



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 20

Agenda Date: June 15, 2023

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Contract extension with Host Compliance LLC for Short Term Rental Permitting, Collections, and Compliance Services

SUMMARY:

This Ordinance authorizes an extension of up to one (1) year for the Professional Services Agreement with Host Compliance, LLC, in an amount not to exceed \$219,993 to provide Short Term Rental registration, permitting, compliance, and collection services to allow additional time for transition and implementation to the new contract with Avenue Insights & Analytics, LLC approved by City Council on December 15, 2022. The City anticipates that the contract will be necessary for only sixty (60) days to allow for proper conversion, at an estimated cost of \$37,000. Funding in the amount of \$37,000 is available from FY 2023 Hotel Occupancy Tax Fund Budget.

BACKGROUND INFORMATION:

On November 1, 2018, the City Council approved an ordinance for the regulation of Short Term Rental (“STR”) properties in the City. The City has been contracting with Host Compliance, LLC since 2018 to assist with the discovery and monitoring of these properties to improve the Hotel Occupancy Tax (“HOT”) reporting and collections process and to bring them into compliance with collection of HOT.

Recently, the Finance Department developed a Request for Proposals (“RFP”) that was broadened from the City’s current program to include the collection of HOT for STRs and Hotels including the collection of the Tourism Public Improvement District (“TPID”) assessment fees. Due to the Development Services Department converting their process for STR permitting to the Accela system, the RFP excluded STR permitting as a requirement. However, the RFP did include compliance and monitoring for permitted STR properties in addition to the compliance services related to collection of the HOT.

On October 4, 2021, the City issued a RFP for Short Term Rental Monitoring and Compliance Services and selected Avenu Insights & Analytics, LLC to provide these services for both STRs and Hotels. A contract with Avenu Insights & Analytics, LLC to provide collection, monitoring, and compliance services for Hotel and Short Term Rental Hotel Occupancy Tax Full Service Administration to include discovery, recovery and audit was approved by City Council on December 15, 2022 and commenced on January 2, 2023, with two renewal terms of one-year each at the City’s option.

The City began implementation of the new Avenu Insights & Analytics, LLC software and payment portal in January with an anticipated “go live” date of July 1, 2023. In order to allow for adequate time for the proper conversion of HOT collection and STR monitoring services from one provider to another and provide seamless services to STR owners paying the HOT, an extension with the current contractor, Host Compliance, LLC, is needed. The item for consideration is a request to amend the term of the existing agreement with Host Compliance LLC to extend for a one (1) year term, to commence June 21, 2023 and end June 20, 2024. However, the City anticipates that the contract will be necessary for only sixty (60) days to allow for proper conversion, at an estimated cost of \$37,000.

On November 15, 2018, the City Council approved an ordinance selecting Host Compliance LLC to provide Short Term Rental Permitting, Collection and Compliance Services for a term beginning December 21, 2018 and ending December 20, 2019. The agreement was renewed three times beginning December 21, 2019 through December 20, 2022. The agreement was extended for an additional six (6) month term beginning December 21, 2022 and ending on June 20, 2023 upon the same terms and conditions.

ISSUE:

The item for consideration is a request to amend the term of the existing agreement with Host Compliance LLC to extend for a one (1) year term, to commence June 21, 2023 and end June 20, 2024. The extension of the existing contract with Host Compliance LLC will allow for adequate time for the proper conversion of HOT collection and STR monitoring services from one provider to another and provide seamless services to STR owners paying the HOT. This amended agreement will allow for early termination upon sixty (60) days’ written notice to Host Compliance LLC. The estimated “go live” date under the new contract with Avenu Insights & Analytics, LLC is July 1, 2023 and additional time is needed to ensure a proper conversion.

ALTERNATIVES:

The City has the option not to authorize the contract extension with Host Compliance LLC; however, this extension is necessary to provide for adequate time for the proper conversion of HOT collection and STR monitoring services from one provider to another.

FISCAL IMPACT:

The cost for the one (1) year contract term, to commence June 21, 2023, and end June 20, 2024, is an amount not to exceed \$219,993. However, the City anticipates that the contract will be necessary for only sixty (60) days to allow for proper conversion, at an estimated cost of \$37,000. Funding for sixty days of the contract in the amount of \$37,000 is available from FY 2023 Hotel Occupancy Tax Budget.

RECOMMENDATION:

Staff recommends approval of a one (1) year extension of the Professional Services Agreement with Host Compliance LLC, a wholly owned subsidiary of Granicus, LLC to provide Short Term Rental permitting, collections, and compliance services to the City for a one (1) year term to commence June 21, 2023, and end June 20, 2024.