

CAPISTRANO BAY DISTRICT  
AGENDA REPORT  
March 25, 2014

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*New Business*

ITEM K.1

Proposed Renter Recovery Fee/ Impact from Short Term Rental Activity

In 2006 the District implemented the *Renter Recovery Fee Program*. The purpose of which was to bring a balance between the property owners who rent their homes out for the summer and those property owners who do not. The program ran for one summer and was cancelled when it was learned that the City's code actually prohibited short-term rentals in residential zones.

There is clearly an impact to the community, some of which is straightforward and simple to evaluate. For example, we can easily identify and count vehicles related to renters and assign a dollar amount for each passage over the roadway – clearly, the movement of vehicles over a paved surface tends to wear out the pavement which at some point requires maintenance and repairs.

To be more specific, the District has been counting vehicles for the past 12 months. In the 31 days of August last summer, renters accounted for a total of 6586 passages through the gate:

- renter related           6586
- residents                4952
- guests                   3154
- service                  3000

What enters the community must also leave the community so the actual number of renter passages gets doubled and is more accurately counted as 13,172. If the pavement engineering consultant was to study and evaluate the life-cycle of our road surface, taking into account all the factors related to use, longevity, future replacement costs, etc., he is going to be able to fix a very accurate cost on the passage of light passenger vehicles and also heavy construction trucks, trash trucks, cement trucks, fire trucks, drinking water delivery trucks, etc. The following are scenarios of what the cost might be:

- 01 cent per pass per light passenger vehicle X 13,172 passes =       \$131.72
- 05 cents per pass   \$658.60
- 10 cents per pass   \$1317.20
- 25 cents per pass   \$3293.00

The August vehicle count was actually shared between 31 active rental units for that month. Using the 25 cents methodology, the monthly cost per rental would be:

**\$3293 divided by 31 rentals = \$106 per rental per month or about \$26.00 per week**

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***(item K.1 continued)***

The actual analysis is a bit more complicated than this but there is no denying the fact that *short-term rental activity produces a large increase in the number of vehicles that would otherwise not visit our community and the resulting additional wear and tear to our roadway is quantifiable, the cost of which should be borne by those who are responsible for the impact.*

Another element of renter impact that is straightforward and basic to evaluate is that of the extra trash collection that comes in on Fridays through the summer months. This program was primarily developed to deal with the huge amounts of excess trash created by the incoming vacationers each week. However, the fee for this service is charged to only those property owners who participate and not to anyone else. In assessing the fee, the overhead and operating costs of managing the program are all factored in so the costs are being collected in a fair process and non-participating homeowners are not bearing any of the cost except for the inconvenience and noise of the trash truck on Fridays

Lastly, it has been necessary for the past several summers to hire an extra gate officer to assist in the guard shack on Saturdays. Check out time is noon and new arrivals begin showing up at 2:00 PM. We suddenly become the “hotel front desk” so to speak for about 6 hours as we are crushed with the incoming group. The cost breakdown for this is as follows:

$$\mathbf{6 \text{ hours} \times \$26/\text{hr.} \times 1.5(\text{overtime}) = \$234/\text{week} \times 14 \text{ weeks of summer} = \$3276.00}$$

The element of the overall short-term rental activity that becomes a challenge to quantify is the intangible impact to our security and management operations. While we do spend time dealing with renter-related problems, no one works any additional hours (except as noted above) beyond what they would normally work. Parking problems and chasing illegal firepits and late night noise can become an issue but it is fairly evenly spread out between homeowners and renters, making an evaluation extremely difficult and subject to bias.

In 2006 we were charging \$50/week for each new renter group. The District would have continued this program except for the simple fact that because short-term rentals were actually prohibited by the City’s Zoning Code, the District couldn’t legally charge a fee for a known prohibited activity, so the decision was made to terminate the program. Today, however, the rules have changed. With the City amending their code and thus legalizing short-term rentals, this opens the door and provides the foundation for the District to resume the program.

It is therefore recommended that the District pursue the following:

- 1) Get opinion from District Counsel to find out if this fee triggers compliance with Prop. 218  
*\*if so, a community-wide vote is required*
- 2) A methodology study with LaBelle-Marvin Engineers (the engineers who performed the original study for our current Development Impact Fee Program) to provide the basis for establishing a new Renter Recovery Fee Program, and
- 3) Create a new District Ordinance enabling the District to implement such a fee program.