



Fees and Charges Report

Date: June 3, 2024

To: City Council

Through: Michael Kennington, Deputy City Manager/Chief Financial Officer

From: Edward Quedens, Business Services Director
Doug Fugate, Business License and Revenue Collections Administrator

Subject: Business Services Department Update to Schedule of Fees and Charges, Citywide

Purpose and Recommendation

The Business Services Department recommends clarifying the wording for the Short-Term Rental (STR) License Fee and adding a line for the Annual Renewal fee. The Department also recommends removing the CATV Licensing from the Fee Schedule. If approved by City Council, the changes will take effect July 1, 2024.

Background

The **Short-Term Rental Code** (Mesa City Code, Title 5, Chapter 15) includes a fee per year per rental unit. On January 9, 2023, Council approved establishing the fee at \$250.

The Engineering Department has processed **CATV License** agreements for approximately 5 years and should no longer be shown on the Business Services Fee Schedule.

Discussion

Short Term Rental

The City Code states that a separate license is required for each short-term rental and that the license is valid for one (1) year (5-15-3 B). The fee was established in the Schedule of Fees as "\$250.00 One year per property." The Department recommends revising the unit at which the fee is charged to "One Year Per Short Term Rental" to align with City Code.

The Department also recommends adding an "Annual Renewal Fee" for consistency with the layout of other fees in the Department's fee schedule. This is not a new fee as the Code and current fee schedule specify the license as "one year."

Code definition (5-15-2): **SHORT-TERM RENTAL:** Any individually or collectively owned residential unit, dwelling unit, or individual unit or group of units in a condominium, cooperative, or timeshare that is also a transient public lodging establishment or owner-occupied residential home offered for transient use that is not classified for property taxation under A.R.S. § 42-12001. A "short-term rental" is also commonly referred to as a "vacation rental."

5-15-3: - LICENSING REQUIREMENTS

- A. A person shall not offer for rent or rent a short-term rental within the City without a valid license issued pursuant to this Chapter. Each day a short-term rental is operated without a valid license constitutes a separate offense.
- B. A separate license is required for each short-term rental. A license is valid for one (1) year from the date of issuance or renewal. A license is non-transferable and non-assignable. Attempted transfer or assignment will void the license and all fees paid will be forfeited.

CATV Licensing

State statute states that television providers, referenced as "video service providers," that provide cable television services, programs, or signals, must obtain a Uniform Video Service License Agreement from the City of Mesa. Statute allows the City to charge a fee to these video service providers based on the percentage of gross revenue the company generates from its use of the right of way.

Engineering has processed these license agreements for approximately 5 years. Following City Ordinance, the City Council adopted a form of license with a set fee of 5% of gross revenue. New licenses are approved administratively using that form. Because the CATV License is included in the City Ordinance, it does not need to be part of any Fee Schedule.

Alternatives

The alternative is to leave the wording as currently stated, which may lead to some confusion by Licensees.

Fiscal Impact

No fiscal impact. The fee is currently being applied as established in the City Code. This is simply clarification of the wording.

Fees & Charges Schedule – Key

Heading Configuration

<u>Schedule of Fees & Charges</u>
Department
Contact Information
HEADING 1
HEADING 2
<i>Heading 3</i>
Description of Fee
Description of Fee 2

Font Indications

Font	Font Indications
Regular Font	Existing fee or language
Strikethrough	Fee or language will be deleted from the Fee Schedule
BOLD CAPS	Language is being added to Fee Schedule
Bold	New or increased Fee Amount

Schedule of Fees & Charges

Exhibit A – CATV Licensing

Department: Business Services

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Revenue Source Code	Total Fiscal Impact	Notes
Cable T.V. Franchise Revenue	Varies per Contract — Negotiated with Council		% of gross receipts	1101-4106		This is part of City Ordinance
Note: All of the above fees are part of a contractual agreement, usually for a term of 10 years, between the service provider and the City of Mesa, subject to the approval of the City Council.						

Estimated Total Annual Fiscal Impact: \$0.00

Schedule of Fees & Charges

Exhibit B – Revenue Collection Operations

Department: Business Services

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Revenue Source Code	Total Fiscal Impact	Notes
Short-Term Rental						
License Fee	\$250.00		One Year Per Property ONE YEAR PER SHORT TERM RENTAL	1101-4101		Unit changed to align with City Code
ANNUAL RENEWAL FEE		\$250.00	ONE YEAR PER SHORT TERM RENTAL			This is not a new fee but will provide consistency with similar fees listed in the schedule.

Estimated Total Annual Fiscal Impact:

\$0.00