



CITY COUNCIL AGENDA STATEMENT



December 18, 2018

File ID: 18-0575

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 ESTABLISH VARIOUS CANNABIS-RELATED FEES

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

An amendment of the City's Master Fee Schedule to establish Cannabis application fees is recommended.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity, approval of an Agreement, 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; therefore, pursuant to Section 15060 (c)(3) of the State CEQA Guidelines the activity is not subject to CEQA.

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 the newly created 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. Accordingly, staff now recommends and proposes the establishment of Cannabis Application Fees and other miscellaneous cannabis-related fees in order to

recover the costs of processing cannabis business applications. Such costs would include reimbursement of staff processing and review time and the costs of hiring consultants to assist in thoroughly vetting and selecting qualified cannabis business applicants.

Application Fees

As proposed, Resolution A amends Chapter 4 (General Business Fees) of the City's Master Fee Schedule to add Cannabis Application Fees. The Application Fees will be broken down into 4 subphases of the cannabis application process.

Application Phase 1A – “Application Process Development” establishes a fee of \$2,683 per application at the Phase 1A processing time. This fee will recover all reasonable costs of developing the cannabis application process including: creating necessary forms; web pages; procedures; processes; selection criteria; technical support; and all other program development costs. This fee will be required to be paid upon submittal of the application by the applicant.

Application Phase 1B – “Application Evaluation and Consensus Review” establishes a fee of \$2,065 per application at the Phase 1B processing time. This fee will primarily pay for consultant costs associated with the review and scoring of each application. Such applications will be reviewed for compliance with local and state cannabis laws and regulations and will be scored based on the content submitted. The Phase 1B fee will be required to be paid by the applicant once the application is deemed complete following the Phase 1A review.

Application Phase 1C – “Interview and Second Ranking” establishes a fee of \$868 per application at the Phase 1C processing time. This fee will pay for costs associated with the assessment of applicants during an in-person interview conducted by outside consultants. This fee will be paid by applicants who have successfully completed application Phases 1A and 1B.

Application Phase 1D – “Final Application Review and Selection” establishes a fee of \$433 per application at the Phase 1D processing time. This fee will pay for the final review and assessment of applicants who have completed Phase 1C, and include issuance of conditional City license approval. This fee will be paid only by applicants that pass Phase 1C and are selected for final review.

Additional Fees

- Provisional Background Review - \$300 (per individual)
- Secondary Background Review - \$347 (per individual)
- Zoning Verification Letter - \$183
- Appeal Fee - \$3,217

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.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This resolution supports Economic Vitality goals in the Strategic Plan since these fees will reimburse the City for all costs for processing these license applications.

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 consultant costs associated with the application development process will be reimbursed from to the General Fund from the application fees. The exact impact will be determined after the application process is completed. A budget amendment will be brought back to Council once the exact impacts are known.

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.

ATTACHMENT

1. Resolution

Staff Contact: David Bilby, Director of Finance