

AUDIT, FINANCE & ENTERPRISE COMMITTEE

March 15, 2021

The Audit, Finance & Enterprise Committee of the City of Mesa met via a virtual format streamed into the lower-level meeting room of the Council Chambers, 57 East 1st Street, on March 15, 2021, at 4:15 p.m.

COMMITTEE PRESENT

Mark Freeman, Chairman*
Jennifer Duff*
David Luna*

COMMITTEE ABSENT

None

STAFF PRESENT

Christopher Brady*
Mike Kennington
Holly Moseley
Bill Taebel

(*Participated in the meeting through the use of video conference equipment.)

Chairman Freeman conducted a roll call.

1. Items from citizens present:

There were no items from citizens present.

2-a. Hear a presentation, discuss, and provide a recommendation on updates to the City Code related to the following specialty licenses and related fees:

1. Mobile Food Truck License (New)
2. Peddler License (Updates)
3. Special Event License (Updates)

Business Services Department Director Ed Quedens introduced Business Licensing and Revenue Collections Administrator Tim Meyer, who displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Quedens reminded the Committeemembers that the proposed changes to the ordinance were brought forward last year before COVID and were put on pause to deal with the pandemic. He mentioned the changes are being brought back this budget cycle for consideration.

Mr. Meyer stated currently, food vendors are regulated through the peddler code and the desire is to create a new mobile food vending code with separate regulations. He mentioned the change is to protect the public health and establish minimum standards for operators. He said the new license will require only the owner/operator to complete a background check, will establish parking guidelines and insurance requirements, and will provide consistent licensing

guidelines between local cities and towns. He noted the fee will remain consistent with the peddler fee. (See Pages 3 and 4 of Attachment 1)

In response to a series of questions from Committeemember Duff, Mr. Meyer explained the new code will greatly reduce the amount of time an owner will have to wait for a license. He added the code will cut down on the red tape, expense, and time. He estimated the turnaround time would be reduced to two to three weeks, depending on the number of requests received.

In response to a series of questions from Committeemember Luna regarding whether an organized event must have a license and whether each food truck needs a license, Mr. Meyer clarified depending on the location of the truck and what the zoning is for that location will affect whether a special event license is needed. He commented each truck will need a mobile food vending license and sales tax license which can be used anywhere throughout the city for one year. He said ice cream carts would fall under the peddler code.

In response to a question posed by Chairman Freeman regarding the cost of the mobile food vendor license, Mr. Meyer reported the cost will be \$100 per year and the fingerprint process is separate. He remarked the license enforcement department conducts random checks for license compliance; and based on priority, the Mesa Police Department would respond if an operator needed to be cited.

Mr. Meyer advised at present the peddler's license deals with peddlers, solicitors, and transient merchants, and the proposed change will remove the transient merchant portion. He explained a peddler is an uninvited person selling products door to door and will be required to have fingerprinting and background checks; however, solicitors setting up and selling goods at a particular event or location will not have that requirement. (See Page 7 of Attachment 1)

Mr. Meyer highlighted exemptions of the peddler license requirement include circumstances where individuals are selling on behalf of a non-profit, such as minors selling Girl Scout cookies, special events, and individuals selling handmade products, and will not require a license. (See Page 8 of Attachment 1)

In response to a question posed by Committeemember Luna regarding how the City will inform door-to-door salespeople that a license is required, Mr. Meyer explained outreach will include adding language on the City's website and social media to inform the community that licensing is required.

In response to a question from Committeemember Duff with respect to whether a peddler is required to carry the license, Mr. Meyer advised a peddler should carry the license and should display it if requested or would be in violation of the code.

In response to Chairman Freeman's question regarding whether craft fairs are exempt, Mr. Meyer indicated selling homemade merchandise does not require a peddler license but would still need a sales tax license.

Mr. Meyer recapped the special event license which applies to any event that requires a temporary exemption from the zoning code. He gave the example of setting up an event in a parking lot. He reviewed the process and fees for the special event license. (See Page 11 of Attachment 1)

Mr. Meyer outlined the proposed changes to the code include establishing a license for small-scale events, an expedited application review, requiring submission of a vendor list prior to issuing the license, and expansion of the ability to deny or revoke a license. (See Pages 12 and 13 of Attachment 1)

Mr. Meyer stated the changes are citizen friendly, make the process easier and quicker while allowing for accountability to deal with individuals not following the code.

In response to a question from Committeemember Duff, Mr. Meyer affirmed that a transaction privilege tax (TPT) license is handled by the State with designations for each city they will conduct business. He remarked the City of Mesa only verifies the TPT license.

Chairman Freeman thanked staff for the presentation.

It was moved by Committeemember Duff, seconded by Committeemember Luna, that the updates to the City Code related to mobile food truck, peddler, and special event licenses be forwarded to the full Council for discussion and consideration.

Upon tabulation of votes, it showed:

AYES – Freeman-Duff-Luna

NAYS – None

Carried unanimously.

2-b. Hear a presentation, discuss, and provide a recommendation on fees and charges related to the Development Services and Business Services Departments.

Budget Coordinator Samuel Schultz displayed a PowerPoint presentation outlining the fees and charges recommendations for Fiscal Year (FY) 21/22. **(See Attachment 2)**

Mr. Schultz commented citywide fees and charges are reviewed annually, looking for market comparisons for the current fees, as well as reviewing the cost of providing the service. He mentioned the intent is to cover the cost of the services, not to make a profit. He noted the proposed effective date is July 1, 2021 and the estimated fiscal impact is a reduction of just under \$4,000. (See Page 2 of Attachment 2)

Mr. Schultz advised recommended changes for the Business Services Department include eliminating the peddler quarterly license fee of \$30 and maintaining an annual fee of \$100 with a \$10 application fee, as well as adding the mobile food vendor license. He remarked these changes will have no fiscal impact to the City. (See Page 4 of Attachment 2)

Mr. Schultz outlined the proposed special events fees. He mentioned additions include adding a \$50 fee for small-scale events, which do not include Police, Fire, and Transportation reviews; adding a 50% recovery cost fee for expediting applications in under 14 days; and lastly, introducing a reduction in fees for applicants booking up to six events at a time. He noted the total fiscal impact for Business Services is zero. (See Page 5 of Attachment 2)

Mr. Schultz highlighted the Development Services (DS) proposed fee changes which include modifying the per hour fee from \$110 to \$120 per hour for an estimated fiscal impact of \$17,000. He stated combining the preliminary plan approval fee and subdivision review fee into one offers a savings to the applicant due to the reduction in staff time required. He estimated the fiscal impact of the DS modifications to be a reduction of \$3,887. (See Page 6 of Attachment 2)

In response to a question from Chairman Freeman regarding the cost recovery for the departments, City Manager Christopher Brady clarified the per hour fee is going up to cover the increased labor costs, but the costs are basically offset by the new technology used to process the applications more efficiently.

Mr. Schultz highlighted the next steps and, if approved, the adjustments would take effect July 1, 2021. (See Page 7 of Attachment 2).

It was moved by Committeemember Luna, seconded by Committeemember Duff, that the proposed fees and charges related to Development Services and Business Services be forwarded to the full Council for discussion and consideration.

Upon tabulation of votes, it showed:

AYES – Freeman-Duff-Luna
NAYS – None

Carried unanimously.

Chairman Freeman thanked Mr. Schultz for the presentation.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 4:48 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Audit, Finance & Enterprise Committee meeting of the City of Mesa, Arizona, held on the 15th day of March 2021. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK



Licenses Updates

**Tim Meyer, Business Licensing and Revenue
Collections Administrator**

Business Services Department

Date March 15, 2021



Mobile Food Vendor License



New License Highlights

- Remove Mobile Food Vendors from Peddler Code
- Protect Public Health
- Driven from State Legislation
- Establishes minimum standards for operators
 - State Department of Health Services license
 - State Tax License
 - Annual Fire Safety Inspection
 - Trash and Litter, Noise, Lighting, Security
 - Pedestrian Safety

New License Highlights

- Transfers background check from all employees to owner/operator
- Establishes parking guidelines and standards
 - Residential areas, City property and ROW, parking spaces
- Establishes Insurance Requirements
- Establishes penalties and appeals process for non-compliance
- Consistent licensing guidelines for Cities/Towns
- License fee same as they pay today as Peddler

Direction Requested

- Move forward to Council with the new Mobile Food Vendor code?

Peddler License

UPDATE



Who Will Need a Peddler License?

Main goal—Health, Safety and Welfare

- Anyone who is:
 - Going door to door selling a product/service or taking orders for a product/service
 - Requires fingerprinting and background check
 - Selling or taking orders for a product/service anywhere else other than door to door
 - No fingerprinting and background check

Who Will Not Need a Peddler License?

Lower Risk Licensees

- Selling or taking orders on behalf of a non-profit (Incl. minors)
- Anyone participating in a licensed special event
- Anyone selling only products grown by the seller or being sold on behalf of the producer

AND

- Anyone selling only handmade products at a craft fair
- Licensed Mobile Food Vendors
- Any person already exempted by law

Direction Requested

- Move forward to Council with the Peddler Code changes?

Special Event License

UPDATE



ARIZONA
CELEBRATION OF
FREEDOM



Current Special Event Process/Fee

- Applies to any event that requires a temporary exemption from the zoning code
- Generally, take 14-60 days to get approved, depending on the size and complexity, the number of departments involved, and the concessions each side has to negotiate
- One basic application that has attachments for specific variations
- Current fee for any size event \$100 a day, max 4 days, max \$300 per event

Proposed Changes to the Code

- Establish license for small-scale events (Police, Fire and Transportation review not required)
 - \$50 for small-scale event (max 4 days)
- Establish expedited application review and new fee
 - Application is submitted less than 14 days prior to the event date for a small event, 30 days prior if a large event, and 60 days prior if major street closure(s) are involved.
- 50% additional fee if submitted after the minimum days above

Proposed Changes to the Code

- Require a complete vendor list be submitted prior to the license being issued
- Expand reasons to deny or revoke a license
 - Previous event history/issues

Direction Requested

- Move forward to Council with the Special Event Code changes?

research.n





Fees and Charges Recommendations

Audit, Finance, and Enterprise
Committee

Samuel Schultz

Budget Coordinator

Office of Management and Budget

March 15, 2021



Fees and Charges Process and Recommendation

- Market comparisons conducted
- Cost of providing service and applicability of fee evaluated
- Advisory board and partner outreach
- Full listing of recommended adjustments/additions/deletions are included in the report
- Proposed effective date: July 1, 2021
- Estimated fiscal impact of all recommendations is a reduction of \$3,887

Departments recommending modifications



Business Services



Development Services



Business Services Department



Recommendation: ***Modify peddler and mobile food vendor fee and add new special event fees***

- ***Eliminate*** the Peddler quarterly license fee option of \$30 and ***maintain*** an annual fee of \$100 and a \$10 application fee to simplify the fee structure
- **No significant fiscal impact**
- ***Add*** a Mobile Food Vendor License with an annual fee of \$100 and a \$10 application fee
- **No fiscal impact**



Business Services Department



Recommendation: *Modify peddler and mobile food vendor fee and add new special event fees*

Special Events:

- **Add** a \$50 fee for small-scale events to better address needs of community
 - Police, Fire, and Transportation review not required
 - Fiscal impact : - \$150
- **Add** a fee for expediting applications to recover cost of service
 - Additional 50% charge of Fee
 - Fiscal impact : + \$350
- **Add** a reduced fee for multiple events due to reduced staff time
 - 50% reduction to total multi-event fee (Up to 6 events)
 - Fiscal impact : - \$200

Total Estimated Fiscal Impact:

\$0

Development Services Department



https://www.eastvalleyjournal.com/news/downtown-mesa-s-revolution-in-full-throttle/article_26ba5347-4781-11ea-bed2-9326b36d5d4d.html

Recommendation: ***Modify hourly rate fee, combine planning fee, and increase zoning verification letter fee***

- **Modify** hourly cost from \$110 per hour to \$120 per hour due to increase in cost of service
 - Modification to 30 fees
 - **Fiscal Impact : + \$17,000**
- **Combine** the Preliminary Plan Approval fee and Subdivision Review fee into one fee of \$2991 plus \$130/lot fees to reflect the new simplified process and the resulting reduction in staff time
- Current Fees being combined:
 - Subdivision Technical Review at \$1,944 plus \$65/lot
 - Preliminary Plat Approval at \$1,944 plus \$65/lot
 - **Fiscal Impact : - \$40,887**
- **Increase** the Zoning Verification Letter fee from \$100 per parcel to \$240 per parcel to cover cost of service (2 hrs)
 - **Fiscal Impact : + \$20,000**

Total Estimated Fiscal Impact:

- \$3,887

Next Steps:

- City Council to consider proposed fee and license amendments on **May 17, 2021**

If approved by City Council, fee adjustments are effective **July 1, 2021**

