

Study Session Meeting Minutes
August 27, 2019– Council Chambers, Ely City Hall

CALL TO ORDER

Mayor Novak called the Study Session to order at 6:30pm.

ADDITIONS OR OMISSIONS: None

OLD BUSINESS: None

NEW BUSINESS:

A. Discussion on Short Term Rentals with Planning and Zoning

George Burger – Chair of Planning and Zoning

Burger indicated that Planning and Zoning started looking at Short Term Rentals awhile back. Burger indicated that we have not had many problems with the current Short Term Rentals, but it is better to be prepared for what could come. Scott Mills Planning and Zoning Commissioner and Tim Riley Planning and Zoning Administrator have put a lot of time researching Short Term Rentals.

Langowski indicated that the City has received some complaints from the residents in the neighborhoods of Short Term Rentals. Some issues that come up are parking, how many people can be in the house, and other various issues. Short Term Rentals are becoming more and more popular. Langowski stated he has spoken to Two Harbors and Babbitt and both have Short Term Rental Ordinances. Short Term Rentals are also licensed through the state. The Planning and Zoning Commission is looking for what the council wants to see in the Short Term Rental Ordinance.

Mayor Novak stated that at a minimum they should have the same rental inspections by the building official as the regular rentals. Short Term Rentals also need to collect Sales Tax and Lodging Tax.

Kess is concerned that Short Term Rentals will compete with current businesses in town, and he would like to discourage the Short Term Rental market from coming to Ely. Kess stated he would like to develop policies to encourage people to stay in existing lodging facilities. Kess would like to potentially not allow Short Term Rentals in R-1 or R-2 districts, have a minimum of a 2-3 days rental period.

Callen stated that at Planning and Zoning meetings there was discussion to limit the number of Short Term Rentals in town to possibly 5% of households, and to allow them in R-1, Commercial and RT.

Omerza asked how many Short Term Rentals we have now.

Riley indicated approximately 17.

A.Forsman indicated he has issues with homes that were purchased to solely be used as a Short Term Rental, but he has not heard of many complaints of the ones that are around. Kess stated classifications on the property taxes, homestead vs non homestead is one way we can look at permitting.

Scott Mills, Planning and Zoning Commissioner indicated that some communities require a Conditional Use Permit for Short Term Rentals, but he is not sure if that is what we would like to implement here. Mills asked how much does the city want to regulate these? Mills also asked that maybe a goal is to have a certain amount of these in town.

Langowski stated that with requiring these properties to have a Conditional Use Permit, a public hearing would be had for each property. If we limit Short Term Rentals to a certain number per block that could be considered discriminative.

Omerza indicated that parking could be looked at case by case, and also have a discussion with the neighbors.

George Burger stated that parking is a difficult topic, on street parking is in the right of way, and we allow parking in the right of way so it would be difficult to regulate. If the renter chooses to park on the street they would need to follow our parking regulations.

Mayor Novak asked for some more background information, our current ordinance on Bed and Breakfasts is, and some samples of other cities ordinances.

Attorney Klun disclosed that she owns Taste of Ely which she has remodeled into a Short Term Rental in the commercial district. Klun indicated that the county is also proposing a Short Term Rental Ordinance, where certain districts are proposing a Conditional Use Permit; this might be a good example for us to use.

Omerza indicated that we will not be able to put every issue that is going to come up in the ordinance. We cannot let this pass us by; we need to do this in Ely.

Kess discussed the potential requirement for the short term rental platforms to acquire a city license and pay a fee.

Attorney Klun indicated that Minneapolis and St. Paul are requiring the platforms to have a licensing fee. Klun explained that the each rental unit would have a license with the City and we could also have the platform have a license with the City. The platform is the way they exchange money, we could mandate that the platform collect the sales tax and lodging tax for the city.

Doug Whitney, Building Official, indicated that some units flip back and forth with college students in the winter short term rentals in the summer. Some local hotels are also looking into short term rentals by having monthly rentals of a house.

Tim Riley stated that he has received some phone calls from investors about Short Term Rentals. Riley indicated that he likes the idea of a Conditional Use Permit, but we need to find a lucrative way to do it, it could be a good function to have control of the short term rentals. Riley also mentioned with the Elyite.com, it should be required to have a city permit before a Short Term Rental is placed on the website. It should also be required for a home based business to have a home occupation permit before being allowed to advertise on the Elyite.com website.

Mayor Novak stated that we need to have consistent guidelines for each property.

Langowski stated that we can look at the current ordinances from other cities; we also have to look at our parking ordinance and make sure that coincides.

Mayor Novak indicated that the ordinance will need to specify the enforcement of the ordinance and who is going to enforce it.

Mike Banovetz, Planning and Zoning Commissioner, indicated that we need to look at Ely's housing stock, if Polymet or something would come in, we have to make sure all our houses are not taken up with Short Term Rentals. Banovetz stated that we need to have a maximum number within the city and with the density of the town.

A.Forsman asked if we can limit the number of Short Term Rentals that a person can own in Ely.

Mayor Novak stated we can restrict where, but not who.

Mayor Novak indicated that we can put this on next month's Study Session to continue the discussion.

Riley asked for clarification of who would execute the Conditional Use Permit and Public Hearing, the Council or Planning and Zoning.

Attorney Klun stated that Planning and Zoning would execute the Conditional Use Permit and hearing. It would only come to the council if it was contested.

B. Discussion on the 2020 Budget and Levy

Langowski indicated that setting the preliminary levy for 2020 will be on next Tuesday's Council meeting. Currently the preliminary levy is at a 2.62% increase. After the preliminary levy is set is cannot be increased, but it can be decreased before the final levy is set.

Mayor Novak stated that he is fine with this being our preliminary levy with potentially getting it to a negative levy for the final levy.

Kess stated that we have been aggressive with capital improvements around town. This year we received an increase in LGA and hope that we can find a 2% reduction in the levy.

Omerza appreciates all the work that the Budget Committee puts into this. Omerza's concern is that we still have a lot of unknowns with employee negotiations being this year.

ADJOURN

Mayor Novak Adjourned the meeting at 7:19pm without objection.

Casey Velcheff
Deputy Clerk