



City of San Antonio

Agenda Memorandum

File Number: 18-6133

Agenda Item Number: 18.

Agenda Date: 11/15/2018

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Contract for Short Term Rental Permitting, Collections, and Compliance Services

SUMMARY:

This Ordinance approves a contract with Host Compliance LLC to provide Short Term Rental permitting, collections, and compliance services to the City of San Antonio for a one (1) year term commencing not later than January 15, 2019, with the option for two (2) one-year renewals under the same terms and conditions. Funding for year one is included in the FY 2019 Adopted Community & Visitors Facilities Fund Budget. Funding for the renewal options is subject to appropriation by City Council as part of the annual budget process.

BACKGROUND INFORMATION:

On November 1, 2018, the City Council approved an ordinance for the regulation of Short Term Rental ("STR") properties in the City. In anticipation of a significant increase in STR activity, the Finance Department researched services and software available to assist with the discovery and monitoring of these properties to improve the Hotel Occupancy Tax ("HOT") reporting and collections process and to bring them into compliance with collection of HOT.

The scope of work identified to assist the City with STRs includes: 1) STR Permitting and Tax Collection: mobile and web enabled forms and processes for streamlining Code Compliance permitting and tax collection and capturing of signatures, payments and required documentation; 2) STR Discovery and Address Identification: complete address information and interactive reporting of rental activity, location, and photos of all identifiable STRs; and 3) Compliance Monitoring: ongoing monitoring of STRs for compliance including updated lists of owners in non-compliance, estimated revenues for each STR, and periodic reports and analysis to support HOT

audits and other enforcement investigations.

The City issued a Request for Proposals for Short Term Rental Monitoring and Compliance Services (“RFP”) on December 13, 2017 which was advertised in the San Antonio Express News and posted on the City’s website. On January 19, 2018, the City received three (3) responses to the RFP which were deemed eligible for evaluation. Interviews were conducted with all three respondents. After completion of interviews, additional information was requested from each respondent which included expanded services for registration and permitting as well as a Best and Final Offer based upon revised services requested by the City.

On October 2, 2018, the proposals were scored by an Evaluation Committee consisting of representatives from the Finance and Development Services departments. The evaluation of each proposal response was based on a total of 100 points: 30 points allotted for Experience, Background and Qualifications; 45 points allotted for the Proposed Plan; 10 points allotted for Price, 10 points for Local Preference Program and 5 points for the Veteran-Owned Small Business Program. Host Compliance LLC received the highest ranking and is being recommended for award.

ISSUE:

In anticipation of a significant increase in STR activity, consultant services are necessary to assist the City with the discovery and monitoring of STR properties for Code Compliance permitting, to bring them into compliance with the collection of HOT, and to provide a user friendly online payment system. The contract with Host Compliance LLC will incorporate all the services included in the scope of work and may include optional services such as data-informed outreach to operators regarding their tax remittance obligations, a dedicated hotline for reporting STR problems along with the capability of adding existing hotels to the online payment and reporting system.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

ALTERNATIVES:

The City has the option not to authorize the contract; however, these services are necessary to manage the significant increase in STRs. If the contract is not approved, the City will not be able to identify all STRs that are operating and will have to rely on STR self reporting and limited compliance which will result in less HOT revenues collected for STR activity.

FISCAL IMPACT:

This Ordinance approves a contract with Host Compliance LLC to provide Short Term Rental permitting, collections, and compliance services to the City of San Antonio for a one (1) year term commencing not later than January 15, 2019, with the option for two (2) one-year renewals under the same terms and conditions.

The cost for the initial term of the contract is an amount not to exceed \$166,000 for the services included in the scope of work and an additional amount not to exceed \$91,000 for optional services. This contract will be funded from the Community & Visitors Facilities Fund FY 2019 Adopted Budget. This contract is anticipated to increase STR HOT collections and be net positive to the City. STR HOT collections will be deposited into the Hotel Occupancy Tax Fund in accordance with the Adopted Budget.

RECOMMENDATION:

Staff recommends approval of a contract with Host Compliance LLC to provide Short Term Rental permitting, collections, and compliance services to the City of San Antonio for a one (1) year term commencing not later than January 15, 2019, with the option for two (2) one-year renewals under the same terms and conditions.