



CITY COUNCIL STAFF REPORT



August 9, 2022

ITEM TITLE

Agreement Amendment: Approve the First Amendment to the Agreement with Granicus for Short-Term Rental Consulting Services

Report Number: 22-0223

Location: No specific geographical location

Department: Finance

Environmental Notice: The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt a resolution approving the first amendment to an agreement with Granicus for short-term rental consulting services for an additional two years resulting in a 5-year term and not-to-exceed amount of \$130,000.

SUMMARY

The City awarded Host Compliance, LLC the contract for short-term rental consulting services in 2019 as a pilot program to determine the feasibility before adopting the new system. During the first term, Host Compliance, LLC was acquired by Granicus in November 2019, at which point the agreement was amended to include the name change. The pilot program was successful, and staff would like to continue the relationship with Granicus for these services. Staff recommends City Council approval of an amendment to the agreement to extend the current services for two additional years. City Council is required to approve this amendment due to the total value of the professional services agreement exceeding \$50,000 after the extension.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The City issued a request for proposal (RFP) for short-term rental consulting services in 2018. Host Compliance, LLC, LTAS Technologies, Inc. and Peterson and Price, APC submitted proposals in response to the RFP. The City's selection committee reviewed and scored the proposals and recommended the award be made to Host Compliance, LLC.

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Granicus will continue to provide services to the City that include ordinance compliance, legal updates relating to short-term rental services, collections, reporting, and auditing of platform providers (Airbnb, VRBO, Craigslist, etc.).

The following table reflects the anticipated yearly expenses for short-term rental consulting services:

Description	YEAR 1	YEAR 2
Address Identification	\$ 12,060	\$ 12,904
Compliance Monitoring	\$ 4,775	\$ 5,109
Rental Activity Monitoring	\$ 6,366	\$ 6,812
Mobile Permitting & Registration	\$ 4,647	\$ 4,972
Tax collection	\$ 4,647	\$ 4,972
Total Expenses	\$ 32,495	\$ 34,769

Considering first-year fees were static and all subsequent years are based on the rolling average number of listings for the prior year, staff recommends a 5-year not-to-exceed amount of \$130,000, which provides growth over the next cycle.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Councilmembers do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, *et seq.*).

Staff is not independently aware, and has not been informed by any City Councilmember, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

General Fund revenues and expenditures are both projected to be within budget. The following table reflects the anticipated yearly expenses for short-term rental consulting services:

Description	YEAR 1	YEAR 2
Address Identification	\$ 12,060	\$ 12,904
Compliance Monitoring	\$ 4,775	\$ 5,109
Rental Activity Monitoring	\$ 6,366	\$ 6,812
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Tax collection	\$ 4,647	\$ 4,972
Total Expenses	\$ 32,495	\$ 34,769

Staff will continue to monitor actual revenue receipts and expenditures to determine if any budget adjustments will be needed in the future.

ONGOING FISCAL IMPACT

The Granicus agreement will result in an increase to the General Fund budget in the second year of the term to account for the annual increase for these services. All costs incurred for these services are budgeted annually. The General Fund budget will be adjusted accordingly, and these changes will be considered by the City Council as part of the normal annual budget process.

ATTACHMENTS

1. Granicus – 1st Amendment to Agreement

*Staff Contact: Sarah Schoen, Director of Finance/Treasurer
Meya Alomar, Revenue Manager*