

Ordinance No. 120805

Council Bill No. 114157

The City of Seattle
Council Bill/Ordinance

AN ORDINANCE relating to pawnshops; limiting the number of pawnbroker endorsements that may be issued each year commencing January 1, 2002; and amending the Seattle Municipal Code Section 6.288.065.

CF No. _____

Date Introduced: <u>APR 22 2002</u>		
Date 1st Referred: <u>APR 22 2002</u>	To: (committee) <u>Police, Fire, Courts & Technology Committee</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: <u>5-28-02</u>	Full Council Vote: <u>8-0</u>	
Date Presented to Mayor: <u>5-28-02</u>	Date Approved: <u>6/3/02</u>	
Date Returned to City Clerk: <u>6/3/02</u>	Date Published: <u>2pg</u>	T.O. <u> </u> F.T. <u> </u>
Date Vetoes by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

5-28-02 Pass
(EXCLUDED)

This file is complete and ready

Law Department

Law Dept. Review

The City of Seattle - Legislative Department

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Council Bill/Ordinance sponsored by: _____

Councilmember

Committee Action:

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5-28-02 Passed 8-0

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Committee: _____

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Law Dept. Review

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ORDINANCE 120805

AN ORDINANCE relating to pawnshops; limiting the number of pawnbroker endorsements that may be issued each year commencing January 1, 2002; and amending the Seattle Municipal Code Section 6.288.065.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 6.288.065 is amended as follows:

6.288.065 Pawnbrokers - - Limitation on numbers.

A. ~~((From January 1, 2000 until January 1, 2002 no))~~ No more than two (2) Pawnbroker endorsements shall be issued in each calendar year for the conduct of pawnbroker businesses at locations not licensed for pawnbroker activity on December 31st of the immediately preceding year.

B. Notwithstanding anything contained in subsection A of this section, no Pawnbroker endorsement shall be issued for the conduct of a pawnbroker business at a location not licensed for pawnbroker activity in the previous year if, on the March 30th next preceding the effective date of the license for which the Pawnbroker endorsement is sought, the number of locations licensed for pawnbroker activity exceeds one (1) for every fifteen thousand (15,000) inhabitants of the City, as reflected in the then most current final population figures available from the Washington State Office of Financial Management or its functional successor. Subsections A and B shall not restrict reissuance of a Pawnbroker endorsement to a new location.

C. The Chief of Police shall adopt and publicize a process for allocating new Pawnbroker endorsements by chance if there are or there are reasonably expected to be more new applicants in a year or other pertinent time period than the number of new endorsements permitted.

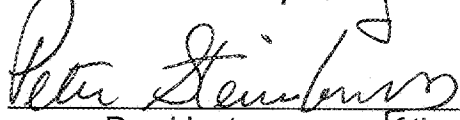


D. The Chief of Police shall report the status of the City's program for tracking pawn transactions and monitoring pawnshop operations to the City Council's Public Safety Committee or its functional successor on or before June 1, ((2004)) 2005.

Section 2. It is the express intention of the Seattle City Council that this ordinance shall apply retroactively to all pending applications for pawnshop endorsements, and that no pawnshop endorsements shall be issued except in conformity with the terms of this ordinance.

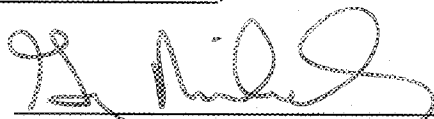
Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 28th day of May, 2002, and signed by me in open session in authentication of its passage this 28th day of May, 2002.



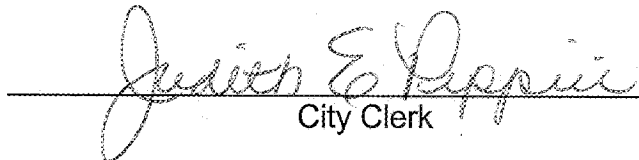
President _____ of the City Council

Approved by me this 3 day of June, 2002.



Gregory J. Nickels, Mayor

Filed by me this 3rd day of June, 2002.



City Clerk

(Seal)





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

April 3, 2002

Honorable Peter Steinbrueck
President,
Seattle City Council
Municipal Building, 11th Floor

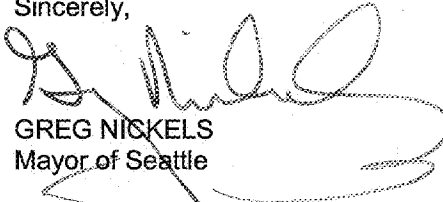
Dear Council President Steinbrueck:

I am transmitting the attached ordinance for Council consideration.

This ordinance extends the current licensing limitation for pawnshops within the city of Seattle. In 1997, legislation was passed to limit the number of new pawnshops in Seattle to two per year, with a maximum of 36 pawnshops permitted at any time, based upon current population statistics. Subsequent legislation included a sunset clause (January 1, 2002) whereby the annual limitation would expire. The attached ordinance extends the limitation of two new pawnshops per year indefinitely, and retains the maximum number of pawnshops that will be allowed in Seattle at 36. Without the extension of the pawnshop endorsement limitation, it is possible that the number of active pawnshops in the city could increase from the 21 that currently exist, to 36 active locations. Such a dramatic increase in activity would overwhelm the detectives assigned to the Property Inspection Squad. I urge the Seattle City Council to pass this legislation to help assure that the level of stolen property being sold back into the community does not increase, and that the workload of the Property Inspection Squad remains manageable and effective. I have attached a paper entitled "Pawnshop Lottery Update," which provides additional information on this issue.

Thank you for considering this legislation. Should you have questions please contact Deputy Chief John Diaz at 615-0936 or Assistant Chief Dan Bryant at 684-5485.

Sincerely,



GREG NICKELS
Mayor of Seattle

Attachment 1 - Pawnshop Lottery Update

cc: Deputy Chief John Diaz, Police
Assistant Dan Bryant, Police Investigations
Acting Sgt. Bob Seavey, Police Investigations
Marian Merkel, Police
Connie Curtin, Police
Karl Stickel, Finance
Kirk Davis, Law (01-10-01)
Garth Wojtanowicz, Law (01-10-01)
Jackie Schriner, Finance (07-42-50)



Update on the Pawnshop Automated Reporting System and the Pawnbroker Endorsement Limitation Issue

I. Current Status of the Pawnshop Automated Reporting System (PARS)

In 1997, the Property Inspection Unit's PARS experienced a system malfunction that resulted in unprocessed records and an inability to send data to the WACIC and NCIC systems. This malfunction in the system allowed stolen property to go undetected and to be sold back into the community. This same type of malfunction also occurred in 1996. In 1998 the Information Technology Section of the Seattle Police Department contracted with the Excell Data Corporation of Bellevue to design a long-term solution to the above-mentioned problem. In 1999, the new PARS went on line. After six months of working the bugs out, the system has been working as designed since June 1999 to the present time. The customer base has grown from 35,000 names in 1996 to almost 155,000 names in 2002.

II. Workload As It Relates To The Number of Pawn Endorsements Issued

The issue of workload involves many elements that relate to the amount of used goods that are pawned or sold to licensed businesses. In general, the amount of property pawned or sold that turns out to be stolen is proportionate to the number of pawnshops and transactions. As the number of pawnshops increase, the number of transactions increase, and the amount of stolen property recovered increases. The following table shows the increase in the transactions that relate to increases in the number of pawnshops.

Year	# of Transactions	# of Active Pawnshops
1994	60,000	16
95-96	102,440	18
96-97	112,684	20
97-98	123,414	21
98-99	134,144	23
1999	131,562	19
2000	130,000	19
2001	145,410	21
2002	159,252 (1)	23
2003	173,100 (1)	25
2004	186,948 (1)	27

(1) These are the projected increases in the transactions as the number of pawnshops increase.

As of February 28, 2002 there are 25 pawnbroker endorsements that have been issued in the City of Seattle. There are 21 active operating pawnshops in Seattle. In accordance with **SMC 6.288.065.B**, there are a maximum number of endorsements allowed based on one licensed location for every 15,000 inhabitants of the city. The current population of the Seattle is approximately 540,000. This figure is not much



Update on the Pawnshop Automated Reporting System and the Pawnbroker Endorsement Limitation Issue

higher than it was in 1997. The ordinance therefore allows 36 pawnbroker endorsements.

Currently, **SMC 6.288.065.A** limits the number of endorsements that may be issued to two per year to a maximum of 36. SPD is requesting that this limit of two per year be extended into the future until the number of endorsements reaches 36. If the limitation is not extended, it is possible for 15 additional pawnshops to open up in Seattle. At this point in time, that would increase the transaction numbers to somewhere near 262,000. The table below shows the number of applicants that have filed for pawnbroker endorsements each year.

Year	Applicants	Drawing Held	Endorsements Issued
1995	20	July 14, 1995	2
1996	48	February 15, 1996	2
1997	40	February 21, 1997	2
1998	37	February 17, 1998	2
1999	42	February 19, 1999	2
2001	16	March 16, 2001	2
Total	203		

If 15 endorsements became active shops at one time, the impact on the Property Inspection Squad would be severe.

1. Based on the number of transactions handled in 2001, an increase of 15 pawnshops would drastically increase the caseload for detectives assigned to the Property Inspection Squad. Currently, 1 Sergeant, 3 Detectives, and 2 Administrative Specialists are assigned to the Property Inspection Squad.
2. The data entry process in PARS is not totally automatic. All data entry requires manual editing of the data to correct errors prior to downloading it into the database table. Each entry has up to 44 fields that contain data. This can take as little as a few minutes to as much as an hour or more per batch depending on the number of transactions being downloaded and the proficiency of the pawnshop operators entering the data that goes into the disks provided to the police department. There are a few pawnshops and 42 used goods businesses that do not provide us with a computer disk, but do provide us with handwritten data. This data must be entered manually.
3. Experience has shown that it takes 3 to 4 months of one-on-one instruction involving Property Inspection Squad personnel with each pawnshop operator to get them proficient on correctly formatting data to meet the specifications for data entry into PARS. This process would be overwhelming if 15 pawnshops chose to open their doors in the first quarter of 2002.
4. In addition to the 21 pawnshops that the Property Inspection Squad must monitor, there are also 42 used goods business that buy serialized property and



Update on the Pawnshop Automated Reporting System and the Pawnbroker Endorsement Limitation Issue

report to us. The Property Inspection Squad must also monitor these businesses and will recover stolen items sold to these stores. There are numerous used goods businesses where we recover stolen property, and these businesses do not report to us. The Used Goods Licenses are not regulated and there is no limit to the number issued

An increase of 50% in the number of transactions processed and number of investigative files worked would, without increased staffing, result in extremely high backlogs of transactions not entered into the system and reduced efficiency in the clearing of detective investigations. This would increase the likelihood of more stolen property being sold back into the community. Additional staffing and possibly more computer equipment would be required to remain current on data entry. The ability of the Property Inspection Squad personnel to keep up with data entry within the 30-day hold requirement would be questionable, even with state-of-the-art hardware and software.

Recommendation

SPD is requesting that the number of pawnbroker endorsements issued be held to two per year until the maximum of 36 endorsements become active pawnshops. This will reduce the impact of the increased workload by spreading it out over at least a five-year period.



STATE OF WASHINGTON – KING COUNTY

--SS.

145939
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

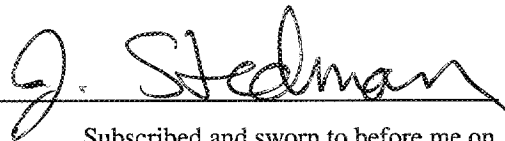
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

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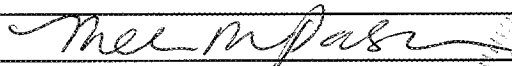
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6/10/2002



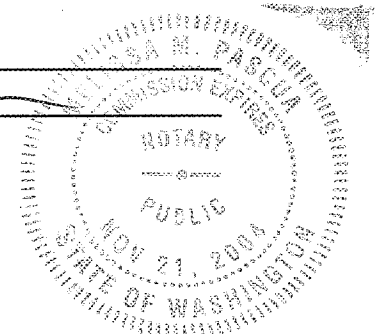
Subscribed and sworn to before me on

6/10/2002



Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication



State of Washington, King County

City of Seattle

ORDINANCE 120806

AN ORDINANCE relating to pawnshops; limiting the number of pawnbroker endorsements that may be issued each year commencing January 1, 2002; and amending the Seattle Municipal Code Section 6.288.065.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 6.288.065 is amended as follows:

6.288.065 PAWNBROKERS — LIMITATION ON NUMBERS.

A. (From January 1, 2000 until January 1, 2002 no) No more than two (2) Pawnbroker endorsements shall be issued in each calendar year for the conduct of pawnbroker businesses at locations not licensed for pawnbroker activity on December 31st of the immediately preceding year.

B. Notwithstanding anything contained in subsection A of this section, no Pawnbroker endorsement shall be issued for the conduct of a pawnbroker business at a location not licensed for pawnbroker activity in the previous year if, on the March 30th next preceding the effective date of the license for which the Pawnbroker endorsement is sought, the number of locations licensed for pawnbroker activity exceeds one (1) for every fifteen thousand (15,000) inhabitants of the City, as reflected in the then most current final population figures available from the Washington State Office of Financial Management or its functional successor. Subsections A and B shall not restrict reissuance of a Pawnbroker endorsement to a new location.

C. The Chief of Police shall adopt and publicize a process for allocating new Pawnbroker endorsements by chance if there are or there are reasonably expected to be more new applicants in a year or other pertinent time period other than the number of new endorsements permitted.

D. The Chief of Police shall report the status of the City's program for tracking pawn transactions and monitoring pawnshop operations to the City Council's Public Safety Committee or its functional successor on or before June 1, (2001) 2005.

Section 2. It is the express intention of the Seattle City Council that this ordinance shall apply retroactively to all pending applications for pawnshop endorsements, and that no pawnshop endorsements shall be issued except in conformity with the terms of this ordinance.

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

PASSED by the City Council the 28th day of May, 2002, and signed by me in open session in authentication of its passage this 28th day of May, 2002.

PETER STEINBRUECK,
President of the City Council.

Approved by me this 3rd day of June, 2002.

GREGORY L. NICKELS,
Mayor.

Filed by me this 3rd day of June, 2002.
(Seal) JUDITH E. PIPPIN,
City Clerk.

Publication ordered by JUDITH PIPPIN, City Clerk.

(Boldface denotes deletion.)

Date of official publication in Daily Journal of Commerce, Seattle, June 10, 2002.
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