



**City Manager's Report**  
**January 8, 2019 City Council Meeting**  
**Prepared By: Cleve Morris**

**Item#: 12.1**

**Subject:** Review proposed application process and fees for Cannabis business regulations and provide input to staff.

**Purpose:** To review the proposed application process and fees for applicants wishing to operate cannabis related businesses in the City of Placerville in accordance with City Code Title 5 Chapter 28.

**Background:** On October 9, 2018, the Council adopted an ordinance regulating cannabis related businesses within the City of Placerville. Prior to that time the City prohibited all cannabis related activity except that allowed by State law. The new ordinance will now allow certain activities within defined zoning areas in the City. On this agenda is an item to approve the Business Overlay Zone and associated zoning text amendments to allow for cannabis related businesses. In order to move this process forward, it is necessary to establish an application procedure and fees to process the application.

**Discussion:** The City has continued to work with HdL to establish an acceptable application process. The attached documents are self-explanatory and establish the process and fees to review the applications. The proposed application process will consist of a 4 phase process. Fees are established for each phase. This will allow for an applicant who does not pass a certain phase, to avoid paying fees for further processing of the application. The phases and fees are as follows:

Pre-Application Zoning Verification Letter (ZVL)	\$205.00
Pre-Application Background Check:	\$476.00
Phase I: Application Submittal and Eligibility Verification:	\$4,165.00
Phase II: Application Evaluation and Initial Ranking:	\$1,586.00
Phase III: Interviews and Second Ranking:	\$1,518.00
Phase IV: City Manager Final Approval and Issuance of Local Permit:	<u>\$1,067.00</u>
<b>Total (Excluding Pre-application fees):</b>	<b>\$8,336.00</b>

In comparison, the City of Colfax who is following a similar application process has the following fees:

Phase I:	\$3,696.00
Phase II:	\$1,496.00
Phase III:	\$1,633.00
Phase IV:	<u>\$1,165.00</u>
Total:	\$7,960.00

Attachment 2 to this report provides justification for the established fees. The application process is proposed to begin on Monday, February 4, 2019 and end on Monday, April 8, 2019. These dates are not set at this point and can be adjusted as necessary.

**Cost:** There is minimal cost involved with the preparation of the fees and application. Those costs are proposed to be covered in the application fees. The total cost per applicant will vary based on how far in the process they go. Successful applicants will pay an application fee of \$8,336.00 plus the pre application fees of \$205.00 and \$476.00. All costs are proposed to be recovered in the application process.

**Budget Impact:** The revenues and expenses were not known at the time the budget was adopted. Any costs are anticipated to be supported by revenues received. Therefore the revenues and expenditures should not affect the budget.

**Recommendation:** Review proposed application process and fees for Cannabis business regulations and provide input to staff.



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M. Cleve Morris, City Manager

*Attachments:*

- 1. Cannabis Business Draft Application*
- 2. Cannabis Business Fee Justification*