



Budget and Finance Department Memorandum

DATE: March 3, 2018

TO: Kevin Phelps, City Manager
Tom Duensing, Assistant City Manager

FROM: Vicki L. Rios, Budget and Finance Director

SUBJECT: Automated Kiosk Licensing Fee

The City of Glendale, in conjunction with the League of Arizona Cities and Towns, has worked to develop a Model Ordinance for the proposed licensing and regulation of Automated Kiosks (Kiosks). Consumers can use the Kiosks to sell or recycle cell phones and tablets. In conjunction with the adoption of a new ordinance, the city can define the regulations under which the Kiosks can operate within the City and establish an annual licensing fee. This is a new business type and actual costs are not currently available. To calculate the recommended fee, the Budget and Finance Department considered the following three factors:

1) Licensing fees paid by similar businesses on a national basis

The attached Exhibit A shows the fees for similar Kiosks in 11 cities nationwide as of January 2018. The fees range from a high of \$1,100 to a low of \$6. The average fee is \$313.

2) Licensing fees paid by other similar Glendale businesses

The attached Exhibit B shows the cities current fees for other City of Glendale regulatory license types. Fees range from \$1,000 to \$200. Fees range in cost depending on the type of business and the risk associated with calls for service to regulate those businesses. The average fee for these businesses is \$428.

3) Potential costs associated with licensing and monitoring Kiosks

Kiosks may need to be inspected periodically to ensure they remain in compliance with the city's codes and regulations. Police Department personnel may also be called upon periodically to investigate activities associated with the Kiosks. Exhibit C shows the estimated cost per machine to inspect or investigate Kiosks on an annual basis. The cost is expected to be approximately \$519 per year.

Summary

Based on this information, staff recommends setting an initial licensing fee of \$500 per Kiosk per year. The fee should be evaluated at least every two years to determine if it is adequate to recover the appropriate costs and risk associated with the Kiosks.

Staff proposed the fee at a workshop on February 27, 2018 and the consensus of the Council was to bring the Model Ordinance and associated \$500 fee forward for consideration of adoption at a voting meeting. Council has the authority to set the fee at the level they deem appropriate.

Exhibit A			
CITY	LICENSE FEE		
CHICAGO, IL	\$1,100		
LOS ANGELES, CA	\$433		
SAN DIEGO, CA	\$427		
NEW YORK CITY	\$425		
SAN JOSE, CA	\$403		
INDIANAPOLIS, IN	\$325		
DALLAS, TX	\$245		
EL PASO, TX	\$154		
SEATTLE, WA	\$130		
DENVER, CO	\$85		
FT WORTH, TX	\$25		
JACKSONVILLE, FL	\$6		
Average Fee	\$313		
Exhibit B - Comparable License Types			
Type	LICENSE FEE		
Adult Business Operator	\$535		
Auctioneer	\$80		
Massage Establishment	\$250		
Instate Liquor Producer	\$1,000		
Bar	\$800		
Restaurant with Liquor	\$400		
Secondhand dealer	\$155		
Beer and Wine Store	\$200		
Average fee	\$428		
Exhibit C - Estimated Cost of Inspections/Investigations			
Type	LICENSE FEE		
Hourly Cost of Police Officer*	\$43		
Estimated hours per insp	6		
Number calls per year	2		
Total Cost	\$519		
*includes pension and benefit cost (ERE) of approx 25%; does not include vehicle, technology, or other related costs			