



Public Hearing - Storefront Retail Commercial Cannabis Business Permit Fees

Community & Economic Development
Department

City Council

October 24, 2023



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INTRODUCTION

- 1. Public Hearing to adopt an Ordinance** amending Chapter 3.30 – adding a Cannabis Sales Permit Fee
- 2. Adopt a Resolution** amending the City Fees & Charges Schedule
- 3. Direct staff to return to City Council** to consider proposed amendments to established fees:
 - o Annual Renewal Fee
 - o Appeal Fee
 - o Change of Business Location
 - o Transfer Permit



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BACKGROUND

1. March 14, 2023 – Ordinance adopted:

- Established the application process
- Established an application fee

2. October 17, 2023 – Resolution adopted:

- Established Guidelines and Criteria



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DISCUSSION

1. Establish fees to recover staff time and costs

2. Engaged Consultant (MGT) to prepare fee study

3. Approach to establish fees

- Review and analyze other city's fees
- Identify staff time and other costs



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FEE ANALYSIS AND SURVEY

- Better understanding of costs
- Cannabis permit process is relatively new
- Cities have taken various approaches
- Fees often amended overtime



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CITY COMPARISONS

Activity	Riverside Full Cost	Moreno Valley	Corona	Jurupa Valley	Riverside County	San Bernardino	Pomona	Pasadena	Santa Ana
Application Fee	\$13,842	App Fee: \$9,551 Interview Fee: \$1,556	Actual cost of independent facilitator for merit-based evaluation process divided by # of applicants	Filing Fee \$2,500	\$9,651	Zoning Verification letter: \$183 Live Scan/Background Check \$732	Phase 1-2 app fee \$5,963 Phase 3-4 app fee \$7,495	\$13,654	\$1,813
Permit Fee	\$17,864	Annual Permit Fee: \$58,356 Annual Community Benefit Fee: \$20,000	Permit Fee: \$9,948 Background Check: \$537	Cannabis Business Tax \$28/sq ft of retail space	Development agreement - fee to be negotiated during application process	Permit: \$15,016 Annual Regulatory Fee: \$15,016	Permit Fee: \$2,034	\$10,639	\$12,968
Maximum Number of Storefront Retail Permits	14	25	12	7	19	5	2	6	30
Total 1st Year Fees including application	\$31,706	\$89,463	\$10,485, plus actual cost of application fee	\$58,500 for 2,000 sq ft store	\$9,651 plus fee required by development agreement	\$30,946	\$15,492	\$24,293	\$14,781



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FEE OPTIONS

- **Flat Fee***
 - Time and materials approach
 - Reduced administrative impacts
- **Deposit Method:**
 - Time/fees charged against deposit
 - Requires - tracking time, processing refunds
- **Agreements, Tax or CUP:**
 - Additional fee tool to address community issues
 - Additional time, process and varying results



Recommended Option*

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FLAT FEE

- Use Guidelines to identify tasks
- Calculate direct costs using hourly rates
- Determine other operational costs
- Determine indirect or “overhead” costs



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PROPOSED FEES

Phase 1: Application Review: \$13,842

- Fee submitted with each application
- Application review, evaluation (ranking)
- Application Form, Business Proposal, Operations, Safety/Security Plan

Phase 2: Site Selection: \$17,864

- 14 highest ranked applicants
- Preferred location
- Zoning Verification
- Site Improvements/Certificate of Occupancy
- Local and State Licenses
- Operational Agreements



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NEXT STEPS

Additional Fees

- Annual Renewal Fee
- Appeal Fee
- Change of Business Location
- Transfer Permit

Application Review Fee and Site Selection Fee Evaluation

- New program
- Evaluate and reanalyze after one year
- Consider increases or decreases based on time studies



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STRATEGIC PLAN ALIGNMENT

Envision Riverside 2025 Strategic Plan Priorities



#3 Economic Opportunity



#5 High Performing Government

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability &
Resiliency



Equity



Innovation



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RECOMMENDATIONS

Staff recommends that the City Council:

1. Hold a public hearing to adopt an ordinance amending Chapter 3.30 Section 3.30.030IV of the Riverside Municipal Code to add an additional category to the Schedule of Regulations, Products and Services Titled IV. Community & Economic Development - Planning;
2. Adopt a Resolution amending the City's Fees and Charges Schedule providing for two Storefront Retail Commercial Cannabis Business Permit fees: (1) an Initial Application Fee and (2) a Site Review Fee; and
3. Provide direction to staff to return at a later date for Council to consider the amendments to the Ordinance to establish fees related to Annual Renewal, Appeal, Change of Business Location, and Transfer of Permit.



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