



GENERAL & ECONOMIC DEVELOPMENT COMMITTEE

January 14, 2010

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 January 14, 2010 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.

Business Services Department Director Ed Quedens introduced Economic Development Specialist Shea Joachim and Business License and Revenue Collections Administrator Tim Meyer. Mr. Quedens displayed a PowerPoint presentation (**see Attachment 1**) and provided an overview of discussions that resulted in the 2008 Council action to adopt an annual Transaction Privilege Tax (TPT) License, a change from the non-expiring, permanent license. He noted that the annual license enables the collection of current data on businesses that have taxable transactions. Mr. Quedens reported that discussions with the General and Economic Development Committee in February of 2009 resulted in a proposal for a "business registry." He said that although only businesses that conduct taxable transactions are licensed, the City does collect data on other businesses during the Fire Department's inspection for a Fire Safety Occupational Permit (FSOP). He noted that third party data collected by Economic Development does not consistently reflect current business operations.

Mr. Joachim continued the presentation and said that the discussion of a business registry highlighted some of the data collection problems with the present system, such as the fact that the TPT License fails to collect data on businesses that have non-taxable transactions and that the FSOP is a fairly new program that has experienced three to six month delays. He added

that third party data purchased by the Economic Development Department was found to be relatively unreliable.

Mr. Joachim said that the benefits of a business registry include an awareness regarding the types of businesses that exist in Mesa and improved access to accurate business information. He noted that staff would be able to identify the types of businesses that are not presently operating in the City, which could then be targeted by the Economic Development Department to fill that void. Mr. Joachim added that the registry would also enhance the City's ability to maintain current contact information and collect data on any hazardous materials that may be present at the business location to ensure compliance with environmental regulations. He stated that the objectives are to streamline the business registration process, to minimize the fees for opening/operating a business in Mesa and to protect legitimate Mesa businesses.

Mr. Joachim advised that following the February 2009 General and Economic Development Committee meeting, staff performed an analysis of the information that was currently available. He said that staff's recommendations include a Quarterly Business Registry Report and the distribution of Mesa "Success Packets" that include the following:

- Guide to Opening a Business in Arizona (**see Attachment 2**)
- Mesa Business Registration Guide (**see Attachment 3**)
- Mesa Site Selection Guide and Contact Information (**see Attachment 4**)

Mr. Joachim said that changes are also being made to the website to provide better information and to make the site more user-friendly. He added that in the future, staff hopes to implement an Interactive Licensing Guide.

Mr. Quedens advised that a new tax licensing system is being proposed as a subset of the financial systems replacement project. He explained that it would be a "stand alone" project because of the specialized nature of the operation. He added that the new sales tax system is expected to streamline the licensing process, eliminate the necessity to duplicate entries, and enable online filing and payment of tax returns.

Chairman Richins stated the opinion that the process is moving in the proper direction. He suggested that alarm permits and liquor licenses be included in the future.

In response to a question from Chairman Richins, Mr. Quedens advised that the project is included as part of the total costs to replace the City's financial systems as part of CityEdge.

Committeemember Finter complimented staff for the proposal and the presentation. He stated that staff is following the framework outlined during the Committee's earlier discussion in February 2009.

Committeemember Somers noted that the intent is to bring the entire process "in-house" without implementing any additional fees.

Responding to a series of questions from Chairman Richins, Mr. Joachim advised that the Quarterly Business Registry Report would eventually take the place of data purchased from third parties which costs approximately \$10,000 a year. He stated that the Fire Safety Occupancy Permit would be the tool utilized to capture information on businesses that do not collect sales tax.

Committeemember Finter reported that he has received numerous complaints from businesses regarding the \$15 FSOP fee. He stated the opinion that fire prevention is a core service of the Fire Department that should be provided at no cost.

Chairman Richins noted that a small day care facility is classified in the same category as a high-rise building, and he invited a representative of the Fire Department to come forward.

Fire Inspections Supervisor Cina Sunderhaus addressed the Committee and explained that the Fire Department was directed to create an inspection program that included cost recovery. She advised that the categories are based on the risk assessment standards for operations utilized for the national accreditation process. Ms. Sunderhaus stated that educational and institutional facilities such as hospitals or care facilities are classified as being of "high risk" with a \$250 fee, and she added that facilities larger than 12,000 square feet are charged an additional \$200.

Committeemember Finter stated that charging a \$15 fee for providing a basic service has generated considerable ill will in the business community. He said that although other communities are considering similar programs, he expressed the hope that Mesa could eliminate the fees when the economy improves.

Chairman Richins said that the positive aspect of the annual fee is that owners are reminded to consider the safety issues present in their business operations.

In response to a question from Chairman Richins, Ms. Sunderhaus reported that safety hazards identified during the FSOP inspection process dropped from approximately 22,000 in the first year to approximately 12,000 in the second year.

Committeemember Finter commented that the City has experienced relatively few fires in commercial facilities.

Chairman Richins noted that there is consensus among the Committeemembers that staff should move forward with the Business Registry.

Committeemember Somers stated the opinion that the mission of the project should be to streamline the business application process.

Mr. Joachim said that the next steps would be to update the website, working with Information Technology regarding the Interactive Licensing Guide, and making the Success Packets available at various locations.

Mr. Quedens advised that information on the financial systems would be available soon.

Chairman Richins thanked staff for the presentation, and he noted that the City should continue to employ technology in order to streamline processes and operate more efficiently.

Chairman Richins requested that "Items from Citizens Present" be listed at the end of the agenda for future meetings of this Committee.

3. Adjournment.

Without objection, the General and Economic Development Committee meeting adjourned at 10:27 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the General and Economic Development Committee of the City of Mesa, Arizona, held on the 14th day of January, 2010. 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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Attachments (4)