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To: Mayor Kudron and the Grand Lake Board of Trustees
From: Heike Fawkes, Treasurer
Re: Nightly Rental Fee Increase Proposal for 2025
Date: October 11, 2024

Background

Nightly rental fees support several essential expenses, including a \$30,000 allocation to the Grand Lake Chamber of Commerce. Last year, the Town increased the Chamber's contract by \$50,000 for advertising and public relations. These fees also cover administrative costs related to compliance and licensing, estimated at \$31,000, excluding code enforcement. Additionally, the Gov.OS program, essential for our operations, costs about \$18,000, with a \$3,000 increase this year and another expected in 2025. Originally a \$50,000 program, staff secured a reduced rate suited to our small town's budget.

To address rising costs, staff would like to propose an increase to nightly rental fees for 2025. If we raised the rates by \$100 this would generate approximately \$13,500 in additional revenue. This increase would help offset the following:

1. Gov.OS Fees, \$18,000. Recently this increased by \$3,000, with another rise anticipated.
 2. Attainable Housing Fund (AHF): \$16,000 for water and sewer on Mary Drive parcels.
 3. Chamber Contribution: \$30,000.
 4. Admin and Code Enforcement Costs: Currently \$31,000, excluding code enforcement.
- Total cost on the low end is \$95,000 to support nightly rentals.

Justification

In 2024, nightly rental fees generated \$92,678, which only narrowly covered these essential commitments. This proposed increase will help us manage projected costs while continuing to support these key programs.

Direction Needed

Staff seeks guidance from the Board of Trustees on two items:

1. Approval of increasing the nightly rental fees, with adjustments to be reflected in the 2025 Deposit & Fee Schedule.
2. Approval to hire a 3rd party rate study to evaluate current fees and ensure they are aligned with operational needs and marked standards.

These steps will help us manage rising costs and maintain sustainable funding for essential programs.