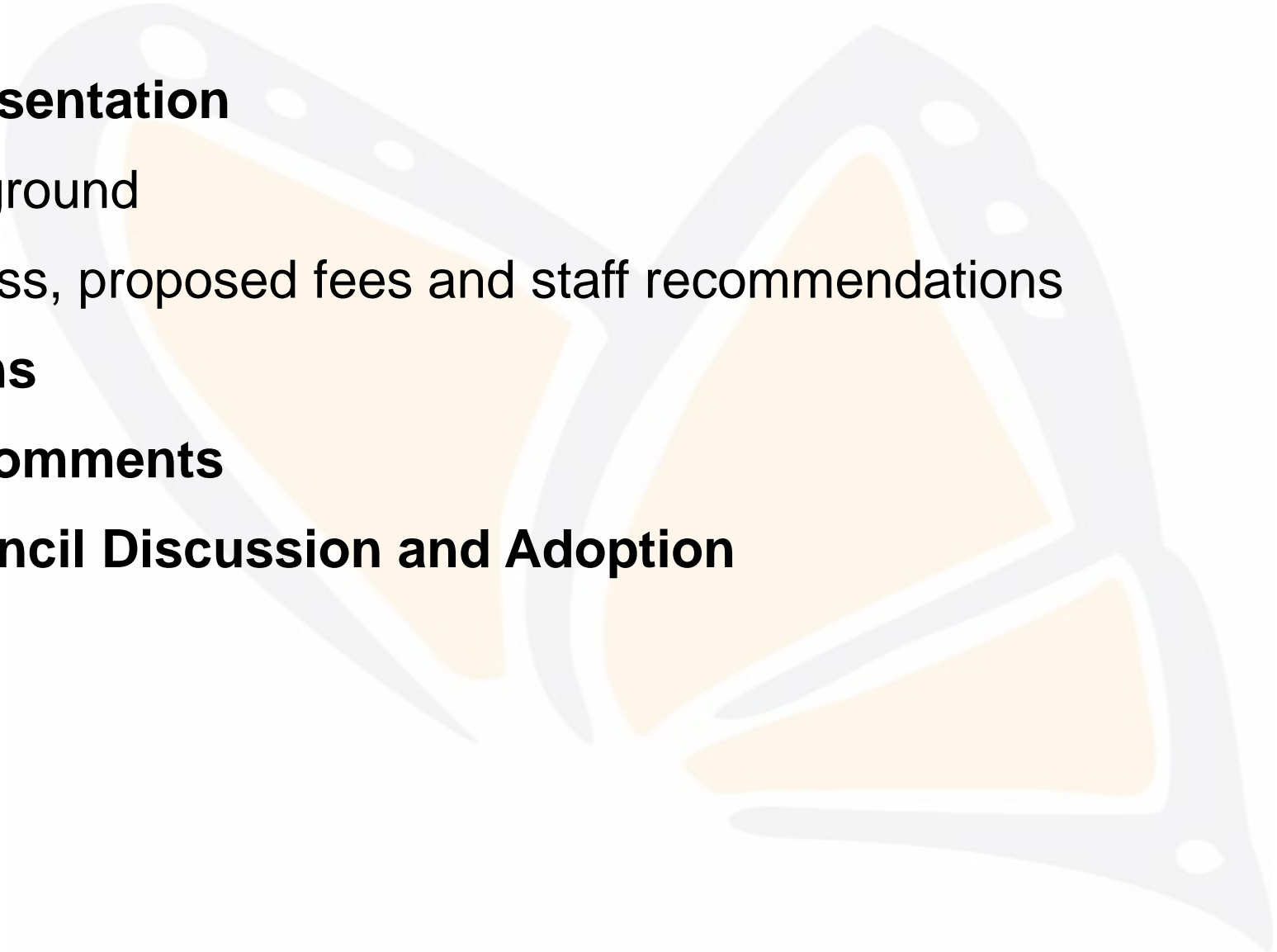


Cannabis Business License Program and Fees

City of Goleta
Council Meeting
July 17, 2018



Public Hearing Format

- ▶ **Staff Presentation**
 - ▶ Background
 - ▶ Process, proposed fees and staff recommendations
 - ▶ **Questions**
 - ▶ **Public Comments**
 - ▶ **City Council Discussion and Adoption**
- 

Cannabis Business License Program Background

► Cannabis Business License (CBL) Ordinance

- **Establishes the regulation and licensing of medicinal and adult-use cannabis businesses**
 - Several public workshops held
 - Introduction and first reading held on June 19, 2018
 - Second reading held on July 17, 2018 for adoption
 - Ordinance effective 31st day following adoption by City Council, August 17, 2018
- **Requires application procedures and required documentation**
- **Requires all Cannabis Operations to pay applicable fees and taxes**

Cannabis Business License Program Background

► Cannabis Business License Application Development

- Developed in coordination with SCI Consulting, and multiple City departments, City Manager's Office, Finance, Neighborhood Services and Public Safety, and Planning and Environmental Review
- Various documents are required, which are already required by the state
- Draft Cannabis Business License Application review process developed
- Cannabis Business License Application Fees developed to obtain full cost recovery
 - Fees based on estimated associated time spent on the review of the application and required documentation

Draft Cannabis Business License Application provided as Attachment 4

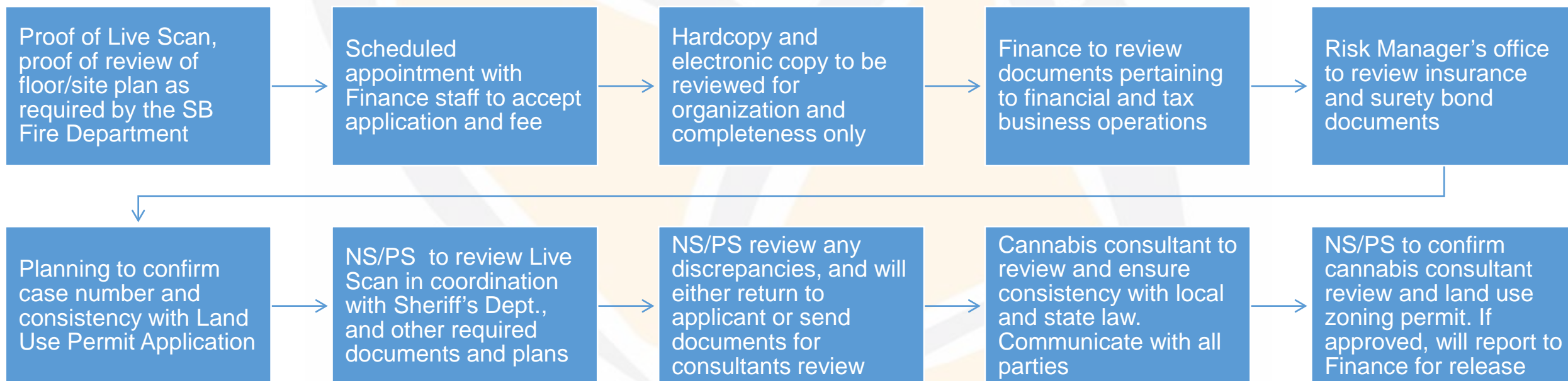
Draft Cannabis Business License Application Cover Letter as Attachment 5

Cannabis Business License Program Procedures

► Cannabis Business License Application Process (General Overview)

- Work efforts of several City departments and the City's consultant

The following is a general outline of the CBL application review process. Additional information are provided in Attachment 2



Once application is accepted and non-refundable fees are processed, the review process will begin. Staff will note any discrepancies and route to the next department. During NS/PS review, should any discrepancies be found at any point that require completion and/or correction, NS/PS will return all documents to applicant, prior to sending for consultant review. Additional review may be subject to additional fees.

Cannabis Business License Program Procedures

▶ Cannabis Business License Application Process - Other Information

- ▶ Applicants invoiced for additional time spent, that require resubmittal and verification of corrections at the rate listed in the proposed user fees
- ▶ Applicants have 30 days to provide additional information requested, or subject to rejection for non-responsive
- ▶ Dependent upon NS/PS approval, Finance Department to release Cannabis Business License Certificate, welcome packet and any other documents and forms pertaining to revenue and fiscal matters
- ▶ Additional instructions and details to be provided, including summarizing the land use application and business license process to assist the applicant
- ▶ Ongoing Live Scan Fingerprinting for all new employees and updates to 24 hour emergency contact

▶ Cannabis Business License Application Process - Renewal

- ▶ Does not require resubmittal and review of major operational plans, but require revised floor and site plans and proof of submittal to SB County Fire, and other ministerial documents
- ▶ Required documents are noted on the Cannabis Business License Application (i.e., insurance information, updated employee lists with required Live Scans of new employees not on file)
- ▶ Fee adjusted based on staff's estimated time for the renewal review process

Cannabis Business License Program Fees

- **Staff recommends the following Commercial Cannabis Business License Fees and Cannabis Land Use Permit Deposit:**

Type	Fee Amount
Commercial Cannabis Business License Application Fee	\$2,320
Commercial Cannabis Additional for Accessory Use Fee	\$185
Commercial Cannabis Business License Renewal Fee	\$559
Commercial Cannabis Land Use Permit Deposit (Planning)	\$1,000

Additional \$185 per each additional accessory use (subject to land use approval). Accessory use should be identified at time of new application or renewal of primary use, otherwise will be treated as separate new application.

- **Other fees to be determined and recommended at a later date:**

Type	Fee Amount
Commercial Cannabis Business License Renewal Appeal	TBD
Commercial Cannabis Business License Appeal Fee	TBD
Monitoring and Compliance	TBD
Administrative Penalties and Bail Schedule Adjustment	TBD

Land Use Permit Deposit recommended to eliminate any uncertainty as the appropriate review fee and allow for full cost recovery. Included in this report to adopt one resolution ensuring all user fee and charges are in one place.

Cannabis Business License Program Fees

► Comparison of fees to other local jurisdictions:

	City of Goleta (Proposed)	City of Santa Barbara	County of Santa Barbara	City of Lompoc	City of Greenfield	City of Thousand Oaks	City of Merced	City of San Carlos	City of West Hollywood
Application Fee	\$2,320	\$5,600	\$3,250	\$13,000	\$4,507	\$13,218	\$9,541	\$18,000	\$13,915
Annual Regulatory (Includes Renewal)	TBD (Renewal fee \$559)	\$6,945 - \$8,650	\$6,100	N/A	\$11,812- \$20,890	\$6,416	\$6,259- \$32,595	\$7,500- \$24,500	\$2,070
Cultivation	TBD	\$6,945	\$6,100	N/A	\$16,620	\$6,416	\$18,193	\$15,500	N/A
Retail	TBD	\$6,945	\$6,100	N/A	\$20,890	\$6,416	\$20,920	Not allowed	\$2,070
Distribution	TBD	\$6,945	\$6,100	N/A	\$14,679	\$6,416	\$12,556	\$7,500	N/A
Testing	TBD	\$6,945	\$6,100	N/A	\$11,812	\$6,416	\$6,259	\$7,500	N/A
Manufacturing	TBD	\$8,650	\$6,100	N/A	\$19,529	\$6,416	\$32,595	\$24,500	N/A
Fee/Deposit	Fee	Deposit	Deposit	Deposit	Fee	Deposit	Fee	Deposit	Fee
CPI Possible	YES	NO	YES	NO	NO	YES	YES	YES	NO

Goleta fees lower than County of SB's fees by \$930. Less than others due to the conservative and lean approach of application review.

Goleta fees will be included in City's User Fee Schedule and reviewed and adjusted per the CPI, in same manner as other City user fees. If adjustments are warranted, will be recommended for City Council approval as part of periodic update

Cannabis Business License Program

▶ Cannabis Business License Program – Other Information

- ▶ Cash handling, security and internal control procedures to be implemented to secure the integrity of cash payments
 - ▶ If paying by cash, appointment required at least three business days in advance, with additional staff members present
 - ▶ Use of cash and coin counting machines and armored transport services
- ▶ Staff to continue research and practice of other cities accounting and deposits related to cannabis revenue (i.e., maintain a separate bank account or account for general fund source separately from other general fund revenue).
- ▶ Business licenses will be valid from January 1, or the date the application is approved through December 31
- ▶ Renewal license required every January 1
- ▶ Review process approximately 6 to 8 weeks.
- ▶ City to issue license before state. Applicant will need to submit to state to demonstrate compliance with local ordinances and regulations. State will contact the City to confirm. City requires applicant to then provide copies of state issued license, permits and application within 30 days of state approval to City

Cannabis Business License Program

▶ Cannabis Business License Program – Legal Non-Conforming Medicinal Operators and Licensed Medicinal-Delivery Operators

- ▶ Three legal non-conforming medicinal operators to operate without obtaining a land use permit if they continue only their medicinal operations
- ▶ Required to apply and obtain land use permit if want to expand operations to include recreational/adult uses
- ▶ **Required to obtain Cannabis Business License under new regulations regardless of expanding operations**
 - ▶ May continue to operate through December 31, 2018, only if they apply for and pay business license fee and monitoring and compliance deposit for a 2019 business license by October 31, 2018
(if monitoring and compliance deposit has not yet be established by October 31, 2018, it will be due upon City Council adoption of the deposit)
 - ▶ Must cease operations if does not adhere to this requirement or risk any business license being revoked

Cannabis Business License Program

▶ **Pending Cannabis Related Resolutions**

- ▶ Monitoring and Compliance (M&C), Administrative Penalties and Bail Schedule, and other fees
 - ▶ M&C Program, to be further developed. Ensures that the City Municipal Code and state regulations are adhered to by operators and ensure the health, safety, and welfare of the community
 - ▶ Program does not prohibit City from performing additional inspections due to emergency and safety situations. Ordinance authorizes city officials to enter and inspect any commercial cannabis business during normal business hours to ensure compliance, including law enforcement and Fire Inspector to conduct inspections of specific uses.
 - ▶ Staff to research the types of activities involved and frequency of monitoring and compliance commonly used by neighboring jurisdictions and others of similar size.
 - ▶ Adopting M&C Program at a later date, allows cannabis businesses to apply for a business license without delay and also coincides with the City's administrative penalties and bail schedule for any violations that may occur, and recommendations regarding appeal fees

Cannabis Business License Program

► Finance Committee Review

- Met on July 10, 2018. Present were Councilmember Aceves, four staff members, two community members and two operators
- With Committees input, it was recommended City Council adopt the resolutions setting the program, processes and rates.

► Staff Recommendation

- Adopt Resolution No. 18-__ Entitled “A Resolution of the City Council of the City of Goleta, California, Establishing a Commercial Cannabis Business Application and Regulatory License Fee Program;”
- Adopt Resolution No. 18-__ Entitled “A Resolution of the City Council of the City of Goleta, California, Establishing Procedures for Review of Commercial Cannabis Business License Applications;” and,
- Adopt Resolution No. 18-__ Entitled “A Resolution of the City Council of the City of Goleta, California, Rescinding Resolution No. 18-23 and Approving and Adopting the 2018 User Fees and Charges.”