AGENDA
OURAY PLANNING COMMISSION

Tuesday, November 10, 2026 - 4:00 PM

Ouray Community Center, 320 6th Ave, Ouray, CO 81427

VIRTUAL OPTION - https://zoom.us/j/98645657434
Meeting ID: 986 4565 7434 Passcode: 788405 Or dial: +1 346 248 7799

Ouray Planning Commission Regular Meeting

- Changes to this agenda can be found on the bulletin board at City Hall
- Electronic copies of the Planning Commission Packet are available on the City website at www.cityofouray.com. A hard copy of the Packet is also available at the Administrative Office for interested citizens.
- Notice is hereby given that a majority or quorum of the City Council, Ouray Economic Development Committee, Beautification Committee, Tourism Advisory Committee, and/or Parks and Recreation Committee may be present at the above noticed Planning Commission meeting to discuss any or all of the matters on the agenda below for Council consideration

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **REMOTE PARTICIPATION REQUEST PER RESOLUTION, SERIES 2022**
   3.a. Consideration of a Request form Commissioner Wood to Participate in this meeting remotely
4. **APPROVE MINUTES**
   4.a. February 2, 2026 Planning Commission Minutes
   4.b. September 8, 2026 Planning Commission Minutes
   4.c. October 13, 2026 Planning Commission Minutes
5. **CITIZENS COMMUNICATIONS**
6. **ACTION ITEMS**
   6.a. Restricting Natural Medicine
7. **DISCUSSION ITEMS**
   7.a. Land Use Development Definitions for Short Term Rentals - Proposed Amendments to Chapter 7
8. **Information Update: Planning Commission Vacancies**
9. **ADJOURNMENT**

Ouray Planning Commission Regular Meeting

Monday, February 2, 2026 3:00 PM
San Juan Room, 320 6th Ave, Ouray, CO 81427

Glenn Boyd:	Present
Mike Fedel:	Present
Dan Murphy:	Present
McKenna Sumrak:	Present

Staff also in attendance: City Attorney Powell via Zoom

1. **CALL TO ORDER**

Planning Commission Chair Fedel called the meeting to order at 2:59 pm.

Chair Fedel requested a change to the agenda, moving the 'Approve Minutes' and 'Citizens Communication' after 'Roll Call' and prior to 'Public Hearings'. Without objection, the change was accepted.

2. **ROLL CALL**

5. **APPROVE MINUTES**

None presented.

6. **CITIZENS COMMUNICATIONS**

No members of the public requested to speak.

3. **PUBLIC HEARINGS**

1. **Colorado Wildfire Resiliency Code: Consideration of the 2025 state-mandated Colorado Wildfire Resiliency Code (CWRC), with discussion and action regarding adoption.**

Chair Fedel opened the Public Hearing at 3:02 pm.

Director Murphy presented an overview of the state-mandated 2025 Colorado Wildfire Resiliency Code (CWRC). Following the presentation, Planning Commission members posed questions to staff.

Chair Fedel opened the floor for public comment:

John Wood expressed concern that the state mandate is an unfunded financial burden on the city and property owners. Wood noted that triggering compliance through property modifications (e.g., changes exceeding 25%) effectively makes the code retroactive, which could eliminate substantial tree canopy, alter town character, expand setbacks to eight feet, and restrict fences and shrubbery. Citing a low Wildfire Hazard Potential (WHP) score of 1.77 on state mapping, he requested that the city pause adoption and take a more targeted approach.

John Hart voiced concerns regarding government overreach, preservation of the city's natural aesthetic, and

the financial burden the code places on residents. Hart also inquired about state grant funds received by the city and urged prioritization of general code enforcement.

Ashley Hineline cited C.R.S. § 29-1-304.5 regarding unfunded state mandates, noting that other jurisdictions have adopted resolutions refusing implementation without state funding. Hineline asked whether the city had considered a similar resolution.

Chair Fedel closed the Public Hearing at 3:34 pm.

Rebuttles: None
The Commission discussed the proposed 2025 Colorado Wildfire Resiliency Code (CWRC):

Commissioner Boyd questioned the necessity and suitability of the proposed code for the City of Ouray, describing the draft as overly restrictive and an instance of state overreach. Boyd raised concerns regarding the state hazard mapping methodology (focusing on fire intensity rather than probability), the unknown consequences or enforcement actions by the state should the City decline adoption, and whether potential state grant funding would outweigh the financial burden on residents trying to maintain or repair aging properties. Boyd suggested the regulations might be better suited for the county rather than within municipal limits, thanked Director Murphy for the thorough presentation, and reiterated the Commission's role in advising City Council.

Commissioner Sumrak stated discomfort with the unresolved questions and the lack of clear modification or variance processes. Sumrak weighed the compliance costs against the anticipated benefits, concluding the costs appeared too high, and suggested the City explore developing a localized wildfire plan instead.

Chair Fedel noted significant cost concerns after speaking with building suppliers, estimating potential construction cost increases of 30% to 50%. Fedel objected to the 25% alteration threshold that triggers compliance for existing structures, pointing out that the proposal functions as a rigid standalone code rather than an integrated update. Fedel stated that creating a perimeter buffer zone around the town would be a far more effective mitigation strategy and expressed opposition to state mandates tied to funding.

City Attorney Powell addressed legal considerations, advising that refusing to adopt the state-mandated code would conflict with state law, though the exact consequences or enforcement measures from the state remain uncertain. Powell noted issues with how the blanket regulations apply statewide, confirmed the ambiguities regarding the 25% alteration trigger for existing structures versus new development, and clarified that while the City could adopt a local code, state law requires that any local alternative be no less restrictive than the state model code.

4. **ACTION ITEMS**

1. **Colorado Wildfire Resiliency Code: Recommendation to City Council on adoption of the 2025 Colorado Wildfire Resiliency Code (CWRC).**

Motion to recommend to the Ouray City Council that the 2025 Colorado Wildfire Resiliency Code not be approved as written. This motion, made by Glenn Boyd and seconded by McKenna Sumrak, Carried.
Glenn Boyd: Yea, Mike Fedel: Yea, McKenna Sumrak: Yea

6. **DISCUSSION ITEMS**

1. **New Planning Commissioner Appointment Update**
2. **Department Updates**

Director Murphy reported on several administrative and community development updates. Regarding commission appointments, Director Murphy announced the selection of two new Planning Commission members, Pat Light and John Wood, who will attend their first meeting on March 10. Director Murphy noted that an update on the remaining Commission seats and their status for the rest of the year will be provided at the next meeting, with the goal of returning to the standard schedule of posting vacancies in December.

Director Murphy highlighted that the regional housing group comprising the City of Ouray, the Town of Ridgway, and Ouray County—led by Eva Henson and Director Murphy—received the first regional award in Colorado for satisfying Proposition 123 requirements by identifying 25 affordable housing units, with the City of Ouray holding the majority share. A software vendor has been identified to utilize the Proposition 123 grant funding for community development project tracking and administration, and the selection will be officially announced once the contract is finalized.

Additionally, Director Murphy informed the Commission that City Council would hold a second reading that evening on ordinances addressing non-conformities, street names, and addressing, which would take effect 30 days after adoption. Finally, Director Murphy reported that the Commission-drafted Lighting Ordinance and Special Events regulations have been submitted to the City Administrator to undergo staff and legal review before being released for public hearing and potential incorporation into the municipal code.

7. **ADJOURNMENT**

Motion to adjourn at 3:51 pm. This motion, made by Glenn Boyd and seconded by McKenna Sumrak, Carried. Glenn Boyd: Yea, Mike Fedel: Yea, McKenna Sumrak: Yea

_____

Mike Fedel, Chairman

ATTEST:

_____

Kara Rhoades, City Clerk

CERTIFICATION

I, Kara Rhoades, do hereby certify that I am the City Clerk of the City of Ouray, Ouray County, State of Colorado, and that the above minutes are a true and correct summary of the meeting of the Ouray Planning Commission held on Monday, February 2, 2026. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this Monday, February 2, 2026.

_____

Kara Rhoades, City Clerk

Ouray Planning Commission Regular Meeting

Tuesday, September 8, 2026 4:00 PM
Ouray Community Center, 320 6th Ave, Ouray, CO 81427

Glenn Boyd:	Present
Mike Fedel:	Present
Pat Light:	Present
McKenna Sumrak:	Present
John Wood:	Present

Staff also attending: Planning Technician Melissa Martin, Community Resource Officer Joe Gillman, and Contract Planner Scot Hun.

1. **CALL TO ORDER**

Vice Chair Boyd called the meeting to order at the 4:01pm.

2. **ROLL CALL**

3. **CITIZENS COMMUNICATIONS**

Citizen Communication had no participants.

4. **DISCUSSION ITEMS**

a. Department Updates- Hunn/Martin

Planning Technician Martin introduced Joe Gillman as the new Community Resource Officer ahead of her departure.

Contract Planner Scot Hun stated excitement about being on board.

b. Planning Commission Alternate Member and Upcoming Vacancies - Hunn/Martin

City attorney Powell revisits last fall discussion of the code update to have up to 2 alternate members.

The Planning Commission then deliberated the need for alternate members.

Concerns that were discussed: (1) the history of the Commissioners not attending meetings, (2) lack of agenda items/meetings, (3) if alternate members would be kept up to date, if the council does not have alternates why should planning commission, and (4) too many voices/not enough, curiosity over what the workload would look like for alternates.

Commissioner Sumrak asked to return to this in 6 months with fresh attendance data.
Chair Fidel did not find a need for an alternate Planning Commission member policy.
Commissioner Wood suggested an attendance policy instead of an alternate member policy.

The direction to staff was to codify that the sitting mayor and council cannot be nominated to the Planning Commission, strike 4.b and have it go straight to council.

c. Psilocybin / Natural Medicine Zoning - Powell/Hunn

Contract Planner Hun and City Attorney Harper explained the natural medicine state ordinance, that, without local municipality code amendment, it allows more natural medicine businesses, not less.

The Planning Commission discussed zoning and state regulation of 1000 feet from school and daycare, needing to be reduced to 300-500 feet for the City of Ouray and no dispensing business in a residential zone of natural medicine.
Other zoning issues discussed: (1) Industrial zone is for cultivating and testing, (2) Commercial zone for cultivating and selling natural medicine.

Concerns brought up: future (1) recreational unregulated dispensing, (2) being able to take home natural medicine, (3) correctly labeling/naming resolution for council and creating a narrative before reactions from the public creates an incorrect narrative.

Directions to staff: (1) define manufacturing; (2) start the narrative that voting "no" would allow more natural medicine businesses with fewer limitations; (3) the agenda item being labeled "restricting Psilocybin medicine."

5. **ADJOURNMENT**

Motion to adjourn at 5:23pm. This motion, made by John Wood and seconded by McKenna Sumrak, Carried. Glenn Boyd: Yea, Mike Fedel: Yea, Pat Light: Yea, McKenna Sumrak: Yea, John Wood: Yea

_____

Mike Fedel, Chairman

ATTEST:

_____

Kara Rhoades, City Clerk

CERTIFICATION

I, Kara Rhoades, do hereby certify that I am the City Clerk of the City of Ouray, Ouray County, State of Colorado, and that the above minutes are a true and correct summary of the meeting of the Ouray Planning Commission held on Tuesday, September 8, 2026. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this Tuesday, September 8, 2026.

_____

Kara Rhoades, City Clerk

Ouray Planning Commission Regular Meeting

Tuesday, October 13, 2026 4:00 PM
Ouray Community Center, 320 6th Ave, Ouray, CO 81427

Glenn Boyd:	Present
Mike Fedel:	Present
Pat Light:	Present
McKenna Sumrak:	Present
John Wood:	Present

Staff also in attendance: Contractor Planning Director Scot Hunn, Community Resource Officer Joe Gilman and City Attorney Harper Powell.

1. **CALL TO ORDER**
Chair Fedel called the meeting to order at 4 pm.
2. **ROLL CALL**
3. **CITIZENS COMMUNICATIONS**
There were no citizens present for citizens communication.
4. **DISCUSSION ITEMS**
    a. Regulation of Natural Medicine Businesses in the City of Ouray
    The Planning Commission directed staff to bring this back as an action item for the November 13th meeting, with modifications in the language of the title of the ordinance and agenda item.
5. **ADJOURNMENT**

Motion to adjourn meeting at 4:21pm. This motion, made by John Wood and seconded by Pat Light, Carried. Glenn Boyd: Yea, Mike Fedel: Yea, Pat Light: Yea, McKenna Sumrak: Yea, John Wood: Yea

_____
Mike Fedel, Chairman

ATTEST:

_____
Kara Rhoades, City Clerk

CERTIFICATION
I, Kara Rhoades, do hereby certify that I am the City Clerk of the City of Ouray, Ouray County, State of Colorado, and that the above minutes are a true and correct summary of the meeting of the Ouray Planning Commission held on Tuesday, October 13, 2026. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this Tuesday, October 13, 2026.

_____
Kara Rhoades, City Clerk

ORDINANCE NO. __ (Series No. 2026)

AN ORDINANCE OF THE CITY OF OURAY, COLORADO, AMENDING THE OURAY MUNICIPAL CODE TO IMPOSE RESTRICTIONS ON THE TIME, PLACE, AND MANNER OF OPERATION OF NATURAL MEDICINE FACILITIES

WHEREAS, the City of Ouray (the "City") acting by and through its City Council has the power to amend the Ouray Municipal Code (the "Municipal Code") pursuant to state statutes, Section 2.7.C. of the Home Rule Charter, and Section 1-3 of the Code, and all such amendments shall become a part of the Code; and

WHEREAS, in 2022, Colorado voters approved "Proposition 122: Access to Natural Psychedelic Substances," which is now codified in C.R.S. §§ 12-170-101 through 117 (the "Natural Medicine Health Act"); and

WHEREAS, the Natural Medicine Health Act allows the supervised use of psychedelic mushrooms by individuals aged 21 and over at licensed facilities and requires the state to create a regulatory structure for the operation of these licensed facilities; and

WHEREAS, the Natural Medicine Health Act prohibits local governments from banning licensed facilities, services, and use of natural medicines permitted by the Natural Medicine Health Act, while allowing local governments to regulate the time, place, and manner of operation of these facilities; and

WHEREAS, the State legislature enacted Senate Bill 23-290, which is codified in C.R.S. §§ 44-50-101 through 904 (the "Colorado Natural Medicine Code"), to create the regulatory structure for the operation of these licensed facilities, which includes the licensing and registration of facilities and related businesses that provide the use, cultivation, manufacture, and testing of these substances; and

WHEREAS, the City Council desires to enact this ordinance to regulate the time, place, and manner of the operation of licenses issued pursuant to the Colorado Natural Medicine Code; to establish the appropriate zoning districts for the operation of licenses issued pursuant to the Colorado Natural Medicine Code; and to establish distance restrictions for buildings where natural medicine services are provided within the vicinity of a child care center; preschool; elementary, middle, junior or high school; or a residential child care facility pursuant to the Colorado Natural Medicine Code

WHEREAS, the City Council finds and determines that the proposed amendment to the Municipal Code outlined herein is reasonably necessary to promote the legitimate public purposes of the public healthy, safety, and welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OURAY, COLORADO, as follows:

SECTION 1: Recitals

The City Council hereby incorporates by reference and conclusively makes the above recitals as findings of fact.

SECTION 2: Amendment to Section 7-4

Section 7-4 of the Municipal Code of the City of Ouray, Colorado is hereby amended with double underlined additions, as set forth in **Exhibit A**.

SECTION 3: Amendment to Section 7-7-A

Section 7-7-A – Table of Allowed Uses of the Municipal Code of the City of Ouray, Colorado is hereby amended with an additional category for Natural Medicine Businesses as shown using double underlined additions, as set forth in **Exhibit A**.

SECTION 4: Amendment to Section 7-7

Section 7-7 of the Municipal Code of the City of Ouray, Colorado is hereby amended with the addition of Section 7-7-L shown in double underlined text, as set forth in **Exhibit A**.

SECTION 5: Effective Date

The provisions of this Ordinance shall become effective thirty (30) days after final publication of the Ordinance in accordance with the Charter.

SECTION 6: Savings Clause

The repeal and amendment of various provisions of the Ouray Municipal Code by this ordinance shall not affect any offense or act committed, any penalty incurred, any contract, right, or duty established or accruing before the effective date of this ordinance.

SECTION 7: Severability

If any clause, sentence, paragraph, or part of this ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect application to other persons or circumstances.

INTRODUCED, READ, APPROVED AS INTRODUCED AND ORDERED PUBLISHED on first reading by _____ vote of the Ouray City Council, this __ day of _____, 2026.

CITY OF OURAY, COLORADO

By_____
Michael Underwood, Mayor

ATTEST:

_____
Michelle Metteer, City Administrator

INTRODUCED, READ, AND ADOPTED on second reading by _____ vote of the Ouray City Council, this __ day of _____, 2026.

CITY OF OURAY, COLORADO

By_____
Michael Underwood, Mayor

ATTEST:

_____
Michelle Metteer, City Administrator

CERTIFICATE OF ATTESTATION

I, Michelle Metteer, Ouray City Administrator, hereby certify that Ordinance No. __ (Series No. 2026), was introduced, read, passed on first reading on November __, *2026. The Ordinance was published, by title and summary, in the Ouray County Plaindealer on November __, 2026, and thereafter introduced, read, and adopted by the Ouray City Council on* _____ __, 2026, and thereafter published in the *Ouray County Plaindealer* as required by law.

_____
Michelle Metteer, City Administrator

EXHIBIT A

The Ouray Municipal Code is hereby amended as follows. Additions are shown in double underlined text.

7-4 Definitions

A. *OLUC Definitions*

*** * * ***

Natural Medicine means psilocybin or psilocyn and other substances described as "natural medicine" in C.R.S. §§ 44-50-101 through 904 (the "Colorado Natural Medicine Code").

Natural Medicine Business has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time, and shall include the following:

1. Natural medicine healing centers;
2. Natural medicine cultivation facilities;
3. Natural medicine products manufacturers;
4. Natural medicine testing facilities; and
5. Any other business entity licensed to perform operations related to natural medicine by the state licensing authority.

Natural Medicine Cultivation Facility has the meaning provided in the Code of Colorado Regulations, Natural Medicine Division, 1 CCR § 213-1, as may be amended from time to time.

Natural Medicine Healing Center has the meaning as "healing center" as provided in the Colorado Natural Medicine Code, as may be amended from time to time.

Natural Medicine Product has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

Natural Medicine Products Manufacturer has the meaning provided in the Code of Colorado Regulations, Natural Medicine Division, 1 CCR § 213-1, as may be amended from time to time.

Natural Medicine Services has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

Natural Medicine Testing Facility has the meaning provided in the Code of Colorado Regulations, Natural Medicine Division, 1 CCR § 213-1, as may be amended from time to time.

* * * *

Participant has the meaning provided in the Colorado Natural Medicine Code, as may be

amended from time to time.

* * * *

Regulated Natural Medicine has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

* * * *

State Licensing Authority has the meaning provided in the Colorado Natural Medicine Code, as may be amended from time to time.

*** * * ***

7-7 Use Regulations

A. *Table of Allowed Uses*

P = Permitted Use		**Blank Cell = Prohibited Use**					
L = License Required							
C = Conditional Use							
Use Category	**Use Type**	**R-1**	**R-2**	**C-1**	**C-2**	**P-1**	**P-2**
* * * *							
Natural Medicine Businesses							
Healing Center	Natural Medicine Healing Center			P	P		
Cultivation, Products Manufacturing, and Testing	Natural Medicine Cultivation Facility			C	C		
	Natural Medicine Products Manufacturer				C		
	Natural Medicine Testing Facility				C		
	Other Business Entity Licensed to Perform				C		

P = Permitted Use		Blank Cell = Prohibited Use					
L = License Required							
C = Conditional Use							
Use Category	**Use Type**	**R-1**	**R-2**	**C-1**	**C-2**	**P-1**	**P-2**
	Operations Related to Natural Medicine						

L. *Natural Medicine*

1. *Zoning*. Natural medicine businesses may be allowed in the zone districts as set forth in the Table of Allowed Uses in Section 7-7-A and if in compliance with the requirements of this Section 7-7-L.

2. *Distance Requirements*. No natural medicine business shall be within three hundred (300) feet as measured by means of the direct pedestrian route of any:

    a. Day care center;
    b. Preschool;
    c. Elementary, middle, junior, or high school; or
    d. Residential child care facility.

3. *Hours of Operation*. The hours of operation of any natural medicine business are restricted to 8:00 a.m. to 10:00 p.m.

4. *Security Plan*. All natural medicine businesses shall have a security plan for the secure storage of natural medicine and natural medicine products approved by the State of Colorado Natural Medicine Division and shall provide the plan to the City prior to beginning operation, and shall provide any updated plans to the City within ten (10) business days.

5. *Public View*. All doorways, windows and other openings of natural medicine business buildings shall be located, covered, or screened in such a manner to prevent a view into the interior from any exterior public or semipublic area. All activities of natural medicine businesses shall occur indoors.

6. *Lighting*. Primary entrances, parking lots and exterior walkways shall be clearly illuminated with downward facing security lights to provide after-dark visibility for facilitators, participants, and employees.

7. *Storage*. All storage for natural medicine businesses shall be located within a permanent building and may not be located within a trailer, tent, or motor vehicle. All storage of regulated natural medicine and regulated natural medicine products shall be in a secured and locked container. Cultivation facilities shall ensure that any natural medicine under cultivation is kept in an enclosed locked area.

8. *Secure Disposal of Natural Medicine*. Natural medicine businesses shall provide secure disposal of natural medicine and natural medicine product remnants or by-products. Natural medicine and natural medicine product remnants or by-products shall not be placed within the facilities' exterior refuse container, nor discharged into any street, alley, or public place, or into any municipal storm sewer and/or system in the City.

9. *Hazardous Materials*. The processing of natural medicine or natural medicine product that includes the use of hazardous materials, including, without limitation, and by way of example, flammable and combustible liquids, carbon dioxide, and liquified petroleum gases, such as butane, is prohibited.

10. *Licenses*. All natural medicine businesses must obtain:

    a. A business license from the City under Section 3-5 of the OMC; and

    b. A license from the state licensing authority pursuant to the conditions set forth in the Colorado Natural Medicine Code.

11. *Indemnification of the City*. By accepting a license issued pursuant to this chapter, a licensee, jointly and severally if more than one, agrees to indemnify and defend the City, its officers, elected officials, employees, attorneys, agents, insurers and self-insurance pool against all liability, claims and demands on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other loss of any kind whatsoever, which arise out of or are in any manner connected with the operation of the natural medicine business that is the subject of the license. The licensee further agrees to investigate, handle, respond to and provide defense for and defend against any such liability, claims or demands at its expense and to bear all other costs and expenses related thereto, including court costs and attorney fees. The City Administrator may require a licensee to execute a written instrument confirming the provisions of this section.

320 6th Avenue
PO Box 468
Ouray, Colorado 81427

CITY OF OURAY COLORADO

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MEMORANDUM

To: City of Ouray Planning Commission

From: Scot Hunn, Contract Community Development Director

Date: November 5, 2026

RE: Proposed Amendments to Chapter 7 – Land Use Development Definitions

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The Planning division has been working with other City departments to address issues related to the administration and enforcement of the City's Short Term Rental (STR) regulations.

The following is offered for discussion purposes by the Planning Commission before staff move forward with an ordinance for Planning Commission and Council review.

Staff request direction on the following proposed amendments to Section 7-4, *Definitions*, of the Ouray Municipal Code:

1. Proposed NEW definitions.
2. Revised or modified definitions.

Background:
STR licenses are required for short term rental units (less than 30 days) within a residential structure (single-family, duplex, or multi-family) and which is categorized and taxed as "residential." Specifically, any "commercial property" (which may include a short term rental within a lodge business) is exempt from the STR excise tax. Currently, the City has a waitlist for Short Term Rental licenses.

Lodging units – typically located within a "Lodging Business" and typically, but not always, located within a commercial zone district – are generally assessed commercially by Ouray County. According to the City's Lodging Occupation Tax and Short Term Rental Excise Tax regulations (Sec. 3-4, Ouray Municipal Code), a Lodging Business (including STRs with a hotel/motel) which is assessed and taxed as *commercial* property is subject to the City's Lodging Occupation Tax but is NOT subject to the City's STR excise tax.

Definitions:

One issue related to the regulation and taxation of Short Term Rentals in Ouray stems from the absence of key definition(s) that would further distinguish between a lodging business and a short term rental. Additionally, some existing definitions create confusion and opportunity for loopholes.

For instance, the City's current definition for "Lodging Business" includes "bed and breakfast" as a type of lodging business. Yet the Ouray Municipal Code does not define "Bed and Breakfast."

Bed and Breakfast establishments are typically considered alongside lodges or other "Commercial Accommodation" businesses such as motels and hotels. They are most often distinguished by two operational requirements or characteristics by definition:

1. They are operated by an owner and/or full-time manager residing on-premises.
2. They include a meal that is prepared for guests on a daily basis as part of the board/charges.

The City has found examples recently where properties located within residential zone districts have been advertised as B&Bs and then re-assessed by Ouray County as commercial (as in a "Lodge"). However, in reality, these properties are being operated more like STRs for lack of either on-site owner/manager and/or a lack of prepared meals.

To address this particular issue, and to strengthen existing definitions, staff is proposing to amend Chapter 7 – *Land Use Development*, Section 7-4 – *Definitions*, OMC, to add or modify the following definitions:

New Definitions:

Bed and Breakfast (New Definition)
Means a single-family dwelling, or any portion thereof, where the following occur:

- One or more rooms in the dwelling are rented to guests on a short-term basis of no more than thirty (30) consecutive calendar days.
- The owner or operator of the dwelling provides guests with one or more prepared meals on a daily basis.
- The owner or operator of the dwelling lives on the premises.
- No cooking and/or dining facilities are provided in any of the rooms being rented to guests.

Principal Use (New Definition)
Means the primary, main, or predominant purpose or activity that a property, structure, or building is intended, designed, occupied, platted, maintained, arranged, and/or used for.

Existing Definitions to be Modified:

NOTE: Text to be removed or modified shown in ~~strikethrough~~ while new/proposed text shown double-underlined.

Lodging Business (Existing, modified)
Means a lodging unit, hotel, motel, lodge, inn, bed and breakfast, or hostel with onsite 24-hour management, used for temporary occupancy for sleeping purposes, rented on a short-term basis of less than thirty (30) consecutive calendar days or as an extended stay hotel, pertaining to properties assessed with a commercial tax rate, and excludes short-term rental as defined herein.

Use (Existing, modified):
Use means a ~~specified activity or~~ purpose ~~for a~~ or activity that a property, structure, or building~~,~~ ~~residence, facility, or other structure for which it~~ is intended, designed, occupied, platted, maintained, arranged, and/or ~~occupied~~ used for.

The addition of "Principal Use" definition is intended to provide the City additional clarity when determining the primary or principal use of a property or structure and the modifications to the City's existing definition of "Use" are intended to better align "Use" and "Principal Use" definitions.