to neighborhood concerns are now under investigation.

Neighborhoods Organize Across the Country

Neighborhoods are consolidating into organizations with a voice, establishing unified positions on issues that primarily impact neighborhoods. Citizen-initiated referendums that might prohibit or severely limiting VHR's are starting to appear in communities of all sizes. Examples of neighbor groups include:

- Asheville: Coalition of Asheville Neighborhoods
- Los Angeles: Keep Neighborhoods
- New York, San Francisco: ShareBetter
- New York: Westside Neighborhood Alliance

National Group(s) Form to Deal with Issues

At the national level, *Neighbors for Overnight Oversight* is an online coalition of residents, community leaders and businesses seeking to protect neighborhoods by supporting regulations and oversight for the short-term rental market. They work on measures to ensure that VHR's comply with basic safety measures to protect consumers and neighbors. They offer an advocacy tool kit and spread the word about situations when things go wrong. Similar groups may form; change happens quickly in this industry.

Hosting Sites Cooperatively Defend Rights

As referenced in the Regulations section of this report, hosting sites have reacted quickly to initiatives by citizen groups to place limits on their operations and demand accountability. They are doing so in a well-funded, cooperative manner. Each of the top hosting sites is a powerhouse in its own right; together they are formidable and will make initiatives at the metropolitan, state and federal level a hard fight. The extent to which they may attempt to influence neighborhood protection efforts in smaller towns is uncertain.

Code Enforcement and Local Property Managers Effective Tools in Mountain Towns

Local governments that permit VHR's have found a code enforcement approach effective at dealing with nuisance conditions, such as excessive noise, parking and trash. In some towns like Breckenridge, nuisance control regulations that have been part of the municipal code for years are being dusted off and used increasingly to mitigate adverse impacts on neighborhoods resulting from VHR's. In other towns like Durango, new codes have been created to specifically address VHR's in neighborhoods.

A tool adopted by many towns already and under consideration in others is requiring that VHR's have a local property manager/contact on call to respond to neighborhood complaints (see Regulations section for details).

CAST Survey Findings

Concerns About Neighborhoods

While most mountain towns first directed their VHR efforts on tax collection and licensing, neighborhood impacts have come to the forefront of policy and operational considerations. Among the 10 CAST study participants, Durango was the exception to this trend, focusing first on neighborhood impacts then designing regulations and licensing requirements aimed at preserving their residential areas.

Concern is higher for impacts on community character and neighborhood change than on specific nuisances although parking and noise are not far behind.

Neighborhood Concern Ratings

1 = minor concern; 5 = major concern

Concern	Avg. Rating
Community character	3.6
Neighborhood change	3.6
Parking	3.1
Noise	3.0
Safety	2.9
Overcrowding	2.7

Complaints

On average, 8.5 complaints were received last year by the six CAST participants that reported on complaints. Four of the 10 did not report any complaints in the past year, due at least in part to the lack of a standard complaint processing system.

Parking is the chief complaint followed by noise. Parking is particularly problematic in towns like Mt. Crested Butte where on street parking is not allowed. Complaints about VHR's where they are not allowed topped the list in Durango. Exterior lights being left on overnight and for long periods were also mentioned.

VHR-Related Complaints Received

Nature of Complaints	
Parking	22%
Noise	19%
Too many occupants	15%
Garbage	12%
Other: Illegal rentals, exterior lights left on	47%
Total*	115%

*Total exceeds 100% since multiple reasons sometimes cited.

How complaints are received and handled varies widely. In terms of receiving complaints:

- Town staff receives all or most complaints in Jackson, Mt. Crested Butte, Ouray and Park City;
- Elected officials have been contacted most often in Durango;
- Law enforcement usually gets the calls in Steamboat.

Towns learn of zoning/ordinance violations and other causes for complaint through:

- Neighbors -- the main source of complaints;
- Patrolling/observation is done by three of the 10 towns;
- Websites: "Overnight Oversight" or similar neighborhood watch has been a source in a couple of the communities;
- Facebook – While not noted as a source for complaints about VHR's in CAST towns, Facebook has been a forum for community interaction on related issues. In the small community of Pitkin, Colorado (about 70 residents) Facebook is the place where heated debates have occurred.
- Property managers who handle legal short-term rentals are a source of complaints about VHR's where they are not allowed.

Best Practices

Practices related to neighborhood impacts are grouped into two categories: Outreach/Education and Nuisance Mitigation.

Outreach and Education

Website – Durango

- Page on City's website covers regulations, history, recent news and opportunities for input with a link to map showing permitted VHR's.

Mapping of Permitted VHR's – Durango

- A map of all the permitted VHR's in the City that can be viewed by citizens with complaints submitted directly to community development staff via the website.

Neighbor Notices – Sonoma County and Petaluma (proposed)

- Letters notifying that a permit has been issued and containing contact information on mandatory property manager located within a 1-hour drive and on call 24/7 given to all neighbors within 100 feet of a VHR.

Stakeholder Roundtables – Durango

- Two discussions supported by informative PowerPoint presentations with realtors, property owners, vacation rental managers, neighborhood advocates, code enforcement staff, downtown HOA representatives, and lodging industry representatives.

Chamber Outreach – Breckenridge

- Meetings held for education about rules and procedures.

Newspaper Notices and Articles – Breckenridge

- Published notices in the newspaper to educate public/property owners about what is allowed.

Community Engagement – Durango

- A community meeting held on neighborhood issues publicized through multiple outlets including traditional media, social media, the City website and City e-mail listservs. Comments became extensive; Durango's staff recommends developing a system for organizing comments from the outset of any public education process.

Complaint Handling Process – Durango

- Website and other forms of public outreach channel comments/inquiries/complaints through to a designated planner; one person handles/routes complaints other than those needing immediate police response.

Educate Visitors – Breckenridge

- Create a brochure on the Town's noise, parking, occupant, visitor and garbage regulations associated with VHR's and require that it be posted in all VHR units.

Nuisance Mitigation

Occupancy Limits

- Estes Park: A maximum of two persons per bedroom plus two persons with an 8-person maximum. Children under 3 exempted.
- Sonoma County: Two persons per bedroom plus two up to a 12-person maximum subject to design load of septic system or as allowed through granting of a Use Permit.
- Steamboat Springs: 1 person per 200 SF.

Visitor Limits – Sonoma County

- A maximum of 6 visitors are allowed in addition to the maximum permitted, which equals up to 18 persons in homes with 5 or more bedrooms. Exceptions are allowed on the national holidays of Easter, Memorial Day, 4th of July, Labor Day, Thanksgiving, Christmas Eve and Christmas.

Outdoor Party Limits

- Steamboat Springs: Outdoor activities are prohibited at which more than twice the number of allowed occupants are in attendance, which equates to a maximum of 16 guests staying in the unit and no more than 32 persons at an outdoor party.
- Sonoma County: Special events, outdoor events, lawn parties, weddings and similar activities are not allowed at any time at VHR's in Rural Residential and Urban Residential zones.

Trash Management – Grand Lake

- The Pay as You Throw (PAYT) program involves the Town offering plastic bags for \$3.00 (25 Gal.) and \$4.00 (40 Gal.) that can be thrown in 5 animal-resistant dumpsters located by the Public Works Department shop in town.

Parking

- Sonoma County: 1 space minimum for up to 2 bedrooms; 2 spaces for 3 or 4 bedrooms and at least 3 spaces for larger units, which must demonstrate adequate parking.
- Breckenridge and Grand Lake: No motor vehicles can be parked on the lawn or landscaped areas or in the public street or right-of-way adjacent to the accommodation unit, and no person can stay overnight in any motor vehicle which is parked at an accommodation unit.
- Santa Fe: No recreational vehicles can be parked on the site or on the street.
- Steamboat Springs: Maximum of 4 cars outside of a garage.

Noise Limits

- Palm Springs: No outdoor amplified sound is permitted at any time when short-term rented.
- Sonoma County: Outdoor amplified sound is not permitted at any time unless through a Cultural or Special Event Permit or Use Permit.

General Nuisance

- Lake Tahoe Basin: All-encompassing but vague "Occupants cannot create unreasonable noise or disturbances, engage in disorderly conduct or violate provisions of state law regarding noise, overcrowding, alcohol or drugs."

VII. Workforce Housing

Issues and Emerging Trends

Concerns have increased within the last year over the impacts that VHR's are having on workforce housing, particularly its availability and cost. Communities have not done much to date to quantify the impacts but seem to be increasingly interested in options they might pursue to preserve and provide affordable housing for their workforce.

Loss of Long-Term Rentals

The conversion of rental units that have historically housed employees has become a major concern in mountain towns. Availability of workforce rental housing in all inter-mountain resort communities became very scarce in 2014. In 2014, apartment vacancy rates were extremely low -- less than 1% in many areas. In some towns like Jackson, the lack of rental housing has been called a crisis. Conversion of long-term rentals occupied by locals into VHR's has often been anecdotally cited as the reason for such a dramatic shift in rental availability.

Rent Increases

The economic principles of supply and demand have been functioning well in mountain towns. With the decrease in the rental supply, due at least in part to conversion into VHR's, rents have been rising. At one apartment complex near Vail, rents increased by over \$500/month in 2014. In response to the steep jump in rents in many Colorado mountain communities efforts are underway to develop additional apartments in Buena Vista, Breckenridge, Crested Butte, Edwards, Eagle, Mountain Village, Telluride, Salida and Steamboat Springs.

Large Cities Also Concerned

The concern about loss of long-term rentals is not isolated to mountain resort communities. A March 2015 report titled *Airbnb, Rising Rents and the Housing Shortage in Los Angeles* by LAANE, a group that supports "a new economy for all" cited the loss of over 7,300 long-term rental units. This estimate has been widely quoted in publications throughout the country, reflecting the growing concern over this issue.

Using Workforce Housing as Vacation Home Rentals

Some residents of deed-restricted workforce housing have rented their homes or spare bedrooms through online hosting sites. These scattered incidents have typically been reported by neighbors who also live in nearby homes with deed restrictions prohibiting the practice.

In Aspen, some community officials are in favor of allowing residents of restricted workforce housing to use their homes as vacation rentals, advertising through hosting sites and producing much needed extra income. The housing authority's guidelines and deed restrictions explicitly prohibit such use because, as the housing authority director explained, "it undermines the spirit and intent of the workforce housing program." The housing authority's outside legal counsel has strongly advised against permitting this

activity. Aspen is the only mountain town identified to date in which changes to regulations prohibiting the use of workforce housing as vacation home rentals may be considered.

Quantifying the Situation

While concerns over the impacts that the proliferation of VHR's has had on housing for the workforce, few attempts have been made to quantify the impacts. Evidence is anecdotal but many communities feel loss of units is significant since, as the town manager of Estes Park indicated, "It is so easy to have vacation rentals and the profits are substantial, that many people are choosing to utilize their properties as vacation rentals, thereby taking at least a portion of these off of the long term rental market." (sic)

Impacts on Accessory Units

One impact that is particularly hard to track is the use of accessory units at VHR's. Construction of deed restricted accessory dwelling units are often encouraged by municipalities though incentives such as density bonuses and fee waivers/reductions. The units can provide housing for the workforce, retirees and family members as their needs change. Petaluma is one community concerned about their ADU's or "granny flats" becoming VHR's.

CAST Survey Findings

Loss of Long-Term Rentals

The loss of housing previously rented by members of the local workforce on a long-term basis has become the top concern in participating CAST communities, edging out tax collection. Communities rated this an average of 3.9 (on a scale of 1 to 5 with 5 being "major concern"). Concern about conversion of long-term rentals that housed employees into short-term vacation home rentals is particularly high in Breckenridge, Crested Butte, Frisco, Jackson and Park City. Steamboat Springs is the only town surveyed where concern about this issue is low.

Tracking Conversion from Long-Term to Short-Term Rentals

While the concern is widespread, only two of the 10 CAST towns surveyed have tracked or attempted to identify residential units that were occupied by local residents but are now short-termed.

- Breckenridge maintains a property database used primarily for its RETT that classifies each residential unit according to its primary use. Long-term rentals have held steady at 9% to 10% of the inventory, despite fluctuations due to new construction and conversion into VHR's.
- Durango gains knowledge about the past use of units through its VHR permitting system. While the system has been in place for less than a year, staff estimates roughly half are out-of-town owners or professional property managers. The other half are local homeowners who travel and want the option to rent the house while gone, have a 2nd unit on their property that they want to rent, or want to short-term rent a room in the house. This system does not track change in use.

Using Deed Restricted Workforce Housing as VHR's

Incidents where illegal use of deed restricted workforce housing as VHR's has been very limited. Only Jackson and Frisco reported known incidents. None of the 10 towns reported requests by residents of restricted workforce housing for permission to rent their homes or spare bedrooms short term.

Despite few reported incidents, concern about the potential use of workforce housing as VHR's is relatively high, ranking 6th out of 16 issues tested in the CAST survey. While staff are aware of the concern, most feel compliance with prohibitions will not be problematic because neighbors will report violations and annual compliance monitoring will detect unauthorized rental of units.

Best Practices

Tracking Conversion of Employee Housing Into VHR's

Real Estate Database – Breckenridge

- The finance department maintains a database developed for tracking real estate transfer tax (RETT). New owners are contacted when units are sold to determine change in use.

Housing Census – Crested Butte

- The Town Planner has historically conducted a census on the use/occupancy of every residential unit in the community. This tool has been helpful on many tasks related to workforce housing and could be used to track loss of employee housing. It has documented that short-term rentals have increased from 5.1% of total housing units in 2000 to 15.8% in 2015, with a growth rate – times faster than the growth in housing.

Prohibiting Use of Workforce Housing as VHR's

Deed Restriction Provisions – Breckenridge

- Only “qualified occupants” who are employed in Summit County can reside in units, which prohibits renting the unit or individual bedrooms to visitors. Non-paying guests are allowed. Renting to roommates who are employed in Summit County is also allowed.

Web Site Notice - Aspen

- The Aspen/Pitkin County Housing Authority web site has in bold, red typeface, “Under NO circumstances are you allowed to rent your deed restricted home or room out through VRBO, Airbnb or equivalent.”

Potential Practices

License Check for Housing Compliance

- Require sign off by housing agency/department in charge of administering workforce housing on VHR's license/permit applications.

Tracking System Crosscheck

- Provide addresses and photos of restricted workforce housing to staff who license and track VHR's.

Allocate VHR Revenue to Housing

- To fund replacement housing and units needed by growing workforce, allocate tax revenues into an affordable housing fund. A proposal to do this is under consideration in Nashville.

Replace Lost Housing Units

- Develop goals and plans for workforce housing development that take into account loss of housing through conversion into VHR's.

MINUTES
Town of Crested Butte
Regular Town Council Meeting
Tuesday, February 16, 2016
Council Chambers, Crested Butte Town Hall

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

Council Members Present: Jim Schmidt, Chris Ladoulis, Roland Mason, and Laura Mitchell

Staff Present: Town Manager Todd Crossett, Town Attorney John Belkin, and 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 (all for part of the meeting)

APPROVAL OF THE AGENDA

Crossett said they would need to discuss, under Other Business, scheduling a special meeting regarding the MOU on the mine.

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

CONSENT AGENDA

1) Approval of February 1, 2016 Regular Town Council Meeting Minutes.

Schmidt 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

None

STAFF UPDATES

Rodney Due

- Although they had been maintaining the snow pack on 1st Street for the Nordic Center, they would have to now scrape it.
- Ladoulis questioned if they were working on the potholes on Gothic Road at the Four Way. Due said the freeze/thaw cycle resulted in the patches coming out. He said they were working on it daily.

Michael Yerman

- More than 50 people attended the first open house for Blocks 79 and 80.
- Applications were available for Blocks 79 and 80 on the Housing Foundation's website.

Lynelle Stanford

- Arranged for CML newsletters to be sent electronically.

Janna Hansen

- Had been working to form the Weed Commission. The first meeting would be in February.
- The first Creative District meeting would be next week. Schmidt asked that someone from the Cemetery Committee was involved. Hansen said Jessie Earley was included.

Todd Crossett

- There was a press release this afternoon, and the information on the MOU for the mine was posted on the Town's website. They also needed to schedule a special meeting.
- The RFP was out for the Town's engineering services.
- Referenced a memo provided to the Council on the One Valley Prosperity Project (OVPP). He listed the four phases of the process that were started last March: Values Identification; Analysis of Trends; Visioning; and Action Planning. The action planning was being refined to actionable items. Crossett described his past, current, and upcoming time commitments to OVPP.
- Michel asked if representatives from OVPP would come to the Council to present on the action plan and the culmination of efforts. Crossett anticipated a roadshow presentation would be put together, mostly likely in the 2nd Quarter. Michel requested sooner rather than later.

NEW BUSINESS

1) Ordinance No. 1, Series 2016 – An Ordinance of the Crested Butte Town Council Authorizing the Short Term Borrowing of Funds Not to Exceed \$170,000.00 and the Expenditure of Such Funds for Purposes of Purchasing a Certain 2016 John Deere Loader by Way of a Lease to Purchase Arrangement.

Due said the deal worked out really well for Town. They were able to try other brands, but John Deere offered \$70K in trade-value. Rozman also obtained a good interest rate. There were no questions from the Council.

Schmidt moved and Mason seconded a motion to set Ordinance No. 1, Series 2016 for public hearing at the March 7th Town Council Meeting. **Motion passed.**

2) Resolution No. 4, Series 2016 – Resolutions of the Crested Butte Town Council Approving the Pre-Annexation Agreement Pursuant to Section 13-1-280 of the Crested Butte Municipal Code between the Town and Cypress Foothills, LP.

Cameron Aderhold, Vice-President of Cypress Foothills LP (Cypress), Marcus Lock, Attorney for Cypress, Tyler Harpel, Engineer for Cypress, and Paul Casey, Principal Engineer from Casey Resources Inc, were present on behalf of the applicant.

Michel questioned what had changed from the previous agreement. Lock stated they added a provision that no gate would be erected. They added language to contemplate recreational uses to include a boater access easement, not just to the river, but along the river. Lock cited concerns they heard about the dump clean-up process, which was the reason Casey was present to provide the Council with a brief overview of the process and the voluntary clean-up plan (VCUP).

Casey described the VCUP as a regulatory process with the Colorado Department of Public Health and Environment. Casey was part of the VCUP program when it started in 1994. He had completed 70 to 80 projects. Casey explained the clean-up was based on the end use of the site. Clean-up separated the end user from contaminants. Casey said the landfill had heterogeneous materials, which made it difficult to characterize. They dug 102 test pits, and they did not find methane. They thought there was most likely aged material that could not create methane. There were some metals, most of which were probably naturally occurring. Casey stated the ground water was deep at the site, and there wasn't anything of concern. Regulators wanted to protect the water sources of the State. Schmidt recognized they were remediating fairly small sections. He wondered if that was common and if Casey had done it before. Schmidt also stated that neighbors were concerned about dust and contamination. He wanted to know what the cap would look like. He didn't see anything in the agreement about re-vegetation. Casey said that the contractor who would do the dirt work would fall under a dust control permit by definition. They had zero tolerance for visible dust. The contractor would be required to have water wagons to keep soil conditions wet and to make certain there was no dust issue. Casey said the cap for open space would minimally be two feet of clean soil with a vegetative cover. Casey had been working on the redevelopment of Stapleton, the largest in-fill site in the country. They faced everything. He was tuned into what was built to make sure it was protective. Schmidt asked if they could put picnic structures on the cap. Casey answered that concrete and asphalt were considered protective layers. They could have a combination that might not require two feet of clean fill. Schmidt also questioned the water source for the water trucks. Casey said they would use fire hydrants. Michel asked how the final open space would have two feet of dirt and not be dusty. Casey said the developers would re-vegetate, and they would need 75% growth before they could release the permit.

Belkin said they had property lines that bifurcated the old Town landfill. The majority of fill was on the Town's side, and applicant would clean their side of the property. Casey said the VCUP program was boundary driven, and they had to clean-up to the boundary

line. A change in condition, which would be reported to the State, would be over and above what was indicated. It would then be the property owner's responsibility.

Schmidt asked the applicant why they wanted to keep the river bottom considering liability problems with the river. He thought there seemed to be something else going on. He wondered why they didn't give the river bottom to Town or split it halfway. Lock said they were offering the Town public access. If they couldn't reach an agreement, Town would not have access. Secondly, Lock said there was nothing nefarious other than the agreement allowed them to keep control of the river corridor. He further explained it was not Cypress's intent to put up boater obstacles. Michel confirmed it was memorialized in the agreement.

Schmidt asked if the traffic study done by the County would be based on 30 lots. Harpel said it would be based on the lots east of the river and uses west of the river. Michel confirmed the entire build out would be considered. Schmidt thought it was interesting that on Town Parcel 1, there was a specific limitation of 30 feet in building height. Yerman stated that the typical residential use limitation in Town was 30 feet. Schmidt wondered why the limitation wouldn't apply to parcels on the east side of the river. Lock answered that they had worked hard to protect the County's jurisdiction on the east parcel, and the limitation would be addressed by the County. Schmidt thought it was hard to give blessing to something when they wouldn't know how it would look. He had concerns they couldn't comment on anything brought forth to the County. Lock explained the language was revised per Staff. He thought the governments had to trust each other. Ladoulis's biggest concern was they had an understanding or belief about what the County would allow, and they could be faced with something unexpected. Aderhold suggested that if anything changed from the current land use regression (LUR), they could come back to Town for approval. Belkin explained the applicant went to the County and was prepared to file, but Town requested they come in and make an offer. This was the offer. Lock reiterated that in the event of amendments in the LUR that lessened restrictions, the applicant had no problem coming back to Town.

The discussion turned to specifying uses on certain plots. Yerman explained they talked about using residential zoning in the future on the capped part of the dump. Parcel 2 was specified to be used for a preschool, which limited its future potential. They would want to keep the area for public use. Yerman stated the capped parcel was originally going to be used for open space, but Town wanted flexibility. They could add a block for affordable housing, and the rest would be zoned as the P Zone. He thought it would take a rec center to initiate clean-up on that portion of the landfill. Schmidt had a problem it could only be a preschool or associated uses. Yerman said they had to be cleaning up to a certain use. Council was agreeing to a use there, and it was a preschool. Uses were required per an annexation. Schmidt disagreed with the limitation, and Mitchell agreed with Schmidt. Michel wondered if they could step back and use the land for something else. Casey answered that with the VCUP it was a complete clean-up. They would typically classify an unrestricted residential use as the best classification. Commercial uses stepped down from there. Michel wondered if they could put some other public amenity there. Aderhold said if they cleaned up to preschool standards, they would have

to spend a lot of money for no reason. The applicant was trying to control the very little amount they could. Lock reminded the Council that it was private property that belonged to Cypress. The applicant had a vested interest since they were considering conveying to Town, and they would like to exert some degree of control on the west parcel.

Ladoulis identified triangles south of the road that would be likely places for snow storage. He wondered if Town would have the right of first refusal or a lease. He asked if there would be an intended use that would affect Town in the future. Aderhold said they could discuss through the annexation process. They were willing to work with Town, and the area by the river was for boat access.

Glo Cunningham - 324 Teocalli Avenue

- If the dump was cleaned up and capped to preschool standards, then it was good for all.
- Questioned why the developer would tell Town what to do with the land until it was Town's.
- Up to six (lots), rather than no less than six (on the side west of the river).
- Town needed to know what the County said, and they should have recourse.
- Town should get plans for the construction of Road A before constructing.
- Applicant could own the east side of the river and over, and Town should own the river and the west side of the river.
- Wondered why they would let anyone out of any liability for the dump.
- The County did not listen to citizens.
- Thought they could keep working on the west side.

Jim Starr - 323 Gothic Avenue

- Mentioned that he had sent comments on the previous agreement, and he referred to a letter he sent to be included on the public record.
- After the VCUP, if there were uses of the land where people would be in buildings for an extended period of time and they were sickened, they could sue the Town. VCUP immunity wouldn't apply.
- He was concerned that the clean-up could trigger the Town to be forced into cleaning up the Town's property. If drums were found on Town's portion, they could spend millions cleaning up.
- Said it was important that Town had ownership of the river. He said the property would be managed by a HOA.
- Traffic studies would cover both sides of the river, but they wouldn't consider roads and streets that were not County roads or streets. They would only consider impacts to traffic on Gothic Road. They needed comprehensive traffic and parking studies.
- Stated the County could require above ground water storage and Town would have no say.
- There should be no limitations on the use of land being given to Town. He said they needed to have it cleaned up to the highest standard.

- He had an objection to the limitation of ten years before making use of the property.
- The County Commissioners hadn't looked at the proposal. Town had more leverage than they thought.
- A major issue was not having a gate at Road A. The agreement was such that they couldn't put a gate on the boundary line, but they could put a gate to the east of the boundary line.
- The agreement needed changes to benefit the public.

Sue Navy - 324 Gothic Avenue

- Agreed with Cunningham and Starr.
- Wondered if Town had been working with Barbara Green (sometimes used as special counsel to Town) and what Green had to say.
- Hoped Town would weigh in on the wildlife corridors during the County process.
- Once something was done, it was forever.

Crockett Farnell - 201 Sopris Avenue

- In support of the proposal in that substantial benefit was gained for Town.
- Town did not get anything without the agreement.
- Staff did a tremendous job bringing benefits that wouldn't otherwise be there.

Public Comment was closed, and it was opened to Council discussion.

Crossett read a letter from Councilor Vohman. She wanted issues brought forth by Starr clarified, and she wanted Town to have more discretion on the west side.

Schmidt confirmed that the public use on Town Parcel 1 was not limited to an emergency services center. Yerman confirmed with Gillie that a senior center would be allowed in the P Zone. Gillie said the P Zone was public use with public money involved. Schmidt had a real problem with Parcel 2 being limited to a preschool. He reminded the applicant that all public uses were going to be used by people on the east side. Schmidt, referring to Starr's comments, said they would have to deal with a HOA for river access. Lock countered that it was not true. He read from the agreement that it was between Cypress and Town, and not a HOA. Yerman then read the uses allowed in the P Zone.

Mitchell voiced an objection with Parcel 4 being tied up for ten years. She thought there needed to be a reciprocal provision that once the County approved, then they could proceed. She also didn't agree with the limitation of a preschool. Michel was a proponent of early childhood development, and he thought it was a wise move to designate the use for a preschool. Ladoulis recognized there was no perfect solution. He saw a big issue around trust. At some point they needed to trust the process. Mason agreed with Ladoulis. He said the proposal gave control over more property than Town would have had. Michel made sure there would be no gate 25 feet down the road. Both Aderhold and Lock confirmed there would be no gate dividing parcels.

Schmidt brought up clean-up costs. He asked if Casey had ever estimated too low.

Casey said it was not an exact science, and his biggest problem was forecasting. Invariably it was never the number. Aderhold stated they were assuming it was all landfill debris, and some of it was dirt that would not be removed. Schmidt asked Casey again if he had missed projections, and Casey said he had. Aderhold added that the characterization had been extensive, and they had done more than a normal amount of testing.

Belkin stated the whole deal came as an understanding the applicant was going through the County process. Town had the chance to get something from the developer they were not going to give. Town, as operator of the landfill, had liability for the landfill, but Town did not have responsibility to clean it up. It was liability but not active liability. The applicant could initiate clean-up on their property without anything from Town.

Aderhold said they could ease up and specify six lots. The applicant was willing to take uses applied in Parcel 4 and apply them to Parcel 2. He also said they could take the clean-up provision from 110% to 125%. Lock summarized for the Council and stated they were being asked to vote on the pre-annexation agreement with five amendments:

- Parcel 2 being allowed the same public uses as Parcel 4.
- An increase in the estimated clean-up cost provision from 110% to 125%.
- Clarification there shall be no more than six residential lots on the west parcel.
- Requirement for Town approval if there was any reduction in restrictions by virtue of amendment to the LUR.
- Language regarding the clean-up of Parcel 2.

Michel thanked the Town Attorney, Staff, and the developer for their hard work. He was comfortable with the deal, and he appreciated the amendments. Belkin added that Town consulted with special counsel from Bryan Cave on landfill matters.

Mason moved and Ladoulis seconded a motion to approve Resolution No. 4, Series 2016 with the five amendments that Staff was advised of including: Going to 125% on the cleanup; No more than six lots on the western parcel; Requirement for Town approval if there was reduction in the LUR clause; Clean-up on Parcel 2 and the election of Town to instruct applicant to cease further VCUP efforts; Same public uses for Town Parcel 2 that the agreement articulates for Town Parcel 4. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

3) Discussion and Possible Approval of Big Air on Elk Special Event Application and Special Event Liquor Permit Proposed for Saturday, March 5, 2016 in the 200 and 300 Blocks of Elk Avenue.

Event organizer, Corey Tibljas, stated that Big Air had taken strides forward. He listed sponsors. He cited they had increased staff, production quality, and interest from athletes. Tibljas also said they had both food and a beer garden on site, and they had increased their trash plan.

Stanford reviewed the items that were missing for a complete application. Tibljas had worked with Stanford the same afternoon to complete most of the items. However, Stanford said that a certificate of insurance for the event was still missing. Schmidt said he wouldn't have even listened to Tibljas's request for funds (at the previous meeting) knowing that the sales tax from last year's event was unpaid. Tibljas said he would pay anytime. He had an issue with changing Post Office boxes. Michel found it frustrating and problematic. Schmidt reiterated that not remitting sales tax from last year bothered him. Mason was disappointed, even though he liked the event. He said they ran into things every year. He was going to approve the event, contingent upon insurance. Ladoulis said they needed to start with penalties. He would approve, too, but he said no truck of any kind should start set up without a certificate of insurance and until the 2015 sales tax was paid. He thought event organizers needed consequences. Mitchell said she would approve based on Tibljas completing his paperwork. She reminded him to request money in the grant cycles. Michel was not comfortable with the exposure to Town with so much left undone. He thought it was Tibljas's job to bring the information to the Town. Schmidt suggested they approve based on the event organizer remitting sales tax, plus \$2K a week from now, plus insurance. Ladoulis countered that \$2K was for the risk manager with services rendered during the event, and he would actually be paying in advance. Michel confirmed that Tuesday the 23rd was a drop dead date.

Schmidt moved and Mitchell seconded a motion to grant the permit with the conditions of providing a certificate of insurance naming the Town as additionally insured and the sales tax payment from last year by end of business, at 5PM, a week from today on Tuesday, February 23. A roll call vote was taken with all voting, "Yes," except Michel voted, "No." **Motion passed.**

4) Discussion of Locations for Food Cart and Farmers' Market Vending.

Crossett explained the Code did not require Council approval of the vending locations. The parking lot west of the tennis courts had been under construction last year, and it was not used for vending. Due emphasized that Staff did not recommend using the parking lot for vending going forward. He mentioned concerns such as congestion and possible traffic accidents. Crossett said that Staff discussed how to maximize space, including that vendors weren't allowed to park vehicles by their carts. Michel explained to the Council they were setting policy for vending carts this summer. If someone asked for special consideration, they would uphold it. The Council approved of the locations as presented, with the exception of moving the location in the public right of way where a vehicle was pictured on the map on the north side of Elk farther to the west.

LEGAL MATTERS

Belkin referred to information that he sent around on quasi-judicial and ex parte. He asked if anyone had questions. He summarized that they couldn't do it. He said the strict reading even determined that Council couldn't communicate with Staff. He asked where they wanted it to fall. Michel asked if they could interpret as they pleased. Belkin said that reality could be different, and he wanted to know how they wanted to do it. He felt

they could communicate with Staff on factual matters as long as they didn't push policy. Crossett said it was comforting, when involved in a lawsuit, to have followed process. Belkin said to really honor quasi-judicial they would need to stay within the guidelines. Michel wanted to make sure they were on the same page with not having extra conversations. Ladoulis heard conflicting messages. Belkin said they couldn't have meetings in an email thread. If Ladoulis wanted to talk, Belkin suggested he call himself or Crossett. Ladoulis confirmed items could be brought up under Other Business. Crossett clarified that open meetings and ex parte were different things; if more than two people were involved, discussing back and forth, they were having a meeting. Belkin said if a person wrote an email, and then wanted to further discuss, then it was a meeting. He said that a person could send out an informational email as long as it wasn't discussed. Ladoulis said they should go out of their way to have a fluid exchange of information. He thirsted for more information. Michel reminded him that one person's fact was another person's propaganda. He said they had to preserve their non-bias. Michel said they all had to play by the same rules. Schmidt asked Belkin if the zoning change was quasi-judicial, and Belkin said it was. Schmidt then questioned if the pre-annexation agreement (approved at the meeting) was quasi-judicial or legislative. Belkin thought it was more quasi-judicial than legislative. Schmidt asked if they could still say no to the annexation, and Belkin didn't think they could. Michel wanted to be sure the absent councilors were informed of the conversation.

COUNCIL REPORTS UPDATES AND COMMITTEE UPDATES

Laura Mitchell

- Attended a Chamber meeting. There were 279 fat bikers at the Fat Bike World Championships.
- Someone who worked at the Chamber had stolen \$630 in Butte Bucks. The person no longer worked there.

Roland Mason

- There would be a Mountain Express meeting on Thursday.
- There would not be a RTA meeting this month.

Jim Schmidt

- Attended a Housing Committee meeting last week.
- They would be changing the time of the Creative District meetings, so he could do both Creative District and Housing Committee.
- Anthracite Place was basically on time. The roofer was behind schedule due to leaks in a seam that caused soaking of the insulation. The attorney's fees were over budget. They were confident it would be open for people moving in by July 17. They received 26 to 28 applications for 30 units, and they estimated that 19 applicants would qualify.

Glenn Michel

- Was asked to serve on a joint committee with the MCBPAC and the Center for the Arts. They were working to come out with a joint statement.

OTHER BUSINESS TO COME BEFORE THE COUNCIL

Crossett said they were working to schedule a Special Town Council Meeting to potentially approve the MOU on the mine. The duration of the meeting was discussed, and it was decided to begin at 6PM and to schedule until 9PM. It was decided to hold the meeting on Friday, February 26, 2016 in order to capture another cycle of the news before the meeting.

Schmidt referred to the letters in the packet regarding winter travel management. He wondered if they needed to include the discussion on winter travel management on an upcoming agenda. Michel asked if anyone else on the Council agreed with Schmidt, and no one did.

Next, it was discussed if phoning into a meeting should be allowed. Crossett explained Merck requested it for this meeting. Michel said a person who was absent could listen to the recording and review the minutes.

Schmidt stated he was bothered by the Gothic Corridor report. Michel said the Forest Service was taking public comment.

Schmidt reminded the Council they needed to set up a review of Crossett. The Council tentatively decided it would be April 4 at 9AM, pending discussion with absent Council members.

Ladoulis suggested that concerning special events, with the upcoming budget amendment, they should consider the fees. He wanted to offer those who submitted the application on time a steep discount. He was tired of spending time in meetings on events not being on time. Ladoulis wanted Town to wrestle events from planning, providing P & L sheets, and estimating tax revenue. He said Town had an event-based economy, and they needed to be pro-active. There was a discussion on the priorities chosen by the Council, and the importance of special events on the list, in which the need for a special event planner was listed third. Crossett said that vacation home rentals (VHRs) were next after the mine to be discussed from the priorities. Ladoulis thought it would be a shame to wait until June. Michel asked the Council if they wanted to switch the order of priorities. Mason wanted to consider what Telluride and Aspen were doing and have the information added to the events discussion. Crossett was trying to communicate a staffing capacity issue. Ladoulis asked if Town would be willing to hire a person. Crossett explained that event organizers drove events, and what Ladoulis described was a different model from what Town was currently following. The Council needed to decide which way to go. Michel said they would tee events up after the VHRs, and they would have a good discussion. He noted there was room for improvement, and Mitchell agreed the topic was on the radar.

Next, Ladoulis brought up the need for a public information officer (PIO). Michel said communication was discussed at the retreat. Crossett said not everything needed to be

funneled through a specific person. Ladoulis thought it was confusing. He would prefer a single point of contact. Crossett said he would send out the model discussed at the retreat. Ladoulis thought the Council had agreed to appoint a PIO. Schmidt heard they needed a chain of command. Crossett said he would send out a diagram for them to review.

Belkin mentioned that Schmidt had asked for a review of the Town's water rights. He said it would be in Executive Session for the purpose of discussing Town's water rights. Ladoulis preferred to discuss in July. Michel asked Schmidt what he was doing with the information. Schmidt heard a certain development might be asking Town for water, and he wanted to become informed. Michel questioned the cost. Mason and Mitchell agreed with Schmidt that they wanted a water inventory.

DISCUSSION OF SCHEDULING FUTURE WORK SESSION TOPICS AND COUNCIL MEETING SCHEDULE

- Monday, March 7, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, March 21, 2016 – 6:00PM Work Session – 7:00PM Regular Council
- Monday, April 4, 2016 – 6:00PM Work Session – 7:00PM Regular Council

ADJOURNMENT

Mayor Michel adjourned the meeting at 10:49PM.

Glenn Michel, Mayor

Lynelle Stanford, Town Clerk (SEAL)

MINUTES
Town of Crested Butte
Special Town Council Meeting
Friday, February 26, 2016
Jerry's Gym, Crested Butte Town Hall

Mayor Michel called the meeting to order at 6:05PM.

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

Staff Present: Town Manager Todd Crossett, Town Attorney John Belkin, Town Planner Michael Yerman, and Town Clerk Lynelle Stanford

Michel encouraged all to attend the Miner's Ball after the meeting. Michel explained the order of events at the meeting: Belkin would speak about the MOU, then there would be questions of fact, public comment, Town Council discussion, and finally the Council would vote.

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

A. Town Council Discussion and Possible Approval of Memorandum of Understanding for Mt. Emmons (Mt. Emmons Project) by and Among Mt. Emmons Mining Company, a wholly owned subsidiary of Freeport-McMoRan Inc., the Colorado Department of Public Health and the Environment, Water Quality Control Division and Air Pollution Control Division, Colorado Department of Natural Resources, Division of Reclamation Mining and Safety, Gunnison County, Colorado and the Town of Crested Butte, Colorado Regarding Certain Matters in Connection with the Mt. Emmons Mine Site and Project, the Historic Keystone Mine and Associated Waste Water Treatment Plant and Other Related Matters.

Belkin presented to the Council. He thanked the Mayor and the Town Council. He stated that the community had been working on the Mt. Emmons issue for 40 years, and he listed former Mayors that had served over the time period. He said the MOU represented the efforts of: the Town Council, High Country Conservation Advocates (HCCA), the Red Lady Coalition (RLC), and the Coal Creek Watershed Coalition (CCWC). Belkin reviewed the history of the surety, to include U.S. Energy's depressed financial position last year. He explained that the State of Colorado Department of Health and the Environment, Water Quality Control Division (Division) coordinated a meeting with the Town and the County in October 2015. The Division agreed to reach out to U.S. Energy (USE). The State and Freeport shared conversations with the Environmental Protection Agency (EPA). Belkin said they had about five face- to-face meetings to include Freeport at the Division office in Denver. Since early November they had been working to understand perspectives, and they had developed trust. Freeport had been clear and straightforward about what they wanted, and the community wanted the plant run in

perpetuity and for mining to go away. The MOU represented the launching point. It was the first point that would require implementation of many processes. Freeport was staunchly committed to protecting the environment. They were uninterested in mining the site, and they were interested in upholding environmental standards.

Belkin addressed questions that had been included as a part of a Q & A in the packet:

1) Who was the Mt. Emmons Mining Company (MEMCO)? He explained that Freeport acquired MEMCO by reverse merger when Freeport acquired Phelps Dodge.

2) Why would Freeport take on liability of operating the water treatment plant?

Because MEMCO was a legacy owner of the Mt. Emmons Mine Site, along with it came the responsibility for water discharge treated by way of the water treatment plant and the plant itself under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). MEMCO could have liability for the project should the project be identified as a Superfund site. MEMCO felt it was better to take the project from USE so that they could control the outcome going forward rather than risk the project becoming a Superfund site with the liability under CERCLA. Schmidt asked if MEMCO expressed that they would improve the plant to reduce their operating costs. Belkin said that Freeport would like to cut costs to run the plant, and they would like it to be efficient. He thought that at the end of the day, they were committed to upholding environmental standards, and they could be open to it.

Mason said MEMCO talked about providing financial security for running the plant for two years. He believed they were responsible for running the plant into perpetuity. Belkin said there was a joint hearing in 2005 when USE's permit was up. They tried to get the State to provide surety. With a legacy change of ownership, the plant became Freeport's. In August, the Council asked for surety into perpetuity. They requested a longer term, but ultimately Freeport was comfortable with two years. He would say Town was comfortable. They would have liked more, but Freeport had to operate the plant per the permit with or without the guarantee. Michel asked what it meant in the big picture. Belkin said they started in November, and at one point, the MOU was eight pages long. It was down to two pages. A MOU was not binding, but once it was written, directionally everything was going that way.

The discussion was opened to Public Comment:

Alli Melton - Red Lady Program Director for High Country Conservation Advocates (HCCA) - Office located at 411 3rd Street

- Handed out a letter addressed to the Mayor and Town Council.
- HCCA had been working to keep Red Lady mine free since the 70's.
- It was quite exciting to see the monumental shift in conversation.
- HCCA was very encouraged, and they encouraged the Council to approve the MOU.
- The MOU addressed two big concerns: 1) the community brought up the concern of the wastewater treatment plant and not having funding in place, and two years

provided the framework to figure out a permanent solution and 2) the reference of the disposal all of the mining interests was pretty historic, since the company had no real interest in mining.

- HCCA supported the Town Council approving the MOU.
- Michel thanked HCCA.

Bill Ronai - President of the Red Lady Coalition (RLC)

- Stated that the board of the RLC strongly urged the Town Council to authorize the Mayor to sign the MOU.
- It was a very good document to set the framework to move forward to protect the water and to lead to the elimination of mining.
- Ronai thanked everyone, and Michel thanked the RLC.

Sue Navy - 324 Gothic Avenue

- It was a momentous occasion. 39 years ago, she heard the mine proposed. Tonight had a better feeling.
- Thanked the Council, Belkin, and anyone else involved who wasn't present.
- Supported the signing of the MOU.
- Agreed with what Melton presented on behalf of HCCA.

Jeremy Rubingh - 321 Whiterock Avenue

- Handed out a letter.
- Thanked the Council. Stated they couldn't have made progress without the Town Council being open and governments cooperating.
- Thanked HCCA, RLC, and the people in Crested Butte who had worked for years.
- Mentioned his documentary film chronicling the battle over Red Lady. He also made a short version, which he urged people to view.
- Encouraged the Council to approve and to sign the MOU. He listed reasons including: the MOU moved towards long-term protection of the water, and the geology of the Upper Gunnison area had an extremely high likelihood of producing acid mine drainage.
- With a less favorable administration it could become a problem down the road.

John Hess - 225 Sopris Avenue - Treasurer and Secretary of Coal Creek Watershed Coalition (CCWC)

- The issue was water quality in Coal Creek.
- The MOU made a whole lot of sense.
- He thanked everyone involved.
- Stated that CCWC was involved in collaboratively working to site-specific water quality standards.
- CCWC had been monitoring water quality since 2003.
- Said those involved had done great work.
- Michel thanked the CCWC.

Ashley Bembenek - 125 Teocalli Road in CB South - Technical Coordinator of CCWC

- Stated CCWC was involved in site-specific water quality monitoring.
- Felt the MOU was a wonderful step forward.

Suzanne Pierson - 37 Willow Court

- Wondered, since the mining claims would be disposed, if the mountain would ever be bought or developed.
- She wanted it settled correctly forever.
- Wanted to know what the future looked like.
- Suggested that they didn't take anything for granted.

Neil Windsor - 208 3rd Street

- Wanted them to flush out in more detail the sources of funding and how the plant would not be a liability to tax payers.

Denis Hall - Bad Dog Alley and 7th Street

- Worked with HCCA and RLC for many years.
- Recalled attending a meeting 40 years ago (on the mine).
- Wondered aloud why they were having the meeting. He said it was the transparency thing again.
- Told the Council to approve signing the MOU.
- Thanked everyone for past and current efforts.

Public Comment was closed.

Belkin referred to Pierson's questions during Public Comment about what would happen with the mining claims and property. Belkin said there would be no condos, ski area, or waterslides. He referred to mining and mill site claims on the map provided. He said there were two different types of claims, and they would have to be withdrawn from mineral entry. He showed patented acres under the 1872 mine law. How they structured various transactions was open for discussion. Freeport wanted to be educated about how Town would like to see it happen. Belkin said the property would never ever be used for mining or extractive practices. It was more than likely to go back to the Federal government with the caveat it could never be used for governmental purposes.

Next, Belkin addressed the funding question asked by Windsor. Belkin summarized that Freeport was going to have to pay to run the plant. The Town, County, and State would help Freeport with some funding to help them improve the plant. However, it was unconstitutional for the community to pay to operate the plant.

The meeting was opened to board discussion. Schmidt saw no downside to signing the MOU. Mason agreed with what Hall said during Public Comment.

Schmidt moved and Vohman seconded a motion to approve the MOU, as presented by the Town Attorney, and in doing so, authorize the Mayor to execute the same. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

ADJOURNMENT

Mayor Michel adjourned the meeting at 6:57PM.

Glenn Michel, Mayor

Lynelle Stanford, Town Clerk (SEAL)



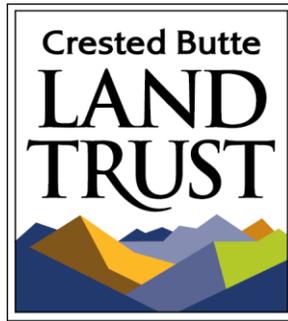
To: Mayor Michel and Town Council
From: Michael Yerman, Town Planner
Thru: Todd Crossett, Town Manager
Subject: **Gunsight Bridge Letter of Support**
Date: March 7, 2016

Background:

The Crested Butte Land Trust has requested a letter of support for the Laura Jane Musser Fund for the Slate River Enhancement Project. The funds will be used for improvements around the Gunsight Bridge parcel to improve the pedestrian bridge, protect wetlands, and to provide additional trailhead signage.

Recommendation:

Staff recommends the Town Council authorize the Mayor to sign a letter of support for the Laura Jane Musser Fund for the Slate River Enhancement Project.



March 7, 2016

Mary Karen Lynn-Klimenko
Grants Program Manager
Laura Jane Musser Fund

Dear Mary Karen and grant review committee,

I'm please to submit this letter in support of the Slate River Enhancement Project proposal being submitted to the Laura Jane Musser Fund by the Crested Butte Land Trust.

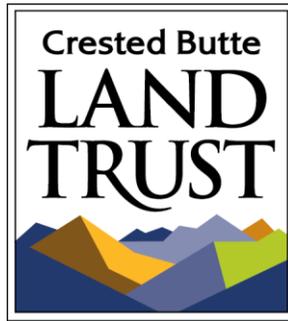
Since the Town of Crested Butte's first Area Plan in 1996, we have prioritized the protection of wetlands and floodplains and the current Town Council's values include embracing environmental stewardship. Our Open Space program works closely with the Crested Butte Land Trust on securing permanent conservation agreements, funding projects and collaborating on the long-term care of protected lands.

The Slate River Enhancement project showcases the Crested Butte Land Trusts (Land Trust) commitment to the ongoing stewardship of conservation lands. As the conservation easement holder of the Gunsight Bridge property, the Town recognizes the ecological and societal values of protecting the pedestrian bridge, improving river and wetland health and establishing trail signage to increase user awareness. These will positively impact the properties conservation values which include riparian forest and associated features of the Slate River, wildlife habitat, open space viewshed features and public recreation. Protection of the Gunsight pedestrian bridge is critical for trail connectivity throughout the Slate River Valley linking the Town of Crested Butte and the Lower Loop trail system to the Oh-Be-Joyful campground, Lupine trail system and thousands of acres of public land. Restoring impaired riparian habitat adjacent to the bridge is important in ensuring the health of this unique and dynamic river which houses some of the most pristine wetlands in the state. Finally, the Crested Butte Town Council has publicly voiced support for increased trail signage throughout the valley to improve the user experience and educate the public about appropriate uses and etiquette on conserved land.

Preserving the present for the future

P.O. Box 2224 Crested Butte, Colorado 81224 970-349-1206 cblandtrust.org





The Town of Crested Butte supports the Land Trusts work improve the habitat quality and recreational experience of the Gunsight Bridge area. This urgent project has demonstrated need, community support, and will show quantifiable results. We urge you to consider awarding grant funds to the Crested Butte Land Trust for the Slate River Enhancement project.

Sincerely,

Glenn Michel
Mayor
Town of Crested Butte

Preserving the present for the future

P.O. Box 2224 Crested Butte, Colorado 81224 970-349-1206 **cblandtrust.org**





To: Mayor Michel and Town Council
From: Michael Yerman, Town Planner
Thru: Todd Crossett, Town Manager
Subject: Resolution 5, 2016 Replat of Block 79 and 80
Date: March 7, 2016

Background:

During the award of the construction contract for Block 79 and 80 the Town Council expressed a desire for the staff to investigate the idea of micro lots. The Council directed the Town staff to investigate how the micro lot idea could possibly be accomplished in Block 76. Over the following weeks, the senior staff reviewed how to possibly create micro lots in Block 76. Due to the need for adequate utility separation and street access required by the subdivision regulations the creation of micro lots on Block 76 was determined to not be desirable.

The staff then turned its attention to Block 79 where several corner lots exist and the utilities loop the block. Since the corner lots have two points of access splitting the lots allowed for both lots to have adequate frontage for access and allowed for enough separation of the utilities. It was also determined that micro lots could be created with a few minor engineering changes. Since the density had already been planned for duplex construction the net result was that only one additional set of service lines would need to be included into the project scope.

This resulted in the creation of 6 micro lots from 3 already planned lots. 6 micro lots were created in Block 79 including Lots 2, 3, 8, 9, 12, and 13. (See Plat) Ordinance 8, Series 2015 was passed by the Town Council to reduce the minimum lot size in the R-2a zone district to allow for the creation of these lots.

The FAR will allow for as small as a 400 sf home up to 1,250 sf depending on the lot size. Currently, the R-2a zone district permits a .3 FAR with an additional .1 to be allowed at BOZAR discretion. The following table illustrates the allowable building square footages for the three different lot sizes that will be created.

Maximum Allowable Square Footage			
FAR	Lot Size (sq ft)		
	2,750	3,000	3,125
0.3	825.0	900.0	937.5
0.4	1,100.0	1,200.0	1,250.0

Article 4 Minor Subdivision Review Process:

Block 79 and 80 were originally platted with the Major Subdivision Plat for Paradise Park Reception #523289. Since the original plat the new infrastructure to service the two new Blocks has been constructed and installed. Also 3 new lots have been created within Block 79 to facilitate the Town Council's desire to create micro lots.

On February 23rd, BOZAR certified that the provisions of Article 4 Minor Subdivision had been met and recommended the Town Council approve and certify the replat of Block 79 and 80.

Recommendation:

Staff recommends that Town Council approves Resolution 5, Series 2016 approving the replat of Blocks 79 and 80, Paradise Park Subdivision.

RESOLUTION NO. 5

SERIES NO. 2016

**RESOLUTIONS OF THE CRESTED BUTTE TOWN
COUNCIL APPROVING THE REPLAT OF BLOCKS
79 AND 80, PARADISE PARK SUBDIVISION, TOWN
OF CRESTED BUTTE**

WHEREAS, the Town of Crested Butte, Colorado (the “**Town**”) is a home rule municipality duly and regularly organized and now validly existing as a body corporate and politic under and by virtue of the Constitution and laws of the State of Colorado;

WHEREAS, pursuant to Chapter 17, Article 4 of the Crested Butte Municipal Code (the “**Code**”), the Town’s Board of Zoning and Architectural Review (the “**Board**”) has the power to approve as a minor subdivision the subdivision of lands within Crested Butte;

WHEREAS, pursuant to Section 17-4-40 of the Code, any plat approved pursuant to Article 4 of the Code, prior to the recordation thereof, must be approved and certified by the Town Council as being in compliance with Article;

WHEREAS, on February 23, 2016, during a properly noticed public hearing, the Board approved the Replat of Blocks 79 and 80, Paradise Park Subdivision, Town of Crested Butte (the “**Replat**”), and certified the same as being in compliance with Article 4;

WHEREAS, the Town staff has recommended to the Town Council that the Town Council approve the Replat, and certify that the Replat is in compliance with Article 4 as required by Section 17-4-40; and

WHEREAS, the Town Council hereby approves the Replat, and certifies hereby that the Replat is in compliance with Article 4 as required by Section 17-4-40, such approval and certification being in the best interest of the health, safety and welfare of the Town, its residents and visitors.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CRESTED BUTTE, COLORADO, THAT:

1. **Findings.** The Town Council hereby (a) approves the Replat, and (b) certifies that the Replat is in compliance with Article 4 of the Code as required by Section 17-4-40 thereof. The approval of the Board and the Town staff report relative to such matters is incorporated herein as supporting findings.

2. **Authorization of Mayor.** The Mayor his hereby authorized to execute the Replat in the form attached hereto as **Exhibit "A"**. Any substantive change to the Replat may be made only following approval by the Town Attorney

INTRODUCED, READ AND ADOPTED BEFORE THE TOWN COUNCIL
THIS _____ DAY OF _____ 2016.

TOWN OF CRESTED BUTTE, COLORADO

By: _____
Glenn Michel, Mayor

ATTEST

Lynelle Stanford, Town Clerk

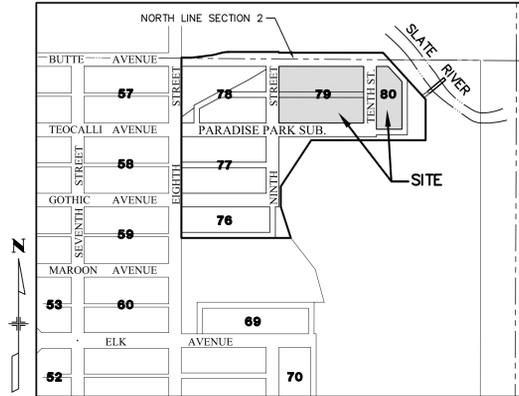
(SEAL)

EXHIBIT “A”
(Replat)

[attach copy of Board approved Replat here]

REPLAT OF BLOCKS 79 AND 80 PARADISE PARK SUBDIVISION

ACCORDING TO THE FINAL PLAT OF PARADISE PARK
RECORDED AUGUST 28, 2002 AT RECEPTION NO. 523289
TOWN OF CRESTED BUTTE
COUNTY OF GUNNISON, STATE OF COLORADO



VICINITY MAP
1" = 400' ±

ATTORNEY'S OPINION:

I, John D. Belkin, an attorney at law duly licensed to practice the State of Colorado, hereby certify that I have examined the title to the lands herein described. Such title is vested in the TOWN OF CRESTED BUTTE, COLORADO, and is free and clear of all liens, defects, encumbrances, restrictions and reservations of record, except as follows:

1. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

2. All Patent reservations as set forth in United States Patents recorded October 30, 1882 in Book 45 at page 12 and November 18, 1882 in Book 45 at Page 13.

3. Resolution No. 2, Series 2016, Resolutions of the Crested Butte Town Council Adopting the New Town-wide Affordable Housing Guidelines and the Effect of Such Guidelines on the Lands Set Forth in this Plat.

Dated this ___ day of _____, 2016.

John D. Belkin, Colo. Reg. No. 30063

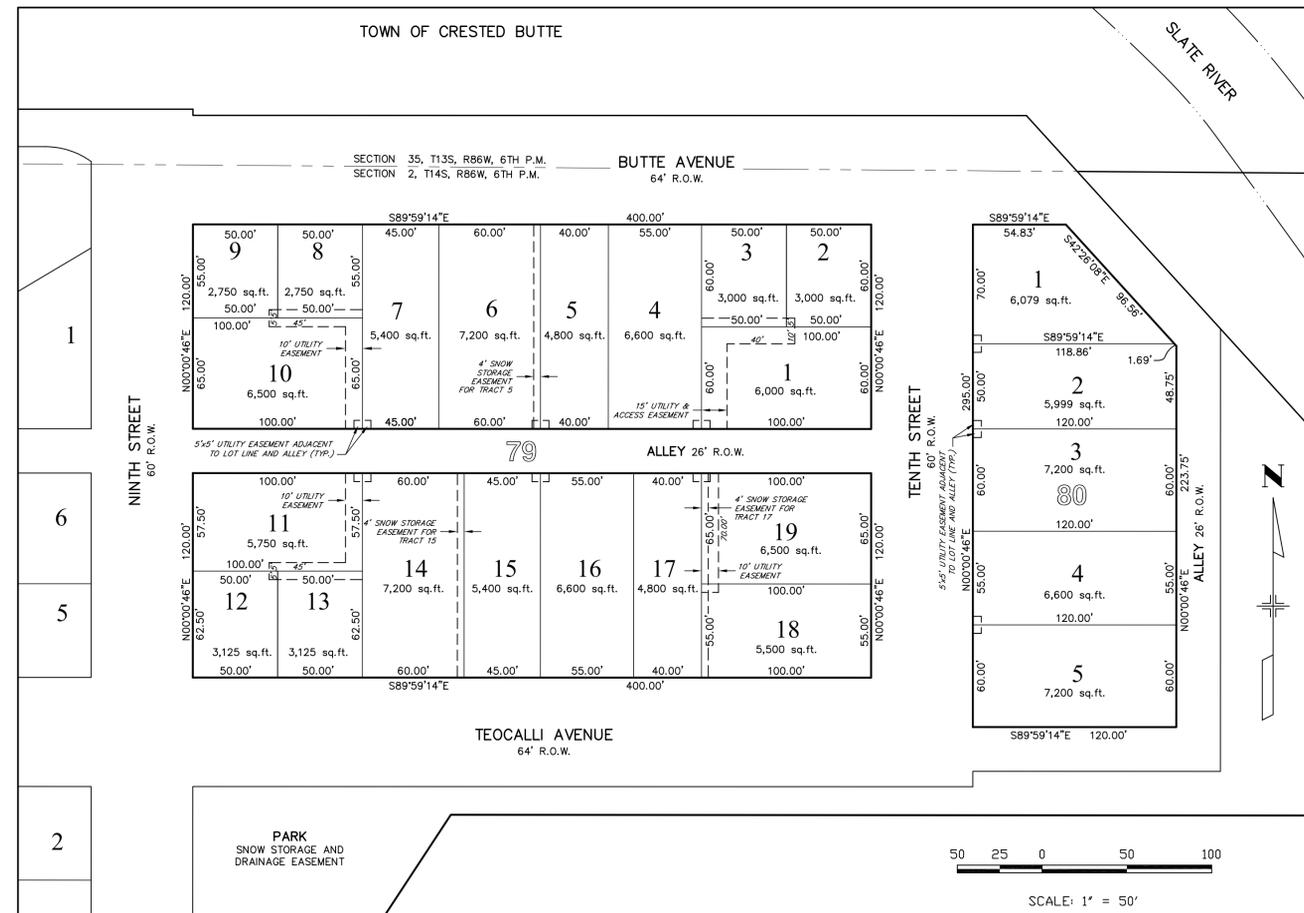
SURVEYOR'S CERTIFICATE:

I, Norman C. Whitehead, a registered land surveyor in the State of Colorado, do hereby certify that this REPLAT OF BLOCKS 79 AND 80, PARADISE PARK SUBDIVISION, ACCORDING TO THE FINAL PLAT OF PARADISE PARK RECORDED AUGUST 28, 2002 AT RECEPTION NO. 523289, TOWN OF CRESTED BUTTE, COUNTY OF GUNNISON, STATE OF COLORADO was made by me or under my direct supervision from an accurate survey of the subject real property, accurately depicts the layout of the real property and that it is true and correct to the best of my knowledge. Monuments have been found as shown hereon.

Dated this ___ day of _____, 2016.

BASIS OF BEARING

A line between monuments found at the center line intersections of Elk Avenue and Third Street (3" aluminum cap, LS No. 9476) and Elk Avenue and Seventh Street (an aluminum cap, LS No. None) having a bearing of South 89° 59' 14" East.



NOTES:

- The minimum number of units to be constructed on each Tract requirement is hereby eliminated.
- The Final Plat of Paradise Park Recorded August 28, 2002 at Reception No. 523289, Town of Crested Butte, County of Gunnison, State of Colorado is no longer applicable to the lands set forth on this plat.
- According to Colorado law you must commence legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any action based on any defect in this survey be commenced more than ten years from the date of the surveyor's certificate shown hereon.

GUNNISON COUNTY CLERK AND RECORDER'S ACCEPTANCE:

This REPLAT OF BLOCKS 79 AND 80, PARADISE PARK SUBDIVISION, ACCORDING TO THE FINAL PLAT OF PARADISE PARK RECORDED AUGUST 28, 2002 AT RECEPTION NO. 523289, TOWN OF CRESTED BUTTE, COUNTY OF GUNNISON, STATE OF COLORADO is accepted for filing in the official real property records of the Office of the Clerk and Recorder for Gunnison County, State of Colorado on this ___ day of _____, 2016 at Reception No. _____.

Time: _____; Date: _____.

DEDICATION:

Blocks 79 and 80:

The undersigned TOWN OF CRESTED BUTTE, COLORADO, a Colorado home rule municipal corporation, being the owner of Blocks 79 and 80, Paradise Park Subdivision, according to the Final Plat of Paradise Park Recorded August 28, 2002 at Reception No. 523289, Town of Crested Butte, County of Gunnison, State of Colorado, does hereby dedicate, consent to and approve this REPLAT OF BLOCKS 79 AND 80, PARADISE PARK SUBDIVISION, ACCORDING TO THE FINAL PLAT OF PARADISE PARK RECORDED AUGUST 28, 2002 AT RECEPTION NO. 523289, TOWN OF CRESTED BUTTE, COUNTY OF GUNNISON, STATE OF COLORADO, along with the perpetual use of the Town of Crested Butte of the streets, avenues, alleys, roads, easements, greenway/snow storage areas, parks, and other portions of such lands labeled as such, as set forth in this plat.

IN WITNESS WHEREOF, the Town of Crested Butte, Colorado has subscribed its name hereto this ___ day of _____, 2016.

TOWN OF CRESTED BUTTE, COLORADO

By: _____
Glenn Michel, Mayor

Attest: _____ (SEAL)
Lynelle Stanford, Town Clerk

STATE OF COLORADO)
COUNTY OF GUNNISON)

The foregoing Dedication for Blocks 79 and 80 was acknowledged before me this ___ day of _____, 2016 by Glenn Michel, Mayor, Town of Crested Butte, Colorado, a Colorado home rule municipal corporation on behalf of said entity.

My commission expires: _____

Witness my hand and official seal:

Notary Public

TOWN COUNCIL APPROVAL:

The REPLAT OF BLOCKS 79 AND 80, PARADISE PARK SUBDIVISION, ACCORDING TO THE FINAL PLAT OF PARADISE PARK RECORDED AUGUST 28, 2002 AT RECEPTION NO. 523289, TOWN OF CRESTED BUTTE, COUNTY OF GUNNISON, STATE OF COLORADO, as set forth in this plat, is hereby approved by the Town Council of the Town of Crested Butte, Colorado, a Colorado home rule municipal corporation.

Dated this ___ day of _____, 2016.

TOWN OF CRESTED BUTTE, COLORADO

By: _____
Glenn Michel, Mayor

Attest: _____ (SEAL)
Lynelle Stanford, Town Clerk

REPLAT OF BLOCKS 79 AND 80 PARADISE PARK SUBDIVISION A PART OF NE 1/4 NW 1/4, SECTION 2, T14S, R86, 6TH P.M. GUNNISON COUNTY, COLORADO	
Prepared By: NCW & Associates, Inc.	
P.O. Box 3688 (970) 349-6384	Crested Butte Colorado 81224
PROJECT: 15181.00	DWG.: PLAT
DATE: 2/23/16	SHEET 1 OF 1



Staff Report

March 1, 2016

To: Mayor and Town Council

Thru: Todd Crossett, Town Manager

From: Lois Rozman, Finance Director

Subject: Ordinance No. 1 – Lease/Purchase of Loader

Summary: Ordinance No. 1, Series 2016 authorizes Town Staff to enter into a lease/purchase arrangement with NBH Bank & Community Banks of Colorado for the purchase of a 2016 John Deere loader.

Previous Council Action: The acquisition of the loader was approved by Council within the 2016 budget.

Background/Discussion: Public Works staff researched various loaders and had on-site demonstrations and test drives. They determined the best piece of equipment for Town's purposes was the 2016 John Deere 644K loader. The loader was ordered in January and anticipate taking delivery of the loader by early March. Per the 2016 budget, the loader is to be acquired through a lease/purchase arrangement, spreading out the capital outlay over 4 years. We received 3 bids for the lease/purchase arrangement and NBH Bank/Community Banks of Colorado came in with the lowest interest rate at 1.97%.

Legal Implications: Town Attorney, John Belkin, has reviewed the ordinance and all lease documents for Town's execution.

Financial Implications: The acquisition of the equipment was approved in the 2016 budget. Interest rates are still very favorable, therefore, spreading the purchase out over 4 years is a good option. The benefit of the lease/purchase arrangement is by spreading the purchase over 4 years it frees up funds for other capital purchases as anticipated in the budget. The disadvantage of the lease/purchase is the interest cost. The total interest cost over the term of the lease is approximately \$6,700.

Recommendation: Staff recommends approving Ordinance No. 1.

Proposed Motion: I move to approve Ordinance No. 1, Series 2016.

**ORDINANCE NO. 1
SERIES 2016**

**AN ORDINANCE OF THE CRESTED BUTTE TOWN
COUNCIL AUTHORIZING THE SHORT TERM
BORROWING OF FUNDS NOT TO EXCEED
\$170,000.00 AND THE EXPENDITURE OF SUCH
FUNDS FOR PURPOSES OF PURCHASING A
CERTAIN 2016 JOHN DEERE LOADER BY WAY OF
A LEASE TO PURCHASE ARRANGEMENT**

WHEREAS, the Town of Crested Butte, Colorado (the “Town”) is a home rule municipality duly and regularly organized and now validly existing as a body corporate and politic under and by virtue of the Constitution and the laws of the State of Colorado;

WHEREAS, Section 4.9 of the Town’s Home Rule Charter states that Town Council actions creating an indebtedness or authorizing the borrowing of money shall be by ordinance;

WHEREAS, the Town is in need of borrowing, on a short-term basis, the principal sum of up to One Hundred Seventy Thousand and No/100 Dollars (\$170,000.00) for the purpose of purchasing, through a lease to purchase arrangement with NBH Bank, Community Banks of Colorado, its successor and assignee, a certain 2016 John Deere loader; and

WHEREAS, the Town anticipates receipt of revenues during fiscal years 2016 through 2020 in order to repay said loan.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF TOWN OF CRESTED BUTTE, COLORADO, THAT:

Section 1. The Town Council hereby authorizes the borrowing of funds not to exceed the principal sum of One Hundred Seventy Thousand and No/100 Dollars (\$170,000.00) at an interest rate not to exceed 2.0% and authorizes the expenditure of said funds in order to purchase, through a lease to purchase arrangement with NBH Bank, Community Banks of Colorado, its successor and assignee, a certain 2016 John Deere Loader.

Section 2. The Town Council hereby authorizes the Town to enter into the lease to purchase arrangement with NBH Bank, Community Banks of Colorado, its successor and assignee in order to secure the loan in connection with the Town’s obligation to repay said borrowed funds.

Section 3. The Town Council hereby finds that the borrowing and expenditure of said funds and the Town entering into the lease to purchase arrangement in order to secure the loan in connection with the Town’s obligation to repay said borrowed funds

are in the best interests of the health, safety and welfare of the residents and visitors of Crested Butte, and in connection therewith, the Town Council hereby authorizes the Town Manager or his designee to execute on behalf of the Town any and all documents necessary for the borrowing, expenditure and repayment of said funds, and the lease arrangement related thereto, including, but not limited to, promissory notes, security instruments, loan agreements, financing statements, lease agreements, closing documents, and any and all other documents necessary to consummate the transactions contemplated as part of said loan.

INTRODUCED, READ, AND SET FOR PUBLIC HEARING THIS 16TH DAY OF FEBRUARY, 2016

ADOPTED BY THE TOWN COUNCIL UPON SECOND READING AND PUBLIC HEARING THIS __ DAY OF _____, 2016

TOWN OF CRESTED BUTTE

By: _____
Glenn Michel, Mayor

ATTEST:

By: _____
Lynelle Stanford, Town Clerk

[SEAL]



Staff Report

February 29, 2016

To: Mayor and Town Council
Thru: Todd Crossett, Town Manager
From: Lois Rozman, Finance Director and Janna Hansen, Parks & Recreation Director
Subject: **Ordinance No. 2, 2016 Budget Amendment**

Summary: Crested Butte voters passed a ½% sales tax increase for the purpose of funding parks, trails and recreation. With the passage of the sales tax increase, the Capital Fund Budget needs to be amended. Additionally, there have been a couple of significant expenses for the General Fund brought forward that were not fully known during the budget work sessions.

Previous Council Action: The current budget was adopted by Council on November 2, 2015. Council discussed the proposed budget amendment at a work session on February 16, 2016 and directed staff to bring forward a budget amendment ordinance incorporating the changes discussed.

Background: The attached General Capital and General Fund budget is the product of the budget work session held on February 16, 2016. Below highlights the changes from the original adopted budget.

Discussion:

2016 General Capital Budget Revenue changes:

- Sales Tax – Parks increased from \$0 to \$394,500.

2016 General Capital Budget Amendment Expense Requests:

- **One additional full-time year-round Park Crew member with a starting salary of \$28,080/year plus benefits**
 - Over the past few years the Parks Department has experienced an increasing work load without a correlating increase in staff. The addition of a full-time year-round Parks staff member will help us better meet current needs and plan for future needs. Our current Parks crew members earn an excessive amount of comp and over time and are unable to take vacation time during the winter and much of the summer. With this accumulation of comp time, vacation time is difficult to use. This position would reduce the amount of comp time earned by current Park Leads and the Parks Supervisor, and would allow for greater flexibility in managing vacation time. Current Parks staff also work evenings, weekends, and holidays which leads to an overworked and stressed staff. The Parks Supervisor spends so much time in the field (especially in the winter) that it is difficult for him to perform

supervisory/administrative duties. This position would help balance the work load and will lead to greater job satisfaction and more even work life balance for the full-time Parks staff.

- **One additional full-time seasonal Park Crew member with an hourly pay rate of \$13/hr. for 24 weeks for a total of \$12,480/year.**
 - The number of summer visitors and Special Events in Town have exponentially increased over the past few years. This increase has a pronounced impact on our parks and park crews. We have traditionally scheduled one staff member on weekends, and just keeping up with trash alone has become difficult for just one person. The addition of a summer seasonal staff member will allow us to schedule two people on the weekends and retain the four seasonal staff that are necessary Monday to Friday to complete the other job duties of field maintenance, playground maintenance, pavilion maintenance, park projects, trash and bathroom cleaning, and other regular duties. In general, the addition of one seasonal staff member will better enable us to keep up with the increased use of our parks and public spaces during heavy summer use.
- **Park Maintenance Supplies increase to \$45,000**
 - The steady increase in use, visitors, and amenities of our parks necessitates a correlating increase in our Park Maintenance Supplies budget. Additional funding for general maintenance supplies, tools, garbage bags, equipment maintenance, etc. is necessary to keep up with these increases.
- **Bike Park Project \$13,500 in cash and \$16,000 in equipment and material**
 - With the infrastructure for affordable housing going into Block 80, the Dirt Jumps were leveled and the material moved to the Gravel Pit. A community-built dirt jump park had been located in Block 80 since 2006 and in February of 2015 Town Council approved the relocation of this popular amenity to the Gravel Pit. Since the demolition of the old dirt jumps Town has seen significant support of a new Bike Park. The Town, in partnership with the Crested Butte Development Team, is currently seeking grant funding in the amount of \$10,000 from People for Bikes and is launching a fundraising campaign accompanied by a public outreach meeting. The total budget for this project is estimated at \$56,000 and the grant requires a cash match from the Town.
- **Tennis Court Sidewalk and Retaining Wall - \$27,000**
 - The original GOCO grant budget for the Tennis Court Project included sidewalks on the South and West sides of the courts but failed to include the North side off of Elk Ave. Due to the slope angle on the West side of the courts a sidewalk on the North side is necessary for ADA accessibility onto the courts. A sidewalk will also create a safety separation between pedestrians accessing the courts and the parking lot, will help keep gravel off the courts, and will be more aesthetically pleasing at this highly visible location at the 4-Way. Town Council also expressed a desire to plant trees between 6th Street and the new parking lot on the West side of the Tennis Courts to make the South East corner of the 4-Way more aesthetically pleasing. The creation of a retaining wall between the sidewalk and the parking lot will allow for the planting of trees, shrubs and flowers while creating a barrier between the parking lot and tree roots that would eventually push into the asphalt and create root

mounds. This budget item includes the sidewalk, curb and gutter, retaining wall materials, engineering for the retaining wall, trees, and irrigation. The asphalt and striping of the lot is in the current budget as a 2016 paving project.

- **Benches, Bike Racks, Picnic Tables, Bleachers - \$5,000**
 - With the increase in summer visitors and Special Events there is a correlating need for additional bike racks, picnic tables and benches. The growth in our recreational programming necessitates a need for additional bleachers. Currently we do a lot of moving of bleachers and picnic tables to accommodate Special Events, facility rentals and recreational programming. Many of our existing picnic tables and bike racks are at the end of their usable life. The addition of this budget item will provide a steady fund for replacing and adding to these valuable Town amenities.

2016 General Fund Budget Revenue changes:

- Contribution from Reserve increase from \$0 to \$75,000

2016 General Fund budget amendment requests:

- **Legal department budget changed from \$167,100 to \$242,100**
 - Line item changes:
 - Mt. Emmons Special Project increase from \$25,000 to \$75,000
 - Cypress Foothills increase from \$0 to \$25,000

These 2 projects were starting to surface last fall, however, because the budget had to be adopted early (prior to election), the full ramifications of each were not determined prior to the budget adoption. Council has been apprised by Town Attorney of both projects during executive sessions. Historically, the mine issue legal fees line item has come and gone in the budget. It is prudent to have a line item dedicated to this issue.

Recommendation: Staff recommends setting Ordinance No. 2, Series 2016 for public hearing at the March 21st Council meeting.

Proposed Motion: I move to set Ordinance No. 2, Series 2016 for public hearing at the March 21st, 2016 Council meeting.

**ORDINANCE NO. 2
SERIES 2016**

AN ORDINANCE OF THE CRESTED BUTTE TOWN COUNCIL ADOPTING CHANGES AND ADDITIONS TO THE 2016 BUDGET AND APPROPRIATIONS RELATIVE TO THE GENERAL FUND, AND GENERAL CAPITAL FUND

WHEREAS, the Town Council, pursuant to Resolution No. 36, Series 2015, adopted the budget and projected expenditures for the Town for 2016, and

WHEREAS, the income and expenditures for the General Fund and General Capital Fund for the fiscal year 2016, January 1 through December 31, are more than budgeted and appropriated, and

WHEREAS, the increases and contingencies could not have been reasonably foreseen at the time of adoption of Resolution No. 36, Series 2015, and

WHEREAS, the revenues to pay the increased expenditures are available in the same funds from unappropriated funds and surpluses,

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CRESTED BUTTE, COLORADO:

That the appropriation for expenditures from the following funds are increased as set forth below:

1. General Fund from \$3,617,561 to \$3,692,561
2. General Capital Fund from \$2,730,384 to \$2,906,190

INTRODUCED AND FIRST READ BEFORE THE TOWN COUNCIL THIS SEVENTH DAY OF MARCH, 2016

ADOPTED BY THE TOWN COUNCIL UPON SECOND READING AND PUBLIC HEARING THIS _____ DAY OF _____, 2016.

TOWN OF CRESTED BUTTE

(SEAL)

By _____
Glenn Michel, Mayor

ATTEST:

Lynelle Stanford, Town Clerk

TOWN OF CRESTED BUTTE					
2016 BUDGET		2016			
GENERAL CAPITAL		2015	ADOPTED	2016	
		ACTUAL	BUDGET	BUDGET	
OPEN SPACE:					
Revenue:					
TRANSFER TAX-OPEN SPACE	692,514	500,000	500,000		
GRANT REVENUE/OTHER	1,200	1,200	1,200		
CONTRIBUTION FROM RESERVE-OPEN SPACE		521,800	521,800		
Total Open Space Revenue	693,714	1,023,000	1,023,000		
Expenses:					
OPEN SPACE TRUST	725,030	1,000,000	1,000,000		
OPEN SPACE MAINT/ADMIN	1,311	20,000	20,000		
OPEN SPACE - BAXTER GULCH EASEMENT	1,419	3,000	3,000		
Total Open Space Expenses	727,760	1,023,000	1,023,000		
CAPITAL:					
Revenue					
SALES TAX-CAPITAL	94,248	94,680	94,680		
USE TAX-AUTOMOBILE	58,168	40,000	40,000		
USE TAX-BLDG MATERIAL	209,247	90,000	90,000		
TRANSFER TAX-GEN CAP	692,519	500,000	500,000		
INTEREST INCOME	1,646	2,000	2,000		
DEBT/LEASE PROCEEDS		265,000	265,000		
CONTRIBUTION RESERVE-DEPOT	0	113,997	113,997	**	
SALE OF EQUIPMENT	11,975	2,000	2,000		
CEMETERY FEES	7,830	4,000	4,000		
GRANTS-DEPOT	66,242	207,292	207,292		
OTHER REVENUE	36,449	16,000	16,000		
Total Capital Revenue	1,178,324	1,334,969	1,334,969		

TOWN OF CRESTED BUTTE						
2016 BUDGET						
		2015	2016	2016		
GENERAL CAPITAL		2015	ADOPTED	AMENDED		
		ACTUAL	BUDGET	BUDGET		
Expenses						
AUDITING		4,650	5,500	5,500		
USE TAX RETURN		242	25,000	25,000		
DEBT SERVICE PRINCIPAL		42,124	79,972	79,972		
DEBT SERVICE INTEREST		4,362	17,358	17,358		
INSURANCE		23,019	26,620	26,620		
DAMAGE LIABLITY		785	2,000	2,000		
MARSHAL CAPITAL EQUIP		40,448	44,000	47,000		
CAPITAL EQUIPMENT		204,897	362,500	362,500		
CEMETERY		8,484	15,000	15,000		
STEPPING STONE-MAINT		1,500	1,500	1,500		
BUILDING/PROPERTY MAINT		75,572	146,000	146,000		
308 3RD STREET HEAT SYSTEM		16,778				
308 3RD STREET PUBLIC RESTROOMS		29,198				
MARSHALS BUILDING HEAT SYSTEM				35,000		
TOWN HALL LOWER LEVEL REST ROOM			40,000	50,000		
VERZUH REC PATH EXTENSION		65,974				
DEPOT RENOVATION		162,969	211,000	211,000		
DELI TRAIL CONSTRUCTION		251				
TONY'S SHED STORAGE BUILDING						
TRAIL KIOSKS		3,977	10,000	10,000		
OTHER EXPENSES			3,000	3,000		
Total Capital Expenditures		685,230	989,450	1,037,450		
PARKS						
Revenue						
SALES TAX - PARKS				394,500		
CONTRIBUTION RESERVE "WHATEVER USA"			206,000	206,000	***	
CONTRIBUTION-TRANSPORTATION FUND		5,000	5,000	5,000	*	
GRANTS/FUNDRAISING-TENNIS COURTS		678	0	0		
Total Parks Revenue		5,678	211,000	605,500		
Expenses						
WAGES - FULL TIME		169,161	182,770	194,713		
WAGES - SEASONAL		73,421	90,000	102,163		
OVERTIME		10,515	5,000	5,000		
FICA		19,161	21,249	23,094		
HEALTH INSURANCE		40,954	47,598	56,416		
RETIREMENT		11,548	13,638	13,638		
UNEMPLOYMENT INSURANCE		748	833	871		
WORKERS COMPENSATION INSURANCE		10,016	12,119	13,119		
PARK MAINT SUPPLIES		41,432	40,000	45,000		
PORTABLE TOILETS		6,245	6,000	6,000		
TREE PROJECT			2,500	2,500		
FLOWERS & SHRUBS		7,275	8,000	8,000		
DOGGIE DOO PROJECT		2,472	2,500	2,500		
WEED MANAGEMENT			3,000	3,000		
PARK CAPITAL EQUIPMENT		135,197	58,226	58,226		
PARK PROJECTS		76,498	15,000	15,000		
ELK AVE HOLIDAY LIGHTS		3,365	3,500	3,500		

TOWN OF CRESTED BUTTE					
2016 BUDGET					
		2016		2016	
GENERAL CAPITAL		2015	ADOPTED	AMENDED	
		ACTUAL	BUDGET	BUDGET	
TENNIS COURTS RENOVATION		80,852			
BIG MINE PARK UTILITIES			206,000	206,000	
BIKE RACKS/BENCHES/BLEACHERS				5,000	
TENNIS COURTS SIDEWALK				27,000	
DIRT JUMP/BIKE PARK				40,000	
AVALANCHE PARK - PLANNING				15,000	
Total Park Capital Expenses		688,860	717,934	845,740	
REVENUE OVER(UNDER) EXPENSES		-190,088	-161,415	57,279	
FUND BALANCES:					
GENERAL CAPITAL		2,715,649	2,589,234	2,807,928	
DEPOT RENOVATION		113,997	0	0	
BUILDING MAINTENANCE FUND		141,799	141,799	141,799	
HEATING SYSTEM REPAIR FUND		251,211	216,211	216,211	
WHATEVER USA (BIG MINE)		300,000	94,000	94,000	
OPEN SPACE FUND:					
OPEN SPACE TRUST		752,328	210,528	210,528	
CONSERVATION EASEMENT ENDOWMENT		160,000	180,000	180,000	
*Contribution from Transportation Fund is for snow removal at the bus stops					
**Contribution Reserve - Depot is the remainder of the \$200,000 pledged for the project					
***Contribution Reserve "Whatever USA" is using part of the \$300,000 given in 2014 for Big Mine Projects					

Equipment/Projects 2016					
Marshals Capital Equipment:					
Patrol Car	47,000	(Replace 2005 Tahoe)			
Capital Equipment:					
Public Works Director Vehicle	33,000	(Truck now used for Bldg Maintenance crew)			
Town Manager Vehicle	33,000	(Replace 2002 Tahoe)			
Vehicle Diagnostic scanner	6,500	(Replace 14 year old scanner)			
Loader	265,000	(Replace 2000 950G Loader)			
Equipment trailer (12 ton)	25,000	(Haul heavy equipment)			
Subtotal	<u>362,500</u>				
Park Capital Equipment:					
Van (Flower vehicle)	25,000	(Replace 1982 Dodge Ram)			
Electric Truck	20,000	(Replace 1983 Ford F150)			
Zturn Mower	13,226	(Replace current mower)			
Subtotal	<u>58,226</u>				
Park Projects:					
Gothic Field Renovations	15,000	(yr 3 of 3 yr process)			
Subtotal	<u>15,000</u>				
Capital Projects:					
<u>Carry Over Projects:</u>					
Depot Renovation	211,000				
Town Hall Bathrooms-lower level	50,000				
Marshals Bldg Heat system	35,000				
<u>New Projects:</u>					
Big Mine Park Utilities ("Whatever USA" funds)	206,000				
Trail Kiosks	10,000				
Bike Park Project	40,000				
Tennis Court sidewalk/retaining wall	27,000				
Total Capital Requests:	1,061,726				

GENERAL FUND SUMMARY		2016	2016
	2015	ADOPTED	AMENDED
	ACTUAL	BUDGET	BUDGET
REVENUES	3,611,077	3,628,449	3,628,449
CONTRIBUTION FROM RESERVE		0	75,000
TOTAL REVENUES	3,611,077	3,628,449	3,703,449
DEPARTMENT EXPENSES:			
GENERAL GOVERNMENT	735,368	358,960	358,960
COURT	6,434	7,717	7,717
COUNCIL	56,708	59,828	59,828
ELECTIONS	10,363	3,450	3,450
LEGAL	210,740	167,100	242,100
CLERK	143,211	164,272	164,272
MANAGER	164,931	175,531	175,531
FINANCE	306,259	379,136	379,136
MARSHALS	734,463	834,077	834,077
PLANNING/GIS	149,888	156,875	156,875
FACILITIES MAINTENANCE		132,498	132,498
TOWN SHOP	158,953	211,160	211,160
PUBLIC WORKS	173,802	255,055	255,055
BUILDING	361,647	394,714	394,714
RECREATION	368,734	317,188	317,188
TOTAL EXPENSES	3,581,501	3,617,561	3,692,561
REVENUE OVER(UNDER) EXPENSES	29,576	10,888	10,888
FUND BALANCE	3,934,261	3,945,149	3,870,149

TOWN OF CRESTED BUTTE			
2016 BUDGET			
GENERAL FUND-LEGAL		2016	2016
	2015	ORIGINAL	AMENDED
	ACTUAL	BUDGET	BUDGET
OFFICE SUPPLIES	1,954	2,000	2,000
LEGAL RETAINER	131,099	130,000	130,000
LEGAL FILING FEES	0	100	100
MT. EMMONS-SPECIAL PROJECT	40,078	25,000	75,000
CYPRESS FOOTHILLS PROJECT			25,000
LEGAL FEES-THIRD PARTY	(9,332)		
LITIGATION/CONSULTING	46,942	10,000	10,000
TOTAL EXPENSES	210,741	167,100	242,100



To: Mayor Michel and Town Council
From: Michael Yerman, Town Planner
Thru: Todd Crossett, Town Manager
Subject: **Community School Affordable Housing Design/Build Project**
Date: March 7, 2016

Summary:

The Crested Butte Community School has approached the Town with a creative idea to collaborate on a unique course offering through the Engineering and Architecture Program at the High School that would result in both an educational experience and an affordable housing asset for the community. The end goal of the project would be a finished affordable housing unit designed and built by students at the community school with assistance from the Town and other professionals in the community.

The Community School would offer course work in designing a house over the fall and spring semesters in 2016-2017. As part of the curriculum, students would be responsible for presenting and gaining approval from BOZAR for the single-family house. The Town would designate a lot in Block 79 for the students to design the home on. The Community School has engaged a local architect to assist with preparing construction drawings.

Construction would be slated to begin in the spring of 2017 under the supervision of teachers from the community school and a local contractor. The Town would oversee the construction of the unit throughout the entire project and would be responsible for managing the work of sub-contractors such as electricians and plumbers. The Town would also be responsible for paying for construction materials and water and sewer tap fees.

At this time, the Town affordable housing budget is very limited in its ability to absorb this project. If all goes well with the lot sales, there is potential for the Town to use Resident Occupied Affordable Housing fees to help pay for the unit. Ideally this unit would become a Town employee rental because it would be built at a reduced cost. However, dependent on fund balance, the unit could also be offered for sale to a Town Employee or another essential service worker for home ownership to recoup costs within the affordable housing budget.

If the Council is inclined to direct Staff to pursue this project, the next step would be for Staff to work with legal and the Community School to prepare a Memorandum of Understanding (MOU) along

with a corresponding budget request for 2017 budget discussions. Drafting the MOU would include working out a number of details, including provision of appropriate insurance and liability measures.

Pros:

- Provides a valuable, unique, and potentially replicable, educational experience for community students
- Leverages an opportunity to collaborate with the School for larger community benefit
- The project is phase-able
- Addition of an affordable housing unit

Cons:

- Financial commitment from the Town – undefined at this point
- Commitment of staff resources
- Expense of BOZAR review in first phase

Staff Recommendation:

Although a number of unknowns exist at this point, Staff recommends that Council direct staff to pursue the project through its first phase. This would include: allowing the Community School to allow student designs to be submitted to BOZAR for review and comment and further discussion with the Community School on drafting an MOU and estimating costs and financial strategy for a potential budget discussion.

TO: Mayor Glenn Michel and The Crested Butte Town Council

FROM: Todd Wasinger, Design Teacher, Crested Butte Community School

RE: Town of Crested Butte/Crested Butte Community School Affordable Housing Design Project

The Crested Butte Community School currently offers a civil engineering and architecture class to upper level high school students. In this class, students learn the design process as it relates to residential and commercial building. Coursework addresses structural and aesthetic aspects of building design and includes a detailed incorporation of local building codes. Students learn computer aided design (CAD) and use this format for developing conceptual design ideas. Students are learning and applying processes and tools used by professional architects (albeit at an introductory level). This class format is ideal for establishing collaborative relationships with local architects, builders and planners.

I am currently exploring ways to get students involved in actual building projects so that learning can be extended beyond mere theoretical applications. I am proposing that the Town of Crested Butte and the Crested Butte Community School collaborate in a building project in which students design and participate in the building of an "affordable" home on a Town-owned lot. The actual format and timeline for such a project is still very much in development and would require a certain amount of flexibility on the part of the Town. Finding out if the Town is willing to explore this model educational opportunity is the first step in moving forward.

The push in 21st Century, pre-college education is to engage students in authentic, hands-on, "real-world" problems. The affordable home project that I am envisioning would facilitate the development of professional skills and thinking processes that will prepare students for college and entering the modern workforce.

CB Town Council Proposal Document

The Big Idea

The Town of Crested Butte and the Crested Butte Community School collaborate in a building project in which students design, and participate in the building of, an affordable home on a Town-owned lot.

Site: Block 79, lot 7a (micro-lot designated for Town Employee Housing)

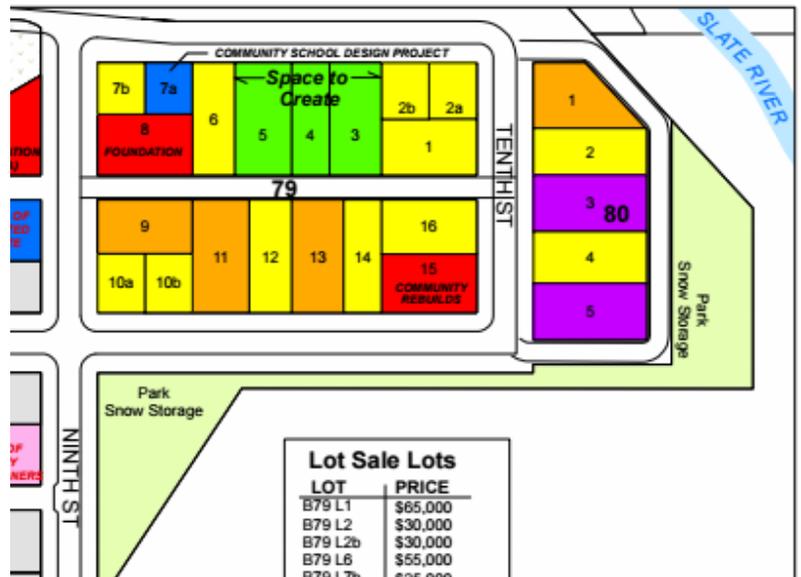
Building:

- Town Employee Rental/ Home Ownership
- 800 - 1000 square feet

Proposed Town Commitment

- Lot
- Purchase of all materials
- Employing subcontractors (foundation, subfloor*, insulation*, plumbing, electrical, roof installation*, sustainability systems*)
- Town designated as General Contractor
- Flexibility in timeline for completion

* Students may participate in these aspects of the build when it is possible.



Proposed CBCS Commitment

- House design (with support from industry professionals -- see below)
- All DRC and BOZAR compliance work -- and approval
- House construction (with support from industry professionals -- see below)

Estimated Cost Range

800 square foot house	\$104,000 - \$170,000
1000 square foot house	\$130,000 - \$210,000

Timeline

1. *During school year 2016-2017 the house is **designed***
 - a. This will be done by students in a class designated for this project that will meet 5x/week for both the Fall and Spring Semesters.
 - b. all DRC/BOZAR/Building Code compliance will be met during this time; work done by students.
 - c. Students will collaborate with Town officials, local architects, builders and engineers to achieve a high quality, effective design.
 - d. Design goals will include sustainability and aesthetics (as budget allows).
2. *House **construction** begins in the Spring of 2017*
 - a. Upon approval of building design, Town hires subcontractor to excavate and install foundation system.
 - b. The Gunnison Watershed School District will offer a summer course in construction that will be taught by Adam Ofstedahl and Todd Wasinger with intensive support from local builders (Crockett Farnell and/or John Stock).
 - c. Students enrolled in this course will spend 30hr/week building the proposed house with the intent of having it dried-in by late summer. This includes the installation of floors, framing of all walls, a completed roof, all exterior doors and windows installed and siding completed.
3. *House **completion***
 - a. In the Fall of 2017, CBCS will offer a class through the Industrial Arts department that will be devoted to finishing the interior of the house. This will include finish trim work, painting, plumbing fixture installation and flooring installation as needed.
 - b. Ideally the house is ready for the C.O. inspection by the Spring of 2018, making this a one-year build.

Professional Team

The following people have expressed a keen interest in being involved in this project. I expect that we can recruit more professionals as needed as the project unfolds.

Crockett Farnell (GC)

John Stock (GC)

Gary Hartman (Licensed architect)

August Hasz (President and Principal Engineer, REG)

Dodson Harper (Principal Engineer, REG)

Dan Olis (Principal Engineer, National Renewable Energy Lab)

Otto VanGeet (Principal Engineer, National Renewable Energy Lab)

James Salasovich (Principal Engineer, National Renewable Energy Lab)



Staff Report

To: Mayor and Town Council
Thru: Todd Crossett, Town Manager
From: Rodney E Due, Director of Public Works
Subject: Alley Snow Removal
Date: March 7, 2016

Summary: The Town plows all streets and parking lots in Town but does not plow residential alleys. Individual property owners are responsible for snow removal to access the back of their properties.

In recent years, the proliferation of accessory dwellings and garages has driven a significant increase in the need and desire for residents to access properties from the alleyways. In turn, this has resulted in increasing conflicts among neighbors over certain areas where residents or private snow removal companies have piled snow in alleys, just beyond desired access points. This has impacts (such as blocked access and snow piled over fences) on other residents adjacent to the alley, and they have been vocal regarding this practice.

Background: In 1960 the Colorado State Health Department mandated replacing untreated water systems and private wells with new treatment and distribution systems. In Crested Butte, new pipes were placed in alleys, rather than streets, with the idea that snow would not be removed from the alleys and that the cover would prevent the lines from freezing. Beginning in the 90's accessory dwellings and garages started popping up in Town requiring alley access. The Town did not plow snow in the alleys, so it was left up to the home owner to make arrangements to have the alley access plowed. Home owners would work collaboratively with their neighbors to split cost, and work out where the snow would be stored in the alley. This process has worked reasonably well until recent years. As the number of accessory dwellings and garages have increased, so has the amount of disputes concerning alley plowing, and snow storage in the alleys.

There is nothing in the Town Code that addresses private plowing or storage of snow in Town alleys. However, this can no longer be ignored as more and more accessory dwellings and garages are being built that require alley access.

Discussion: Staff recommends the following measures be added to the Town Code by ordinance to Town Code:

- While the Town does not remove snow from alleys, the Town may, at its election, undertake to maintain any alley in the interest of Public benefit or safety.
- Contractors shall obtain a permit from the Town on an annual basis prior to plowing Town alleys.
- Snow plowed or shoveled or piled onto public right of ways shall be hauled out of alleys within 72 hours of a snow event.
- Snow plowed in Town alleys shall not be placed on private property without written consent from the owner.

Financial Implications: None to the Town.

Pros: Should reduce the offending practices that now occur and make alleys more accessible in the winter

Cons: Higher cost to those wishing to maintain alley access.

Recommendation: Staff recommends adding a sub section to Section 11-1-60. Snow Management of the Town Code to address the private party plowing of Town Alleys.

Proposed Motion: I move to direct the Town Attorney and Town Staff to draft an ordinance for Town Council consideration incorporating the staff's recommendations and legal review of such for the Council's consideration.



Staff Report

To: Mayor and Town Council

From: Todd Crossett, Town Manager

Subject: Discussion and Possible Direction of the Town Manager to Issue a Comment on Behalf of the Town Relevant to a U.S. Forest Service Proposal to Close Dispersed Camping in the Gothic Corridor From May 1 – August 31.

Date: March 7, 2016

SUMMARY: The Grand mesa, Uncompahgre and Gunnison National Forests (GMUG) is proposing to close the Gothic Corridor, north of Crested Butte, to dispersed camping from May 1st to August 31st. This would disallow camping outside of developed campgrounds. See attached map. It would also restrict motor vehicles from traveling off designated routes. It would continue to allow for camping in the Gothic Campground.

BACKGROUND: During summer season 2015, the proliferation of dispersed camping, by both visitors and those lacking housing, reached a critical level of impact in the river valleys feeding the Upper Gunnison Valley. Particular concern was expressed by the Rocky Mountain Biological Laboratory located in the Gothic Valley as dispersed camping and associated off-road vehicle travel was threatening scientific research sites.

This became key topic of conversation of a multiple stakeholder group convened by Gunnison County in late summer 2015, which included the USFS. The concept was largely supported by the group, and the proposal was initiated by the USFS. The proposal is designed to protect both natural resources and scientific sites.

The USFS is soliciting comment until March 18, 2016 on the proposal.

PROS:

- Protection of natural resources and scientific sites in the Gothic Corridor

CONS:

- Likelihood that the closure will result in spillover into the Washington Gulch and Slate River Valleys

COUNCIL DECISION: The Council may opt to submit a comment either for or against the closure or to remain silent. If the Council is in support or against, Staff suggests the Council move to direct the Town Manager to submit comment to that effect on the Town's behalf.

Gothic Corridor Dispersed Camping Closure Oder #NP-1236

Commenting on This Project

The Grand Mesa, Uncompahgre and Gunnison National Forests (GMUG) is proposing to close the Gothic Corridor, north of Crested Butte, CO, to dispersed camping from May 1st to August 31st. Dispersed camping refers to camping outside of developed campgrounds in the area displayed on the attached map. Additionally, this proposal will restrict motor vehicles from traveling off designated routes. Designated routes in the Gothic Corridor includes FS roads: 317, 317.3A, 317.3B, 317.3C, 317.3E, 317.3G, 317.4C, 569, and 956.

Camping will be allowed in the Gothic Campground.

This closure is being proposed to protect natural resources and scientific investigations in the Gothic Corridor. If the proposal is enacted, signs will inform forest visitors of the new restrictions.

The Forest Service is in the process of analyzing this proposal and welcomes your comments on potential issues or concerns with the closure. The comment period provides those interested in or affected by this proposal an opportunity to make their concerns known as we complete the analysis and issue a decision.

Your comments are requested by 3/11/2016.

Documents

Document	Size
Gothic Corridor Proposal Map	4319640

Option to Submit Comment Electronically

The form below can be used to submit your comments to the responsible project official.

National Forests have the option to post comments for public viewing on this web site via a public reading room. Active reading rooms allow the public to read or download your letter, including your contact information. If this project has an active reading room, a link labeled "Public Comment Reading Room" will appear on the main project page. The agency may withhold letters containing proprietary information, sensitive cultural or habitat locations, profanity, etc. All letters, including those not posted, will be considered and included as part of the project record.

First Name	<input type="text"/>	Last Name	<input type="text"/>
<input type="checkbox"/> I officially represent an organization			
Address 1	<input type="text"/>	Address 2	<input type="text"/>
City	<input type="text"/>	State	<input type="text"/>
Province/Region	<input type="text"/>	ZIP/Postal Code	<input type="text"/>
Country	<input type="text" value="United States"/>	Email	<input type="text"/>
Phone Number	<input type="text"/>	How would you like to be contacted about this or similar projects in the future?	<input type="text" value="Contact me via e-mail"/>
Letter Text	<div style="border: 1px solid black; height: 150px; width: 100%;"></div>		

Attachments

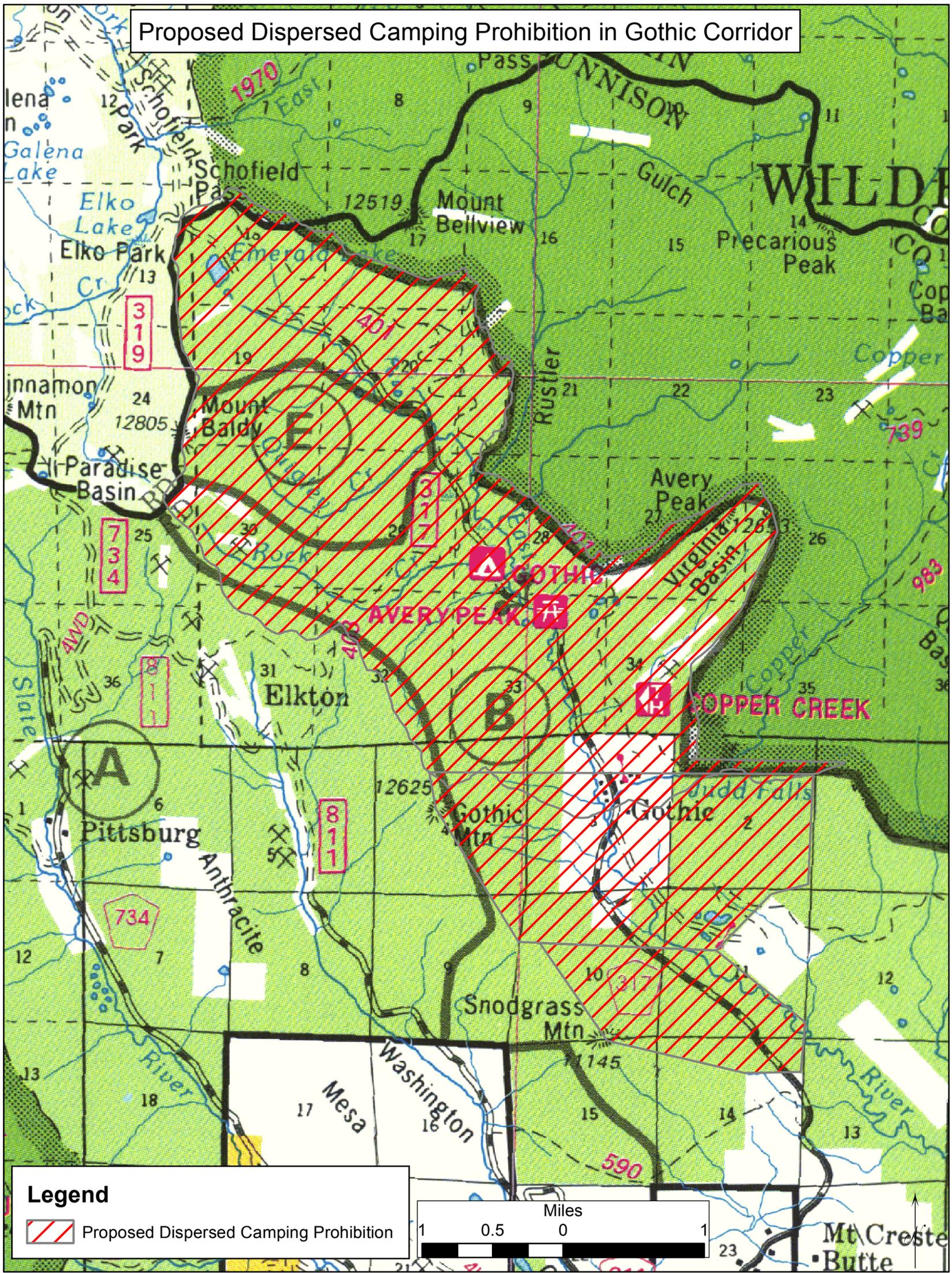
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I'm not a robot
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[Privacy](#) - [Terms](#)

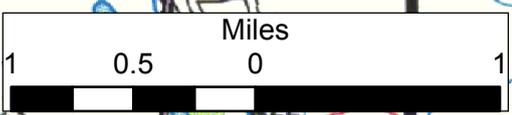
Submit

Proposed Dispersed Camping Prohibition in Gothic Corridor



Legend

 Proposed Dispersed Camping Prohibition



From: [John Bruno](#)
To: [Lynelle Stanford](#)
Subject: The Slate River Drainage
Date: Tuesday, March 01, 2016 5:21:13 PM

Ms Stanford, could you please pass this letter on to Glenn Michel and the council for me. Thanks in advance.

Dear Glenn, I am the president of the Alpine Meadows HOA out Slate River Road. Though we are serviced by the Mt Crested Butte Police Dept what has happened out our road (county Road 734) during the summer is, in large measure, due to the burgeoning success of our town. The fourth goal that you addressed at the retreat relates to back country management. That is where my neighborhood comes in. With the elimination of dispersed camping in the Gothic corridor the wild overflow that we experienced last summer is only going to grow. The traffic to and from legal and illegal campsites grows in number and in speed. The overflow well beyond the limits of Oh Be Joyful campground ends up on private land, forest service land and has overwhelmed both the Forest Service and the Mt Crested Butte Police Dept so that mob rule has prevailed. A campfire started fire would be catastrophic for those of us that are downwind. I don't pretend to have a solution but I would urge you and the council to work with the FS and the MCB police to help come up with a little problem solving. Out here we don't get to vote but we sure get to pay taxes. We watched helplessly last summer when things got out of hand. I've already been in touch with the police and am writing the FS now in hopes that you will consider the Slate River corridor as we steel ourselves for another big summer.

Sent from my iPad



101 N. 8th St.
Gunnison, CO 81230

970-641-5513

February 4, 2016

Town of CB
PO Box 39
Crested Butte CO 81224

Dear Town of CB,

On behalf of the staff and board of directors and our Junior Partners and their Mentors, we would like to thank you for your generous contribution.

The mission of GV Mentors is to promote the healthy growth of young people through its one-to-one mentorship program and enrichment opportunities. Our purpose is to build assets in vulnerable youth referred to us by matching them with a caring mentor who provides guidance, encouragement and support in helping them grow into self-sufficient, contributing members of society. 70% of the youth we served in 2015 are being raised in families living below the poverty level. As a prevention-oriented youth development strategy, our mentors work to reduce or delay the onset of alcohol, tobacco and other drug use, reduce youth crime, and improve school success. Your donation directly supports mentoring services to youth who are referred and are between the ages of 6 and 17, helping them grow into positive, contributing adults.

This is your Donor Acknowledgement Form for your tax records.

Should you have questions about our mentoring program or the services we provide, please do not hesitate to call the GV Mentors office at 970-641-5513.

With Sincerest Thanks,

Tina McGuinness
Executive Director

A handwritten signature in blue ink, appearing to read "Tina", is placed to the right of the typed name and title.

Donation Amount \$ 2000.00
Date of Donation 1.14.2016

Partners-GV Mentors is a 501(c)3 nonprofit organization, Federal Tax ID# 84-1157649 No goods or services were received in consideration of this gift.

DAVID LEINSDORF
ATTORNEY AT LAW

P.O. BOX 187, 215 ELK AVENUE
CRESTED BUTTE, CO 81224-0187
EMAIL: david81224@gmail.com

TELEPHONE: (970) 349-6111
FACSIMILE: (970) 349-6243

February 17, 2016

Lynelle Stanford, Town Clerk
507 Maroon Avenue
P.O. Box 39
Crested Butte, CO 81224

Hand Delivered

Re: Sixth Street Station

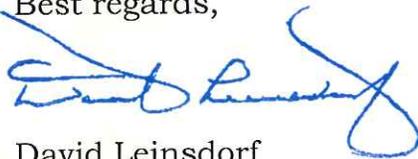
Dear Lynelle,

Please forward the enclosed letter to the Mayor and all members of the Town Council at your earliest convenience.

If you have any questions about or want to discuss this matter, let me know.

Many thanks.

Best regards,



David Leinsdorf

DL/lms

Enclosure: BOZAR Letter

cc: John Featherman
Laci Wright

DAVID LEINSDORF
ATTORNEY AT LAW

P.O. BOX 187, 215 ELK AVENUE
CRESTED BUTTE, CO 81224-0187
EMAIL: david81224@gmail.com

TELEPHONE: (970) 349-6111
FACSIMILE: (970) 349-6243

February 17, 2016

Board of Zoning and Architectural Review
507 Maroon Avenue
P.O. Box 39
Crested Butte, CO 81224

Re: Sixth Street Station

Dear Members of BOZAR,

On behalf of Teocalli Lodge LLC, formerly known as Teocalli Tavern LLC, owner of the Crested Butte Hostel located at 615 Teocalli Avenue, I urge you to recommend denial of the request of Sixth Street Station LLC to rezone twenty lots on the Ski Area Road from B2 Business to T Tourist. The request falls far short of satisfying the standards for rezoning enumerated in Section 16-23-90 of the Crested Butte Town Code (enclosed).

Sub-section 16-23-90(a)(2) provides that no application for rezoning shall be approved unless the applicant demonstrates (a) consistency with the goals and policies of the Town's Land Use Plan, (b) a substantial and material change in the character of the neighborhood or (c) zoning error.

(a) Land Use Plan. The application is inconsistent with the goals and policies of the Town's Land Use Plan, as implemented by zoning, because it seeks to have the T Tourist zone displace the B2 zone, which is specifically designed to regulate development along the Ski Area Road.

The purpose for which this [B2] District is created is to provide for orderly business development along Highway 135 and the Ski Area Road, and to do so in a way compatible with safe traffic flow and the aesthetics of the Town. [Section 16-5-210].

- Replacing mixed business/tourist uses on the Ski Area Road with a condominium hotel undermines the diversity the B2 highway-specific zoning is designed to foster.
- Replacing four large mixed business/tourist use buildings with two monster condominium buildings is not compatible with the aesthetics of the Town. It is not even compatible with the intent of the T Tourist

District which provides that “[c]areful attention shall be accorded the scale at which such facilities [tourist-oriented lodging accommodations] . . . are built.” [Section 16-5-10].

- Replacing underground parking with two large outside parking lots is not compatible with the aesthetics of Town.

(b) Neighborhood Change. Sixth Street Station LLC cannot demonstrate “a substantial and material change in the character of the neighborhood or in the Town generally”. Neither the Ski Area Road, with its mixed business and tourist uses, nor the Town generally, have changed substantially and materially in decades.

(c) Zoning Error. And far from having been zoned in error, the highway-specific B2 designation is the only appropriate zoning classification for development along the Ski Area Road. The error would be to spot zone Sixth Street Station LLC’s property into a zoning classification that is different from other land in the area.

Neighborhood Impact. To obtain rezoning the applicant must also show compatibility with the surrounding uses or an improvement to the neighborhood and to the Town. [Sub-section 16-23-90(a)(3)]. Replacing four large buildings with two monster condominium buildings that would dwarf adjacent homes is not compatible with the R1 residential neighborhood to the west. Similarly, neither the neighborhood nor the Town are improved by replacing underground parking with outside parking and replacing four large buildings with two monster condominium buildings.

An overriding goal of the Crested Butte Land Use Plan, in all zoning districts, is to maintain the scale and ambiance of our historic town. That goal informs virtually every decision that BOZAR is called upon to render.

Sixth Street Station LLC has already received zoning changes to facilitate the four mixed use building plans approved four years ago. If it wants to abandon that plan, it is entitled to do so. However, no property owner is entitled to a rezoning. Development along the Ski Area Road should be in accordance with the B2 zoning that is specifically designed for orderly mixed use development along that arterial thoroughfare. The plan approved four years ago will do just that. Sixth Street Station LLC’s new plan will not.

This rezoning application is not about saving the downtown business district, as Sixth Street Station LLC claims. This application is about selling condominium units to salvage an investment in land (\$2 million), real property taxes (\$80,000/year), interest, planning and legal fees that probably approaches, or exceeds, \$3 million. Many investors and local residents who

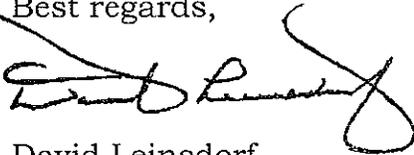
paid inflated prices for real estate in the years before the recent recession, as Sixth Street Station LLC did, were damaged when the real estate bubble burst. Many lost their homes and had to uproot their families and relocate.

BOZAR's mission is not to help investors bail out improvident investments. Its overriding mission is to preserve the scale and historic ambiance of the Town of Crested Butte. Approving Sixth Street Station LLC's rezoning request would be incompatible with that mission.

Please recommend denial of the latest Sixth Street Station LLC rezoning application.

Many thanks for your consideration.

Best regards,

A handwritten signature in black ink, appearing to read "David Leinsdorf", written over a horizontal line.

David Leinsdorf

DL/lms

Enclosure: Town Code Section 16-23-90

cc: Crested Butte Town Council
John Featherman
Laci Wright

Sec. 16-23-90. - Standards for zoning and rezoning.

- (a) No application for initial zoning or rezoning shall be approved unless it is demonstrated to the Town Council that:
- (1) The proposed zoning classification promotes the health, safety and welfare of the inhabitants of the Town and promotes the purposes of this Code.
 - (2) At least one (1) of the following factors exists:
 - a. The proposed zoning classification is consistent with the goals and policies of the Town's Land Use Plan;
 - b. There has been a substantial and material change in the character of the neighborhood or in the Town generally such that the proposed rezoning would be in the public interest and would be consistent with the change in character; or
 - c. The property to be rezoned was previously zoned in error.
 - (3) Each of the following criteria is satisfied:
 - a. The proposed use of the rezoned or zoned property is compatible with the surrounding uses; or
 - b. In the case of proposed redevelopment of property, the proposal for the use of the rezoned or zoned property is an improvement to the neighborhood and to the Town.
- (b) The requirements of Subparagraph (a)(2)b. above shall not apply to any initial zoning of property that is either within or annexed to the Town.
- (c) The Town Council may impose reasonable conditions upon the future use of the rezoned or zoned property to ensure conformance with the standards of this Article.
- (Prior code 15-2-27; Ord. 39 §3, 1995; Ord. 4 §1, 2009)

March 21, 2016

Work Session

VHRs – Continued and/or possible regular agenda item

April 4, 2016

April 18, 2016

Funding Agreement and Letter of Support for Trampe Property

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