

DMCA Special Meeting Minutes

3/10/17

Special Meeting re: Nightly Rentals

6:00 PM meeting called to order

Attendees: Vince + Carolyn Snowbarger, Gordon + Melinda Mull, John + Glenda Young, Bill Lindler, Val Szwarc, Tom Seaman, Judi + Marcy Snelling, John +Debi VerStraete, Darrell Hartigan, Rick Taylor, Lysa Riggs, Don Scholl, Tom Hennessey, Brenda Ratcliff, Kent Parkison, Michael Pennings, Sara Born, John Ritchey, Larry Benasutti

1. Vince Snowbarger opened the meeting by introducing the Board members. Then we went around the room with each attendee identifying themselves and giving their lot numbers.
2. Vince Snowbarger gave a recap of the recent repair of the water leak within DMCA. He thanked all those involved in identifying and coordinating the repair.
3. Vince Snowbarger set the stage for the meeting by providing background on the issue of whether or not nightly rentals are permitted within DMCA:
 - a. At the 2016 Annual Meeting in December, a number of members expressed either support for or concerns about nightly rentals and whether they should be allowed in DMCA. It was agreed at that time that a Special Meeting would be held in early 2017 to further discuss the issue and to try to ascertain the memberships' consensus regarding the issue;
 - b. Vince Snowbarger summarized three positions that members have expressed regarding nightly rentals as follows:
 - i. that the original CC+R's did not permit nightly rentals and that that restriction should remain in place;
 - ii. that the restriction on nightly rentals has not been enforced before now and that it is unfair to enforce the restriction now; or
 - iii. that the amendments adopted in 2014 go beyond simply permitting nightly rentals in an owner's house and that they also permit nightly rentals in a detached, free-standing building.
4. Vince Snowbarger read a letter that Mrs. Spirek had requested be read at the meeting. It explained her experience doing nightly rentals in DMCA and stated that, while they have had nightly rentals in the past, they are not planning to do them going forward due to the restrictions put on them by the county (attached).
5. Michael Pennings asked what the original CC+R's said on the subject of nightly rentals and he asked what is currently permitted or not in that regard. Vince Snowbarger explained that originally no nightly rentals were permitted. Then, in 2014, it became apparent that certain

residents were doing nightly rentals anyway and the Board tried to figure out how to deal with that. After deliberation, the Board adopted the revisions to the CC+R's that are currently in place. Bill Lindler read Article 8.2.7 to clarify.

6. Vince Snowbarger explained what the Board's current process will be. The Board will take input from the membership, both at the current meeting and also by soliciting input from members not in attendance. Then, if the Board determines that modifications are needed to the current CC+R's, the Board will draft language and circulate it to the membership.
7. Gordon Mull observed that the changes to the CC+R's that were adopted in 2014 also reflected changes in State regulations governing HOA's and were not solely related to nightly rentals.
8. Judi Snelling noted that the State had passed lengthy CCIOA ("Colorado Common Interest Ownership Act") laws under which minimum guidelines were set for HOA's across the State.
9. John VerStraete stated that he and his family have lived in DMCA for 25 years. He is a former VP of the Board and member of the ACC. He noted that, when the Spireks were asked directly if they were running a BnB in their house, they denied it.
10. Tom Hennessey stated that he has no objection to the regulations as currently written, especially because home owners are required to be living in the residence where rooms are being rented.
11. John Ritchie requested clarification of Article 8.2.7. Bill Lindler explained that the 2014 revisions to the CC+R's were designed to accommodate Lysa Riggs and the Spireks because there had been no negative experiences with nightly renters when the home owners were living in the residence in question.
12. Bill Lindler went on to observe that now nightly rentals within DMCA are being advertised on the internet which had not been contemplated by the Board when the revisions were drafted.
13. Darrell Hartigan then addressed the meeting. He stated that initially he was not aware that nightly rentals were occurring within DMCA. Then he saw remodeling going on at a nearby neighbor's. Then he noticed a considerable increase in traffic on Meadows Circle. He stated that he is against permitting nightly rentals and that they are not permitted under the original CC+R's. He expressed concerns about the capacity of our water system to handle the increased usage. He observed that the original developer of Dallas Meadows designed our water system to accommodate 43 lots and no more. He also observed that, while there are a few of us who are doing nightly rentals, what benefit is there for the rest of us if we permit nightly rentals? Darrell specifically requested that we turn down the Taylor's request to do nightly rentals in their new garage apartment building and that the building was specifically designed and built to be run as a BnB which is in violation of our CC+R's. Darrell also stated that we need to define "Accessory

Buildings” which appears in the CC+R’s and that we need to turn down any requests to operate nightly rentals within DMCA.

14. Rick Taylor made several points as follows:

- a. The Taylors’ contract to purchase their property contained a contingency that would allow them an out in the event that they were not permitted to operate nightly rentals. Roughly a month after waiving that contingency, the new CC+R’s were adopted which permit nightly rentals.
- b. Rick asked if Lysa Riggs had to file a Renter Form with Ouray County. Lysa responded that no form is required.
- c. Regarding water consumption, Rick asked if DMCA needs to stop all new construction due to water concerns, or do we need to limit the number of people who live in each house?
- d. Rick observed that pitching a tent or setting up a yurt is a violation of County regs.
- e. Regarding road usage, Rick observed that, while nightly rentals may result in more traffic on Meadows Circle, the Taylors paid \$2,600 to Ouray County Roads + Bridges as a tax in conjunction with their new garage apartment building.
- f. The Taylors’ original plan for their property was to do a VRBO. Now their current plan is to use the building for visiting family and friends, at least in the near term.
- g. Rick noted that the new CC+R’s permit VRBO’s.
- h. Rick also stated that the 2014 revisions were not simply to address VRBO’s. They also addressed the operation of businesses within DMCA, trucks, etc.

15. Bill Lindler observed that the schematic drawings of the interior of the Taylors’ garage apartment that were submitted to the ACC showed a bedroom with two beds, a pull-out sofa, and a kitchen. Bill noted that the living space as drawn would accommodate more than just a couple visiting for the night.

16. Sara Born stated that Barb Morrison, the prior owner of Michael Pennings’ house, had been doing nightly rentals and had advertised the property on VRBO. Sara stated that she and Michael have no plans at present to have a renter(s) but that the ability to do so was an important financial consideration in their purchase of the house.

17. John Young stated that the existing water system is adequate to supply 42 homes in a complete build-out of all the lots in Dallas Meadows.

18. Judi Snelling stated that the Board receives monthly water usage reports and she provided a copy of the reports for the months September 2015 through November 2016. She observed that the reports indicate no overages in water usage by the families currently doing nightly rentals.

19. Sara Born commented that she is a Water Engineer and that, while she and Michael do not have time to run a VRBO, they are in favor of permitting nightly rentals.
20. Kent Parkison stated that he has lived here for 29 years and that he and his family like it here just as it has been before nightly rentals were permitted. He commented that Judi Snelling was the Taylors' broker when they bought their house here while at the same time she was on the Board and involved with amending the CC+R's to permit nightly rentals. Kent is also concerned about the adequacy of our water should nightly rentals increase.
21. John VerStraete stated that he moved here 29 years ago. He noted that the Ratcliffs brought renters into the community. He then experienced thefts at his property. He also expressed concern about the adequacy of the water supply as a result of nightly rentals. He observed that visitors drive too fast on our roads and he does not want strangers on or around his property. He stated that he is strongly against nightly rentals.
22. Glenda Young stated the she and John are against nightly rentals. They are concerned about the resulting problems we have had in the neighborhood including all the extra cars at the Ratcliffs' and at Michael Pennings' house.
23. Rick Taylor suggested that, if the members are concerned about the adequacy of our water supply, why not put in another water tank? If water is the issue, that is a separate issue from nightly rentals and should be addressed separately.
24. Gordon Mull observed that peoples' water usage varies. He noted that our water system does not comply with state regulations and that it is not a system typically found in an HOA such as ours.
25. Brenda Ratcliff commented that much of the discussion has been about the renting of their property and the problems that resulted. She stated that the property manager that they hired to oversee their property while they were in California did a poor job. She stated that she is in favor of VRBO. However, if nightly rentals are turned down, that should apply to everyone.
26. John Ritchie asked how many occupancy nights we have had. He suggested that the HOA impose a nightly rental tax and that the money could be used for water tank improvements.
27. John Young observed that, at \$100 per year for 12,000 gal. per month, we have the cheapest source of excellent water available anywhere.
28. Don Scholl stated that he and Lysa have two VRBO bedrooms and that it is a difficult business to run. He observed that Ridgway now has 170 BnB's . He stated that his water usage with the nightly rentals is less than most members. He suggested that, if DMAC rejects nightly rentals,

his operation be grandfathered. He also concurred that we need to clearly define "Accessory Buildings".

29. John VerStraete asked Don how long they have lived here and for how long they have been doing nightly rentals. Lysa responded 4 years. John asked why they are doing it. Don elected not to respond.
30. Michael Pennings suggested that there seem to be two issues being discussed. The first is water; the second is the impact on the community. He suggested that perhaps we should hire a water consultant. He noted that he used to live next door to a "party house" before moving here and that he would be against allowing something like that. However, he is in favor of nightly rentals. He suggested maybe putting a cap on the number of guests.
31. Gordon then questioned who would monitor and police that restriction?
32. Michael questioned if rentals of 6 months or more are permitted? Vince responded that they are. Michael then asked if weekly rentals are permitted ... how about 4 nights in a row?
33. Melinda Mull stated that the Board had been surprised to learn how many members were doing some form of nightly rentals when this subject first came up in 2014. She suggested that members doing nightly rentals be required to register with the HOA.
34. Rick Taylor requested that the Board adopt the term "Short Term Rentals" rather than "nightly rentals" to be consistent with the rest of the country. He also suggested that we use the word "Lease". And, he stated that he would be agreeable to a \$10-\$20 per night fee payable to the HOA for each bed night rented.
35. Sara Born asked why we are addressing the issue of nightly rentals at this time. Bill Lindler answered that it is because VRBO's are growing nationally.
36. Darrell Hartigan stated that the original CC+R's provided for single family residences only. He expressed concern that, as more and more members do nightly rentals, we will have more people in the community, more water usage, and more problems.
37. Vince Snowbarger observed that a single family community was what many people envisioned when they bought here.
38. Lysa Riggs addressed the meeting and read a letter (attached).
39. Melinda Mull questioned whether there is a vetting process for prospective renters. Carolyn Snowbarger observed that she and Vince had been VRBO renters and were not aware of ever having been vetted. Sara Born stated that any vetting depends on how the renter sets it up. Lysa

Riggs stated that the vetting process may be invisible to the renter, but that VRBO and Air BnB are now both doing vetting. Val Szwarc noted that the only information they can get is what is publicly available.

40. Val Szwarc asked Lysa Riggs if she derives a financial benefit from other people doing nightly rentals in DMCA. Lysa replied that she does not.
41. Rick Taylor noted that Ouray County has an ordinance for short term rentals and that the county does not consider it a business. Rick also stated that he has been approached by certain neighbors who asked if they could use the Taylors' garage apartment to house guests visiting from out of town.
42. Debi VerStraete stated that safety is her main concern with visitors walking dogs without leashes, driving too fast, etc.
43. Lysa Riggs noted that home owners have a responsibility to make sure that their guests control their dogs and obey HOA rules.
44. Vince Snowbarger moved to adjourn the meeting stating that the Board will reach out to other members not in attendance to get their views on the issue.
45. Rick Taylor asked when open Board meetings will be held. Vince responded the second Monday of each month at his house at 6 PM.
46. Bill Lindler recounted his initial experience with renting in Dallas Meadows. He and Gretchen wanted to build a garage apartment to stay in while their house was being built. Their request was denied by the ACC because DMCA is a single family home community. Bill noted that, whatever the rules are, enforcement is difficult.
47. Rick Taylor stated that there are currently 14 detached garages in DMCA, some with kitchens, some rented, and some not. He noted that the county requires a minimum of 3 acres for an Accessory Structure.
48. John Young commented on the issue of whether a structure has a kitchen or not. If it has a kitchen, it is not a BnB. It is a stand-alone apartment.
49. Vince Snowbarger concluded the meeting saying that clearly there are significant differences of opinion among the members and that perhaps it will require more than one meeting to further discuss the issue.
50. The meeting adjourned at 9:15 pm.

LYSA RIGG'S LETTER TO THE MEMBERS

November 16, 2016

Dear fellow Board members and neighbors:

I am very concerned that we are revisiting the Bed & Breakfast issue again after re-defining and voting as a total membership to approve an owner's use of his/her property as an "Owner occupied & owner operated" bed and breakfast in 2015. It feels a bit like being tried twice for the same crime.

Operating a B&B out of one's home property is the same as any home-based business. I do not hang out a shingle, I do not have a business telephone number, and I do not operate like a commercial B&B. I operate 5 mos. of the year, I do not have staff, and the maximum number of guests is four.

Let's consider some possible negatives:

Water usage: Don & I rarely exceed our allotted monthly amount. If we do, it is because we have just planted our veggie garden, which takes a while to get established & it needs extra water. We can't use ditch water because it is too alkaline. This usually occurs during the month of June, which is our driest. We are well aware that our water is a precious commodity, but are not exceeding our monthly amount even though we have guests.

Road Usage: While operating our B&B there can be two additional cars at any given time that travel our neighborhood roads. Mostly these are sedans or SUVs; we do not have heavy trucks. Since we have three bedrooms in our home, it is conceivable that anyone living here could have up to four or five vehicles. Consider, if you will, a family with three children: once those kids are of driving age, you have all three of them traveling the same roads along with their parents, who more than likely, would each have a car. This produces no greater wear and tear on our roads than my guests do. In fact, my guests usually leave in the early am, return in the late afternoon, then go to dinner & return for the night. So four trips a day for approx. 5 months a year. A family of four or greater would cause more deterioration than my guests. We have had some home-based businesses that have put a far greater load on our roads than my small B&B.

"A neighborhood of single family homes:" I have heard this repeatedly; however, I am still asking how what I am doing is any different than a neighbor with 3 kids. My guests are thoroughly vetted by Airbnb, so that a host like me can be sure that the guest is legitimate and has good reviews from other Airbnb hosts. This is very important for the safety of the Airbnb host. This should also provide some assurance to our neighbors that these guests are decent people. In my four years of operation, I have never had a guest that I have been uncomfortable with. If it ever happens, I have the right to reject the guest immediately. The vast majority of the people who have been my guests are people I would love to have as neighbors. They are well-heeled, respectful, honest, appreciative of their surroundings, obey our speed limit (some neighbors do not), and would love to live here.

Airbnb vs VRBO: It seems that these two methods of renting one's home or part of a home is often cast in the same light. In our latest revision of our CC&Rs, we defined an acceptable Bed & Breakfast as one

that was owner occupied and owner operated. The reasoning was that our members wanted the owner to be on premises at all times to ensure that the guests were not violating our covenants. In other words, we want our guests to be as mindful of the serenity of our neighborhood as all the residents are. Typically, but not always, a VRBO property is an entire house that is rented or managed or both by either the owner or property manager. The owner and/or property manager is not resident "onsite." This can certainly be a problem if the guests violate the rules of occupying the property such as having more guests than allowed, bringing in vehicles that are not allowed (ATVs, etc.) and having loud parties that disturb neighbors. I think it is obvious that I would never allow guests to violate our rules because I live here, and I would be affected even more than my neighbors.

I think it is important to note that I rent my home in Florida through VRBO during the months I am here in Colorado. I have done this now for close to two years. I limit the number of guests & they are vetted by VRBO similar to Airbnb. I have never had a complaint by a neighbor & if I did, I would ask the guests to cease & desist, or leave immediately. In fact, all my close neighbors have complimented us regarding the respectful guests that we have had. I have a close neighbor who monitors my renters, but he also introduces himself to them when they arrive, so they are aware that he is close by. To be clear, we are not in an HOA, BUT we are in a small town where everyone tries hard to be respectful of one another. It is incumbent upon ME to be respectful of my neighbors when I bring a renter on my property.

Property Values: This is a hard issue to measure or even define. But in the four years I have run my B&B there have been a number of new sales and/or builds that have occurred. Some buyers have known about my B&B and others have not. Frankly, most of my neighbors didn't know about my B&B until I told them, which should indicate that what I'm doing is no more obvious than a neighbor who has family or friends visiting.

So finally, we come to the issue of people buying here and building a garage apartment with the intent to run a B&B operation. If the owner is in residence on the property and the owner is operating (and screening) the guests, then how is this adversely affecting our neighborhood and property values. I would remind everyone that "The Blue House" has long been an eyesore, and yet several people have chosen to buy nearby and build very nice homes even though the eventual outcome of this unsightly property was still an unknown. The responsibility for proper operation of a B&B rests with the owner. If the owner is in violation, then we have the necessary remedy to fine that owner for any violation by a guest. Frankly, I believe we have a stronger ability to control what goes on with a guest than we do with the child of a neighbor.

A new Paradigm: I think we are dealing with changes in our community structures and the booming "sharing economy." For a very long time it seems we have become more and more afraid of who inhabits our world, our state, or town and our neighborhoods. We live in gated communities, we have car & home alarms, we install webcams, we lock our cars & our homes. This new type of "home sharing" scares us. Yet, the "guest house model" has been the norm in Europe for at least a century. Is our fear real or has it been blown out of proportion by an increasingly fear-based media? In Ridgway, we do not lock our doors or our cars. We know our neighbors, and we know that our neighbors are looking out for our welfare as well as theirs. We know we have more to fear from a hungry bear than an

unknown guest. In Florida, we live in a heavily populated area. We lock our doors & our cars because we have been trained to do so. But we watch out for our neighbors, and the major crime we are always on the lookout for is kids stealing bikes.

On another note, many people of retirement age are faced with financial uncertainty. Even though you may plan well for your future, you may find that your income is not enough. For example, we thought we would sell our Florida home for twice what we ended up settling for after waiting 7 ½ yrs. to even find a buyer. This was all thanks to the 2008 recession. We started our little B&B to mitigate the costs of maintaining a home that we no longer wanted and couldn't afford. Sometimes illness can put great financial stress on people, and as many of you may know, Medicare is not all it's cracked up to be. The point here is that we chose to use our most important resources, our homes, to generate additional income and avoid delving into our primary principal.

We are proud of the service we provide to visiting tourists, and we know that we are channeling tourist dollars directly into Ridgway. Helping our local businesses thrive is very important to our tourist trade and to us as residents. It also boosts our property values when we live in a vital community.

Can we find a way to make this work or will we be held captive by the old paradigm? Can we find a common ground that will allow us to maintain the safety and serenity of our neighborhood, but also allow some of our neighbors to run a small home-based business? Can we face the future with optimism and hope instead of fear and recidivism?

Sincerely,

Lysa Riggs

DMCA Board Member

Opinions of an AirBnB Host

I have volunteered at the Ridgway Visitor Center for many years. So many that none of us can figure out how many. But let's say over 15 years.

Ridgway lacks adequate lodging accommodations. There is Chipeta Lodge, Ridgway Lodge and Suites, Orvis and Adobe Inn.

People would come into the Visitor Center and tell me that they could not find a room for that night. After calling many places and getting no results, I would suggest that they stay at my house. This was especially great for people from other countries. To stay in an American home was a special treat for them. I still hear from some of them via e-mail.

At a neighbor's suggestion, I joined AirBnB. They had been hosting people through AirBnB and enjoyed it. So my husband and I joined up and the next day after our place was advertised on AirBnB our first guest arrived. We were quite surprised. He said, as he was leaving, "You are going to be overwhelmed with people. This is such a nice place".

I am befuddled why the county and towns do not want short term rentals. We have 3 houses we rent out with yearly leases and we have had many more problems with long term leases than we ever had with short term rentals.

It's a pleasure to have people come for one, two or three nights. 98% of the people are gone during the day and arrive at night, take a shower or go to Orvis or Ouray Hot Springs, and go to bed. In the morning we have coffee with those that want it; but many people are gone before we get up.

We don't have TV for our guests. Most of them come here to hike, bike and go Jeeping. And they are looking for a good dinner restaurant. Take my word, some Ridgway and Ouray restaurants will not make as much money in 2017 as they did in 2016, because we won't be there to give our guests a recommendation.

All of the people who stayed at our house, were looking for inexpensive accommodations. So it was a pleasure to host young couples who were just starting out and didn't have much money. It was very interesting to host people from many other Countries: Denmark, Russia, Israel, France, India, Malaysia, England, Ireland, Australia, New Zealand, Japan and China.

Don't think that we don't understand that the county, state, town and city doesn't need to make money; but the new ordinances are a bit overwhelming. So instead of continuing this noble adventure, we have decided to not offer our home through AirBnB any longer.

Mary Ellen (M-E) Spirek

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