



GENERAL & ECONOMIC DEVELOPMENT COMMITTEE MINUTES

February 26, 2009

The General and Economic Development Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 26, 2009 at 9:58 a.m.

COMMITTEE PRESENT

Dave Richins, Chairman
Alex Finter
Scott Somers

COMMITTEE ABSENT

None

STAFF PRESENT

Kari Kent
Donna Bronski

1. Items from citizens present.

There were no items from citizens present.

2. Hear a presentation, discuss and make a recommendation regarding business registration/licensing requirements.

Economic Development Department Director Bill Jabjiniak stated that staff is seeking the Committee's direction regarding the establishment of a business registry for the City of Mesa. He explained that the registry would provide a greater awareness of the types of businesses that exist in Mesa and noted that the data would be available to City staff, the business community and the public.

Mr. Jabjiniak introduced Charlie Deaton, President of the Mesa Chamber of Commerce, Procurement Services Department Director Ed Quedens, Business License and Revenue Collection Administrator Tim Meyer, Economic Development Analyst Shea Joachim, and Battalion Chief Rich Kochanski, who were prepared to address the Committee relative to this item.

Mr. Jabjiniak suggested that during staff's presentation, the Committee consider the following issues: 1.) The process by which to gather accurate business information; 2.) How to protect the interests of legitimate Mesa businesses; and 3.) The assessment of an appropriate fee for gathering such information.

Mr. Deaton reported that approximately one year ago, the Mesa Chamber of Commerce approached the Council with the concept of establishing a business license/registry for the City

of Mesa. He explained that in working closely with the City's Economic Development Department and developing the Chamber's Business Retention Program, it has become apparent to him that there is limited information regarding the businesses that currently operate in Mesa. Mr. Deaton also cited instances when he received inquiries from the media, local companies and individuals from out-of-state seeking information regarding Mesa businesses and said that the lack of data has hindered his ability to respond to such inquiries.

Mr. Quedens displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and reported that the City of Mesa currently issues a Transaction Privilege Tax (TPT) license to businesses that conduct taxable activities. He explained that in 2007, staff presented two options for the Council's consideration as follows: 1.) Adopt a business license; and 2.) Institute an annual renewal of the TPT license. He stated that in 2008, the Council approved the TPT license renewal process, which was implemented in January of this year, but elected not to adopt a business license.

Mr. Quedens further commented that in January 2007, the Council adopted an ordinance requiring all businesses located in Mesa to obtain a Fire Safety Operational Permit (FSOP) for each business location. He said that the permit, which must be renewed annually, requires business owners to provide the City's emergency contact information, business activities and related fire risks. Mr. Quedens also noted that the FSOP does not apply to home-based businesses. He added that in researching this issue, staff determined that there was a duplication of efforts relative to the collection of data for the FSOP that could be provided for the business registry.

Discussion ensued relative to the fact that Mesa's TPT license has a \$30 application fee and a \$20 annual renewal fee; that the FSOP has a \$15 standard fee, but an additional fee may apply if an inspection is required based on the fire risk of the facility; that the Economic Development Department pays up to \$10,000 annually to purchase business data from a third party, Claritas, Inc; and that because Claritas, Inc. updates Mesa's information on a continual basis, the City is often unaware when its business data is outdated.

Mr. Joachim provided an extensive overview of staff's analysis concerning the establishment of a business registry. His comments included, but were not limited to, the following: that the TPT license only applies to businesses with taxable activities; that in staff's estimation, there are approximately 5,000 businesses in Mesa that are not required to obtain a TPT license; and that with regard to the FSOP, Fire Prevention has difficulty in identifying new businesses in the community and is often required to go door-to-door to obtain accurate information regarding the status of such businesses.

Further discussion ensued relative to the fact that Mesa, Phoenix and Tempe issue a TPT license only for businesses with taxable activities; that Glendale, Peoria and Scottsdale require a renewable TPT license and a renewable Business, Occupational & Professional (BOP) license for those businesses that do not have a TPT responsibility; and that Chandler requires a TPT license for all businesses.

Committeemember Somers stated that he became aware of a tattoo parlor that was operating in his district without the knowledge of City staff and inquired how it would be possible for that to occur.

Mr. Joachim responded that unless a business is required to obtain, for instance, a TPT license, a building permit or a Special Use Permit, the establishment could open and no one at the City

would be aware of its existence. He explained that the goal of a business registry would be to simplify the process of opening/operating a business in Mesa and creating a “one-stop shop.” Mr. Joachim added that many communities require that a business owner first complete a registration process, after which time the person is directed to the appropriate department in order to obtain additional approval (i.e., Fire, Planning, Building Safety).

Committeemember Somers commented that this process would help establish a business registry, but questioned whether it would assist the City with “that handful of businesses” that is operating without going through the necessary process.

Mr. Joachim reviewed a series of benefits for the establishment of a business registry in Mesa as follows:

- Improve awareness of the types of businesses in Mesa which will enhance business-to-business connections within the City.
- Accurate business information would help identify economic opportunities in Mesa and shape attraction and retention efforts, budget forecasting and long-term strategic planning.
- Provide credibility and authenticity of the business in the eyes of the public.
- Promote accountability for payment of all applicable City imposed taxes.
- Promote accountability for proper business practices including “good neighbor” and environmental issues.

Additional discussion ensued relative to objectives concerning the establishment of a business registry; that such objectives include simplifying the process of opening/operating a business in Mesa (create a one-stop approach); minimizing fees for opening/operating a business; and maximizing the benefits of business information for Mesa’s business community.

Committeemember Somers expressed caution with regard to the objective of “Provide credibility and authenticity of the business in the eyes of the public.” He cited a prior incident when a tarot card reader addressed the Council regarding whether the City should implement a fee for such services and that the services were licensed by the City as “authentic” when, in fact, they were not.

Mr. Joachim further commented that he anticipates other benefits would be realized with the development of a business registry, but said that staff has yet to quantify what those would be.

Chairman Richins expressed support for the concept of a “one-stop” shop. He said that he would prefer to see the creation of a single form that allows a business owner to apply for various licenses/permits at one time (i.e., TPT license, FSOP, alarm permit), and that a single fee be paid for such services. Chairman Richins also encouraged staff to include in the business registry those businesses that are not currently required to obtain a TPT license. He further suggested that staff work in collaboration with the Mesa Chamber of Commerce to enhance the Chamber’s ability to effectively recruit businesses to the community.

Committeemember Finter stressed the importance of the City protecting the interests of legitimate Mesa businesses. He expressed appreciation regarding the “tone and tenor” of staff’s presentation and said he would “keep an open mind” with regard to the business registration process. Committeemember Finter added that he prefers the development of a

simple online process that would not unduly burden Mesa business owners and also the imposition of a modest fee for such services.

In response to a question from Chairman Richins, Deputy City Manager Bryan Raines confirmed that consolidating all of Mesa's business registration processes on a single form and assessing a single fee would improve the City's ability to track the information that it collects from local businesses. He cautioned, however, that it would be necessary for staff to determine how to "gather all these benefits and yet minimize the cost and burden to the businesses." Mr. Raines also noted that staff is prepared to move forward with this process, but said that it would take time to complete such a major process. He added that it would be necessary to update Mesa's tax records, develop an online process and address certain confidentiality matters related to those records.

Committeemember Finter expressed concern that if cost recovery is a key component of the process, it could "kill the deal" for him.

Mr. Raines responded that staff anticipates the ability to gain efficiencies through the development of a business registry (i.e., reducing staff costs), but not raise fees.

Chairman Richins inquired regarding the possibility of "capturing" all of the necessary business information on a single form (i.e., online or a paper copy) that could be transmitted to the appropriate department (i.e., Police, Fire, Planning) for review. He encouraged the implementation of such a form so that opening a business in Mesa is a simple and expedited process.

Mr. Raines responded that staff would initiate a process to determine what steps would be necessary in order to develop a business registry, including taking an inventory of the types of permits/licenses that might be included as part of the form suggested by Chairman Richins.

Chairman Richins further suggested the possible inclusion of permits for occupancy of a building, which would provide additional data for the business registry.

Deputy City Manager Kari Kent stated that when new business tenants move into a building, often times they are unaware that they are required to obtain an occupancy change from the City. She suggested that might be an area that staff could consider in regard to this matter.

Further discussion ensued relative to possible modifications to the Fire Department's FSOP application; that it might be appropriate to include home-based businesses in the FSOP application process; that staff was directed to research under what circumstances a business owner's license could be revoked; and the availability of enforcement tools to address businesses in Mesa that could be considered "illegitimate."

It was moved by Committeemember Finter, that staff be directed to conduct additional research regarding this matter, begin the process of developing a business registry for the City of Mesa, and that the matter be brought back to the Committee at a future date.

Chairman Richins urged the City to share the business registry information with its community partners and the public.

Committeemember Somers seconded the motion.

Carried unanimously.

Chairman Richins thanked everyone for the presentation.

3. Hear a presentation and discuss Senate Bill 1403 relating to Renewable Energy Tax Credit.

Mr. Jabjiniak reported that his department has worked with the Greater Phoenix Economic Council (GPEC) to identify economic development tools to enhance Mesa's competitiveness in the marketplace and explained that the passage of Senate Bill 1403 would assist in that regard. He advised that the bill is designed to stimulate quality job creation, encourage substantial investment and is available only to companies meeting specific criteria. Mr. Jabjiniak stated that the criteria for such companies includes the following: that a majority of the jobs created by the bill must meet or exceed 125% of the State's median wage; that employers must provide healthcare coverage and pay at least 80% of the employee's premium; and that tax credits cannot be claimed until the project is operational.

Mr. Jabjiniak further remarked that the formula which determines the benefit of the qualifying companies is designed to ensure that revenue returns to the State in capital investment, sales tax and job creation and that proper hurdles are in place to avoid incentivizing existing activity. He also commented that the program would encourage solar manufacturers to locate or expand into Arizona and includes a transferrable income tax credit based on a job creation to capital investment ratio. He added that once the company is certified for the tax credit and makes a minimum capital investment of \$25 million, it is eligible for a real and personal property tax reclassification.

Mr. Jabjiniak reported that between 2004 and 2007, global private investment in solar energy increased twenty-fold. He explained that by 2016, the expanding solar industry is projected to create 440,000 permanent jobs and capture more than \$230 billion in new investments. Mr. Jabjiniak also advised that the Arizona Corporation Commission established a renewable energy standard requiring that by 2025, 15% of the State's energy must be derived from renewable sources. He reiterated that the passage of Senate Bill 1403 would build on Arizona's strengths and provide Mesa a significant economic development tool to compete not only on a national basis, but also internationally.

Chairman Richins thanked Mr. Jabjiniak for the presentation.

4. Adjournment.

Without objection, the General Development Committee meeting adjourned at 10:43 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the General & Economic Development Committee of the City of Mesa, Arizona, held on the 26th day of February, 2009. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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