



AUDIT, FINANCE & ENTERPRISE COMMITTEE

March 24, 2011

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 March 24, 2011 at 9:09 a.m.

COMMITTEE PRESENT

Alex Finter, Chairperson
Dina Higgins
Scott Somers
Christopher Brady, Ex Officio

COMMITTEE ABSENT

None

STAFF PRESENT

Kari Kent
Patricia Sorensen
Jack Shaffer

(Items were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation and discuss the FY 2011/12 Fees and Charges.

No formal presentation was made under this item.

2-b. Hear a presentation, discuss and make a recommendation on adjustments to fees and charges for Privilege Sales Tax and Special Regulatory Licenses as proposed by Business Services.

Business Services Director Ed Quedens stated that with respect to the Liquor License fee, staff proposes a minor change to the fee title from "Annual Renewal Fee" to "Annual Fee" as shown in the Schedule of Fees and Charges. He noted that such a change would be consistent with the fee's title in the City Code.

Mr. Quedens advised that with regard to the Teenage Dance Hall fees, in June of last year the Council approved recommended fee changes. He said that shortly thereafter, staff determined that there was an errant page included in the public posting and were advised by the City Clerk and the City Attorney to resubmit the requested fee changes to ensure that there was no potential conflict in the future.

Mr. Quedens displayed a PowerPoint presentation (**See Attachment 6**) and reported that the City of Mesa's Tax System (COMET) is at the end of its useful life and must be replaced. He

explained that the database facilitates approximately 24,000 Privilege Tax Licenses and collects and processes between \$120 million and \$150 million annually in Privilege Taxes through the system. Mr. Quedens noted that the current system cannot be enhanced or web-enabled.

Mr. Quedens stated that Mesa's Privilege Sales Tax (TPT) fees are considerably lower than its neighboring benchmark communities (See Page 6 of Attachment 6) and reviewed staff's proposed adjustments to the City's TPT fee structure to ensure that such fees are comparable with those communities. (See Page 7 of Attachment 6)

Mr. Quedens remarked that implementation of the recommended fee schedule would generate approximately \$967,130 annually in additional revenue, which would provide funding for a new tax system. He explained that the cost of the new system, over a two fiscal year period, was estimated at \$2.3 million. Mr. Quedens advised that in addition to the above-referenced \$967,130, the remainder of the funding for the tax system would be derived through the General Fund. He added that in Years 3 through 6, staff anticipates \$1.6 million in software maintenance, upgrades and hardware upgrades to the system.

Mr. Quedens further commented that the new system would be web-enabled, which would allow licensees, for instance, to transact business with the City through the Internet, file taxes and make payments online. He said that staff was also working to incorporate the ability for licensees to apply for a Fire Safety Occupational Permit (FSOP) or a Police Alarm Permit through the new tax system.

Responding to a question from Committeemember Somers, Mr. Quedens advised that he would be happy to provide the Committee information relative to the benchmark Valley communities that issue municipal business licenses and the respective charges for those licenses.

Committeemember Somers noted that there has been discussion lately regarding the benefits of a business license and said he would like that information when the Council reviews the City's current fees for service.

Mr. Quedens explained that because the City of Mesa does not have a business license, staff accesses information from the current tax system and merges it with data from the Fire Safety Occupational database to create a list of businesses. He said that the Economic Development Department utilizes such information to determine which companies are transacting business in the community.

Committeemember Somers suggested that perhaps a better approach to address the proposed TPT fees and the issue of a business license would be to have "a more holistic conversation" with the entire Council. He said that the current tax system was fragmented and negatively impacted the City's ability to accurately collect TPT. Committeemember Somers also remarked that he did not have an issue with Mesa having the lowest TPT fees in the area and added that instead of imposing TPT fees, perhaps the City could issue a business license.

Committeewoman Higgins expressed concern that the proposed adjustment to the TPT fees would impact small start-up businesses, such as a bead artist at MACFest, more significantly than it would a Wal-Mart store and yet both entities would be charged the same fees.

Mr. Quedens responded that there were fixed costs associated with issuing a tax license as well as collecting and auditing the data.

Chairman Finter stated that he would prefer a more simplified licensing process for businesses that could be accomplished entirely online and for a reasonable fee. He also suggested that when a new business comes to Mesa, perhaps the City could waive any fees or charges for the first year, which would create goodwill, and implement the proposed fees in subsequent years. Chairman Finter further voiced concern regarding the “planned obsolescence” and cost of the new tax system.

Committeewoman Higgins concurred with Chairman Finter’s comments and said it would make sense to have all of the business start-up fees rolled into one process.

Chairman Finter further remarked that although Mesa prides itself on being business friendly, he sees “an avalanche of fees” that are “overwhelming” to business owners.

Responding to comments from Committeewoman Higgins, Mr. Quedens clarified that one of staff’s challenges in dealing with TPT was the fact that the language related to the fees, not the actual dollar amount, was “hard-Coded” into the Model City Tax Code.

Discussion ensued relative to the fact that the fees the City collects do not entirely cover tax collection and enforcement activities; that staff estimates it would cost \$4 million to implement the new tax system over six years; that during that period of time, approximately \$5.8 million would be generated in TPT revenues; that the \$1.8 million difference between the revenues collected and the cost of the tax system would be allocated to the General Fund in an effort to increase cost recovery for tax collections.

Chairman Finter commented that he received feedback that the City’s efforts to increase cost recovery for tax collections negatively impacts local businesses.

Committeewoman Higgins stated that it was her understanding that the new tax system would be incorporated into the CityEdge project and said that she was “horrified” by the additional \$4 million in costs for such a system.

Chairman Finter concurred with Committeewoman Higgins’ comment.

Manager of Technology and Innovation Alex Deshuk clarified that the new tax system program predated CityEdge. He explained that the prior Council saw the need to update the tax system, but noted that when he came to the City of Mesa, CityEdge became a priority.

Chief Information Officer Diane Gardner stated that as part of the scope of CityEdge, the financial system replacement project, staff determined that none of the vendors had the appropriate software modules to do what the tax system required. She explained that was when the tax system became a separate project from CityEdge.

Chairman Finter stated that during staff’s presentation to the Council regarding the CityEdge project, he did not remember hearing such an explanation as to why the tax system would be a separate project. He also questioned whether staff had considered a less expensive system that included more components or features.

Further discussion ensued relative to the fact that staff considered various options with regard to the procurement of a tax system; that Glendale recently procured a tax system used by Tucson, Phoenix and Peoria; that staff was attempting to “piggyback” on the Glendale contract and has negotiated with the vendor to lower the cost for Mesa’s tax system; that the vendor was familiar with the Arizona Tax Code, which would result in certain cost reductions for the City; that the reporting process of the system would provide staff with information that could be used in other areas, such as economic development; that the proposed hardware/software upgrades in Years 3 through 6 does not mean the product would become obsolete; and the various systems that would be included within the CityEdge project.

Chairman Finter stated that the proposed cost of the new tax system was “a deal killer.” He requested that staff come back with revised costs by eliminating the \$1.8 million in cost recovery revenue and work to create a software program online that would include all business-related fees (i.e., TPT, ASOP and Police Alarm permit).

Committeemember Somers suggested that staff bring back this item to the Committee for further discussion regarding all business-related fees, the possibility of the City developing a business license, and the concept of an online “one stop shop,” in which business owners could pay all fees at one time.

Chairman Finter stated that on April 11, 2011, the Committee was scheduled to meet to consider utility rates and noted that would be an appropriate time to discuss this matter further. He also requested that staff address the issue of the City waiving fees/charges for new businesses that locate to Mesa for the first year of operation, after which time such fees would be implemented.

Committeemember Somers expressed support for Chairman Finter’s suggestion, but cautioned that the waiving of the TPT fees for one year not turn into “a subsidy for retail and a municipal retail giveaway.”

Deputy City Manager Kari Kent clarified that if the Committee wanted staff to look at the development of a business license, it would apply to a new group of services other than retail (i.e., dental offices).

Chairman Finter stated that the Committee would like to consider that information on April 11th.

Ms. Cannistraro briefly highlighted the remainder of the budget timeline for FY 2011/2012. (See Page 22 of Attachment 6)

Chairman Finter thanked staff for the presentation.

2-c. Hear a presentation, discuss and make a recommendation on Environmental Compliance Fee.

Acting Budget Director Candace Cannistraro stated that this item was included in the FY 2011/2012 Fees and Charges presentation, beginning on Page 12. **(See Attachment 6)**

Deputy Director of Environment and Sustainability Scott Bouchie reported that the Federal Environmental Compliance Fee (ECF), which took effect in January 2007, was established to

pay for unfunded environmental mandates. He explained that the current ECF is \$3.00 per utility account per month.

Mr. Bouchie briefly highlighted the eligible activities in the Environmental & Sustainability, Parks and Recreation, Transportation, and Fleet Departments that are funded through the ECF. (See Pages 14 through 17 of Attachment 6) He noted that currently, the fee does not fully fund Parks and Commercial Facilities' retention basin maintenance activities.

Mr. Bouchie displayed a map illustrating the stormwater retention areas in the City's parks and basins. (See Page 18 of Attachment 6) He said that staff initially looked at the City's basins, but realized that there were also parks that contain basins within them. Mr. Bouchie added that the ECF is not used to fund park equipment, but to maintain the basins located within the parks.

Mr. Bouchie further reviewed a chart illustrating the unfunded activities that Parks and Commercial Facilities has identified for retention basin maintenance. (See Page 19 of Attachment 6) He explained that the chart also lists various capital needs that are not included as an ongoing cost associated with the ECF. Mr. Bouchie indicated that in working with the Budget Office, staff used funds that were under spent from previous years and allocated those dollars for one-time costs associated with capital improvement projects.

Mr. Bouchie stated that staff was seeking direction with respect to a possible fee increase and what level the Committee believes might be appropriate. He reiterated that the current \$3.00 fee generates \$5.8 million, which equates to 59% cost recovery. Mr. Bouchie noted that for every \$0.25 the fee is increased, an additional \$481,998 in revenue would be generated. He added that in order to achieve full cost recovery, it would be necessary to increase the fee by \$2.05, for a total of \$5.05 per utility account per month.

Responding to a series of questions from Committeewoman Higgins, City Manager Christopher Brady clarified that the proposed infrastructure improvements listed on Page 19 would not be eligible under Street bonds due to the fact that the improvements are in the basins and not part of the stormwater infrastructure located under the streets.

Mr. Brady further remarked that relative to the entire budget for maintaining the City's green space, which includes parks and retention basins, staff took that portion that was eligible for stormwater retention, and that is what is being funded with the ECF. He indicated that staff was not necessarily recommending that the Council approve the full \$2.05 increase, but merely demonstrating that there was a significant amount of maintenance required in the parks and basins and that those services have been reduced in recent years.

Committeewoman Higgins commented that in her opinion, this was not a park improvement as much as it was an infrastructure improvement for the stormwater system, which is part of the City's basic infrastructure. She questioned why funding was not available through some other infrastructure improvement bond to fund the \$5.3 million in retention basins as reflected on Page 19.

Executive Manager Chuck Odom clarified that the eligible expenses being discussed are operation and maintenance costs and are not bond eligible. He noted that concerning stormwater infrastructure, if it was a stand-alone structure and not part of the City's street improvements, it would be necessary to fund it through bonds.

Responding to a question from Committeewoman Higgins, Mr. Brady stated that the City currently has no system in place that has a stormwater utility fee or assessment and noted that in the past, stormwater infrastructure has been funded through bonds. He acknowledged that this was an issue that staff intends to bring to the Council, since there are large stormwater facilities that need to be considered at some point in the future, and added that the City does not have an identified funding source at this time.

Mr. Brady summarized this item as follows: staff identified an estimated \$900,000 of eligible expenses in retention basins and parks that were previously paid for out of the General Fund; staff shifted the parks costs into the environmental fee fund and maxed out the \$5.8 million in projected revenue that is generated by the current \$3.00 ECF; that in staff's opinion, within the park maintenance effort, there are additional costs that should be considered since the level of maintenance has been reduced significantly in recent years; staff identified capital improvements for those basins that could be eligible under the environmental fee; and that in order to shift \$900,000 of parks maintenance into the environmental fund, \$900,000 of Transportation's storm drain maintenance or street sweeping activities would no longer be funded by the environmental fee, but rather the Streets sales tax.

Mr. Brady further remarked that if it was in the interest of the Council to increase the environmental fee, staff could do the following: 1.) increase the level of maintenance in the parks with basins; and 2.) pay for the cost of street sweeping and storm drain maintenance.

Committeewoman Higgins inquired if the ECF could be a sliding fee based on utility usage so that it would not disproportionately affect residents who use fewer utilities.

Mr. Brady responded that staff considered the issue of a differential fee between residential and commercial and stated that it would be difficult to assess the manner in which households benefit differently from the projects that are funded through the environmental fee. He noted that a flat fee would be easier to administer and would provide staff the most certainty in being able to calculate the revenue it would generate on a yearly basis.

Discussion ensued relative to the fact that the ECF was initiated in 2007 at \$1.50, raised in 2008 to \$2.00 and in 2009 to \$3.00; that during this period of time, staff attempted to cover the majority of the unfunded mandates with the environmental fee since it was impacting the General Fund; that the environmental mandates have changed over the years, resulting in different percentages of cost recovery; and that Mesa anticipates a reduction in Highway User Revenue Fund (HURF) dollars, which could impact the Streets budget.

Chairman Finter stated that it would be appropriate for the full Council to discuss this item.

Mr. Brady stated that staff could present the Council an overview of what the \$3.00 fee and the \$0.25 incremental fee increases would generate in revenues, as well as a cost breakdown for parks maintenance and infrastructure, and storm drain maintenance and street sweeping.

Committeemember Somers recommended moving this item forward to a Study Session for consideration of the full Council without a recommendation.

Committeewoman Higgins stated that she would also like to discuss a sliding scale with regard to the environmental fee.

(City Manager Christopher Brady left the meeting at 10:10 a.m. and Deputy City Manager Kari Kent took his place.)

(Chairman Finter declared a recess at 10:10 a.m. The meeting reconvened at 10:15 a.m.)

2-d. Hear a presentation, discuss and make a recommendation on fees and charges for Business Services, Tax Audit & Collections.

Business Services Director Ed Quedens reported that staff proposes two fees for Tax Audit & Collections. **(See Attachment 7)** He explained that on occasion, staff sends certified letters to individuals who have failed to pay certain taxes to the City and said that the letter indicates what is expected of the taxpayer and includes deadline dates within which to respond. Mr. Quedens said that the recommended \$3.00 Enforcement Letter Fee would cover staff time, materials and the certified letter costs.

Mr. Quedens also remarked that since 1990, Tax Audit & Collections has charged a \$20 Lien Fee for filing and releasing a lien. He noted, however, that the fee is currently not in the Schedule of Fees and Charges. Mr. Quedens stated that staff recommends increasing the Lien Fee from \$20 to \$50, which would assist with cost recovery of the fees charged for filing and releasing liens, as well as various administrative costs.

Chairman Finter thanked staff for the presentation.

2-e. Hear a presentation, discuss and make a recommendation on fees and charges for the Development and Sustainability Department.

Development and Sustainability Director Christine Zielonka and Planning Director John Wesley addressed the Committee.

Mr. Wesley reviewed the proposed changes to fees and charges with regard to Planning services. **(See Attachment 4)** He stated that the Customized Review Schedule Fee was established to compensate for the added cost of review associated with cases that need to meet a specific development schedule.

In response to a question from Chairman Finter, Mr. Wesley clarified that if an individual presented a case before the Zoning Administration Hearing Officer (ZAHO), was dissatisfied with the decision and appealed to the Planning & Zoning Board (P&Z), a fee would not be assessed in that regard.

Mr. Wesley explained that concerning the establishment of a Medical Marijuana dispensary or cultivation facility, staff proposes a new fee that would cover staff time involved in renewing the registration for those sites.

Ms. Zielonka highlighted the proposed changes to the Development Services fees and charges. **(See Attachment 5)**

Committeemember Somers stated that he would prefer that the fee for manufactured home installation permits not be eliminated. He noted that with the State's current budget shortfalls, he

suspected that it would not issue the permits and provide inspections, which was formerly performed by the City.

Ms. Zielonka responded that staff would leave the fee as is. She also stated that the City would continue to perform a site review/inspection and zoning approval under a separate existing fee.

Chairman Finter stated that when applicants appear before the Sustainability & Transportation Committee (previously known as the Transportation & Infrastructure Committee (TIC)), their purpose is to appeal the opinion or direction of staff and request a peer review of their case. He cited a particular incident in which an individual was fined for illegal construction without a permit; that the citizen believed the fines were unfair and wanted to appeal the matter to the Building Board of Appeals; that in order to appeal to the Board, he was required to pay a \$239 fee; and that he did not pursue the appeal due to the additional financial burden.

Chairman Finter acknowledged that staff was attempting to achieve full cost recovery by implementing higher fees and charges, but questioned whether it would be appropriate to eliminate the \$239 fee or give staff the discretion to waive such a fee in order to promote goodwill in the community so that an individual would have the ability to appeal to a citizen review board. He stated that he would assume such cases would occur infrequently, but requested input from his fellow Committeemembers in this regard.

Responding to a question from Committeemember Somers, Ms. Zielonka clarified that in 2010, there were no appeals to the Building Board of Appeals or TIC. She stated that she would like to think the appeal rate was low due to staff's efforts to work with the applicants to resolve whatever issues might arise.

City Manager Christopher Brady advised that the \$239 fee relates to administrative costs to conduct the Building Board of Appeals meeting. He stated that staff could look at lowering the fee.

Chairman Finter stated that he would like staff to explore an option that would allow a single-family homeowner the opportunity to appeal a case to a citizen review board without being assessed a fee in order to do so. He said he would not want to create a situation in which residents "work the system," but reiterated that implementing such a process would create goodwill in the community.

Committeemember Higgins inquired if such an option could be implemented and then brought back to the Committee in three months for reevaluation.

Ms. Zielonka suggested that staff implement the option for a year and said that if problems arose, they could bring it back to the Committee sooner.

Committeemember Somers voiced opposition to the fee being eliminated and said that convening a citizen board "costs the taxpayers money." He noted that regarding the case cited by Chairman Finter, the individual built an illegal structure and wanted to appeal to the Board of Building Appeals with respect to the fines that were imposed for illegal construction, and yet he did not want to pay the fee that would "come out of the taxpayers' collective pockets to have his day in court."

Responding to a question from Mr. Brady, Ms. Zielonka clarified that she could waive some fees, but was uncertain whether the Building Board of Appeals could do the same. She explained that the individual in question was charged with the illegal construction fee, which is not included in the Schedule of Fees and Charges, but in the City Code.

Committeemember Somers expressed concern that waiving fees would encourage individuals to construct illegal additions rather than proceed through the system in an appropriate manner.

Ms. Zielonka restated that it was her understanding that Chairman Finter was asking staff to waive the fee for single-family residence appeals of development standards or illegal construction penalties.

Chairman Finter clarified that he would like the fee waived so that an individual could appeal a decision of staff to a citizen board.

In response to a question from Committeewoman Higgins, Ms. Zielonka explained that when an applicant is in the beginning stages of constructing an addition or development and is questioning development standards (i.e., the extension of a road or sewer line), those cases would be presented to the Sustainability & Transportation Committee. She noted that in the case cited by Chairman Finter, because it was illegal construction and the individual was assessed the fee for investigation, he would appeal to the Building Board of Appeals.

It was moved by Chairman Finter, seconded by Committeewoman Higgins, to recommend to the Council that staff waive the fee for single-family residence appeals of development standards or illegal construction penalties.

Upon tabulation of votes, it showed:

AYES - Finter-Higgins
NAYS - Somers

Chairman Finter declared the motion carried by majority vote.

Committeemember Somers requested that when the Council votes on all of the proposed fees and charges, that this item be voted on separately.

Ms. Zielonka completed her presentation of the remaining recommendations regarding fees and charges for Development Services.

2-f. Hear a presentation, discuss and make a recommendation on fees and charges for the Arts and Cultural programs.

Arts & Culture Director Cindy Ornstein presented the proposed adjustments to fees and ranges of fees charged by the Arizona Museum of Natural History (AzMNH), Arizona Museum for Youth (AMY) and Mesa Arts Center (MAC) programs. **(See Attachment 3)** She stated that AzMNH proposes a broader range of rental fees that would allow the City to be sensitive to market prices and more competitive in obtaining rentals. Ms. Ornstein noted that as a result of budget cuts in 2008, staff has promoted the rental program more aggressively and added that MAC, AMY and AzMNH began a system of shared services.

Ms. Ornstein advised that AMY proposes a range of admissions and tour fees that would allow the museum to adjust fees in order to recoup increased costs or reflect the market price for special "blockbuster" exhibitions.

Ms. Ornstein further remarked that MAC proposes that Mesa Contemporary Arts (MCA) eliminate its current fee of \$3.50 and adopt a policy of free admission during existing business hours. She said that MAC also proposes to retain the option to charge an admission fee up to \$6.00 per person for special "blockbuster" exhibitions to offset higher costs.

Ms. Ornstein reported that staff was working to increase public awareness of MCA's existence and generate more patrons to the museum. She explained that last fiscal year, more than 10,000 individuals visited the museum, which generated less than \$7,000 in revenues. Ms. Ornstein added that over the next few years, staff would like to increase the museum's donor base to ensure that it remains a sustainable asset.

Responding to a question from Committeemember Somers, City Manager Christopher Brady clarified that the \$3,000 net revenue loss to MCA would not impact the Arts & Culture Department in a negligible manner. He stated that for several years, he has suggested that the admission fee be eliminated due to the fact that it cost more in staff time to collect the fee than what was actually being collected.

Committeemember Somers requested that in a year, staff provide a status report to the Committee relative to the number of donations that MCA has received.

2-g. Hear a presentation, discuss and make a recommendation on proposed changes to fees and charges for Falcon Field Airport.

Airport Administration Supervisor Jim Law reviewed the proposed adjustments to fees and charges for Falcon Field Airport. **(See Attachment 1)** He stated that the 5% increase on small and large storage room rents would enable Falcon Field Airport to stay more current with the rates being charged for storage in the private sector. Mr. Law added that the proposal to eliminate the "Open Tiedowns Per Tiedown (20 or more)" discount would meet prior Council direction.

Chairman Finter thanked staff for the presentation.

2-h. Hear a presentation, discuss and make a recommendation on fees and charges for the Information Technology Department.

Manager of Technology & Innovation Alex Deshuk and Chief Technology Officer Dale Shaw addressed the Committee. Mr. Shaw reported that it was the recommendation of the Information Technology Department (ITD) to increase the application fee for a Telecommunications License from \$2,000 to \$4,000. **(See Attachment 2)** He said that such a rate adjustment would bring the City of Mesa's application fee in line with other municipalities. Mr. Shaw added that by way of comparison, Phoenix charges \$8,500 for its application fee.

In response to a question from Committeewoman Higgins, Mr. Shaw clarified that the City grants a license to telecommunications providers who require access to install, operate and

maintain communication systems in the City's rights-of-way. He said that generally speaking, the City receives one or two applications per year.

Mr. Deshuk noted that there were four applications currently pending and added that he would anticipate seeing more in the next few years.

Chairman Finter thanked staff for the presentation.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 11:05 a.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 24th day of March 2011. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachments – 7)

Department: Falcon Field Airport
 Proposed Changes to Fees and Charges

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee/Charge	Date Last Revised	FY 11/12 Fiscal Impact	Notes
OPEN TIEDOWNS, PER TIEDOWNS				08/01/08		
COVERED TIEDOWNS	\$106		n/a			
TIEDOWN TRANSFER FEE	\$109		n/a			
OPEN TIEDOWNS, PER TIEDOWN (20 or more)						
-Small Single Engine Aircraft	\$40	month		08/01/10	\$4,608	
-Small Twin Engine Aircraft	\$46	month			\$576	
COVERED TIEDOWNS	\$106	month		08/01/09		change category move to Tiedowns above -- no change in fees
HANGARS						
HANGAR TRANSFER FEE	\$217		n/a			
HANGAR SEALING	\$1,128		n/a			
HANGAR CLEANING DEPOSIT (FULLY REFUNDABLE IF CLEAN)	\$272		n/a			
STORAGE ROOMS						
Small	\$63	month	\$66	08/01/08	\$1,872	5% mrkt adjustment
Large	\$151	month	\$159	08/01/09	\$672	5% mrkt adjustment
STORAGE ROOM CLEANING DEPOSIT (FULLY REFUNDABLE IF CLEAN)	\$163		n/a			
WAITING LIST/SECURITY DEPOSIT (equal to one month's current monthly rent)						
Small Storage Room	\$63	room	\$66	08/01/08	\$0.00	per contract
Large Storage Room	\$151	room	\$159	08/01/09	\$0.00	per contract
WAITING LIST DEPOSIT REFUND FEE	\$27		n/a			
WAITING LIST APPLICATION FEE (NON-REFUNDABLE)	\$25		n/a			
DEPOSITS AND TRANSFER FEES						
Hangar Security Deposit	\$272	hangar		08/01/10		change category move to Hangars above; change name to Hangar Cleaning Deposit - no change in fees
Storage Room Security Deposit	\$163	unit				change category move to Storage Rm above; change name to Storage Room Cleaning Deposit - no change in fees
Hangar Transfer Fee	\$217	per transfer		08/01/09		change category move to Hangars above - no change in fees
Tiedown Transfer Fee	\$109	per transfer				change category move to Tiedowns above - no change in fees

Department: Falcon Field Airport
 Proposed Changes to Fees and Charges

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee/Charge	Date Last Revised	FY 11/12 Fiscal Impact	Notes
Waiting List Deposit-Refund Fee	\$27	each				change category move to Waiting List/Security Deposit above - no change in fees
HANGAR SEALING	\$1,128	hangar		08/01/09		change category move to Hangars above - no change in fees
FUEL FLOWAGE FEE						
AVGAS 100 LOW LEAD	\$0.10	per gallon	n/a	08/01/08		
JET A FUEL	\$0.12	per gallon	n/a	08/01/09		
BUSINESS REGISTRATION NON-LEASE FEE (SUB-LEASES ONLY)	\$35	annual	n/a	08/01/10		
ACCESS CONTROL CARD						
Additional OR REPLACEMENT Access Control Card	\$40	each		08/01/10		
Replacement Access Control Card	\$40	each		08/01/08		
Wait List Application Fee (Non-Refundable)	\$25					change category move to Waiting List/Security Deposit above; change name to Waiting List Application Fee - no change in fees
Lease Document Transaction Fee	\$250					change category move to Lease Document Transaction Fee below all caps - no change in fees
LEASE DOCUMENT TRANSACTION FEE	\$250		n/a			
MISCELLANEOUS LABOR				08/01/08		
Labor Rate - Emergency Only	\$50	hour	n/a			
Overtime Labor Rate - Emergency Only	\$75	hour	n/a			

* Excluding Customers who are renting vehicles for insurance claim purposes only.
 + Applies only to gross revenue that is generated at the airport.

Department: Information Technology
 Proposed Changes to Fees and Charges

Document of Change:

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 11/12 Fiscal Impact	Notes
E-Streets/Broadband License Application Fees PLUS STAFF TIME IF GREATER THAN 80 HOURS	\$2,000.00 \$0.00	per applicant PER HOUR	\$4,000 \$125	03/00		Rate begins on the 81st hour of staff time

Department: Arts and Culture
Proposed Changes to Fees and Charges

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 11/12 Fiscal Impact	Notes
MESA ARTS CENTER						
Mesa Contemporary Arts Admission-Adult	\$3.50-\$10.00		\$0.00 - \$6.00		(\$5,000.00)	
ARIZONA MUSEUM FOR YOUTH						
Admission						
Age 1 year & over	\$6.50		\$6.00 - \$10.00	7/1/2009		
Groups/Tours	\$4.00		\$4.00 - \$7.00	07/01/08		
ARIZONA MUSEUM OF NATURAL HISTORY						
Rentals						
Entire Museum	\$2,000.00-\$2,500.00		\$2,000.00-\$3,500.00		\$0.00	There will be no change in the fiscal impact at this time. We wanted to give a wider range.
Each additional hour	\$200.00-\$250.00		\$200.00-\$400.00		\$0.00	
Starlight Theater	\$400.00-\$500.00		\$350.00-\$500.00		\$0.00	
Each additional hour	\$80.00-\$100.00					
Lobby	\$800.00-\$1000.00		\$500.00-\$1000.00		\$0.00	
Each additional hour	\$160.00-\$200.00		\$100.00-\$200.00		\$0.00	
Rooftop Terrace	\$640.00-\$800.00		\$750.00-\$1,250.00		\$0.00	
Each additional hour	\$120.00-\$150.00		\$120.00-\$300.00		\$0.00	
History Courtyard	\$640.00-\$800.00		\$250.00-\$800.00		\$0.00	
Each additional hour	\$120.00-\$150.00		\$70.00-\$150.00		\$0.00	
Lobby and Rooftop Terrace	\$1200.00-\$1500.00		\$1125.00-\$2025.00		\$0.00	
Each additional hour	\$120.00-\$150.00		\$198.00-\$450.00		\$0.00	
Lobby and Starlight Theater	\$1040.00-\$1300.00		\$765.00-\$1350.00		\$0.00	
Each additional hour	\$200.00-\$250.00		\$162.00-\$270.00		\$0.00	
History Courtyard and Starlight Theater	\$960.00-\$1200.00		\$540.00-\$1170.00		\$0.00	
Each additional hour	\$180.00-\$225.00		\$135.00-\$225.00		\$0.00	

Development & Sustainability - Planning
Proposed Changes to Fees and Charges

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 11/12 Fiscal Impact	Notes
PLANNING SERVICES FEES:						
Zoning Application Fees:						
PRELIMINARY PLAT EXTENSION	\$0		\$648.00		\$0	new
Rezoning:				07/01/10		
-All Downtown Districts						
-All Other Districts ALL DOWNTOWN DISTRICTS	\$1,944.00	plus \$65/acre				
ALL OTHER DISTRICTS	\$2,400.00	plus \$78/acre for first 100 acres				
	\$2,400.00	plus \$38/acre for 101-250 acres				
	\$2,400.00	plus \$20/acre for 251-500 acres				
	\$2,400.00	plus \$13/acre for 501 plus acres				
	\$2,400.00	plus \$78/acre for first 100 acres				
	\$2,400.00	plus \$38/acre for 101-250 acres				
	\$2,400.00	plus \$20/acre for 251-500 acres				
	\$2,400.00	plus \$13/acre for 501 plus acres				
Combined Rezoning and Site Plan Review/ Site Plan Modification						
All Downtown Districts	\$1,944.00	plus \$462 \$235/acre				corrections
All Other Districts	\$2,400.00	plus \$495 \$235/acre for first 100 acres				
	\$2,400.00	plus \$95 \$115/acre for 101-250 acres				
	\$2,400.00	plus \$60/acre for 251-500 acres				
	\$2,400.00	plus \$25/acre for 501 plus acres				
Development Master Plan (DMP) Overlay	Same as Rezoning					delete
REZONING TO THE INFILL DEVELOPMENT DISTRICT 1			SAME AS REZONING		\$0	new
REZONING TO THE INFILL DEVELOPMENT DISTRICT 2	\$0	PLUS \$78/ACRE	\$4,800.00		\$0	new
Case Request CONTINUANCE at Request of Applicant	\$500.00					
SHARED PARKING PLAN	\$0		\$750.00		\$750	new
TEMPORARY USE PERMIT	\$0		\$110.00		\$110	new
ADMINISTRATIVE ALTERNATIVE LANDSCAPE PLAN	\$0		\$648.00		\$648	new
TELECOMMUNICATIONS REVIEW FEE		PER HOUR	\$90.00		\$0	new
CUSTOMIZED REVIEW SCHEDULE		DOUBLE APPLICABLE FEES			\$0	new
Subdivision Development Review Fees:						
Preliminary Plat - Subdivision Technical SUBDIVISION TECHNICAL Review (STR)	\$1,944.00	plus \$65/lot, unit, tract or parcel		08/13/07		
Plat Recording***	\$25.00	first sheet in set	***	02/08/06		verbiage
	\$21.00	each add'l sheet	***			
CC & R***	\$10.00	first 5 sheets	***	02/08/06		
	\$1.00	each add'l sheet	***			
AFFIDAVIT OF CHANGE/CORRECTION	\$0		\$100.00		\$100	new
Zoning Administration Application Fees:						
Board of Adjustment App Fees:						
PRE-APPLICATION						
SINGLE RESIDENCE, DUPLEX, RV, AND MANUFACTURED HOME	\$0		NO FEE			
MULTI RESIDENCE AND NON-RESIDENTIAL #	\$0		\$100.00		\$1,000	new
EXTENSION, ADMINISTRATIVE	\$0		\$31.00		\$0	new
EXTENSION, ADMINISTRATIVE	\$0		\$125.00		\$0	new
EXTENSION, ADMINISTRATIVE	\$0		\$26.00		\$0	new
EXTENSION, ADMINISTRATIVE	\$0		\$104.00		\$0	new
ZA HEARING OFFICER REVIEW (MULTI RESIDENTIAL AND NON- RESIDENTIAL ONLY (SINGLE RESIDENCE, DUPLEX, RV, AND MANUFACTURED HOME)	\$0.00 NO FEE		\$227.00 NO FEE		\$0	new new
***Check taken and forwarded directly to Maricopa County - not City of Mesa revenue. #FEE WAIVED IF PRE-APPLICATION MEETING SCHEDULED AS A RESULT OF A CODE COMPLIANCE CASE.						
Group Home:						
ANNUAL RENEWAL	\$0		\$50.00		\$5,000	new
MEDICAL MARIJUANA DISPENSARY OR CULTIVATION FACILITY						
REGISTRATION FEE	\$0		\$250.00		\$0	new
ANNUAL RENEWAL	\$0		\$50.00		\$250	new
Copies						
Research Fee (Non-Refundable)(MAXIMUM 5 ITEMS PER REQUEST)	\$20.00					verbiage
Note: Sign Code is now incorporated into the zoning ordinance.						
						eliminate

Development & Sustainability - Development Services
 Proposed Changes to Fees and Charges

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 11/12 Fiscal Impact	Notes
Refer to the Mesa City Code Chapter 4-1-8 for additional information. The information and fees listed in this Schedule shall apply to, and shall govern, permit applications received on or after July 1, 2010.						
RESIDENTIAL SECTOR:						
MANUFACTURED HOMES, PARK MODELS AND RECREATIONAL VEHICLES: Manufactured Home/Park Model/RV Installation (includes all work under this permit)	\$160.00	unit		07/01/10 07/01/08		verbiage
PERMIT APPLICATION DEPOSITS: A NON-REFUNDABLE DEPOSIT SHALL BE PAID AT THE TIME OF APPLICATION AND SUBMITTAL OF DOCUMENTS FOR CIVIL ENGINEERING FEES. SUCH DEPOSIT SHALL BE BASED ON THE NUMBER OF SHEETS AND SHALL BE CHARGED IN ADDITION TO APPLICABLE BUILDING PERMIT DEPOSIT FEE.					\$0	new
RESIDENTIAL PERMIT DEPOSIT TABLE: PERMIT DEPOSIT FEE FOR CIVIL ENGINEERING FEES: COVER SHEETS; SINGLE PUBLIC UTILITY PLAN/PROFILES; DUAL PUBLIC UTILITY PLAN/PROFILES; GRADING/SITE PLANS AND DETAILS; R-O-W LANDSCAPING PLANS AND DETAILS; STREET LIGHTING/TRAFFIC SIGNAL PLANS AND DETAILS; STREET IMPROVEMENT PLAN/PROFILES AND DETAILS COMBINATION STREET IMPROVEMENT AND UTILITY PLAN/PROFILES AND DETAILS	\$0	PER SHEET	\$390.00		\$0	new
COMMERCIAL SECTOR:						
PERMIT APPLICATION DEPOSITS: A NON-REFUNDABLE DEPOSIT SHALL BE PAID AT THE TIME OF APPLICATION AND SUBMITTAL OF DOCUMENTS FOR CIVIL ENGINEERING FEES. SUCH DEPOSIT SHALL BE BASED ON THE NUMBER OF SHEETS AND SHALL BE CHARGED IN ADDITION TO APPLICABLE BUILDING PERMIT DEPOSIT FEE.					\$0	new
COMMERCIAL PERMIT DEPOSIT TABLE: PERMIT DEPOSIT FEE FOR CIVIL ENGINEERING FEES: COVER SHEETS; SINGLE PUBLIC UTILITY PLAN/PROFILES; DUAL PUBLIC UTILITY PLAN/PROFILES; GRADING/SITE PLANS AND DETAILS; R-O-W LANDSCAPING PLANS AND DETAILS; STREET LIGHTING/TRAFFIC SIGNAL PLANS AND DETAILS; STREET IMPROVEMENT PLAN/PROFILES AND DETAILS COMBINATION STREET IMPROVEMENT AND UTILITY PLAN/PROFILES AND DETAILS	\$0	PER SHEET	\$390.00		\$0	new
MISCELLANEOUS PERMITS, SERVICES AND FEES: COMMERCIAL FACTORY-BUILT BUILDING SITE REVIEW FEE (ZONING CLEARANCE)	\$0	unit	\$160		0	new
Records Requiring Staff Research: Research Fee (Non-Refundable)(MAXIMUM 5 ITEMS PER REQUEST)	\$20.00			07/01/10	0	verbiage
Outside City Utility Service Requests Transportation & Infrastructure Committee Appeal	\$1,500.00	case		07/01/08		
SUBCOMMITTEE APPEALS OF REQUIRED INFRASTRUCTURE IMPROVEMENTS	\$1,500.00	case			\$0	
Other Miscellaneous Fees: After-Hours Inspections at Night or Weekends (1-hour minimum)(2 HOUR MINIMUM) Customer Generated Refund Requests	\$110.00 \$90.00	hour PER HOUR	\$90.00		\$0 \$0	verbiage fee change
CODE COMPLIANCE:						
Civil Violation Fines* Continued 2nd finding of a prior violation within twenty-four (24) months	\$250-\$2,500	Violation		07/01/10		verbiage
Continued 3rd finding of a prior violation within twenty-four (24) months	\$500-\$2,500	Violation				

*Including process server fees and all other applicable fees and charges.



City of Mesa

Audit, Finance & Enterprise Committee

Fees & Charges Recommendations

FY 2011/2012

March 24, 2011

Presented by the Budget & Research Office



Fees and Charges Recommendations For Fiscal Year 2011/12:

<u>Department</u>	<u>Impact</u>
Business Services, Revenue Collection Operations	\$967,130
Development & Sustainability, Environmental	TBD
Arts & Culture	(\$5,000)
Business Services, Tax Audit & Collections	\$14,319



Fees and Charges Recommendations For Fiscal Year 2011/12:

<u>Department</u>	<u>Impact</u>
Development & Sustainability, Dev't Services & Planning	\$7,858
Falcon Field Airport	\$7,728
Information Technology	\$0



Privilege Tax Fees Proposal



Current Tax System

City of Mesa Tax System (COMET)

- Database for +/- 24,000 Privilege Tax Licenses
 - Collect \$120 - \$155 million in Privilege Taxes
- And +/- 1,200 Specialty Licenses
- End of Useful Life
- Current System
 - Cannot Continue to be Enhanced
 - Cannot be Web-Enabled
 - Needs to be Replaced



TPT Fee Increase Proposal

Mesa's TPT Fees Are Very Low Compared to
 Our Benchmark Valley Cities

Current Fees

Fee	Mesa	Chandler	Glendale	Phoenix	Scottsdale	Tempe	Tucson
Application	\$30	\$15		\$20	\$12	\$20	\$25
		\$50	\$50	\$50	\$50	\$50	\$45
License	\$20	\$50	\$50	\$50	\$50	\$50	\$45
Renewal	\$15	\$25	\$25	\$25	\$25	\$15	
Late License	\$10	\$25	\$25	\$45	\$37	\$15	\$22.50



TPT Fee Increase Proposal

Proposal Raises our Fees to be Comparable to
 Our Benchmark Valley Cities

Proposed Fees

Fee	Mesa	Chandler	Glendale	Phoenix	Scottsdale	Tempe	Tucson
Application	\$20	\$15		\$20	\$12	\$20	\$25
License	\$50	\$50	\$50	\$50	\$50	\$50	\$45
Renewal	\$50	\$50	\$50	\$50	\$50	\$50	\$45
Late License	\$25	\$25	\$25	\$25	\$25	\$15	
Late Renewal	\$25	\$25	\$25	\$45	\$37	\$15	\$22.50



TPT Fee Increase Proposal

Revenue Projections

Comparison					
Fee	Current	Revenue	Proposed	Revenue	
Application	\$30	\$120,990	\$20	\$80,660	
License	\$20	\$491,460	\$50	\$201,650	
Renewal	\$15	\$14,730	\$25	\$24,550	
Late License	\$10	<u>\$39,200</u>	\$25	<u>\$98,000</u>	
Totals		\$666,380		\$1,633,510	



TPT Fee Increase Proposal

Revenue Increase of \$967,130 Annually

- Tax System
 - \$2.3 Million implementation Cost
 - \$1.6 Million – Year 3 through 6 Software Maintenance, Upgrades and Hardware Upgrades
- Taxpayers
 - Will see Increased License Fees – Comparable to Other Valley Cities
 - Will See the Benefits of a New Tax System



New Tax System

Input

- Web Enabled – Application, e-Filing, Payment
- Paper Forms – Ability to Scan
- Capture Data in Greater Detail
- **Output**
 - Audit/Enforcement/Collections Case Management
 - Enhanced Reporting



New Tax System

Supports Initiatives to Streamline the Public's
Interaction with the City

- Part of the Council's Strategic Initiatives for
Financial Stability
 - **Reviewing and Simplifying the Process for Doing Business in Mesa**—Working to determine the timing and feasibility of a new business system to include on-line applications and to streamline the license, tax and permit application processes.
- Submitted to iMesa
 - 15 Votes



Environmental Compliance Fee



History

Created in January 2007

- Unfunded Environmental Mandates
 - State
 - Federal
- Originally \$1.50
- Currently \$3.00
- Per utility account per month



Environmental & Sustainability Eligible Expenses

- Air Quality
 - Energy Conservation
- Stormwater Compliance
 - Lead Based Paint
- Hazardous Waste
 - Environmental Site Assessments
- Asbestos
 - Public Health
 - West Nile Virus



Parks and Recreation Retention Basin Maintenance

Landscaping

- Watering
- Mosquito Control
- Capital Improvements
- Inspections
- Tree Trimming
- Replacement of Trees & Shrubs



sa·az Transportation Eligible Expenses

Transportation

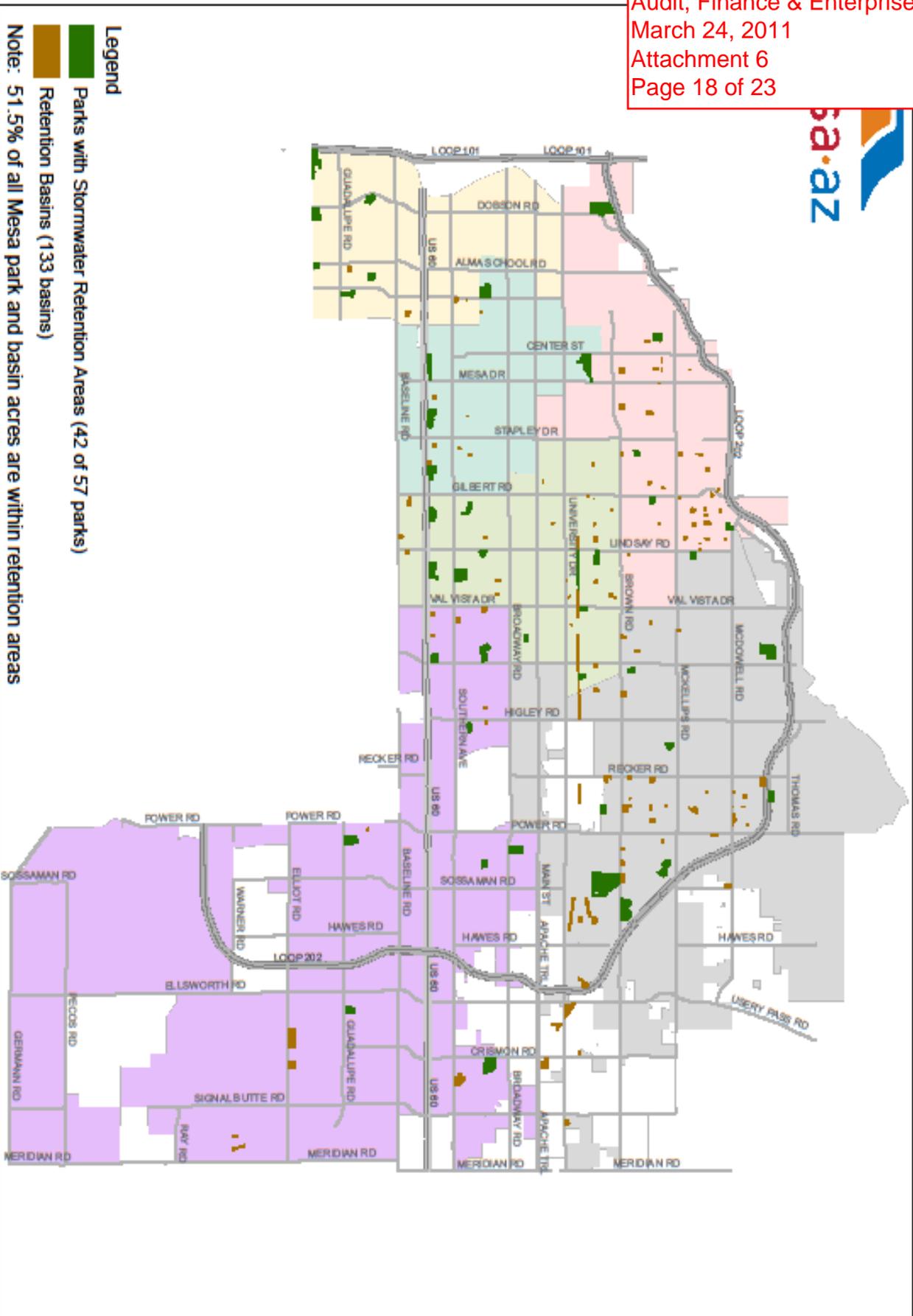
- Street Sweeping
- Storm Drain Maintenance
- Capital Improvements
- Stabilization of Unpaved Roads, Shoulders and
Alleys



Fleet Eligible Expenses

Fleet Services

- Storage Tank Compliance



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Stormwater Retention Areas in Parks and Basins



Proposed Environmental Fee Funding for Stormwater Retention Areas in Parks and Basins

	Basin Acres	Proposed Maintenance*	Proposed Infrastructure Improvements
Parks with Basins	278.38	\$2,087,850	\$4,780,000
Retention Basins	369.99	\$2,774,925	\$5,340,000
Total Basin Areas	648.37	\$4,862,775	\$10,120,000

*Proposed Maintenance totals assume raising the cost per acre maintained to \$7,500 (parks are currently at \$6,200/acre and basins are at \$4,800/acre). This level of maintenance will restore water usage to 1,100,000 gallons per acre/per year to improve the health of the turf and trees, allow for additional mows, cleans and custodial services, and restore some fertilizations and tree care.



Fee Increase

\$3.00/utility account/year

- Generates \$5.8 Million
- 59% cost recovery
- \$0.25 increase generates \$481,998
- \$2.05 increase for full cost recovery



Fees & Charges Timeline



	Tax Audit & Collections Fees & Charges			FY 10/11 Proposed Fee	Tax Audit & Collection Fees			Average Service Charges per Year	Avg Dollar Amount at Current Charge	Avg Dollar Amount at Proposed Charge	Difference
	Current Fee	2008	2009		2010	2008	2009				
Lien Fee	\$20 *	\$50	546	434	447	0	434	476	\$9,520	\$23,800	\$14,280
Enforcement Letter Fee	\$0	\$3	0	40	0	0	40	13	\$0	\$39	\$39
Total			546	474	447		474	489	\$9,520	\$23,839	\$14,319

* This fee is currently not in the Schedule of Fees and Charges.