

RESOLUTION NO. 2020-108

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA APPROVING
UPDATED CANNABIS BUSINESS APPLICATION AND PERMIT RELATED FEES
CONSISTENT WITH THE 2018 VOTER APPROVED CITY OF MARINA COMMERCIAL
CANNABIS BUSINESS ACTIVITIES ORDINANCE

WHEREAS, on November 6, 2018, the citizens of the City of Marina passed an Ordinance allowing Cannabis Business Activity and Establishing Taxes and Fees for Such Businesses within the City of Marina; and

WHEREAS, the voter initiative established Chapter 19 of the City of Marina Municipal Code, titled the City of Marina Commercial Cannabis Activities Ordinance, and made amendments to Chapter 5 Business Taxes, Licenses and Registrations and Chapter 17 Zoning; and

WHEREAS, said Ordinance took effect on April 1, 2019; and

WHEREAS, said Ordinance provides for application and permit fees to be set, subject to specific caps, by City Council resolution and included in the City's Master Fee Schedule; and

WHEREAS, on February 5, 2019, the City Council approved a contract with HdL Companies to provide cannabis program subject matter expertise, to develop and manage the process to select permitted cannabis businesses, to provide inspection compliance services and to conduct a cost recovery study for the creation of application fees consistent with the voter approved Cannabis Ordinance; and

WHEREAS, on April 19, 2019, the City Council approved Resolution No. 2019-35 establishing Commercial Cannabis Business Fees as part of the City's Master Fee Schedule, as provided for in the City of Marina Commercial Cannabis Activities Ordinance. Said fees were developed using a full cost recovery fee analysis model provided by HdL; and

WHEREAS, there is presently a need to update the model to reflect adjustments to staff time allocations, overhead rates, consultant contract prices, and new fees necessary for additional services that will be necessary to fully permit and regulate commercial cannabis businesses.

WHEREAS, said full cost recovery analysis and fee recommendations are included in Exhibit "A" Dispensary Permit Application Fees and Exhibit "B" Cannabis Non-Dispensary Fee Cost Summary; and

WHEREAS, notice of the public hearing and a general explanation of the changes proposed was given in accordance with Government Code Section 6062a and there were no written requests for mailed notice of meetings or the public hearing on file with the City; and

WHEREAS, the cost of services benefiting individuals and not the entire community should be borne by the individuals receiving the service. Therefore, determining the cost of services ensures that fees recover only costs reasonably borne, as established by Section 8(c) of Proposition 4, now Article XIIIB of the California Constitution; and

WHEREAS, appropriate data has been available to the public since August 7, 2020, indicating the cost or estimated cost required to support the fees and charges for which changes are proposed; and

WHEREAS, on August 18, 2020, the City Council held a public hearing, for which notice was provided in accordance with Government Code Section 6062a, and took oral or written testimony from members of the public and information from staff regarding the Cost of Service Study for Commercial Cannabis Activities.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Marina does hereby:

1. Approve the Amendment to the “City of Marina Master Fee Schedule” incorporating the Cannabis Business related fees recommended **(EXHIBIT A)** and **(EXHIBIT B)**, attached hereto and incorporated herein by this reference, and direct that all new fees and services charges shall take effect as of August 19, 2020.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 18th day of August 2020, by the following vote:

AYES: COUNCIL MEMBERS: Berkley, Morton, Delgado

NOES: COUNCIL MEMBERS: O’Connell

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

Exhibit "A"
Cannabis Dispensary Fee Cost Summary

				Full Cost Recovery	Proposed Fees
Dispensary Permit Application Fee (\$8,000 max)					
Phase 1	\$ 3,072.34	\$	3,072.00	\$	3,050.00
Phase 2	\$ 2,725.99	\$	2,725.00	\$	2,703.00
Phase 3	\$ 2,269.77	\$	2,269.00	\$	2,247.00
Total Dispensary Permit Application Fee*	\$ 8,068.10	\$	8,066.00	\$	8,000.00
*deposit charged against staff & consultant time					
Cannabis Dispensary Application CUP Fee (\$7,000 max)					
Cannabis Dispensary Application Conditional Use Permit Fee	\$ 7,083.50	\$	7,084.00	\$	7,000.00
Other Fees					
Cannabis LiveScan Fee	\$ 168.06	\$	168.21	\$	168.00
Cannabis Zoning Verification Letter	\$ 191.66	\$	200.08	\$	192.00
Cannabis Background Review					
Initial Check	\$ 300.00	\$	300.00	\$	300.00
Renewal Check	\$ 100.00	\$	100.00	\$	100.00
Cannabis Appeal Process Fee	\$ 1,960.42	\$	1,960.00	\$	1,960.00
Pre-License Site Visit	1,848.78	\$	1,853.09	\$	1,849.00
Regulatory Compliance Inspections	1,606.22	\$	1,612.71	\$	1,606.00
Reinspections	956.22	\$	962.71	\$	956.00
Cannabis Tax Audits	6,350.65	\$	6,071.73	\$	6,351.00

Cannabis Dispensary Fees

		Fee
Dispensary Permit Application Fee (\$8,000 max)		
	Phase 1	\$ 3,050.00
	Phase 2	\$ 2,703.00
	Phase 3	\$ 2,247.00
Total Dispensary Permit Application Fee*		\$ 8,000.00
*deposit charged against staff & consultant time		
Cannabis Dispensary Application CUP Fee (\$7,000 max)		
Cannabis Dispensary Application Conditional Use Permit Fee		\$ 7,000.00
Other Fees		
Cannabis LiveScan Fee		\$ 168.00
Cannabis Zoning Verification Letter		\$ 192.00
Cannabis Background Review		
	Initial Check	\$ 300.00
	Renewal Check	\$ 100.00
Cannabis Appeal Process Fee		\$ 1,960.00
Pre-License Site Visit		\$ 1,849.00
Regulatory Compliance Inspections		\$ 1,606.00
Reinspections		\$ 956.00
Cannabis Tax Audits		\$ 6,351.00

Cannabis Services

Activity	Position	Rate	Units	Permit fee cost	Fee Discription
Zoning Verification Letter	Planning Services Manager	\$ 95.83	2.00	<u>\$ 191.66</u>	verification that site meets zoning standards
Fingerprinting					
DOJ abstract review	Police Commander	\$ 119.06	1.00	\$ 119.06	Fingerprint services
DOJ/FBI CORI fee				<u>\$ 49.00</u>	
LiveScan Fee				<u>\$ 168.06</u>	
Background Review (Provisional)					
HdL Background (Initial)	HdL staff	\$ 300.00	1	\$ 300.00	Full background review
HdL Background (Renewal)	HdL staff				
Appeal Process Fee					
	HdL				
	Assistant City Manager	\$ 141.33	8	\$ 1,130.64	Review Appeal,
	Planning Services Manager	\$ 95.83	2	\$ 191.66	Application, conduct
	Police Commander	\$ 119.06	2	\$ 238.12	hearing and provide final
	City Attorney	\$ 100.00	4	\$ 400.00	recommendation
	Total			\$ 1,960.42	
Pre-License Site Visits					
	HdL Staff	\$ 1,600	1.00	1,600.00	Site plan review, agency
	Assistant City Manager	\$ 141.33	1.00	141.33	cooordination, site visit,
	Planning Services Manager	\$ 95.83	0.50	47.92	travel costs, post-
	Police Commander	\$ 119.06	0.50	59.53	inspection report and any
	Total			1,848.78	follow up
Cannabis Tax Audits					
	HdL Staff	\$ 6,000	1.00	6,000.00	Conduct an annual
	Assistant City Manager	\$ 141.33	0.50	70.67	financial audit of each
	Finance Director	\$ 139.99	2.00	279.98	cannabis business
	Total			6,350.65	
Regulatory Compliance Inspections					
	HdL Staff	\$ 1,250	1.00	1,250.00	1 onsite compliance
	Assistant City Manager	\$ 141.33	1.00	141.33	inspection annually.
	Planning Services Manager	\$ 95.83	1.00	95.83	agency cooordination, site
	Police Commander	\$ 119.06	1.00	119.06	visit, travel costs, post-
	Total			1,606.22	inspection report and any follow up
Reinspections					
	HdL Staff	\$ 600	1.00	600.00	Follow up visit inspections
	Assistant City Manager	\$ 141.33	1.00	141.33	
	Planning Services Manager	\$ 95.83	1.00	95.83	
	Police Commander	\$ 119.06	1.00	119.06	
	Total			956.22	

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-1: Determination of Eligibility and Application

NAME	RATE	HOURS FOR PHASE 1	TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
Staff					
Assistant City Manager	\$ 141.33	18	\$ 2,543.94		Program Development Project Manager, meetings and reports
Deputy City Clerk	\$ 65.73	6	\$ 394.38		Program Development meetings and reports
Police Commander	\$ 119.06	12	\$ 1,428.72		Program Development meetings and reports
Planning Services Manager	\$ 95.83	12	\$ 1,149.96		Program Development meetings and reports
City Attorney Office					
City Attorney	\$ 100.00	12	\$ 1,200.00		Program Development, legal advise, meetings and report review
HdL Companies					
Subject matter expertise and technical review	\$ 833.34	3	\$ 2,500.02	n/a	Per approved contract
Subtotal			\$ 9,217.02	\$ -	
Total				\$ 9,217.02	
Per applicant				\$ 3,072.34	assuming 3 applicants

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-2: Initial Ranking

NAME	RATE	HOURS FOR PHASE 2	TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
Staff					
Assitant City Manager	\$ 141.33	18	\$ 2,543.94		Program Development Project Manager, meetings and reports
Police Commander	\$ 119.06	9	\$ 1,071.54		Program Development meetings and reports
Planning Services Manager	\$ 95.83	9	\$ 862.47		Program Development meetings and reports
					Program Development meetings and reports
City Attorney Office					
City Attorney	\$ 100.00	12	\$ 1,200.00		
					Program Development, legal advise, meetings and report review
HdL Companies					
Subject matter expertise and technical review	\$ 833.34	3	\$ 2,500.02	n/a	Per approved contract
Subtotal			\$ 8,177.97	\$ -	
Total				\$ 8,177.97	
Per applicant				\$ 2,725.99	assuming 3 applicants

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-3: Second Ranking

NAME	RATE	HOURS FOR PHASE 3	TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
Staff					
Assitant City Manager	\$ 141.33	15	\$ 2,119.95		Plans and prepares interview process and participates in Selection Committee panel
Police Commander	\$ 119.06	6	\$ 714.36		Not required for Phase 3 see below Selection Committee panel
Planning Services Manager	\$ 95.83	6	\$ 574.98		Not required for Phase 3 see below Selection Committee panel
City Attorney Office					
City Attorney	\$ 100.00	9	\$ 900.00		30 minutes per applicant (assuming 12 applicants)
HdL Companies					
Preparation and Interview panel support	\$ 833.34	3	\$ 2,500.02	n/a	Per approved contract
Subtotal			\$ 6,809.31	\$ -	
Total				\$ 6,809.31	
Per applicant				\$ 2,269.77	assuming 3 applicants

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-4: Public Meeting and City Manager Recommendation

NAME	RATE	HOURS FOR		TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
		PHASE 4				
Staff						
Assitant City Manager	\$ 141.33	30	\$ 4,239.90			Memo preparation, and final recommendations
Police Commander	\$ 119.06	15	\$ 1,785.90			Attend public meeting/Council meeting/assist in final recommendation report
Planning Services Manager	\$ 95.83	90	\$ 8,624.70			Attend public meeting/Council meeting, prepare final recommendationreport
City Attorney Office						
City Attorney	\$ 100.00	66	\$ 6,600.00			Memo review, final procedures, and meetings related to final recommendations
		Subtotal	\$ 21,250.50			
		Total	\$ 21,250.50			
		Per applicant	\$ 7,083.50	assuming 3 applicants will be issued permits		

Exhibit "B"
Cannabis Non-Dispensary Fee Cost Summary

				Full Cost Recovery	Proposed Fees
Non-Dispensary Permit Application Fee (\$8,000 max)					
Phase 1	\$	3,072.34	\$	3,072.00	\$ 3,050.00
Phase 2	\$	2,725.99	\$	2,725.00	\$ 2,703.00
Phase 3	\$	2,269.77	\$	2,269.00	\$ 2,247.00
Total Non-Dispensary Permit Application Fee*	\$	8,068.10	\$	8,066.00	\$ 8,000.00
*deposit charged against staff & consultant time					
Cannabis Non-Dispensary Application Adminstrative Use Permit Fee (\$3,000 max)					
Non-Dispensary Cannabis Application	\$	3,216.17	\$	3,216.00	
Administrative Use Permit Fee					\$ 3,000.00
Other Fees					
Cannabis LiveScan Fee	\$	168.06	\$	168.21	\$ 168.00
Cannabis Zoning Verification Letter	\$	191.66	\$	200.08	\$ 192.00
Cannabis Background Review					
Initial Check	\$	300.00	\$	300.00	\$ 300.00
Renewal Check	\$	100.00	\$	100.00	\$ 100.00
Cannabis Appeal Process Fee	\$	1,986.00	\$	1,986.00	\$ 1,986.00
Pre-License Site Visit		1,848.78	\$	1,853.09	\$ 1,849.00
Regulatory Compliance Inspections		1,606.22	\$	1,612.71	\$ 1,606.00
Reinspections		956.22	\$	962.71	\$ 956.00
Cannabis Tax Audits		6,350.65	\$	6,071.73	\$ 6,351.00

Cannabis Non-Dispensary Fees

		Proposed Fees
Non-Dispensary Permit Application Fee (\$8,000 max)		
	Phase 1	\$ 3,050.00
	Phase 2	\$ 2,703.00
	Phase 3	\$ 2,247.00
Total Non-Dispensary Permit Application Fee*		\$ 8,000.00
*deposit charged against staff & consultant time		
Cannabis Non-Dispensary Application Administrative Use Permit Fee (\$3,000 max)		
Non-Dispensary Cannabis Application Administrative Use Permit Fee		\$ 3,000.00
Other Fees		
Cannabis LiveScan Fee		\$ 168.00
Cannabis Zoning Verification Letter		\$ 192.00
Cannabis Background Review		
	Initial Check	\$ 300.00
	Renewal Check	\$ 100.00
Cannabis Appeal Process Fee		\$ 1,986.00
Pre-License Site Visit		\$ 1,849.00
Regulatory Compliance Inspections		\$ 1,606.00
Reinspections		\$ 956.00
Cannabis Tax Audits		\$ 6,351.00

Cannabis Services					
Activity	Position	Rate	Units	Permit fee cost	Fee Discription
Zoning Verification Letter	Planning Services Manager	\$ 95.83	2.00	<u>\$ 191.66</u>	verification that site meets zoning standards
Fingerprinting					
DOJ abstract review	Police Commander	\$ 119.06	1.00	\$ 119.06	Fingerprint services
DOJ/FBI CORI fee				<u>\$ 49.00</u>	
LiveScan Fee				<u>\$ 168.06</u>	
Background Review (Provisional)					
HdL Background (Initial)	HdL staff	\$ 300.00	1	\$ 300.00	Full background review
HdL Background (Renewal)	HdL staff				
Appeal Process Fee					
	HdL				
	Assistant City Manager	\$ 141.33	8	\$ 1,130.64	Review Appeal,
	Planning Services Manager	\$ 95.83	2	\$ 191.66	Application, conduct
	Police Commander	\$ 119.06	2	\$ 238.12	hearing and provide final
	City Attorney	\$ 100.00	4	\$ 400.00	recommendation
	Total			\$ 1,960.42	
Pre-License Site Visits					
	HdL Staff	\$ 1,600	1.00	1,600.00	Site plan review, agency
	Assistant City Manager	\$ 141.33	1.00	141.33	cooordination, site visit,
	Planning Services Manager	\$ 95.83	0.50	47.92	travel costs, post-
	Police Commander	\$ 119.06	0.50	59.53	inspection report and any
	Total			1,848.78	follow up
Cannabis Tax Audits					
	HdL Staff	\$ 6,000	1.00	6,000.00	Conduct an annual
	Assistant City Manager	\$ 141.33	0.50	70.67	financial audit of each
	Finance Director	\$ 139.99	2.00	279.98	cannabis business
	Total			6,350.65	
Regulatory Compliance Inspections					
	HdL Staff	\$ 1,250	1.00	1,250.00	1 onsite compliance
	Assistant City Manager	\$ 141.33	1.00	141.33	inspection annually.
	Planning Services Manager	\$ 95.83	1.00	95.83	agency cooordination, site
	Police Commander	\$ 119.06	1.00	119.06	visit, travel costs, post-
	Total			1,606.22	inspection report and any
Reinspections					
	HdL Staff	\$ 600	1.00	600.00	Follow up visit inspections
	Assistant City Manager	\$ 141.33	1.00	141.33	
	Planning Services Manager	\$ 95.83	1.00	95.83	
	Police Commander	\$ 119.06	1.00	119.06	
	Total			956.22	

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-1: Determination of Eligibility and Application

NAME	RATE	HOURS FOR PHASE 1	TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
Staff					
Assistant City Manager	\$ 141.33	18	\$ 2,543.94		Program Development Project Manager, meetings and reports
Deputy City Clerk	\$ 65.73	6	\$ 394.38		Program Development meetings and reports
Police Commander	\$ 119.06	12	\$ 1,428.72		Program Development meetings and reports
Planning Services Manager	\$ 95.83	12	\$ 1,149.96		Program Development meetings and reports
City Attorney Office					
City Attorney	\$ 100.00	12	\$ 1,200.00		Program Development, legal advise, meetings and report review
HdL Companies					
Subject matter expertise and technical review	\$ 833.34	3	\$ 2,500.02	n/a	Per approved contract
		Subtotal	\$ 9,217.02	\$ -	
		Total		\$ 9,217.02	
		Per applicant		\$ 3,072.34	assuming 3 applicants

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-2: Initial Ranking

NAME	RATE	HOURS FOR PHASE 2	TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
Staff					
Assitant City Manager	\$ 141.33	18	\$ 2,543.94		Program Development Project Manager, meetings and reports
Police Commander	\$ 119.06	9	\$ 1,071.54		Program Development meetings and reports
Planning Services Manager	\$ 95.83	9	\$ 862.47		Program Development meetings and reports
					Program Development meetings and reports
City Attorney Office					
City Attorney	\$ 100.00	12	\$ 1,200.00		
					Program Development, legal advise, meetings and report review
HdL Companies					
Subject matter expertise and technical review	\$ 833.34	3	\$ 2,500.02	n/a	Per approved contract
Subtotal			\$ 8,177.97	\$ -	
Total				\$ 8,177.97	
Per applicant				\$ 2,725.99	assuming 3 applicants

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-3: Second Ranking

NAME	RATE	HOURS FOR PHASE 3	TOTAL	OVERHEAD COSTS	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
Staff					
Assitant City Manager	\$ 141.33	15	\$ 2,119.95		Plans and prepares interview process and participates in Selection Committee panel
Police Commander	\$ 119.06	6	\$ 714.36		Not required for Phase 3 see below Selection Committee panel
Planning Services Manager	\$ 95.83	6	\$ 574.98		Not required for Phase 3 see below Selection Committee panel
City Attorney Office					
City Attorney	\$ 100.00	9	\$ 900.00		30 minutes per applicant (assuming 12 applicants)
HdL Companies					
Preparation and Interview panel support	\$ 833.34	3	\$ 2,500.02	n/a	Per approved contract
Subtotal			\$ 6,809.31	\$ -	
Total			\$ 6,809.31		
Per applicant			\$ 2,269.77		assuming 3 applicants

Commercial Cannabis Business Permit Cost Recovery by Phases

Phase-4: Public Meeting and City Manager Recommendation

NAME	RATE	HOURS FOR		TOTAL	OVERHEAD	WORK COMPLETED (i.e. inspections, meetings, counter call/permits, etc.)
		PHASE 4			COSTS	
Staff						
Assitant City Manager	\$ 141.33	15	\$	2,119.95		Memo preparation, and final recommendations
Police Commander	\$ 119.06	12	\$	1,428.72		assist in final recommendation report
Planning Services Manager	\$ 95.83	48	\$	4,599.84		prepare final recommendationreport
City Attorney Office						
City Attorney	\$ 100.00	15	\$	1,500.00		Memo review, final procedures, and meetings related to final recommendations
		Subtotal		\$ 9,648.51		
				Total	\$ 9,648.51	
				Per applicant	\$ 3,216.17	assuming 3 applicants will be issued permits

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of August 18, 2020

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2020-,
APPROVING UPDATED CANNABIS BUSINESS APPLICATION AND
PERMIT RELATED FEES CONSISTENT WITH THE 2018 VOTER
APPROVED CITY OF MARINA COMMERCIAL CANNABIS BUSINESS
ACTIVITIES ORDINANCE**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2020-, approving Updated Cannabis Business fees in accordance with the 2018 Voter Approved City of Marina Commercial Cannabis Business Activities Ordinance.
2. Authorizing Finance Director to update the City-wide fee schedule accordingly.

BACKGROUND:

On November 6, 2018, the citizens of the City of Marina passed an Ordinance allowing Cannabis Business Activity and Establishing Taxes and Fees for Such Businesses within the City of Marina.

The voter initiative established Chapter 19 of the City of Marina Municipal Code (MMC), titled the City of Marina Commercial Cannabis Activities Ordinance (the Ordinance), and made amendments to MMC Chapter 5 Business Taxes, Licenses and Registrations and Chapter 17 Zoning. These municipal code additions and amendments took effect on April 1, 2019. As approved by the voters, the Ordinance provided the regulatory framework for the Commercial Cannabis Activities program and provided for the City to establish cost recovery fees for the processing of commercial cannabis business applications and permits.

ANALYSIS:

On April 2, 2019, the City Council adopted the Cannabis Business fees summarized in Table 1, in accordance with the 2018 Voter Approved City of Marina Commercial Cannabis Business Activities Ordinance.

Table 1. Current Cannabis Fee Schedule

Fee	Amount
Dispensary Application Fee*	\$8,000
Non-Dispensary Application Fee*	\$8,000
Cannabis Dispensary Application CUP Fee*	\$7,000
Cannabis Non-Dispensary Administrative Permit Fee*	\$3,000
Cannabis LiveScan Fee	\$168
Cannabis Zoning Verification Letter	\$200
Cannabis Background Review Fee	\$300
Cannabis Appeal Process Fee	\$1,986

*Fee subject to hard cap set by the 2018 Voter Approved Cannabis Business Activities Ordinance

The voter approved Ordinance provided for certain fees to be set by City Council resolution and included in the City’s Master Fee Schedule. The current fees depicted in Table 1 above were set using a cost recovery analysis fee study and incorporating the caps described above. The study considered staff time, consultant fees, and overhead costs to process cannabis business applications. The initial fees set by the fee study were developed utilizing estimated time and materials as no applications had been process prior. Certain fees are subject to specific caps set by the Ordinance. Section 19.02.020 C of the ordinance states, “All applicants shall pay an application fee, a permit fee, and all inspection fees that may be required as part of the application process...” The specific caps set forth in the Ordinance provide for the following maximum application fees: a dispensary (and non-dispensary) permit application fee not to exceed \$8,000; a Cannabis Dispensary Application Conditional Use Permit fee of \$7,000; and, a Cannabis Non-dispensary Application Administrative Use Permit Fee of \$3,000.

The cannabis business fees adopted in 2019, need to be updated. Since the initial study was performed, staff has had the experience of processing applications which has provided real world empirical data on the amount of time and other costs necessary to process an application. In addition, the established fees do not include fees for inspections, audits and pre-license site visits as these fees were not yet developed or needed in 2019. The new fees will be necessary to facilitate the opening and regulating of the commercial cannabis businesses that have recently been awarded conditional use permits.

In order to process and permit a commercial cannabis business, the following services summarized in Table 2 are necessary.

Table 2. Current Cannabis Fee Schedule

Fee	Service
Dispensary Application	Application packages reviewed, businesses vetted for qualifications, scored and ranked
Non-Dispensary Application	Application packages reviewed, businesses vetted for qualifications, scored and ranked
Cannabis Dispensary Application CUP	Application reviewed for MMC code requirements, presented to PC and CC for approval
Cannabis Non-Dispensary Administrative Permit	Application reviewed for MMC code requirements, presented to PC for approval
Cannabis LiveScan	Fingerprint services for criminal background
Cannabis Zoning Verification Letter	Verification that site meets zoning standards
Cannabis Background Review	
Initial Check	Full background review for new principal employees
Renewal Check	Updated background review for existing principal employees
Cannabis Appeal Process Fee	Process application, investigate, conduct hearing
Pre-license Site Visit	Site plan review, site visits, post-inspection report and any follow up necessary
Regulatory Compliance Inspections	Onsite annual compliance inspection, site visit, travel costs, post-inspection report
Re-inspections	Follow up visit inspections
Cannabis Tax Audits	Conduct an annual financial audit of each cannabis business

2020 Cost Recovery Analysis Fee Study

To review the adequacy of the current fees and to develop a full cost recovery model for new fees, staff performed an updated cost recovery fee analysis. The fee analysis performed are contained in the attached **EXHIBIT “A”**, containing a full cost recovery analysis for Dispensary Cannabis Businesses (retail), and **EXHIBIT “B”**, containing a full cost recovery analysis, for Non-Dispensary Cannabis Businesses (non-retail). All fees included involve staff time, consultant fees, and overhead costs necessary to provide the services outlined in Table 2.

The following Table 3 contains a summary of the proposed 2020 Commercial Cannabis Business Fees resulting from the cost recovery fee analysis.

Table 3. Current Cannabis Fee Schedule

Fee	Amount
Dispensary Application Fee*	\$8,000
Non-Dispensary Application Fee*	\$8,000
Cannabis Dispensary Application CUP Fee*	\$7,000
Cannabis Non-Dispensary Administrative Permit Fee*	\$3,000
Cannabis LiveScan Fee	\$168
Cannabis Zoning Verification Letter	\$192
Cannabis Background Review Fee	
Initial Check	\$300
Renewal Check**	\$100
Cannabis Appeal Process Fee	\$1,960
Pre-license Site Visit**	\$1,849
Regulatory Compliance Inspections**	\$1,606
Re-inspections**	\$956
Cannabis Tax Audits**	\$6,351

*Fee subject to hard cap set by the 2018 Voter Approved Cannabis Business Activities Ordinance

** New proposed fee

The proposed updated fees from the 2019 established fee schedule have been refined based on staff's experience in processing the twelve applications that were submitted in June 2019. Also incorporated were updated staff hourly rates and consultant (HdL) costs. Both, the updated fees and the new fees incorporate the HdL fees included in the contract approved by the City Council on April 7, 2020.

FISCAL IMPACT:

The Ordinance provides for certain fees to be set, subject to specific caps, by City Council resolution and included in the City's Master Fee Schedule. The caps include an \$8,000 application fee, a \$7,000 permit fee for retail cannabis dispensaries, and a \$3,000 permit fee for non-dispensary cannabis businesses.

As part of the HdL Consultant Services contract approved by the City Council on February 5, 2019, HdL assisted the City with a model to realize full cost recovery of the City's expenses in processing and permitting Cannabis Businesses. This model included the fully burdened rate of key staff members, their estimated time involved, and the costs of the HdL contract. This model has been updated to reflect adjustments to staff time allocations, overhead rates, consultant contract prices, and the addition of new fees necessary for the services provided.

The attached **EXHIBIT “A”** contains a full cost recovery analysis, with proposed fees, for Dispensary Cannabis Businesses (retail). The attached **EXHIBIT “B”** contains a full cost recovery analysis, with proposed fees, for Non-Dispensary Cannabis Businesses (non-retail).

CONCLUSION:

Adopting the attached Resolution will approve Cannabis Business fees in accordance with the 2018 Voter Approved City of Marina Commercial Cannabis Business Activities Ordinance.

Respectfully submitted,

Matt Mogensen
Assistant City Manager
City of Marina

Reviewed and Concurred by,

Layne Long
City Manager
City of Marina