

LICENSE HEARING MINUTES
Pawn America, 1636 University Avenue W.
Monday, July 16, 2018, 10:00 a.m.
Room 330 City Hall, 15 Kellogg Boulevard West
Nhia Vang, Deputy Legislative Hearing Officer

The hearing was called to order at 10:00 a.m.

Staff Present: Jeff Fischbach, Department of Safety and Inspections (DSI)

Licensee: Mike Erlandson, Owner's Representative

License Application: Pawn Shop

Legislative Hearing Officer Nhia Vang gave the following information about the hearing: This is an informal legislative hearing for a license application. This license application required a Class N notification to inform neighbors and the District Council about the application and provide them with an opportunity to submit comments. The City received a letter of concern/objection, which triggered this hearing.

The hearing will proceed as follows: DSI staff will explain their review of the application, and state their recommendation. The applicant will be asked to discuss their business plan. Members of the community will be invited to testify as to whether they object to or support the license application. At the end of the hearing, Ms. Vang will develop a recommendation for the City Council to consider. Her recommendation will be on the Consent Agenda at the City Council meeting.

There are three possible results from this hearing: 1) a recommendation that the City Council issue this license without any conditions; 2) a recommendation that the City Council issue this license with agreed upon conditions; or 3) a recommendation that the City Council not issue this license but refer it to the city attorney to take an adverse action on the application, which could involve review by an administrative law judge. The City Council is the final authority on whether the license is approved or denied.

Jeff Fischbach, Department of Safety and Inspections (DSI) gave a staff report. He reviewed the two recommended conditions. He said there was no correspondence from the district council. He said the building was a Category 1 registered vacant building, and a Fire inspection had to be conducted and any corrections made before it could be re-occupied. He said License was approved with conditions, Zoning approved, and DSI recommended approval with conditions. Ms. Vang asked whether there was a lease agreement. Owner's representative Mike Erlandson said the parent company owned the building. Mr. Fischbach said there was a lease agreement between the business entity that owned the property and the pawn shop. Ms. Vang asked about the \$5000 surety bond. Mr. Fischbach said that had been submitted with the application. Ms. Vang asked whether a copy of the burglar alarm system and surveillance camera plans had been submitted. Mr. Fischbach said a lot was still in progress, and it was possible that the applicant was waiting for the completion of the public notice and review process. He said that was not

unusual. Ms. Vang asked whether the site plan in the packet was the approved site plan. Mr. Fischbach said it was a pawn shop previously. He said the conditional use permit was approved in 1997, and on Sept 13 of last year DSI received notice that they wanted the license cancelled. Ms. Vang asked whether they needed to re-establish the use. Mr. Fischbach said it had been discontinued for less than a year. He said they used the new application date, and they had re-applied in May, which had not lapsed so the applicant was not required to re-establish the use. DSI is recommending approval with the following conditions:

1. Temporary window signs placed between the height of four (4) to seven (7) above grade shall not cover more than thirty (30) percent of this window space area, and cannot block views into the clerk or cashier station.
2. Licensee must comply with all federal, state and local laws; including Chapter 344 of the City of Saint Paul Legislative Code.

Mike Erlandson, Public Affairs Consultant to the Rixmann Companies, said they were proud to have been doing business in St. Paul for a long time. He clarified that the stores were closed on a temporary basis because the companies went through a Chapter 11 reorganization over the course of the last year. He said they still operated 22 stores in the area and were the largest pawn dealer in Minnesota. Ms. Vang confirmed with Mr. Erlandson that he was authorized to discuss this and agree to any conditions recommended. Mr. Erlandson said he was. He provided background information on the business. He said pawn stores had a bad reputation but were a second-hand goods store. He said they were a large tax payer, and there was a pawn fee paid to the City on every transaction. He said they were proud to be named one of the top workplaces in Minnesota by the Star Tribune on many occasions. He said they were a big donor in the charity world, and were a good employer with starting salaries of \$16/hour with full benefits. He said more than 50% of transactions were simple second-hand retail. He said they also issued non-recourse loans; he explained the loan procedure. He said they worked very closely with the SPPD, and had worked with the City of Minneapolis to develop the system referenced in Condition 2. He described the process for vetting items brought in for sale, and said only a fraction of a percent came up as stolen. Ms. Vang asked how long they kept items brought in for a loan. Mr. Erlandson said all items were held for 30 days, and loan items were held for 60 to 90 days. He said the law required 30 days, but Pawn America held items longer. He provided demographics on Pawn America customers, gave examples under which businesses and individuals might pawn items for a short-term loan, stated that the majority earned a good income and that loan was sought to pay bills. He said many loans were very short-term and the many items were reclaimed. He said he didn't see an issue with the recommended conditions, and the company prided itself on obeying the law. He said they were regulated by the state as well, because they had a license as a bank. He said they didn't sell guns or pornographic materials, and prided themselves on being a good business, focused on customer service, just like any other retailer. He said most stores had 5-star ratings on Google.

Ms. Vang asked Mr. Erlandson whether he had any questions about the conditions. Mr. Erlandson said they were straightforward.

Ms. Vang asked whether the site plan was approved. Mr. Erlandson said he wasn't sure. He looked through the other items in the packet. He noted the citations for graffiti and said that's

what happened when a building is empty, and he would make sure the owners were aware. He said the store was relatively small, and they used some creative things to make sure there was enough parking, but he wasn't aware of any issues in that regard. He said other than the few letters from residents, he was not aware of any other complaints. He said those concerns were new to the company.

Ms. Vang asked how many employees they would have. Mr. Erlandson said 15 to 18, most full time. Ms. Vang asked about the hours. Mr. Erlandson said he didn't remember specifically but it was typical retail hours, seven days a week.

Ms. Vang asked about employee training. Mr. Erlandson said they received general retail training, but also had to be trained in accepting items and understanding warranties, and in offering loans and acting as a broker. He said employees needed a diverse and high-level set of skills.

Ms. Vang asked about problematic customers and security. Mr. Erlandson said there were lots of cameras, and employees would call law enforcement if necessary. He said they turned people away if they had no ID, and could detain customers if they suspected items were stolen. He said there were cameras inside and out.

Ms. Vang asked if there was an age requirement for pawning an item. Mr. Erlandson said you had to be an adult; he said he would check to see if the age was 18 or 21. Ms. Vang said she asked the question because one complaint letter referenced young people. Mr. Erlandson said it was a retail store and young people were not denied entry nor were they able to pawn items for a loan.

Ms. Vang reviewed the correspondence received and asked Mr. Erlandson to respond to concerns about traffic. Mr. Erlandson said lots of businesses in the area contributed to traffic.

Ms. Vang asked Mr. Fischbach about proximity to another Pawn America. Mr. Fischbach said there was another pawn shop at 1519 University. He said a pawn shop in this zoning district would not be permitted anymore, but he didn't know if there was the half mile separation when this use was first established.

In response to comments from Ms. Vang about a specific objection letter, Mr. Erlandson said theft was not an issue and pawn stores did not create crime in an area. He said customers were smart people, almost all were actively working, and like many people got into a tough situation and needed a loan. He said employees did well, and while customers might have incomes we might want to see higher, but Pawn America didn't control that.

Mr. Fischbach said he had a copy of the 1997 staff report for the conditional use permit and didn't see a reference to a distance separation. He said he would think it would have been mentioned in their report. He said the one at 1519 University might even have been there when the use went through the Planning Commission.

Ms. Vang asked whether there had been any enforcement actions during the business when it was open. Mr. Fischbach said there weren't. Mr. Erlandson said he was not aware of any at this store or the one on Suburban.

Mr. Fischbach asked about the date of the closing of the store. Mr. Erlandson said the store was staffed through 2017. He said they remained open until all items had been reclaimed or until the window of time had passed.

Ms. Vang said given the testimony and contested letters, there was no evidence of adverse actions, she saw no reason not to recommend approval; and given that the license was highly scrutinized and they had been operating within the law, she would recommend that the license be issued with the agreed upon conditions.

The hearing adjourned at 10:43 a.m.

The Conditions Affidavit was signed and submitted on July 16, 2018.