



mesa·az City Council Report

Date: August 27, 2018
To: City Council
Through: Mike Kennington, Chief Financial Officer
From: Ed Quedens, Business Services Department Director
Tim Meyer, Business Licensing and Revenue Collections Administrator
Subject: Business Services Fees and Charges
(Citywide)

Purpose and Recommendation

The purpose of this report is to recommend changes to the Business Services Department's fees and charges schedule to reflect the proposed City Ordinance recommendation for Automated Kiosks. The Business Services Department requests Council approval to implement fees related to these businesses.

Background and Discussion

During the past couple years, the company ECOATM, which operates kiosks where used consumer electronic devices may be sold or recycled, has been working with various cities within the Phoenix Metro area and the League of Arizona Cities and Towns (League) to develop model regulations for its industry. The primary item ECOATM accepts at their kiosks are cell phones. Many are not functional or are outdated. Other items are iPads, tablets, laptops and smart watches. Due to the low monetary value of many of the items they accept through their kiosks for resale or to recycle, the current municipal codes in Arizona make it difficult to remain compliant and profitable. To get a consistent code throughout all municipalities, the League offered to work with ECOATM and municipal representatives to negotiate a model code the municipalities would support. Mesa staff assisted in the drafting of the model ordinance which formed the basis for the Mesa Automated Kiosk Ordinance. The proposed resolution would implement the fees based on the changes to the city code. The fees apply to all automated, secondhand kiosk operators who wish to accept used consumer electronic devices via a kiosk, not just ECOATM. There are currently no existing secondhand merchandise kiosks in Mesa city limits.

The proposal includes a one-time master application fee of \$500, a \$500 license fee per kiosk, and a \$500 yearly renewal fee for each licensed kiosk. In return, automated kiosk operators, who would otherwise be considered a secondhand dealer under the City Code, would not have to pay for transaction reporting forms on a per form basis. Kiosk operators will still report all transactions to the Police Department.

Currently, all secondhand dealers pay for transaction reporting forms at a cost of \$3 per form via the Pawn Transaction Fee on the Police Department's fee schedule. The current second-hand license fees are a \$100 application fee, \$100 license fee and a \$100 yearly renewal fee.

Alternatives

An alternative to not adopting a separate ordinance to address automated kiosk operators is to continue licensing them under the current secondhand code and leave the current processes and fees in place.

Fiscal Impact

Total estimated FY19 impact is a loss of approximately \$10,800. Based on City of Tucson numbers, the loss per kiosk is approximately \$2,700 per year. ECOATM estimates 4 kiosks in FY19 and more kiosks to be added as demand warrants.

Business model is to recycle merchandise that has little to no value.