



CITY OF DUNSMUIR

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NOTICE OF PUBLIC HEARING

The City of Dunsmuir City Council will hold a Public Hearing on Thursday, October 7, 2021, at 6:00 p.m. on the following item:

Short-Term Rental Inspection and Registration Fees

The project is a proposed addendum of the City of Dunsmuir Fee Schedule to establish user fees for the inspection of short-term rentals and the processing of short-term rental transient occupancy registration certificates.

PUBLIC HEARING LOCATION

Due to COVID-19, the City Council meeting will be held online via Zoom at:

<https://us02web.zoom.us/j/84424135442>

Alternatively, participants may call **1(669)900-6833**. When prompted, enter Meeting ID: **844 2413 5442** .

It is anticipated that the project will be determined to be exempt from environmental review pursuant to CEQA Guidelines Sections 15273(a)(1) (Rates, Tolls, Fares, and Charges), 15378(b)(4) (Not a project under CEQA); and 15061(b)(3) (Commonsense Exemption). The City Council will consider the appropriateness of said environmental recommendations based on the record of evidence before them. If substantial evidence is presented demonstrating more appropriate environmental determinations than the ones being recommended, the City Council may require and/or approve alternative environmental determinations pursuant to the requirements of CEQA.

All publications are available for public review at the City of Dunsmuir, 5915 Dunsmuir Avenue, Dunsmuir, California, and all interested persons are invited to participate in the meeting and be heard on any agenda item. In addition, a staff report for the project will be available at City Hall and on the City's website three working days prior to the City Council meeting. Please contact Wendy Perkins, Deputy City Clerk, at (530) 235-4822 with any questions regarding the scheduled Public Hearing.

All items presented to the City Council as part of a public hearing, including but not limited to, letters, e-mail, petitions, photos, or maps, become a permanent part of the record and must be submitted to the City Clerk. It is advised that the presenter submit 12 copies of anything presented to the City Council in advance of the meeting with sufficient time for the materials to be distributed to and reviewed by the City Council, and that the presenter create copies in advance for their own records.

If you challenge either the environmental determination or proposed project in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Dunsmuir at, or prior to, the public hearing.

TODD JUHASZ, DUNSMUIR CITY MANAGER



STAFF REPORT TO THE CITY OF DUNSMUIR CITY COUNCIL

October 7, 2021

SHORT-TERM RENTAL INSPECTION AND REGISTRATION FEES

- PROJECT SUMMARY:** Proposed adoption of user fees for the inspection and registration of short-term rentals.
- ENVIRONMENTAL:** Exempt pursuant to CEQA Guidelines Sections 15061(b)(3), 15273(a)(1), and 15378(b)(4).
- RECOMMENDATION:** Adopt draft Resolution 2021-24.
- ATTACHMENTS:** A. Draft Resolution 2021-24, A Resolution of the City Council of the City of Dunsmuir Establishing Fees for Short-Term Rental Inspections and Registrations

PROJECT OVERVIEW

On August 19, 2021, the City of Dunsmuir City Council adopted Ordinance 570, thereby adding Chapter 17.40, Short-Term Rentals, to the Dunsmuir Municipal Code (DMC). With the passage of 30 days since adoption of the ordinance, the new regulations are now in effect. Nevertheless, to provide property owners sufficient time to bring their short-term rentals into compliance with the new regulations, DMC Sec. 17.40.040(E) delays enforcement of the short-term rental inspection and registration requirements until January 1, 2022. With only a few months remaining until inspections and registrations are mandatory, staff is recommending that the City Council establish user fees for the forthcoming inspections and registrations pursuant to DMC Sections 17.40.040(B) and 17.40.050. This would minimize potential impacts to the General Fund resulting from the delivery of these services and allow property owners to better understand and budget for anticipated costs.

DMC Sec. 17.40.040(B) states, in part,

“Each transient occupancy registration certificate application shall be accompanied by a nonrefundable transient occupancy registration certificate fee. The fee schedule shall be established by resolution of the city council following a public hearing and may be adjusted by resolution of the city council following a public hearing. Permits and fees required by this chapter are in addition to any license, permit, certificate, or fee required by any other chapter of this code.”

And, pursuant to DMC Sec. 17.40.050,

“All short-term rentals and the parcels on which they are located shall be inspected by the city and the Dunsmuir-Castella Fire Department prior to commencement of the use.” ... “After the initial inspection(s), said rental unit and short-term rental property shall be reinspected by the Dunsmuir-Castella Fire Department annually and by the city not less than once every three years for as long as the unit is used as a short-term rental.” ... “The actual cost of such inspections, plus any administrative charges, shall be paid by the operator pursuant to the city’s adopted fee schedule.”

Accordingly, it is requested that the City Council establish user fees for each of the following:

- (1) Short-Term Rental Transient Occupancy Registration Certificates. The processing of short-term rental transient occupancy registration certificate applications will primarily be a function of the Accounts Receivable Clerk, who will coordinate with the Deputy City Clerk, Code Enforcement Officer, and City Planner. Upon approval of each short-term rental application, and on an annual basis thereafter, the short-term rentals registry will be updated. The registry will in turn be utilized by Code Enforcement for compliance-related activities, including review of advertising platforms, and in the preparation of annual reports to the City Council regarding housing needs.
- (2) Initial and Triennial Short-Term Rental Inspections. A joint inspection by the City and the Dunsmuir-Castella Fire Department is required prior to issuance of the initial short-term rental transient occupancy registration certificate, and again once every three years for as long as the property continues to be used as a short-term rental. The inspections will be conducted by the Deputy City Clerk and Fire Chief for compliance with the City’s short-term rental regulations, Building Code, and Fire Code.
- (3) Annual Short-Term Rental Inspections. Annual fire safety inspections by the Dunsmuir-Castella Fire Department are required. The inspection will be conducted by the Fire Chief.

Based upon a review of anticipated workload, staff salaries, and contract service rates for the current fiscal year (FY 21/22), estimated costs to the City to provide these services are provided in **Table 1** through **Table 3** below. Additionally, with the objective of maximizing the City’s cost recovery while ensuring that fees do not exceed the reasonable cost of services, the tables include recommended fees and cost recovery estimates associated with the recommended fees.

Table 1: Short-Term Rental Transient Occupancy Registration Certificates

Staff	Hourly Rates	Total Hours	Estimated Cost of Services	Recommended Fee	Cost Recovery
Deputy City Clerk	\$35	1.0	\$35	-	-
Accounts Receivable	\$41	2.0	\$82	-	-
City Planner	\$95	1.0	\$95	-	-
Code Enforcement	\$32	0.5	\$16	-	-
Total		4.5	\$228	\$225	98.68%

Table 2: Initial and Triennial Short-Term Rental Inspections*

Staff	Hourly Rates	Total Hours	Estimated Cost of Services	Recommended Fee	Cost Recovery
Deputy City Clerk	\$35	1.5	\$53	-	-
Accounts Receivable	\$41	0.5	\$21	-	-
Fire Chief	\$50	1.5	\$75	-	-
Total		3.5	\$148	\$145	97.97%

* When a follow-up inspection is required, the fee for an “Annual Short-Term Rental Inspection” will be collected prior to reinspection.

Table 3: Annual Short-Term Rental Inspections*

Staff	Hourly Rates	Total Hours	Estimated Cost of Services	Recommended Fee	Cost Recovery
Accounts Receivable	\$41	0.5	\$21	-	-
Fire Chief	\$50	1.5	\$75	-	-
Total		2.0	\$96	\$95	99.48%

* When a follow-up inspection is required, the fee for an “Annual Short-Term Rental Inspection” will be collected prior to reinspection.

By law, local governments can levy fees for the services it provides when the decision to utilize said services is voluntary, and the fees charged are reasonably related to the cost of providing those services. However, user fees may not exceed the reasonable costs of services for which they are collected unless the excess fees are approved by a two-thirds vote of the electorate. As shown in the tables above, recommended fees are slightly below estimated costs to the City. Further, the estimated cost of services is defined as “direct labor hours for city and contract staff on fee-generating applications.” In other words, indirect costs and administrative infrastructure values have not been included.

To adopt the recommended fees shown in the tables above, a draft resolution is attached for the City Council’s consideration (see **Attachment A**).

ENVIRONMENTAL RECOMMENDATION

Planning staff recommends that the project is exempt from environmental review pursuant to Sections 15061(b)(3), 15273(a)(1), and 15378(b)(4) of the California Environmental Quality Act (CEQA) Guidelines.

CEQA Guidelines Section 15061(b)(3) states “The activity is covered by the commonsense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.” Pursuant to CEQA Guidelines Section 15273(a)(1), CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies to meet operating expenses. Per Section 15378(b)(4), “project” does not include the creation of a government funding mechanism that does not involve commitment to a specific project with the potential to impact the environment.

Consequently, the project is exempt from CEQA because (1) it can be seen with certainty that the project does not have the potential to cause a significant effect on the environment; (2) the project entails the establishment, modification, structuring, restructuring, and approval of rates and other charges to meet the City’s operating expenses; and (3) the project entails the creation of a government funding mechanism with no commitment to a specific project with the potential to impact the environment.

Prior to adoption of the resolution, the City Council would need to make findings consistent with this recommendation and/or adopt alternative environmental determination(s) pursuant to the requirements CEQA. Accordingly, findings in support of the recommended environmental determination have been incorporated into the draft resolution prepared for the City Council’s consideration.

PLANNING STAFF RECOMMENDATION

The City Council should review the draft resolution and recommended environmental determination. The City Council should then consider any public testimony and determine whether revisions should be made to either the recommended short-term rental inspection and registration fees or environmental determination. If the City Council is not recommending substantial revisions to the fees or CEQA determination, planning staff recommends the City Council take the following action:

- **Adopt** Resolution 2021-24, A Resolution of the City Council of the City of Dunsmuir Establishing Fees for Short-Term Rental Inspections and Registrations.

SUGGESTED MOTION

I move that make the finding that the project is exempt from CEQA, and that we adopt Resolution 2021-24 establishing fees for short-term rental inspections and registrations.

RESOLUTION 2021-24

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DUNSMUIR
ESTABLISHING FEES FOR SHORT-TERM RENTAL
INSPECTIONS AND REGISTRATIONS**

WHEREAS, the City of Dunsmuir City Council adopted Ordinance 570 on August 19, 2021, thereby adding Chapter 17.40, Short-Term Rentals, to the Dunsmuir Municipal Code (DMC); and

WHEREAS, DMC Chapter 17.40 establishes regulations for short-term rentals that include a registration requirement, application process, inspection requirements, operational standards, prohibitions, and penalties for noncompliance; and

WHEREAS, the City of Dunsmuir will be incurring costs to provide inspections and process applications for short-term rental transient occupancy registration certificates; and

WHEREAS, DMC Sec. 17.40.040(B) requires that each application for a transient occupancy registration certificate be accompanied by a nonrefundable fee; and

WHEREAS, DMC Sec. 17.40.050 requires that the actual cost of inspections, plus any administrative charges, be paid by the operator pursuant to the city's adopted fee schedule; and

WHEREAS, the October 7, 2021, "Short-Term Rental Inspection and Registration Fees" staff report to the City Council estimates direct costs the City will incur to provide inspections and process applications for short-term rental transient occupancy registration certificates; and

WHEREAS, California Government Code Section 66014(a) allows the City to adopt fees for these services provided the fees do not exceed the estimated reasonable costs of providing the services for which the fees are charged; and

WHEREAS, the October 7, 2021, "Short-Term Rental Inspection and Registration Fees" staff report to the City Council recommended the adoption of fees to recover the estimated cost of inspections and the processing of applications for short-term rental transient occupancy registration certificates; and

WHEREAS, the City Council finds that an update of the fee schedule is necessary to establish the recommended planning fees; and

WHEREAS, planning staff presented oral and written staff reports on the short-term rental inspection and registration fees and proposed addendum to the City's fee schedule at a regular meeting of the City Council on October 7, 2021; and

WHEREAS, the fees recommended in the "Short-Term Rental Inspection and Registration Fees" staff report to the City Council are included as Exhibit A-1 to this resolution; and

WHEREAS, the fees and charges for services included in Exhibit A-1 do not exceed the estimated amount required to provide the services for which they are charged, and represent only amounts necessary to recover the costs of providing the services and/or enforcing the regulations for which they are charged; and

WHEREAS, the City Council determined that the project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that the project does not have the

potential to result in a significant impact on the environment and because CEQA only applies to projects that have the potential for causing a significant effect on the environment; and

WHEREAS, the City Council further determined that the project is exempt from CEQA pursuant to CEQA Guidelines Section 15273(a)(1) because the project establishes and modifies fees to recover operating expenses and CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies to meet operating expenses; and

WHEREAS, the City Council also determined that the project is exempt from CEQA pursuant to CEQA Guidelines Section 15378(b)(4) in that it is not considered a "project" under CEQA because it establishes a government funding mechanism that does not involve a commitment to a specific project with the potential to impact the environment; and

WHEREAS, a Notice of Public Hearing was published in the Dunsmuir News on September 22, 2021; and

WHEREAS, public hearing notices were posted and advertised pursuant to California Government Code Sec. 65090 et seq.; and

WHEREAS, on October 7, 2021, the Mayor of the City Council opened the duly noticed public hearing on the proposed project to receive testimony both oral and written, following which the Mayor closed the public hearing and the City Council discussed the project prior to reaching its decision.

NOW, THEREFORE, BE IT RESOLVED pursuant to applicable provisions of state law and Dunsmuir Municipal Code, the fees for short-term rental inspections and registrations set forth in Exhibit A-1 attached hereto and incorporated herein are hereby adopted and shall take effect sixty (60) days from the effective date of adoption.

BE IT FURTHER RESOLVED any existing City fees not modified herein shall remain in full force and effect.

IT IS HEREBY CERTIFIED that the foregoing Resolution 2021-24 was duly adopted on a motion by _____ and seconded by _____, at a regular meeting of the City of Dunsmuir City Council held on the 7th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Matthew Bryan, Mayor

ATTEST:

Wendy Perkins, Deputy City Clerk



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- ADDENDUM TO THE CITY OF DUNSMUIR FEE SCHEDULE -

SHORT-TERM RENTAL APPLICATION FEES:

Fees are due at the time of application and must be paid in their entirety prior to processing. When a follow-up inspection is required, the fee for an "Annual Short-Term Rental Inspection" shall be paid prior to processing.

___ Short-Term Rental Transient Occupancy Registration Certificates.....	\$225
___ Initial and Triennial Short-Term Rental Inspections (City & Fire Dept.).....	\$145
___ Annual Short-Term Rental Inspections (Fire Dept. only)	\$95