



mesa·az Council Report

Date: August 20, 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: Automated Kiosk Ordinance and Proposed Fees (Citywide)

Purpose and Recommendation

The purpose of this report is to recommend Council adoption of an ordinance to license kiosks accepting used consumer electronic merchandise within the City of Mesa separately from the current secondhand code. A modification of the Schedule of Fees and Charges for associated fees is also recommended. Kiosks have a slightly different business model.

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 worked with various cities within the Phoenix Metro area and the League of Arizona Cities and Towns (League) to develop model regulations for its industry. 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 staff is seeking approval of. The proposed ordinance provides regulations that the City of Mesa Police Department and Licensing can support and recommend to Council. The ordinance applies to all kiosk operators who wish to accept used consumer electronic devices via a kiosk, not just ECOATM. The primary item ECOATM accepts at their kiosks are cell phones, many of which are not functional or are outdated. Other items accepted at ECOATM kiosks are iPads, tablets, laptops and smart watches.

The proposal includes a one-time master application fee of \$500, a \$500 license fee per kiosk, and a yearly renewal fee of \$500 per kiosk license. 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. The proposal eliminates this fee for automated kiosk operators and replaces it with the above-mentioned fees. The current secondhand 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.