

RESOLUTION NO. 2021-94

**A RESOLUTION OF THE CITY OF ENCINITAS CITY COUNCIL
ESTABLISHING CANNABIS BUSINESS REGISTRATION,
APPLICATION, AND OTHER REGULATORY FEES**

WHEREAS, at a regular Municipal Election held on November 3, 2020, the voters of the City of Encinitas ("City") approved Ordinance No. 2020-18 ("Measure H") adding Chapter 9.25 - Cannabis Activity Zoning Ordinance of Encinitas to the City Municipal Code to allow certain cannabis-related uses and activities in specified zones consistent with regulations and restrictions contained in Measure H;

WHEREAS, on August 11, 2021, Ordinance No. 2021-04 was adopted by the City Council to ensure consistency between the City Municipal Code and Measure H, and to authorize cannabis-related uses in certain commercial, industrial, and agricultural zones throughout the City;

WHEREAS, implementation of Measure H will require establishment of cannabis business registration, licenses application, and other administrative processes the cost of which, if borne by the City, could result in service reductions to other General Fund programs;

WHEREAS, the City retained HdL Companies (HdL), a qualified consultant with demonstrated expertise preparing economic feasibility studies, to prepare a cost recovery analysis related to implementation of Measure H;

WHEREAS, to ensure that the cannabis business registration, application, and other regulatory fees adopted by this Resolution do not exceed the cost of regulating the local cannabis industry, the City has received and considered reports from HdL Companies entitled "Cannabis Cost Recovery Analysis," attached to the Agenda Report associated with this Resolution as Attachment 2, which includes, among other information, an analysis of the costs associated with cannabis registration, application, and annual regulatory activities;

WHEREAS, the HdL Cannabis Cost Recovery Analysis was made available to the public on October 1, 2021;

WHEREAS, the HdL Cannabis Cost Recovery Analysis demonstrated that regulating local cannabis businesses will have an impact on City resources, and that a fee may be established to mitigate those impacts;

WHEREAS, the HdL Cannabis Cost Recovery Analysis identifies the maximum registration fee, based on the cost of providing service to applicants, at \$6,527.83 per registrant;

WHEREAS, the HdL Cannabis Cost Recovery Analysis identifies the maximum application fee, based on the cost of providing service to applicants, at \$4,712.38 per applicant;

WHEREAS, the HdL Cannabis Cost Recovery Analysis identifies the maximum annual regulatory fee, based on the cost of providing oversight and regulatory services for cannabis businesses, at \$12,157.82 per licensee;

WHEREAS, the HdL Cannabis Cost Recovery Analysis identifies the other fees that are required to complete the registration and application process, based on the cost of providing oversight and regulatory services for cannabis businesses;

WHEREAS, in accordance with Government Code Section 66016, at least 14 days prior to the public hearing at which the City Council first considered the adoption of the Cannabis Fees, notice of the time and place of the hearing was mailed to eligible interested parties who filed written requests with the City for mailed notice of meetings on new or increased fees or service charges;

WHEREAS, notice was published in the Coast News on October 1, 2021, and October 8, 2021, setting forth the time and manner of compliance with the requirements of law of providing notice of the time and place for the public hearing in the form and manner required by Government Code sections 66018, 6062(a) and 66019;

WHEREAS, in accordance with Government Code Section 66016, the Cannabis Cost Recovery Analysis, containing the data supporting imposition of the fees, was made available for public review and comment for ten days prior to the public hearing at which the Council first considered the adoption of the fees;

WHEREAS, ten-days' advance notice of the public hearing at which the City Council first considered the adoption of the fees was given by publication in accordance with Section 6062(a) of the California Government Code;


WHEREAS, the City Council finds that there is a reasonable relationship between the amount of the fees and the costs attributable to regulating the local cannabis industry; and

WHEREAS, the City Council now desires to adopt registration, application, and annual regulatory fees for cannabis businesses, required to implement Measure H.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Encinitas that:

1. The recitals above are each incorporated by reference and adopted as findings by the City Council.
2. The City Council finds and determines that the formula and calculations used to determine the fees established by this Resolution as contained in the Cannabis Cost Recovery Analysis for cannabis registration, application, and annual regulatory activities, as shown on the chart contained in the report, do not exceed the estimated costs reasonably borne by the City for providing the services for which the fees are charged, including, but not limited to, reviewing and processing permit applications and renewal applications, and inspecting and enforcing such operations, as applicable.
3. The City Council further finds and determines that it is reasonable to annually adjust the fees set forth in the attached chart, as necessary.
4. The fees established by this Resolution shall become effective 30 days after the adoption date of this Resolution and shall only be implemented with the implementation of Measure H.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Encinitas, California, held on the 20th day of October 2021, by the following roll call vote:



Tony Kranz, Deputy Mayor

ATTEST:



Kathy Hollywood, City Clerk

APPROVED AS TO FORM:



Leslie E. Devaney, City Attorney

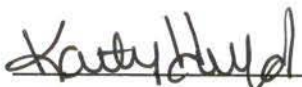
CERTIFICATION: I, Kathy Hollywood, City Clerk of the City of Encinitas, California, do hereby certify under penalty of perjury that the foregoing Resolution was duly adopted at a regular meeting of the City Council on the 20th day of October, 2021 by the following vote:

AYES: Hinze, Lyndes, Mosca

NOES: Kranz

ABSENT: Blakespear

ABSTAIN: None



Kathy Hollywood, City Clerk

HdL[®] Companies

CITY OF ENCINITAS - CANNABIS FEE SCHEDULE			
Fee Title	Fee	Unit	Estimated Revenue
Phase 1 - Registration Fee	\$ 6,527.83	Registration	\$ 130,556.50
Phase 2 - Application Fee	\$ 4,712.38	Application	\$ 18,849.50
Phase 3 - Annual Regulatory Fee	\$ 12,157.82	Licensee	\$ 48,631.29
Appeal Process Fee	\$ 3,544.05	Appeal	N/A
Initial Owner Background Investigation Fee	\$ 300.00	Owner/Manager	N/A
Owner Background Investigation Renewal Fee	\$ 100.00	Owner/Manager	N/A
Initial Employee Background Investigation Fee	\$ 100.00	Employee	N/A
Employee Background Investigation Renewal Fee	\$ 75.00	Employee	N/A
Financial Audit Fee	\$ 7,500.00	Audit	N/A
Compliance Inspection Fee	\$ 1,250.00	Inspection	N/A
TOTAL			\$ 198,037.29