



## AUDIT, FINANCE & ENTERPRISE COMMITTEE

February 24, 2020

The Audit, Finance & Enterprise Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 24, at 4:00 p.m.

### COMMITTEE PRESENT

Jennifer Duff, Chairperson  
Mark Freeman  
David Luna

### COMMITTEE ABSENT

None

### STAFF PRESENT

Michael Kennington  
Dee Ann Mickelsen  
Bill Taebel

#### 1. Items from citizens present.

There were no items from citizens present.

#### 2-a. Hear a presentation, discuss and provide a recommendation on proposed revisions to the Mesa City Code for Police Alarm Permits and related fees.

Business Services Director Ed Quedens introduced Management Assistant Tom LaVell who displayed a PowerPoint presentation. **(See Attachment 1)** He commented that the types of alarms provided by the City are for residential and businesses to detect unauthorized access or to manually activate in the case of an emergency.

Mr. LaVell stated the purpose of the ordinance is to encourage reliability in the alarm services, reduce the amount of police response calls from false alarms versus actual criminal activity, and documentation of the responsible parties for installed alarm systems. (See Page 2 of Attachment 1)

In response to multiple questions from Committeemembers Freeman and Luna, Senior Program Assistant Brenda Thorek stated there is currently a 98% false alarm rate with a 2% actual burglary call rate. She mentioned in 2019 just over 10,000 false alarms occurred for both residential and businesses. She explained the call volume is tallied and then separated by police districts. She added depending on the type of call, two to four Police officers may be dispatched.

Ms. Thorek explained the difference between a burglary alarm and panic/hold-up alarm. She commented for a burglary call the alarm company will contact the customer two times prior to dispatching police, and with the panic/hold-up alarm function the company will automatically

send out police and the representative must stay on the phone until the officer provides a codeword.

In response to a question from Committeemember Freeman, Ms. Thorek explained the system can be dual functioning for fire, burglary and panic/hold-up depending on how the alarm company installs the system.

Mr. LaVell presented the two types of alarm licenses issued to residential and commercial applicants. (See Page 3 of Attachment 1)

Mr. LaVell proposed updating the current ordinance to reflect changes made in 2012 when the State of Arizona assumed responsibility for licensing alarm companies, whereas previously each jurisdiction issued their own licenses. He proposed updating and simplifying the schedule of fees and charges by consolidating the two \$10 licensed alarm permits to one \$20 permit, and to waive fees for the first occurrence of a burglary false alarm. (See Pages 4 through 7 of Attachment 1)

In response to a question from Committeemember Luna in regard to false alarm costs, Mr. LaVell stated the first false alarm is \$50 and the second is \$100.

In response to a question from Committeemember Luna, Ms. Thorek responded the cost for dispatching police would not be covered until the third false alarm.

Mr. Quedens mentioned a provision in the ordinance that allows customers to take a class in order to have the false alarm fee waived, but the course will be eliminated when the code is updated.

In response to a question from Committeemember Luna, Ms. Thorek stated she teaches the two-hour class alongside Police Lieutenant Bryan Soller.

In response to multiple questions from Committeemember Freeman, Ms. Thorek stated other cities do not charge first false alarm fees, but the licensing fees are primarily the same.

In response to a question from Chairperson Duff, Ms. Thorek reported there has been a 25% increase in alarm permits per year since home security systems became popular.

Chairperson Duff affirmed consensus in moving forward to Council the proposed revisions for Police Alarm Permits and related fees.

2-b. Hear a presentation, discuss and provide a recommendation on a proposed Business License program and related fees.

Business Services Director Ed Quedens introduced Business Licensing and Revenue Collections Administrator Tim Meyer who displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Meyer reported Phoenix, Tempe and Mesa are the only cities where a business license is not required. (See Pages 2 and 3 of Attachment 2)

Mr. Meyer listed the benefits of having a business license and stated there are 30,000 Transaction Privilege Tax (TPT) businesses in Mesa. He estimated Mesa will have 25,000 to 35,000 service business licenses. (See Pages 4 and 5 of Attachment 2)

Mr. Meyer commented that taxable, service and home-based businesses will need a business license. He continued by saying out of state businesses, residential rental properties, real estate brokers, agents and property managers, insurance agents, wholesale liquor distributors, government agencies, schools and transient merchants do not need a business license to operate. (See Pages 6 through 8 of Attachment 2)

Mr. Meyer recommended hiring two full time staff members at a cost of \$141,096 per year to administer the business license program. (See Page 9 of Attachment 2)

Mr. Meyer stated staff is proposing an annual Business License fee of five dollars. He pointed out Mesa would have the lowest cost compared to surrounding cities. (See Pages 10 and 11 of Attachment 2)

In response to a question from Committeemember Freeman, Mr. Meyer explained the departments current technology system will accommodate the business license process.

In response to a question from Committeemember Luna, Mr. Meyer stated by keeping the fee low it would ensure more business owners would apply for a license.

In response to a question from Committeemember Freeman, Mr. Meyer advised this would be an annual business license fee.

In response to a series of questions from Chairperson Duff, Mr. Meyer stated the main goal is to have business owners register for the licenses online by filling out a simple application and paying the five-dollar annual fee. He explained there is a first time TPT fee of \$30 and an annual renewal fee of \$20.

In response to a series of questions from Chairperson Duff, Mr. Quedens noted businesses with a TPT license will also need a business license because the City cannot obtain information about the businesses through the Arizona Department of Revenue, who administers the TPT license.

In response to a question from Chairperson Duff, Mr. Meyer clarified all businesses would need a license, except for transient merchants.

In response to a question posed by Chairperson Duff, Mr. Quedens explained the current proposal has no penalty for not signing up for a business license. He continued by saying the City wants to encourage business owners to sign up instead of penalizing the owner.

Committeemember Freeman suggested raising the annual fee to \$10 and referring to Council to consider.

Chairperson Duff commented that she understands the proposed Business License fee from the City's perspective, but also as a small business owner. She continued by saying there are

plenty of fees that come with running a small business and recommended keeping the rate between five to ten dollars to encourage business owners to sign-up for the license.

Chairperson Duff affirmed consensus moving this item forward to Council with the recommended fee change.

2-c. Hear a presentation, discuss, and provide a recommendation on a proposed Food Truck License and related fees:

Business Services Director Ed Quedens introduced Business Licensing and Revenue Collections Administrator Tim Meyer who displayed a PowerPoint presentation. **(See Attachment 3)** He mentioned the mobile food vendors are included in the peddler code and the State is making changes to have a separation between mobile food vendors and peddler licenses.

Mr. Meyer provided highlights of having a food vendor license and stated staff is proposing implementing a mobile food vendor license fee of \$100 per year.

Mr. Quedens explained the City would like to separate the food truck code and the peddler code because of the difference in requirements.

Chairperson Duff affirmed consensus to move this item forward to Council for consideration.

2-d. Hear a presentation, discuss, and provide a recommendation on proposed revisions to the Mesa City Code for Peddler Licenses.

Business Services Director Ed Quedens introduced Business Licensing and Revenue Collections Administrator Tim Meyer who displayed a PowerPoint presentation. **(See Attachment 4)** He mentioned the Peddler code has been around since the 1980's.

Mr. Meyer pointed out the main goal of the Peddler code will be health, safety and welfare. He proposed implementing a mandatory background check for those selling or taking orders for products/services door to door, and for all others a basic Peddler License will only be required. (See Page 2 of Attachment 4)

In response to a question from Committeemember Luna, Mr. Meyer stated if the police are called the salesperson will be required to provide a license showing they have been cleared through a background check for door to door sales versus general peddler.

Mr. Quedens explained law enforcement currently checks for peddler licenses if a citizen calls or on a site to site basis. He continued by saying a peddler license will not be provided until and application has been reviewed by staff to provide the appropriate license.

Chairperson Duff commented the peddler code changes are a business-friendly move.

Mr. Quedens pointed out that currently, the food truck owner and each employee must pass a background check. He stated background check requirements create a hardship for small businesses such as food trucks.

Mr. Meyer highlighted who would not need a Peddler License. (See Page 3 and 4 of Attachment 4)

In response to multiple questions from Committeemember Freeman, Mr. Meyer explained aside from selling products at a special licensed event, a Peddler License will be required, but not a background check. He stated there is licensing enforcement staff that patrols nights and weekends to check if vendors are licensed.

Chairperson Duff affirmed consensus to move this item forward to Council for consideration.

2-e. Hear a presentation, discuss, and provide a recommendation on proposed revisions to the Mesa City Code for Special Event Licenses and related fees.

Business Services Director Ed Quedens introduced Business Licensing and Revenue Collections Administrator Tim Meyer who displayed a PowerPoint presentation. **(See Attachment 5)**

Mr. Meyer explained the current Special Event License process applies to any event that requires a temporary exemption from the zoning code. He continued by stating it takes 14 to 90 days for event approvals depending on the size of the event. He stated there is one basic application that has attachments for specific variations such as fire requirements or a carnival. He said the fee for an event is \$100 per day with a four-day maximum. (See Page 2 of Attachment 5)

Mr. Meyer outlined changes to the Special Event License. (See Page 3 of Attachment 5)

In response to a question from Committeemember Freeman, Mr. Meyer responded a Special Event License is not needed for events within a home unless the zoning code is violated.

In response to a question from Committeemember Luna regarding the Mesa Community College (MCC) farmers market, Mr. Meyer explained if there are more than four events in a year a Special Use Permit (SUP) and Special Event License application should be submitted to the Board of Adjustment, allowing the board to decide how long and how many events are allowed. He clarified the SUP costs \$100 per day or \$300 maximum for four days.

Mr. Meyer commented staff is proposing a new Special Event License and fee of \$50 for a small-scale event for a maximum of four days and no fee change for all other events. He stated staff is also recommending implementation of an additional 50% expedited fee charge if the application is submitted less than 14 days prior to the event for small events, 30 days prior for a large event or 60 days prior if an event has major street closures.

Chairperson Duff affirmed consensus to move this item forward to Council for consideration.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 4:51 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 24<sup>th</sup> day of February 2020. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

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(Attachments – 5)



# Police Alarm System Ordinance

**Tom LaVell, Management Assistant II**

**Ed Quedens, Business Services Director**

**Business Services Department**

**February 24, 2020**

# Purpose of the Alarm Ordinance

- Applies to alarm business (sellers) and alarm users (business and individuals).
- Encourages reliability in devices and alarm services.
- Reduce the likelihood that police will be responding to false alarms vs. actual criminal activity.
- Document/record the responsible parties for installed alarm systems.



# Purpose of the Alarm Ordinance

- Currently two types of alarm licensees issued to both residential and commercial applicants:
  - Burglary
  - Panic/Hold-up

# Summary of Proposed Changes

- Update ordinance to reflect changes made at the state level.
- Update and simplify the schedule of fees.

# Ordinance Update

- In 2012 the State of Arizona assumed responsibility for licensing alarm companies.
  - Previously each jurisdiction issued their own licenses to alarm companies .

# Ordinance Update

- Proposed changes:
  - Remove references to alarm company licensing.
  - Re-organize ordinance for clarity.

# Proposed Fee Modifications

- Move schedule of fees from ordinance to Schedule of Fees and Charges
- Update/simplify fee schedule
  - Consolidate number of licenses from two licenses to a single combined license.
    - Two \$10 permits consolidated to one \$20 permit.
  - Eliminate fees for first occurrence of a burglary false alarm.

# Direction Requested

- Move forward with Ordinance modifications?
- Bring fee update recommendations to Council?

# Questions?



# Business Licenses

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

**Business Services Department**  
Date February 24, 2020



# Business Licenses Required

- Apache Junction
- Chandler
- Flagstaff
- Gilbert
- Glendale
- Goodyear
- Peoria
- Scottsdale
- Surprise
- Tucson
- Wickenburg

# Business License Not Required

- Phoenix
- Tempe
- Mesa

# Business License Benefits

- Health, Safety and Welfare
- Letter of support from the Mesa Chamber
- Share critical information with businesses
- Demographic information
- Clustering of like businesses
- Help businesses do business in Mesa
- Identify service businesses located in Mesa
- Identify home-based businesses in Mesa
- Identify taxable businesses not currently reporting

# Business License for Mesa

- Currently ≈30,000 TPT Licenses
  - Taxable businesses
- Estimated service businesses – 25,000 – 35,000

# Who Will Need a Business License?

- Brick and mortar taxable businesses
- Service businesses
- Home based businesses

# Who Will Not Need a Business License?

- Out of State Businesses
- Residential Rental Properties and Property Owners (Class 3 and 4 Properties)
- Real Estate Brokers, Agents, and Property Managers
- Insurance Agents
- Wholesale Liquor Distributors
- Transient Merchants (Peddlers)

# Who Will Not Need a Business License?

- Government Agencies
- Religious, veteran, civic service, non-profit
- Schools
- Food Producer
- Babysitting
- Taxi, Livery Vehicle, Limousine Service

# Staffing Needs

- Recommending 2 new FTE if a Business License is approved (year 1 cost \$141,096)
  - Same number of Business Licenses as we had TPT licenses when it transitioned to the State



# Staff Proposal

- Implement an annual Business License fee of \$5

# Current License Fees

CITY	BUSINESS LIC
Chandler	\$45
Gilbert	\$35
Glendale	\$25
Mesa (Proposed)	\$5
Queen Creek	\$60
Scottsdale	\$62

- Range of fees charged by other cities
  - Initial license: \$25-\$62 (App + License Fee)
  - Yearly Renewal Fees: \$15-\$50

# Direction Requested

- Move forward with Business License?
- Fee recommendation to bring forward to Council?



# QUESTIONS



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# Mobile Food Vendor License

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

**Business Services Department**

**Date February 24, 2020**

# License Highlights

- Protect Public Health
- Requires an Annual Fire Safety Inspection
- Driven from State Legislation
- Establishes minimum standards for operators
  - Area Maintenance and Upkeep
  - Lighting Requirements
  - Pedestrian Safety

# License Highlights

- Establishes parking guidelines and standards
  - Residential areas, parking spaces, etc.
- Establishes Insurance Guidelines
- Establishes consistent licensing guidelines for Cities/Towns
- Establishes penalties for non-compliance

# Staff Proposal

- Implement a Mobile Food Vendor license fee that is the same as they pay today (Peddler License)
- A fee of \$100 a year (Cost Recovery)



# Direction Requested

- Move forward with the New Mobile Food Vendor Code?
- Move forward with the Fee recommendation?



# QUESTIONS



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# Peddler License

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

**Business Services Department**

**Date February 24, 2020**

# 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 a background check(\*\*\*)
  - Selling or taking orders for a product/service anywhere else other than door to door
    - (\*\*\*)No background check(\*\*\*)

# Who Will Not Need a Peddler License?

- Lower Risk Licensees
- Minors selling or taking orders on behalf of a non-profit
- Anyone participating in a licensed special event
- Anyone selling only products grown by the seller or being sold on behalf of the producer

# Who Will Not Need a Peddler License?

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

# Direction Requested

- Move forward with the Peddler Code changes to Council?



# QUESTIONS





# Special Event License

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

**Business Services Department**  
Date February 24, 2020

# Current Special Event Process/Fee

- Applies to any event that requires a temporary exemption from the zoning code
- Takes 14-90 days to get approved
- One basic application that has attachments for specific variations
- Fee-\$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)
- Change the licensing process and fees for small-scale events vs other events
- Expand reasons to deny or revoke a license
  - Previous event history/issues
- Establish expedited application review and new fee
- Require a complete vendor list be submitted prior to the license being issued

# Staff Proposal

- Implement a new Special Event License/fee
  - \$50 for small-scale event (max 4 days)
  - No fee change for all other events
- Implement a new expedited fee if the 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

# Direction Requested

- Move forward with the Special Event Code changes?
- Move forward with the Fee recommendations?