

AGENDA
CITY OF CROSSLAKE
PUBLIC HEARING
SHORT-TERM HOME RENTAL LICENSING
MONDAY, AUGUST 12, 2024
6:00 P.M. – CITY HALL

1. Call to Order
2. Review Draft Ordinance
3. Public Comments
4. Council Member Questions and Comments
5. Adopt Ordinance (Council Action-Motion)
6. Adjourn

ORDINANCE NO. _____
AN ORDINANCE AMENDING CHAPTER 23,
SHORT-TERM HOME RENTAL LICENSING
FOR THE CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA

The City Council of the City of Crosslake does ordain as follows:

ARTICLE I. GENERAL

Sec. 23-1. – Purpose. Short Term Rentals provide additional tourism opportunities and economic impacts, but also increased impacts on guests, neighbors, and the public. The purpose of this ordinance is to provide the City with reasonable regulatory procedures to protect the health, life safety and welfare of short-term rental guests, neighboring residents, and the public. These regulations are further intended to protect the integrity of neighborhoods and the waters in which short-term rentals operate.

Sec. 23-2. – Definitions. For the purposes of this Chapter, the following terms shall have the following meanings:

Lease: Any agreement, whether verbal or written, by which an owner gives to a tenant, for valuable consideration, possession and use of property or a portion thereof for a definite term, at the end of which term the owner has absolute right to retake control and use of the property.

Owner: The property owner of record of the real estate located in Crow Wing County and the City of Crosslake.

Owner’s Authorized Agent (Property Manager): An area property manager, owner, resident, or agent who is readily available to respond to guest, neighborhood or City questions or concerns.

Primary Resident: Means a person living on a property where the property is the person's primary residence.

Sale Transfer: Any change of resident, whether for consideration or not, during the term of the permit.

Short-Term Rental (STR): Any home, cabin, condominium, townhome or similar building that is advertised as, or held out to be, a place where sleeping quarters are furnished to the public on a nightly, weekly, or for less than a 30-day period and is not a bed and breakfast, resort, hotel or motel.

Bedroom: An area that is (a) – a room designed or used for sleeping with egress; or (b) – a room or area of a dwelling that has a minimum floor area of seventy (70) square feet with access gained from the living area or living hallway with egress.

Trailer, Travel: A recreational vehicle built on a single chassis with a rigid walled shelter, mounted on wheels and has a gross trailer area not exceeding four hundred (400) square feet. For the purposes of this ordinance, the term Travel Trailer is synonymous with the term Recreational Vehicle.

ARTICLE II. REGULATIONS

Sec. 23-3. – License Required. No Short-Term Rental may be operated without a valid Short-Term Rental License issued pursuant to this ordinance.

- a. License Application. Any property owner desiring to undertake Short-Term Rentals must apply to the City of Crosslake for the Short-Term Rental License. A license must be approved prior to operating within the City of Crosslake.
- b. License Fee. The license application form must be accompanied by payment in full of the required license application fee. This fee shall be nonrefundable. The license application fee will be determined by the City Council and set forth in the City of Crosslake Fee Schedule.
- c. Short-Term Rental licenses must be renewed each year. Licenses are valid from January 1 – December 31 each year.
- d. An affidavit, signed by the owner or the owner’s authorized agent, certifying that the STR is in habitable condition and complies with health and safety standards set forth in this Chapter, is required to be submitted with the application.
- e. Owner’s Authorized Agent (Property Manager). If owner is not acting in this role, each application shall include the appointment of a natural person who shall remain within a thirty (30) minute distance of the STR and is available twenty-four (24) hours per day, seven (7) days per week, to serve as the owner’s authorized agent (property manager). At least five (5) days prior to any change to such appointment, the STR owner or owner’s authorized agent (property manager) shall notify the City of Crosslake with new contact information.
- f. Floor plan of STR and parking plan must be submitted with license application.
- g. All owners or the owner’s authorized agents (property managers) must inform all property owners within three hundred (300) feet of the STR of the intent to rent their property on a short-term basis. Property owners will need to provide an affidavit with license application that neighbors have been notified. The notice to neighbors shall be in writing and include the following information: STR license number, physical address of STR, and contact information owner and/or owner’s authorized agent (property manager).
- h. Expiration. Each STR license shall expire on December 31 of each calendar year and must be renewed annually.
- i. When property changes ownership, a new STR application is required. It is not allowed to transfer license from one owner to another.

- j. An initial license application shall be filed at least thirty (30) days prior to any advertising of an STR. A renewal application shall be filed by November 30 of the year in which the license expires.
- k. Revocation. In addition to any other penalties allowed by this Chapter, the City may revoke any STR license if the City finds and determines that any violation of this Chapter exists. The City must provide the licensee with at least fourteen (14) days prior written notice, which shall be personally served or mailed by First Class USPS mail to the owner or owner's authorized agent (property manager). The notice shall include a description of the violation and when the licensee can appear before the Council to refute the allegations.

Sec. 23-4. – Insurance. Every Short-Term Home Rental shall be continuously insured, with minimum limits of \$1,000,000. Insurance may be in any of the following forms: property liability insurance, commercial liability insurance; or an endorsement to a homeowner's policy for coverage of STR activities. Insurance provided by online STR platforms does not qualify as valid insurance under this subsection.

Sec. 23-5. – Health and Life Safety Standards. Each STR shall always comply with the following standards while the STR is occupied:

- a. Buildings, structures, or rooms shall not be used for purposes other than those for which they were designed or intended.
- b. The overnight occupancy of a STR shall be limited to no more than three (3) people per bedroom plus one (1) additional person per unit.
- c. Roofs, floors, walls, foundations, ceilings, stairs, handrails, guardrails, doors, porches, decks, all other structural components and all appurtenances thereto shall be capable of resisting all forces and loads to which they may be normally subjected and shall be kept in sound condition and in good repair.
- d. An operable toilet, sink, and a bathtub/shower shall be located within the same building, and every room containing a toilet or bathtub/shower shall be completely enclosed by walls, doors, or windows that will afford sufficient privacy.
- e. Electrical panels shall be clearly labeled.
- f. All vehicles shall be parked in designated parking areas, and parking is prohibited in any landscaped area. Improved surface areas on the site shall be sufficient to enable a car for every three (3) occupants to park during the hours of 10:00pm to 7:00am the following day.
- g. Loud music, outdoor activities or any other source of noise that can be heard beyond the perimeter of the STR premises shall not be generated during the hours of 10:00pm to 7:00am the following day.
- h. A sign, in a form approved by the City of Crosslake, shall be conspicuously posted inside each STR with the STR license number, the owner's authorized agent (property manager) current contact information, and the physical address of the STR, including unit number if applicable.
- i. A license number sign, in a form approved by the City of Crosslake, shall be posted underneath the E911 address, visible from the exterior of the STR to passersby, identifying the property as an STR.

Sec. 23-6. – Inspections. Each STR shall obtain a fire and life safety inspection as a condition of license issuance annually. Requests for inspections shall be made to the Crosslake Fire Department

at least sixty (60) days prior to the date of the initial license application and at least sixty (60) days prior to the end of each subsequent year. Items to be inspected include:

- a. Working fire extinguishers.
- b. Adequacy of egress.
- c. Posted egress plan.
- d. Working carbon monoxide detectors.
- e. Working smoke alarms.
- f. Improvised electrical conditions and use of extension cords.
- g. Use of portable heating appliances and outdoor heating appliances.
- h. Conspicuous posting of the physical address of the STR.
- i. Re-Inspection: If an inspection reveals that the STR is not in compliance with this Chapter, a re-inspection shall be required. An additional fee of \$100 per visit will be charged. Re-Inspections must be scheduled in advance and may take up to thirty (30) days to complete.

Sec. 23-7. – Septic/Solid Waste. No holding tanks allowed. The STR must be connected to an approved SSTS or served by the municipal sanitary sewer system. A valid Certificate of Installation, which is a certificate that was issued on a new septic system installed within the past five (5) years or a copy of a compliance inspection which was performed within the past three (3) years, is required to be submitted with the application. The Certificate of Installation must show that the system was tested and is compliant for the number of bedrooms indicated on the application. The Compliance Inspection Report is due at least once every three (3) years.

Disposal of solid waste must comply with Crow Wing County Solid Waste Ordinance, or its successor or replacement. Garbage, refuse, or recycling shall be stored completely enclosed within designated refuse containers. The owner or owners authorized agent (property manager) of the STR shall provide sufficient trash storage containers and service to accommodate the demand of the occupants. Trash storage containers must be removed from roadside pickup within 24 hours of scheduled pick up.

Sec. 23-8. – Advertising. Advertising for an STR shall include the STR license number immediately following the description of the STR. Licensee shall not advertise the STR as available to more guests than the occupancy limit identified on the license. No onsite advertising shall be allowed on the property.

Sec. 23-9. – Taxes. Short-Term Rental facilities must charge sales tax on lodging if the rental is less than 30 days, pursuant to Minnesota Statute 297A.61.

Short-Term Rental properties owners in the City of Crosslake are required by law to collect one (1) percent lodging tax, which is due and payable to the Whitefish Area Lodging Association (WALA). This tax shall be collected with each payment received by guests and is due quarterly on the twenty-fifth (25) of the month after the end of each quarter to the designated tax administrator, Ideal Township.

ARTICLE III. VIOLATIONS AND PENALTIES

Sec. 23-10. – Violations.

- a. Violation: It is unlawful to violate any provisions of this Chapter. Each day of violation shall be deemed a separate offense.
- b. Violation: It is unlawful for any party to offer to rent a Short-Term Rental or to operate a Short-Term Rental without a City License.
- c. Liability: Each Short-Term Rental owner shall be liable for all violations occurring at the STR. The owner’s authorized agent (property manager) shall be jointly and severally liable for all violations occurring at any of its professionally managed STR’s in the City of Crosslake.

Sec. 23-11. – Complaints. Initial complaints concerning an STR property shall be directed to the owner or owner’s authorized agent (property manager). The owner or owner’s authorized agent (property manager) shall resolve the issue that was the subject of the complaint within sixty (60) minutes, including visiting the site if necessary.

Sec. 23-12. – Enforcement.

- a. Civil violations shall be subject to the fines and penalties set forth in the City of Crosslake Fee Schedule.
- b. All penalties shall be paid within fourteen (14) days of the date of citation. If the civil violation is paid, there shall be no opportunity to challenge or otherwise appeal the violation. If the STR owner disputes the violation, the STR owner shall file a written protest with the City of Crosslake within fourteen (14) days of the citation.
- c. If the STR owner protests the citation, the City of Crosslake shall cancel the citation and proceed to criminal enforcement.
- d. If the penalty is not timely paid and no protest is timely filed, the City of Crosslake may summarily suspend the STR License until the penalty is fully paid. Written notice of such suspension shall be provided to the last-known address of the STR owner or to the owner’s authorized agent (property manager).
- e. Suspension: Regardless of the type of enforcement, the third (3rd) violation in any twelve (12) month period for a single STR, regardless of ownership of the STR, shall result in a one (1) year suspension, commencing on the date of the last violation, during which no license shall be granted for such STR.
- f. Failure to License: Unless otherwise provided, any person who shall commence or continue to operate a STR for which a license is required without first procuring the license shall be deemed guilty of an infraction and subject to a fine set forth in the City of Crosslake Fee Schedule. A separate offense shall be deemed committed on each day during or on which a violation occurs or continues.
- g. Intentional False Reporting of a Violation: The intentional false reporting of an STR violation shall be considered a violation of this ordinance. The penalty for intentional false reporting of a violation will be set forth in the City of Crosslake Fee Schedule.
- h. All unpaid penalties will be certified to property owner’s property tax in November of each year.

Sec. 23-13. – Repeal. All previous ordinances, resolutions, orders, or parts thereof, that are in conflict herewith are hereby repealed.

Sec. 23-14. – Separability. It is hereby declared to be the intention that the several provisions of this ordinance are separable in accordance with the following: If any court of competent jurisdiction shall adjudge any provision of the ordinance to be invalid, such judgement shall not affect any other provisions of the ordinance not specifically included in said judgement. the validity of the remaining portions of this ordinance.

Sec. 23-15. – Effective Date. This ordinance shall be in full force and effect as of January 1, 2025.

Passed by the Crosslake City Council on August 12, 2024.

Dave Nevin, Mayor

ATTEST:

Charlene Nelson, City Clerk

DRAFT

- Returned Check Fee \$25 + Actual Costs Incurred
- Water \$1.80/per 1,000 Gallons
- Special Council Meeting Request \$500

MUNICIPAL SEWER CHARGES

- Residential Usage Charge \$65/ Per Month Eff w/Jan 2024 Usage
- Commercial Usage Charge \$65/ Per 8,000 Gallons/Per month
- Penalty Charge 10% of Unpaid Balance
- Residential Connection Fee \$5,500
- Commercial Connection Fee \$9,200

PERMITS

- Adult Establishment \$2,500
- Background Investigation (in state) \$500
- Background Investigation (out of state) \$10,000 Max
- Single Transient Merchant Permit – Per Day \$50
- Group Transient Merchant Permit – Annual \$50
- Express Service – to Process in Less Than 14 Days \$50
- Pawn Broker \$150/Calendar Year
- Waste Hauler License \$100/per year

PUBLIC WORKS

- Antenna Added to Existing Tower \$500
- Crack Sealing \$0.85/Per Foot
- Mailbox Post with Installation \$125
- Mowing \$75/Per Hour
- Petition to Vacate Road/Alley/Public Way \$1,000
- Salt/Sand \$75/Per Yard
- Small Cell Wireless Permit \$500
- Snowplowing \$100/Per Hour
- Street Sweeping \$100/Per Hour
- Waste Hauler Determined on a Case by Case Basis

SHORT-TERM RENTAL PENALTIES

- Annual License Fee \$750 (No Prorating)
- Failure to License Penalty (first offense) \$3,000
- Failure to License Penalty (second offense) \$3,000
- Failure to License Penalty (third offense) \$3,000
- Violation of Ordinance Regulations (first offense) \$1,000
- Violation of Ordinance Regulations (second offense) \$3,000
- Violation of Ordinance Regulations (third offense) \$3,000 and revocation of license
- False Reporting of Violation (first offense) \$250
- False Reporting of Violation (second offense) \$500
- False Reporting of Violation (third offense) \$1,000

Unpaid fines will be certified to property taxes each November.