

Public Hearing Minutes
December 1, 2020 - City Hall, Council Chambers

Call To Order:

Mayor Novak called the public hearing to order at 4:30pm.

PRESENT: Council members A.Forsman, Kess via Zoom, Debeltz, Omerza, Campbell via Zoom and Mayor Novak

ABSENT: Council Member Callen

Purpose:

To hear public comment regarding Ordinance No. 344 regarding the licensing of Short Term Rentals.

Letter from Rev. Chad and Lori Brekke who own a short term rental at 227 E Harvey, they indicated that they have a good relationship with their neighbors and they use it as a family vacation home and rent it out as a short term rental. They have put a lot of work into the home. They have contracted with a local resident to be their on-site manager and to handle the property care and maintenance. During their rental season, their home provides work for local house cleaners, propane and fuel oil providers, and maintenance and repair people. They do not rent out their property during the winter months because they do not want the possible disruption to the neighbors that could be brought on by snowmobiles and trailers, etc. Because their home is made available for rentals during part of the year, they pay robust homeowners insurance coverage along with significant liability coverage. In addition to county and state taxes, we pay Ely city taxes for each and every rental along with applicable annual permitting fees.

Letter from Rebecca Roberts and Eric Melhorn recently purchased a property at 28 W Conan St, which is known by many residents as “the castle” and is 114 years old. They purchased with the intent of restoring it, the building is currently under a fair amount of duress, but the foundation is mostly sound. Their initial plan with purchasing the property was to restore it to its original beauty and use it as a short term rental. They are concerned with the proposed ordinance and the limit of only 10 short term rentals allowed in the R-1 zone, and not knowing if they would qualify when the remodel is completed on the property. The property currently does not meet the criteria for a short term or long term rental without the various improvements that are needed. They are looking at putting approximately \$40,000-\$55,000 in to the property and using local contractors. They are hoping for the project to be completed mid-summer of 2021. With the current rental prices in Ely, it would not be cost effective to remodel the property and make it a long term rental; it is just not fiscally viable. They indicated that they are not against the ordinance; they have concerns with limiting the amounts of permits in the R-1 zone.

Ginny Nelson 525 E Washington St- Nelson asked if the City was going to add a 1% lodging tax. Mayor Novak indicated that it will just be the normal 3% lodging tax that is paid to Cook County; no extra lodging tax will be added.

Eva Sebesta Executive Director of the Chamber of Commerce. Some of the concerns the chambers members had was if it was going to impact commercial businesses that have bunk rooms that are located in residential areas. Sebesta also asked about the lodging tax and if it would be the 3% or would there be an additional lodging tax. Mayor Novak indicated that it would just be the 3% that is paid to Cook County.

Roger Murawski owner of Motel Ely asked if the short term rental properties would have to pay the same taxes like lodging tax like the hotels and motels do in town. Do they have to abide by the same regulations that the Motels and Hotels need to abide by? Mayor Novak indicated that the short term rentals need to collect the same taxes that the other lodging establishments collect in town. They are also inspected by the Department of Health and need to get proper licensing from the state. Mayor Novak indicated that if we do not put some controls on the short term rentals we could flood the city with them.

Adjourn

Mayor Novak adjourned the meeting at 4:47pm.

Casey Velcheff
Deputy Clerk