



AGENDA ITEM EXECUTIVE SUMMARY

Title:	Recommendation to Approve an Amendment to Chapter 5.14 Amusement Game Devices Regarding Amusement Game Device License Fees
Presenters:	Matthew O'Rourke, Economic Development Division Manager

Please check appropriate box:

X	Government Operations (8/3/2015)		Government Services
	Planning & Development		City Council

Estimated Cost:	N/A	Budgeted:	YES		NO	
If NO, please explain how item will be funded:						

Executive Summary:

Background:

Staff has been working with a business owner (Paul Ojeda) who would like to locate a video arcade in downtown St. Charles. They would like to place this business in the vacant retail space located at 228 W. Main Street.

Per Chapter 5.14 Amusement Game Devices, Mr. Ojeda's proposed business is required to obtain an Amusement Game Device license for the business and a separate license for each machine located in the business. Below is the current fee structure for these licenses:

- \$150.00 for the business (annual fee)
- \$150.00 for the each machine (annual fee)

Under these provisions, if the owner places 60 machines in the space, it would equate to \$9,150 per year in license fees; which, Mr. Ojeda has stated will make his business model unfeasible.

Proposed Ordinance Amendment:

Staff has reviewed similar license fees from surrounding communities. Based on this review, staff has determined the St. Charles fees are higher than the majority (with one exception) of our adjacent municipalities. Staff is proposing that the Amusement Game Device license fee be reduced to a lower dollar amount that is more competitive with nearby cities. Staff is asking that the Committee consider one of these two following potential fee structure options, and inform staff if one of these (or a similar) fee structure is desirable:

Option 1

Reduce the current fees to a similar amount as currently charged in Batavia, IL:

- \$50.00 for the business (annual fee).
- \$5.00 for each machine (annual fee).

Option 2

Other communities utilize a flat annual license fee such as:

- Geneva, IL – 1 to 3 Machines \$50.00, Over 3 Machines \$125.00.
- Schaumburg, IL - \$237.00 (flat fee for any number of machines).

Attachments: *(please list)*

Staff Memo dated 7/24/2015
Comparison Table of Surrounding Community Amusement Game Device License Fees

Recommendation / Suggested Action *(briefly explain):*

Recommend Approval of an Amendment to Chapter 5.14 Amusement Game Devices Regarding Amusement Game Device License Fees

For office use only: Agenda Item Number: 5a

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ST. CHARLES
SINCE 1834

STAFF MEMO

TO: Chairman Daniel P Stellato
And Members of the Government Operations Committee

FROM: Matthew O'Rourke, Economic Development Division Manager

RE: Proposed Amendments to Chapter 5.14 Amusement Game Devices of the City's Code of Ordinance.

DATE: July 24, 2015

I. GENERAL INFORMATION

Project Name: Amendments to Chapter 5.14 Amusement Game Devices of the City's Code of Ordinance.

Purpose: To amend the existing fee structure established in Section 5.14.060 License Fee – Keeping or Displaying Machines for Use.

II. BACKGROUND

Staff has been working with a business owner (Paul Ojeda) who would like to locate a video game arcade in downtown St. Charles. He would like to place this business in the vacant retail space located at 228 W. Main Street.

A. Business Description:

The business owner is proposing to locate 50 to 60 vintage video games and also place modern gaming consoles in this space. As opposed to inserting coins to play these games, the owner's business model is to have patrons pay one flat fee (approximately \$10) for entry into the facility. This flat fee would permit the patron to play all the games and leave and return to the arcade as many times as they desire on that same date. The owner also plans to provide moderate refreshments such as popcorn and a soda vending machine. Staff has had several conversations with the potential business owner locating in St. Charles including building and fire code upgrades, building permits required, and St. Charles Amusement Game Device License requirements.

B. Chapter 5.14 Amusement Game Devices of the City Code:

One of the discussion points has been the City's Amusement Game Device license fees. Any business that locates a coin or other amusement machine is subject to the standards of **Chapter 5.14 Amusement Game Devices**. These machines are defined as:

"Amusement game device" as used in this chapter means any machine which, upon the insertion of a coin, slug, token, plate or disc or upon payment of consideration by any other method may be operated by the public generally for use as a game, entertainment or amusement, whether or not registering a score. It includes such devices as marble machines, pinball machines, electronic games, skill ball, mechanical grab machines, videogames, and all games, operations or transactions similar thereto under whatever name they may be known." (Does not include Video Gambling Terminals as defined by the State of Illinois)

Under these stated license requirements, Mr. Ojeda's proposed business is required to obtain an Amusement Game Device license for the business and for each machine located in the business. The current fee structure for these licenses is:

- \$150.00 for the business (annual fee)
- \$150.00 for the each machine (annual fee)

Under these provisions, if the owner places 60 machines in the space, it would equate to \$9,150 per year in license fees. As another example, the existing St. Charles business, Under the Big Top, currently pays \$5,700 in Amusement Game License fees. Mr. Ojeda has stated that the current fees will render his proposed business model unfeasible.

C. Surrounding Communities

Staff conducted a review of surrounding community's amusement game device fees. With one exception St. Charles' fees are higher than surrounding communities.

III. PROPOSAL

In order to remain competitive with adjacent communities and accommodate the proposed and existing businesses, staff is proposing to Amend **Section 5.14.060 License Fee – Keeping or Displaying Machines for Use** for Amusement Game Devices. Based on a review of other Chicagoland municipalities, staff is suggesting that the ordinance be amended to one of the following options:

A. Option 1

Reduce the current fee structure to align with St. Charles' adjacent communities. The following are the current fees in Batavia, IL:

- \$50.00 for the business (annual fee).
- \$5.00 for the each machine (annual fee).

Benefits

- This proposed fee structure will reduce the amount of fees paid by destination businesses that have lot amusement game devices and make St. Charles competitive with our adjacent communities.
- Provides a lower annual fee for existing family oriented businesses.

B. Option 2

Modify the fee structure into a flat annual license fee similar to other Chicagoland communities such as:

- Geneva, IL – 1 to 3 Machines \$50.00, Over 3 Machines \$125.00.
- Schaumburg, IL - \$237.00 (flat fee for any number of machines).

Benefits

- This proposed fee structure will reduce the amount of fees paid by destination businesses that have lot amusement game devices and make St. Charles competitive with our adjacent communities.
- Provides a lower annual fee for existing family oriented businesses.
- Reduce the amount of staff time devoted to license administration.

IV. RECOMMENDATION

Staff is recommending that the Government Operations Committee discuss the proposed ordinance amendment to Section 5.14.060 of the City Ordinances. If the Committee feels that they have sufficient information, staff recommends approval of the proposed amendment.

V. ATTACHMENTS

- Comparison Table of Surrounding Community Amusement Game Device License Fees

Chicagoland Area Community Video Game Amusement License Fees

City	License Fee	Per Machine Fee	Additional Information
<u>St. Charles</u>	\$150, plus extra \$50 if more than 12 machines.	\$150.00	
<u>Batavia</u>	\$50.00	\$5.00	
<u>Geneva</u>	\$50 (1 to 3 machines) \$125.00 (Over 3 Machines)	\$0.00	
<u>South Elgin</u>	\$0.00	\$100.00	
<u>Brookfield</u>	\$0.00	\$50.00	<i>(Does not charge any fee for Galloping Ghost which utilize a similar business model to the proposed business)</i>
<u>Elgin</u>	\$0.00	\$40.00	
<u>West Chicago</u>	\$50.00	\$255.00	
<u>Schaumburg</u>	\$237.00	\$0.00	