



Date: Tuesday, January 24, 2023

Honorable Mayor and Council Members

Author and title: Rosie Johnson, Program Analyst II

Title: **Short-Term Rental Software Change**

Approved By: \_\_\_\_\_ Jen Callaway, Town Manager

**Recommended Action:** That Council authorize the Town Manager to enter into an agreement with GovOS Short-Term Rental Solutions for the provision of services related to short-term rental identification, compliance, licensing, helpline, and tax collection. Contract not to exceed \$99,000 for the first year, with a contract term of three years, and the renewal terms will include a seven percent (7%) increase from the prior term at a rate of \$105,930 for the second year, and \$113,345 for the third year.

**Discussion:** The Town has been using Host Compliance for transient occupancy tax services since as early as 2016. In May 2019, the Town Council authorized a contract amendment with Host Compliance for the continuation of short-term rental (STR) services including address identification, compliance monitoring, tax collection, and audit of rental activity.

On September 22, 2020, Council adopted Ordinance 2020-07, which amended the Town of Truckee Municipal Code adding Chapter 5.02 regarding regulation of short-term rentals. To administer the additional requirements imposed under Chapter 5.02, the Town increased services with Host Compliance. The additional services included a 24/7 helpline to allow the public to report potential violations, permitting, and registration.

Since implementation of the STR ordinance in 2020, staff have had two additional years working with Host Compliance and have been able to assess software functionality. The Town's contract with Host Compliance expires at the end of the 2022/23 fiscal year. Staff saw this as an opportunity to look at the services provided and see if there are enhancements available from other software providers that would improve the experience of our constituents. Additionally, staff wanted to see if there was 24/7 helpline with more functionality.

Currently, a reporting party can submit a complaint via a webform or by calling the 24/7 helpline number. If a reporting party calls the helpline a third-party representative facilitates the call and enters the communication within the software. A notification is then sent to the local contact associated with the short-term rental registration. The call prompts the local contact to respond to the complaint within 30 minutes and cause the discontinuance of any violation within 60 minutes. STR division staff monitor and investigate complaints within normal business hours, outside of normal business hours, and weekends. For instance, when a noise complaint is received between the hours of 10pm and 7am, staff receive the notification, monitor to see if the local contact responds to the complaint, and then call the noise complaint into non-emergency dispatch for the Truckee Police Department to respond, if the operator does not acknowledge the call.

STR division staff have been committed to hearing the community and reporting parties and as such is dedicated to follow-up on each complaint received, validate reporting parties, and educate both the STR operators and public regarding the expectations of the STR program.

The STR division is also committed to providing and seeking efficient procedures, processes, and tools for a user-friendly experience for the public and staff alike. To ensure that the Town is utilizing the best product for both the Town's constituents and for internal application, staff explored the market of software providers. As part of this review, staff received direct testimonials from other municipalities utilizing the software and thoroughly vetted products that could enhance the service experience. Staff reviewed several products including GovOS, Deckard Technologies, and Rentalscape.

Based on this thorough review process, staff selected GovOS Short-Term Rental Solution. GovOS's unique suite of solutions is built on more than 20 years of real-world experience serving local governments and the software has been in use by local governments for more than 11 years. GovOS serves nearly 150 municipalities across the United States and their services include: short-term rental identification, compliance monitoring, tax collection, online registration and permitting, a public interfacing user account, data reporting, and a 24/7 hotline. GovOS yields a high customer retention rate of 98.5%, has highly configurable software to accommodate local regulations and jurisdictions' unique needs, provides users autonomy in the system, configurable reporting, and advanced technical support. Their solution helps jurisdictions streamline their process and consolidate staff efforts. Outside of their admirable customer service approach, and public user experience, their 24/7 complaint hotline is bilingual and allows for more configuration than currently available with Host Compliance.

Staff is particularly excited about GovOS's 24/7 bilingual complaint hotline. The product has both webform and hotline functionality. Additionally, when a call is received to the hotline the call center will follow a unique script curated by STR division staff. Unlike the current helpline which sends an automated message to the local contact, a GovOS call center employee calls the local contact associated with the registration to notify them of the complaint. GovOS also has the capability to tailor the process based on the type of complaint and time of day the complaint is received. For example, if a noise complaint was received between the quiet hours of 10pm – 7am the call center would follow the steps above but would also be able to call non-emergency dispatch to enable Truckee PD to investigate the complaint. This alleviates the responsibility currently on STR Division staff to remediate after hours.

Staff is recommending authorization for a 3-year contract with GovOS not to exceed \$99,000 for the first year, and the renewal terms will include a seven percent (7%) increase year-on-year, resulting in a cost of \$105,930 for the second year and \$113,345 for the third year.

The first-year cost represents a decrease of approximately twenty-four percent (24%) from the Host Compliance annual rate of \$131,073. a decrease of approximately nineteen percent (19%) in the second year, and a decrease of approximately thirteen percent (13%) in the third year. GovOS has outlined an implementation timeline of sixteen (16) weeks. If the contract execution occurs before the end of January 2023, the software would go-live prior to the Host Compliance contract ceasing at the end of June 2023. The STR division budget included sufficient funding for some overlap to occur.

**Priority:**

<input checked="" type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

**Fiscal Impact:** The GovOS proposal is for a three-year term. The quote for the above services for year one is \$99,000. The price would increase seven percent (7%) each year. This represents a 24% savings in year-one from Host Compliance's annual rate of \$131,073, a 19% savings in year-two, and a 13% savings in year-three.

The potential of moving forward with a new software migration was considered in the 2022/23 Short-Term Rental Division expenditures budget and into the 2023/24 budget cycle, therefore no budget amendment is requested.

The cost to run the STR program is offset by the initial registration fee and annual renewal fees paid by short-term rental operators. The savings on software costs would be factored in to the registration and renewal cost.

**Public Communication:** This staff report, dialogue with GovOS, and first account testimonials from other municipalities that utilize GovOS.

**Attachments:**

1. GovOS Short-Term Rental Solution Proposal
2. GovOS Standard Terms of Use