City Council Meeting
04-13-26
Item 1.B.7.

Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Yolanda Bundy, Community Development Director

Approved by: Joseph D. Irvin, City Manager

Date prepared: March 25, 2026 Meeting date: April 13, 2026

Subject: Amendment to Agreement with Granicus, LLC to Provide Short-Term Rental Host Compliance Services

---

RECOMMENDED ACTION: Authorize the Mayor to execute Amendment No. 4 to the Professional Services Agreement with Granicus, LLC for short-term rental administration.

FISCAL IMPACT: Amendment No. 4 will extend the term of the amendment through February 12, 2028, and will increase the contract authority by $37,422 annually to an amount not to exceed $427,197.65. The annual cost has decreased from Amendment No. 3. Funding for this agreement is included in the Adopted Budget for Fiscal Year 2025-26 in Account No. 100-7054-5100 (Finance-Professional Services). The expenditures are offset by Transient Occupancy Tax (TOT) revenues.

STRATEGIC PRIORITY: This item is part of the day-to-day operations identified in the Adopted FY 2025-26 Strategic Priority Project List.

DISCUSSION: The City has partnered with Granicus LLC since 2018 to administer and monitor short-term rental (STR) activity, supporting implementation of the City's STR permitting system and enforcement ordinance adopted in 2020. The agreement has been extended through prior amendments, and although it briefly lapsed during recent negotiations, Granicus continued providing uninterrupted service. Amendment No. 4 reflects an expanded scope of work that enhances the City's ability to monitor and regulate STRs. These enhancements strengthen enforcement and operational efficiency, and approval of the amendment will extend the agreement through February 12, 2028.

Background

In anticipation of adopting an STR ordinance, on February 12, 2018, after conducting a request for proposals (RFP) process, the City executed an agreement with Host Compliance LLC for short-term rental (STR) administration. In November 2019, Host Compliance LLC was acquired by Granicus, LLC (Granicus).

On September 29, 2020, the City Council adopted Ordinance No. 468 (STR Enforcement Ordinance), which created a new permit system to regulate the STR of residential property and went into effect January 15, 2021. In November 2020, the City launched its online STR permitting process, and City staff have been successfully using the Granicus system to process permits and monitor STR listings.

On January 10, 2022, the City Council approved Amendment No. 1 to the agreement to increase the Compensation for Service and extend the term to February 2024. On February 13, 2024, the City Council approved Amendment No. 2 to the agreement to increase the Compensation for Service and extend the term to February 2025. On March 24, 2025, the City Council approved Amendment No. 3 to the agreement to increase the Compensation for Service and extend the term to February 2026.

Amendment No. 4

Staff worked closely with Granicus to negotiate and refine an expanded scope of services that enhances the City's regulatory and enforcement capabilities. The Amendment includes several valuable additions that improve data accuracy, compliance monitoring, and operational efficiency.

These enhancements include a Rental Activity Audit feature, which provides ongoing monitoring of STR listings, including historical revenue estimates and occupancy trends. A Destroyed Property Filtering function allows the City to maintain and upload a list of parcels that are uninhabitable—such as red-tagged or wildfire-damaged properties—ensuring they are excluded from monitoring and enforcement activities unless new listing activity occurs.

Additionally, Night-Cap Monitoring tools will enable staff to track estimated booking activity and identify listings that may exceed locally adopted night limits, supported by reporting and alert features. The inclusion of TOT Revenue Comparison capabilities will allow staff to evaluate estimated rental activity against reported TOT submissions, strengthening audit and compliance efforts. Finally, Planning and Zoning Cross-Check functionality will allow integration of City-provided parcel, zoning, and permitting data to identify STR listings that may not be eligible to operate under local regulations.

Collectively, these enhancements represent a significant improvement in the City's ability to proactively monitor, regulate, and enforce STR activity, while leveraging Granicus' continued service and technical expertise.

Due to current staff priorities related to post-fire recovery efforts, a Request for Proposals (RFP) was not conducted at this time. This Amendment includes a two-year term to maintain service continuity while allowing staff to complete a competitive procurement process. An RFP is anticipated within the next year, with a new agreement in place prior to the expiration of this Amendment.

CONCLUSION: Staff recommends that the City Council authorize the Mayor to execute Amendment No. 4 to the Professional Services Agreement with Granicus, LLC, extending the term until February 12, 2028, expanding the scope of work, and increasing the overall compensation for services.

ATTACHMENT:

1. Amendment No. 4 to the Professional Services Agreement with Granicus, LLC

Docusign Envelope ID: A7691899-628E-4CDE-8ADC-D56CE350E9EC

AMENDMENT NO. 4 TO AGREEMENT

THIS AMENDMENT NO. 4 TO AGREEMENT ("Amendment No. 4") is made and entered in the City of Malibu on April 13, 2026, by and between the CITY OF MALIBU, a municipal corporation, hereinafter referred to as City, and Granicus, LLC, a Minnesota limited liability company, hereinafter referred to as Consultant. City and Consultant are each a "Party" and collectively, the "Parties."

The City and the Consultant agree as follows:

R E C I T A L S

A. On February 13, 2018, the City entered into an Agreement with Host Compliance LLC for consulting and software services related to permitting, compliance monitoring, and enforcement of the City's code, regulations, and tax rules related to short-term rentals (the "Agreement").

B. On November 8, 2019, Host Compliance LLC was acquired by Granicus, LLC, a Minnesota limited liability company, and City and Host Compliance LLC assigned the Agreement to Granicus, LLC.

C. On January 10, 2022, the City entered into Amendment No. 1 with Consultant to extend the term, amend the scope of Consultant's services, Consultant's notice information, and indemnification procedures, modify the billing period and procedures on termination, file retention, and data breaches, remove provisions related to limitations of liability and potential remedies for breach, add terms regarding confidentiality and a warranty on Consultant's services, and increase the Compensation for Services by $80,244.38.

D. On May 28, 2024, the City entered into Amendment No. 2 with Consultant to extend the term, and increase the Compensation for Services by $46,081.19.

E. On March 24, 2025, the City entered into Amendment No. 3 with Consultant to extend the term, and increase the Compensation for Services by $42,128.08.

F. The City desires to amend the Agreement to extend the term by two years, amend the Scope of Work, and increase the Compensation for Services by $37,422 annually, not-to-exceed amount of $427,197.65, and Consultant has submitted a proposal for this purpose that is acceptable to the City.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. Section 2.0 – Term of Agreement, of the Agreement, is hereby amended to read as follows:

> **2.0 TERM OF AGREEMENT.** This Agreement will become effective on February 13, 2018 and will remain in effect until February 12, 2028, unless otherwise expressly extended and agreed to by both parties or terminated by either party as provided herein.

2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended to read as follows:

> **4.0 COMPENSATION FOR SERVICES.** The City shall pay the Consultant for its professional services rendered and costs incurred pursuant to this Agreement in accordance with the Scope of Work's fee and cost schedule attached hereto as Exhibit B and incorporated herein by reference. If any part of Exhibit B is inconsistent with the terms of this Agreement, the terms of this Agreement shall control. The cost of service shall not exceed $37,422 per year, for a total not-to-exceed amount of $74,844 for the period of the agreement from February 13, 2026 until February 12, 2028. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager, or his designee.

Docusign Envelope ID: A7691899-628E-4CDE-8ADC-D56CE350E9EC

3. The Parties agree to replace the Scope of Work attached to the Agreement as Exhibit A with the Scope of Work attached to this Amendment No. 4 as Exhibit A – SCOPE OF WORK.

4. The Parties further agree to attach the fee and cost schedule, attached to this Amendment No. 4 as Exhibit B - COMPENSATION FOR SERVICES, to the Agreement as Exhibit B.

5. The Parties further agree that this Amendment No. 4 will be considered signed when the signature of a party is delivered physically or by facsimile transmission or scanned and delivered via electronic mail. Such facsimile or electronic mail copies will be treated in all respects as having the same effect as an original signature.

6. All terms and conditions of the Agreement not amended by this Amendment No. 4 remain in full force and effect.

This Agreement is executed on _____, at Malibu, California, and effective as of April 13, 2026.

CITY OF MALIBU:

_____
BRUCE SILVERSTEIN, Mayor

ATTEST:

_____
KELSEY PETTIJOHN, City Clerk
(seal)

APPROVED AS TO FORM:

_____
TREVOR RUSIN, Interim City Attorney

CONSULTANT:
Granicus, LLC, a Minnesota limited liability company

Signed by:
Jessica Shubbie
D74FCAA069AE49F...

By: JESSICA SHUBBIE
Title: Manager, Renewals

Docusign Envelope ID: A7691899-628E-4CDE-8ADC-D56CE350E9EC

EXHIBIT A
SCOPE OF WORK

Mobile Permitting and Registration
Mobile-enabled online forms and back-end systems for streamlining the registration, licensing, and permitting of individual short-term rental hosts. These registration forms and workflows include:

- Parcel Number lookup and validation
- E-Signatures
- ACH, Debit, and Credit Payments exclusively powered by Stripe.com
- Registration Number & Certificate creation
- Document Upload
- Renewals
- Email confirmation
- Admin approval & denial

Address Identification and Monitoring
State-of-the-art software provides ongoing monitoring of short-term rental platforms including major platforms such as Airbnb, VRBO, Booking.com, and FlipKey. Continual review and update of software to align with the evolving state of the platforms to provide a comprehensive dataset. Machine learning will deduplicate all known Listings into unique Rental Units, where the identification team will provide owner contact information for further enforcement. This product includes:

- Ongoing monitoring of all listings in your jurisdiction
- Updating listing activity and details on a regular basis
- Screenshot activity of every active listing
- Deduplication of listings into unique Rental Units
- Activity dashboard and map to monitor trends and breakdown of compliance

Compliance Outreach
Compliance monitoring provides up-to-date information for each identified Rental Unit and its compliance status. Will configure City of Malibu compliance definition specific to jurisdiction rules and ordinances in order to provide up-to-date compliance status of each identified Rental Unit. Additionally, this product will:

- Allow your team to send letters to noncompliant properties 24/7
- Configure letter templates with your branding and letterhead
- Add as many letter sequences as you need for escalation
- Monitor properties that become compliant after letter enforcement

Rental Activity Audit
Ongoing monitoring of Short Term Rental listings for signs of rental activity including historical revenue estimates & occupancy. Coupled with our Tax Collection product, users can also compare historical revenue estimates to actual reported revenue to identify those that may be underreporting and underpaying sales tax (i.e., TOT).

The following capabilities shall be configured, activated, or made available within the Granicus Short-Term Rental Compliance platform using existing system functionality where feasible.

Docusign Envelope ID: A7691899-628E-4CDE-8ADC-D56CE350E9EC

Configuration and activation of existing platform features required to support these capabilities shall be included as part of the Vendor's subscription services and shall not require additional licensing, setup, or service fees unless the City requests new modules, products, or services not included in the current agreement.

Destroyed Property Filtering
The system shall allow the City to upload and maintain a list of parcels identified as destroyed, red-tagged, or otherwise uninhabitable (e.g., wildfire-damaged properties). These parcels shall be flagged and excluded from active monitoring, compliance reports, and outreach unless new listing activity is detected.

Night-Cap Monitoring
The platform shall provide tools to monitor estimated booking activity and identify listings that may exceed locally adopted short-term rental night limits. Reporting and alert capabilities shall be available to assist staff in identifying potential violations.

Transient Occupancy Tax (TOT) Revenue Comparison
The platform shall provide estimated rental activity, revenue, and occupancy data through the Rental Activity Audit feature to allow comparison with reported TOT submissions for compliance review and audit support.

Planning and Zoning Cross-Check
Where parcel, zoning, or permitting datasets are provided by the City, the platform shall allow cross-referencing of short-term rental listings to assist staff in identifying properties that may not be eligible to operate as short-term rentals.

Docusign Envelope ID: A7691899-628E-4CDE-8ADC-D56CE350E9EC

EXHIBIT B
COMPENSATION FOR SERVICES

The City shall pay the Contractor for its professional services rendered and costs incurred pursuant to this Agreement in accordance with the Scope of Work's fee and cost schedule. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager or designee.

Compensation for 2-Year Term: $74,844
Not-to-exceed an annual estimated budget of $37,422

Above pricing assumes fewer than 1000 unique short-term rental listings in the City of Malibu's jurisdiction.

Estimated Future Annual Pricing

Solution	Billing Frequency	Quantity/ Unit	Annual Fee
Mobile Permitting and Registration	Annual	1 Each	$5,250
Address Identification and Monitoring	Annual	1 Each	$18,207
Compliance Outreach	Annual	1 Each	$5,985
Rental Activity Audit	Annual	1 Each	$7,980
		SUBTOTAL	$37,422