

**Study Session Meeting – Council Chambers, Ely City Hall  
May 26, 2020**

**CALL TO ORDER**

Mayor Novak called the study session to order at 6:30pm.

**PRESENT:** Council Members A.Forsman, Kess, Debeltz, Omerza, Callen, Campbell, and Mayor Novak

**ABSENT:** None

**ADDITIONS OR OMISSIONS:** None

**OLD BUSINESS:**

Discussion on Short Term Rentals with Planning and Zoning

A.Forsman asked if it is legal to limit the number of Short Term Rentals (STR), in the Planning and Zoning Recommendations they are recommending the number of short term rental units licensed in the City be no more than 3% of the total number of residences within R-1, R-2, RT, and SMU zones.

Attorney Klun indicated that some cities use a percentage or a specific number of applications to be approved in a year, and some cities shy away from an amount.

Callen indicated that P&Z suggests starting at 3% for now and could change the amount in the future.

Kess indicated that he is in opposition for short term rentals being located in R-1 districts, with the constant turnover; he is against them being in a quiet neighborhood. By allowing short term rentals in the city you will decrease the supply of long term rentals; Ely is already short on long term rentals. Kess is also opposed because a commercial operation is being conducted in the residential zoned area.

A.Forsman asked about the recommendation from P&Z that off street parking must be provided when a rental unit accommodates 7 people or more. A.Forsman would like more off street parking, any short term rental parking should have at least one off street parking spot and trigger more off street parking spots for the occupancy of the short term rentals, 2 off street parking spots for 6 people, 3 off street parking spots for 10 people, etc.

Omerza indicated that there is a process that you have to go through to get a short term rental, it is not just flipping a house and having a short term rentals. Omerza asked how close St Louis County is on passing their short term rental Ordinance.

Attorney Klun indicated that approximately 3 months ago it was close in terms of scope and nature of this. Now with Covid-19, she is not sure if they passed their ordinance, but she will look into it. One of the main requirements is the public health element and these are licensed by the Department of Health. Each of the vacation rentals are inspected and checked that they are properly licensed through the state, which will be part of Ely's process also.

Mayor Novak indicated that Kess has made some valid points. What is the density going to be and what are the impacts of the R-1 district going to be? What are the noise disturbances going to be? Are we going to have a bunch of boats and trailers parked on our streets, blocking parking for our residents?

Mike Banovetz- P&Z Commissioner indicated that without any regulations short term rentals could take over. We have approximately 17 short term rentals in Ely already; the 3% would allow the current number to double. We need to protect family homes that are available so they are not taken over by short term rentals. Also when the bigger events are in town like Blueberry Arts and Marathon we need more places for people to stay. The short term rentals also help larger families that would need 3 or 4 hotel rooms; they can just stay in one house for their stay.

Mayor Novak discussed if there would be any consideration in having the rentals in R-1 Districts be restricted to those that are a primary residence and only renting them out when people are not living there, example when they snowbird to Florida or vice versa.

Omerza stated that she is in favor of Short Term Rentals, this is something that is happening and we need to look at this and how it can accommodate Ely. We cannot let tourists go to neighboring communities that are allowing Short Term Rentals.

Mauro Caruso P&Z Commissioner indicated that P&Z started to work on short term rentals about 2 years ago and it started out as about 25 pages. Caruso stated that P&Z is in agreement we do not want to destroy our neighborhoods, that is the reasoning for the 3%. Caruso indicated that parking is already in the city ordinances; we have 2 hour parking, calendar parking and 24 hour parking. Caruso indicated that St. Louis County wants short term rentals to be taxed as commercial. We already have short term rentals in town so we need to put together an ordinance to regulate them. Someone could come and buy 20 houses in Ely tomorrow to make them short term rentals and there is nothing we could do about it.

Mayor Novak stated that the number of units allowed could be by resolution not in the ordinance; it is easier to change something like that in a resolution.

Attorney Klun indicated that the proposal from P&Z is not in Ordinance form yet, but she will work on putting it in the correct format. St Louis County has sent out assessment questionnaires to short term rentals including in Ely. If you rent for more than 50% of the year you are considered commercial, and they can expect a commercial classification of their property tax wise. Things that we can control are parking, what does accommodate 7 mean, one bed per room, 2 beds per room, etc.

Kess asked that if they are allowed in R-1 districts to limit the number of people that can rent a short term rental and limit the amount of time for change overs. The impact of the neighborhoods is the main concern.

Campbell stated that she appreciates all the hard work P&Z put into this. If only one off street parking spot is mandatory for 7 guests where are the others supposed to park?

Caruso indicated that the other could park on the street within the current parking ordinances.

Doug Whitney City Building Official indicated the only complaints he has received pertain to long term rental when there are more than one apartment in a place and the parking issues with multiple vehicles for one house.

Mayor Novak thanked P&Z for all the time and work that they put into this, and asked Attorney Klun to work on putting together an ordinance for a future council meeting.

**NEW BUSINESS:**

Council Position on Current Restrictions on Local Businesses

Mayor Novak asked what position the council wants to take to put pressure on the governor's position on some of the issues without him getting mad. The Range Mayors are going to meet with the governor to discuss some of the issues. The state has not distributed the money the federal government gave the state to help cities and counties. Mayor Novak suggested that we should be dealing with the issue regionally, we are dealing with different issues up north, we are not the metro, and we are more spread out. How do we deal with the new fire code occupancy rules? We already saw businesses closing on certain days before the virus.

A.Forsman indicated that he drafted a resolution that has been submitted by other cities and changed it a bit. A.Forsman stated that he supports the resolution and is hoping it will be on the council agenda for next Tuesday. A.Forsman stated he would like to make some edits to the resolution.

Mayor Novak indicated that we take an oath to uphold the Constitution of the United States and the Constitution of Minnesota, and we are going to support the rule of law. Mayor Novak stated that he supports action against those people that violate city ordinances, state statutes passed by the legislature and the code of federal regulations passed by congress, other than that he does not see the City expending our resources forcing these Executive Orders. How can we present a strong position for the city to try and encourage the governor to act to our needs up here?

Kess indicated that he read in the Coalition of Greater Minnesota Cities Summary, when the governor spoke with leadership there last Tuesday, the governor indicated that he was willing to talk to any community that has concerns about the Executive Orders and Kess hopes we can build on that line of communication. We should follow the rules of the law and communicate with the governor. Kess indicated he is not ready to support a resolution like this one, he thinks there are other avenues to go down first.

A.Forsman stated that the resolution does not force anyone to open if they do not want to, if they didn't feel that they can come up with a good Covid-19 safety plan, we are not telling them they have to open until they are comfortable to do so and can plan to open safely. A.Forsman indicated that we have businesses and churches that have a plan and can open up safely, and we need to support these businesses.

Mayor Novak indicated that he has talked to three businesses that have said that they are not opening, even if the city says they can open; they do not want to get sued by the Attorney General and the State.

Omerza stated that she appreciates the resolution, but the language is a bit strong right now. Omerza indicated that she has lots of concerns, we get our money from the state, and we have \$2 Million that we need from the state in the form of a bonding bill right now and in the form of our Local Government Aid. There are still channels of communication that we need to go through. We need to explore all other options, and be rational. We need to do what is best for the city, and this will do more harm than good right now.

Callen indicated that he is for a resolution like this, but he also wants to follow the rule of law and see what comes out of the range mayor's meeting to get a better picture as to where the governor is at. There will be a time when we need to get businesses open again, but we need to follow that process. We have a lot of money at stake and we have a lot of projects going on this year and planned for the future and we do not want to jeopardize that.

Langowski discussed the memo he sent out today. Langowski indicated that he has talked to MnDot, since the majority of our eating establishments are on HWY 169/HWY 1 which is on MnDot Right of Way from building front to building front. State law does not allow any liquor sales on MnDot Right of Way, and anything done within the Right of Way requires a permit. MnDot is still developing a plan on the topic. Preliminary indication is that a permit would be granted to the City and the City would administer permits locally. It would require insurance indemnification of the State. The Council would need to decide how they would like to permit this use. We have a current obstruction permit that could be offered administratively. Current law also prohibits the consumption of alcohol in the right of way. Parklets could also be used, which have been used in other communities, but these would reduce on street parking. Currently the Clerk's Office has not been contacted directly by any businesses on Sheridan concerning use of the sidewalks or parking lane for seating.

Kess appreciates Langowski getting ahead of this game, in case any businesses on Sheridan express interest in opening, we can help them. The businesses on Chapman might be easier since for us since they are on city streets.

Langowski indicated that we will put a resolution together for Tuesday to temporary change some of the things in the city code that prohibit certain aspects of businesses serving on city streets, sidewalks, etc. Then we can do this administratively when businesses come forward.

Kess stated that the public needs to know that this council will do what it can to see that they succeed.

A.Forsman asked that if there are any businesses that have special requests of the city to please contact the clerk's office and let us know how we can accommodate the businesses. We need to have our businesses survive.

ADJOURN

Mayor Novak adjourned the meeting at 8:00pm without objection.

Casey Velcheff  
Deputy Clerk