

# City of Flagstaff

## Short-Term Rental License Fee Analysis – 2023

### Executive Summary

The City Management Services Division has prepared a fee analysis for the Short-Term License Fee. The proposed fee is to ensure recover the cost of licensing and management of short- term rental properties.

Staff intends to provide City Council with a recommendation for Short-Term Rental Licensing Fees at the June 20, 2023 and July 3, 2023 Council meetings. It is anticipated an Ordinance will be adopted with the new fee at the July 3, 2023 Council meeting with an effective date of September 1, 2023.

### Short-Term Rental License Fee Proposal

#### Staff Proposal

Staff has developed a licensing fee proposal that will meet the proposed cost considerations of managing the licensing and compliance for short-term rentals.

To develop the proposed licensing fee, staff looked at the staffing, software, and operational expenses as well as an indirect cost allocation for the program.

Cost of Service	Annual Costs
Personnel	\$101,000
Software Services	\$ 36,000
Operating Expenses	\$ 22,000
Indirect Costs	\$ 15,000
<b>Total Cost of Service</b>	<b>\$175,000</b>

The City anticipates approximately 1,000 short-term rentals receiving a license on an annual basis. Therefore, we anticipate the Short-Term Rental License to be set at \$175.00 for an annual license.

During adoption of the fee, the City Council may approve, disapprove, or modify the proposed rates or fees at that time. The maximum allowable rate per State of Arizona Statutes is \$250.00 per license.