

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, RELATING TO THE AUCTIONEERS, PAWNBROKERS, SCRAP METAL DEALERS, AND SECONDHAND DEALERS LICENSING CODE; AMENDING MESA CITY CODE TITLE 5, CHAPTER 7, SECTION 3; PROVIDING PENALTIES FOR THE VIOLATION THEREOF; AND PROVIDING FOR EFFECTIVE DATE THEREOF.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

SECTION 1. Mesa City Code Section 5-7-3, subsection (a), is amended to read:

(A) Pawnbrokers shall file reports with the police department consistent with all of the requirements contained in A.R.S. §44-1625 as amended or as may be amended upon forms provided or approved by the police department. THE REQUIRED FORMS ARE PAID FOR IN ADVANCE AT A LOCATION DESIGNATED BY THE POLICE DEPARTMENT. THE COST OF THE REPORT FORM IS IN ACCORDANCE WITH THE CURRENT SCHEDULE OF FEES AND CHARGES. PROOF OF PAYMENT SHALL BE TAKEN TO THE POLICE DEPARTMENT AND THE REPORT FORMS WILL BE ASSIGNED TO THE LICENSEE.

SECTION 2. Mesa City Code Section 5-7-3, subsection (d) is amended to read:

(D) Secondhand dealers shall file reports with the Police Department consistent with all of the requirements contained in A.R.S. § 44-1602(C) as amended or as may be amended upon forms provided or approved by the Police Department. THE REQUIRED FORMS ARE PAID FOR IN ADVANCE AT A LOCATION DESIGNATED BY THE POLICE DEPARTMENT. THE COST OF THE REPORT FORM IS IN ACCORDANCE WITH THE CURRENT SCHEDULE OF FEES AND CHARGES. PROOF OF PAYMENT SHALL BE TAKEN TO THE POLICE DEPARTMENT AND THE REPORT FORMS WILL BE ASSIGNED TO THE LICENSEE. SECONDHAND DEALERS MAY PASS ON THE COST OF THE REPORT FORM TO THEIR CUSTOMERS.

SECTION 3. Penalties. Any person found guilty of violating any provision of this amendment to the Mesa City Code shall be guilty of a class one misdemeanor. Each day that a violation continues shall be a separate offense punishable as herein above described.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona, this ____ day of _____, 2009.

APPROVED:

Mayor

ATTEST:

City Clerk

POLICE DEPARTMENT
Changes to Fees and Charges

Document of Change; Resolution

Fee Recommendation BAR No.: 9854

Description of Services:	Current Fee/Charge	Propose d	Unit	Date Last	08/09 Fiscal	Notes
PAWN TRANSACTIONS FEES	\$0.00	\$3.00	Each	New	\$369,525	123,175 tickets @ \$3.00
SECONDHAND TRANSACTION FEES	\$0.00	\$3.00	Each	New	\$59,166	19,722 tickets @ \$3.00



City Council Report

Date: January 8, 2009
To: Mesa City Council
Through: Christopher J. Brady, City Manager
From: George Gascón, Police Chief
Subject: Proposed Pawnshop and Secondhand Goods Transaction Fee

Purpose and Recommendation

The purpose of this report is to recommend that the City Council approve an ordinance (Attachment #1) to amend the Mesa City Code, Title 5, Chapter 7, Section 3, subsection A, *Reports to the Police Department; Fruits of a Crime*, in order to establish a pawnshop transaction fee applicable to all transaction reports filed within the Mesa Police Department Recovered Property Unit and move to an online electronic data submission system in order to streamline identification and recovery of stolen property.

On March 27, 2008, the Audit and Finance Committee discussed and approved the recommendation for the proposed Pawnshop Transaction Fee. A discussion was scheduled with the full Council for June 2, 2008; however, the proposal was removed from the agenda to allow City representatives the opportunity to meet with pawnshop owners to further discuss the pawnshop transaction fee. On August 25, 2008 the issue was brought before the Public Safety Committee. The Public Safety Committee recommended that the proposal be brought to the full Council for consideration. On December 4, 2008 the issue was brought before the full Council for consideration. At that time, Council recommended that the proposal be revised to include the possibility of expanding the proposed fee to include Secondhand Good Dealers as well as pawnshops.

Background

The Recovered Property Unit (Unit) is currently staffed with two (2) sworn detectives and one (1) civilian police investigator. The Recovered Property Unit is responsible for investigating cases involving pawnshops, secondhand dealers, including antique dealers, scrap yards, swap meets, and auctioneers. The Unit is

responsible for inspecting pawnshops and issuing citations to pawnshops for identified violations.

Per the reporting guidelines (Mesa City Code 5-7-3 A, C, D, E), this Unit is also responsible for manually entering all transactions from nineteen (19) Mesa pawnshops in addition to secondhand stores, auction houses, scrap yards and swap meets, which allows for the search of a national database to determine whether a particular item is stolen or linked to other reported criminal activity. Manual entry of transactions results in reduced manpower for investigations, diminished capacity to analyze patterns of criminality, and increased lag times between data entry and identifying stolen items.

The number of pawnshop transactions has steadily increased over the last five (5) years as follows:

Year	Number of Pawnshop Transactions
2003	71,665
2004	84,099
2005	112,043
2006	112,000
2007	123,175

So far this year, 123,243 pawnshop transactions have been filed with the Unit.

Currently, there are eighty-seven (87) second hand stores in the City of Mesa. Of those, thirty-nine (39) reported seven hundred and thirty-nine (739) transactions for November 2008, which represents approximately eight percent (8%) of the total transactions filed with the Unit for the month. Using this number as our average, the eighty-seven (87) stores would account for approximately 19,722 transactions, which equates to a net gain of approximately 10,000 transactions annually.

Discussion

Currently, the City of Mesa incurs all costs associated with the recovered property program. The 2008/09 projected costs for the Unit are approximately \$337,000. It is recommended the City of Mesa implement a transaction fee involving all pawn shop transactions filed within the Mesa Police Recovered Property Unit.

The current practice of a number other cities with respect to pawnshop transaction reports is to charge a fee. It is important to note that several of the fees listed below have not been updated in several years.

Phoenix	\$3.00
Peoria	\$3.00
Bullhead City	\$1.00
Gila County	\$3.00
Kingman	\$3.00
Flagstaff	\$2.00

Currently, the City of Chandler, the City of Scottsdale, and the City of Tempe are considering implementing a pawnshop transaction fee similar to that under consideration by the City of Mesa.

Similarly, the City of Phoenix charges a three dollar (\$3.00) fee for transactions involving second hand goods.

An ordinance reflecting the transaction fee implementation is required to authorize (codify) fee collection. The recommended change to Mesa City Code 5-7-3(A) is shown in Attachment #1. Additionally, a resolution to amend the Police Department's fees and charges is included, to be passed at the next council meeting following introduction of the attached ordinance.

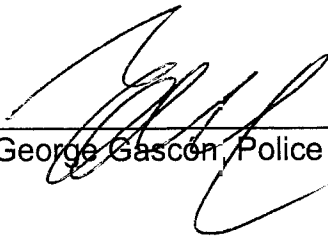
As part of the transaction fee implementation, it is also recommended that a software/hardware package to track pawnshop and second hand good transactions be purchased. A Request for Proposal (RFP) is currently being prepared to evaluate the tracking options available. If an automated system was implemented, it is anticipated that the transactions would no longer be manually entered. Thus, staff could focus on the investigations side of the pawn transactions. By incorporating a computerized tracking system, real-time data will be provided to the Mesa Police Department to assist in the recovery of property, obtain leads to other crimes and assist in the department's overall crime fighting efforts. The computerized tracking system can also be used to start a statewide program in the area of property recovery.

Alternatives

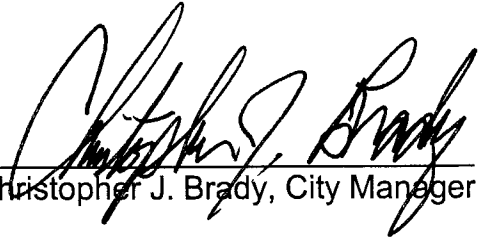
Alternative 1: Approve the recommendation to enact an ordinance (Attachment #1) to amend Mesa City Code 5-7-3(A) in order to implement a pawnshop transaction fee. This will allow Mesa to move to an online electronic data submission system which will allow the City to proceed with the purchase of related equipment including an internet based tracking system which will provide real time data to assist in crime fighting efforts.

Alternative 2: Expand the transaction fee to include pawnshops and secondhand goods (Attachment #2). This also will allow Mesa to move to an online electronic data submission system as noted in Alternative 1.

Alternative 3: Do not implement any fees for pawnshop transactions or second hand good transactions and continue with the City's current practice of incurring all costs associated with the recovered property program. Also, continue with current process of manually entering the pawn transactions, which does not allow for staff to dedicate their time on investigative efforts.



George Gascon, Police Chief



Christopher J. Brady, City Manager