



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: SEPTEMBER 19, 2017

DEPARTMENT: OFFICE OF THE CITY MANAGER

FROM: ANDREW MYRICK, ECONOMIC DEVELOPMENT MANAGER

TITLE: ESTABLISHMENT OF FEES RELATING TO COMMERCIAL CANNABIS BUSINESSES

RECOMMENDED MOTION:

A motion to approve the attached Resolution establishing fees related to commercial cannabis businesses.

RECOMMENDATION:

Staff recommends that the Council approve the attached Resolution establishing fees related to commercial cannabis businesses in order to mitigate potential City costs related to regulating the commercial cannabis industry.

BACKGROUND:

The City of Salinas has begun approving commercial cannabis businesses in the City of Salinas. Once these businesses begin operations, the City will need to utilize resources in order to effectively regulate these businesses; specifically, the Police Department will need to process employee Work Permits and issue ID cards; regular monitoring (including responses, inspections, and review of video) by the Police Department will require the use of resources; ongoing administration of the program by the City Manager's Office and City Attorney's Office; and reviews of business records, including financial statements.

These costs have been estimated and have been incorporated into several fees that are collectively referred to as "monitoring fees." These fees will be due once the Commercial Cannabis Permit becomes effective, and will be due annually at permit renewal thereafter. These fees are as follows:

Work Permit Application – Cannabis Business:	\$161.75
Work Permit Renewal – Cannabis Business:	\$129.75
Work Permit Transfer – Cannabis Business:	\$129.75
Monitoring Fee – Police	\$7,714.69
Monitoring Fee – Administration	\$2,053.97
Monitoring Fee – City Attorney	\$674.03
Monitoring Fee – Other	\$Actual Costs Plus Standard City Overhead

Other tasks, such as required inspections, will utilize existing fees to recover City costs.

In addition, the new Council Ordinance has created a new Permit type, an Administrative Permit that will be applicable only to testing facilities and distribution facilities under 500 square feet. This Permit will be issued over-the-counter through the City Manager's Office.

Commercial Cannabis Business Administrative Permit: \$102.70

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This item does not specifically relate to one of the Council's Strategic Plan or Goal.

FISCAL AND SUSTAINABILITY IMPACT:

The proposed fees will mitigate City costs incurred from the regulation of commercial cannabis businesses, and will prevent potentially significant financial impacts that would be incurred by the City if these fees were not in place.

ATTACHMENTS:

Proposed Resolution

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION OF THE SALINAS CITY COUNCIL ESTABLISHING FEES
RELATED TO COMMERCIAL CANNABIS BUSINESSES**

WHEREAS, the Salinas City Council adopted an ordinance allowing for the establishment of a limited number of commercial cannabis businesses in Salinas; and

WHEREAS, the City Council approved a Resolution establishing the application and the forms, fees, and procedures related to the initial selection and investigation process for commercial cannabis permits; and

WHEREAS, the Salinas is a charter city organized pursuant to California Constitution Art. XI, sec. 7 with legislative power subject only to limitations of general law; and

WHEREAS, pursuant to the authority granted Salinas through Art. XI, sec. 7, the City has the power to impose valid regulatory fees; and

WHEREAS, the City Council desires to ensure that all costs incurred in association with commercial cannabis businesses, whether through staff time or otherwise, are fully recovered to maintain established City service standards; and

WHEREAS, the fees proposed in this Resolution and associated with the commercial cannabis businesses do not exceed the estimated reasonable cost of providing the service for which the fee is charged.

NOW THEREFORE, be it resolved by the Council of Salinas as follows:

All employees working or volunteering at a commercial cannabis business (excluding testing facilities) shall first obtain a Work Permit from the Salinas Police Department. Fees for this service shall be as follows:

Work Permit Application – Cannabis Business:	\$161.75
Work Permit Renewal – Cannabis Business:	\$129.75
Work Permit Transfer – Cannabis Business:	\$129.75

The following fees will be due from Commercial Cannabis businesses that have received a permit from the City of Salinas at the time the permit becomes effective (or as actual costs become available) and will be due annually at the time of permit renewal:

Monitoring Fee – Police	\$7,714.69
Monitoring Fee – Administration	\$2,053.97
Monitoring Fee – City Attorney	\$674.03
Monitoring Fee – Other	\$Actual Costs Plus Standard City Overhead

Administrative Permit which may be issued to Commercial Cannabis Businesses pursuant to the Municipal Code, applicable only to testing facilities and distribution facilities under 500 square feet, shall be subject to the following fees:

Commercial Cannabis Business Administrative Permit: \$102.70

PASSED AND APPROVED this 19th day of September, 2017, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk