



## **Keystone Town Council Work Session Agenda**

The Keystone Town Council will have a Work Session on May 28, 2024, at 4:00 p.m. at 1628 Sts. John Rd, Keystone, CO 80435.

- I. CALL TO ORDER, ROLL CALL
- II. DISCUSSION OF TOWN FINANCIAL STATEMENTS – APRIL 2024
- III. DISCUSSION OF REIMBURSEMENT OF INCORPORATION EXPENSES
- IV. DISCUSSION OF CLASS 2 DEVELOPMENT REVIEW AND OTHER APPLICATION CLASSES
- V. DISCUSSION OF SHORT-TERM RENTAL LICENSING ORDINANCE
- VI. DISCUSSION OF SHORT-TERM RENTAL SOFTWARE OPTIONS
- VII. DISCUSSION OF BACKGROUND OF ANNEXATION PROCESS
- VIII. DISCUSSION OF MANAGER/COUNCIL ISSUES
- IX. ADJOURNMENT

F	G	H	I	J	K	L
1	<b>Town of Keystone</b>					
2	<b>Statement of Financial Position</b>					<b>Printed: 5/23/24</b>
3	<b>As of Date Indicated</b>					
4						<i>Preliminary - Subject to Change</i>
5						
6	<b>April 30, 2024</b>	<b>General</b>	<b>Housing</b>	<b>Conservation</b>	<b>All Funds</b>	
7		<b>Fund</b>	<b>Fund</b>	<b>Trust Fund</b>	<b>Combined</b>	
8	<b><u>ASSETS</u></b>					
9	Investment Acct	0				0
10	Operating - FirstBank	1,080,602				1,080,602
11	Pooled Cash	0	0	0		0
15						
16	Total Cash in Bank	1,080,602	0	0		1,080,602
17						
18	Sales Tax Receivable	26,256				26,256
19	Other Tax Receivable	0				0
20	Accounts Receivable	0	0	0		0
24	Other Receivables	0				0
25	Prepaid Expenses	0				0
26	Office Space Security Deposit	4,900				4,900
27						
28	<b>TOTAL ASSETS</b>	<b>1,111,758</b>	<b>0</b>	<b>0</b>		<b>1,111,758</b>
29						
30	<b><u>LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</u></b>					
31	Accounts Payable	20,792	0	0		20,792
36	Payroll Liabilities	8,898	0	0		8,898
42	Wages Payable	0				0
43	Due to Summit County (Sales Tax Advance)	300,000				300,000
44	Misc Liabilities	0				0
45						
46	<b>TOTAL LIABILITIES</b>	<b>329,690</b>	<b>0</b>	<b>0</b>		<b>329,690</b>
47						
48	<b>DEFERRED INFLOWS</b>					
49	Deferred Revenue	0				0
50						
51	<b>TOTAL DEFERRED INFLOWS</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
52						
53	<b>FUND EQUITY</b>					
54	Invested in Capital Assets, Net	(200,000)				(200,000)
55	Amount to be Provided for Debt Repayment	(100,000)				(100,000)
56	Fund Balance - General Fund	0				0
57	Fund Balance - Workforce Housing		0			0
58	Fund Balance - Conservation Trs			0		0
59	Current Surplus (Deficit)	1,082,068	0	0		1,082,068
60	<b>TOTAL FUND EQUITY</b>	<b>782,068</b>	<b>0</b>	<b>0</b>		<b>782,068</b>
61						
62	<b>TOTAL LIABILITIES, DEFERRED INFLOWS</b>					
63	<b>AND FUND EQUITY</b>	<b>1,111,758</b>	<b>0</b>	<b>0</b>		<b>1,111,758</b>
64	No assurance provided on these financial statements; substantially all disclosures required by GAAP omitted.	=	=	=		=

	E	F	H	I	J	K	L	M	N
2	Town of Keystone								Printed: 5/23/24
3	Statement of Revenues, Expenses and Changes in Fund Balance								Preliminary
4	Actual, Budget and Forecast for the Periods Indicated								
5	Modified Accrual Basis		2024 ANNUAL			2024 From Inception (2/8/2024)		2025	
6						4 Months	4 Months		
7						Ended	Ended		
8						4/30/24	4/30/24		
9								Variance	Placeholder
								Favorable	2025
								(Unfavor)	Budget
10	<b>GENERAL FUND</b>								
11	<b>Revenues</b>								
12	Sales Tax (2 month reporting lag)		2,614,224	2,614,224	0	985,889	969,261	16,628	3,323,383
13	<b>Other Tax Revenue</b>								
14	Highway Users Tax Fund		48,627	48,627	0	0	0	0	66,612
15	Cigarette Tax		5,092	5,092	(0)	411	0	411	7,115
16	Nicotine Tax		59,628	59,628	0	0	0	0	83,315
17	Road and Bridges Tax		91,684	91,684	(0)	35,324	0	35,324	103,774
18	Specific Ownership Tax		25,348	25,348	0	0	0	0	34,723
19	Auto Ownership Tax		9,970	9,970	0	0	0	0	13,657
20	Other Tax Revenue		0	0	0	0	0	0	0
21									
22	<b>Total Other Tax Revenue</b>		240,348	240,349	1	35,735	0	35,735	309,196
23	<b>Fees</b>								
24	Building Permits		203,203	203,203	0	0	0	0	362,282
25	Franchise Fees		0	0	0	0	0	0	0
26									
27			203,203	203,203	0	0	0	0	362,282
28	<b>Licenses</b>								
29	Business Licenses				0	0	0	0	34,723
30	Short Term Rentals		541,732	541,732	(0)	0	0	0	547,150
31	Liquor Licenses				0	0	0	0	0
32									
33			541,732	541,732	(0)	0	0	0	581,873
34	<b>Fines</b>								
35	Municipal Court Fines				0	0	0	0	0
36	Code Enforcement Fines				0	0	0	0	0
37									
38			0	0	0	0	0	0	0
39	<b>Other Income</b>								
40	Grants				0	0	0	0	0
41	Interest on Taxes				0	0	0	0	0
42	Interest on Investments				0	0	0	0	0
43	Admin Miscellaneous Income				0	0	0	0	0
44									
45			0	0	0	0	0	0	0
46									
47	<b>Total Revenue</b>		3,599,507	3,599,508	1	1,021,624	969,261	52,363	4,576,734
48									
49	<b>Expenditures</b>								
50	<b>Employee Benefits &amp; Taxes</b>								
51	401 A Match		44,414	44,414	0	5,346	12,113	6,767	60,000
52	457 Match		16,655	16,655	0	300	4,542	4,242	130,000
53	Flexible Spending Account (FSA)		5,774	5,774	0	750	1,575	825	6,500
54	Wellness Reimbursement		12,158	12,158	0	0	3,316	3,316	9,600
55	Health Insurance Premiums		79,834	79,834	0	7,546	21,773	14,227	0
56	Health Insurance Contributions				0	(4)	0	4	0
57	Workers Comp Insurance Premiums		11,381	11,381	0	6,144	3,104	(3,040)	0
58	Payroll Taxes		18,543	18,543	0	2,597	5,057	2,460	900
59									
60									
61									
62									
63	<b>Total Employee Benefits &amp; Taxes</b>		188,759	188,759	0	22,679	51,480	28,801	207,000

	E	F	H	I	J	K	L	M	N
2	<b>Town of Keystone</b>								Printed: 5/23/24
3	<b>Statement of Revenues, Expenses and Changes in Fund Balance</b>					<i>Preliminary</i>			
4	<b>Actual, Budget and Forecast for the Periods Indicated</b>								
5	<b>Modified Accrual Basis</b>		<b>2024 ANNUAL</b>			<b>2024 From Inception (2/8/2024)</b>			<b>2025</b>
6		<b>Approved</b>		<b>Variance</b>	<b>4 Months</b>	<b>4 Months</b>	<b>Variance</b>	<b>Placeholder</b>	
7		<b>2024</b>	<b>2024</b>	<b>Favorable</b>	<b>Ended</b>	<b>Ended</b>	<b>Favorable</b>	<b>2025</b>	
8		<b>Budget</b>	<b>Forecast</b>	<b>(Unfavor)</b>	<b>4/30/24</b>	<b>4/30/24</b>	<b>(Unfavor)</b>	<b>Budget</b>	
9					<b>Actual</b>	<b>Budget</b>		<b>Budget</b>	
64	<b>General Expenditures All Departments</b>								
65	Telephone	2,830	2,830	0	1,179	1,230	51	3,168	
66	Office Lease	50,700	50,700	0	16,600	0	(16,600)	196,158	
67	Office Building Maintenance	3,700	3,700	0	1,350	1,700	350	3,504	
68	Office Supplies	3,754	3,754	0	215	754	540	4,203	
69	Prof Services/Membership Fees	10,429	10,429	0	11,549	10,429	(1,120)	10,742	
70	Dues and Subscriptions	6,802	6,802	(0)	0	1,360	1,360	7,006	
71	Training	6,802	6,802	(0)	1,998	0	(1,998)	14,011	
72	Travel/Meals/Ldging	6,802	6,802	(0)	1,227	0	(1,227)	14,011	
73	Uniforms/Clothing	1,700	1,700	0	110	0	(110)	1,751	
74	Insurance	5,000	5,000	0	1,552	5,000	3,448	70,056	
75	Bank and Misc Fees	0	0	0	0	0	0	0	
76	IT/Technology	68,016	68,016	0	11,533	3,392	(8,141)	93,409	
77	Website	6,802	6,802	0	542	1,362	820	7,006	
78	Equipment Repairs/Leases	5,526	5,526	0	0	1,106	1,106	7,589	
79									
80	<b>Total Gen Exp All Departments</b>	<b>178,862</b>	<b>178,863</b>	<b>(1)</b>	<b>47,855</b>	<b>26,333</b>	<b>(21,522)</b>	<b>432,616</b>	
81									
82	<b>Mayor and Town Council</b>								
83	Mayor Wages	11,000	11,000	0	3,092	3,000	(92)	12,000	
84	Council Wages	33,000	33,000	0	9,183	9,000	(183)	36,000	
85	Cell Phone AllowTown Council	5,775	5,775	0	1,558	1,575	17	6,300	
86									
87		49,775	49,775	0	13,833	13,575	(258)	54,300	
88									
89	Misc Expense Town Council	1,251	1,251	0	965	347	(618)	1,401	
90	<b>Total Mayor and Town Council</b>	<b>51,026</b>	<b>51,026</b>	<b>0</b>	<b>14,798</b>	<b>13,922</b>	<b>(876)</b>	<b>55,701</b>	
91									
92	<b>Administration Services</b>								
93	Town Manager Wages	127,530	127,530	0	0	14,170	14,170	175,141	
94	Town Clerk Wages	95,047	95,047	0	30,362	24,383	(5,979)	106,411	
95	Office Clerk Wages	58,333	58,333	0	0	11,669	11,669	65,308	
96	Cell Phone Administration	2,250	2,250	0	138	450	312	0	
97	Keystone Housing Administration	15,000	15,000	0	1,750	3,000	1,250	0	
98									
99		298,160	298,160	0	32,251	53,672	21,421	346,860	
100	Postage	2,607	2,607	0	0	522	522	2,919	
101	Printing	7,300	7,300	0	312	1,460	1,148	8,173	
102	Community Engagement	8,502	8,502	0	0	1,000	1,000	8,757	
103	Local Travel	2,607	2,607	0	102	711	609	2,919	
104	Elections	12,000	12,000	0	0	0	0	0	
105	Town Attorney Contract	90,688	90,688	0	56,915	20,000	(36,915)	93,409	
106	Smoking Cessation (from Nicotine Tax)	59,628	59,628	0	0	6,625	6,625	83,315	
108	Payroll Contract (Paylocity)	4,950	4,950	0	1,674	1,350	(324)	5,099	
109	Accounting Contract (M&W)	63,494	63,494	0	16,711	15,000	(1,711)	64,958	
110	Annual Audit Contract	0	0	0	0	0	0	19,266	
111	Short Term Rental Contract Support	116,761	116,761	(0)	0	0	0	120,264	
112	Miscellaneous Adminstrative Expense	0	0	0	10	0	(10)		
113									
114	<b>Total Administrative Services</b>	<b>666,697</b>	<b>666,697</b>	<b>0</b>	<b>107,975</b>	<b>100,340</b>	<b>(7,635)</b>	<b>755,938</b>	
115									
116	<b>Community Development</b>								
117	Comm Dev Director Wages	124,431	124,431	0	28,607	28,431	(176)	148,320	
118	Planner2 Wages	60,489	60,489	0	0	0	0	93,409	
119	Cell Phone Comm Dev	1,350	1,350	0	104	150	46	1,800	
120	Keystone Housing Incentive Comm	9,500	9,500	0	1,250	1,500	250	6,300	
121									
122		195,770	195,770	0	29,961	30,081	120	249,829	
123	Building Permit/Inspections	162,562	162,562	0	0	0	0	289,826	
124	GIS	9,069	9,069	0	0	1,814	1,814	9,341	
125	Professional Services (Contracted)	11,336	11,336	0	0	2,268	2,268	11,676	
126	Planning Supplies/Printing	5,668	5,668	0	0	0	0	5,838	
127	Communications	2,721	2,721	0	0	302	302	2,802	
128	Miscellaneous Comm Dev Expense	0	0	0	0	0	0		
129									
130	<b>Total Community Develop</b>	<b>387,126</b>	<b>387,126</b>	<b>0</b>	<b>29,961</b>	<b>34,465</b>	<b>4,504</b>	<b>569,311</b>	

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4	Actual, Budget and Forecast for the Periods Indicated								
5	Modified Accrual Basis		2024 ANNUAL			2024 From Inception (2/8/2024)		2025	
6		Approved		Variance	4 Months	4 Months	Variance	Placeholder	
7		2024	2024	Favorable	Ended	Ended	Favorable	2025	
8		Budget	Forecast	(Unfavor)	4/30/24	4/30/24	(Unfavor)	Budget	
9					Actual	Budget		Budget	
131	<b>Public Works</b>								
132	Public Works Director Wages								
133		45,344	45,344	0	0	0	0		93,409
134		450	450	0	0	0	0		900
135		3,000	3,000	0	0	0	0		6,000
136									
137		48,794	48,794	0	0	0	0		100,309
138		2,721	2,721	0	0	0	0		2,802
139		5,668	5,668	0	0	0	0		11,676
140		2,834	2,834	0	0	0	0		5,838
141	<b>Road Maint/Snow Plowing Contracts</b>								
142		0	0	0	0	0	0		35,028
143		0	0	0	0	0	0		81,733
144		0	0	0	0	0	0		166,968
145		0	0	0	0	0	0		16,697
146		0	0	0	0	0	0		17,514
147		0	0	0	0	0	0		40,866
148		0	0	0	0	0	0		358,806
149									
150		0	0	0	0	0	0		11,676
151		5,668	5,668	0	0	0	0		21,855
152		0	0	0	0	0	0		
153									
154		65,685	65,685	0	0	0	0		512,962
155	<b>Public Safety</b>								
156	Miscellaneous Public Safety Exp								
167		0	0	0	0	0	0		
168									
169		0	0	0	0	0	0		686,974
170	<b>Municipal Court</b>								
171	Judge								
172		0	0	0	0	0	0		7,589
173		0	0	0	0	0	0		11,209
174		0	0	0	0	0	0		584
175									
176									
177		0	0	0	0	0	0		19,382
178									
179		1,538,155	1,538,155	(1)	223,268	226,540	3,271		3,239,884
180									
183		2,061,353	2,061,353	0	798,356	742,721	55,635		1,336,850
185	<b>Other Sources (Uses)</b>								
186	Transfer to Capital Improvement								
187		(900,000)	(888,900)	11,100	(16,288)	(13,427)	(2,861)		(200,000)
188		0	27,500	27,500	0	0	0		
189		0	0	0	0	0	0		
190		0	805,000	805,000	800,000	605,000	195,000		
191			(805,000)	(805,000)	(500,000)	0	(500,000)		
192									
193		(900,000)	(861,400)	38,600	283,712	591,573	(307,861)		(200,000)
194									
195		0	0	0	0	0	0		1,199,953
196									
197		1,161,353	1,199,953	38,600	1,082,068	1,334,294	(252,226)		2,336,803
198		=	=	=	=	=	=		

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4	Actual, Budget and Forecast for the Periods Indicated								
5	Modified Accrual Basis		2024 ANNUAL			2024 From Inception (2/8/2024)			2025
6			Approved		Variance	4 Months	4 Months	Variance	Placeholder
7			2024	2024	Favorable	Ended	Ended	Favorable	2025
8			Budget	Forecast	(Unfavor)	4/30/24	4/30/24	(Unfavor)	Budget
9						Actual	Budget		
199	<b>RESTRICTED FUNDS</b>								
200	<b>CAPITAL IMPROVEMENTS</b>								
201	<b>Revenue and Other Financing Sources</b>								
202	Contribution from General Fund		900,000	888,900	11,100	16,288	75,555	(59,267)	200,000
203									
204	<b>Total Revenues</b>		900,000	888,900	11,100	16,288	75,555	(59,267)	200,000
205									
206	<b>Capital and Non-Routine Projects</b>								
207	Repayment for Incorporation Costs		180,000	180,000	0	0	0	0	
208	Summit County fee for Cash advance		5,000	5,000	0	0	5,000	5,000	
209	Office Set Up-Furniture, Supplies and		41,500	41,500	0	0	13,000	13,000	10,500
210	Facility Modifications		50,000	50,000	0	0	0	0	
211	Staff Hiring Expense		5,000	5,000	0	0	4,000	4,000	
212	Start Up Consultant Support (Clerk/Co		32,500	32,500	0	0	7,500	7,500	
213	IT-Infrastructure/Software/Computers/		119,900	119,900	0	16,288	43,555	27,267	
214	Website		15,000	15,000	0	0	7,500	7,500	
215	Town Signage		30,000	30,000	0	0	0	0	
216	Interim Town Manager (\$150/hr, 10 we		60,000	60,000	0	0	0	0	
217	Engineering Assessment Town Mainta		40,000	40,000	0	0	0	0	
218	Flood Plain Plan		20,000	20,000	0	0	0	0	
219	Trails and Open Space Master Plan		30,000	30,000	0	0	0	0	
220	Comprehensive Use Plan				0	0	0	0	100,000
221	2 Police Vehicles and equipment		260,000	260,000	0	0	0	0	
222									
223	<b>Total Capital and Non-Routine Exp</b>		888,900	888,900	0	16,288	80,555	64,267	110,500
224									
225	<b>Surplus after other sources / uses</b>		11,100	0	11,100	0	(5,000)	5,000	89,500
226									
227	<b>FUND BALANCE - Beginning Capital</b>		0	0	0	0	0	0	11,100
228	<b>FUND BALANCE - Ending Capital</b>		11,100	0	11,100	0	(5,000)	5,000	100,600
229			=	=	=	=	=	=	
230	<b>Workforce Housing Fund</b>								
231	<b>Revenue and Other Financing Sources</b>								
232	Revenue		947,656	947,656	0	0	0	0	1,246,269
233	Interest Income								
234	<b>Total Revenues</b>		947,656	947,656	0	0	0	0	1,246,269
235									
236	<b>Expenditures</b>								
237	Housing Authority Fees		52,064	52,064	(0)	0	0	0	58,929
238	Transfer to General Fund		0	27,500	(27,500)	0	0	0	
239									
240	<b>Total Expenditures</b>		52,064	79,564	(27,500)	0	0	0	58,929
241									
242	<b>Surplus after other sources (uses)</b>		895,592	868,092	(27,500)	0	0	0	1,187,339
243									
244	Fund bal - Beginning Housing Fund		0	0	0	0	0	0	895,592
245	<b>Fund bal - Ending Housing Fund</b>		895,592	868,092	(27,500)	0	0	0	2,082,932
246			=	=	=	=	=	=	
247	<b>Conservation Trust Fund</b>								
248	<b>Revenue and Other Financing Sources</b>								
249	Conservation Trust Revenue		12,920	12,920	0	0	0	0	12,920
250	Interest Income								
251	<b>Total Revenues</b>		12,920	12,920	0	0	0	0	12,920
252									
253	<b>Expenditures</b>								
254	Conservation Trust Expenses		0	0	0	0	0	0	
255	Transfer to General Fund		0	0	0	0	0	0	
256									
257	<b>Total Expenditures</b>		0	0	0	0	0	0	0
258									
259	<b>Surplus after other sources / uses</b>		12,920	12,920	0	0	0	0	12,920
260									
261	Fund bal - Begin Cons Trust Fnd		0	0	0	0	0	0	12,920
262	<b>Fund bal - Ending Cons Trust Fnd</b>		12,920	12,920	0	0	0	0	25,840

# TOWN OF KEYSTONE, COLORADO

## STAFF REPORT

TO: Mayor & Town Councilmembers  
FROM: John Crone, Town Manager  
DATE: May 28, 2024 - Council Work Session  
SUBJECT: Discussion of Reimbursement of Incorporation Expenses

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### **Executive Summary:**

The Keystone Incorporation Committee incurred significant expenses in leading the Town through the incorporation process. Under state statute, such expenses shall be reimbursed by the Town. If the Town Council approves the invoices, staff will prepare a resolution for the next meeting approving the expenditures.

### **Background:**

Colorado Revised Statute sec. 31-2-104(7) states that “all costs and expenses connected with such incorporation proceedings, including all election expenses and fees for necessary legal expenses, shall be paid by the governing body of the newly incorporated city or town within one year from the date of incorporation.” During the course of the incorporation of the Town, the Incorporation Committee incurred costs of \$166,913.16 that should be paid or reimbursed by the Town. Actual expenses were higher; however, the Incorporation Committee received donations that offset some of the expenses.

The expenses are attached to this report and will be explained by Hilary Hoffman, the Treasurer of the Incorporation Committee.

**Alternatives:**

If the Town Council determines that these are valid, reimbursable expenses, there is a statutory obligation to make the payments.

**Financial Considerations:**

\$166, 913.16

**Previous Council Actions:**

None

**Next Steps:**

If the Town Council approves these expenses, it should instruct staff to prepare a resolution for the next meeting that approves the expenditure of money to pay the costs

**Or**

If the Town Council questions the validity of any of the expenses, it should instruct staff to work with the Incorporation Committee to determine if the disputed items are eligible for payment and then prepare a resolution approving the updated expenditure amounts.

**Suggested Motions:**

No motion is necessary at this time; however, the Town Council should give staff direction on how it would like to proceed.

**Attachment:**

- Keystone Incorporation Expenses 20240528



Keystone Incorporation Committee  
 PO Box 5662  
 CO 80435  
 IncorporateKeystone@gmail.com

# Invoice

Date	Invoice #
5/20/2024	20240501

Bill To
Town of Keystone 1628 Saints John Rd. Keystone CO 80435



Description	Terms	Due on receipt
	Amount	
Total Reimbursable Expenses - Descriptive Survey		34.00
Total Reimbursable Expenses - Incorporation Petition		11,104.92
Total Reimbursable Expenses - District Court Filing		12,941.80
Total Reimbursable Expenses - Incorporation Election		25,889.65
Total Reimbursable Expenses - Charter Commission		31,289.02
Total Reimbursable Expenses - Charter Election		16,901.03
Total Reimbursable Expenses - Council Election		9,915.40
Total Reimbursable Expenses - Transition		27,709.44
Reimbursable Expenses Subtotal		135,785.26
Reimbursable Credits		-36,522.26
Project: Town of Keystone Incorporation		

**Total** \$99,263.00

## Recap of Keystone Incorporation Costs

### Incorporation Recap

Reimbursable Expenses	135,785	
Non Reimbursable Expenses	11,810	
Descriptive Survey (Farnsworth)	48,750	to be paid directly by Town
Interim Town Manager	18,900	to be paid directly by Town
Loan Interest	4,100	non reimbursable
Misc. Remaining Costs	1,618	tax return, website, insurance, Farnsworth interest (all non-reimbursable)
Total Incorporation Costs	220,962	
Reimbursement Request	99,263	

### Total Cost to Town of Keystone

Reimbursement Request	99,263
Descriptive Survey (Farnsworth)	48,750
Interim Town Manager	18,900
	<u>166,913</u>

**Keystone Incorporation Committee  
Reimbursable Expenses By Class  
All Transactions**

Type	Date	Source Name	Memo	Paid Amount	Balance
<b>Descriptive Survey</b>					
Check	07/13/2022	Widner Juran LLP	53.0003	34.00	34.00
Total Descriptive Survey				34.00	34.00
<b>Incorporation Petition</b>					
Check	06/08/2022	Widner Juran LLP	53.0002	1,632.00	1,632.00
Check	07/13/2022	Widner Juran LLP	53.0003	3,808.00	5,440.00
Check	08/09/2022	Kevin Linehan	Reimburse for Petition Notice Printing	1,261.92	6,701.92
Check	08/09/2022	Widner Juran LLP	53.0004	4,148.00	10,849.92
Check	09/13/2022	Widner Juran LLP	53.0005	51.00	10,900.92
Check	10/19/2022	Widner Juran LLP	53.0006	204.00	11,104.92
Total Incorporation Petition				11,104.92	11,104.92
<b>District Court Filing</b>					
Check	09/13/2022	Widner Juran LLP	53.0005	657.00	657.00
Check	10/19/2022	Widner Juran LLP	53.0006	2,414.00	3,071.00
Check	11/08/2022	SmartMailNow	Mail Petition Notice to Property Owners	3,547.80	6,618.80
Check	11/08/2022	Widner Juran LLP	53.0007	3,569.00	10,187.80
Check	12/13/2022	Widner Juran LLP	53.0008	1,700.00	11,887.80
Check	01/26/2023	Widner Juran LLP	53.0009	1,054.00	12,941.80
Total District Court Filing				12,941.80	12,941.80
<b>Incorporation Election</b>					
Check	01/26/2023	Steve Martin	PO Box for Election Commission	187.00	187.00
Check	01/26/2023	Widner Juran LLP	53.0009	4,301.00	4,488.00
Check	02/06/2023	Keystone Policy Center	Meeting Room Use	357.61	4,845.61
Check	02/06/2023	Widner Juran LLP	53.0010	3,237.00	8,082.61
Check	02/15/2023	Automated Ballot Concepts	Envelopes, Ballot Artwork	3,128.90	11,211.51
Check	03/01/2023	Summit Daily	First Election Notice	1,165.92	12,377.43
Check	03/08/2023	Widner Juran LLP	53.0011	452.00	12,829.43
Check	03/29/2023	Karen Goldman	Election Consultant	2,391.35	15,220.78
Check	03/30/2023	Frederic Printing (RR Donnelley)	Ballot Printing & Mailing	3,974.34	19,195.12
Check	03/31/2023	Summit Daily	Second Election Notice	1,165.92	20,361.04
Check	04/24/2023	Summit Daily	Election Result Notice	69.48	20,430.52
Check	04/26/2023	Dan Sullivan	(2) Computers for Election Commission	1,449.21	21,879.73
Check	04/26/2023	Widner Juran LLP	53.0012	2,210.00	24,089.73
Check	05/02/2023	Summit Daily	Third Election Notice	1,165.92	25,255.65
Check	05/10/2023	Widner Juran LLP	53.0013	97.00	25,352.65
Check	05/10/2023	Paula Samuelson	Zelle payment for Signup Zone App Reimbursement	10.00	25,362.65
Check	06/21/2023	Widner Juran LLP	53.0015	527.00	25,889.65
Total Incorporation Election				25,889.65	25,889.65

**Keystone Incorporation Committee  
Reimbursable Expenses By Class  
All Transactions**

Type	Date	Source Name	Memo	Paid Amount	Balance
<b>Charter Commission</b>					
Check	04/26/2023	Widner Juran LLP	53.0012	2,499.00	2,499.00
Check	05/10/2023	Widner Juran LLP	53.0013	8,823.60	11,322.60
Check	05/22/2023	Keystone Policy Center	Meeting Room Use	1,071.82	12,394.42
Check	06/01/2023	Summit Management Resources	Minutes for Town Hall meeting	242.00	12,636.42
Check	06/21/2023	Widner Juran LLP	53.0014	8,060.30	20,696.72
Check	07/13/2023	Widner Juran LLP	53.0018	10,311.30	31,008.02
Check	07/13/2023	Summit Management Resources	Minutes for Town Hall meeting	281.00	31,289.02
Total Charter Commission				31,289.02	31,289.02
<b>Charter Election</b>					
Check	07/12/2023	Steve Martin	USPS PO BOX RENEWAL	398.00	398.00
Check	07/13/2023	Widner Juran LLP	53.0016	2,465.00	2,863.00
Check	08/28/2023	Keystone Policy Center	July - October Rent	1,428.93	4,291.93
Check	08/30/2023	Summit Daily	Notice Of Charter election	1,489.00	5,780.93
Check	08/30/2023	Widner Juran LLP	53.0020	816.00	6,596.93
Check	09/19/2023	Paula Samuelson	SIGN UP ZONE REIMBURSEMENT	20.00	6,616.93
Check	09/20/2023	Automated Ballot Concepts	inv 70025	3,037.70	9,654.63
Check	09/20/2023	Widner Juran LLP	53.0022	442.00	10,096.63
Check	10/21/2023	Widner Juran LLP	53.0024	1,819.00	11,915.63
Check	10/25/2023	Summit Daily	Second Election Notice	582.80	12,498.43
Check	11/27/2023	Frederic Printing (RR Donnelley)	Ballot printing	3,926.60	16,425.03
Check	11/27/2023	Widner Juran LLP	53.0026	476.00	16,901.03
Total Charter Election				16,901.03	16,901.03
<b>Council Election</b>					
Check	10/30/2023	Summit Daily	Town Council Election Notice	388.64	388.64
Check	11/24/2023	Kevin Linehan	Ballot Box	268.40	657.04
Check	11/27/2023	Widner Juran LLP	53.0026	2,492.66	3,149.70
Check	11/27/2023	Widner Juran LLP	53.0025	85.00	3,234.70
Check	11/30/2023	Paula Samuelson	REIMBURSEMENT FOR SIGNUP ZONE	20.00	3,254.70
Check	12/04/2023	Keystone Policy Center	Use of Meeting Room	1,071.82	4,326.52
Check	12/12/2023	Summit Daily	Council Election Notice	83.16	4,409.68
Check	12/12/2023	Widner Juran LLP	53.0027	1,292.00	5,701.68
Check	01/08/2024	Summit Daily	Council Election Notice	87.56	5,789.24
Check	01/18/2024	Gran Farnum Printing	Council Election Ballots	3,208.16	8,997.40
Check	01/18/2024	Widner Juran LLP	53.0030	884.00	9,881.40
Check	02/29/2024	Widner Juran LLP	53.0032	34.00	9,915.40
Total Council Election				9,915.40	9,915.40

**Keystone Incorporation Committee  
Reimbursable Expenses By Class  
All Transactions**

Type	Date	Source Name	Memo	Paid Amount	Balance
<b>Transition</b>					
Check	08/30/2023	Widner Juran LLP	53.0019	119.00	119.00
Check	09/20/2023	Widner Juran LLP	53.0021	2,072.00	2,191.00
Check	10/21/2023	Widner Juran LLP	53.0023	816.00	3,007.00
Check	11/27/2023	Widner Juran LLP	53.0025	731.00	3,738.00
Check	12/12/2023	Widner Juran LLP	53.0028	425.00	4,163.00
Check	12/14/2023	Employers Council	Membership Dues	150.00	4,313.00
Check	12/29/2023	Summit Daily	Hiring Ad	582.96	4,895.96
Check	01/16/2024	Employers Council	Membership Dues	126.92	5,022.88
Check	01/18/2024	Widner Juran LLP	53.0029	2,818.66	7,841.54
Check	01/18/2024	Widner Juran LLP	53.0029	4,264.00	12,105.54
Check	02/14/2024	Employers Council	Membership Dues	138.46	12,244.00
Check	02/29/2024	Widner Juran LLP	53.0031	14,246.98	26,490.98
Check	02/29/2024	Employers Council	HR Services	1,080.00	27,570.98
Check	03/14/2024	Employers Council	Membership Dues	138.46	27,709.44
Total Transition				27,709.44	27,709.44
<b>TOTAL</b>				<b>135,785.26</b>	<b>135,785.26</b>



Kenneth Riley  
 President  
 Keystone Incorporation Committee

March 27, 2024  
 Project No: 0221041.00  
 Invoice No: 250428

**Invoice Total                    \$384.99**

Project                    0221041.00                    Town of Keystone Incorporation - Surveying  
 email: incorporatekeystone@gmail.com

Monthly interest charges, per agreement.

**Professional Services for Period Ending February 29, 2024**

**Interest**

0.88% of 43,748.69                    (balance over 60 days)                    **384.99**

**Total this Invoice                    \$384.99**

**Outstanding Invoices**

Number	Date	Balance
236845	9/29/2022	43,522.44
239127	12/19/2022	609.25
239549	1/10/2023	383.00
241676	4/12/2023	384.99
241819	4/20/2023	384.99
242498	5/22/2023	384.99
243770	6/23/2023	384.99
243772	7/7/2023	384.99
245260	9/6/2023	384.99
246105	10/9/2023	384.99
247093	11/16/2023	384.99
247902	12/14/2023	384.99
248551	1/15/2024	384.99
249375	2/19/2024	384.99
<b>Total</b>		<b>48,749.58</b>

**DELAYED PAYMENT**

We understand the difficulties of generating sales tax revenue quickly with the creation of a new City and the desire for us to delay payment of our fees until sometime into the first year of the City's operation. Farnsworth Group will invoice monthly, however, we will not require payment of our fees until 15 months from the invoice date (s). Carrying charges (interest) will accrue during that time at the Wall Street Journal prime rate plus 3 percent. beginning 60 days after the date of the invoice. Please note the Client agrees to pay all interest charges as accrued in addition to the professional service fees.

**Please Remit Payment to: Farnsworth Group, Inc. P.O. Box 843219, Kansas City, MO 64184-3219**

Please include FGI invoice number on check.

For Billing Inquiries, please call: 309-663-8435 or 314-962-7900

1 1/2% Interest Monthly After 30 Days

www.f-w.com

FEIN#: 37-1123236

Please submit all other correspondence to: Farnsworth Group, Inc. 2709 McGraw Dr., Bloomington, IL 61704 Attn: Accounts Receivable

# INVOICE

**DATE: 3/8/2024**

**TO: Keystone Incorporation  
Committee**

**INVOICE # 1**

**CUSTOMER ID:**

CONSULTANT	JOB	PAYMENT TERMS	DUE DATE
Gary Martinez	Consulting-KIC	N/A	N/A

QTY	DESCRIPTION	UNIT PRICE	LINE TOTAL
Multi	11/13-12/31-Approx 40 hours-TSG Meetings, interviews, background research	N/C	0
126 Hour	1/1/24-2/7/24 Interim Town Manager Responsibilities to Date of Incorporation (Meetings (TSG, Keystone, Summit County, Town of Dillon, Tech-HR-Tech-Committees), Position recruiting, interviewing hirings, IGA w/ Summit County, Banking Relationship, Council Candidate Training, CIRSA Insurance. Numerous meetings with attorneys, Council-Elect,	\$150.00	\$18,900.
<b>TOTAL</b>			<b>\$18,900</b>

# TOWN OF KEYSTONE, COLORADO

## STAFF REPORT

TO: Mayor & Town Councilmembers  
THROUGH: John Crone, Town Manager  
Town Attorney, Jennifer Madsen  
FROM: Lindsay Hirsh, Community Development Director  
DATE: May 28, 2024 – Council Work Session  
SUBJECT: Class 2 Development Review and Other Application  
Classes

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### **Executive Summary:**

On May 14, 2024, the Council directed staff to provide them with additional Class 2 reviews information. Staff has also provided additional information regarding the other application classes for the Councils review.

### **Recommendation:**

Review the information provided below and direct Staff if Council would like to initiate a Code amendment to potentially reclassify certain types of Class 2 reviews.

### **Background:**

There are basically 6 types of Land Use Application Classes that necessitate various levels of review (i.e. Staff, Planning Commission, Council) and the types of applications per class:

- **Class 1** (Staff Review) development review process is the administrative/staff review process for building permits and other related permits per the applicable Building Code, and is designed to run concurrently with, and mesh with, the Building Department's review of such permits.
  - Building permits



- **Class 2 (Staff Review)** development review process is the administrative/staff development review process for development review applications that require more time than typically provided for during the building permit process, and for administrative planning applications that take more time based upon the nature of the request. None of the following uses has criteria associated with Master Plan Consideration. These reviews are considered technical regulatory reviews.
  - Accessory Dwelling Units (ADUs) on duplex lots
  - Temporary real estate sales offices;
  - Temporary construction offices;
  - construction staging areas;
  - Sign permits;
  - Site plan reviews for new nonresidential buildings or structures, less than 2,500 square feet of floor area These buildings include but are not limited to restrooms, bus shelters, playground buildings, informational kiosks and other such uses;
  - Condo maps, townhouse plats and duplex subdivision exemptions;
  - Correction plats;
  - Renewals for Class 2-6 development review applications;
  - Minor revisions or modifications for Class 2-6 applications;
  - Nonresidential outdoor storage areas;\*
  - Conditional use permits for animal keeping;\*
  - Certain home occupations;
  - Non-substantial amendments to sign programs;
  - Small scale hydroelectric and solar energy systems;
  - Medical Marijuana Centers and Medical Marijuana Infused Products Manufacturing Facilities;
  - Medical Marijuana Optional Premise Cultivation Facility;
  - Residential cultivation of medical marijuana;

- Local Neighborhood Community Gardens on Private Property, Community Gardens on Public Property, and Community Gardens with Retail Sales;
- Conditional use permits for certain short-term vacation rentals

These types of reviews are commonly reviewed for administrative review by staff. The discretionary portion of the various uses and where they are allowed is typically done in a formal public setting (i.e. Development Code Revision – a legislative change).

- **Class 3** (Planning Commission & Sometimes Council Review – Public Hearing) development review process is intended to provide the Planning Commission and, in certain instances, the Council with an opportunity to comment on an application in a work session, and to advise the applicant of issues related to specific Code requirements and of commissioner concerns in such regard. Types of applications include:
  - Zoning amendments;
  - Major PUD modifications;
  - Preliminary plats.
  
- **Class 4** (Planning Commission Review/appealable to Council - Public Hearing) development review process requires that an application be reviewed and acted on by the Planning Commission. Types of applications include:
  - Site Plans (except those that are specified as Class 1 or Class 2);
  - Conditional Use Permits (except for the special exception listed as Class 2 development reviews);
  - Temporary Use Permits (except for the special exceptions listed as Class 2 development reviews);
  - Location and Extent;
  - Sign Programs

- **Class 5** (Planning Commission recommendation, final action by Council-Public Hearing) development review process requires that a Planning Commission review an application and make a recommendation on such application to the Council, and the Council makes the final decision. Types of applications include:
  - Preliminary plats;
  - Preliminary zoning amendments;
  - Preliminary zoning amendments to create a PUD;
  - Quasi-legislative amendments to the Official Zoning Map;
  - Major PUD modifications;
  - Site specific development plans;
  - Development agreements
  
- **Class 6** development review process requires that an application be reviewed and acted on by the Council. Types of applications include:
  - General subdivision exemptions;
  - Alteration or elimination of plat notes;
  - Lot line vacation/adjustment subdivision exemptions;
  - Lot line vacations;
  - Final plats;
  - Final rezoning amendments;
  - Easement vacations;
  - *Minor PUD modifications*

**Financial Considerations:**

N/A

**Previous Council Actions:**

N/A

**Next Steps:**

If the Council believes that some of the Class 2 applications should have a higher more

discretionary level of review, direct staff to prepare a report initiating a Town Use Code Amendment and an analysis of the additional costs associated with the procedural change.

# TOWN OF KEYSTONE, COLORADO

## STAFF REPORT

TO: Mayor & Town Councilmembers  
THROUGH: John Crone, Town Manager  
Jennifer Madsen, Town Attorney  
FROM: Madeleine Sielu, Town Clerk  
DATE: May 28, 2024 – Work Session  
SUBJECT: First Draft of STR Ordinance

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### **Executive Summary:**

At the Town Council Work Session on May 14, 2024, staff provided an overview of existing Short-Term Rental (STR) licensing practices in Summit County. Staff was directed to come back with a first draft of an STR Ordinance based on Summit County's existing code for Council feedback.

### **Background:**

The draft ordinance was based on Summit County's existing language surrounding the Resort Overlay Zone since the Town of Keystone currently falls within those limits. There were a few changes made based on the logistics of administration for the Town of Keystone including:

- Town Clerk issues the licenses instead of the Community Development department.
- Town Council designated as review body of denials of application instead of Community Development Director.
- Added language clarifying that the Responsible Agent or their designee should be able to respond to complaints in person within one hour.

Is there any feedback, questions, or areas for staff to revise?

**TOWN OF KEYSTONE  
ORDINANCE NO. 2024-O-\_\_\_\_\_**

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF KEYSTONE,  
COLORADO, ADOPTING SHORT-TERM RENTAL REGULATIONS**

WHEREAS, the Town of Keystone (“Town”) is a home rule municipal corporation created pursuant to Article XX of the Colorado Constitution; and

WHEREAS, the land that was eventually incorporated into the new Town of Keystone was located in and governed by Summit County, Colorado; and

WHEREAS, the Town is a resort-community and known for its beautiful mountain setting and world-class recreation opportunities; and

WHEREAS, the Town of Keystone is a tourist-based economy; and

WHEREAS, it is important that there are available short-term rental accommodations to those people wanting to visit and spend time in the Town; and

WHEREAS, beginning on October 1, 2024, the Town will provide the service of regulation of short-term rentals in the Town boundaries; and

WHEREAS, recognizing the importance of the tourist-based economy and the availability of short-term rental accommodations, Town Council desires to balance these needs with the potential impacts of short-term rental accommodations on neighbors; and

WHEREAS, the rental of a short-term rental by the property owner is the operation of a business; and

WHEREAS, the Town has the power to regulate businesses that operate within the Town under several laws, including, but not limited to (i) C.R.S. § 31-15-501 (concerning municipal authority to regulate businesses); (ii) C.R.S. § 31-15-401 (concerning municipal police powers); (iii) the authority granted to home rule municipalities by Article XX of the Colorado Constitution; and (iv) the powers contained in the Keystone Home Rule Charter; and

WHEREAS, the Town Council desires to adopt short-term rental regulations consistent with the previously applicable Summit County short-term rental regulations applicable to the Summit County Resort Overlay Zone; and

WHEREAS, the Town Council has determined that these regulations on short-term rentals will strike a balance. The regulations aim to support the Town's tourist-based economy by ensuring adequate accommodations and offering visitors the chance to immerse themselves in the town's stunning mountain scenery and top-tier recreational offerings. Additionally, the regulations seek to establish reasonable guidelines to foster harmonious relations among neighbors.

**THE TOWN COUNCIL OF THE TOWN OF KEYSTONE, COLORADO, ORDAINS:**

Section 1. The foregoing recitals are hereby affirmed and incorporated herein by this reference as findings of the Town Council.

Section 2. The Town Council adopts the following regulations, Short-Term Rental Regulations, for the licensing of short-term rentals in the Town.

**SHORT-TERM RENTAL REGULATIONS**

**A. Purpose.**

The purpose of these regulations are:

1. Reasonably regulate and allow short-term rentals of residential real property;
2. Provide for short-term accommodations and establish operating standards to reduce impacts on adjacent neighbors resulting from short-term rentals; and
3. Designate a department of Town of Keystone to process applications for licenses for short-term rentals and provide the structure by which such entity will process and review the applications.

**B. Applicability.**

The regulations set forth in this Ordinance shall apply to short-term rental Property only, as defined herein. This Ordinance shall not apply to the furnishing of lodging services in hotels, motels, lodges, or units within a building operating akin to that of a hotel/motel with a central check-in located within such facility, or to long-term leases.

**C. Definitions.**

Unless otherwise defined herein, the words and terms used in these regulations shall have the meaning as set forth in the Town of Keystone Land Use Code ("Land Use Code"), Ordinance No. 2024-O-05.

- a. *Advertise* means any act, method or means of drawing attention to a short-term rental for purposes of promoting the same for rent or occupancy.
- b. *Booking* means an agreement to rent a unit for a period of less than 30 consecutive days for an exchange of consideration.

- c. *Licensee* shall mean the person to whom a short-term rental license has been issued by the Town Clerk.
- d. *Rent* means allow the use of real property for a period of time. Rent includes such terms as lease, let, and borrow.
- e. *Short-term rental* (or “STR”) means the rent for any form of consideration of a dwelling, dwelling unit, accessory dwelling unit, or portion of any dwelling unit to a particular person or persons for periods of time less than thirty (30) days. A short-term rental is a use that is accessory to the primary or principal use of such dwelling or dwelling unit..

**D. Procedures.**

1. Licensing Authority. The Town of Keystone Town Clerk is hereby designated as the licensing authority and enforcement agency for all STR applications and operations and is responsible for collecting fees, providing an application system, assisting the applicant with the application process, and monitoring and enforcement of these regulations and any applicable sections of the Land Use Code (collectively, the "STR Regulations"). The Town Clerk shall be authorized to promulgate all reasonable administrative rules and procedures necessary for the operation and enforcement of the STR Regulations.
2. License Required. No person or entity may advertise or operate an STR without a valid license.
3. Review Process. An application for an STR license shall be reviewed by the Town Clerk in accordance with the applicable criteria set forth in these regulations.
4. Review Criteria. The Town Clerk shall consider all of the required application materials and submissions and determine that all criteria have been met and required materials submitted prior to issuing an STR license.
5. Decision. A decision regarding the issuance of a license under these regulations shall be issued by the Town Clerk within 30 days once the application has been deemed complete.
6. Appeal. If an application for a short-term rental license is denied, the applicant may appeal that decision to the Town Council within ten (10) days of receipt of written notice of such denial; otherwise, the license denial shall be final and not subject to appeal.



7. Length of Validity and Renewal.

- a. A short-term rental license shall expire on September 30 of the calendar year following the year of initial license issuance, or when title of the short-term rental property transfers to a new owner, whichever occurs first. Each change in ownership of a short-term rental property shall require a new license, unless meeting one of the exceptions as listed in Section B.8. below.
- b. An application for renewal of a short-term rental license shall be submitted within the renewal period established by the Town Clerk.
- c. A short-term rental license which is not submitted for renewal during the established renewal period shall be considered expired.
- d. Open Permits. When there is an open building permit or septic permit for an upgrade, remodel, or demolition, the STR license will remain in effect subject to annual renewal; however, no rentals may occur until the permit has received all final approvals, including a Certificate of Completion, Certificate of Occupancy, or Temporary Certificate of Occupancy, if required.

8. Transfer of Ownership.

- a. Ownership of a license may not be transferred, unless meeting one of the exceptions as listed herein.
  - i. The transfer of title to real property when there is no consideration if the grantee is a member of the grantor's immediate family. For purposes of this section, a family transaction shall mean between parents and children, spouses or domestic partners, siblings, grandparents and grandchildren, or other similar family relationship.
  - ii. The transfer of title to real property from a grantor to a trust established by the grantor.
  - iii. The transfer of title to real property from a grantor to a limited liability company or another form of business entity recognized by Colorado law so long as the grantor has a controlling interest in such limited liability company or other business entity. Any transfer of title wherein the majority interest is no longer held by the same party or parties as who *originally* obtained the STR license shall be considered a non-exempt transfer and a new license will need to be

obtained.

- iv. Any transfer of the property between the same parties creating or terminating a joint tenancy in such property.
  - v. The transfer of title or change of interest in real property by reason of death, pursuant to a will, the law of descent and distribution, or otherwise.
  - vi. The transfer of title without consideration for the purpose of confirming, correcting, modifying, or supplementing a transfer previously recorded; making minor boundary adjustments; removing clouds of titles; or granting rights-of-way, easements, or licenses.
  - vii. The transfer of title pursuant to any decree or order of a court of record quieting, determining, or vesting title. The transfer of title between spouses or former spouses made pursuant to a separation agreement, decree of legal separation, or dissolution of marriage.
- b. Either prior to or within 30 days after the transfer, a property transfer purportedly meeting the requirements of this section, the new owners shall contact the Town Clerk and provide all necessary materials to determine if the transfer meets the exempt criteria above.

9. Property Owner. The owner of the STR Property shall be the holder of the license and is called the licensee. A property manager or other individual may submit the application for an STR license on behalf of the Property owner; however, the Town Clerk issues the license to the Property owner and the Property owner has responsibility for compliance with the STR Regulations.

10. Maximum Occupancy.

- a. Maximum occupancy at any time may not exceed the following, unless further restricted by an on-site wastewater treatment system (OWTS), and shall be in accordance with Section D.10.b:
  - i. Single family, duplex and townhome units: a) two (2) persons per bedroom plus four (4) additional occupants; OR b) 1 person per 200 square feet of living area, whichever allows for a greater occupancy.
  - ii. Condominium units: a) two (2) persons per bedroom plus four (4) additional occupants, or two (2) persons per bedroom plus two (2)

additional occupants in buildings with interior egress components less than 44 inches wide and without a sprinkler system; OR b) 1 person per 200 square feet of living area, whichever allows for a greater occupancy. When a condominium unit contains an approved lock-off room that meets the definition of a lock-off room set forth in Chapter 15 of the Town Land Use Code, the lock-off room shall be allowed a total of 4 occupants.

- iii. Properties requesting occupancy in excess of 19 must first obtain a Class 2 Conditional Use Permit as required by the Town Land Use Code.
- b. STRs on on-site wastewater treatment systems (OWTS): the maximum overnight occupancy of the unit shall be limited to the capacity established on the OWTS permit. OWTS systems in Summit County are typically designed to accommodate a maximum occupancy of 2 persons per bedroom.
- c. For the purposes of these regulations, a loft which meets the Building Department requirements for a potential sleeping room shall be allowed 2 occupants. Studios will be treated as one-bedroom units for the purposes of this Section.
- d. Occupancy as permitted in the license is the total number of persons who may be at the Property at any one time.

#### **E. Responsible Agent Required**

1. Responsible Agent. Each licensee of a short-term rental Property shall designate a person or company to serve as the responsible agent ("Responsible Agent"). A licensee of a short-term rental Property may designate themselves as the Responsible Agent.
  - a. The Responsible Agent shall have access and authority to assume management of the unit and take remedial measures. The Responsible Agent shall be available 24 hours per day, 7 days per week to respond to complaints, issues of concern, and violations related to these short-term rental regulations. The Responsible Agent, or their designee, must be able to affirmatively respond to complaints in person within an hour of notification of such complaint. Failure of a Responsible Agent to affirmatively respond to a complaint and attempt to resolve such complaint within an hour of notification shall be considered a violation.
  - b. In the event of a fire ban within Summit County, the Responsible Agent is

required to notify renters of the current fire restrictions and provide renters with instructions on how to access the Summit County Alert System for real-time emergency information during their stay.

- c. The licensee shall keep all property management and Responsible Agent information updated with the Town and in the STR unit.

## **F. Application**

1. Application. The owner shall file a complete application for a short-term rental license with the Town Clerk through the established application system. The application shall not be deemed complete until all required information is submitted.

2. Application Materials. An application for a short-term rental license shall include the following:

- a. Application materials shall include all information and materials as set forth in these regulations as required in the application system.
- b. Contact information for Owner, property manager, if applicable, and Responsible Agent, including names, mailing address, phone number, and email. The licensee is required to keep all contact information up to date.
- c. Application fee as established by the Town Council by resolution.
- d. Self-Compliance Affidavit, signed by the owner under penalty of perjury, certifying compliance with the STR Regulations.
- e. Documentation listing all owners of a property, including form of ownership and percentage share, as applicable.
- f. Designation of Responsible Agent including contact information who shall be available 24 hours per day, 7 days per week, in accordance with the requirements set forth in Section E.1. above.
- g. If applicable, documentation of water supply and septic capacity adequate to serve the proposed use, including but not limited to improvements such as hot tubs. Such documentation shall include submittal of well permit, OWTS permit, and pumper report.
- h. A parking plan or description for the Property, which complies with the parking requirements set forth in Section G.2.a. below.

- i. A waste disposal plan or description for the Property, which complies with the requirements set forth in Section G.2.b below.
- j. Proof of all required state and local sales tax licenses.
- k. Owner shall certify that they have read and understood the Good Neighbor Guidelines, and shall make these guidelines available to all renters in the rental agreement and by posting it in a prominent location within the STR.

## **G. Standards And Operating Requirements**

### **1. Health and Safety.**

- a. All improvements on the Property shall be permitted by the applicable Building Inspection Department, Environmental Health Department, Engineering Department, and all other applicable agencies. Buildings, structures, or rooms shall not be used for purposes other than those for which they were designed or intended, i.e. rooms not approved as "sleeping rooms" by the Building Inspection Department shall not contain beds.<sup>1</sup>
- b. Roofs, floors, walls, foundations, ceilings, stairs, handrails, guardrails, doors, porches, all other structural components and all appurtenances thereto shall be capable of resisting any and all forces and loads to which they may be normally subjected, and shall be kept in sound condition and good repair.
- c. Smoke detectors, carbon monoxide detectors and fire extinguishers shall be installed and operable per C.R.S. § 38-45-104, and all wood-burning fireplaces and stoves shall be cleaned on an annual basis.
- d. An operable toilet, sink, and either bathtub or 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. There shall be a sufficient number of waste receptacles to accommodate all waste generated by those occupying the short-term rental Property.

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<sup>1</sup> The Building Inspection Department refers to bedrooms as a sleeping room/ area. The Town Land Use Code and these regulations use the term bedroom which is defined in Chapter 15 of the Town Land Use Code and which definition is the same as the definition of sleeping room/area in the International Residential Code.

- f. Partial home short-term rentals are rentals of rooms within a dwelling unit where access and cooking facilities are shared by other occupants within the home. Partial-home rentals may not be advertised as separate units, such as but not limited to, a separate lockoff, studio, or apartment; and advertisements for such Properties shall contain language about shared access and cooking facilities.
- g. Outdoor fire pits on a Property shall be permanently installed improvements that are permitted and inspected by the applicable fire district and/or the Building Inspection Department, if required per applicable building and fire code requirements. STR owners/applicants should check with their applicable fire district and the Building Inspection Department to determine if permits are needed. The use of portable outdoor fireplaces is prohibited.
- h. Electrical panels shall be clearly labeled.
- i. All short-term rental properties shall have reliable cellular or VoIP service available or provide access to a landline telephone to enable renters to call 911 in the event of an emergency.
- j. Sanitary Standards and Rules for Public Accommodations. Where Applicable, all short term rental Property owners shall understand and maintain compliance with the Sanitary Standards and Regulations for Public Accommodations set forth in the Code of Colorado Regulations, Official Publication of the State Administrative Rules Section 6 CCR 1010-14. The purpose of these regulations is to provide minimum requirements for the protection of the health and safety of the occupants of public accommodations and community residents. All hot tub/spa installations require both a building permit and an electrical permit from the Building Inspection Department, in accordance with applicable regulations and compliance with Section G.I.ii below, if applicable. Hot tubs/spas and swimming pools shall be properly maintained in a way to prevent the spread of illness and shall comply with the requirements set forth in the Colorado Regulation Pertaining to Swimming Pools and Mineral Baths 5 CCR 1003-5.
- k. Occupancy of a recreational vehicle is prohibited on any Property that has obtained a short-term rental license.
- l. STRs on Well or Septic:
  - i. If a short-term rental Property is connected to an On-site Wastewater

Treatment System (OWTS) for sewer service, a septic tank pumping shall be completed by a Summit County Licensed System Cleaner every 3 years, or more frequently as determined by the Summit County Environmental Health Department during each County review of a STR license renewal application for the Property.

(a) Upon initial application, a pumping report will be accepted within 3 years of the date of that inspection. If the OWTS is in a state of malfunction, the Short-Term Rental license will not be issued until repairs are made and approved.

- ii. If a short-term rental Property is served by an on-site well for domestic water use, an adequate water supply in terms of quantity, quality, and dependability for the proposed use per the Colorado Primary Drinking Water Regulation 5 CCR 1002- 1 1 where applicable. In addition, if the property has an improvement such as a hot tub, such Property shall be served by a well that is permitted for such use.

## 2. Site Plan and Operations.

- a. Parking: A minimum of one (1) parking space is required per unit, up to a maximum of five (5) vehicles permitted to be parked outdoors on any Property.
  - i. Designated parking spaces shall comply with all applicable parking requirements set forth in Section 3700 of the Land Use Code. All vehicles shall be parked on-site in designated parking areas; parking is prohibited on Town roads, in any landscaped area, or in a manner that blocks egress for adjacent residents (driveways, sidewalks, alleys or mailboxes).
  - ii. The allowable number of parking spaces / vehicles shall be clearly stated in all short-term rental advertising. A copy of the approved parking plan for the short- term vacation rental Property shall be provided to all renters in the rental agreement and posted in a prominent location within the Property.
  - iii. A Property owner may request an increase in the maximum number of allowed parking spaces through a Conditional Use Permit if the proposed parking meets all applicable regulations and criteria, and is found to be consistent with neighborhood character, including location and visual buffering from adjacent properties.

- b. Waste Disposal and Collection: All short-term rental Properties shall provide a waste disposal and collection plan to ensure that waste containers are not left outdoors where they can cause issues for wildlife or snow removal operations. The proposed waste disposal and collection plan shall be reviewed and approved during initial license review and during review of any license renewals, if needed. Waste disposal plans shall comply with all applicable regulations including the Summit County Disposal District Regulations. Examples of acceptable waste disposal and collection plans may include but are not limited to:
  - i. Indoor storage of waste with concierge/valet collection service provided by the waste hauler at the time of pickup.
  - ii. Storage of waste containers in garage, with waste containers to be put out by the Responsible Agent no earlier than 6:00 a.m. and returned to the garage by 7:00 p.m. on the day of pickup.
  - iii. Waste disposal is managed by the development's homeowner's association, and renters will be instructed on the location and requirements for waste disposal.
  - iv. Waste is stored in bear proof containers located outside of the right-of-way and any snow storage areas.
- c. Noise: Renters shall be informed of the applicable noise ordinance, which is enforced by law enforcement.
- d. Outdoor Lighting: All outdoor lighting shall comply with the exterior lighting requirements set forth in Section 3505.07 of the Land Use Code.
- e. Pets: If pets are allowed, renters shall be informed of applicable requirements for controlling pets, pet waste disposal, and barking/noise provisions set forth in the applicable animal control regulations; such regulations are enforced by law enforcement. All short-term rental Properties shall comply with the animal regulations set forth in Section 3802 of the Land Use Code, and all pet food shall be stored indoors.
- f. Winter Traction and Snow Removal: Renters shall be informed in advance of arrival and via the Good Neighbor Guidelines of winter driving conditions and the need for appropriate vehicle traction, including Colorado Department of Transportation's Traction Law. Snow shall be removed from parking areas as necessary to accommodate the approved parking plan.



3. Good Neighbor Guidelines and Practices. The Town Clerk shall promulgate Good Neighbor Guidelines setting forth various recommended and/or required practices for STR owners and their renters. Licensees shall endeavor to have their renters abide by the Good Neighbor Guidelines in a reasonable and effective manner. This may include changing or altering rental practices to address repeat concerns; for example, posting clear quiet hours for hot tub use, establishing a multi-night minimum for renters, clearly communicating and monitoring number of vehicles allowed, renting to fewer guest than allowed by the maximum occupancy provisions, or other practices to mitigate impacts in the neighborhood.

#### **H. Signage**

1. A Licensee shall post a sign or notice conspicuously inside the short-term rental Property, which includes the Responsible Agent's current contact information and/or the owner's current contact information, the street address of the short-term rental Property and the short-term rental license number.

2. The Good Neighbor Guidelines, permitted occupancy, parking plan, and waste disposal requirements, including location of recycling centers, shall be posted in a prominent location within the short-term rental Property.

3. Any exterior signs advertising a short-term rental must first be reviewed and approved in accordance with the sign regulations contained in Chapter 9 of the Land Use Code.

#### **I. One Party Rental, Advertising**

1. Unless approved as a Bed and Breakfast per the Land Use Code, a short-term rental property shall not be rented to more than one booking party at a time.

2. All advertising for a short-term rental Property shall include the Town of Keystone short-term rental license number, immediately following the accurate description of the short-term rental Property as reflected by Town records, along with the permitted occupancy, permitted bedroom count, and parking limitations.

#### **H. Taxes**

1. All property taxes lawfully assessed against a short-term rental unit shall be paid according to the taxing requirements prior to approval of the short-term rental license, and payment of such taxes shall continue thereafter. Non-compliance with the payment of any taxes may result in suspension, revocation, non-renewal, or denial of the short-term rental license.

## **I. Notice**

1. Any notice of violations, hearings, or other legal matters given to an owner is sufficient if sent by first-class mail to the address provided by the owner on the most recent permit or renewal application. Notice given to the Responsible Agent, by first-class mail, except as provided in Section J.6, to the address provided by the licensee, shall also be sufficient to satisfy any legal notice to the owner under these regulations.

2. The Town Clerk may send notice of administrative matters such as renewals, newsletters, updates, etc. via email to the registrant email address provided by the licensee on the most recent license or renewal. Failure to provide an accurate email address may result in a licensee or registered agent not receiving important information.

## **J. Violations, Enforcement And Revocation**

### **1. Obligation for Ongoing Compliance of Licensee.**

- a. Issuance of a license is expressly contingent upon the licensee maintaining compliance with all requirements set forth in the STR Regulations. If at any time a licensee fails to maintain such compliance as is required, the licensee shall be in violation of these regulations.
- b. A licensee shall avoid any illegal, dangerous, or harmful practices or conditions which are detrimental to the public property, health, welfare, peace or safety.
- c. A licensee shall neither advertise nor operate an STR on the Property during the period the STR license is revoked or suspended.

### **2. Complaints and Remedies for Non-Compliance.**

- a. Complaints concerning a short-term rental Property shall be first directed to the Responsible Agent. The agent shall respond to the complaint, including visiting the site if necessary. Failure of a Responsible Agent to affirmatively respond to a complaint and attempt to resolve such complaint within an hour of notification shall be considered a violation of the Ordinance.
- b. The Town may investigate any complaint received, in order to determine if it is a substantiated complaint which may result in a documented violation of any provision(s) of these regulations. Violations of these regulations shall be subject to the enforcement provisions set forth herein. If violations are not corrected or if there are repeat offenders of the requirements,

performance standards, conditions or restrictions in these regulations, the Town may pursue action as provided for herein, including but not limited to suspension or revocation of the rental license.

3. Enforcement. Enforcement of these regulations shall be by the Town Clerk and law enforcement, as deemed necessary and appropriate.

4. Violations. Violations of the STR Ordinance shall be a civil infraction and may be punishable as administrative violations.

5. Graduated Administrative Fine Schedule. A graduated administrative fine schedule is hereby adopted:

- a. 1st: \$250
- b. 2nd: \$750
- c. 3rd or more: \$1,000

6. Revocation.

- a. A license issued pursuant to these regulations *may* be revoked by the Town Clerk following a hearing for *any* violation of the Ordinance.
- b. The Town Clerk *may* commence revocation proceedings if any of the below occurs:
  - i. A licensee has been issued 2 or more citations within a 3-month period;
  - ii. A licensee has had 3 or more documented violations within a 3-month period;
  - iii. A licensee submits a license application or other document as part of the license review process that contains or represents fraud, intentional misrepresentation, or a false statement of material fact;
  - iv. A licensee has violated or is currently violating the STR Ordinance or the prior in a manner that significantly endangers the public health, safety, and/or welfare;
  - v. A licensee fails to pay sales and/or property taxes as required.

- c. Hearing on Revocation:
  - i. Notice of a hearing pursuant to this Section be given to a licensee in writing at the address shown on the license application, and to the Responsible Agent identified in the license application. Such notice shall be mailed via certified mail at least fourteen (14) calendar days prior to the date set for the hearing.
  - ii. The licensee may appear with or without representation, and may appear remotely by telephone or video conference.
  - iii. The licensee may present evidence at the hearing and shall provide copies of such evidence to the hearing officer at or before the hearing.
  - iv. The hearing officer shall consider the following:
    - (a) The nature and seriousness of the violation
    - (b) Impact of the violation on the neighborhood and/or community
    - (c) Corrective action, if any, taken by the licensee or the designated Responsible Agent
    - (d) Prior violations
    - (e) The likelihood of recurrence of the violation or violations
    - (f) Entirety of the circumstances surrounding the violation
    - (g) Willfulness or lack thereof on the part of the licensee
    - (h) Length of time the licensee has held a license
  - v. The hearing officer shall be the Town Manager or designee
  - vi. Following the hearing, if the hearing officer determines that a violation or violations has occurred and good cause exists for the imposition of a sanction against the licensee, the hearing officer may impose the following sanctions:

- (a) License suspension for a time period not to exceed six months.
  - (b) License revocation.
  - (c) Conditions on the operation of the STR reasonably related to the violation(s), and to which the licensee agrees in lieu of revocation or suspension.
- vii. Any action taken pursuant to this Section J.6. shall be commensurate with the seriousness of the violation(s) and the action or lack thereof taken by the licensee to resolve the violation(s).
- viii. The hearing officer shall provide his or her decision in writing to the licensee within 15 days of the hearing.
- ix. Individuals or entities who have had their license revoked may reapply for a new license after the expiration of one year from the time of revocation, unless a longer period of time is imposed by the hearing officer, which period of time shall not exceed 3 years.
- d. Appeals of License Revocations.
  - i. A licensee who has had their STR license revoked or suspended may appeal the revocation or suspension to the Town Council by emailing, mailing, filing, or otherwise submitting a letter of appeal to the Town Manager within ten (10) days after the date the letter of decision by the hearing officer is emailed. The date of an appeal letter shall be the time it is marked as received by the Manager's Office.
  - x. The Town Council shall conduct a de novo hearing on the appeal at a regular or special meeting held within 30 days of the date of the appeal letter.
  - xi. Any such hearing shall be conducted pursuant to the parameters set forth in Section 13200 of the Land Use Code.

7. Costs of Enforcement, Revocation, and Appeal. In the event it is necessary for the Town to take action for enforcement of the STR Ordinance, there shall be added to any fees due hereunder all reasonable costs and fees incurred by the Town, including reasonable attorney fees.

8. Additional Remedies. In addition to the remedies set forth herein and in the Land Use Code, the Town reserves the right to employ all other remedies that may exist at law and in equity to enforce the STR Regulations.

**K. Licensing Fees**

Licensing fees shall apply at the time of application and shall be established and updated by the Town Council by resolution.

**L. Compliance Timeline**

1. Pre-Existing Licenses. All STR licenses approved by Summit County prior to the effective date of Ordinance 2024-O-\_\_\_\_ will be transferred to the Town of Keystone and the Town of Keystone will honor the existing license number \_\_\_\_.

2. New Licenses. Upon the effective date of these regulations, all new applications for an STR license will be subject to all applicable provisions of these regulations.

Section 3. Severability. Should any one or more sections or provisions of this Ordinance be judicially determined invalid or unenforceable, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, the intention being that the various sections and provisions are severable.

Section 4. Codification. This ordinance may be codified and numbered for purposes of codification without the need for further approval by the Town Council.

Section 5. Effective Date. This ordinance shall take effect thirty (30) days after publication for purposes of processing renewal applications on existing licenses with Summit County. This ordinance shall take effect on October 1, 2024, for purposes of issuing new licenses and enforcement.

INTRODUCED, READ AND PASSED AS AN ORDINANCE, ON FIRST READING, AND SCHEDULED FOR PUBLIC HEARING ON \_\_\_\_\_, AT A REGULAR MEETING OF THE TOWN COUNCIL OF THE TOWN OF KEYSTONE, COLORADO, THIS

\_\_\_\_\_ DAY OF \_\_\_\_\_, 2024.

\_\_\_\_\_  
Kenneth D. Riley, Mayor  
ATTEST:

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Town Clerk

APPROVED AS TO FORM:

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Town Attorney

READ, PASSED AND ADOPTED WITH A ROLL CALL VOTE OF \_\_\_\_ IN FAVOR AND \_\_\_\_ OPPOSED AS AN EMERGENCY ORDINANCE ON SECOND READING, AT A REGULAR MEETING OF THE TOWN COUNCIL OF THE TOWN OF KEYSTONE, COLORADO, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2024.

\_\_\_\_\_  
Kenneth D. Riley, Mayor  
ATTEST:

\_\_\_\_\_  
Town Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Town Attorney



# TOWN OF KEYSTONE, COLORADO

## STAFF REPORT

TO: Mayor & Town Councilmembers  
THROUGH: John Crone, Town Manager  
FROM: Madeleine Sielu, Town Clerk  
DATE: May 28, 2024 – Work Session  
SUBJECT: Short Term Rental Software Options for Enforcement

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### **Executive Summary:**

At the Town Council Work Session on May 14, 2024, staff provided an overview of existing Short-Term Rental (STR) licensing practices in Summit County. Town Council asked staff to return with additional information and software recommendations for enforcement capabilities.

### **Background:**

Staff utilized the feedback provided by Town Council at the Work Session on May 14, to have continued exploratory conversations with different software providers. After conversations with several different software providers and other municipalities, having an effective STR identification system with an included dashboard is critical in compliance efforts. The accuracy and completeness of an identification system directly impacts the ability of a call center or complaint form to accurately match complaints and allows for effective staff follow-up on complaints and violations.

Staff has reached out to the following vendors to inquire about enforcement capabilities they can provide, received price quotes, and requested implementation timelines.

### **Deckard Technologies:**

Deckard Technologies was founded in 2018 by a group of Big Data and AI & Machine-Learning experts from Qualcomm Technologies. Deckard's software solutions utilize data science to assist local governments with their compliance activity and enforcement

Deckard provides STR regulation software called Rentalscape. Rentalscape's primary focus is on STR identification through data scraping. They utilize AI to effectively identify listings across several different listing platforms and perform their review and verification process with an in-house team of analysts. Rentalscape is currently used by several Colorado municipalities including Lakewood, Longmont, Westminster, Telluride, and Durango.

Deckard Technologies provides a tiered 24/7 hotline system. The three tiers are basic, classic, and premier.

- Basic hotline – An agent answers the phone and receives the complaint information. The information is then forwarded to the Town for follow up.
- Classic hotline – After an agent receives the information, they contact the Responsible Agent via a phone call and then forwards the information from the Town.
- Premier hotline – This hotline option provides customization to meet the Town's requirements. The dispatcher of the hotline attempts to receive a resolution to complaints. The dispatcher will contact the Responsible Agent up to 3 times before referring the caller to the appropriate staff for resolution.

Deckard Technologies estimates a 4-6 week turnaround time to be able to implement data identification and hotline services for the Town of Keystone.

**Granicus:**

Granicus provides STR licensing and compliance software through a platform called Host Compliance. Host Compliance is the existing STR licensing and enforcement software used by for Summit County.

Staff clarified the details of the current workflow of the STR complaint hotline provided for existing licenses in Summit County. To connect with a live agent, the complainant enters a phone tree before speaking with a live agent. After the initial complaint is made, the agent initiates communication with the Responsible Agent. via text message and e-mail. Then, the hotline re-connects with the complainant one hour later to see if the issue has been resolved. Staff inquired about including an additional step for the

Town of Keystone's hotline to require a response from the Responsible Agent. Granicus said this can be added to the workflow. This would occur through a text message or e-mail, rather than via a live agent calling back.

The typical implementation time for establishing a hotline and an STR identification dashboard for compliance with Granicus is 12 weeks. Since properties in Keystone are already being actively identified by Granicus for Summit County, Granicus indicated this timeline may be condensed.

**GovOS:**

GovOS has been providing products and services to local governments since 2005. They focus on providing transaction and compliance software for state and local governments. In the past few years, they acquired the company Muni Revs, which offers Lodging Revs for STR licensing and compliance. Under the GovOS umbrella, they now provide a software called the GovOS Short-Term Rental solution. This solution currently provides STR regulation and licensing support for the Towns of Breckenridge, Frisco, Dillon, and Silverthorne.

GovOS provides a tiered 24/7 hotline system. For the basic system, all inbound complaints connect to a live agent. If an agent is unavailable, the line will continue to ring for 15 minutes, until an agent is available. Once it reaches 15 minutes, the caller will be prompted to leave a voicemail, and a return phone call will be made by a live agent. Then the agent logs the complaint, matching it with a rental property, and notifies the responsible agent for the property of the complaint. For an additional cost the Town can request designated operators who are assigned to the jurisdiction's hotline number. As an optional add on, the hotline can also configure additional e-mail follow-up with the Responsible Agent or the complainant.

GovOS estimates a 10–12-week turnaround time to implement an STR identification dashboard and hotline.

**Blue Vector AI:**

Blue Vector AI is a Colorado based company that utilizes AI-powered solutions for government and healthcare entities. At the work session on May 14, 2024, Town Council directed staff to move forward with Blue Vector for the administration of licensing programs for the Town (liquor, tobacco, and STR). Presently, Blue Vector does not provide STR identification through data scraping.

Blue Vector does not provide a traditional call center hotline. They do offer a virtual agent that can provide an alternate method of submitting STR complaints using an AI based chat agent and conversation intents. They have offered a basic virtual agent and a premium virtual agent.

- Basic virtual agent – This agent is text based and would provide an AI based chat that constituents could access on the Town’s STR webpage. It can be configured with up to 10 intents or conversation topics.
- Premium virtual agent – This agent could be accessed via text or voice communication. It can be configured with up to 15 intents or conversation topics and uses dynamic intents that can answer questions related to licensing data utilizing AI.

### **Recommendations:**

Staff recommends moving forward with Deckard Technologies for the STR identification platform and complaint hotline. Deckard’s ability to personalize the 24/7 hotline with a focus on direct communication and complaint resolution with the Responsible Agent at a reasonable price stands out in comparison to the rest of the vendors. This addresses Council’s concerns expressed surrounding providing enforcement of the Responsible Agent response time. Deckard’s focus on data integrity and utilization of AI and data science principles, with a human touch, strikes a balance of providing innovative technological solutions with a personal touch. Additionally, their existing experience in the STR industry will help staff in ensuring that the roll out of these critical enforcement pieces will be efficient and effective.

**Alternatives:**

Town Council could identify a different software provider that aligns with the goals of STR enforcement or delay implementation of this piece to a future date.

**Financial Considerations:**

Quotes from all vendors will be printed and included for the Town Council to review.

**Previous Council Actions:**

Town Council directed staff to bring back a contract with Blue Vector AI for implementation of STR licensing administration software and to provide more detail on enforcement software options available.

**Attachment:**

# TOWN OF KEYSTONE, COLORADO

## STAFF REPORT

TO: Mayor & Town Councilmembers  
THROUGH: John Crone, Town Manager  
Lindsay Hirsh, Community Development Director  
FROM: Jennifer Madsen, Town Attorney  
DATE: May 28, 2024 – Work Session  
SUBJECT: Background on Annexation Process

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### **Executive Summary:**

The purpose of this work session item is to provide an overview of the law on annexations. This work session discussion item is information only and there is no request for direction from the Town Council.

### **Background:**

Annexation is the process by which municipalities incorporate new territory into their jurisdiction.

**Annexation Viewpoint:** It is important to understand that the ultimate decision to annex property is a legislative and discretionary process. Although it appears that the process is quasi-judicial because there is an application, notice, opportunity to be heard, and a hearing (all common elements of quasi-judicial process), the proper viewpoint is not that the applicant has a right to annexation, but that it is the public at large that is deciding through the annexation process whether to grow its municipal boundaries and incur the costs and expenses of service.

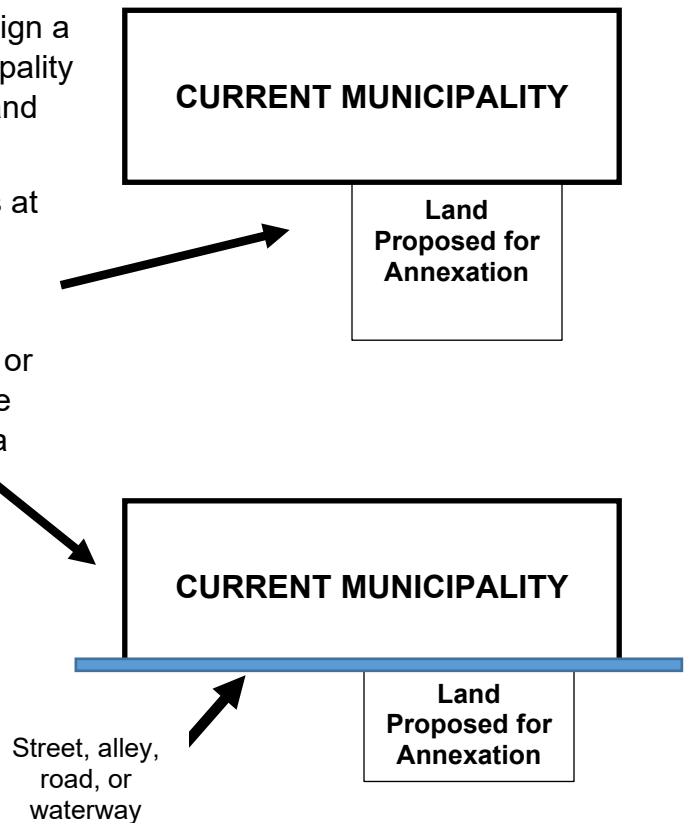
The process of annexations is governed by the Colorado Constitution and the Municipal Annexation Act of 1965 ("Annexation Act"). A municipal government *may* decide to impose additional requirements on annexation with the adoption of an annexation

ordinance. For background, the following is a summary of the basic requirements imposed by the Colorado Constitution and the Annexation Act.

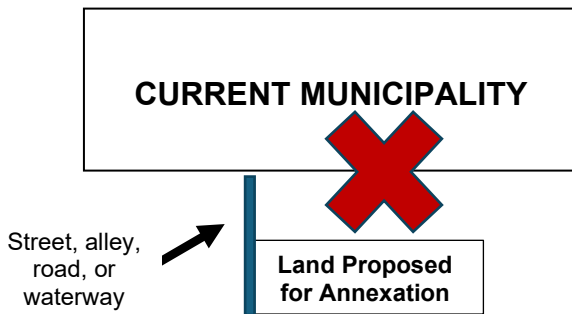
The process of annexation typically starts with the submission of an annexation petition. This staff report will address a voluntary annexation petition that does not involve the use of a “flagpole” to reach the property to be annexed.

The chart below outlines the annexation process for a “voluntary petition” to annex property that will not involve the use of a “flagpole” to reach the property to be annexed. In deciding to use this outline, it is relevant that:

1. The landowner(s) will voluntarily sign a petition requesting that the municipality annex the landowner’s property; and
2. The land to be annexed maintains at least 1/6<sup>th</sup> contiguity to the boundaries of the municipality (meaning immediately adjacent to the current municipal boundaries) or the land is only separated from the current municipality boundary by a street, alley, or waterway.



Here is a diagram of a flagpole annexation:



A flagpole annexation means the property to be annexed is not presently contiguous to the municipality and the contiguity needed is to be created by the annexation of a public or private street, alley, or right of way, lake, reservoir, stream, or other natural or artificial waterway (the “pole”) that will connect the municipal boundary to the land to be annexed (the “flag”).

A voluntary annexation *typically* involves some communication between the landowner and the municipality *prior to* the submission of the annexation petition. This communication will often involve discussion of the basic terms and conditions that the landowner and/or the municipality desires in order to commence and then consummate the annexation. Many times, the landowner will initiate these discussions. At other times, the municipality may approach the landowner to discuss potential annexation.

### Basic or Minimum Requirements for Voluntary Annexation

A voluntary annexation must, *at a minimum*, include four (4) components that should be confirmed by the municipality *before* any serious efforts are expended in discussion or negotiation:

1. Plan in Place – The municipality must first have a “plan in place” for all annexations. The plan must generally describe “the proposed, location, character, and extent of streets, subways bridges, waterways, waterfronts, parkways, utilities, and terminations for water, light, sanitation, transportation, and power to be provided by the municipality and the proposed land uses for the area.” C.R.S. § 31-12-105(1)(e)(I). This admittedly vague requirement of state law is often achieved by designating the comprehensive or master plan for the municipality as also serving as the C.R.S. § 31-12-105(1)(e)(I) plan, provided that the comprehensive or master plan addresses the matters required by the statute.

**Note:** “No annexation may take place that would have the effect of extending a municipal boundary more than three (3) miles from any direction from any point of the municipal boundary in one year.” C.R.S. § 31-12-105(1)(e)(I).



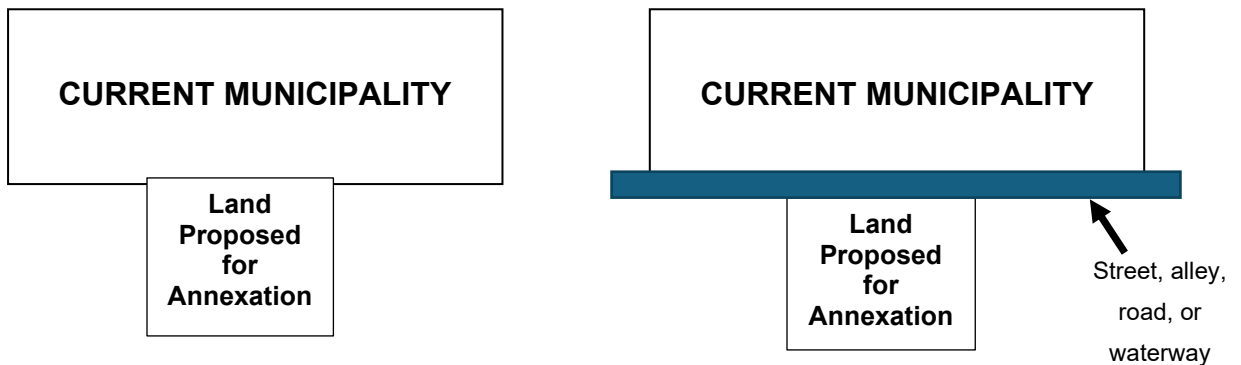
Most importantly, if used as the statutory “plan in place,” the comprehensive or master plan should clearly include the property proposed for annexation and recognize proposed or suggested use designations for the property to be annexed. The undeniable purpose of the statutory “plan in place” requirement is to demonstrate that the municipality has given some preliminary thought to incorporating the property into the municipal boundaries.

2. Ownership - The party seeking annexation must be the owner of record of the property or the party must have a recorded purchase contract with the owner and the contract must obligate the purchaser to pay the property taxes on the property for the next preceding tax year.
3. Degree of Ownership – “50%-50% Rule.” A voluntary petition for annexation must contain two (2) minimum elements:
  - A. the *voluntary* signatures of the party or parties seeking annexation who own, or who are the qualified contract purchaser(s) of, at least 50% of the total land area proposed by the annexation; and
  - B. the owner or owners who sign the petition must also comprise at least 50% of the total number of owners of the properties included in the annexation (*exclusive* of private or public streets, alleys, roads, and waterways that are included in the area to be annexed).

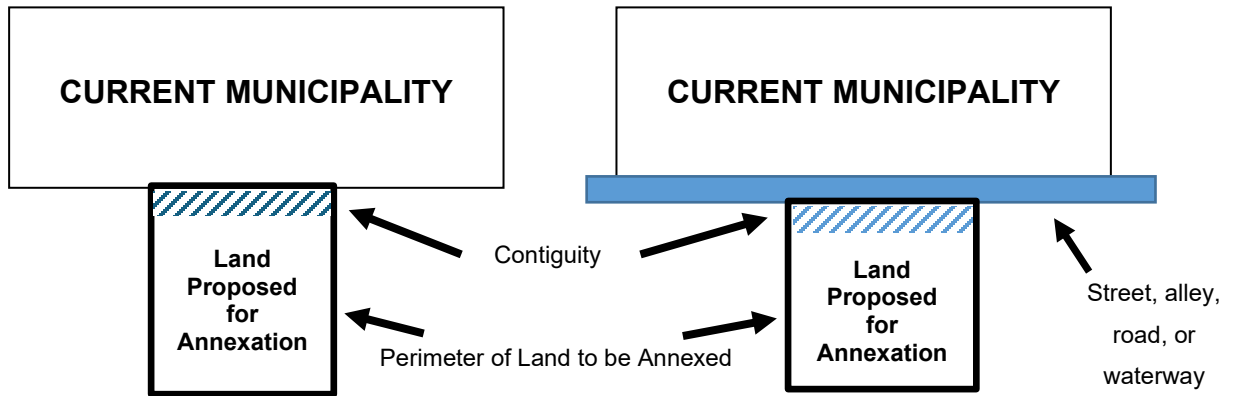
These requirements are often referred to as the “50%-50% Rule.” For example, if the land included in an annexation petition involves only properties owned by three (3) owners, then the petition would contain 100% of the owners signing the petition (3 out of 3) who would own 100% of the property described in the petition – therefore, and the 50%-50% Rule is easily met. As another example, assume there are four (4) total landowners of the land described in the petition but only three (3) of the landowners will voluntarily sign the petition. Further assume that the three (3) voluntarily signing landowners own more than 50% of the *total* land area described in the petition. Under this circumstance, the 50%/50% Rule is met even though one landowner will not sign or perhaps does or not want to be

included in the annexation. If, however, the three (3) landowners voluntarily agreeing to sign the petition own less than 50% of the total land area to be annexed, the 50%/50% Rule is not met and the annexation cannot be accomplished.

4. Contiguity and the Degree of Contiguity. Voluntary petitions for annexation require that the property to be annexed be *contiguous* to the municipality. “Contiguity” means that the property either *directly* shares a boundary with the municipality or the property is only separated from the municipality by a private or public street, alley, road, or waterbody or waterway. The Annexation Act allows a municipality to essentially “ignore” intervening streets, alleys, roads, or waterways when determining the required contiguity. For example, both of these properties would be “contiguous” to the municipality:



The degree of required contiguity with the municipality is *at least one-sixth* ( $1/6^{\text{th}}$ ) of the total perimeter of the property to be annexed. In other words, if the perimeter of the property to be annexed is 60,000 linear feet, at least 10,000 linear feet (*i.e.*,  $1/6^{\text{th}}$  of 60,000) of the property must be contiguous to the municipality. Contiguity is a mandatory requirement and where the required  $1/6^{\text{th}}$  contiguity appears questionable, it is always best to have continuity confirmed by a land surveyor or other qualified professional. Contiguity is illustrated below for the two types of typical non-flagpole annexations:



**Annexation Petition Form**

A standardized form of annexation petition is commonly used by municipalities and tendered to the landowner to best enable the landowner to meet the requirements of the Annexation Act. Standardized forms differ between municipalities but each petition generally contains representations or statements by the landowner that the petition and the land to be annexed meets the requirements of the Annexation Act. If the municipality’s standardized petition form is provided to the landowner in a digitally modifiable form (such as Microsoft Word) or the landowner provides their own version of an annexation petition, the petition will require close review (preferably by your attorney) upon submission to the municipality by the landowner in order to determine if substantive changes were made that may impact the processing of the annexation.

**Annexation Map(s)**

An annexation petition must be accompanied by four (4) copies of professionally prepared maps illustrating the proposed annexation including, specifically and most importantly, how the required contiguity is achieved. The annexation map should be prepared by an experienced land surveyor or engineering professional and these maps can be relatively expensive to prepare.

**Annexation Agreement**

Because annexation of land by voluntary petition requires the mutual consent of the municipality and the landowner, many (but not all) annexations will involve some form of written agreement between the municipality and the landowner. The title, form, and

content of the agreement will often vary *greatly* based on the scope of any development of the land after the completion of the annexation.

It is strongly recommended that annexation agreement negotiations commence early in the process and oftentimes well-prior to the petition submission. The inability of the municipality and the landowner to reach mutual agreement on the terms and conditions is often a reason for delay in annexation proceedings as well as the failure of the annexation altogether.

Although annexation agreements will contain similarities in their “boilerplate” provisions, it is not possible to prepare a standardized form of annexation agreement. No two annexations are the same in terms of the needs, desires, and demands of the landowner, the proposed future development and use of the annexed land, and the particular concerns of the municipality. The best practice in preparation of the annexation agreement is for the municipality and the landowner to discuss the desired terms and conditions for the annexation and to tender those terms and conditions to the municipal attorney to integrate into an agreement.

### **Timeline for Annexation Process**

It is *exceedingly difficult* to predict the time necessary to complete an annexation. Annexation involves intangibles in the processing of a petition including, primarily, the ability of the landowner’s consultants to timely submit required information and documents and the period of time necessary to negotiate mutually agreeable terms and conditions for the annexation. There are also lengthy notice publication requirements to bring the process into conformance with the Annexation Act. In some instances, objections and significant conflict from third parties – for example, the county, neighboring landowners and homeowner associations, or competing commercial interests – can slow the process in order to address the objections and mitigate or minimize the conflict.

The Annexation Act sets forth a detailed process that must be followed for every annexation. Generally, the process for review of an annexation petition is as follows:

(1) The municipality's governing body must determine if the proposed annexation satisfies the statutory requirements. This review takes place with a public hearing before the governing body.

(2) If the annexation petition is found to be in compliance, the governing body adopts a resolution of substantial and sets a date for a public hearing on the annexation.

(3) After the public hearing, the governing body must make findings of fact and conclusions related to the statutory requirements.

It is important to be clear that there are different process requirements for municipally owned property, enclaves (property surrounded on all sides by the municipality for three years), and petitions seeking an annexation election.