

Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: October 20, 2025

Re: Short-term Rental Vendor Services Contract (Case # 182-2025)

Impacted Ward: Citywide

Executive Summary

Approval of the attached legislation would authorize the City Manager to execute a contract with Avenu Insights & Analytics, LLC for data analysis and monitoring services relating to short-term rental usage within the City and represents the final step in the implementation of the adopted short-term rental regulations. The costs associated with the payment of contracted services would be offset by collection of accommodation taxes paid by short-term rental operators. The Community Development Department, Housing and Neighborhood Services Department, Business License Division, and the Convention and Visitors Bureau (CVB) would coordinate with the vendor to ensure delivery of services. Payment for vendor services would be managed by the CVB as a part of its overall business operations.

Discussion

Background

Between February 5, 2024 and July 15, 2024, the City adopted a series of ordinances (025562, 025658, 025657, 025710, and 025711), respectively, establishing land use, rental conversation, business license, and taxation regulations pertaining to the use of dwellings within the city as short-term rentals (STRs), also known as an AirBnBs or VRBOs. As a part of the STR drafting and adoption processes it was discussed that a vendor specializing in STR analysis and data tracking would need to be procured to effectively assist in the implementation of the new regulations.

Given the public process through which the regulations were being considered, several vendors contacted the city seeking an opportunity to present their services prior to February 2024. However, given the uncertainty as to what the final regulatory structure would be these meetings were delayed. Following adoption of the regulations and beginning STR application acceptance in June 2024, in-person vendor presentations were held. Of the 3 vendors seeking consideration to assist the City, only two were willing to meet personally with staff.

Presentations included an overview of services offered and opportunity for impacted business units to inquire about unique needs relating to their business practices. Following vendor presentations and background/reference checks, a single vendor has emerged as the provider of services believed to be best aligned with the city's administration and future compliance needs.

For purposes of context, it should be noted that as of October 6, 125 STR applications have been received. Of those, 71 have been subject to conditional use permit (CUP) approval, and 54 were approved as “administrative” STRs. Of the 71 CUP requests, 5 were withdrawn and 6 were denied by Council. An estimated total of 475 short-term rentals are considered active within the city resulting in a current compliance rate of less than 25%.

Vendor Selection

The City’s typical procurement policy would require that a competitive bidding process be followed to secure the services of a vendor if more than one vendor offers similar services. After conducting vendor interviews, strict compliance with these procedures would unnecessarily delay securing a vendor who has unique experience in this area of need and the qualifications and services necessary to support the city’s regulatory objectives. This conclusion is based on the interactions and observations of the multiple departments engaged in the STR regulatory process.

Exhibit A of the attached contract provides specific descriptions of the vendor services that will be provided to the City. These services include:

1. **STR Identification** with no less than 2 points of data validation to public records with exact street address accuracy of 75% and 99%, respectively, for multi-family and single-family dwellings.
2. **Targeted Website Monitoring** on 80 different websites at **least once weekly** with record storage for six (6) months, archival and estimates of gross revenue that is based on reviews and calendar bookings, statistical analysis of varying STR metadata from which heatmaps may be created, capture of time-stamped STR listing data in .JPG format to assist in enforcement proceeding, and automatic matching of STR listing to STR licenses.
3. **Web Portal for Monitoring** that is accessible 24/7 for use by staff to assist in proactive monitoring, compliance tracking, and follow-up. The Portal would allow entry of notes and compliance tracking on 40 categories of compliance and would be capable of generating mailout correspondence to non-compliant STR operators. The Portal is compatible with desktop, tablet, and mobile version of internet browsers and has English customer support.
4. **24/7 Compliant Hotline** that includes “live” operator support with the option to have the operator make outbound calls to designated agents to initiate compliant resolution or escalate the complaint to other enforcement agencies.
5. **Compliance Outreach** which would include the printing and mailing of up to 2 rounds of letters per non-compliant STR host per year.

Exhibit B of the attached contract illustrates contract fee structure. The initial term of the contract would be for **5 years**. As seen in Exhibit B, Year 1 costs includes a one-time \$5,000 setup fee and a maintenance fee of \$26,250. In Years 2-5 maintenance fees would increase by 4.9%, 4.7%, 4.5%, and 2.1%, respectively. Exhibit B also contains the option of extending

the contract term for five (5) additional 1-year terms resulting in a total contract length of 10 years. Maintenance costs in Years 6-10 would increase 2.1% from the prior year.

The City's standard procurement procedures limit contract length for the vendor services to a 5-year term unless otherwise approved by Council. It is staff's belief given the upfront pricing offered by the vendor coupled with the services to be provided that authorizing the City Manager to execute the contract **as presented** is in the City's best interest to achieve its regulatory objectives. The contract does allow the City to terminate the contract at any time without cause.

At the end of the proposed 10-year contract, the City will have expended approximately \$312,350 in vendor services. This expenditure would be off-set by revenue collected through payment of accommodation taxes. Based on analysis of AirDNA data from the past 12-months that considered STR listing availability, occupancy rates, average daily rate, and average length of stay, if all 475 active STRs were to be licensed and subject to payment of the required 5% accommodation tax, it is estimated that potential annual revenue collection would equal \$818,059.

It should be noted that as a part of the Housing and Neighborhood Services Department enforcement of the STR licensing provisions, it has been discovered that a portion of the 475 overall dwellings identified as being STRs are actually not, but rather are "mid-term" and "long-term" rental units not requiring compliance with the regulations. The operators of these dwellings have chosen to list on AirBnB and other available platforms in efforts to expand their exposure, which is not otherwise prohibited by the STR regulations.

Given this finding, it is possible that the above noted estimated tax collection revenue could need adjustment. Securing the services of Avenu Insights & Analytics, LLC will help to clarify this discovery and ensure that revenue collected, at a minimum, off-sets expenses incurred. Notwithstanding this possible adjustment, if tax collection revenue were to be based upon the characteristics of the 114 applications that have been approved, that revenue is estimated at approximately \$198,804 annually based upon available AirDNA data and methodology.

Conclusion

"Full" regulatory compliance with the adopted short-term rental regulations began on June 1, 2025. To ensure fulfillment of the underlying intent of the regulations, securing the services of a vendor is necessary. Staff is seeking Council approval to authorize the City Manager authority to enter into the attached to contract with Avenu Insights & Analytics, LLC without following standard competitive bidding processes and for an overall term exceeding the standard 5-year limitation. Such authorization, will ensure that the necessary final step within the STR regulatory process can be completed.

The use of the vendor's services as outlined in the attached contract are essential to ensure that both short- and long-term compliance can be maintained given current staffing limitations. The estimated revenues from existing licensed operations, based upon AirDNA

data over the past 12-months, indicates tax collections will pay for the annual contracted services. Use of the vendor services will potentially permit collection of taxes far exceeding the 10-year proposed overall contract costs.

Fiscal Impact

Short-Term Impact: Year 1 and 2 costs for vendor services will equal \$58,800 which would be off-set by estimated annual tax revenue (based on current approved STR operations) of \$397,608.

Long-Term Impact: Fiscal impacts for maintenance of the contract in Years 3-5 would total \$89,800. If the contract were extended for an additional 5-years (Years 6-10), maintenance fees equal to \$163,750 would be incurred. These impacts would be off-set by estimated tax collections (based on current approved STR operations) of \$198,804 (annually) or \$1,590,432 for Years 3-10 of the contract.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Resilient Economy, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Land Use & Growth Management, Tertiary Impact: Livable & Sustainable Communities

Legislative History

Date	Action
4/07/25	Short-term Rental Regulations Update. (REP 17-25)
7/15/24	Amended Chapter 26 (Taxation) relating bed and breakfast & short-term rentals. (Ord. 025711)
7/15/24	Amended Chapter 13 (Business License) relating to licensing of short-term rentals. (Ord. 025710)
5/20/24	Amended Chapter 29 (Unified Development Code) relating to conditional use permit standards for short-term rental operations. (Ord. 025658)
5/20/24	Amended Chapter 22, Art. 5 (Rental Unit Conservation Law) relating to licensing of short-term rentals. (Ord. 025657)
2/5/24	Amended Chapter 29 (Unified Development Code) establishing use-specific standards for short-term rentals. (Ord. 025562)

Suggested Council Action

Approve the attached contract relating to short-term rental data analysis and monitoring services and authorize the City Manager to execute it.