



CITY COUNCIL AGENDA STATEMENT



August 19, 2020

File ID: 20-0363

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING CHAPTER 4 (GENERAL BUSINESS FEES) OF THE CITY'S MASTER FEE SCHEDULE TO ADD CANNABIS-RELATED FEE

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

An Amendment of the City's Master Fee Schedule to add an Employee Background Review fee for licensed cannabis businesses.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

In March 2018, the City Council voted to approve [Ordinance 3418](#), which created a licensing and regulatory structure for the operation of lawful cannabis businesses in the City of Chula Vista; such structure is codified in Chula Vista Municipal Code Chapter 5.19.

Section 5.19.290 made the effectiveness of Ordinance 3418 contingent on voter approval of a cannabis tax measure to be placed on the November 2018 ballot. A cannabis tax measure, Measure Q, was ultimately approved by voters and was certified by the City Council on December 11, 2018. As a result, Chapter 5.19 has now gone into effect.

Section 5.19.080(T) states that fees and charges associated with commercial cannabis activity will be established by resolution of the City Council. Staff initially recommended and proposed the establishment of cannabis application and other cannabis-related fees to City Council, which was approved on December 18,

2018. Such application fees were utilized in the January 2019 application period. In April 2020, the City Council voted to amend the City's Master Fee Schedule to modify phase one application fees for new applicant background review, and created a new fee for resubmittal applicant background review.

Cannabis application fees to date were established solely to recover the costs of processing cannabis business applications, including the applications and background processing of owners, officers, managers, and property owners ("Principals").

With multiple applicants nearing the end of their City and state license application processes, staff anticipate that the first cannabis businesses will be issued a City license in Fall 2020. In accordance with City's rules and regulations, all licensed cannabis business employees who are not Principals will also need to undergo a background review and be approved by City. The non-Principal employee background review is a less expansive background review than the background review that is conducted for Principals. As a result, staff now recommends and proposes the establishment of a commercial cannabis employee background review fee in order to recover costs related to processing background review applications for employees of licensed businesses who are not Principals. The Cost of Service Analysis for such background review is attached hereto as Attachment A.

The proposed Resolution amends Chapter 4 (General Business Fees) of the City's Master Fee Schedule to add Cannabis Employee Background Review fee of \$320 per employee background review. These fees will recover all reasonable costs of staff processing, conducting a background review of the employee, producing and/or providing an identification permit for production, and other administrative functions. These fees will be required to be paid upon submittal of the background review application by the employee.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Councilmember, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Approval of the resolution will likely result in a positive fiscal impact to the General Fund as all reasonable staff and costs associated with the employee background review process will be reimbursed to the General Fund from the application fees.

ONGOING FISCAL IMPACT

There will be no material impact to the general fund in future years as a result of these fees being approved. All fees are designed to simply recover costs for staff time and consultants.

ATTACHMENTS

1. Resolution
2. Exhibit 1 to Resolution - Proposed Amended Master Fee Schedule (red-line strikeout version)
3. Attachment A to Staff Report - Cost of Service Analysis

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