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FEB 10 2011 Chandler



**MEMORANDUM Management Services Department – Council Memo No. MS 11-023**

**DATE:** FEBRUARY 10, 2011

**TO:** MAYOR AND COUNCIL

**THRU:** RICH DLUGAS, ACTING CITY MANAGER *RD*  
DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR *DS*  
DAWN LANG, ASSISTANT DIRECTOR FOR FINANCE *DL*

**FROM:** LEE GRAFSTROM, TAX AUDIT SUPERVISOR *LG*

**SUBJECT:** REQUEST FOR INTRODUCTION AND TENTATIVE ADOPTION OF ORDINANCE NO. 4272 AMENDING SECTIONS 32-1, 32-4.1(I) AND (N) OF CHAPTER 32 AND RELATED SECTIONS 20-3(C) AND (D) OF CHAPTER 20, OF THE CODE OF THE CITY OF CHANDLER, TO REDUCE THE REQUIREMENTS FOR SPECIAL EVENT VENDOR REGISTRATION.

**RECOMMENDATION:** Staff recommends introduction and tentative approval of Ordinance No. 4272 amending Sections 32-1, 32-4.1(I) and (N) of Chapter 32 and related Sections 20-3(C) and (D) of Chapter 20, of the Code of the City of Chandler, to reduce the requirements for Special Event vendor registration.

**BACKGROUND:** As part of a review of current licensing requirements staff determined that the current process for licensing vendors at Special Events was an area that could be streamlined to provide better service to the vendors and event sponsors, without adversely impacting City revenues or regulatory compliance.

The current code provisions in Chapter 32, Special Events, states that all vendors at civic or commercial events are required to have a Transaction Privilege Tax License. Under Chapter 20, Transient Merchants, vendors at commercial events are additionally required to have Transient Merchant (Peddler) Licenses. Given the documentation needed and the standard approval timelines involved, these requirements are a source of considerable complaint from vendors and event sponsors. Furthermore, extensive staff time is expended tracking down and licensing all of the vendors for privilege tax and peddler licenses, while generating very little revenue.

The intent of these changes is to make the process easier for most vendors and event sponsors, and focusing staff efforts on critical licensing and tax collection efforts while not effecting City revenue collections.

**DISCUSSION:** Staff is recommending code changes affecting the Special Event and Temporary Sales Promotional Event processes, specifically as they relate to Privilege Tax Licenses and Peddler Licenses. These changes will replace the requirement that all Special Event vendors must have a Privilege Tax License, with a simplified registration process for the vast majority of small vendors that participate (defined as those that would owe less than \$100 in taxes and fees). Larger vendors, such as food and carnival operators, as well as those that have a City tax obligation outside of the Special Event will continue to require a Privilege Tax License.

The changes will apply if the Special Event vendor is only making sales within the parameters of a Special Event, the Special Event is less than 30 days, the Special Event vendor makes less than \$5,000 in Chandler taxable sales in a calendar year, and the vendor is not required to have a Privilege Tax License for any other reason.

Changes to the related Peddler Code sections provide equity for vendors participating in a “commercial event” (a Temporary Sales Promotional Event), and those participating in a “civic event” (a Special Event). Currently, vendors that operate entirely within a civic event are excluded from the requirements for Peddler Licenses, while the same vendor participating in a commercial event would be required to get a Peddler License. Under the proposed changes, any vendor participating in either type of event would be excluded from the application process and background checks required for Peddler Licenses. Privilege Tax Licenses may still be required based on the Special Event vendor criteria noted above.

**FINANCIAL IMPLICATIONS:** The proposed changes to Special Event vendor registration process should have no significant impact on revenue generated.

**PROPOSED MOTION:** Move to introduce and tentatively approve Ordinance No. 4272, amending Sections 32-1, 32-4.1(I) and (N) of Chapter 32 and related Sections 20-3(C) and (D) of Chapter 20, of the Code of the City of Chandler, to reduce the requirements for the Special Event vendor registration process.

c: Pat McDermott, Assistant City Manager

ORDINANCE NO. 4272

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 32-1, 32-4.1(I) AND (N) OF CHAPTER 32 AND RELATED SECTIONS 20-3(C) AND (D) OF CHAPTER 20, CODE OF THE CITY OF CHANDLER, TO REDUCE THE REQUIREMENTS FOR THE SPECIAL EVENT VENDOR REGISTRATION PROCESS.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona, that the Code of the City of Chandler is hereby amended as follows:

SECTION I. That Section 32-1 of Chapter 32, Code of the City of Chandler is hereby amended as follows:

**32-1. - Definitions.**

For purposes of this chapter, the following words, terms and phrases shall have the meanings respectively ascribed to them in this section:

*Special event* means any fair, parade, march, procession, festival, street dance, circus, carnival, concert, performance, rodeo, race, Christmas tree or pumpkin sales lot or other temporary activity using outdoor spaces and inviting public participation and patronage (with or without charge) whether held on public or private property. There are two (2) types of special events: civic events and commercial activities.

*Civic event* is any special event using or occupying public sidewalks, streets, rights-of-way, or other publicly owned property

*Commercial activity* is any special event using only private property.

Special events do not include block parties or private events to which the public is not invited or allowed to participate.

*Parade* means any parade, march, motorcade, organized bicycle or foot race ceremony, show, exhibition, pageant, or procession of any kind or similar display which does not intend/desire to comply with normal and usual traffic regulations or controls.

*Sponsor* means the person or group responsible for the special event to be held.

*City Center* is that area of the downtown located North of Frye Road, South of Chandler Boulevard, West of Delaware Street and East of Dakota Street and the San Marcos Golf Course. A number of large employers and destination locations such as retail businesses, San Marcos Resort, Public Library, Community Center, and City Offices are located in the City Center.

SPECIAL EVENT VENDOR IS ANY PERSON OR BUSINESS PARTICIPATING AS A VENDOR AT A SPECIAL EVENT MAKING SALES SUBJECT TO PRIVILEGE TAX ONLY WITHIN THE PARAMETERS OF THE SPECIAL EVENT, PROVIDED SUCH SPECIAL EVENT IS THIRTY (30) DAYS OR LESS IN LENGTH, AND THE TAXABLE GROSS REVENUE OF SUCH PERSON OR BUSINESS FROM ALL SALES WITHIN THE CITY IN A CALENDAR YEAR IS LESS THAN FIVE THOUSAND DOLLARS (\$5,000), AND PROVIDED ALSO THAT SUCH PERSON OR BUSINESS IS NOT OTHERWISE REQUIRED TO OBTAIN A CHANDLER TRANSACTION PRIVILEGE TAX LICENSE. THE FEE FOR SPECIAL EVENT VENDOR REGISTRATION SHALL BE SET BY RESOLUTION.

TRANSACTION PRIVILEGE TAX LICENSE: A LICENSE ISSUED PURSUANT TO THE PROVISIONS OF CHAPTER 62, CHANDLER TAX CODE.

SECTION II. That Section 32-4.1 of Chapter 32, Code of the City of Chandler is hereby amended as follows:

**32-4. - Review process.**

32-4.1. Applications for all special events shall be reviewed by the Special Event Committee which shall approve, deny or conditionally approve such applications based on the requirements listed below and any other requirements imposed by this City Code or other law. The Special Event Committee may appoint one member or a subcommittee to review, approve, deny or conditionally approve special event-commercial activities and other smaller special events where all health and safety concerns have been addressed and may adopt uniform regulations for different types of special events.

The proposed special event:

- A. Shall not interfere or conflict with previously scheduled Special Events, construction, maintenance or other activities;
- B. Shall not interfere with the movement of police, fire-fighting or emergency medical equipment in route to a police, fire or emergency medical call.
- C. Shall not cause undue hardship to adjacent businesses or residents;
- D. Shall provide adequate security, crowd control, parking and traffic control measures and shall not substantially interrupt the safe and orderly movement of other traffic contiguous to the event. If applicant proposes to use City police officers for such measures, such use shall not interfere with adequate police and fire protection for the remainder of the City. Applicant shall pay in advance the full cost and expense of all city employees providing services for such special event. Applicant shall rent or otherwise obtain and pay for the appropriate number of street barricades.

E. Shall provide a safe environment and not endanger participants or spectators. All events shall comply with the Fire Code requirements for outdoor carnivals and fairs. All vehicles and equipment, commercial vendors and temporary facilities such as seating, tents, canopies or membrane structures or game booths shall meet fire safety regulations and must be approved by police and fire. Any pyrotechnic special effects materials, open flame devices, flammable or combustible liquids or gases shall conform to Fire Code requirements and must be approved by Fire Department as part of this process.

F. Upon determination of the Fire Chief, the applicant shall be required to provide fire standby personnel as specified in the Fire Code. Applicant shall pay in advance the full cost and expense of such fire standby services by City.

G. Shall provide general liability insurance with a company acceptable to the City and in an amount sufficient to cover the event. For all Special Events using public property, the insurance policy shall name the City as an additional insured. Applicants should contact the City's Risk Manager prior to submitting the Special Event application for assistance in determining the amount of coverage necessary for each Special Event. The applicant shall provide in a form acceptable to the City Attorney a written indemnification, indemnifying and holding the City, its officers and staff harmless.

H. Shall provide for refuse collection and removal. The applicant/sponsor shall provide the City with copies of executed contracts, the names of companies providing clean-up, trash removal, and toilet facilities. During and within twenty-four (24) hours of the conclusion of the event, applicant shall clean the event area, adjacent parking lots, landscaping, and right of way of all rubbish and debris, returning the area to its pre-event condition. Parades and other activities using city streets may be required to pay for street sweeping. Unless otherwise provided for to the satisfaction of City, applicant will be required to post a bond in excess of the estimated cost of refuse collection and removal services and to pay any costs incurred by City crews for additional cleanup;

~~I. Shall obtain and display a City tax license and any other necessary licenses or permits. The appropriate licenses and permits shall be displayed at the location where the participant conducts their business activities. Vendors not in possession of the appropriate license(s) will not be permitted to participate in the special event.~~ SHALL PROVIDE A SPECIAL EVENT VENDOR REGISTRATION OR TRANSACTION PRIVILEGE TAX LICENSE NUMBER FOR EACH PARTICIPATING VENDOR. ANY VENDOR THAT DOES NOT REGISTER AS A SPECIAL EVENT VENDOR OR PROVIDE A VALID TRANSACTION PRIVILEGE TAX LICENSE SHALL NOT BE PERMITTED TO PARTICIPATE IN THE SPECIAL EVENT. ANY QUALIFIED SPECIAL EVENT VENDOR SHALL BE EXEMPT FROM THE REQUIREMENTS OF OBTAINING A TRANSACTION PRIVILEGE TAX LICENSE OR TRANSIENT PRIVILEGE LICENSE AND PAYING TRANSACTION PRIVILEGE TAXES IMPOSED UNDER CHAPTER 62, CHANDLER TAX CODE.

A SPECIAL EVENT VENDOR REGISTRATION SHALL BE VALID ONLY FOR THE DATES OF THE SPECIAL EVENT FOR WHICH IT IS ISSUED. ANY PERSON WHO

PARTICIPATES AS A SPECIAL EVENT VENDOR AT MORE THAN ONE SPECIAL EVENT SHALL COMPLETE A SEPARATE SPECIAL EVENT VENDOR REGISTRATION FOR EACH SPECIAL EVENT. AT ANY TIME THAT THE SALES ACTIVITIES OF A SPECIAL EVENT VENDOR NO LONGER CONFORM TO THE DEFINITION, THE TRANSACTION PRIVILEGE TAX EXEMPTION GRANTED TO SUCH PERSON OR BUSINESS SHALL AUTOMATICALLY TERMINATE, AND SUCH PERSON SHALL BE REQUIRED TO OBTAIN A TRANSACTION PRIVILEGE TAX LICENSE AND PAY ALL TRANSACTION PRIVILEGE TAXES DUE UNDER CHAPTER 62, CHANDLER TAX CODE.

J. Shall provide adequate toilet and on-site water facilities. If the applicant intends to provide overnight accommodations for recreational vehicles and campers, applicant shall provide for waste disposal.

K. Shall comply with all health department regulations.

L. Shall provide on-site emergency medical services by the City Fire Department for any event anticipated to have a daily attendance of twenty-five thousand (25,000) or more and also such service as determined to be necessary due to special needs, conditions, or hazards. Applicant shall pay to City, in advance, the full cost of such services.

M. Temporary signs advertising special events, which signs are approved through this process, shall be exempt from other sign regulations of the City Code.

N. SHALL ENSURE THAT ALL APPROPRIATE LICENSES AND PERMITS ARE DISPLAYED AT THE LOCATION WHERE THE PARTICIPANT CONDUCTS THEIR ACTIVITIES. VENDORS NOT IN POSSESSION OF THE APPROPRIATE LICENSES AND PERMITS WILL NOT BE PERMITTED TO PARTICIPATE.

SECTION III. That Section 20-3 of Chapter 20, Code of the City of Chandler is hereby amended as follows:

**20-3. - Exemptions from this chapter.**

A. The provisions of this chapter shall not apply to producers of agricultural products as defined in A.R.S. § 3-561, or to any members of the family or agents or persons in the service of the producer when the agricultural products are sold or disposed of on behalf of and for the benefit of the producer.

B. The terms of this chapter do not include the acts of persons selling personal property at wholesale to dealers in such articles, nor to newspaper carriers delivering and selling newspapers from house to house or business to business, students on school class projects, nor to acts of merchants or their employees in delivering goods in the regular course of business except that all such persons shall be subject to the provisions of section 20-12.

Nothing contained in this chapter prohibits any sale required by statutes or by order of any court or prevents any person from conducting a bona fide auction sale pursuant to law.

C. The provisions of this chapter do not apply to persons SELLING OR displaying products, services or merchandise at trade shows ~~where no sales are made, no orders are taken and no obligations are incurred by potential customers.~~ HOWEVER, THEY MAY BE REQUIRED TO OBTAIN A PRIVILEGE TAX LICENSE.

D. The provisions of this chapter shall not apply to ~~special City-wide promotional activities such as the Chandler Ostrich Festival, Cotton Festival, Downtown Farmer's Market or similar events, designated as such by the City Manager and~~ PARTICIPANTS AT SPECIAL EVENTS PERMITTED THROUGH CHAPTER 32, SPECIAL EVENTS, PROVIDED ALL OF THEIR ACTIVITIES ARE limited to the area of the event. ~~Transient merchants need not obtain a transient merchant permit for sales which are a part of and permitted through the special event permit for such City-wide promotional activities,~~ however, they ~~must still~~ MAY BE REQUIRED TO obtain a privilege tax license.

INTRODUCED AND TENTATIVELY APPROVED by the City Council of the City of Chandler, Arizona, this 9th day of December, 2010.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

PASSED AND ADOPTED by the Mayor and Council of the City of Chandler, Arizona, this 27<sup>th</sup> day of January, 2011.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

Approved As To Form:

\_\_\_\_\_  
CITY ATTORNEY

*CH for*

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4272 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the 27<sup>th</sup> day of January, 2011, and that a quorum was present thereat.