

**CITY OF NORTH LAS VEGAS
SPECIAL CITY COUNCIL MEETING MINUTES**

August 20, 2008

Website - <http://www.cityofnorthlasvegas.com>

CALL TO ORDER

5:05 P.M., Council Chambers, 2200 Civic Center Drive, North Las Vegas, Nevada

ROLL CALL

COUNCIL PRESENT

Mayor Michael L. Montandon
Mayor Pro Tempore William E. Robinson
Councilwoman Stephanie S. Smith
Councilman Robert L. Eliason

EXCUSED

Councilwoman Shari Buck

STAFF PRESENT

City Manager Gregory E. Rose
Assistant City Manager Maryann Ustick
City Attorney Carie Torrence
Assistant City Clerk Anita Sheldon
Finance Director Phil Stoeckinger
Fire Chief Al Gillespie
Planning and Zoning Director Frank Fiori
Assistant City Attorney Nicholas Vaskov
Assistant Finance Director Kay Godbey
Business License Manager Lana Hammond
Deputy City Clerk Marie Purcell

VERIFICATION

Gregory Rose
City Manager

BUSINESS

1. DISCUSSION AND/OR ACTION REGARDING A POSSIBLE MORATORIUM OF AUTOMOBILE PAWNBROKER AND PAWNBROKER'S LICENSES.

Business License Manager Lana Hammond referred to Municipal Code 5.38, which contained pawnbroker license requirements, and 5.10, which specified automobile pawnbroker license requirements. She stated the goals of the discussion were to identify issues within the Codes and related administrative difficulties, provide possible solutions to the issues, and obtain Council's direction for Staff to proceed.

Manager Hammond explained City Code required one pawnbroker license be made available through a lottery process for every population increase of 50,000 residents. A declaration of interest form was submitted by interested parties for entrance into the lottery system. Each interested party and its related entities were permitted only one declaration of interest. However, sometimes same or related parties submitted multiple declarations of interest. There was a lack of resources and abilities for Staff to verify relationships between related parties, which created legal liabilities. Staff needed to have a rational basis to declare entities were associated, and therefore entitled to only one declaration of interest. Such a declaration was subject to legal challenge. However, if Staff failed to identify relationships between associated entities and limited them to one declaration of interest, the City would be at risk from other interested parties who could claim the City disproportionately favored the entities with multiple entries and denied due process to those with single entries.

Councilman Eliason entered Chambers at 5:15 P.M.

The 30-day period of submission of declarations of interest for the lottery system created great demands on the Business License Division. There was great interest in the lottery system which led to the need to relay information and answer questions about the process. The declarations of interest needed to be processed and potential associations between entities had to be researched. These demands significantly impacted the day to day operations and customer service of the Business License Division.

An automobile pawnbroker license was also awarded by lottery for each population increase of 50,000 people. However, there was no procedure to direct Staff on how to award the license once the population criteria was met. In addition, there were inconsistencies between the State and City's Code definitions of automobile pawnbroker versus auto title loan businesses. The State issued one license to any business with one or more service including check cashing, deferred deposit loans, high interest loans and auto title loans. However, according to the City's Title 5 regulations, a business needed one license for auto pawnbroker/auto title loan plus another license if services included

check cashing, deferred deposit loans or other high interest loans. Due to these differences, a business could obtain a State license for an automobile pawnbroker business, and then be denied a license from the City if the criterion of 50,000 additional residents was not met. And once the population criterion was met, there was no procedure to determine who was awarded the license. In addition, the City required a privileged business license for an automobile pawnbroker business, which required a background investigation and Council approval. The other title loan services were not subject to background investigation or Council approval, and were not limited by population.

There were also land use verification issues caused by the City's definition of auto pawnbroker operations under Title 5 and the definitions of check cashing, deferred deposit and auto title loans under Title 17. A business could be approved by the Planning Department because it met the distance requirements within Title 17, but denied a business license under Title 5 regulations. These issues were further compounded by the discrepancies between the City's definition of auto pawn businesses and the State's definition which included auto pawn businesses with other short-term loans.

Manager Hammond suggested elimination of the population requirement and lottery process for pawnbroker licenses as a possible solution. The limiting factor was the two linear mile distance separation between like businesses, which was an existing Code requirement. Manager Hammond displayed a map of pawnbroker businesses with a visual representation of two-mile buffers surrounding them. Further limitations could be imposed within development agreements.

Councilwoman Smith stated her concern about short-term loan establishments. Mayor Montandon pointed out the two-mile distance requirement allowed only one additional pawnbroker business in the City. Furthermore, master planned communities typically did not allow such businesses, which further limited the possible maximum of such businesses. City Attorney Carrie Torrence confirmed the Park Highlands master planned community development agreement specifically prohibited such businesses.

In regard to automobile pawn broker licenses, if the population criterion was eliminated, the distance limitation for such businesses was three linear miles. However, the City's definition needed to be changed to correspond with the State's. According to the City's Title 5, auto title businesses were the same as auto pawnbroker businesses, so the distance separation requirement was three miles. However, the State defined an auto pawnbroker business as a component of a financial institution, which had a two-mile separation requirement. Because of the State's definition, auto pawnbroker businesses were evaluated by Planning and Zoning using the restrictions under Title 17.

Mayor Montandon asked for clarification between auto pawnbroker and auto title loan businesses. Assistant City Attorney Nicholas Vaskov explained the City's definition of automobile pawnbroker covered a much broader range of activities than the State's

definition of auto title loan. The State defined an auto title loan when the interest on an auto loan was over 35 percent. The City did not have a distinction regarding interest. The City's regulations classified any business that issued auto title loans as auto pawnbrokers. The question was whether the City wanted to continue to define auto title loans as auto pawnbrokers, in the same classification as other pawn shops and businesses with high-interest loans such as check cashing loans, or change the City Code to correspond with the State. Changes to the City Codes could take six to nine months.

Mayor Montandon did not think a moratorium was necessary. He felt the lottery system created too much liability, and the distance requirements effectively limited the number of pawnbrokers, auto pawnbrokers and other loan establishments. Councilwoman Smith asked whether the City had discretion over the location of such businesses above and beyond the distance requirements. Assistant City Attorney Vaskov said approval of a special use permit was still required. Councilwoman Smith was concerned there was a liability if a special use permit was denied. Mayor Montandon felt the lottery system limited the City's control and put the City at greater liability in the event a special use permit was denied. He felt a lottery win created an expectation of approval of a special use permit. City Attorney Torrence and Assistant City Attorney Vaskov agreed with Mayor Montandon. Councilwoman Smith requested Staff create a map that displayed a three-mile distance separation between businesses to see how it compared with the map with two-mile separations.

Manager Hammond confirmed there was one pending auto pawnbroker application.

ACTION: STAFF DIRECTED TO MOVE FORWARD WITH EXISTING DISTANCE REQUIREMENTS FOR AUTOMOBILE PAWNBROKER AND PAWNBROKER LICENSES; ELIMINATE POPULATION AND LOTTERY SYSTEM

MOTION: Mayor Montandon

SECOND: Mayor Pro Tempore Robinson

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilmembers Smith and Eliason

NAYS: None

ABSENT: Councilwoman Buck

ABSTAIN: None

PUBLIC FORUM

There was no public participation.

ADJOURNMENT

ACTION: THE MEETING ADJOURNED AT 5:37 P.M.

MOTION: Mayor Montandon

SECOND: Mayor Pro Tempore Robinson

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilmembers Smith and Eliason

NAYS: None

ABSENT: Councilwoman Buck

ABSTAIN: None

APPROVED: October 1, 2008

/s/ Michael L. Montandon

Mayor Michael L. Montandon

ATTEST:

/s/ Karen L. Storms

Karen L. Storms, CMC

City Clerk