



# CITY COUNCIL MEETING

## AGENDA ITEM

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### **BACKGROUND**

Below is a brief timeline on the City's short term rental (STR) licensing in Breezy Point:

2020:

- Crow Wing County began developing a countywide STR licensing program.
- After the County ordinance was approved, the City began receiving complaints regarding short-term rentals but lacked a local regulatory framework to address reports and concerns.
- City officials expressed a desire for local control to better manage impacts within Breezy Point and began discussions regarding a City-administered STR licensing process.

2021:

- Over the course of multiple Planning Commission and City Council meetings, city officials discussed potential ordinance provisions.
- Key priorities identified at that time included:
  - Minimizing public nuisance impacts to full-time residents
  - Addressing noise concerns
  - Preventing overcrowding, particularly related to parking and occupancy
  - Ensuring safety
  - Preserving neighborhood character
  - Protecting City infrastructure (septic systems, roads, etc.)
- A task force was created to develop proposed ordinance language addressing these concerns

2022:

- The first draft of the City's STR ordinance was approved, effective January 1, 2023.
- Discussions included implementing inspections of STR properties and potentially contracting with the City's building inspector to conduct basic safety inspections.

2023:

- At the beginning of the year, a moratorium was enacted to allow the City to study and evaluate ongoing concerns, including:
  - Noise, parking, structural occupancy, safety, water quality and sewage capacity
- The City began accepting STR license applications at the end of 2023 for 2024.
- The STR ordinance was later amended to address well testing

2025

- City staff met to review the STR licensing process and identified multiple deficiencies in:
  - The existing application
  - The process for safety and structural inspections
  - The overall administrative framework
- Staff distributed renewal packets to current STR license holders outlining a proposed updated administrative process and revised fees.
- The City Council did not approve the proposed fee increase and directed staff to return with additional information for further discussion.

### **OVERVIEW**



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The purpose of this discussion tonight is to have a conversation with the City Council and get direction on the administrative process associated with the STR license. This discussion does **not** involve proposed amendments to the STR ordinance itself.

The short term rental ordinance can be found in attachment A.

### **Current process**

The current licensing process involves completing a one page application (seen in attachment B) and a \$300 annual license fee.

As currently structured, it is difficult for staff verify compliance with Chapter 115 before issuing a license.

To address staff's concerns, there are two options for the City Council to consider.

### **Proposed Process**

#### **Option 1: Revised Short Term Rental Application Only. No change in fee.**

Attachment C includes the proposed application. Proposed additions to the application include:

1. Number of legal bedrooms
  - Comply with City Code 115.003 (J): *Bedrooms shall be at least 70 square feet for 1 occupant, 90 square feet for 2 occupants, and an additional 50 square feet for each occupant over 2.*
2. Size of bedrooms offered to guests
  - -Comply with City Code 115.003 (J): *Licensee shall not advertise the property as containing any more than the number of Bedrooms identified on the license.*
3. Maximum number of guests allowed
  - Comply with City Code 115.003 (J): *Licensee shall not advertise the property as available to more guests than the occupancy limit identified on the license.*
4. Site plan drawn to scale, showing parking and driveways, all structure (can be drawn on a sheet of paper- no survey needed)
  - Helps staff determine compliance with above code provisions prior to issuance
5. Floor plans, drawn to scale of the home (can be drawn on a sheet of paper- no survey needed)
  - Helps staff identify which rooms are to be used as bedrooms and transient guest bedrooms.

The above revisions help staff determine compliance with City Code chapter 115 prior to issuance.

#### **Option 2: Revise Short Term Rental Application (\$300) + Life and Safety inspection (\$200)**

City Code 115.03F states *"The Owner or Owner's Authorized Agent shall permit access to the property and all permitted units at any reasonable time for the purpose of inspection upon request of the City of Breezy Point."* Throughout the early discussions on provisions of the ordinance, it was intended to include a basic health and safety inspection. However, following its approval, staff turnover resulted in the inspection component never being implemented.

Scott Sadusky, the City's building official, will be present to answer any questions regarding the inspection.

### **Purpose**

The goal of implementing an annual inspection is to ensure the safety of properties in Breezy Point and the safety of those renting within the city (including life, safety and fire emergency items, building and housing code items, capacity and occupancy limits, etc.) The intent is not to create an overly burdensome process, but rather to establish a simple, consistent, and defensible inspection program that confirms minimum safety standards are being met.



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### Proposed Inspection

Attachment D includes the proposed annual inspection.

In early 2026, staff met with the inspection team to review and refine the proposed scope of inspection items. The checklist has been significantly streamlined from earlier drafts and focuses only on essential life and safety components. Staff believes this inspection is an important and reasonable part of the license issuance process.

### Fee Consideration

The cost of the inspection is \$200 per property, which includes any necessary re-inspections. If the Council directs staff to implement inspections, staff proposes increasing the annual STR license fee from \$300 to \$500 to account for the inspection cost.

### Enforcement

During the December City Council meeting, concerns were raised regarding enforcement, particularly related to properties operating as short-term rentals without a valid license.

### **Operating Without a License**

If a property is reported and determined to be operating without a required STR license, the City may:

1. Issue an administrative citation in accordance with § 115.005(C).
2. Report to the County, as they would also be in violation of County Ordinance (§ 3.1)
3. If compliance is not achieved, the City may:
  - Initiate civil action seeking a court order enjoining the property owner from continuing to rent the property; and/or
  - Pursue misdemeanor prosecution as permitted by ordinance.

### **Violations of Other Ordinance Provisions**

For violations of operational standards or other provisions within Chapter 115 (e.g., occupancy limits, parking, noise, advertising inconsistencies), enforcement must follow the procedures outlined in City Code § 115.005.

These procedures establish the City's authority for:

- Issuing administrative citations
- Suspension or revocation of a license
- Additional legal remedies as necessary

Additionally, attachment E includes a list of communities that have a STR licensing process and what requirements, fees, and any additional considerations other cities have as a part of this process.

### **STAFF RECOMMENDATION**

Have a discussion on the options above and direct staff to proceed.

Anticipated timeline if directed:

1. Implement new process for 2027
2. Begin accepting applications for 2027 in the fall of 2026
3. Allow a grace period for renewing in 2027
4. Implement new fee (if applicable) as a part of the 2027 fee schedule process.



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