

Town of Rico Memorandum

Date: August 6, 2025

To: Town of Rico Planning Commission and Board of Trustees
From: Chauncey McCarthy, Rico Town Manager
Subject: August Planning Commission and Board of Trustees Joint Meeting

Short term rental regulations (Pg. 5-9)

At the Board's June 2025 meeting, initial discussion centered on the possibility of issuing a limited number of short-term rental (STR) licenses in quadrants that have reached their capacity. The intent is to explore a framework that preserves the current town-wide cap while introducing flexibility through inter-quadrant license transfers.

In response, staff prepared a conceptual policy for Board discussion in July. The proposal integrates a hybrid approach combining license transfer provisions with neighborhood safeguards. The model would allow issuance of new STR licenses in at-capacity quadrants only if the following conditions are met:

1. Transfer from Under-Capacity Quadrant
A license must be relinquished from a quadrant operating at less than 75% of its STR license allocation.
2. Minimum Separation Requirement
The proposed STR must be located at least 150 feet (measured lot line to lot line) from any existing licensed STR.
3. Neighbor Consent
The applicant must secure signed consent from all property owners within a 100-foot radius (within town limits). These consent forms must be submitted with a sworn affidavit affirming their authenticity and confirming that no signatures were obtained under false pretenses or duress.
4. Public Hearing Requirement
Applications meeting the above criteria would be reviewed by staff and forwarded to the Board for consideration at a public hearing. Public notice would be required in accordance with the Town's standard noticing procedures.

At the conclusion of the July 2025 meeting, the Board determined that a more comprehensive review of the STR Regulations should be conducted in collaboration with the Planning Commission to evaluate broader policy goals and potential regulatory improvements. Discussion items for this joint session include:

- Reassessing the overall 7% cap on STR licenses in relation to total housing units.
- Evaluating the merits of an owner-occupied STR designation as a potential new category.
- Allowing each quadrant to receive one transfer license under defined criteria.

- Re-drawing quadrant boundaries based on current build-out rather than future development potential.
- Clarifying and updating response time and local responsible party requirements.

The attached STR Regulations have previously been amended once to replace the original lottery system with a waitlist structure and to revise both the application fees and the penalty schedule.

Staff recommends that the Planning Commission and Board of Trustees use this meeting to identify priorities and direct staff to begin drafting a revised ordinance that addresses the issues outlined above.

PLANNING COMMISSION MEETING MINUTES

Date: July 9, 2025

Call to order

Andrew Romanyshyn called the meeting to order at 6:03PM.

Present:

Skip Zeller
Andrew Romanyshyn
Todd Gillman

Absent:

Chairman Mike Contillo
Kiplynn Smith

Staff Present. Chauncey McCarthy, Jen Stark (Zoom), Anna Wolf (Zoom)

Approval of the Agenda

Motion

To approve the agenda.

Moved by Andrew Romanyshyn, seconded by Skip Zeller.

Vote. A roll call vote was taken and the motion was approved, 3-0.

Approval of the Minutes

Motion

To approve the minutes.

Moved by Skip Zeller, seconded by Andrew Romanyshyn.

Vote. A roll call vote was taken and the motion was approved, 3-0.

Public Comment:

Skip Zeller reads letter that will be sent to land owners around the town limits.
Planning commission has discussion.

Discussion Items:

Updates and next steps

Town Manager Chauncey McCarthy gives update on LUC timeline.
Potential Master Plan revision with community buy in.

Meeting adjourns unanimously.

Anna Wolf
Rico Town Clerk

Michael Contillo
Chairman

450. SHORT-TERM RENTAL LICENSE REQUIRED

It shall be unlawful to operate a short-term rental dwelling unit, as defined in Section 910, within the Town until the Town has issued a short-term rental license under the provisions of the RLUC contained in Sections 450-457, as amended (the “Short-Term Rental Regulations”).

451. PURPOSE

The Town of Rico recognizes that there are benefits to allowing owners of residential units within the Town to rent their dwelling units for periods of time less than thirty (30) days. Short-term rental of dwelling units brings additional visitors to the Town, can allow owners to recoup housing costs, and provides revenues for the Town through the additional tax collections. The provision of short-term rentals offers additional diversification to the accommodations market. However, due to the potential for adverse impacts, the Town wishes to regulate short-term rentals to protect the health, safety, and welfare of owners, residents, neighbors, and visitors.

452. APPLICABILITY

452.1 The Short-Term Rental Regulations shall apply to any residential dwelling unit within the Town. The Short-Term Rental Regulations are applicable within a Planned Unit Development unless the short-term rental of property is specifically identified as a prohibited use by the Planned Unit Development.

452.2 The Town is not a party to and does not enforce any private covenants. Private covenants may restrict the ability for owners to engage in short-term rentals.

452.3 Unless otherwise stated or modified, the Short-Term Rental Regulations, including owner responsibilities, operation standards, penalties, and enforcement, shall apply to existing short-term rental dwelling units authorized by a special use permit prior to the date of adoption of the ordinance enacting these regulations. Any short-term rental dwelling unit authorized by special use permit prior to the date of these regulations must comply with any conditions imposed on the special use permit at the time of issuance. A short-term rental dwelling unit authorized by special use permit shall be considered an existing non-conforming use under Section 208. Under Section 208.4, discontinuance and abandonment of the non-conforming short-term rental use exists when the owner of the short-term rental dwelling unit fails to remit lodging tax to the Town for a period of six (6) months, upon the transfer of fee simple title to the short term dwelling unit, whether by the owner or by operation of law, or when the owner applies for and receives a short-term rental license under the procedures in Section 456.

453. OWNER RESPONSIBILITIES

453.1 The owner of the short-term rental dwelling unit shall designate a natural person located within a one-hour driving distance of the short-term rental who is available twenty-four (24) hours per day, seven (7) days per week, to serve as the local responsible party for the short-term rental and to immediately respond to any issues arising from the short-term rental. The designated responsible party may be the owner of the property. The owner shall notify the Town in writing of the designation of the responsible party within five (5) days of such designation or modification of any such designation.

453.2 The owner or responsible party shall collect and pay all applicable local, state, and federal taxes including sales, lodging, and excise taxes as applicable.

453.3 The owner or responsible party is responsible for ensuring the short-term rental meets all applicable local, state, and federal regulations. This includes compliance with the RLUC and, for example C.R.S. § 38-45-101 et seq., as amended, which requires carbon monoxide alarms in residential properties.

453.4 The owner or responsible party is responsible for obtaining all required licenses in accordance with the Town of Rico's business licensing ordinances.

454. LOCATION, USE, AND OCCUPANCY RESTRICTIONS

454.1 Occupancy limitations of a short-term rental dwelling unit shall be established by the Town's building code, as determined by the Town's building inspector, and shall be indicated on the short-term rental license.

454.2 In residential zone districts, in a multi-family building under single ownership, or for properties with an accessory dwelling unit, no more than one (1) unit may be licensed as a short-term rental, provided the use restrictions in Section 454.3 are met.

454.3 The total number of short-term rental dwelling units shall be limited to seven percent (7%) of the Town's total housing units as determined by the Colorado State Demography Office and updated from time to time. This percentage limit may be amended by the Board of Trustees by ordinance.

In addition, the available number short-term rental dwelling units shall be distributed into four quadrants, assuming an approximately equal number of housing units per quadrant. The quadrants shall be as follows:

Northwest: North of W. Campbell Street and West of S. Glasgow Ave.

Northeast: North of E. Mantz Ave and East of S. Glasgow Ave.

Southeast: South of E. Mantz Ave and East of S. Glasgow Ave.

Southwest: South of W. Campbell Street and West of S. Glasgow Ave.

In addition, in residential zone districts, no short-term rental dwelling unit shall be issued a license in a property immediately adjacent to a property that contains a short-term rental dwelling unit. "Immediately adjacent," for the purposes of this section, means that the properties share at least 25 feet of contiguous boundary line.

The limitations on location and total number of short-term rental units in this Subsection 454.3 shall include existing short-term rental dwelling special use permits existing as of the date of the ordinance adopting these Short-Term Rental Regulations.

454.4 Short-term rental dwelling units in the Commercial (CM) or Historic Commercial (HC) zone districts shall not count towards the total number of short-term rental dwelling units in Section 454.3 above.

455. OPERATION

455.1 All vehicles associated with the short-term rental use shall be parked in designated parking areas, such as driveways and garages, or on-street parking, where permitted. No parking shall occur on lawns or sidewalks. Unless otherwise requested by the license applicant and specified in the license, two parked vehicles shall be allowed per short-term rental dwelling unit, and the vehicles shall display a parking permit with the license number of the short-term rental at all times when parked.

455.2 The owner shall be responsible for ensuring that the short-term rental complies with Town of Rico garbage, refuse, and trash collection standards. The owner and local responsible party shall arrange for proper garbage, refuse, and trash collection. The owner and local responsible party shall arrange for snow removal on the sidewalks and driveways associated with the short-term rental.

455.3 The following information must be posted in a prominent and visible location in the short-term rental:

- (a) Town of Rico business license and short-term rental license;
- (b) Contact information for owner and/or local responsible party, including phone number for twenty-four-hour response to emergencies;

- (c) Notice of any fire ban in effect in the Town;
- (d) Description of location of fire extinguishers and emergency egress; and
- (e) Any other information deemed necessary by the Town Manager or Building Official to ensure the public's health and safety.

455.4 All advertising of a short-term rental, including advertising on website vacation booking sites, shall display the Town of Rico short-term rental license number and business license number.

456. LICENSE PROCEDURES

456.1 Application Requirements. The owner shall submit the application on the form provided by the Town and shall pay the application fee. The nonrefundable application fee shall be \$100 for an initial application and \$75 for an annual renewal application—Prior to issuance or renewal of a short-term rental license, the applicant shall pay the licensing fee. The licensing fee for a new short-term rental license shall be \$2500 and \$750 for renewal of an existing short-term rental license. Applications for renewal of a short-term rental license shall be submitted to the Town no later than August 1 of the year the renewal term.

456.2 Available Licenses, Waitlist. In the event that there are no short-term rental licenses available within the quadrant, as established by Section 454.3(a) above, in which the applicant's proposed short-term rental property is located, the applicant shall be added to a short-term rental license wait list. The Town shall create and maintain a wait list for this purpose for each quadrant.

(a) Priority for issuing a short-term rental license, when available in the applicable quadrant, shall be based on application date such that the applicant that has been on the wait list the longest shall be entitled to receive the next available license upon payment of the licensing fee.

(b) An applicant shall remain on the wait list until a license is issued to the applicant, or the applicant is otherwise removed from the wait list, whichever occurs first. An applicant shall be removed from the wait list for violation of the Short-Term Rental Regulations, or upon transfer of the applicant's proposed short-term rental property to a new owner.

456.3 Application Review, Referral, and Appeal. The Town Manager, in consultation with the Town Planner, shall review applications for short-term rental licenses for compliance with these regulations. The Town shall review applications if the application is in conformity with the Short-Term Rental Regulations, the Town Manager shall issue a short-term rental license, if available, or add the applicant

to the waitlist pursuant to Section 456.2 above, within thirty (30) days of submission. The Town Manager may, in his or her sole discretion, refer an application to the Board of Trustees if the application raises issues on which the Board's input is necessary or desirable. If the application is not approved and the license is not issued, the Town Manager shall state in writing the reason(s) for the denial of the license. The applicant may appeal the Town's denial to the Board of Trustees within thirty (30) calendar days of issuance of the written denial decision.

456.4 Issuance of License, Initial Term and Renewal. All short-term rental units, except short-term rental dwelling units for which the Town has issued a special use permit as of the date of the ordinance adopting these regulations, shall require a license from the Town. Such license shall only be issued after the short-term rental application has been approved in accordance with the Municipal Code. The short-term rental license shall specify any terms and conditions of the license. All licenses shall be issued to the owner of the property. No natural person or business entity shall be issued more than one short-term rental license, nor shall the owner of an existing short-term rental dwelling unit as of the date of adoption of these regulations be issued a license for an additional short-term rental. Licenses shall not transfer with the transfer of property to a new owner: a change in ownership of the property shall necessitate a new application and issuance of a new license.

(a) Licenses shall be issued for an initial period commencing on the approval date and shall automatically expire on December 31 of the same year.

(b) The renewal period for each license shall be one (1) year starting on January 1 and shall automatically expire on December 31 of the same year.

456.5 Neighborhood Notification. Upon issuance of a short-term rental license, the property owner shall be responsible for mailing public notification of the license to owners of all real property within two hundred fifty (250) feet of any boundary or edge of the subject property or parcel. The property owner shall provide certification to the Town Manager that proper notice has been provided, including a signed affidavit.

456.6 Revocation of License. A short-term rental license may be revoked at any time by the Board following a hearing if the Town determines that the property is not being operated in compliance with this Short-Term Rental Regulations or any other Town ordinance. A short-term rental license shall be revoked automatically upon the property owner's third conviction in Rico Municipal Court of a violation of any provision in these Short-Term Rental Regulations with respect to the short-term rental. An applicant whose short-term rental license has been revoked within the last two years shall not be allowed to apply for a new or renewal short-term rental license.

456.7 Tax Collection. A license holder who fails to collect any applicable taxes on a short-term rental, including but not limited to lodging tax, during the license period shall not be allowed to renew the license for the next two-year license cycle. Owners shall present documentation demonstrating the collection and remittance of taxes to the Town as part of the license renewal application.

457. PENALTIES AND ENFORCEMENT

457.1 Penalties for Violations. Any violation of the Short-Term Rental Regulations shall be subject to a fine of two thousand five hundred dollars (\$2,500.00) for the first offense, three thousand dollars (\$3,000.00) for the second offense, four thousand (\$4,000.00) for the third offense, and five thousand dollars (\$5,000.00) for the fourth offense and all subsequent offenses. Each day's continuing violation shall be a separate and distinct offense.

457.2 Taxes Owed. In addition to the fine amounts stated in Section 457.1, any owner or operator of a short-term rental dwelling unit, including unauthorized owners operating a short-term rental without a license in violation of the Short-Term Rental Regulations, shall pay all unpaid taxes, including lodging tax, owed to the Town and interest thereon calculated at a rate of ten percent (10%) per year. The amount of outstanding tax owed shall be separate from the amount of the fine.

457.3 Inspection and Audit. The Town has the right to inspect any short-term rental dwelling unit after giving forty-eight (48) hours' notice to the property owner and designated responsible party to verify compliance with the Short-Term Rental Regulations. The Town has the right to require an audit of any short-term rental owner's records concerning the operation of the short-term rental, to include occupancy rates, prices, revenues generated, and taxes remitted. The short-term rental owner shall be responsible for the cost of any audit.