



AGENDA MEMORANDUM

First Reading of Ordinance City Council Meeting May 17, 2022
Second Reading of Ordinance City Council Meeting May 24, 2022

DATE: May 3, 2022
TO: Peter Zaroni, City Manager
FROM: Heather Hurlbert, CPA, CGFO Director of Finance and Procurement
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Accept and Appropriate Short Term Rental Permit Fees

CAPTION:

Ordinance appropriating \$75,000 of anticipated Short-Term Rental (STR) permit fees in the General Fund and amending the FY 2022 Operating budget adopted by Ordinance Number 032539 by increasing revenue and expenditures by \$75,000 each.

SUMMARY:

This item will appropriate estimated revenue from the Short-Term Rental Permit fees received from STR owners with properties on North Padre Island and the Flour Bluff area during Phase 1 of the STR ordinance and STR owners across the City once Phase 2 adopted. This fee was set by City Council with the approval of the Short-Term Rental ordinance in January 2022.

BACKGROUND AND FINDINGS:

City Council adopted an ordinance in January 2022 requiring all legally operating STR units in Flour Bluff and North Padre Island to register with and obtain a permit from the City effective March 15th. The ordinance set a fee of \$50 for the permit to be paid by the STR owners annually. The second phase of the policy will come back for City Council consideration in July 2022 and the permit requirement may be extended to STR owners across the City.

The revenue and expenses must be appropriated as this fee was implemented after the adoption of the Fiscal Year 2022 budget. The revenue and expenditures will be recorded in the General Fund in FY 2022 but will be transferred to a special revenue fund in FY 2023. Revenue collections are conservatively estimated at \$75,000. Current expenses include the annual cost of the MuniRev/GovOS software that is used to administer the permit process and issue the permits to the STR owners and staff time to review and approve or deny the permits.

ALTERNATIVES:

City Council could choose to not appropriate the STR permit revenue and related expense and

it would not be able to be used to pay for expenses incurred for the administration of the permit process.

FISCAL IMPACT:

The fiscal impact will be an increase in revenue and expenses totaling \$75,000 in the Fiscal Year 2022 budget.

Funding Detail:

Revenue

Fund: 1020
Organization/Activity: 11505
Mission Element: 888
Project # **(CIP Only)**:
Account: 301600

Expenses

Fund: 1020
Organization/Activity: 11505
Mission Element: 157
Project # **(CIP Only)**:
Account: 530000

RECOMMENDATION:

City staff recommends approval of the ordinance appropriating STR revenue and expenses in the General Fund and amending the FY 2022 operating budget.

LIST OF SUPPORTING DOCUMENTS:

Ordinance