



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** September 17, 2020

Staff Contact: Lee Plemel, AICP, Director

Agenda Title: For Possible Action: Discussion and possible action regarding long-term stay motels and direction to staff regarding possible amendments to the Transient Lodging Tax (TLT) provisions of Carson City Municipal Code ("CCMC") Chapter 4.08 (Room Rental Tax) and the transient occupancy requirements for hotels and motels in CCMC Title 18 (Zoning). (Lee Plemel, lplemel@carson.org)

Staff Summary: During the last Board of Supervisors' strategic planning session, the Board identified various issues related to long-term stay motels as a priority for consideration. In particular, the Board of Supervisors requested information related to the prevalence of the use of hotel and motel rooms for long-term stays (28 days or more) versus transient occupancy of less than 28 days. The Culture and Tourism Authority ("CTA") has provided information regarding TLT collections in 2019, and City staff has provided additional estimates on the number of motel rooms in Carson City used for long-term stays.

Agenda Action: Formal Action / Motion **Time Requested:** 30 Minutes

Proposed Motion

Provide direction to staff based on discussion at the meeting.

Board's Strategic Goal

Quality of Life

Previous Action

None.

Background/Issues & Analysis

Attached is a list of existing hotels and motels with the number of rooms at each property, based on business license information. This list identifies which motels are commonly known to make all their rooms available to rent on a long-term basis (28 days or more) or only rent them on a long-term basis. These "long-term stay" properties are identified for the purpose of estimating the number of total motel rooms in the City that are rented long-term. It is very likely that these properties also rent rooms on a transient basis, but staff believes most of these rooms are regularly rented on a long-term basis. In addition, it is very likely and known that some of the other properties not identified as commonly known long-term stay properties do rent some rooms on a long-term stay basis.

Based on this analysis and with the caveats noted above, staff estimates that approximately 33% of the City hotel and motel room inventory (621 of 1,876 total rooms) are regularly used for long-term stays.

The CTA tracks “room-nights” on a monthly basis, based on reporting from the hotel/motel properties. They receive information regarding the number of room-nights rented on a transient basis, the number of room nights exempt from TLT, and the number of room nights that were out of service—i.e. rooms that were not available for rent. Based on the room-night information received by the CTA for 2019, they estimate the average number of rooms rented on long-term basis to be approximately 382, or 20% of the total room-nights.

Also attached is the CTA’s Transient Lodging Report for 2019, which shows how much TLT was collected in 2017 through 2019. The CTA reported \$20,740,539 in room revenue in 2019, which includes RV parks as well as hotel/motel rooms. At the current TLT collection rate of 11%, this generated approximately \$2.28 million in TLT revenue. Assuming 20% of the room nights are long-term stay and, therefore, exempt from TLT, this represents a “loss” of approximately \$570,000 in revenues from the room rentals for long-term stays.

CCMC 4.08.100 (Exemptions) provides the exemptions to the requirement to pay the TLT for hotel/motel rentals, which states:

“There is excepted from the transient lodging tax each rental by a licensee of a room or rooms made for a period of twenty-eight (28) days or more. This exemption, however, applies only where payment is made for the entire twenty-eight (28) day period upon arrival, in which case the exemption commences on the first day of occupancy; or payment is made for less than twenty-eight (28) days upon arrival, in which case the exemption commences on the twenty-ninth (29th) day of occupancy.”

The Board of Supervisors may consider the following alternatives to address long-term stay motels:

1. Continue with the Motel Task Force comprehensive code compliance inspections. (Note: Comprehensive inspections are on hold due to COVID-19 restrictions. Only life-safety and health inspections are currently being conducted.)
2. Amend CCMC Chapter 4.08 (Room Rental Tax) to delete the TLT exemption for rentals of 28 days or more and require payment of TLT for all motel and hotel properties.

Staff comments on alternative 2: This alternative would result in more TLT being collected. It is likely that the cost would be passed on to the tenants. Owners of existing long-term stay motels may also consider converting the property to apartment standards through building improvements, which would then exempt them from paying TLT.

3. Amend CCMC Title 18 to eliminate the grandfathering of motels that were in existence before the transient occupancy limitation on hotels and motels was put into the CCMC (approximately in the mid-1990s), which currently allows those properties to continue to rent rooms on a long-term basis.

Staff comments on alternative 3: This alternative would also result in more TLT being collected since long-term stays of 28 days or more would not be permitted in hotels or motels. However, this would not necessarily eliminate people actually living in motels, as this would only make them pay for stays of less than 28 days. Enforcing everyone to move out of a specific property after 28 days would be difficult and very staff resource-intensive to enforce.

Based on discussion at the meeting, the Board of Supervisors may provide direction to staff to pursue more information to implement one or more of these alternatives.

If you have questions regarding this item, contact Lee Plemel, Community Development Director, at 283-7075 or lplemel@carson.org.

Attachments:

- 1) List of hotel and motel rooms based on existing business license information.
- 2) 2019 Culture and Tourism Authority Transient Lodging Report

Applicable Statute, Code, Policy, Rule or Regulation

CCMC Chapter 4.08 (Room Rental Tax) and CCMC Title 18 (Zoning).

Financial Information

Is there a fiscal impact? No

If yes, account name/number:

Is it currently budgeted? No

Explanation of Fiscal Impact: No code amendments are being made with this possible action.

Alternatives

Take no action or provide other direction to staff.

Attachments:

[Motel Report Attachment A.pdf](#)

[Motel Report Attachment B.pdf](#)

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Hotel/Motel Rooms by Business License

Hotel Business License Name	Address	# of Rooms	
America's Best Value Motel	2731 S Carson St	58	
Carson Flats Inn ²	801 N Carson St	35	
Bliss Bungalow	408 W Robinson St	1	
Carson City Inn ²	1930 N Carson St	62	
Carson Hot Springs	1500 Old Hot Springs Rd	20	
Carson Tahoe Hotel	800 N Carson St	89	
Courtyard by Marriott	3870 S Carson St	100	
Days Inn Carson City	3103 N Carson St	62	
Gold Dust West	2171 Hwy 50 E	142	
Hampton Inn & Suites	10 Hospitality Wy	85	
Hardman House	917 N Carson St	62	
Holiday Inn Express & Suites	4055 N Carson St	85	
Merriner Cottages	1555 Medical Pkwy	15	
Mill House Inn Motel ²	3251 S Carson St	24	
Motel 6 Carson City	2749 S Carson St	82	
My Place Hotel	17 Hospitality Way	64	
Nugget Inn ²	555 N Stewart St	50	
Nugget Motel ²	651 N Stewart St	60	
Ormsby Inn ²	1515 N Carson St	5	
Phillips Motel ²	3529 Hwy 50 E	12	
Plaza Hotel & Conference Center	801 S Carson St	168	
Rodeway Inn	1300 N Carson St	67	
Roundhouse Inn ²	1400 N Carson St	39	
Royal Inn ("Frontier") Motel ²	1718 N Carson St	56	
Silver Queen Inn ²	201 W Caroline St	36	
Silver State ("Fifty Flats") Inn ²	1464 Rand Ave	47	
St Charles Hotel ²	310 S Carson St	19	
Stewart Street Inn ²	323 N Stewart St	54	
Super 8 Carson City	2829 S Carson St	63	
The Lander ²	907 S Carson St	34	
The Royale ("Warren") Inn ²	1850 N Carson St	51	
The Stone Brooks in Carson City ("Veranda View Motel") ²	1010 S Carson St	23	
Whistle Stop Inn ²	1421 N Carson St	14	
Wyndham Garden Hotel	900 S Carson St	92	
		1,876	
	CTA estimated long-term ¹	382	20% of total
	City estimated long-term ²	621	33% of total

1. CTA estimates based on an estimated average number of room reported per month as long-term exempt from TLT in 2019.

2. Motels where all rooms are commonly known to be available long-term.



CARSON CITY CULTURE & TOURISM AUTHORITY
TRANSIENT LODGING REPORT
DECEMBER 2019

DECEMBER 2019									
	ROOM REVENUE				REVENUE	AVERAGE DAILY RATE			
	2019	2018	Dollar + / -	Percent + / -	2017	2019	2018	Dollar + / -	Percent + / -
TOP 5	\$ 817,015.77	\$ 888,962.59	\$ (71,946.82)	-8.1%	\$ 868,502.07	\$ 91.74	\$ 102.18	\$ (10.45)	-10.2%
TOP 6-13	\$ 485,922.25	\$ 488,234.23	\$ (2,311.98)	-0.5%	\$ 438,045.67	\$ 61.04	\$ 48.17	\$ 12.87	26.7%
RV	\$ 7,906.25	\$ 6,599.54	\$ 1,306.71	19.8%	\$ 5,020.54	\$ 36.95	\$ 30.74	\$ 6.21	20.2%
REMAINING	\$ 47,383.54	\$ 13,560.73	\$ 33,822.81	249.4%	\$ 22,146.91				
TOTAL	\$ 1,358,227.81	\$ 1,397,357.09	\$ (39,129.28)	-2.80%	\$ 1,333,715.19				

CARSON CITY CULTURE & TOURISM AUTHORITY ROOM REVENUE				
	2019	2018	Dollar + / -	Percent + / -
	01/2019 - 12/2019	01/2018 - 12/2018		
Calendar Year	\$ 20,740,539.78	\$ 19,758,822.89	\$ 981,716.89	4.97%
	FY19	FY18	Dollar + / -	Percent + / -
	07/2019 - 12/2019	07/2018 - 12/2018		
FY (Jul - Jun)	\$ 11,220,384.93	\$ 11,361,039.37	\$ (140,654.44)	-1.24%

CARSON CITY CTA TRAILING TWELVE		
2019	2018	+ / -
\$ 20,740,539.78	\$ 19,758,822.89	4.97%

CARSON CITY CULTURE & TOURISM AUTHORITY ROOM REVENUE				
	2018	2017	Dollar + / -	Percent + / -
	01/2018 - 12/2018	01/2017-12/2017		
Calendar Year	\$ 19,758,822.89	\$ 21,837,806.25	\$ (2,078,983.36)	-9.52%
	FY18	FY17	Dollar + / -	Percent + / -
	07/2018 - 12/2018	07/2017 - 12/2017		
FY (Jul - Jun)	\$ 11,361,039.37	\$ 12,515,652.26	\$ (1,154,612.89)	-9.23%

CARSON CITY CTA TRAILING TWELVE		
2019	2017	+ / -
\$ 20,740,539.78	\$ 21,837,806.25	-5.02%

CARSON CITY CULTURE & TOURISM AUTHORITY ROOM REVENUE				
	2019	2017	Dollar + / -	Percent + / -
	01/2019 - 12/2019	01/2017-12/2017		
Calendar Year	\$ 20,740,539.78	\$ 21,837,806.25	\$ (1,097,266.47)	-5.02%
	FY19	FY17	Dollar + / -	Percent + / -
	07/2019 - 12/2019	07/2017 - 12/2017		
FY (Jul - Jun)	\$ 11,220,384.93	\$ 12,515,652.26	\$ (1,295,267.33)	-10.35%

DECEMBER 2019 RevPar				
	2019	2018	Dollar + / -	Percent + / -
TOP 5	\$ 53.63	\$ 58.09	\$ (4.46)	-7.7%
TOP 6-13	\$ 27.25	\$ 28.58	\$ (1.33)	-4.6%
RV	\$ 2.81	\$ 2.40	\$ 0.41	16.9%
REMAINING	\$ 10.71	\$ 5.25	\$ 5.45	103.8%
TOTAL	\$ 33.70	\$ 37.05	\$ (3.35)	-9.1%



CARSON CITY CULTURE & TOURISM AUTHORITY
 TRANSIENT LODGING REPORT
 DECEMBER 2019

CARSON CITY CULTURE & TOURISM AUTHORITY						
DECEMBER 2019						
	Available	Occupied	Occupancy	Available	Occupied	Occupancy
	2019	2019	2019	2018	2018	2018
TOP 5	15,233	8,906	58.5%	15,302	9,308	60.8%
TOP 6-13	17,831	7,961	44.6%	17,083	9,688	56.7%
RV	2,814	214	7.6%	2,745	188	6.8%
REMAINING	4,426	806	18.2%	2,582	265	10.3%
28 + Day RV	N/A	8,072			7,257	
28+ DAY H/M	N/A	7,190	N/A		9,428	N/A
TOTAL	40,304	17,887	44.38%	37,712	19,449	51.6%