



Legislation Details (With Text)

File #:	ID 21-822	Version:	1	Name:	
Type:	Action Item	Status:		Agenda Ready	
File created:	10/28/2021	In control:		City Council	
On agenda:	11/4/2021	Final action:			
Title:	Actions pertaining to Commercial Cannabis Activity: 1. ***RESOLUTION - Adopting the 564th Amendment to the Master Fee Schedule Resolution No. 80-420 adding fees relating to Commercial Cannabis Business Permits (Subject to Mayor's Veto).				
Sponsors:	Office of Mayor & City Manager				
Indexes:					
Code sections:					
Attachments:	1. Exhibit A-MFS Redline, 2. Resolution				

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

FROM: THOMAS ESQUEDA, City Manager
Office of Mayor and City Manager

BY: JENNIFER RUIZ, Project Manager
Office of Mayor and City Manager

SUBJECT

Actions pertaining to Commercial Cannabis Activity:
1. ***RESOLUTION - Adopting the 564th Amendment to the Master Fee Schedule Resolution No. 80-420 adding fees relating to Commercial Cannabis Business Permits (Subject to Mayor's Veto).

RECOMMENDATION

Staff recommends that the City Council take the following actions:

1. APPROVE the Resolution to Adopt the 564th Amendment to the Master Fee Schedule Resolution No. 80-420 adding fees relating to Commercial Cannabis Business Permits.

EXECUTIVE SUMMARY

The approval of the actions described herein will establish a cannabis business permit fee (pursuant to FMC Section 9-3317(h)) and a cannabis business permit renewal fee (pursuant to FMC Section 9-3322(c)).

The proposed cannabis business permit fee is \$19,798.00. This is paid once, by each cannabis retail and commercial cannabis business in the City of Fresno, prior to the issuance of their commercial cannabis business permit.

The proposed cannabis business permit renewal fee is \$18,346.00. This is paid on an annual basis, by each cannabis retail and commercial cannabis business in the City of Fresno, prior to the renewal of their commercial cannabis business permit.

BACKGROUND

Cannabis Business Permit Fee

Pursuant to Fresno Municipal Code (FMC) Section 9-3317(h), “Each person granted a commercial cannabis business permit shall be required to pay the permit fee established by resolution of the City Council, to cover the costs of administering the commercial cannabis business permit program.” The City Manager’s office proposes to establish a Business Permit Fee of \$19,798.00. The Business Permit Fee is based on the assumption that the Commercial Cannabis Business Permit Program (“Program”) will include 38 business including 21 retail businesses, 16 commercial businesses (cultivation, distributing or manufacturing) and 1 testing laboratory which are referred to in this overview as “Cannabis Permittees”. Currently, a maximum of 21 retail businesses and 16 commercial businesses can be permitted in the City of Fresno, there is no limit on the number of testing laboratories that can be permitted.

The City engaged a consultant experienced in California’s commercial cannabis regulatory environment, to assist in determining the total costs of administering the commercial cannabis business permit program and the proposed fee analysis.

The recommended permit fee is based on the cost of annually reviewing licensed cannabis businesses and the cost of overseeing the City’s proposed regulatory enforcement strategy for the Program. The regulatory enforcement strategy is designed to monitor Cannabis Permittees within the City of Fresno on a monthly, quarterly and annual basis to determine whether Cannabis Permittees are in compliance with the Cannabis Retail Business and Commercial Cannabis Business requirements set forth in Fresno Municipal Code Article 33 and all applicable state and local laws. The recommended permit fee is for the cost of administering the commercial cannabis business permit program only; and will not pertain to either the Application Fee authorized by FMC Section 15-9-3316(e), or to the Renewal Application Fee authorized by FMC Section 9-3322(c). The permit fee does not include other fees associated with the application process, such as zoning verification approvals, background checks, or appeals. Further, it does not include the cost of any approvals applicants are required to obtain between final determination and official issuance of a commercial cannabis business permit.

The Program will review Cannabis Permittees by utilizing both non-sworn and sworn personnel. Sworn officers are intended to serve as logistical support to non-sworn staff and to assist in matters related to security issues, complaints, attending stakeholder meetings, and investigating illegal activity or non-qualified sales, which could lead to criminal action. Inspection and enforcement of the Program is authorized pursuant to FMC Section 9-3335.

There are five general categories of enforcement activities that will be implemented to administer the Commercial Cannabis Business Permit Program and will require City staff time including:

1. Risk-Based Reviews/Inspections
2. Stakeholder/Training

3. Complaints
4. Non-Qualified Sales Program
5. Administration

These five categories will provide proactive and reactive work by City staff, as described below. The amount of staff time attributed to each enforcement activity category was estimated based on the projected needs of the Program, considering the number of permitted businesses and the consultant's experience working with other similar-sized cities and seeing the frequency with which these activities are necessary. The total cost estimate for each position assigned to each activity was based on the current hourly rate of the position and standard overhead rates established by the City (Fringe-1.45%; Health & Welfare-\$11,352; Life/Long Term Disability-.74%; Pension-13.35%; Police Pension 22.56%)

Below is a breakdown of the costs associated with each enforcement activity:

Enforcement Activity Description	Fee Amount
Risk-Based Reviews/Inspections	\$6,832.83
Stakeholder/Training	\$2,005.75
Complaints	\$1,079.94
Non-Qualified Sales Program	\$4,103.60
Administrative Action	\$4,105.15
Other/Program Development	\$1,670.98
Total:	\$19,798.25

Risk-Based Reviews/Inspections

Risk-Based Reviews/Inspections consist of targeted enforcement of businesses that are non-compliant with cannabis industry laws and regulations. Risk-Based Reviews/Inspections will consist of 3 levels of inspection, as explained below, to determine specific issues that are a threat to public safety. FMC Sections 9-3335 (a) and (c) provide that the City Manager is charged with enforcement of the provisions of Article 33, and the City Attorney and Chief of Police are permitted to enter commercial cannabis business or retail business at any time, without notice, to inspect the premises or obtain cannabis samples to test for public safety. Risk-Based Reviews/Inspections are staffed by the following City departments: City Attorney's Office, Finance, Fire, and Police.

Level One

Level One Reviews/Inspections are limited to a quick review of the business, which can be done by Code Enforcement staff either on-site or off-site. These can be done by monitoring social media sites, observations of illegal signage, and illegal activity being observed in the parking lot by City staff or the Police Department. Level One Reviews are also designed to conduct random limited inspections verifying proper visitor protocols, ensuring staff are wearing badges and complying with limited access requirements.

Level Two

Level Two Reviews/Inspections involve a thorough on-site and off-site inspection of the business and provides a structured and efficient tool to gauge how well a licensed business is meeting compliance standards. This review will be by the Finance Department Auditors while conducting financial audits which may detect issues during the course of the audit. Businesses are also subject to compliance reviews and onsite inspections by the City Attorney's Office Code Enforcement staff.

Level Three

Level Three Reviews/Inspections would require the City to monitor crimes, calls for service, and prepare an annual program report or as often as requested by the City Manager. In addition, Staff shall prepare a comprehensive plan to review all Cannabis Permittees and define inspection objectives along with tasks and resources required to fulfill these objectives. This may be done by Code Enforcement, or the Police Department, in order to address criminal activity which is reported by citizens, customers, or other agencies.

The City Attorney's Office, Community Revitalization Specialist, will conduct Level One and Level Two inspections. Level One inspections are estimated at one half hour per permittee each month (30 minutes x 38 Cannabis Permittees x 12 months), which is 228 total hours annually. Thirty minutes for each permitted business is sufficient because level one inspections are quick reviews of businesses which can be done, without notice, by visual observation of the premises or on the internet (business website and social media). Level Two inspections are estimated at 2.5 hours per permittee each quarter (2.5 hours x 38 Cannabis Permittees x 4 months), which is a total of 380 total hours annually. Level Two inspections are estimated at 2.5 hours per permittee per quarter because they are more detailed inspections checking for specific compliance aspects and may require a written report or correspondence detailing required remediation factors. Level Two inspections occur annually, however, this estimate assumes that remediation factors are identified during a visit and require a follow-up compliance check to ensure that all recommended corrective actions are implemented.

The Finance Department's role in Risk Based Reviews/Inspections includes annual financial audits for each permitted business (Level Two). The work is assigned to two full-time Senior Accountant-Auditor III staff. It is estimated that 119 hours will be dedicated for each audit. The financial audit includes a detailed review of a business's tax records, financial statements, and review of records from California's Track and Trace System (METRC). It may also include additional information such as the verification of canopy measurements for cultivation sites, video surveillance records, point of sale system reports, or a physical count of cash-in-vault. The permit fee also estimated 114 hours annually for the Assistant Controller to supervise audit staff, review audit reports, and address necessary remediation, cash handling, or banking issues.

The fee also incorporates an annual estimate of 76 hours (30 minutes per permittee, each quarter) by the Chief Assistant City Attorney that oversees code enforcement for the purposes of directly supervising the Community Revitalization Specialist, reviewing inspection reports, and communicating regarding required remediation. This review may include Level One and Level Two inspections reports and correspondence.

The Fire Department's role in Risk Based Reviews/Inspections includes quarterly inspections to address fire code issues. This task is implemented by the Senior Fire Prevention inspector and estimated at 2 hours per permittee, per quarter (2 hours x 38 Cannabis Permittees x 4 quarters) for an estimate of 304 hours.

The Police Department's role in Risk Based Reviews/Inspections includes level three inspections as applicable based on criminal activity or complaints of criminal activity. The District Commander's time for Level Three inspections are estimated at a half hour per permittee per quarter (76 hours) and a half hour per permittee per quarter to monitor crimes and service calls and prepare an annual report (76 hours).

The total estimated cost for Risk-Based Reviews/Inspections is \$259,647.48 and amounts to \$6,832.83 per business.

Stakeholder/Training

The City Manager or his designee will organize necessary meetings and educational trainings with City Staff for Cannabis industry stakeholders. The City Manager will provide updates to elected officials, as requested, regarding research, legislative or grant funding updates. Staff will also be able to seek continued education on cannabis laws and regulations and industry best practices.

Stakeholder meetings cover a wide range of topics relating to the implementation of the cannabis program such as trends in public comments relating to cannabis operations, safety or security concerns, potential regulatory changes and how it may impact local operations, etcetera.

Stakeholder meetings and relevant staff training ensure a regular flow of direct communication between operators and City staff to address potential issues as they arise in this new local dynamic industry. Stakeholder/Training will be staffed by the following City departments: Office of the Mayor and City Manager, Planning and Development, Finance Department.

The Office of the Mayor and City Manager will dedicate three staff positions at partial FTE's to participate in various meetings with staff and stakeholders about policy issues, complaints, or community impact. The City Manager and the Chief of Staff to the Mayor are each estimated to dedicate 114 annual hours (.25 hours per permittee per month) for Stakeholder/Training activities. The Project Manager is estimated at 711.36 annual hours (1.56 hours per permittee per month) because this position serves as the primary contact for the Office of Cannabis Oversight and is therefore expected to have more frequent interactions with stakeholders.

The Planning and Development Department is estimated to dedicate 15.20 hours each annually for the Director of Development and Planning Supervisor to meet with staff or other stakeholders regarding citywide Planning/Building and enforcement issues. This was estimated at .10 hours per permittee, per quarter.

The Finance Department has estimated 15.20 annual hours for the Controller to oversee cash handling and banking issues.

The estimated cost for Stakeholder/Training is \$76,218.42 and amounts to \$2,093.91 per business.

Complaints

The City will receive, track and investigate complaints from external sources in a consistent manner. The number and type of complaints, the City will determine appropriate responses to handle confirmed cases of concern to public safety, or violations of Article 33 or other laws.

Complaints will be staffed by the following City departments: City Attorney's Office and Police Department.

The City Attorney's Office will dedicate 114 annual hours of the Chief Assistant City Attorney's time to oversee code enforcement staff and communicate about complaint inquiries from citizens and consumers on non-criminal activity relating to cannabis business locations. This is estimated at .25 hours per permittee per month. The Community Revitalization Specialist will dedicate 114 annual hours (.25 hours per permittee per month) addressing complaint issues from consumers and citizens. The Police Department District Commander will dedicate an estimated 228 annual hours (.50 hours per permittee per month) to follow up on complaints from consumers and citizens.

The estimated cost allocated for Complaints is \$41,037.87 and amounts to \$1,079.94 per business.

Non-Qualified Sales Program

Non-Qualified Sales is defined as any sales transactions that are conducted in violation of State and/or local law, such as sales to underage minors. The primary objective of the Non-Qualified Sales Program is to test and evaluate the level of compliance of licensed cannabis businesses with regards to their sales activity. The Non-Qualified Sales Program will be staffed by the following City departments: Police Department

The Police Department will dedicate 1140 annual hours of a Police Sergeant and 1140 annual hours of a Police Officer's time to conduct non-qualified sales investigations for underage and illegal sales. Each position was estimated to dedicate 2.5 hours per permittee per month to conduct Non-Qualified Sales program activities. This may include sting operations or on-site observations to test compliance.

The estimated cost allocated for the Non-Qualified Sales Program is \$155,936.73 and amounts to \$4,103.60 per business.

Administrative Action

The Administrative Action function will include the primary City staff contacts for Cannabis Permittees and coordinate with various City departments regarding the Program. Administrative Action will also include the Finance Department's involvement for the collection of taxes and fees set forth in FMC Section 9-3332, including the coordination of handling any cash payments with armored vehicles or financial institutions. In the event a business is subject to administrative actions the City will take the appropriate action to handle any violation. The City is authorized to handle each and every violation of Article 33 as set forth in FMC Section 9-3337 and a Cannabis Permittee is responsible for violations of any laws as stated in FMC Section 9-3334. As necessary, the City will provide additional oversight and review of businesses that need additional attention due to regulatory issues. Examples of administrative actions may include requesting corrective action for minor issues identified during a routine inspection, issuing tax penalties and interest pursuant to FMC Section 7-1414, or revocation of a permit pursuant to FMC Section 9-3321.

Administrative Action will be staffed by the following City departments: Office of the City Manager, City Attorney's Office, Finance, Information Services, Personnel, Police.

The City Manager's Office will dedicate 1368 hours for the Project Manager (estimated to dedicate 3 hours per permittee per month) and 2080 hours for the Administrative Clerk II (estimated at 4.56 hours per permittee per month) to Administrative Actions. The Project Manager will maintain regulatory requirements, respond to Public Record Act inquiries, maintain the Office of Cannabis Oversight website, and coordinate administrative functions of the program. The Administrative Clerk II will maintain permit files, prepare staff reports for meetings, and assist the Project Manager.

The City Attorney's Office will dedicate 114 annual hours (.25 hours per permittee per month) for the Senior Deputy Attorney I to provide legal advice to staff and draft non-compliance notices to business operators. The Chief Assistant City Attorney, Senior Paralegal, and Paralegal will dedicate 38 annual hours each (.25 hours per permittee per quarter) for oversight and implementation of the Public Records Act. This time is spent redacting necessary documents and responding to requests related to the cannabis program.

The Finance Department will dedicate 114 annual hours (.25 hours per permittee per month) for the Tax/Permit Inspector to conduct the administration and collection of taxes, fees, and processing of

banking deposits.

The Information Services Department will dedicate 15.20 annual hours maintaining cannabis related information on the City's website.

The Personnel Services Department will dedicate 38 annual hours (1 hour per permittee) for the Human Resources Records Supervisor to conduct background checks and process related reports. The Police Department will dedicate 38 annual hours (1 hour per permittee) reviewing and approving the cannabis business security plans annually as required by FMC Sections 9-3310(b)(2), 9-3311(b)(1)(xviii), 9-3312(b)(1)(xviii), 9-3313(b)(1)(xviii), and 9-3314(b)(1)(xviii).

The estimated cost allocated for Administrative Action is \$155,995.87 and amounts to \$4,105.15 per business.

Other/Program Development

The Other/Program Development category accounts for non-enforcement related costs. This includes the following estimates:

- Program Development Costs in the amount of \$5,997.30. These costs represent staff time relating to the development of the regulatory ordinance. It does not include costs relating to the application development, as those costs were included in the application fee. Staff from various departments participated in 24 planning meetings regarding the drafting of the regulatory ordinance and program.
 - Future Consulting Fees in the amount of \$50,000. The estimated cost for future consulting fees relating to program development, guidance to City Staff regarding development of policies, procedures, and forms, etc. relating to cannabis regulation in the City of Fresno.
- Staff Equipment in the amount of \$7,500.00. The estimated costs of \$2,500 for each new projected full-time position for workstation equipment: phone, computer, etc. The estimated cost allocated for Other/Program Development is \$63,497.30 and amounts to \$1,670.98 per business.

Cannabis Business Permit Renewal Fee

Pursuant to Fresno Municipal Code (FMC) Section 9-3322(c), "The applicant shall pay a fee in an amount to be set by the City Council to cover the cost of processing the renewal permit application, together with any costs incurred by the city to administer the program created under this Article." The City Manager's office proposes to establish a Business Permit Fee of \$18,346.00. The Business Permit Renewal Fee is based on the assumption that the Commercial Cannabis Business Permit Program ("Program") will include 38 businesses including 21 retail businesses, 16 commercial businesses (cultivation, distributing or manufacturing) and 1 testing laboratory which are referred to in this overview as "Cannabis Permittees". Currently, a maximum of 21 retail businesses and 16 commercial businesses can be permitted in the City of Fresno, there is no limit on the number of testing laboratories that can be permitted.

The City engaged a consultant experienced in California's commercial cannabis regulatory environment, to assist in determining the total costs of administering the commercial cannabis business permit program and the proposed fee analysis.

The recommended permit renewal fee is based on the cost of annually processing permit renewal applications for licensed cannabis businesses and the cost of overseeing the City's proposed regulatory enforcement strategy for the Program. The regulatory enforcement strategy is designed to

monitor Cannabis Permittees within the City of Fresno on a monthly, quarterly and annual basis to determine whether Cannabis Permittees are in compliance with the Cannabis Retail Business and Commercial Cannabis Business requirements set forth in Fresno Municipal Code Article 33 and all applicable state and local laws.

Processing Annual Permit Renewal Applications

Fresno Municipal Code Section 9-3322(a) requires that commercial cannabis business permit renewal applications be filed sixty days prior to the expiration of the permit. The renewal applications is required to contain all of the information that is required for new applicants. In order to expedite the review process, renewal applications will assess what changes, if any, have been made, or are proposed to be made, to the business evaluation criteria that is included in the permittees' original application.

It is anticipated that the Project Manager (Office of the City Manager) will dedicate three hours for each permittee annually reviewing permit renewal applications for a total of 114 hours. The City Manager will dedicate one half hour, per permittee, annually reviewing staff renewal recommendations, supporting documents, and approving cannabis business permit renewals. The estimated cost for processing permit renewal applications is \$8,327.49 and amounts to \$219.14 per business.

Regulatory Implementation and Enforcement

The Program will review Cannabis Permittees by utilizing both non-sworn and sworn personnel. Sworn officers are intended to serve as logistical support to non-sworn staff and to assist in matters related to security issues, complaints, attending stakeholder meetings, and investigating illegal activity or non-qualified sales, which could lead to criminal action. Inspection and enforcement of the Program is authorized pursuant to FMC Section 9-3335.

There are five general categories of enforcement activities that will be implemented to administer the Commercial Cannabis Business Permit Program and will require City staff time including:

1. Risk-Based Reviews/Inspections
2. Stakeholder/Training
3. Complaints
4. Non-Qualified Sales Program
5. Administration

These five categories will provide proactive and reactive work by City staff, as described below. The amount of staff time attributed to each enforcement activity category was estimated based on the projected needs of the Program, considering the number of permitted businesses and the consultant's experience working with other similar-sized cities and seeing the frequency with which these activities are necessary. The total cost estimate for each position assigned to each activity was based on the current hourly rate of the position and standard overhead rates established by the City (Fringe-1.45%; Health & Welfare-\$11,352; Life/Long Term Disability-.74%; Pension-13.35%; Police Pension 22.56%)

Below is a breakdown of the costs associated with each enforcement activity:

Enforcement Activity Description	Fee Amount
Risk-Based Reviews/Inspections	\$6,832.93
Stakeholder/Training	\$2,005.75

Complaints	\$1,079.94
Non-Qualified Sales Program	\$4,103.60
Administrative Action	\$4,105.15
Total:	\$18,346.42

Risk-Based Reviews/Inspections

Risk-Based Reviews/Inspections consist of targeted enforcement of businesses that are non-compliant with cannabis industry laws and regulations. Risk-Based Reviews/Inspections will consist of 3 levels of inspection, as explained below, to determine specific issues that are a threat to public safety. FMC Sections 9-3335 (a) and (c) provide that the City Manager is charged with enforcement of the provisions of Article 33, and the City Attorney and Chief of Police are permitted to enter commercial cannabis business or retail business at any time, without notice, to inspect the premises or obtain cannabis samples to test for public safety. Risk-Based Reviews/Inspections are staffed by the following City departments: City Attorney's Office, Finance, Fire, and Police.

Level One

Level One Reviews/Inspections are limited to a quick review of the business, which can be done by Code Enforcement staff either on-site or off-site. These can be done by monitoring social media sites, observations of illegal signage, and illegal activity being observed in the parking lot by City staff or the Police Department. Level One Reviews are also designed to conduct random limited inspections verifying proper visitor protocols, ensuring staff are wearing badges and complying with limited access requirements.

Level Two

Level Two Reviews/Inspections involve a thorough on-site and off-site inspection of the business and provides a structured and efficient tool to gauge how well a licensed business is meeting compliance standards. This review will be by the Finance Department Auditors while conducting financial audits which may detect issues during the course of the audit. Businesses are also subject to compliance reviews and onsite inspections by the City Attorney's Office Code Enforcement staff.

Level Three

Level Three Reviews/Inspections would require the City to monitor crimes, calls for service, and prepare an annual program report or as often as requested by the City Manager. In addition, Staff shall prepare a comprehensive plan to review all Cannabis Permittees and define inspection objectives along with tasks and resources required to fulfill these objectives. This may be done by Code Enforcement, or the Police Department, in order to address criminal activity which is reported by citizens, customers, or other agencies.

The City Attorney's Office, Community Revitalization Specialist, will conduct Level One and Level Two inspections. Level One inspections are estimated at one half hour per permittee each month (30 minutes x 38 Cannabis Permittees x 12 months), which is 228 total hours annually. Thirty minutes for each permitted business is sufficient because level one inspections are quick reviews of businesses which can be done, without notice, by visual observation of the premises or on the internet (business website and social media). Level Two inspections are estimated at 2.5 hours per permittee each quarter (2.5 hours x 38 Cannabis Permittees x 4 months), which is a total of 380 total hours annually. Level Two inspections are estimated at 2.5 hours per permittee per quarter because they are more detailed inspections checking for specific compliance aspects and may require a written report or correspondence detailing required remediation factors. Level Two inspections occur annually,

however, this estimate assumes that remediation factors are identified during a visit and require a follow-up compliance check to ensure that all recommended corrective actions are implemented.

The Finance Department's role in Risk Based Reviews/Inspections includes annual financial audits for each permitted business (Level Two). The work is assigned to two full-time Senior Accountant-Auditor III staff. It is estimated that 119 hours will be dedicated for each audit. The financial audit includes a detailed review of a business's tax records, financial statements, and review of records from California's Track and Trace System (METRC). It may also include additional information such as the verification of canopy measurements for cultivation sites, video surveillance records, point of sale system reports, or a physical count of cash-in-vault. The permit fee also estimated 114 hours annually for the Assistant Controller to supervise audit staff, review audit reports, and address necessary remediation, cash handling, or banking issues.

The fee also incorporates an annual estimate of 76 hours (30 minutes per permittee, each quarter) by the Chief Assistant City Attorney that oversees code enforcement for the purposes of directly supervising the Community Revitalization Specialist, reviewing inspection reports, and communicating regarding required remediation. This review may include Level One and Level Two inspections reports and correspondence.

The Fire Department's role in Risk Based Reviews/Inspections includes quarterly inspections to address fire code issues. This task is implemented by the Senior Fire Prevention inspector and estimated at 2 hours per permittee, per quarter (2 hours x 38 Cannabis Permittees x 4 quarters) for an estimate of 304 hours.

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The total estimated cost for Risk-Based Reviews/Inspections is \$259,647.48 and amounts to \$6,832.83 per business.

Stakeholder/Training

The City Manager or his designee will organize necessary meetings and educational trainings with City Staff for Cannabis industry stakeholders. The City Manager will provide updates to elected officials, as requested, regarding research, legislative or grant funding updates. Staff will also be able to seek continued education on cannabis laws and regulations and industry best practices. Stakeholder meetings cover a wide range of topics relating to the implementation of the cannabis program such as trends in public comments relating to cannabis operations, safety or security concerns, potential regulatory changes and how it may impact local operations, etcetera. Stakeholder meetings and relevant staff training ensure a regular flow of direct communication between operators and City staff to address potential issues as they arise in this new local dynamic industry. Stakeholder/Training will be staffed by the following City departments: Office of the Mayor and City Manager, Planning and Development, Finance Department.

The Office of the Mayor and City Manager will dedicate three staff positions at partial FTE's to participate in various meetings with staff and stakeholders about policy issues, complaints, or community impact. The City Manager and the Chief of Staff to the Mayor are each estimated to

dedicate 114 annual hours (.25 hours per permittee per month) for Stakeholder/Training activities. The Project Manager is estimated at 711.36 annual hours (1.56 hours per permittee per month) because this position serves as the primary contact for the Office of Cannabis Oversight and is therefore expected to have more frequent interactions with stakeholders.

The Planning and Development Department is estimated to dedicate 15.20 hours each annually for the Director of Development and Planning Supervisor to meet with staff or other stakeholders regarding citywide Planning/Building and enforcement issues. This was estimated at .10 hours per permittee, per quarter.

The Finance Department has estimated 15.20 annual hours for the Controller to oversee cash handling and banking issues.

The estimated cost for Stakeholder/Training is \$76,218.42 and amounts to \$2,005.15 per business.

Complaints

The City will receive, track and investigate complaints from external sources in a consistent manner. The number and type of complaints, the City will determine appropriate responses to handle confirmed cases of concern to public safety, or violations of Article 33 or other laws. Complaints will be staffed by the following City departments: City Attorney's Office and Police Department.

The City Attorney's Office will dedicate 114 annual hours of the Chief Assistant City Attorney's time to oversee code enforcement staff and communicate about complaint inquiries from citizens and consumers on non-criminal activity relating to cannabis business locations. This is estimated at .25 hours per permittee per month. The Community Revitalization Specialist will dedicate 114 annual hours (.25 hours per permittee per month) addressing complaint issues from consumers and citizens. The Police Department District Commander will dedicate an estimated 228 annual hours (.50 hours per permittee per month) to follow up on complaints from consumers and citizens.

The estimated cost allocated for Complaints is \$41,037.87 and amounts to \$1,079.94 per business.

Non-Qualified Sales Program

Non-Qualified Sales is defined as any sales transactions that are conducted in violation of State and/or local law, such as sales to underage minors. The primary objective of the Non-Qualified Sales Program is to test and evaluate the level of compliance of licensed cannabis businesses with regards to their sales activity. The Non-Qualified Sales Program will be staffed by the following City departments: Police Department.

The Police Department will dedicate 1140 annual hours of a Police Sergeant and 1140 annual hours of a Police Officer's time to conduct non-qualified sales investigations for underage and illegal sales. Each position was estimated to dedicate 2.5 hours per permittee per month to conduct Non-Qualified Sales program activities. This may include sting operations or on-site observations to test compliance.

The estimated cost allocated for the Non-Qualified Sales Program is \$155,936.73 and amounts to \$4,103.60 per business.

Administrative Action

The Administrative Action function will include the primary City staff contacts for Cannabis Permittees and coordinate with various City departments regarding the Program. Administrative Action will also include the Finance Department's involvement for the collection of taxes and fees set forth in FMC Section 9-3332, including the coordination of handling any cash payments with armored vehicles or financial institutions. In the event a business is subject to administrative actions the City will take the appropriate action to handle any violation. The City is authorized to handle each and every violation of Article 33 as set forth in FMC Section 9-3337 and a Cannabis Permittee is responsible for violations of any laws as stated in FMC Section 9-3334. As necessary, the City will provide additional oversight and review of businesses that need additional attention due to regulatory issues. Examples of administrative actions may include requesting corrective action for minor issues identified during a routine inspection, issuing tax penalties and interest pursuant to FMC Section 7-1414, or revocation of a permit pursuant to FMC Section 9-3321. Administrative Action will be staffed by the following City departments: Office of the City Manager, City Attorney's Office, Finance, Information Services, Personnel, Police.

The City Manager's Office will dedicate 1368 hours for the Project Manager (estimated to dedicate 3 hours per permittee per month) and 2080 hours for the Administrative Clerk II (estimated at 4.56 hours per permittee per month) to Administrative Actions. The Project Manager will maintain regulatory requirements, respond to Public Record Act inquiries, maintain the Office of Cannabis Oversight website, and coordinate administrative functions of the program. The Administrative Clerk II will maintain permit files, prepare staff reports for meetings, and assist the Project Manager.

The City Attorney's Office will dedicate 114 annual hours (.25 hours per permittee per month) for the Senior Deputy Attorney I to provide legal advice to staff and draft non-compliance notices to business operators. The Chief Assistant City Attorney, Senior Paralegal, and Paralegal will dedicate 38 annual hours each (.25 hours per permittee per quarter) for oversight and implementation of the Public Records Act. This time is spent redacting necessary documents and responding to requests related to the cannabis program.

The Finance Department will dedicate 114 annual hours (.25 hours per permittee per month) for the Tax/Permit Inspector to conduct the administration and collection of taxes, fees, and processing of banking deposits.

The Information Services Department will dedicate 15.20 annual hours maintaining cannabis related information on the City's website.

The Personnel Services Department will dedicate 38 annual hours (1 hour per permittee) for the Human Resources Records Supervisor to conduct background checks and process related reports. The Police Department will dedicate 38 annual hours (1 hour per permittee) reviewing and approving the cannabis business security plans annually as required by FMC Sections 9-3310(b)(2), 9-3311(b)(1)(xviii), 9-3312(b)(1)(xviii), 9-3313(b)(1)(xviii), and 9-3314(b)(1)(xviii).

The estimated cost allocated for Administrative Action is \$155,995.87 and amounts to \$4,105.15 per business.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

The action will provide an estimated \$697,163.86 annually to support the regulation of cannabis retail and commercial cannabis businesses in the City of Fresno.

Attachments:

1. Exhibit A - MFS Redline
2. Resolution