Jackson Town Council Workshop

July 18, 2022
1:30 PM
Town Council Chambers

NOTICE: THE VIDEO AND AUDIO FOR THIS MEETING ARE STREAMED TO THE PUBLIC VIA THE INTERNET AND MOBILE DEVICES WITH VIEWS THAT ENCOMPASS ALL AREAS, PARTICIPANTS AND AUDIENCE MEMBERS. PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING

I. ZOOM LINK FOR PUBLIC PARTICIPATION

To join, click the link or copy to your browser: https://us02web.zoom.us/j/87425209986?pwd=NUpJVHNCMGE0bzRGTFI1ZTF3Sm5UQT09
If the link does not work, join at zoom.com with Webinar ID **874 2520 9986** Password: **83001**
or join by phone **+1 669 444 9171** with Webinar ID **874 2520 9986** and Password: **83001**

II. CALL TO ORDER AND ROLL CALL

III. WORKSHOP ITEMS

A. Director Updates (Parks & Rec, Community Development)
B. Title 2: Personnel (Lea Colasuonno)
C. Lodging and Short Term Rentals (Tyler Sinclair)

IV. PROPOSED ITEMS FOR FUTURE WORKSHOPS

8/15 Director Updates (START, IT Department)
8/15 WWTP Technical Review Update (Floren Poliseo)
8/15 Short Term Rentals (Tyler Sinclair)
8/15 Flat Creek Apartment Update (April Norton)
9/19 Special Events Traffic Control Device Rentals (Floren Poliseo)

V. ADJOURN

Please note that at any point during the meeting, the Mayor and Council may change the order of items listed on this agenda. In order to ensure that you are present at the time your item of interest is discussed, please join the meeting at the beginning to hear any changes to the schedule or agenda.

STAFF REPORT

Meeting Date:	July 18, 2022	Meeting Title:	Workshop
Submitting Department:	Legal	Presenter:	Lea Colasuonno
Agenda Item:	Updating the Municipal Code Title 2: Personnel	Public Comment:	Yes

Purpose & Policy Considerations.

The purpose of this item is for Council to review a key policy issue for amending Title 2 of the Jackson Municipal Code, *Personnel*.

Requested Action.
Staff requests Council review the key policy issue and provide direction to staff.

Recommendations.
The staff recommendation is provided below.

Background.
The Town periodically updates the Municipal Code to ensure its applicability and content match the community's and municipality's needs and are relevant to current times. The Town Legal Department is currently reviewing one title at a time with the relevant departments and staff.

Analysis.
Key Policy Question:

Should the Town continue to provide bonds for more employees than statutorily required?

> **Current Policy**: Currently, the Town obtains bonds for all employees in the entire organization. Wyoming statute only *requires* the Town provide bonds by the municipal judge and the treasurer. The purpose of requiring a bond for employees is to protect the Town from financial mismanagement.
>
> **Policy Decision Considerations**: While the two positions statute requires be bonded handle money for the Town, so do many other employees – including START, the front desk staff at the Town Hall, the public works administrative staff, etc. Moreover, numerous employees, while they do not actually handle cash from the public or otherwise, could theoretically embezzle or otherwise mismanage municipal monies.
>
> **Staff Recommendation**: Staff recommends continuing to bond for all employees in the Town, and thus amending the current ordinances to broadly state that the Town shall bond in accordance with state law minimums and may elect to bond for additionally employees at Town Council discretion.

Possible Alternatives.

1. Council could elect not to bond for all employees and only bond for the two positions required by state law.
2. Council could direct staff not to amend/update Title 2.

Comprehensive Plan & Priority Alignment.
N/A

Fiscal Impact.
Revenue: There are no, or at best negligible, revenue impacts from updating Title 2. The Town currently pays $700 per year to bond for all employees and the premium is expected to decrease no more than $150 with a change to bonding only two employees.

Expense: The Town hired a consultant to review the entire Code for consistency with state law at a cost of $5,000.

Staff Impact.
The staff impact of updating the Municipal Code is significant. Over the last month, the Legal Department has spent, approximately, 25 hours working on this Title 2 update and coordinated with the various departments affected by potential changes in the Title.

Attachments or Links.
None.

Suggested Motion.
I move to direct staff to:

1. revise Jackson Municipal Code Title 2 with respect to the policy question presented as recommended by staff;
2. revise the Title for technical matters identified by staff; and
3. bring back a full revised draft of the Title for Council consideration at a future meeting.

STAFF REPORT

Meeting Date:	July 18, 2022	Meeting Title:	Workshop
Submitting Department:	Community Development	Presenter:	Tyler Sinclair
Agenda Item:	Lodging Data Analysis	Public Comment:	Yes

Purpose & Policy Considerations.
To review trends in lodging development and consider potential next steps.

Requested Action.
Town Council direction on desired next steps.

Recommendations.
See Conclusion and Recommendation section below.

Background.
On February 22, 2022 staff presented background on current lodging policy direction from the Jackson/Teton Comprehensive Plan and the current Land Development Regulations specifically including the Lodging Overlay and Snow King Resort District. The February 22, 2022 staff report is attached, please review that report for a refresher on how we got to today. Council directed staff to complete a two-phase analysis of lodging over the past ten years. The first phase, a data analysis, is presented in this report. Council will provide direction on how to proceed with the second phase, exploring a response to the trends, at the end of the workshop.

Below staff have provided the key Comprehensive Plan Principles and Polices related to this discussion for your consideration as you look at the data and read the analysis. Staff has highlighted key phrases for emphasis. Essentially the economic development vision for the community is to grow lodging revenue faster than lodging rooms by growing winter and shoulder season occupancy, focus on environmentally responsible tourism, and concentrate lodging in the Town's Lodging Overlay.

Policy 4.1.d: Maintain Jackson as the economic center of the region
Continuing Town's function as the community's economic center is essential in its role as the community's central Complete Neighborhood. Town is home to the majority of the retail opportunities, jobs and basic facilities and services needed by our community and visitors. As the community's population center and central Complete Neighborhood, Town will continue to play this role into the future.

Policy 4.2.e: Maintain lodging as a key component in the downtown
A key element of the 1994 Comprehensive Plan was the establishment of the Lodging Overlay District. The purpose of the overlay was to concentrate lodging into the downtown core, where guests can access tourist-orientated amenities without a vehicle. In addition, the overlay was intended to protect the remainder of the community from expansion and sprawl resulting from tourist and lodging amenities. The community continues to support the original intent of the overlay. Expanding on the goals of the 1994 Plan, the update 2012/2020 Plan supports the provision of a variety of year-round lodging types that encourage active management for nightly year-round occupancy.

Policy 6.1.a: Create a sustainable economy not reliant on growth
Our economic development strategy is to improve our economy without relying on physical growth – to be "better, not bigger." Economic development will be done consistent with our Growth Management Common Value because our economy benefits from ecosystem stewardship, and ecosystem stewardship likewise benefits from a strong economy.

Real estate development will remain an economic sector in the community, but we will reduce our reliance on development as a basis of the economy.

Policy 6.2.a: Enhance tourism as the basis of the economy
Tourism will continue to be the basis of our economy, and the community will enhance this sector by pursuing sustainable tourism that is not reliant on growth and consumption. Outdoor recreation tourism and eco-tourism will continue to be our primary focus. However, we will also promote cultural and heritage tourism that is less dependent on our seasonal climate, allowing for better use of our existing visitor accommodation capacity during shoulder seasons. The community will continue to avoid carnival and outlet mall-type tourist attractions as they do not support our desired community character and outdoor tourism focus. As we promote year-round occupancy and increased visitor spending, the community will broaden our approach to providing a quality visitor experience from focusing only on traditional tourists to also include second homeowners and retirees to the community.

Principle 6.3—Create a positive atmosphere for economic development.
Attracting businesses that reflect the community's Common Values of Ecosystem Stewardship, Growth Management, and Quality of Life will be essential to developing a "better, not bigger" economy. To attract businesses that reflect our Vision, we must create a positive and desirable atmosphere for companies where all of our Common Values are realized. Also, the community will welcome a diversity of businesses. Emphasis will be placed on tools that do not require the investment of local funds for the promotion of economic development.

Policy 6.3.a: Ensure year-round economic viability
The local economy should be developed in a way that increases year-round economic activity. Our climate has traditionally resulted in a seasonal economy with shoulder seasons in the spring and fall when economic activity slows. As the resident population and number of visitors decline in the shoulder seasons, fewer businesses remain open, and the Quality of Life and the visitor experience are diminished. The Town and County will work with others in the community, including local businesses, the Chamber of Commerce, and the Travel and Tourism Board to promote the year-round business operation, provision of community services and occupation of accommodations.

Analysis.

Previously, Council directed staff to collect data on the following topics to first better understand what has been occurring in the community regarding lodging prior to making any decisions on possible next steps. Each topic has its own subsection below. At the end of each subsection are points for future discussion that are intended to spark conversation and assist analysis. It is not expected or realistic that we would answer all the points at this workshop.

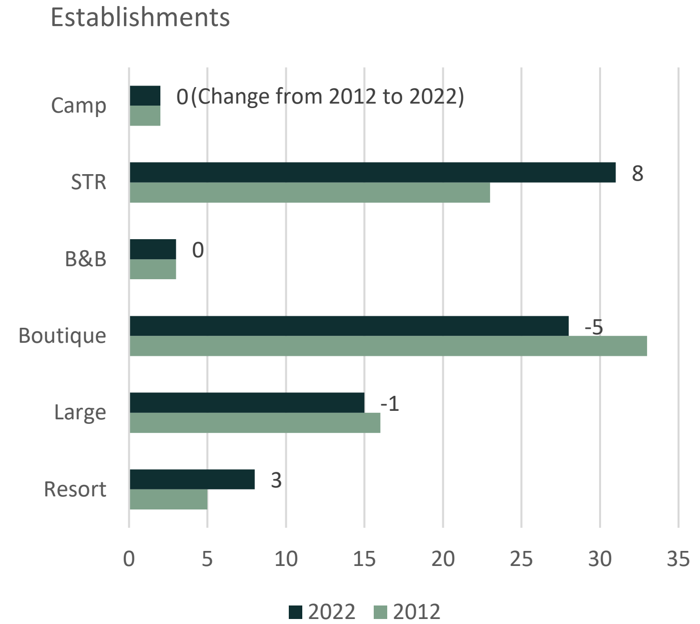
- The amount and type of lodging that has been developed in the past 10 years
- Number of short-term rental permits
- The amount and type of lodging allowed under the current zoning
- Occupancy rates by month
- Lodging tax collections by year and month
- Price point of lodging by type and month
- Job Generation and Housing Demand by lodging type

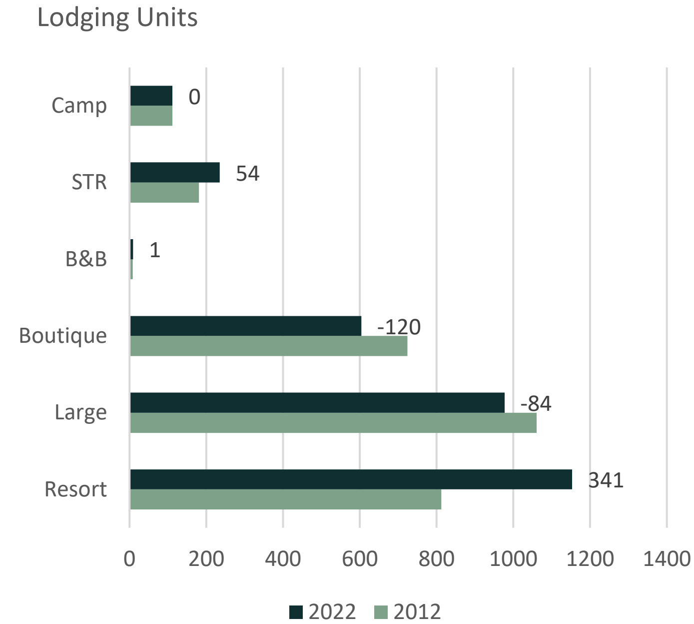
<u>Amount, Location, and Type of Lodging Growth</u>
Staff's key observations of the amount, location, and type of lodging growth data are:

- Lodging in Town grew by 192 units from 2012 to 2022.
    - 314 new lodging units were added – 234 of which were in the Marriot and Cloudveil
    - 122 lodging units were lost – 32 were demolished and 90 were converted to employee housing
- More hotel units were converted to housing than residential units were converted to Short-term Rental.

- The Town drew even with the County for number of lodging units.
- The predominant lodging unit type shifted from a unit in a large hotel to a unit in a resort hotel.
- The trends suggest the future of lodging is either hotels of over 100 units, or short-term rental.

Growth in Town Lodging by Type 2012 to 2022





The source of the lodging growth data are Building Permit, Use Permit, Short-Term Rental Permit, and aerial photography analysis. It was compiled by the Planning Department and is updated annually through the Indicator Report production. The lodging type definitions are:

Resort Hotel	Large Hotel	Small Boutique Hotel	Bed & Breakfast	Short-term Rental
100,000+ SF	40,000 - 100,000 SF	10,000 - 40,000 SF	3,000 - 10,000 SF	Various sizes
150+ Rooms	40 - 100 Rooms	10 - 40 Rooms	2 - 10 Rooms	House/Condo/Townhouse

- Short-Term Rental: meets one of two definitions. If it was permitted for dual residential/lodging use, for example condominiums in the Snow King Resort Master Plan, it is counted as a short-term rental even if does not currently have a short-term rental permit. If it has a short-term rental permit, it is also counted as short-term rental unit. The next section of this analysis provides a breakdown of the location of short-term rental permits.
- Campground
- Guest Ranch (County only)

A lodging establishment is building or group of buildings under central management.

The Establishments and Lodging Units charts show that the Town has added Resort and Short-Term Rental lodging. Two new resort hotels have been built in the past 10 years: the Marriot and Cloudveil, both were redevelopments of non-lodging uses, although the Marriot site had an old motel that was converted to housing before it was demolished. The third "new" resort is also a "lost" large hotel, through the reclassification of Cowboy Village from a large hotel of 88 units to a resort hotel of 107 units with the addition of 19 units.

The Lodging Units chart shows that most rooms were added in resort hotels and that the most commonly occurring room in Town is now in a resort hotel. The only other type of lodging units to grow were short term rentals. While Huff House is a new boutique hotel that was added, the addition is hidden by the demolition and conversion of other boutique hotels (see the new columns in the table below). The trend is development that favors either the largest buildings (resort hotels) or largest units (short-term rental), with far less activity in the middle. These economics are not unique to lodging due to the cost of land and have been presented to Council for years by developers and consultants. Projects currently under construction and in the permitting process continue this trend. It is a trend that has also been supported by the increased popularity of short-term rental units nationwide, and the allowance of lodging establishments larger than 90,000 sf, which had been prohibited by the LDRs from 1994-2018. The prohibition was intended to limit mass, not stop lodging development and was removed in favor of design standards to shape mass rather than preclude it.

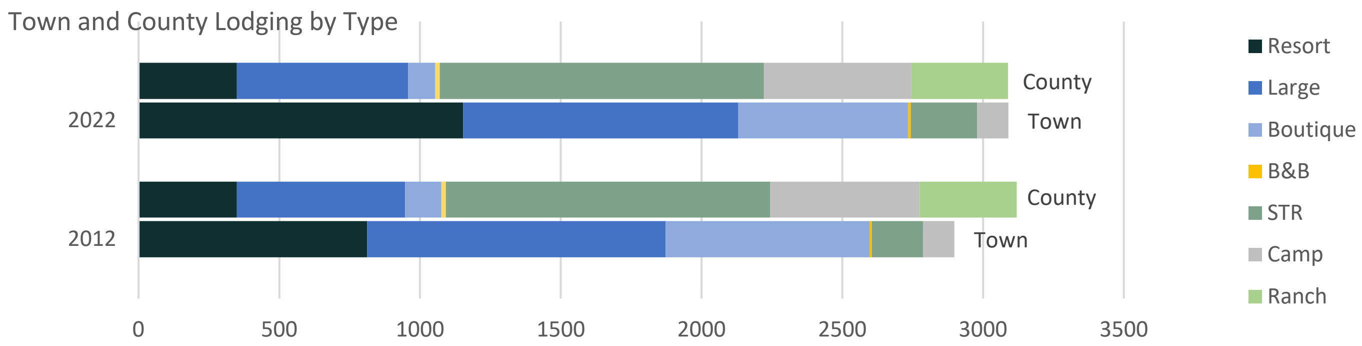
The Establishments and Lodging Units charts also show a loss of lodging units in boutique hotels. Many of these units are older and have been converted to employee housing. A more detailed chart of how lodging changed is below. It highlights that there were 90 more units converted from lodging to housing than housing to lodging. While the cranes and construction fence bring attention to the new resort hotels, the counterbalancing conversion of older lodging to housing goes less noticed but serves to dampen the overall net growth of the Town bed base. If the LDR building size cap had prohibited the Marriot and Cloudveil, lodging units would have declined.

How Lodging in Town has Changed 2012 to 2022

	Total Change		Demolished		Hsg Conversion		Remodel		New	
	Ests	LUs	Ests	LUs	Ests	LUs	Ests	LUs	Ests	LUs
Resort Hotel	3	341	0	0	0	0	1	107	2	234
Large Hotel	-1	-84	0	0	0	0	2	-84	0	0
Boutique Hotel	-5	-120	-2	-32	-4	-109	3	7	1	14
Bed & Breakfast	0	1	0	0	0	0	1	1	0	0
Short-Term Rental	8	54	0	0	7	19	2	1	1	34
Total	5	192	-2	-32	3	-90	6	32	4	282

Ests: Establishments, LUs: Lodging Units

The chart below compares Town and County lodging. At the highest level the chart shows that the Town now has the same number of lodging units as the County, consistent with the community goal that Town be the "heart" of jobs and visitor services (Comprehensive Plan Policy 4.1.d). The chart shows that the County has had no lodging growth in the past 10 years. The chart also shows that the most common lodging unit type in the County is a short-term rental, whereas in Town the vast majority of units are still found in hotels of various size.



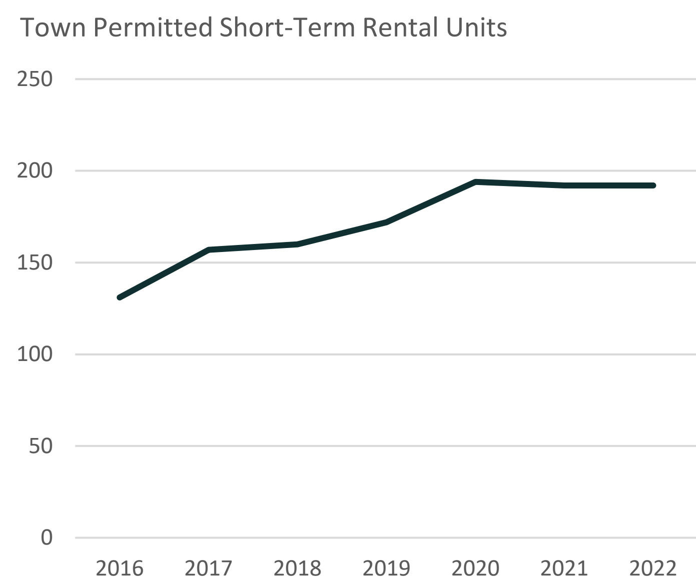
Staff's outstanding questions and points for discussion are:

- The overall lodging trends are largely a success story relative to the economic development vision in the Comprehensive Plan for slow lodging growth, focused in Town, with lodging revenue growing faster than lodging units. Is everyone still comfortable with these goals?
- Is the lodging growth we are seeing a peak that will continue for the foreseeable future to be followed by a valley? In Teton Village at the turn of the century, and in the Town now, new lodging comes in peaks, but they are often followed by valleys and the long-term growth is slow and steady and tempered by conversion of older lodging units to housing. Are we comfortable with the peak as long as it is followed by a valley? What if this peak is not followed by a valley and when should that determination be made? What is the right balance of natural redevelopment that replaces older units with newer units?
- Is the shift to the maximums – in terms of either hotel size or unit size a problem? If so, what are the threats that should be monitored or mitigated? Should a cap on lodging establishment size be reinstated? Should a cap be placed on the size of short-term rental units? What would a cap hope to achieve?

<u>Short-term Rental Permitting</u>
Staff's key observations of the short-term rental permit data are:

- Short-term rental permits grew steadily from 2016 to 2020 then plateaued.
- About 2/3 of short-term rental permits are in the Snow King Resort subarea.

As of May 2022, 192 units had a short-term rental permit for 2022 – basically the same number of units that had a permit for 2020 and 2021. From 2016 to 2020 the number of short-term rental permits grew at a pretty steady rate of 14 permits per year from 131 permits in 2016 (the first year of permitting) to 194 in 2020. The growth in short-term rental permits is mostly cumulative. Units that get a permit continue to renew their permit, only 16 units have decided not to renew once they've gotten a permit, 6 of which had a permit for 2020 or 2020 and 2021 only.



About two-thirds of the short-term rental permits in 2022 (123 permits) are in the Snow King Resort subarea. These units are condominiums and townhomes intended by the Comprehensive Plan vision to serve as short-term rental units to support or tourism economy. Another 30% (55 permits) are in the Downtown lodging overlay also consistent with the Comprehensive Plan. Most of the downtown units are in three-story, mixed-use buildings. The remaining permits are on the South Cache and West Broadway corridors. The Snow King and Downtown subareas have each added about 30 units since 2012. Recent additions to the short-term rental pool such and One Town Hill and the 185 North Glenwood project (not yet in the data because not yet occupied) are now driving the growth in short-term rentals, indicating the shift in type of lodging construction discussed above rather than a trend of housing unit conversion.

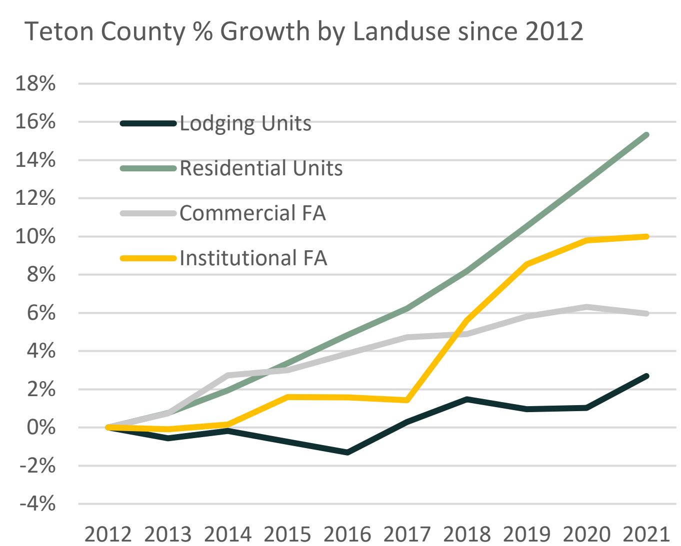
Staff's outstanding questions and points for discussion are:

- Did short-term rental growth temporarily stall as owners occupied their units during the pandemic?
- Have short-term rental permits plateaued because most of the units it makes sense to convert to short-term rental have already been converted? Because the allowance of 12 rentals per year in residential areas is meeting demand, with no permit required? Because new short-term rental units are meeting demand?
- How are units that have planning approvals as short-term rentals being operated? Can we assume that a condo permitted for short-term rental without a short-term rental permit is in long-term occupancy or vacant?
- Should future analysis be completed using available cell phone data to understand where visitors are sleeping (inside the Lodging overlay/Snow King Resort vs. Outside these areas) to better determine how units are occupied:
    - < 1 month (visitor)
    - 1-5 months (second home owner)
    - 6 months (resident in name only)
    - 7-10 months (traveler or dual-seasonal)
    - >10 months (year-round resident)

<u>Potential Lodging Development in Town</u>
Staff's key observations of the lodging potential data are:

- Town zoning allows about 1,200 more lodging units
- 71% of the lodging units that can be built in Town already exist.
- At current rates it will take about 60 years for those units to be built

At the current average unit size and current use distribution within the Lodging Overlay, current zoning allows for about 1,200 more lodging units in the Town of Jackson. Another way to think about it is that 71% of the lodging that will be built in Town already exists. If the size of a lodging unit increases, it will mean that a greater portion of the floor area in the Lodging Overlay is dedicated to lodging or fewer units are built. This is because there is a cap on the amount of nonresidential floor area that can be built in the Town.



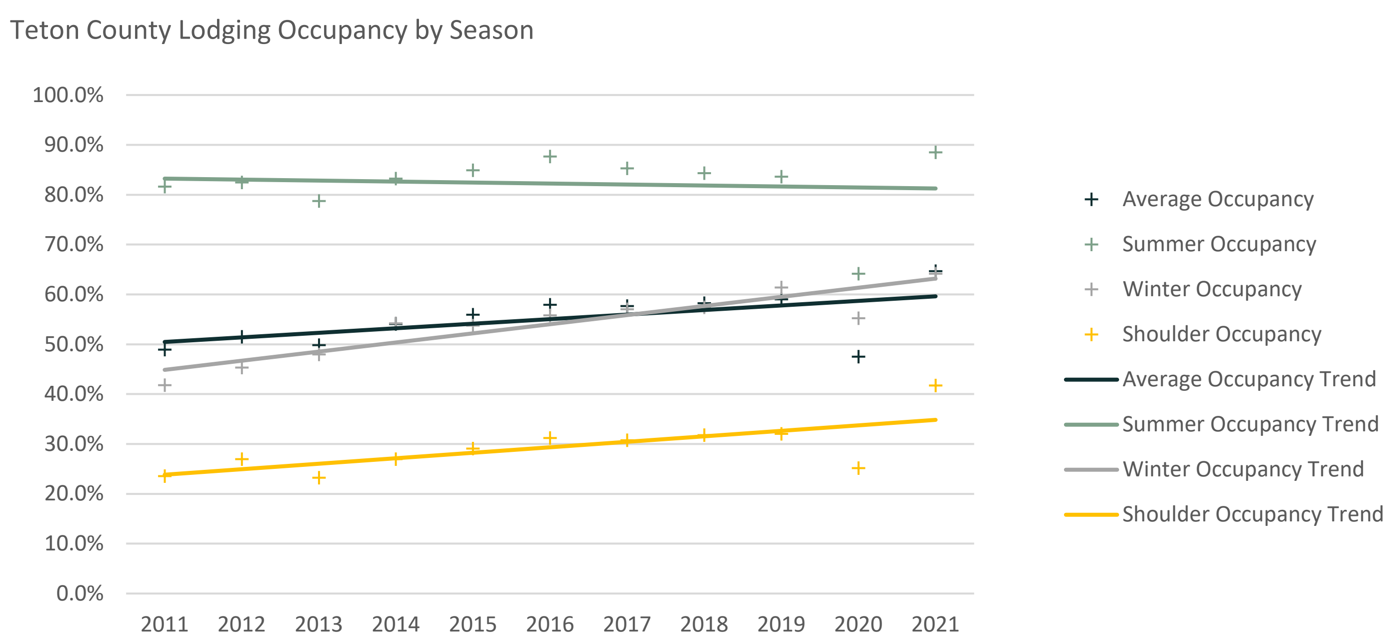
Lodging is developed in peaks, and we are in one right now, but the number of lodging units in the community is growing at a slower rate than residential units, commercial floor area, and institutional floor area. At the rate of 20 lodging units per year the Town has averaged since 2012 it will take 60 years to build 1,200 lodging units. But there is no guarantee the units will be developed if there is not demand.

Staff's outstanding questions and discussion points from the data are:

- Was the 1994-2018 limit on lodging establishment and building size precluding lodging development? Were the development allowances in Teton Village compared to Town the reason the last lodging development peak happened in Teton Village? What is the correct amount and type of lodging?
- What would a cap or moratorium on lodging development do? Did the lack of lodging development in Town between 1994-2018 suppress visitation? The growth in visitation over the past years happened before the Cloudveil was built and mostly before the Marriot was built. How many visitors is the right amount? Is having fewer people here a better solution then planning for them? If we limit lodging in Teton County will the demand be met in the region (Idaho, Montana, Wyoming) leading to great impacts on traffic, wildlife, community character, etc.?
- If we do want to manage visitation are the LDRs the right tool? Or should the focus be on the Destination Management Plan and other efforts that address the demand for lodging instead of the supply?

<u>Occupancy</u>
Staff's key observations of the lodging potential data are:

- During our peak we are at full capacity
- The average annual occupancy (the percentage of nights a lodging unit is occupied over the course of a year) is trending from 50% in 2011 to 60% in 2022 due to higher occupancies in winter and the shoulder seasons



The peak occupancy has remained stable for the past twelve years (the extent of DestiMetrics data). The trend line in the chart appears to have a slight decline only because of the 2020 dip in occupancy. Summer demand for lodging in Jackson has kept up with (or continues to exceed) lodging supply.

The shift appears to be in demand outside of the peak months. Average annual occupancy has steadily climbed from 50% in 2011 to over 60% in 2022. This is an indication of visitation growth induced by something other than physical development, which is the vision for economic development in the Comprehensive Plan (Policy 4.1.a). This success is likely due to a number of factors including the work of the Travel and Tourism Board, changes in climate making the fall more desirable, national changes in demographics as baby boomers retire and travel, and external promotion over which we have no control, etc. A lack of supply may also have contributed to the growth in occupancy, in which case occupancy may fall as a result of an increase in lodging unit development.

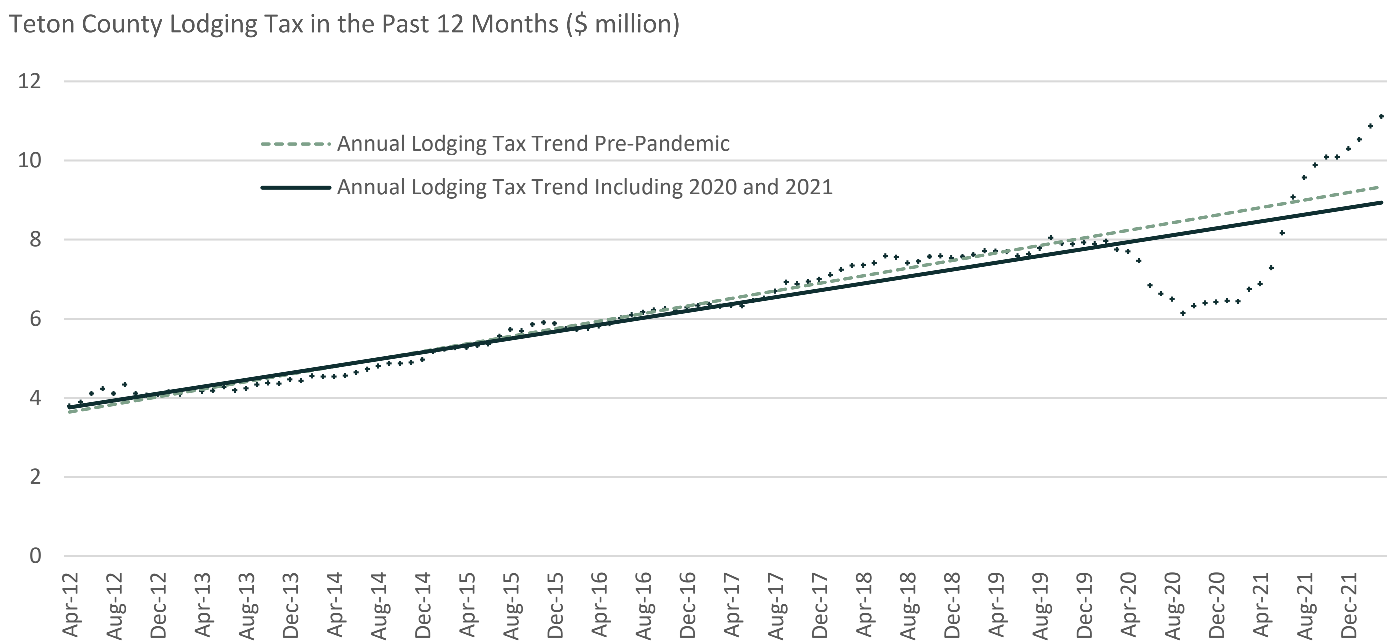
However, the growth in average annual occupancy is not completely independent from the lodging type trends. The visitation demand in the winter and shoulder season might be responsible for the replacement of older lodging units with more modern units designed for all four seasons, which in turn leads the older units to be converted into employee housing.

Staff's outstanding questions and points for discussion are:

- Will the occupancy growth in the shoulder and winter seasons continue? What is the combination of factors driving it? How much of it is in our control versus a function of external trends and promotion?
- How much of the occupancy and nightly rate growth (see below) is a function of the amount of supply? How much is the supply controlled by the LDRs versus market decisions?

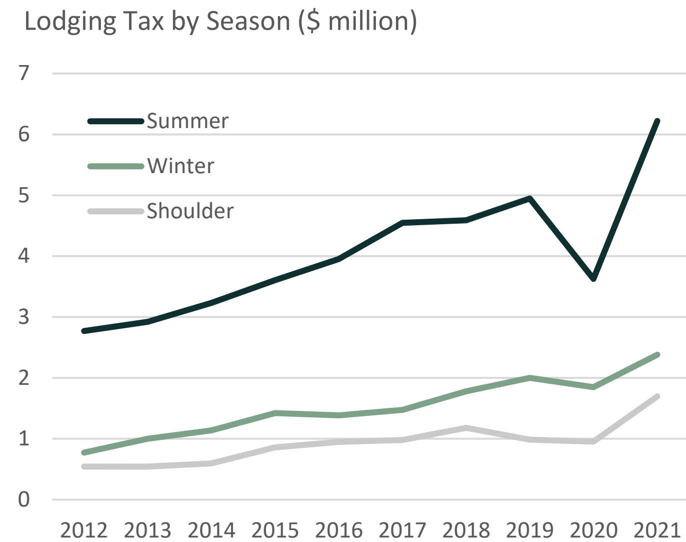
<u>Lodging Tax Collection and Estimated Nightly Rate</u>
Staff's key observations of the lodging tax collection data are:

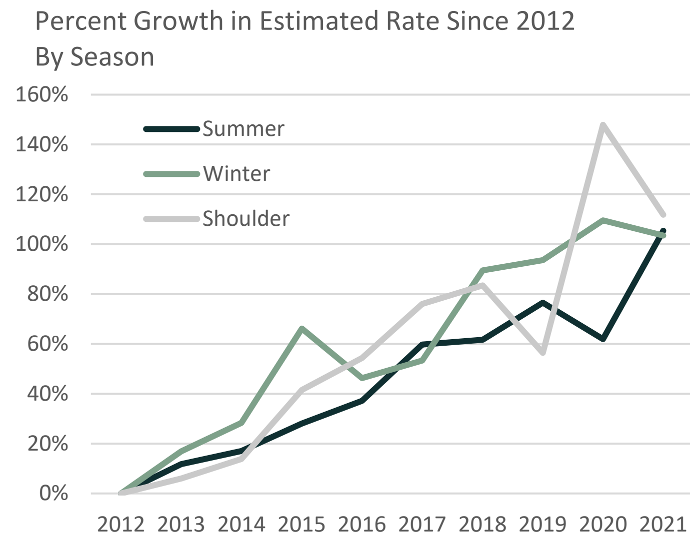
- Annual lodging tax collection doubled from $3.8 million in April 2012 to $7.96 million in 2020
- The pandemic dip and rebound basically balanced out around the 2012 to 2020 growth trend
- Fluctuations in lodging tax collection are a function of fluctuations in occupancy
    - Nightly rates have also doubled since 2012, growing steadily



The chart above shows the lodging tax collected over the prior 12 months in each month since April 2012. The data show a steady increase from $3.8 million in April 2012 to $7.96 million in April 2020. This rolling annual sum gives a better sense of the long-term trend of annual lodging tax collection. It also emphasized the amplitude of the decline and rebound during the pandemic when compared to a linear trendline. The individual points on the chart show that slight fluctuation around the trend line is normal. They also emphasize that the pandemic was uniquely volatile, with dots well below and well above the trendline. But, while 2020 and 2021 were chaotic, they didn't actually move the trendline much because the 2020 depression was complimented by the 2021 rebound. Neither are likely to be a "new normal" and 2022 might represent another depression.

The chart on the left below shows that the majority of lodging tax is collected in the summer months, however the proportion of lodging tax collected in the summer has fallen slightly as percentage of annual amount. The left chart also shows that summer 2020 was the primary period of pandemic impact on lodging tax collection. The right chart below shows that the lodging tax growth is closely correlated with occupancy. Using lodging tax and lodging unit occupancy as a proxy for nightly rate data (which was not analyzed but should be) the right chart shows that nightly lodging tax per occupied room doubled from 2012 to 2021, consistent with the trendline for annual lodging tax collection.





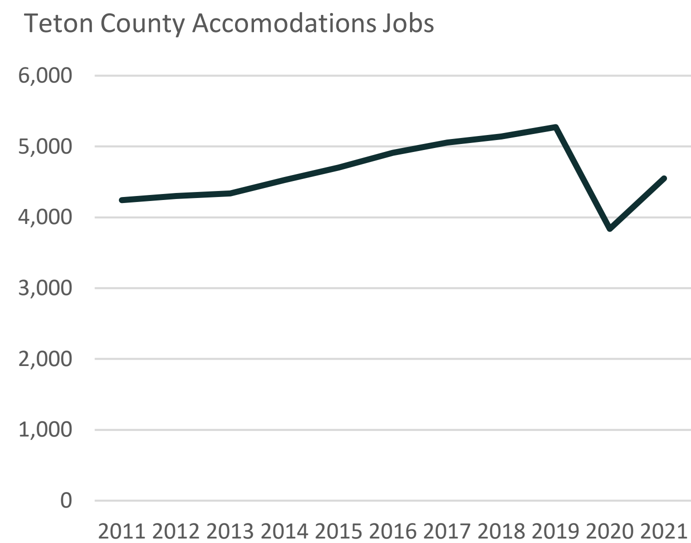
Staff's outstanding questions and points for discussion are:

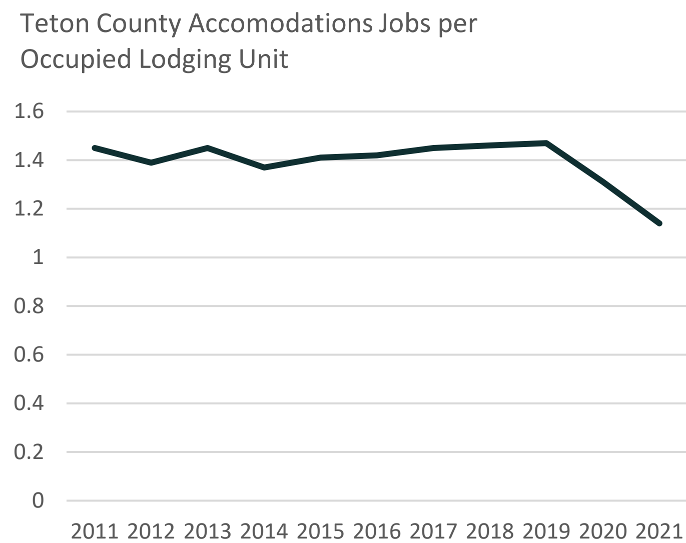
- What are the impacts of lodging occupancy and rate fluctuations and what is the proper response? How does increased fluctuation impact different sized lodging establishments? How do we pursue steady long-term growth if that is what we prefer?
- How will rates adjust to changes in occupancy this summer into the future? Will they continue their steady climb and mute the impacts of decreased occupancy due to the Yellowstone flood and high gas prices, etc.? Or will lodging establishments lower rates to bring occupancy back up?
- How much of the trends we are seeing are a function of our data starting in 2012? We don't have lodging tax data from pre-recession, but can we use sales tax data and other metrics to understand what the even longer-term trend looks like?
- The analysis of rate would benefit from working with partners to look at the nightly rate data in DestiMetrics. What can we learn about rate by unit size or unit type?
- The continued fit of the pre-pandemic trendline indicate that the pandemic offers less explanation looking into the future than broader trends such as:
    - The larger economy,
    - The influence of Teton County's increasing wealth on the overall level of luxury service, and
    - Teton County's relative lack of vulnerability to climate change compared to other destinations.

<u>Jobs</u>
Staff's key observations of the jobs data are:

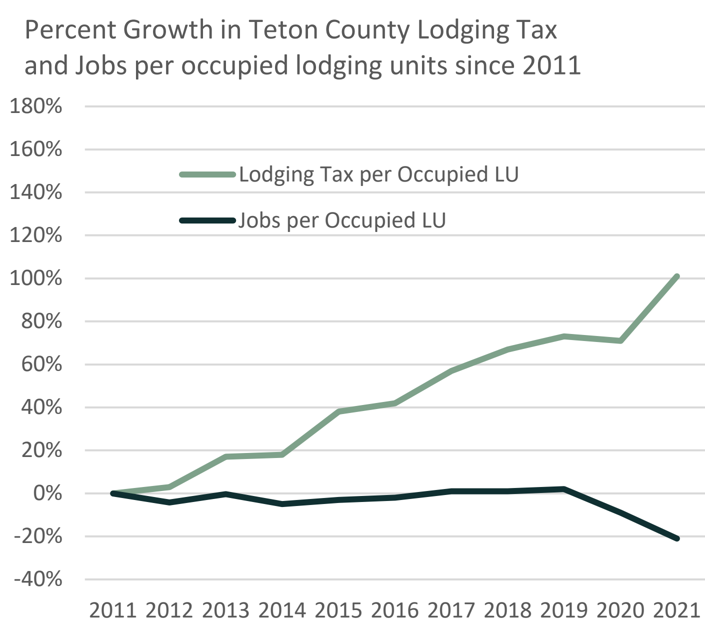
- Accommodations Jobs reported by the Bureau of Labor Statistics grew from 4,244 in 2011 to 5,274 in 2019
- They then fell to 3,837 in 2020 and rebounded to 4,552 in 2022

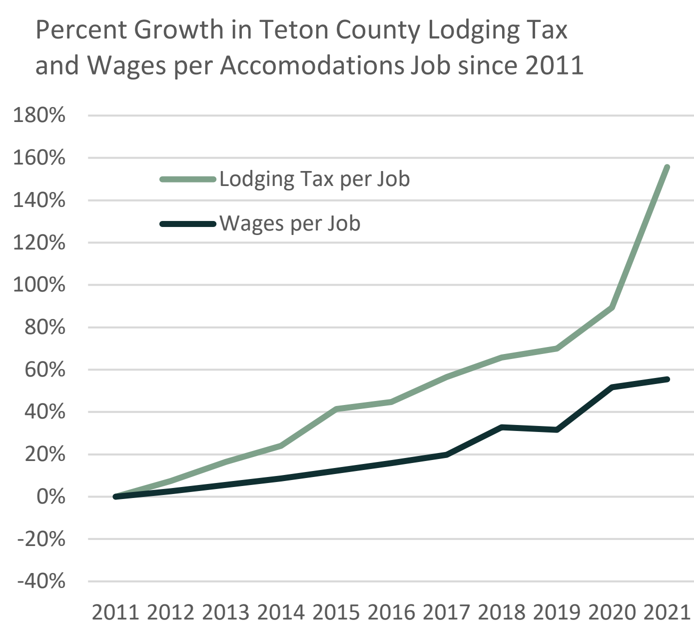
- The pre-pandemic job growth tracked with the number of occupied lodging units
- During the pandemic the job loss was worse than the visitation drop and the rebound not as great





The chart on the left above shows the pandemic drop in jobs, with the rebound only recapturing back to 2014 job levels. The chart on the right shows that the pandemic job loss was far more severe than the visitor loss. From 2011 through 2019, accommodations jobs were well correlated with occupied lodging units, as shown by the flat line on the right chart. It makes sense that accommodations jobs are correlated to visitation, and occupancy is a good measure of visitation that correlates well with the other measures of visitation published by the Chamber of Commerce in its monthly dashboard. In the pandemic, the number of jobs per occupied lodging unit dropped significantly relative to visitation. The steep initial job loss is probably due to a lack of hiring during the uncertainty of the early months of the pandemic and the lack of a rebound is consistent with the national labor shortage that persisted through 2021.





The chart on the left above shows that while jobs per occupied lodging unit were falling, lodging tax collection per occupied lodging unit was increasing. Not only was there more demand than initially anticipated, but there was so much demand that rates more than rebounded to the pre-pandemic growth trend as discussed above. The chart on the right shows that the steady growth in room rates has resulted in wage growth, but the that the 2021 rate increase was not passed along to employees through wages. It is not surprising that the lodging tax growth was consistently greater than wage growth because wages represent only a fraction of the cost of operating a lodging business, but the 2021 divergence is dramatic compared to the past trend. The data synchronize with the experience of business owners as relayed in the Employee Generation Nexus Study – 2021 was a banner year for profits, but unsustainable because of unfilled jobs.

Staff's outstanding questions and points for discussion are:

- Will jobs stabilize back to the pre-pandemic correlation with occupied units? 2021 was an unsustainable peak, a recession, gas prices, and flood are making 2022 look like a valley, how long will stabilization take? Or is a new norm going to be set at a decreased level of service per visitor?
- Will wages catch up to the 2021 nightly rate increase? Or will nightly rates come back in line with wages when occupancy becomes less chaotic and jobs per occupied units balance because the lodging tax collection per job is really just a function of unfilled jobs?

Possible Alternatives.

The February 22, 2022 staff report presented 4 alternatives for phase 2 of this lodging review. Staff has added more definition to those alternatives based on the above review.

A. Alternative A: Update the Lodging Overlay
   - Scope: This alternative would be similar to the initiative undertaken by the Town in 2012-13, as described in the attached February 22, 2022 staff report, which looked at the desired location of and type of lodging in the community based upon a lodging overlay district.
   - Outcomes: Potential outcomes of this effort would be changes to the current lodging overlay boundaries and types of lodging uses allowed therein
   - Timeframe: 12 months as this would include a public process with a lot of public engagement

B. Alternative B: Smaller Amendments to the LDRs based within the current structure
   - Scope: Consideration of potential LDR amendments within the current lodging overlay boundary (no changes) to address issues identified during review of development over the past 10 years and consistency with the Comprehensive Plan including but not limited to:
     1. Size of individual lodging units, especially short-term rental
     2. Reinstating a cap on the size of a lodging establishment or building
     3. Capping the number of lodging units that can be built each year or over a period of time by type
   - Outcomes: Potential outcomes of this effort would be amendments to the current LDRs
   - Timeframe: 6 months, including public hearing process at Planning Commission and Town Council

C. Alternative C: Amend the Comprehensive Plan (and then LDRs) regarding Lodging
   - Scope: Consider what role lodging should play in the community different from what is currently envisioned including but not limited to:
     1. Incorporating recommendations from the Destination Management Plan into the Economic Development chapter (Chapter 6) of the Comprehensive Plan.
     2. Adding a goal to focus on steady growth rather than chase the peaks.
   - Outcomes: Possible amendment to the Comprehensive Plan
   - Timeframe: 12-18 months, including a Comprehensive Plan and LDR amendments as this would include a public process with a lot of public engagement and joint consideration by the Town and County

D. Alternative D: No further action taken at this time, continue to monitor lodging development only
   - Scope: Retain current Comprehensive Plan and LDRs, continue to participate in Destination Management Planning
   - Outcomes: Continued monitoring
   - Timeframe: 2 months, no public involvement

Conclusion and Recommendation

Staff recommends pursuing Alternative B.1. at this time.

In looking at all of the data together, the community is successfully implementing its vision for lodging and visitation as established in the Comprehensive Plan. We have increased lodging tax collection by increasing winter and shoulder season occupancy. We have refreshed our lodging stock, but the net growth has been slow and focused in the heart of the community – Town. We are currently on the way up a peak in lodging development and expect a valley to follow, as it has in the past. We should continue to monitor that assumption, but the amount of lodging currently being built is not unexpected from the long-term view.

At this time, staff recommends pursuing Alternative B.1. an LDR amendment to limit the size of short-term rental units. The purpose of the amendment would be to maintain the current unit size in order to continue to promote vibrant use of our lodging floor area. Staff does not find the current size of short-term rental units to be an issue but sees growth in the size of short-term rental units as a threat in our growth management system that caps potential nonresidential floor area and contrary to our lights on vibrant downtown atmosphere.

With regard to Alternative B.2, the form-based codes the town have implemented have been successful in shaping the allowed mass to both create a positive environment for economic development (Principle 6.3) and also protect community character. Staff does not see a need to reintroduce mass limits. With regard to Alternative B.3, the peak and valley nature of lodging growth would make such an approach difficult to implement and staff is not sure it would change much about how lodging development has historically occurred.

Comprehensive Plan & Priority Alignment.

See the Background section above.

Fiscal Impact.

Town contracted with OPS Strategies to assist in data collection and analysis for this report.

Staff Impact.

Staff have spent approximately 60 hours preparing this report.

Attachments or Links.

Staff Report, dated February 22, 2022

Suggested Motion. *Council always has the option to adopt, approve with conditions, continue, or deny items*.

I move to direct staff to prepare a Text Amendment to the Land Development Regulations to introduce a short-term rental maximum unit size.

STAFF REPORT

Meeting Date:	February 22, 2022	**Meeting Title:**	Workshop
Submitting Department:	Community Development	**Presenter:**	Tyler Sinclair
Agenda Item:	Lodging & Short-Term Rental Discussion	**Public Comment:**	Yes

Purpose & Policy Considerations.
To consider a process to research, analyze and discuss short term rentals, condominiums, townhomes, the Lodging Overlay, and hotel rooms in the Town commercial zones.

Requested Action.
Town Council direction on next steps provided below.

Recommendations.
To proceed with Phase 1: Data Collection as described below.

Background.
On December 6, 2021, a motion was made by Arne Jorgensen and seconded by Jessica Sell Chambers to direct staff to bring back to Council a process to research, analyze and discuss short term rentals, condominiums, townhomes, the Lodging Overlay, and hotel rooms in the commercial zones. To begin staff has provided a historical overview below of Lodging regulations in the Town to provide context to the discussion of alternatives and next steps provided in the report below.

<u>Historical Background</u>

In 1967, the Town of Jackson adopted its first zoning ordinance. Several existing motels, such as the Buckrail Lodge (470 S King St), the Snow King Motel (110 E Karns Ave), and the Alpine Motel (70 S King St) were constructed prior to the enaction of zoning and have since functioned as nonconforming uses. Between the period of 1967 and 1994, the Town Zoning Ordinance permitted hotels and motels in all commercial zones in place at the time, which included most of the Downtown area as well as the West Broadway and South Highway 89 corridors. This led to the development of many auto-oriented hotels that utilized large, vacant parcels for prototypical hotel buildings and large surface parking areas. Hotels such as the Virginian Lodge (750 W Broadway), the Wyoming Inn (930 E Broadway), the Hampton Inn (formerly the Days Inn at 350 S Hwy 89), Motel 6 (600 S Hwy 89), and the Super 8 motel (750 S Hwy 89) were developed at this time. In 1994, the Town adopted a new Comprehensive Plan and Land Development Regulations (LDRs). The 1994 Comprehensive Plan included a "Community Issues Map" which sought to focus lodging uses primarily in the core downtown area to limit impacts of lodging on residential areas and allow visitors to access visitor amenities without use of their car. To implement this vision the LDRs, the Town adopted the Lodging Overlay (LO) which permitted lodging uses only in a specific geographic location and within the Snow King Resort zone. These LDRs also included Floor Area Ratios (FARs) that limited the development potential of lodging development, whereas building size and scale previously had only been controlled by setbacks and height restrictions. FARs ranged from

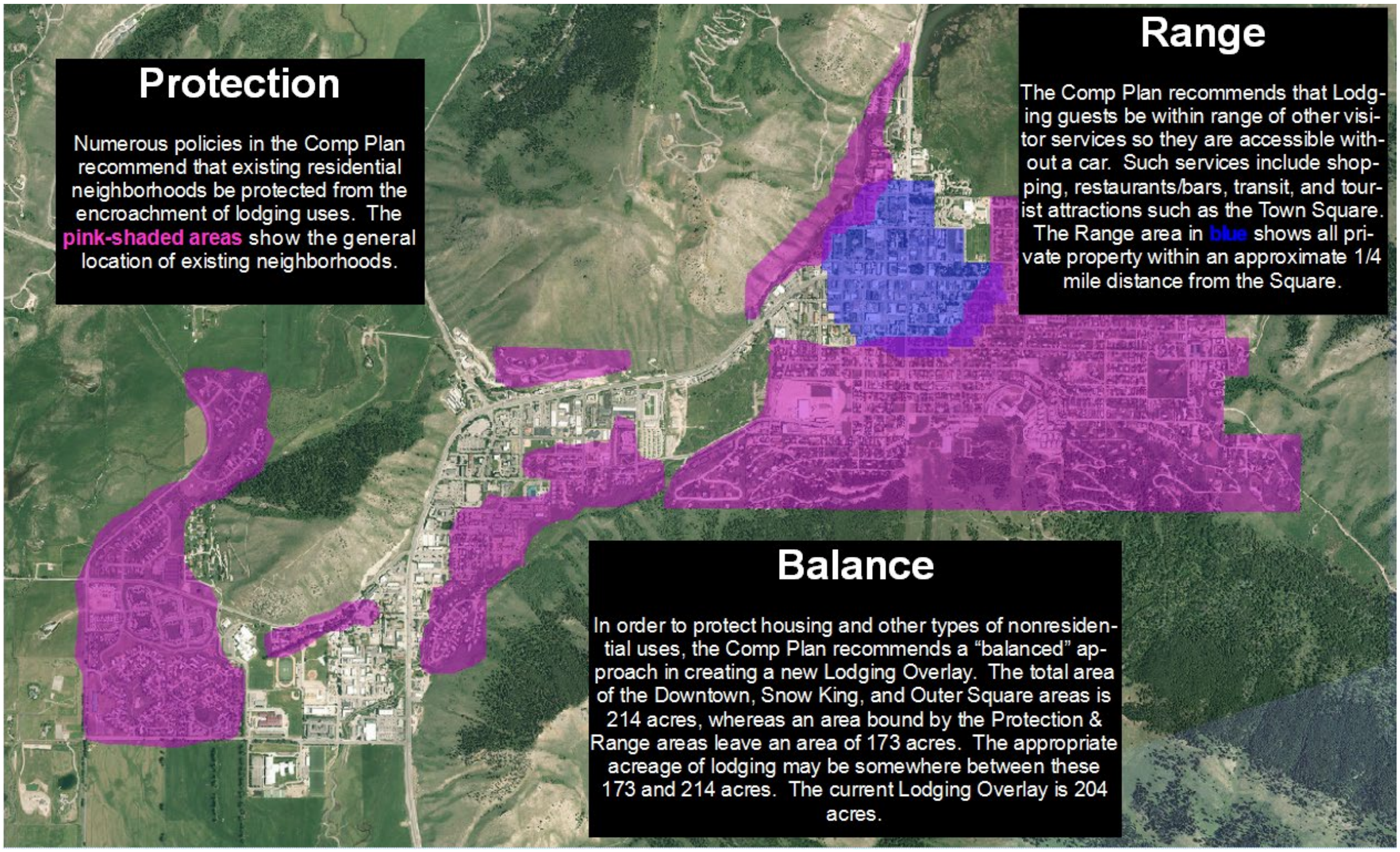
1994 Community Issues Map. Lodging area depicted within dotted red line

1.3 in the UC zoning district Downtown to .65 in the AC zoning district on West Broadway and South Highway 89, whereas the height restriction in most districts continued at a 35’ maximum.

In addition to focusing lodging uses in one area, the Plan also sought to protect the existing character, in particular a built environment made up of buildings of a “modest” size. These regulations contained a maximum 35,000 SF building square footage for individual lodging buildings and a cap on individual lodging operations of 90,000 SF. All existing lodging uses outside of the new Lodging Overlay were then rendered as nonconforming uses. The 2012 Comprehensive Plan updated in 2020 carried forth many of the themes from the 1994 Comprehensive Plan, including the desire to focus lodging uses downtown to allow access to visitor services without a car. The 2012/2020 Plan, however, places more emphasis on a “lights-on” downtown and the need to maintain tourism as an essential component of the local economy. As such, it is recognized that the Town may need to encourage refreshment of its current lodging inventory to maintain a tourist economy. Key components of both Plans are to identify areas eligible for lodging development to support a desirable visitor experience, support the local economy while reducing traffic, and in order to protect residential neighborhoods from lodging and its associated impacts.

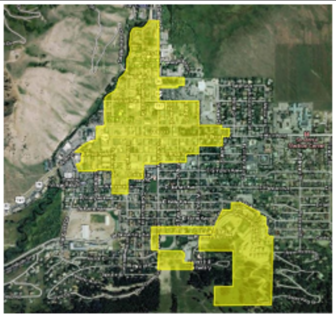
In 2013 the Town completed an extensive public review of the future of lodging in the community consistent with the 2012 Comprehensive Plan. The analysis was framed in the context of the following 3 themes based upon the policies of the 2012 Comprehensive Plan:

PROTECTION Residential neighborhoods should be protected from lodging “creep”	BALANCE Maintain a desirable balance between residential & nonresidential uses	RANGE Lodging guests should be within range of other visitor services accessible without a car
•Policy 3.2.c: Limit lodging to defined areas. •Policy 4.2.f: Maintain lodging as a key component in the downtown	•Policy 4.2b: Promote a balanced mix of uses. •Strategy 4.2.S.6: Review the Lodging Overlay boundary and associated regulations and incentives to determine the desired location, type and size of lodging. •Policy 6.3.e: Balance housing, nonresidential, and civic uses.	•Policy 3.2.b: Locate nonresidential development in Complete Neighborhoods •Policy 4.2.a: Create mixed use Subareas. •Policy 4.2.f: Maintain lodging as a key component in the downtown



As part of this initiative the Town sought direction on two key questions, the first regarding alternative boundaries for the Lodging Overlay and the second on the types of lodging that should be allowed as summarized below and attached to form the basis of revisions to the LDRs at the time.

1. Location of Future Lodging

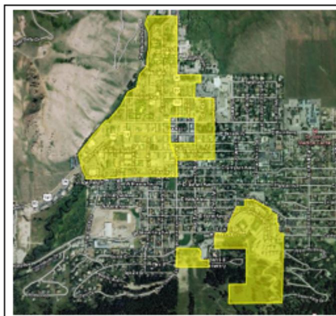


Existing Lodging Overlay

The current overlay was drawn in 1994 and contains approximately 204 acres. It includes much of the UC and AC zoned properties in the Downtown area as well as the Snow King Planned Resort District (as does every other concept).

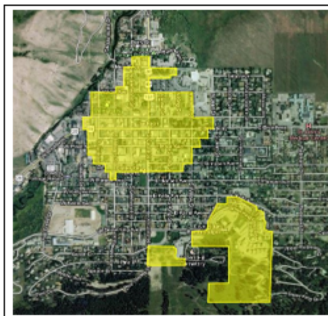
Corridors

The Corridors concept is oriented toward major streets such as Cache, Broadway, and Snow King Avenue as well as the core Downtown area. It contains 195 acres extends west to include the north half of the Virginian property, South Cache Street between Snow King and Downtown, and North Cache Street to the "DQ" bridge.



Downtown & Outer Square

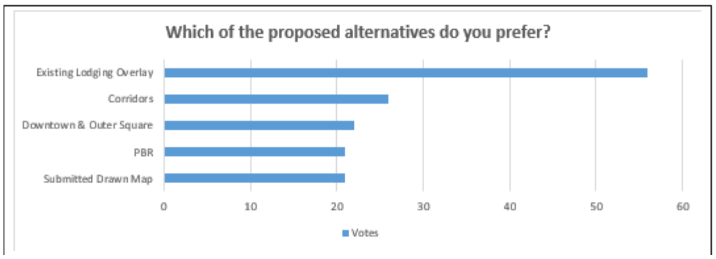
This concept is coincident with two subareas in the Comprehensive Plan: Downtown (Subarea 2.3) and the Outer Square (Subarea 1.2). This is the only alternative to exclude Town Square-facing blocks and is comprised of 214 acres.

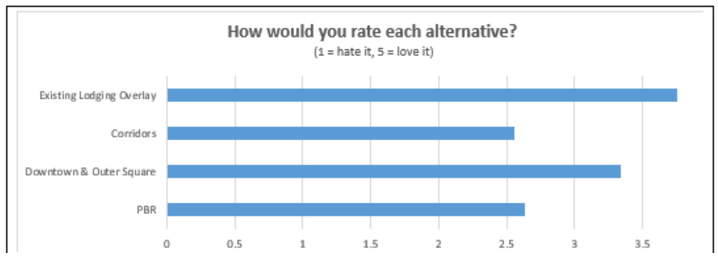


"PBR"

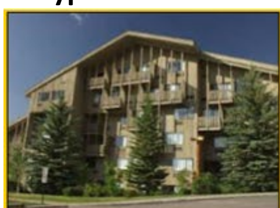
Though this 173-acre area is the smallest of the four concepts, it is intended to be the starting point from which to branch out and include surrounding properties. It is fully consistent with the "PBR" criteria in that it is entirely contained outside of existing residential neighborhoods, is ¼ mile from the Town Square (excluding Snow King), and contains a conservative amount of land available to lodging uses.

Survey responses revealed the following preferences for these concepts:



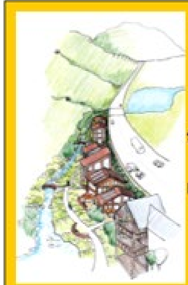


2. Type of Future Lodging



Resort Hotel	Large Hotel	Small Boutique Hotel	Bed & Breakfast	Short-term Rental
100,000+ SF	40,000 - 100,000 SF	10,000 - 40,000 SF	3,000 - 10,000 SF	Various sizes
150+ Rooms	40 - 100 Rooms	10 - 40 Rooms	2 - 10 Rooms	House/Condo/Townhouse

District 2 Subareas



Subarea 2.5 North Cache Gateway

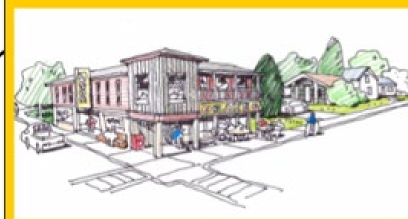
This neighborhood is a key entry into Town from the airport and the Parks, and is envisioned as a mixed-use corridor with a wide variety of uses

Subarea 2.4 Public/Civic Campus

This neighborhood contains various institutional and government uses. It is not envisioned to include lodging.

Subarea 2.6 Mixed Use Office and Residential (East Broadway & South Willow)

This neighborhood is envisioned to be a pedestrian mixed-use area comprised of mixed-use office buildings or multi-family residential development.



Subarea 2.3 Downtown

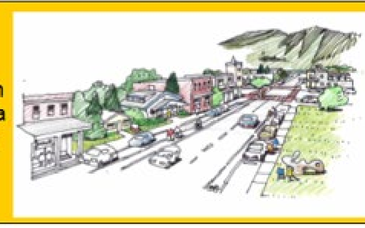
Downtown is the center of civic, cultural, economic, and social activity in our community, as well as the center for visitor experience as a large amount of lodging is located here.

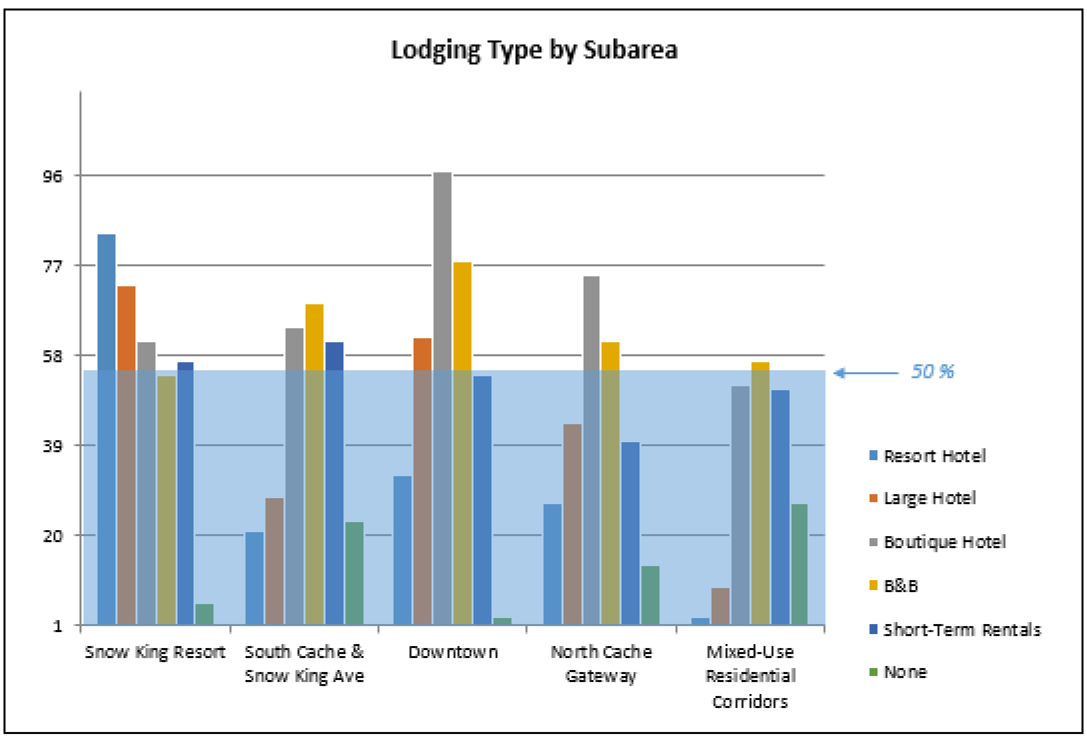
Subarea 2.1 Snow King

The Comp Plan envisions Snow King as a vibrant mixed-use resort complex with multi-faceted resort /conference

Subarea 2.2 South Cache & Snow King Corridors

This neighborhood is a key entry into Town from the airport and the Parks, and is envisioned as a mixed-use corridor with a wide variety of uses





In addition, to these two key questions, — 10 specific areas of focus (see attached) were also discussed to determine whether they should be included in the LO along with the development of recommendations to guide revisions to the LDRs at that time. Staff have provided a few of the highlights below (see attached):

- The Existing Lodging Overlay should serve as the core area of consideration, as it is the most preferred and most highly rated option in public comment.
- Existing residential neighborhoods should be protected and considered for exclusion from the Lodging Overlay.
- Existing lodging uses outside of the existing Lodging Overlay should be given the ability to maintain and redevelop.
- Existing lodging uses adjacent to the existing Lodging Overlay should be considered for inclusion.

Subsequent to this effort in 2016 the Town completed significant updates to the District 2: Downtown Commercial Core LDRs incorporating the work of this Lodging initiative along with a transition to a new form-based zoning code based upon the framework of street frontages and building types. Highlights from these LDR amendments related to this Lodging discussion are included below:

- The Lodging Overlay boundary from 1994 was left largely unchanged, except that lodging was removed from the Town Square.
- Maximum Lodging building and lodging operations square footages were removed. Bulk and scale of lodging structures would now be addressed through the Design Guidelines
- Short Term Rentals and Conventional Lodging were both allowed as permitted uses

More recently in 2021 the Town completed updates to District 1: Town Square, including adoption of Historic Preservation LDRs, that included the discussion of lodging uses and building types in this area. This effort concluded with the adoption of revised LDRs and a Downtown Design Overlay that includes new design guidelines to address "western character." Highlights from these amendments include:

- The Lodging Overlay boundary from 1994 was left unchanged
- Similar to District 2, maximum Lodging building and lodging operations square footages were removed. Bulk and scale of lodging structures would now be addressed through the Design Guidelines, specifically the addition of guidelines defining "western character"
- Short Term Rentals and Conventional Lodging were both allowed as permitted uses in the Town Square -2 district but prohibited in the Town Square -1 district

Analysis.

<u>Phase 1: Data Collection</u>

In consideration of Council's request staff recommends that Council first direct staff to complete a review of development patterns, and other lodging data in the Town and in some instances within Teton County to begin this effort including but not limited to the following:

- Amount and type of lodging that has been developed over the past 10 years
  - total amount of square footage
  - short term rental number of units constructed, and the number eliminated
  - conventional lodging number of units constructed, and number eliminated
- Number of Short Term Rental Permits
- Amount and type of lodging that is remaining under current zoning
- Occupancy rates by month

- Lodging tax collections by year and month
- Price point of lodging by type and month
- Job Generation and Housing Demand by lodging type
- Etc.

Also included in during this first phase staff recommends Council complete a review of the current Comprehensive Plan goals, principles and policies around lodging in order to determine which next step alternative is preferred.

Based upon the department and staff workload it is anticipated this phase could be completed in the next 3 months and would be presented and discussed by Council at the June workshop. Staff seeks Council feedback on what additional data requests would be desirable.

<u>Phase 2: Alternatives</u>

Upon completion of the data collection and review phase, Council would then determine the appropriate next step. Staff have described below four (4) possible alternatives that could be considered by Council upon completion of Phase 1. Staff is not requesting specific direction on the alternatives today.

- Alternative 2a: Review of the Amount, Location and Type of Lodging
  - Scope: This alternative would be similar to the initiative undertaken by the Town in 2012-13 as described above which looked at the desired location of and type of lodging in the community based upon a lodging overlay district.
  - Outcomes: Potential outcomes of this effort would be changes to the current lodging overlay boundaries and types of lodging uses allowed therein
  - Timeframe: 12 months as this would include a public process with a lot of public engagement

- Alternative 2b: Amendments to the LDRs based upon the current lodging overlay and current allowed uses
  - Scope: Consideration of potential LDR amendments within the current lodging overlay boundary (no changes) to address issues identified during review of development over the past 10 years and consistency with the Comprehensive Plan including but not limited to:
    - Size of individual units, buildings and facilities
    - Mix of lodging types, i.e., short term rental and conventional lodging, timeshare, fractional, etc.
  - Outcomes: Potential outcomes of this effort would be amendments to the current LDRs
  - Timeframe: 6 months, including public hearing process at Planning Commission and Town Council

- Alternative 2c: Amendment to the Comprehensive Plan regarding Lodging and LDR amendments
  - Scope: Consider what role lodging should play in the community town and/or town/county different from what is currently envisioned
  - Outcomes: Possible amendment to the Comprehensive Plan
  - Timeframe: 12-18 months, including a Comprehensive Plan and LDR amendments as this would include a public process with a lot of public engagement and joint consideration by the Town and County

- Alternative 2d: No further action taken at this time, continue to monitor lodging development only
  - Scope: Retain current Comprehensive Plan and LDRs
  - Outcomes: Continued monitoring
  - Timeframe: 2 months, no public involvement

Short term Rental Program

Staff acknowledges the relationship of the Town short term rental licensing program, enforcement of illegal short-term rentals, and the associated LDRs, with the larger lodging issue. Staff plans to bring forward discussion and proposed amendments related to short term rentals as part of the Stable and Transitional Residential Neighborhood item scheduled to begin review by the Planning Commission in March. In addition, staff notes that consideration of ownership types (cooperative, fractional, etc.) and marketing/real estate ownership platforms (Picaso, etc.) will be reviewed and considered during the Stable and Transitional Residential Neighborhood item as well.

Comprehensive Plan & Priority Alignment.

Below staff have provided the key Comprehensive Plan Principles and Polices related to this discussion in addition to those mentioned above. As discussed above Staff is proposing as part of Phase 1 that Council complete a thorough review of Comprehensive Plan polices related to Lodging. Council may want to review all of Chapters 3, 4 and 6 of the Comprehensive Plan to better understand the purpose and interrelatedness of the current vision.

Policy 4.2.e: Maintain lodging as a key component in the downtown
A key element of the 1994 Comprehensive Plan was the establishment of the Lodging Overlay District. The purpose of the overlay was to concentrate lodging into the downtown core, where guests can access tourist-orientated amenities without a vehicle. In addition, the overlay was intended to protect the remainder of the community from expansion and sprawl resulting from tourist and lodging amenities. The community continues to support the original intent of the overlay. Expanding on the goals of the 1994 Plan, the update 2012/2020 Plan supports the provision of a variety of year-round lodging types that encourage active management for nightly year-round occupancy.

Policy 6.2.a: Enhance tourism as the basis of the economy
Tourism will continue to be the basis of our economy, and the community will enhance this sector by pursuing sustainable tourism that is not reliant on growth and consumption. Outdoor recreation tourism and eco-tourism will continue to be our primary focus. However, we will also promote cultural and heritage tourism that is less dependent on our seasonal climate, allowing for better use of our existing visitor accommodation capacity during shoulder seasons. The community will continue to avoid carnival and outlet mall-type tourist attractions as they do not support our desired community character and outdoor tourism focus. As we promote year-round occupancy and increased visitor spending, the community will broaden our approach to providing a quality visitor experience from focusing only on traditional tourists to also include second homeowners and retirees to the community.

Principle 6.3—Create a positive atmosphere for economic development.
Attracting businesses that reflect the community's Common Values of Ecosystem Stewardship, Growth Management, and Quality of Life will be essential to developing a "better, not bigger" economy. To attract businesses that reflect our Vision, we must create a positive and desirable atmosphere for companies where all of our Common Values are realized. Also, the community will welcome a diversity of businesses. Emphasis will be placed on tools that do not require the investment of local funds for the promotion of economic development.

Policy 6.3.a: Ensure year-round economic viability
The local economy should be developed in a way that increases year-round economic activity. Our climate has traditionally resulted in a seasonal economy with shoulder seasons in the spring and fall when economic activity slows. As the resident population and number of visitors decline in the shoulder seasons, fewer businesses remain open, and the Quality of Life and the visitor experience are diminished. The Town and County will work with others in the community, including local businesses, the Chamber of Commerce, and the Travel and Tourism Board to promote the year-round business operation, provision of community services and occupation of accommodations.

Fiscal Impact.
None at this time, should consultant services be needed to assist in the data collection phase it will be funded from the Planning Professional Services account.

Staff Impact.
Staff impact related to the drafting of this report was approximately 16 hours. Staff impact to complete phase 1 is estimated at 80 hours, from Community Development, Planning, Legal, and Long Range Planning staff. Staff impact will be determined at a later day depending on which alternative is chosen by Council. Staff notes that this initiative should also be considered in the context of the overall Long Range Planning Work Plan which will be presented in April.

Attachments or Links.
2013 Lodging Analysis

Suggested Motion. *Council always has the option to adopt, approve with conditions, continue, or deny items*.

I direct staff to proceed with Phase 1: Data Collection as described in this staff report and has discussed by Council.

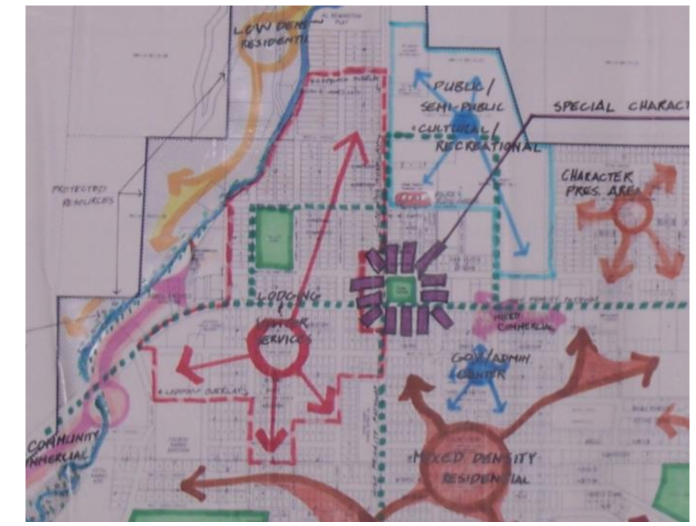
2013

Planning Staff Lodging Overlay Analysis

Historical Background

In 1967, the Town of Jackson adopted its first zoning ordinance. Several existing motels, such as the Buckrail Lodge (470 S King St), the Snow King Motel (110 E Karns Ave), and the Alpine Motel (70 S King St) were constructed prior to the enaction of zoning and have since functioned as nonconforming or "conservation" uses. Between the period of 1967 and 1994, the Zoning Ordinance permitted hotels and motels in both commercial zones in place at the time, which included most of the Downtown area as well as the West Broadway and South Highway 89 corridors. This led to the development of many auto-oriented hotels that utilized large, vacant parcels for prototypical hotel buildings and large surface parking areas. Hotels such as the Virginian Lodge (750 W Broadway), the Wyoming Inn (930 E Broadway), the Hampton Inn (formerly the Days Inn at 350 S Hwy 89), Motel 6 (600 S Hwy 89), and the Super 8 motel (750 S Hwy 89) were developed at this time.

In 1994, the Town adopted an updated Comprehensive Plan and the current Land Development Regulations (LDRs) to replace the old zoning ordinance. As part of the new LDRs, the Town adopted the Lodging Overlay which permitted lodging uses to be developed according the standards of the underlying zoning district. In particular, Floor Area Ratios (FARs) were imposed that limited the development potential of lodging development, whereas building size and scale in the previous zoning ordinance was only controlled by setbacks and height restrictions. FARs range from 1.3 in the UC zoning district Downtown to .65 in the AC zoning district on West Broadway and South Highway 89, whereas the height restriction in most districts continued at a 35' maximum. The Lodging Overlay was drawn to mirror the "Community Issues Map" created with the Comprehensive Plan effort, which sought to focus lodging uses primarily in the core downtown area. In addition to focusing lodging uses in one area, the Plan also sought to protect the existing character, in particular a built environment made up of buildings of a "modest" size. This led to a maximum 35,000 SF building square footage for existing lodging buildings and a cap on individual lodging operations of 90,000 SF. All existing lodging uses outside of the new Lodging Overlay were then rendered as nonconforming uses with an allowance for a 10% expansion.



1994 Community Issues Map. Lodging area depicted within dotted red line

Consideration of Appropriate Areas for Lodging

The 2012 Comprehensive Plan carried forth many of the themes from the 1994 Comprehensive Plan, including the desire to focus lodging uses around the Town Square and to allow access to visitor services without a car. The 2012 Plan, however, places more emphasis on a "lights-on" downtown and the need to maintain tourism as an essential component of the local economy. As such, it is recognized that the Town may need to encourage refreshment of its current lodging inventory to maintain a tourist economy. This not only creates a need to identify areas that could be eligible for lodging development, but also the need to advance other Comprehensive Plan goals. In order to do this, the Planning Staff produced a Plan analysis as it relates to lodging development in Town. The conclusion of this analysis identified the following themes based upon the policies of the 2012 Comprehensive Plan:

Protection

Residential neighborhoods should be protected from lodging "creep"

- Policy 3.2.c: Limit lodging to defined areas.
- Policy 4.2.f: Maintain lodging as a key component in the downtown

Balance

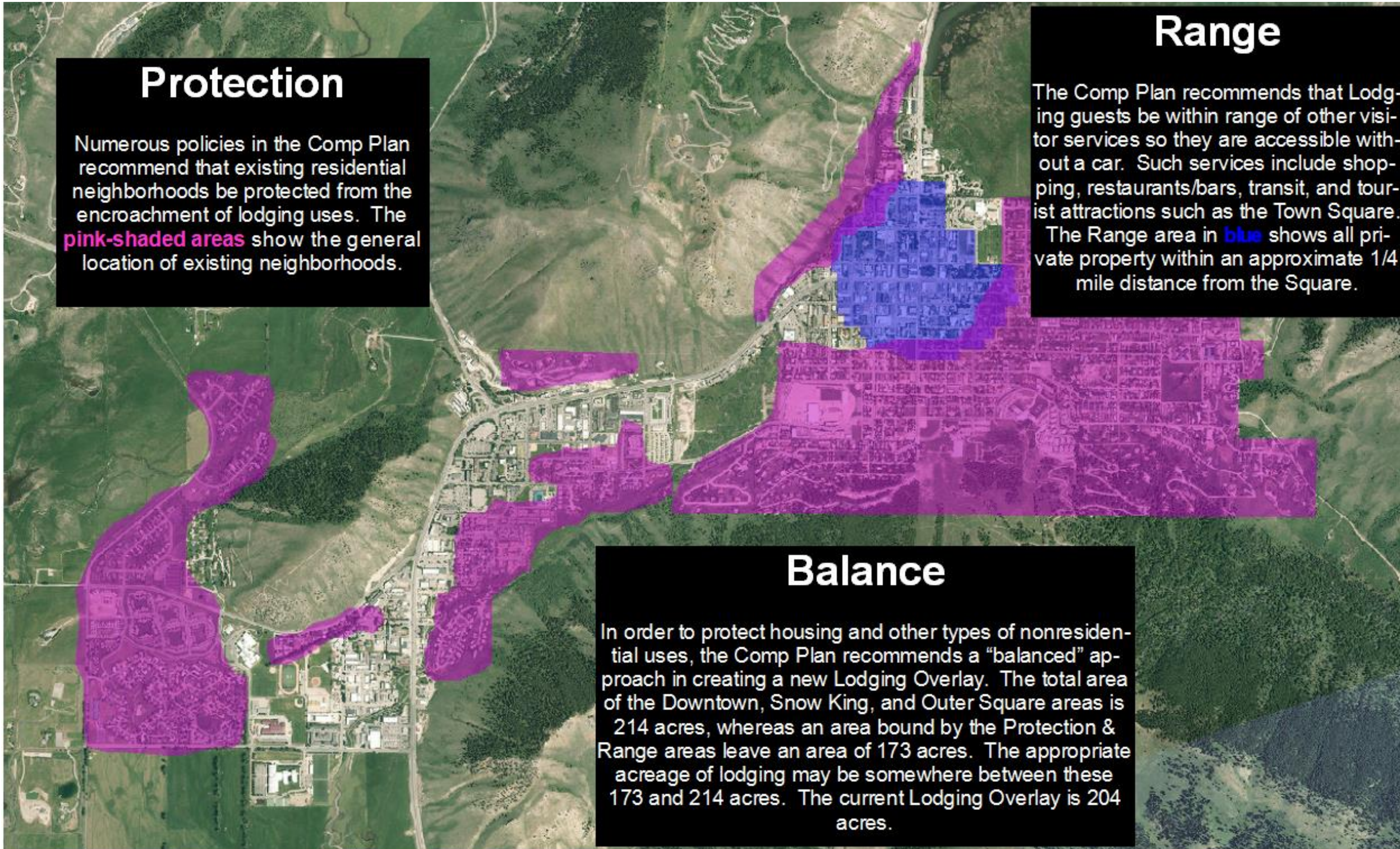
Maintain a desirable balance between residential & nonresidential uses.

- Policy 4.2b: Promote a balanced mix of uses.
- Strategy 4.2.S.6: Review the Lodging Overlay boundary and associated regulations and incentives to determine the desired location, type and size of lodging.
- Policy 6.3.e: Balance housing, nonresidential, and civic uses.

Range

Lodging guests should be within range of other visitor services accessible without a car.

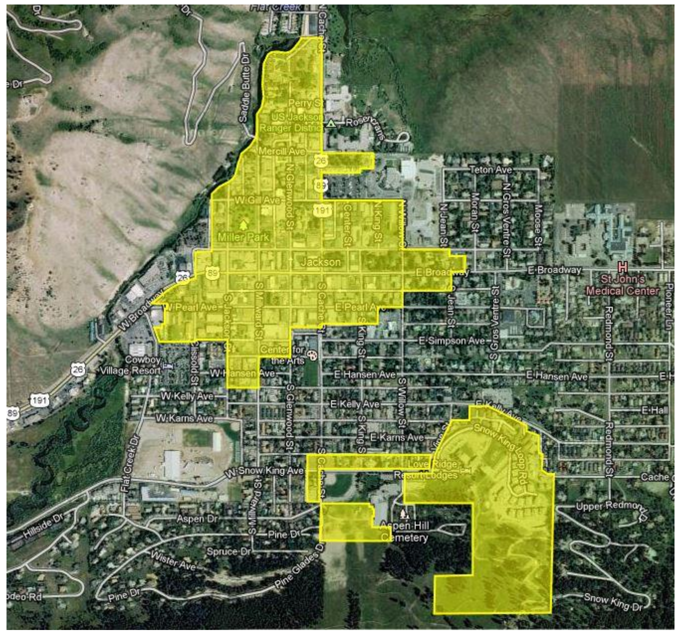
- Policy 3.2.b: Locate nonresidential development in Complete Neighborhoods.
- Policy 4.2.a: Create mixed use Subareas.
- Policy 4.2.f: Maintain lodging as a key component in the downtown


Protection
Numerous policies in the Comp Plan recommend that existing residential neighborhoods be protected from the encroachment of lodging uses. The pink-shaded areas show the general location of existing neighborhoods.
Range
The Comp Plan recommends that Lodging guests be within range of other visitor services so they are accessible without a car. Such services include shopping, restaurants/bars, transit, and tourist attractions such as the Town Square. The Range area in blue shows all private property within an approximate 1/4 mile distance from the Square.
Balance
In order to protect housing and other types of nonresidential uses, the Comp Plan recommends a “balanced” approach in creating a new Lodging Overlay. The total area of the Downtown, Snow King, and Outer Square areas is 214 acres, whereas an area bound by the Protection & Range areas leave an area of 173 acres. The appropriate acreage of lodging may be somewhere between these 173 and 214 acres. The current Lodging Overlay is 204 acres.

In March 2012, the Town initiated a 2-month public comment period to gather input on where lodging uses should be permitted and what lodging types were appropriate in certain neighborhoods.

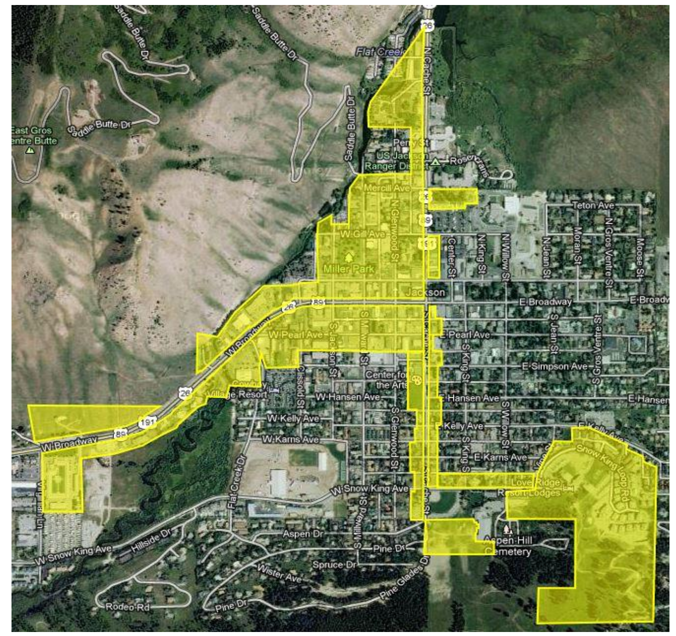
Exercise #1 Background

Planning Staff prepared 4 different concepts in order to provide a basis from which people could comment or modify a preferred concept. These concepts are as follows:



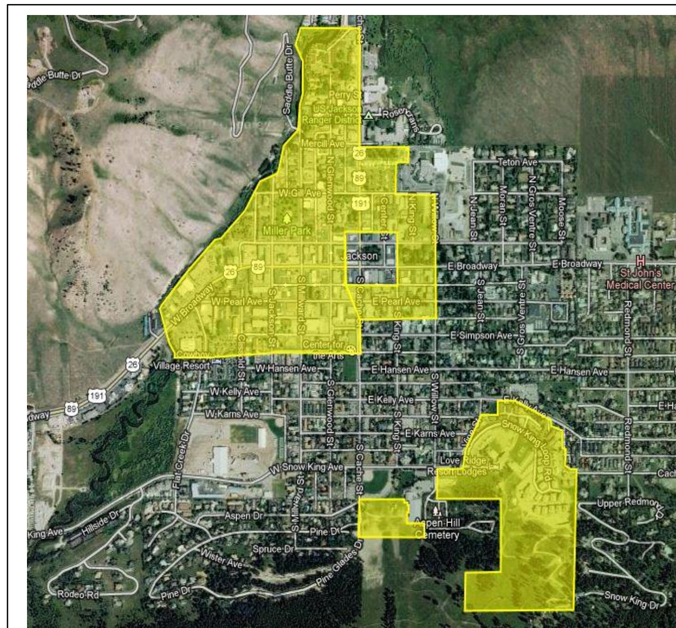
Existing Lodging Overlay

The current overlay was drawn in 1994 and contains approximately 204 acres. It includes much of the UC and AC zoned properties in the Downtown area as well as the Snow King Planned Resort District (as does every other concept).



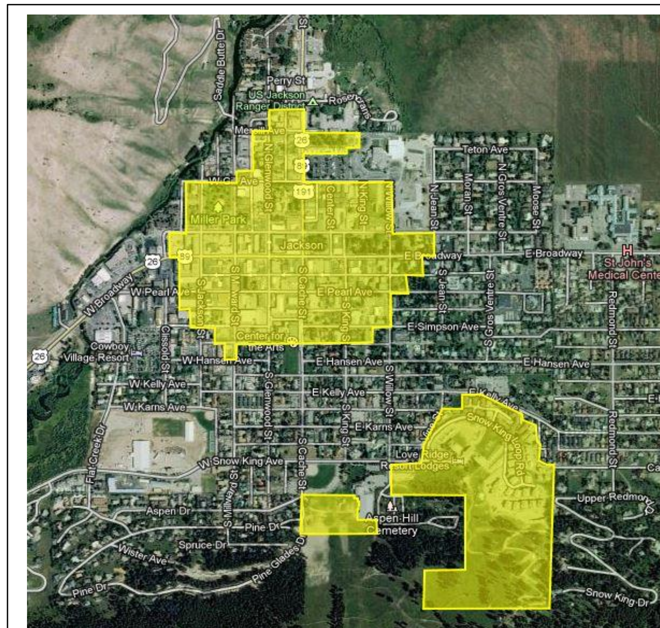
Corridors

The Corridors concept is oriented toward major streets such as Cache, Broadway, and Snow King Avenue as well as the core Downtown area. It contains 195 acres extends west to include the north half of the Virginian property, South Cache Street between Snow King and Downtown, and North Cache Street to the ”DQ” bridge.



Downtown & Outer Square

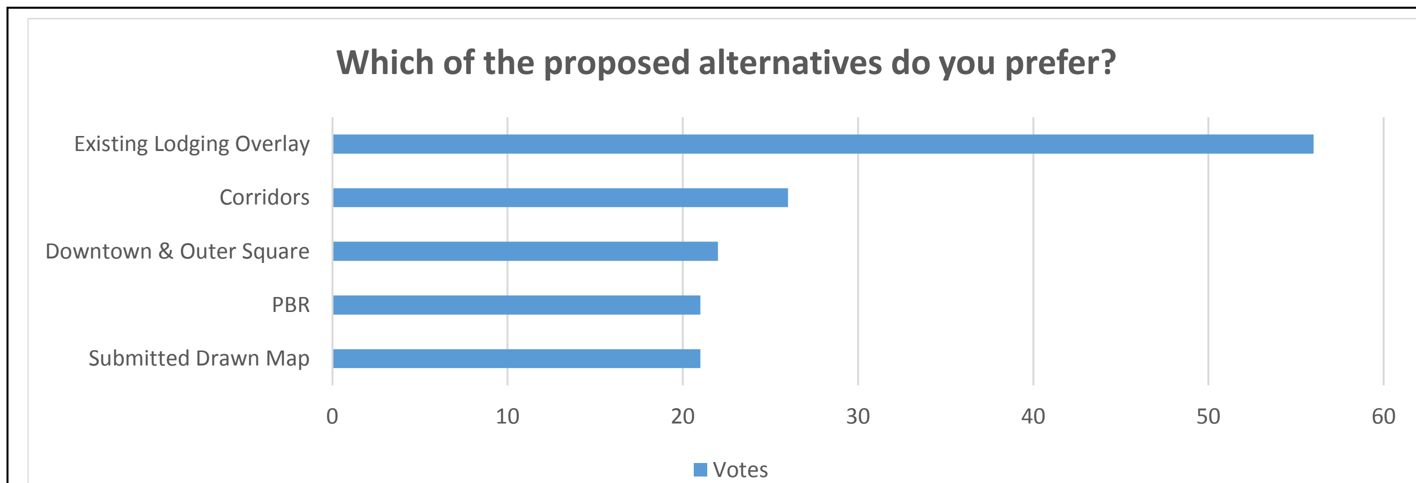
This concept is coincident with two subareas in the Comprehensive Plan: Downtown (Subarea 2.3) and the Outer Square (Subarea 1.2). This is the only alternative to exclude Town Square-facing blocks and is comprised of 214 acres.

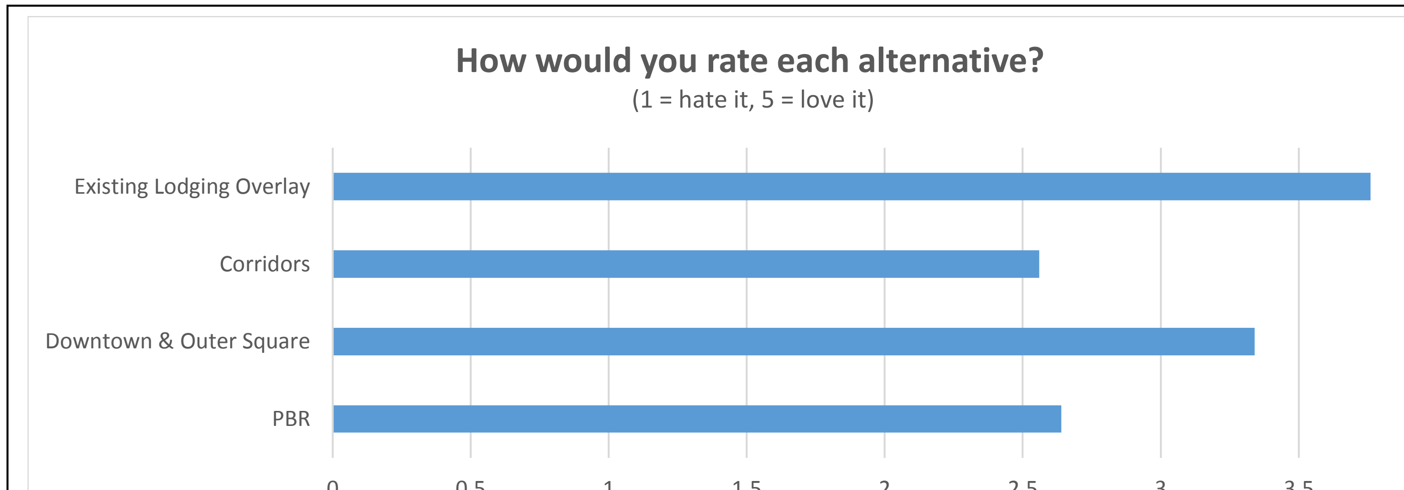


“PBR”

Though this 173-acre area is the smallest of the four concepts, it is intended to be the starting point from which to branch out and include surrounding properties. It is fully consistent with the “PBR” criteria in that it is entirely contained outside of existing residential neighborhoods, is ¼ mile from the Town Square (excluding Snow King), and contains a conservative amount of land available to lodging uses.

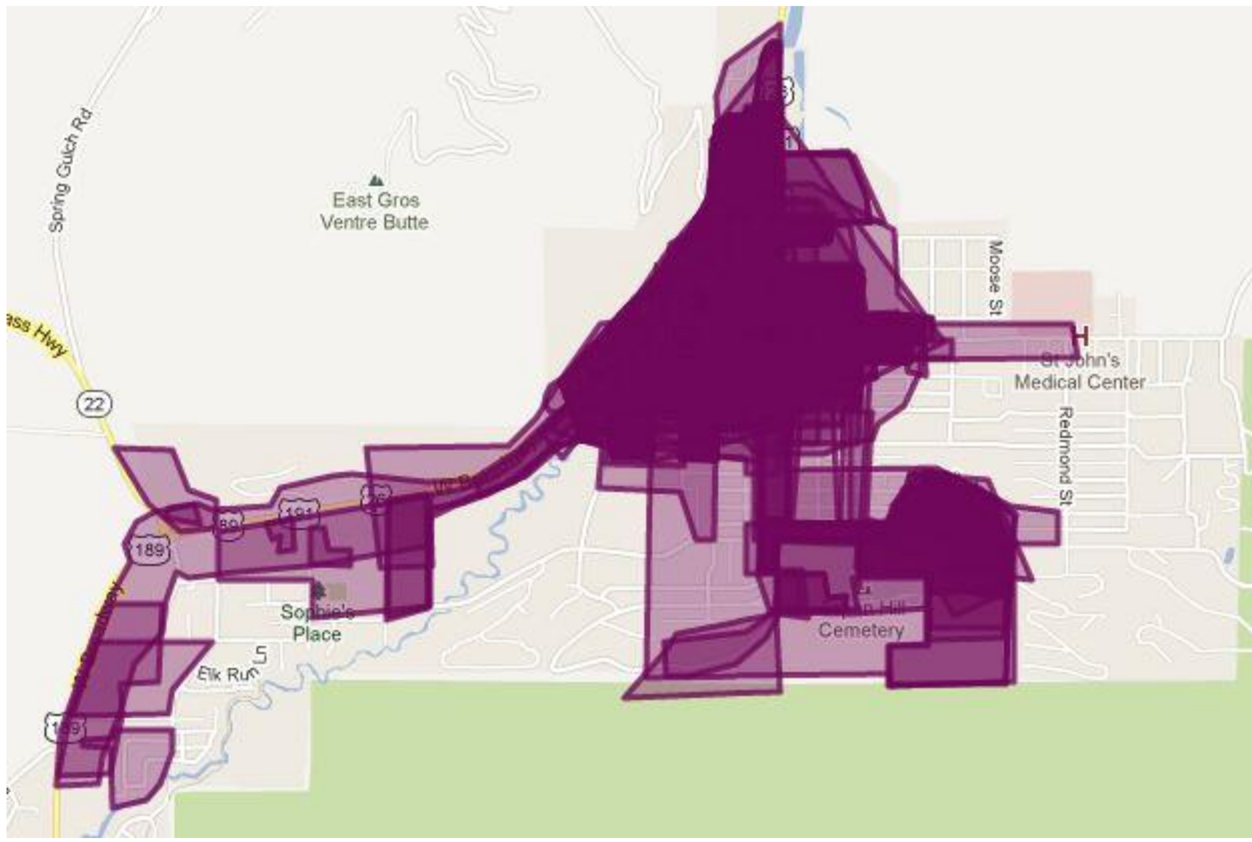
Survey responses revealed the following preferences for these concepts:





In addition, staff has created the below "heat map" from the submitted public drawings to consider as part of this analysis:

Layered "Heat Map" of Submitted Drawings



Exercise #2 Background

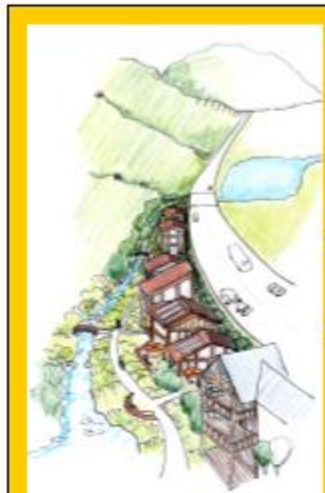
Planning staff provided the following five (5) lodging types for public consideration in each of the District #2 subareas.





Resort Hotel	Large Hotel	Small Boutique Hotel	Bed & Breakfast	Short-term Rental
100,000+ SF	40,000 - 100,000 SF	10,000 - 40,000 SF	3,000 - 10,000 SF	Various sizes
150+ Rooms	40 - 100 Rooms	10 - 40 Rooms	2 - 10 Rooms	House/Condo/Townhouse

District 2 Subareas



Subarea 2.5 North Cache Gateway

This neighborhood is a key entry into Town from the airport and the Parks, and is envisioned as a mixed-use corridor with a wide variety of uses

Subarea 2.4 Public/Civic Campus

This neighborhood contains various institutional and government uses. It is not envisioned to include lodging.

Subarea 2.6 Mixed Use Office and Residential (East Broadway & South Willow)

This neighborhood is envisioned to be a pedestrian mixed-use area comprised of mixed-use office buildings or multi-family residential development.

Subarea 2.3 Downtown

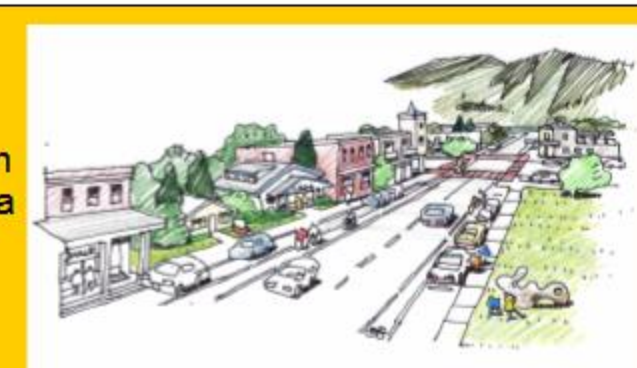
Downtown is the center of civic, cultural, economic, and social activity in our community, as well as the center for visitor experience as a large amount of lodging is located here.

Subarea 2.1 Snow King

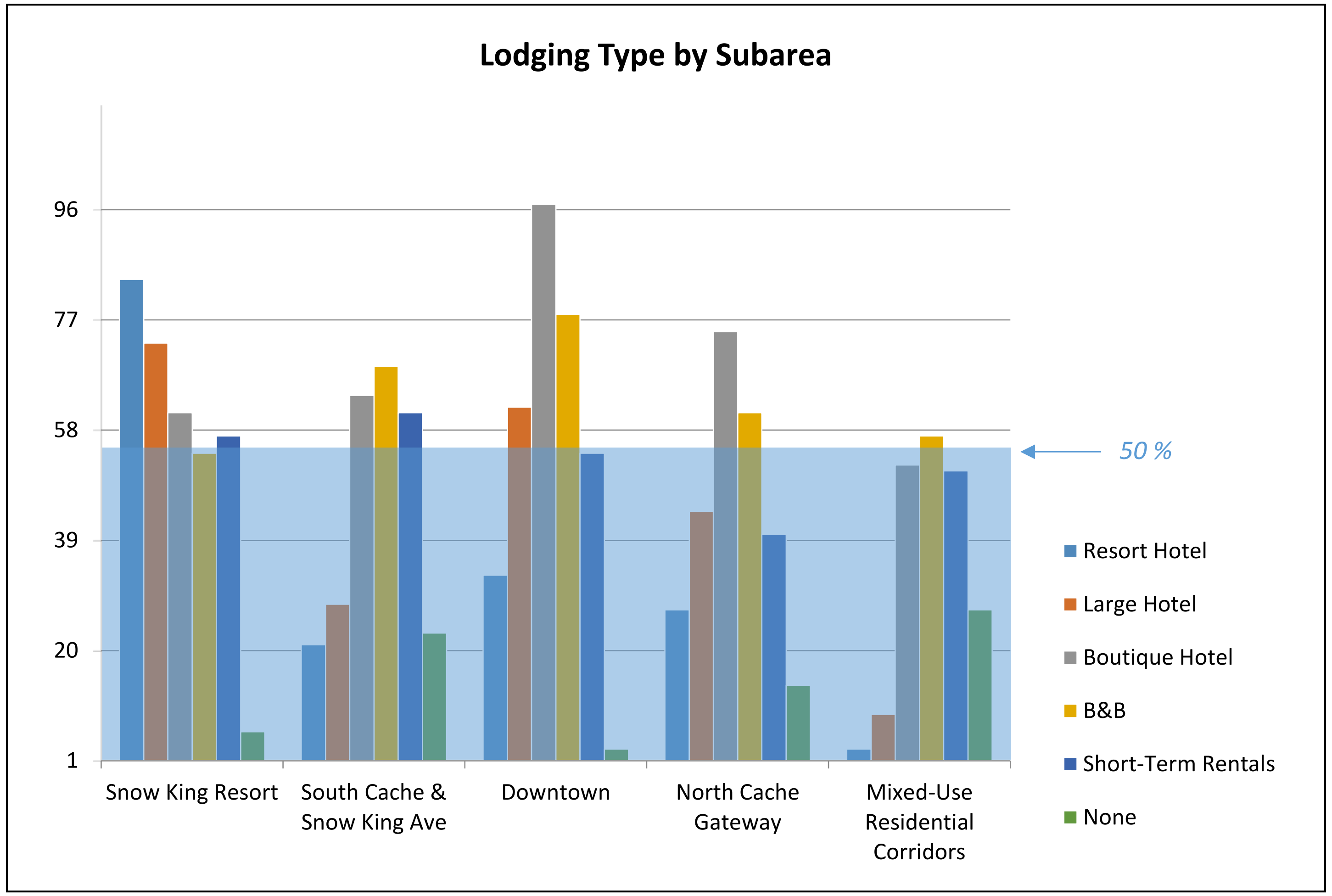
The Comp Plan envisions Snow King as a vibrant mixed-use resort complex with multi-faceted resort /conference

Subarea 2.2 South Cache & Snow King Corridors

This neighborhood is a key entry into Town from the airport and the Parks, and is envisioned as a mixed-use corridor with a wide variety of uses



Survey responses revealed the following preferences for these concepts:



Observations on Public Comment

Overall, there were a total of 113 web interface respondents and 60 attendees at the workshops who provided comment. This exercise has produced the following observations:

1. The Existing Lodging Overlay Concept is by far the most preferred concept.
2. The Existing Lodging Overlay Concept is the most highly rated concept.
3. Though the Corridors alternative is the 2nd most preferred concept, it has the lowest rating.
4. The PBR option is the 3rd most preferred option and the 3rd highest rated option. This is not surprising since it was intended as a "branch out" concept, and is thus more susceptible to modification by a respondent.
5. Submitted maps, when compiled into the "heat map" to the right, bear a strong resemblance to the Existing Lodging Overlay on the south and the east, whereas the northern and western boundaries are very similar to the Downtown and Outer Square concept.
6. Written comment seems to convey a broad desire to allow existing lodging uses outside of the existing Lodging Overlay to continue operating and to possibly redevelop.

Staff Analysis

Given these observations and Comprehensive Plan direction regarding the Lodging Overlay, Staff has drawn the following conclusions:

1. The Existing Lodging Overlay should serve as the core area of consideration, as it is the most preferred and most highly rated option in public comment.
2. Policy 4.2.f of the Comprehensive Plan states the following:

    > *"A key element of the 1994 Comprehensive Plan was the establishment of the Lodging Overlay District. The purpose of the overlay was to concentrate lodging into the downtown core, where guests can access tourist-orientated amenities without a vehicle. In addition, the overlay was intended to protect the remainder of the community from expansion and sprawl resulting from tourist and lodging amenities. The community continues to support the original intent of the overlay. Expanding on the goals of the 1994 Plan, this Plan supports the provision of a variety of year-round lodging types that encourage active management for nightly year-round occupancy."*

    In addition, Staff's analysis of the Plan produced the themes of Protection, Balance, and Range, which incorporates Policy 4.2.f as well as other relevant Plan provisions. This further reinforces the existing Lodging Overlay as the core area of consideration.

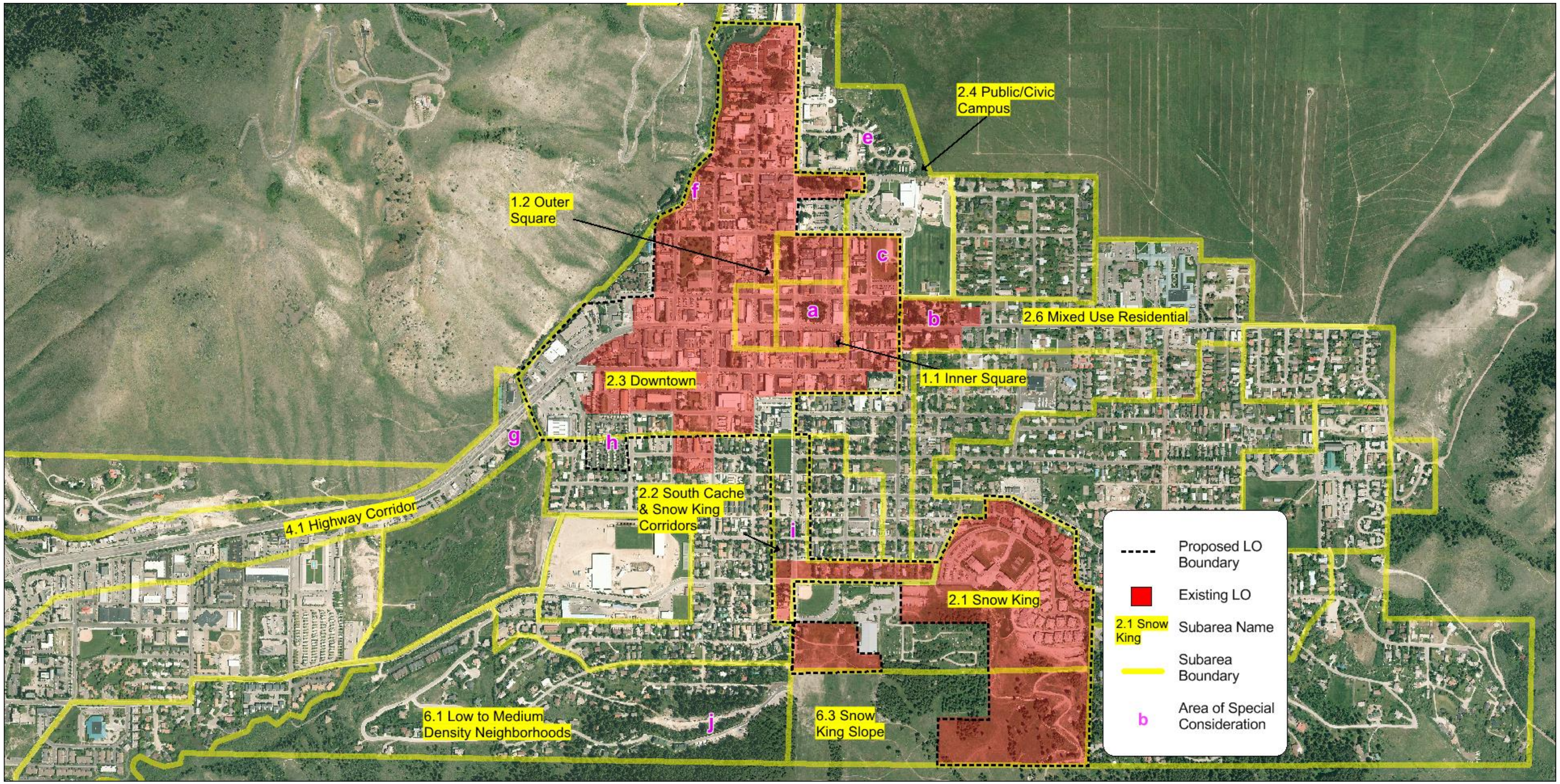
3. In considering changes to the existing Lodging Overlay, the Downtown and Outer Square subareas may serve as guidance for these changes as they are very similar to the "heat map" results produced in public comment and were the most highly rated.
4. The Inner Town Square subarea should be excluded because of the Comp Plan's emphasis on preservation in this area, and because the existing building types around the Town Square are not suitable for most lodging types other than short-term rentals. If the Inner Square subarea is included in the Lodging Overlay, lodging types should be limited to short-term rentals and should be prohibited in street level spaces.
5. Existing residential neighborhoods should be protected and considered for exclusion from the Lodging Overlay.
6. Existing lodging uses outside of the existing Lodging Overlay should be given the ability to maintain and redevelop. However, this should be allowed using a tool other than the Lodging Overlay. Such a tool should follow the direction laid out in the LDR Diagnosis prepared by Code Studios in April 2013, which states the following:

    > *"No matter what the results of the current revision discussions for the boundary of the lodging overlay, there will likely be existing lodging that lies outside the boundaries of the overlay. The Town should consider new rules that would allow the redevelopment of these sites for lodging use, creating an option to substantially update these aging facilities. This does not imply that new areas should be opened up to lodging, but only that established lodging uses be given greater replacement flexibility."*

7. Existing lodging uses adjacent to the existing Lodging Overlay should be considered for inclusion.
8. Where possible, the Lodging Overlay should be coincident with Comp Plan subarea boundaries. When additions and subtractions to the Lodging Overlay are considered, it should be done in the context of the vision statement for a given subarea. For example, if a property located in a District 4 is being considered for inclusion into the Lodging Overlay, it should be assumed that it will assume the character of the adjacent District and Subarea.

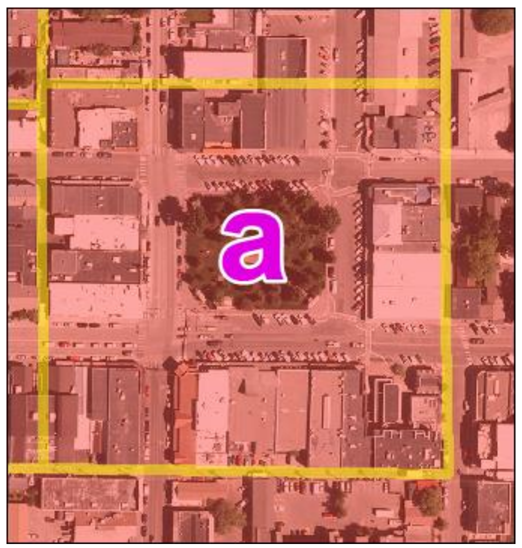
Proposed Lodging Overlay Map

Based upon staff's review of the above information staff has prepared the following map to begin discussion during exercise #1:

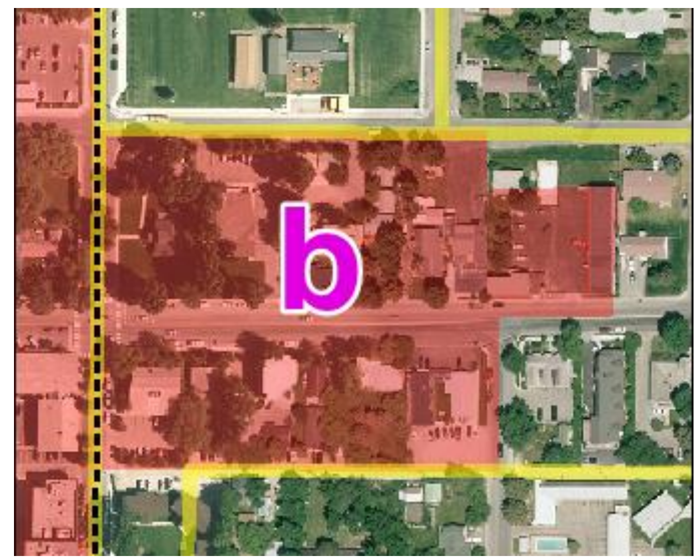


In addition, staff identified the following areas of "special focus" for consideration by Council and the Commission during exercise #1:

a. The 200 Block of East Broadway
b. The Lutheran Church property
c. The North Cache Gateway Subarea
d. The Forest Service property Flat Creek Neighborhoods
e. The Sagebrush Motel property
f. The Cowboy Village property
g. The South Cache and Snow King Avenue Subarea
h. The Pine Glades property



Inner Town Square. Because this is a designated preservation area and the likely core of a future Retail Shopping District, Staff finds that the Inner Town Square Subarea should be excluded from the Lodging Overlay.

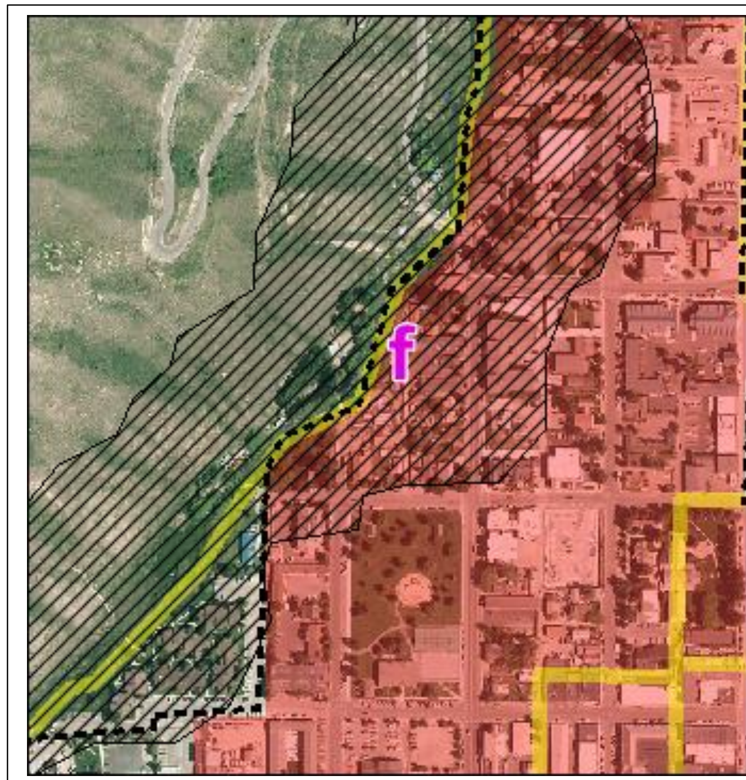


200 Block, E. Broadway. This area is entirely contained in the Residential Mixed Use Subarea, which is not recommended for lodging uses. Other than the Golden Eagle Motel, no lodging uses exist in this residential-adjacent area. Redevelopment of the Golden Eagle would be possible through another tool to be crafted for existing lodging uses outside of the overlay.

Lutheran Church Property. Some public comments have suggested that because this property is adjacent that an existing public school campus, lodging uses may not be optimal and that urban residential uses may be more appropriate.

North Cache Gateway. This Subarea is outside of the proposed lodging overlay because 1) it is not in the existing overlay and 2) it is primarily composed of residential uses, and 3) public comment does not strongly support its inclusion. In the event it is included, Staff recommends the lodging types supported by public comment.

Forest Service Property. The Council has indicated that it may not want to consider the USFS property at this time. The property is contained in Subarea 2.4 Public Civic Campus of the Comp Plan, which states that any nongovernmental use should be subject to a Plan revision.

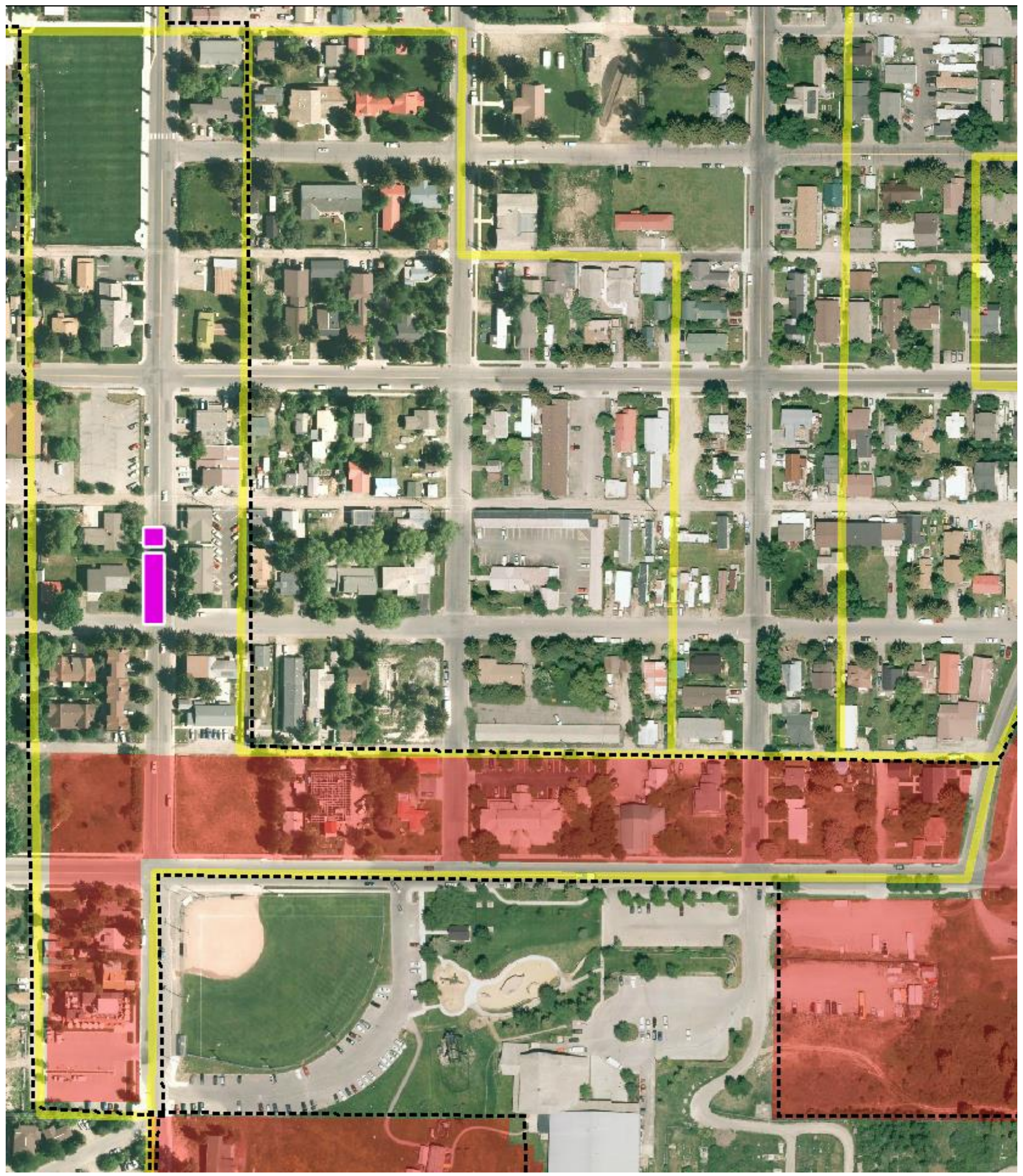


Flat Creek Neighborhoods. Except for the Meadowbrook Condominiums, residential areas in the Flat Creek area are included in the existing overlay. However, many of them are in the protection area (hatched) used in the Lodging Overlay Exercise, which flows from Comp Plan recommendations to protect existing residential neighborhoods. Though it is included in the proposed overlay, it may be a good candidate for urban residential development similar to what would is envisioned for the Lutheran Church property.

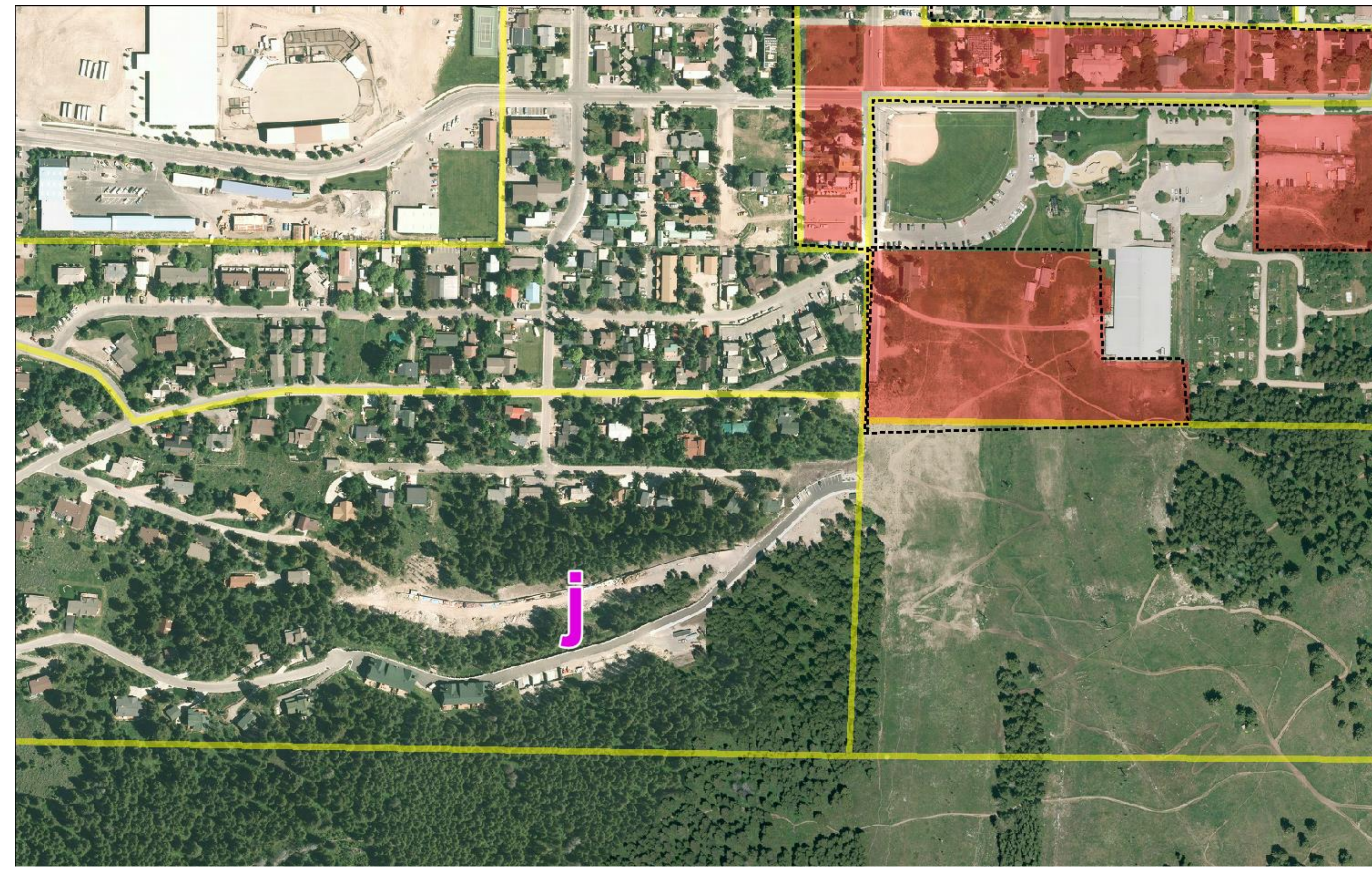
Sagebrush Motel Property. Because this property is outside of but adjacent to District 2, the Council needs to affirmatively apply the character vision for District 2 to this site. Though it is not included in the existing overlay, there has been public comment supporting its inclusion, it is located within walking distance of many visitor amenities, and is not adjacent to any residential neighborhoods.

Cowboy Village Property. The northern half of the property is in the Downtown Subarea, however the south half is the District 3, Town Residential Core. Because the entire property is functioning as a lodging use, and because it is adjacent to the existing overlay, and because there is significant public comment supporting its inclusion, Staff has included it in the proposed overlay.

South Cache & Snow King Avenue. This Subarea has been included in Staff's proposed overlay largely because the defined lodging types deemed appropriate by public comment. Staff finds that Boutique hotels, B&Bs, and short-term rentals integrate fairly well into the surrounding area, and the extension of the Lodging Overlay may assist in bridging the Downtown and Snow King subareas as recommended in the Comp Plan. Though Staff finds that the proposed Lodging Overlay should be coincident with subarea boundaries when possible, it may be worth exploring the two streets individually in considering their inclusion/exclusion into the overlay.



Pine Glades. The inclusion of the Pine Glades property, like the Sagebrush Motel property, would require a concious decision by the Council to apply the vision of the Snow King subarea to the property, which lies in District 6 Town Periphery. In a lodging overlay inclusive scenario, it would be envisioned as an ancillary component to the Snow King base area rather than the residential neighborhoods like thos in the Pine/Aspen/Spruce area. There is public comment supporting its inclusion, and it is technically adjacent to the existing overlay by virtue of its proximity to the Snow King Planned Resort District. However, the compatibility with the surrounding neighborhoods – as well as the prospect of a lodging creep – should be assessed in any consideration of its inclusion in the overlay.



Finally in order to begin discussion for Exercise #2 staff used a >50% metric from the survey data to determine appropriate lodging types by subarea, the following observations can be made with regard to lodging type:

a. North Cache Gateway - Only Boutique Hotels and B&B's were found to be appropriate
b. Downtown - Resort Hotels were not found to be appropriate and Short-Term Rentals fall just short of the 50% mark. Otherwise, Large Hotels, Boutique Hotels, and B&B's were found to be appropriate.
c. South Cache & Snow King corridors - Small Boutique Hotels, B&Bs, and Short-term Residential were found to be appropriate and Resort Hotels and Large Hotels were not found to be appropriate.
d. Mixed Use Residential area - Small Boutique Hotels, B&Bs, and Short-term Residential were found to be appropriate and the "none" rating is less than 50%, it is the highest of all the Subareas.
e. Snow King Resort - All lodging types are deemed appropriate except for B&Bs, which fall just short of the 50% mark.

Please see the attached additional public comment received during public outreach for additional comments and considerations prior to the meeting.