



# **CITY OF ALAMEDA**

## **CANNABIS BUSINESS OPERATOR PERMIT AND REGULATORY FEE STUDY**

OCTOBER 2018

PREPARED FOR:

**CITY OF ALAMEDA  
CITY COUNCIL**

PREPARED BY:



**SCI Consulting Group**  
4745 MANGELS BOULEVARD  
FAIRFIELD, CALIFORNIA 94534  
PHONE 707.430.4300  
FAX 707.430.4319  
[www.sci-cg.com](http://www.sci-cg.com)

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## **CITY OF ALAMEDA**

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Debbie Potter

### **CITY ATTORNEY**

Janet C. Kern

### **POLICE CHIEF**

Paul Roller

### **FINANCE DIRECTOR**

Elena Adair

## ACKNOWLEDGMENTS

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This Commercial Cannabis Regulatory Fee Study was prepared by SCI Consulting Group ("SCI") for the City of Alameda ("City"). The work was performed under the general direction of Lois Butler, Economic Development Manager in the Base Reuse and Economic Development Department.

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Carrie Dole, Finance Department  
John Le, City Attorney's Office

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## SUMMARY

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### INTRODUCTION

The Medical Cannabis Regulation and Safety Act ("MCRSA") was signed into law in October of 2015. MCRSA was composed of three bills: AB 266 which established a dual-licensing structure requiring a state license and a local license or permit, AB 243 which established a regulatory and licensing structure for cultivation sites under the Department of Food and Agriculture, and SB 643 which established criteria for licensing of medical cannabis businesses, regulated physicians, and recognized local authority to levy taxes and fees.

On November 8, 2016, the voters of the State of California approved Proposition 64, the "Control, Regulate and Tax Adult Use of Marijuana Act," which decriminalized the adult use of cannabis for non-medical purposes and established a regulatory scheme at the state level.

On June 27, 2017, Senate Bill 94, the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" ("MAUCRSA") repealed and replaced MCRSA. MAUCRSA consolidates the medical MCRSA and adult use (Proposition 64) cannabis statutes.

In November 2017, the City of Alameda ("City") adopted Ordinance No. 3201 ("regulatory ordinance"), a new regulatory framework to permit and regulate the retail sale, manufacturing, testing, nursery cultivation, distribution and delivery of commercial cannabis within the City. It requires a Cannabis Business Operators Permit (CBOP) for the following cannabis commercial operations:

- Two medicinal retail dispensary permits (including delivery permits)
- Four manufacturing permits (including distributor's) permit
- One nursery cultivation permit
- Two testing laboratory permits

The City subsequently adopted Ordinance No. 3206, a zoning ordinance, in December 2017, to amend to the Alameda Municipal Code repealing the prohibition on cannabis activities and identifying the zones for commercial cannabis business locations. The City is contemplating several amendments to both the regulator and zoning ordinances including adding two delivery-only dispensaries, and the anticipated costs incurred for this activity is expected to be similar to other commercial cannabis activities (e.g., medicinal retail dispensary). Therefore, this fee study analyzes the costs of administering a program that includes regulating delivery-only dispensaries.<sup>1</sup>

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<sup>1</sup> The revised regulatory ordinance for two delivery-only dispensaries is expected to be on the City Council October 16, 2018, agenda.

The purpose of this Cannabis Regulatory Fee Study ("Fee Study") is to establish the legal and policy basis for imposing regulatory fees ("fees") for permitting and regulating the operational aspects of commercial cannabis activities in the City. The fees will be used to reimburse the City departments for reasonable direct and indirect labor costs and contracted services attributable to reviewing and acting upon the applications and verifying and enforcing compliance with the regulatory ordinance.

## LEGAL FRAMEWORK

In order to impose such fees, this Fee Study will present findings to meet the substantive requirements of Proposition 26, which are as follows:

1. Demonstrate that the levy, charge, or other exaction is not a tax; and
2. The amount is not more than necessary to cover the reasonable cost of the governmental activity; and
3. The manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor's burden on, or benefits received from, the governmental activity.

Additionally, recent case law has provided further clarification of these substantive requirements, which are as follows:

- Costs need not be "finely calibrated to the precise benefit each individual fee payor might derive."<sup>2</sup>
- The payor's burden or benefit from the program is not measured on an individual basis. Rather, it is measured collectively, considering all fee payors.<sup>3</sup>
- Demonstrating that the amount collected is no more than is necessary to cover the reasonable costs of the program is satisfied by estimating the approximate cost of the activity and demonstrating that this cost is equal to or greater than the fee revenue to be received.<sup>4</sup>
- Reasonable costs associated with the creation of the regulatory program may be recovered by a regulatory fee.<sup>5</sup>

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<sup>2</sup> Griffith v. County of Santa Cruz (2012)

<sup>3</sup> Griffith v. County of Santa Cruz (2012); Newhall County Water District v. Castaic Lake Water Agency (2016)

<sup>4</sup> Griffith v. County of Santa Cruz (2012)

<sup>5</sup> League of California Cities Propositions 26 and 218 Implementation Guide, May 2017, pp. 70-71.



## METHODOLOGY AND APPROACH

The total annual cost of the implementation of the City's commercial cannabis activities and enforcement of the regulatory ordinance by the City was used to determine the City's commercial cannabis business regulatory fees. These costs are then allocated to the payor in a way that demonstrates that the costs bear a fair or reasonable relationship to the payor's burden on or benefits from the program.

The City went through a deliberative process to establish a reasonable expenditure plan to use in setting the fees. An interdepartmental working group of City staff worked together to develop the regulatory and zoning ordinances and review the proposed fees. The working group was comprised of representatives from the Base Reuse and Economic Development Department, including the Planning and Building Divisions, the City Manager's Office, the City Attorney's Office, the Police Department and the Finance Department.

For each of the regulatory fees established by this Fee Study, the City evaluated the regulatory ordinance and identified specific tasks and activities associated with permitting and enforcement of the regulations. Each City department then determined the specific hours and personnel needed by their department to complete their tasks and activities. The estimated labor hours for each activity were then multiplied by each relevant department's current hourly labor rate for each position completing the task. The hourly labor rates include various salary and benefits, departmental support, supervision, and other administration overhead and similar indirect costs.

The type of costs included in the fees includes labor costs, contracted services, supplies, inter-department charges, and other incidental costs. Detailed supporting analysis tables served as the mechanism to determine specific fee rates and estimated hours, as summarized in this Fee Study. These time estimates and level of effort were then reviewed and evaluated by other City staff, and SCI Consulting Group for their reasonableness.

Where a deposit-based fee is proposed, a fee deposit is required for an initial allotment of estimated staff time and any additional research, review and/or approval that exceeds the estimate, is subject to an hourly fee once actual staff hours incurred are known and will be billed at once those costs are determined. The deposits are calculated based on each department's hourly rates as of the date of this fee study, but the actual costs will be calculated and charged at the rates that apply on the date the work is conducted. Each department's rates are typically updated annually in accordance with usual fee adoption processes. If the actual time is less than the estimate, the deposit is subject to a partial refund. Deposit-based fees are commonly used by the Base Reuse and Economic Development Department and Planning and Building Division in its existing fee structure.

Where a flat fee is proposed, the time estimate remains constant for each application or appeal and the fees are based on each department's hourly rates as of the date of this fee study. Flat fees are used in those instances where the City is reasonably certain of the time necessary for the task or activity.

In order to ensure that the fees bear a fair or reasonable relationship to the payor's burden on or benefits from the regulatory program, this Fee Study proposes the use of deposit-based fees for application and permit activities and flat fees for regulatory (annual monitoring and compliance) fees.

### **SUMMARY OF GENERAL FINDINGS**

The following general findings from the Fee Study are presented:

1. The City's proposed cannabis regulatory fees are not taxes, but regulatory fees proposed to recover costs associated with the regulatory ordinance, which created a new regulatory framework to permit and regulate retail sales, manufacturing, nursery cultivation, and testing laboratories of cannabis in the City of Alameda.
2. The City went through a deliberative process to establish reasonable costs for permitting and enforcement of the new regulations.
3. The fee amounts determined by this Fee Study do not exceed the reasonable cost of permitting and enforcement of the new regulations.
4. The fees bear a fair or reasonable relationship to the payor's burden on or benefits from the regulatory program.

### **SUMMARY OF RECOMMENDATIONS**

Based on the findings presented in this Fee Study, it is recommended that the City consider adopting the fees shown in Figure 1 (Application and Permit Fees) and Figure 2 (Annual Regulatory Fees), including:

1. Deposit-based hourly fees (additional detail in Figures 3 - 7). For deposit-based fees, it is recommended that the City adopt deposit-based fees proposed by this Fee Study and to charge the applicant for the actual work performed at the applicable hourly rate in effect for the department; and
2. Flat fees (additional detail in Figures 9 – 16).

**FIGURE 1 – SUMMARY OF PROPOSED CANNABIS BUSINESS OPERATOR APPLICATION AND PERMIT FEES**

Fee Description	Fee <sup>1</sup>	Unit	Figure
Cannabis Business Operator Permit: LOI Review Fee	\$900	flat fee	3
Cannabis Business Operator Permit: RFP Proposal Fee	\$4,400	flat fee	4
Cannabis Business Operator Permit: RFP Decision Appeal Fee	\$6,600	deposit-based	5
Cannabis Business Operator Permit: Application Fee	\$7,600	deposit-based	6
Cannabis Business Operator Permit: Renewal Fee	\$2,300	deposit-based	7

Notes:

<sup>1</sup> Proposed fees are rounded down to the nearest hundred dollars.**FIGURE 2 – SUMMARY OF CANNABIS BUSINESS REGULATORY PROGRAM FEES**

Fee Description	Fee <sup>1</sup>	Unit	Figure
Retail Dispensary	\$7,400	per permit annually	9
Nusery Cultivation	\$4,500	per permit annually	10
Testing Laboratory	\$4,500	per permit annually	11
Manufacturing: Volatile	\$8,500	per permit annually	12
Manufacturing: Non-Volatile	\$7,700	per permit annually	13
Delivery-Only Dispensary	\$6,000	per permit annually	14
Distribution (in conjunction with Cultivation or Manufacturing only)	\$4,400	per permit annually	15
Delivery (in conjunction with Retail only)	\$3,700	per permit annually	16

Notes:

<sup>1</sup> Proposed fees are rounded down to the nearest hundred dollars.

## **CANNABIS BUSINESS OPERATOR PERMIT APPLICATION FEES**

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The City of Alameda has adopted a Request for Proposals (“RFP”) process to invite potential retail and delivery-only dispensary businesses to submit their applications for the establishment of Commercial Cannabis Operator Permit (“CBOP”). Nursery cultivation, testing laboratories, and manufacturing cannabis businesses are on a first-come, first-serve basis.

The RFP process requires: (1) submission of a Letter of Intent (“LOI”), (2) review of the LOI for minimum requirements, (3) submission and review of proposals based on a scoring rubric and evaluation criteria, including an oral interview, (4) issuance of a conditional award letter, and (5) maintenance of a waiting list of the balance of qualified proposers.

The following fees will be collected at different stages of the application process for:

- Cannabis Business Operator Permit LOI Review Fee
- Cannabis Business Operator Permit RFP Proposal Review Fee
- Cannabis Business Operator Permit RFP Decision Appeal Fee *(if Applicant appeals)*
- Cannabis Business Operator Permit Application Fee
- Cannabis Business Operator Permit Renewal Fee

Effective December 2018, the Planning and Building Division will take over oversight of the CBOP process. The Fully Burdened Hourly Rate, beginning with the LOI Review Fee in Figure 3, has been adjusted by use of a blended rate to account for the transition from Economic Development Manager to Planning Services Manager.

### **CANNABIS BUSINESS OPERATOR PERMIT LOI REVIEW FEE**

The proposed pre-application review fee is a flat fee of \$900 upon submittal of the LOI portion of the RFP process. The flat fee recovers the cost to review the LOI, evidence of secured location for the cannabis business, a statement confirming the business location is outside of the buffer zone and confirm payment of the filing fee. This includes detailed review by interdepartmental working group from various City departments.

### **CANNABIS BUSINESS OPERATOR PERMIT RFP PROPOSAL REVIEW FEE**

All proposers with qualifying LOIs are invited to submit a proposal in response to the RFP. The proposals are then evaluated by a selection panel which includes a modified ‘blind scoring’ of the proposals and oral interviews.

The most qualified proposal(s) based on the scoring rubric and oral interviews will be issued the conditional award letter. Minimum score requirements must be met in order to qualify to receive a conditional award letter.

The proposed flat fee for the competitive selection process is \$4,400 per eligible proposal. The Proposal fee covers the City's costs to review the proposal, draft correspondence, communicate with applicants and organize the City Selection Panel, which reviews the information provided by City staff and ranks and scores all eligible applications based on evaluation rubric and oral interview provided for in the RFP.

#### **CANNABIS BUSINESS OPERATOR PERMIT RFP DECISION APPEAL FEE**

An applicant aggrieved by an administrative decision made during the RFP process may appeal that decision. The appeals fee includes the cost to process the appeal and bring it before a Hearing Officer at a hearing. The appeals process would be subject to the hourly billing rates of each relevant department with an initial deposit of \$6,600 as shown in Figure 5. The decision of the Hearing Officer shall be final.

#### **CANNABIS BUSINESS OPERATOR PERMIT APPLICATION FEE**

The proposed application deposit-based fee is \$7,600. Retail and delivery-only dispensaries must receive a conditional award letter to complete an application. Application review for nursery cultivation, testing laboratories, and manufacturing cannabis businesses are on a first-come, first-serve basis.

The application deposit-based fee recovers the cost to review the components of the application such as ownership, site plans, security plans, and ventilation plans. It also includes review of Live Scan documents, evidence of approval of a Conditional-Use Permit, evidence of secured location for the cannabis business, communicate with applicants and confirm payment of the filing fee. This includes detailed review by an interdepartmental working group from various City departments.

#### **CANNABIS BUSINESS OPERATOR PERMIT RENEWAL FEE**

The CPOB is valid for one (1) year from the date of issuance. The Permit Renewal is subject to the laws and regulations effective at the time of renewal. The proposed fee for renewing the annual permit is \$2,300.

FIGURE 3 – CANNABIS BUSINESS OPERATOR PERMIT LOI REVIEW FEE

Department / Office	Position	Fully Burdened Hourly Rate	Billable Hours	Estimated Labor Costs
		<i>Calc</i>	<i>a</i>	<i>b</i>
				<i>a*b=c</i>
Base Reuse and Economic Development, and Planning and Building	Director	\$145	0.50	\$72.50
Base Reuse and Economic Development, and Planning and Building	Economic Development Manager/ Planning Services Manager	\$106	5.50	\$583.00
Planning and Building	Planner II	\$71	1.50	\$106.50
City Attorney's Office	Assistant City Attorney	\$121	1.50	\$181.50
Finance	Accounting Technician	\$50	0.25	\$12.50
<b>Total Labor Costs</b>				<b>\$956.00</b>
Contracted Services, Supplies, and Other Expenses				\$0.00
Cost Recovery %:				100%
<b>Proposed Flat Fee per application<sup>1</sup></b>				<b>\$900.00</b>

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 4 – CANNABIS BUSINESS OPERATOR PERMIT RFP PROPOSAL REVIEW

Department / Office	Position	Fully Burdened Hourly Rate	Billable Hours	Estimated Labor Costs	
		<i>Calc</i>	<i>a</i>	<i>b</i>	<i>a*b=c</i>
Base Reuse and Economic Development, and Planning and Building	Director	\$145	1.00	\$145.00	
Base Reuse and Economic Development, and Planning and Building	Economic Development Manager/ Planning Services Manager	\$106	14.00	\$1,484.00	
City Attorney's Office	Assistant City Attorney	\$121	2.00	\$242.00	
Finance	Accounting Technician	\$50	1.00	\$50.00	
Selection Panel					
Real Estate/Property Management	Base Reuse and Economic Development	\$129	4.00	\$516.00	
Finance	Financial Services Manager	\$123	4.00	\$492.00	
Recreation and Park	Manager, Mastic Senior Center	\$150	4.00	\$600.00	
Planning Division	Alameda Contract/PT Planner	\$111	4.00	\$444.00	
Public Works	Public Works Director	\$102	4.00	\$408.00	
Total Labor Costs				\$4,381.00	
Contracted Services, Supplies, and Other Expenses				\$100.00	
Cost Recovery %:				100%	
Proposed Flat Fee per application <sup>1</sup>				\$4,400.00	

FIGURE 5 - CANNABIS BUSINESS OPERATOR PERMIT RFP DECISION APPEAL FEE

Department / Office	Position	Fully Burdened Hourly Rate	Billable Hours	Estimated Labor Costs	
		<i>Calc</i>	<i>a</i>	<i>b</i>	<i>a*b=c</i>
Base Reuse and Economic Development, and Planning and Building	Director	\$145	1.00	\$145.00	
Base Reuse and Economic Development, and Planning and Building	Economic Development Manager/ Planning Services Manager	\$106	10.00	\$1,060.00	
City Attorney's Office	Assistant City Attorney	\$121	15.00	\$1,815.00	
City Attorney's Office	Paralegal	\$66	5.00	\$330.00	
Contracted Services	Hearing Officer	\$300	10.00	\$3,000.00	
Total Labor Costs				\$6,350.00	
Contracted Services, Supplies, and Other Expenses				\$300.00	
Cost Recovery %:				100%	
Proposed Deposit-based Fee per application <sup>1</sup>				\$6,600.00	

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.



FIGURE 6 – BUSINESS OPERATOR PERMIT APPLICATION FEE

Department / Office	Position	Fully Burdened Hourly Rate	Billable Hours	Estimated Labor Costs	
		<i>Calc</i>	<i>a</i>	<i>b</i>	<i>a*b=c</i>
Base Reuse and Economic Development, and Planning and Building	Director	\$145	2.00	\$290.00	
Base Reuse and Economic Development, and Planning and Building	Economic Development Manager/ Planning Services Manager	\$106	24.00	\$2,544.00	
Police Department	Police Chief	\$223	1.00	\$223.00	
Police Department	Police Captain	\$226	4.00	\$904.00	
Police Department	Police Sergeant	\$166	10.00	\$1,660.00	
City Attorney's Office	Assistant City Attorney	\$121	3.00	\$363.00	
City Attorney's Office	Paralegal	\$66	1.00	\$66.00	
Finance	Accounting Technician	\$50	2.00	\$100.00	
Total Labor Costs				\$6,150.00	
Contracted Services, Supplies, and Other Expenses				\$1,500.00	
Cost Recovery %:				100%	
Proposed Deposit-based Fee per application <sup>1</sup>				\$7,600.00	

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 7 – CANNABIS BUSINESS OPERATOR PERMIT RENEWAL FEE

Department / Office	Position	Fully Burdened Hourly Rate	Billable Hours	Estimated Labor Costs	
		<i>Calc</i>	<i>a</i>	<i>b</i>	<i>a*b=c</i>
Base Reuse and Economic Development, and Planning and Building	Director	\$145	1.00	\$145.00	
Base Reuse and Economic Development, and Planning and Building	Economic Development Manager/ Planning Services Manager	\$106	4.00	\$424.00	
Police Department	Police Chief	\$223	1.00	\$223.00	
Police Department	Police Captain	\$226	2.00	\$452.00	
Police Department	Police Sergeant	\$166	4.00	\$664.00	
City Attorney's Office	Assistant City Attorney	\$121	2.00	\$242.00	
Finance	Accounting Technician	\$50	1.00	\$50.00	
Total Labor Costs				\$2,200.00	
Contracted Services, Supplies, and Other Expenses				\$100.00	
Cost Recovery %:				100%	
Proposed Fee per application <sup>1</sup>				\$2,300.00	

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

## CANNABIS BUSINESS REGULATORY PROGRAM FEE

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This section shows the determination of the Cannabis Business Annual Regulatory Program Fee (“Regulatory Program Fee”) for full cost recovery for the annual monitoring and compliance of each type of commercial cannabis business in the City, as described in the regulatory ordinance and supporting City documents. The monitoring and compliance tasks include reviewing document retention practices, facility operations requirements, product inspections, and video monitoring.

Additionally, the proportional cost of the City’s implementation of its commercial cannabis policy, including development of regulatory policy and ordinances, application process, etc. has been modeled to be recovered over a 10-year period and has been adjusted to reflect the relative burden of the implementation of each type of commercial activity.

Figure 8 details each involved City department’s costs associated with developing the regulatory ordinance and the RFP implementation regulations. This includes fees from Base Reuse and Economic Development Department, which led and coordinated the development and implementation of the City’s commercial cannabis policies, with staff from various City Departments. The total cost of hourly time spent by each of these departments during the development of the Ordinances is combined, divided between the maximum number of permits that can be issued pursuant to the Ordinances and allocated as a cost item in the Annual Regulatory Program Fee. The cost recovery for these program development costs is proposed to be recovered over a period of 10 years.

Figures 9 through 16 detail the direct and indirect labor costs attributable to the administration of the monitoring and compliance and enforcement of the regulatory ordinance. The labor costs are segmented by the task/activity and level of effort provided by specific City staff. The hours for each activity were determined by Department staff by diagraming the tasks involved with the activity and the estimated level of effort. These time estimates, and level of effort were then reviewed and evaluated by other City staff and SCI Consulting Group for their reasonableness.

Each year, the permit holder will be required to pay the following:

- the CPOB renewal fee; and
- the annual Regulatory Program Fee.

For example, each retail location is responsible for \$9,700 in annual fees (CBOP renewal fee of \$2,300, and an annual Regulatory Program Fee of \$7,400, as seen in Figures 7 and 9, respectively.)

**FIGURE 8 – ALLOCATION OF CANNABIS BUSINESS DEVELOPMENT AND IMPLEMENTATION COSTS**

<b>Department / Office</b>	<b>Total Cost</b>
Base Reuse and Economic Development, and Planning and Building Departments	\$73,421.00
City Attorney's Office	\$25,205.00
City Clerk's Office	\$630.00
City Manager's Office	\$3,627.00
Finance Department	\$1,772.00
Police Department	\$34,856.00
Contracted Services, Supplies, and Other Expenses	\$82,900.00
<b>Total Cost<sup>1</sup></b>	<b>\$222,411.00</b>
<b>Total Cost Recovery Per Year (10 Years)</b>	<b>\$22,241.10</b>
<b>Number of Permits</b>	<b>11</b>
<b>Annual Cost Recovery per Permit</b>	<b>\$2,021.92</b>
<b>Typical Cost Recovery per Inspection (based on 2 per</b>	<b>\$1,011.00</b>

**Notes:**

<sup>1</sup>The Total Cost is based on the time spent by personnel based on hourly costs provided by the City as well as the cost of contracting with professions to provide services.

<sup>2</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 9 – ANNUAL REGULATORY PROGRAM FEE: RETAIL

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$1,957.50	\$1,957.50
Oversight and Reporting	2.00	3.00	1.00	6.00	\$774.00	\$0.00	\$774.00
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>2.00</b>	<b>3.00</b>	<b>1.00</b>	<b>6.00</b>	<b>\$774.00</b>	<b>\$1,957.50</b>	<b>\$3,742.50</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee: <sup>1</sup>					<b>\$7,400</b>	per permit annually	
Permits Allowed:					2	permits	
Estimated Annual Cost Recovery to City:					\$14,800		

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 10 – ANNUAL REGULATORY PROGRAM FEE: NURSERY CULTIVATION

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Cost	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$806.00	\$806.00
Oversight and Reporting	0.75	1.50	1.00	3.25	\$433.75	\$0.00	\$433.75
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>0.75</b>	<b>1.50</b>	<b>1.00</b>	<b>3.25</b>	<b>\$433.75</b>	<b>\$806.00</b>	<b>\$2,250.75</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee: <sup>1</sup>					<b>\$4,500</b>	per permit annually	
Permits Allowed:					1	permits	
Estimated Annual Cost Recovery to City:					\$4,500		

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 11 – ANNUAL REGULATORY PROGRAM FEE: TESTING

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$846.00	\$846.00
Oversight and Reporting	0.75	1.50	1.00	3.25	\$433.75	\$0.00	\$433.75
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>0.75</b>	<b>1.50</b>	<b>1.00</b>	<b>3.25</b>	<b>\$433.75</b>	<b>\$846.00</b>	<b>\$2,290.75</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee:					<b>\$4,500</b>	per permit annually	
Permits Allowed:					2	permits	
Estimated Annual Cost Recovery to City:					\$9,000		

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 12 - ANNUAL REGULATORY PROGRAM FEE: MANUFACTURING – VOLATILE

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$2,492.00	\$2,492.00
Oversight and Reporting	2.00	3.00	1.00	6.00	\$774.00	\$0.00	\$774.00
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>2.00</b>	<b>3.00</b>	<b>1.00</b>	<b>6.00</b>	<b>\$774.00</b>	<b>\$2,492.00</b>	<b>\$4,277.00</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee: <sup>1</sup>					<b>\$8,500</b>	per permit annually	
Permits Allowed:					2	permits	
Estimated Annual Cost Recovery to City:					\$17,000		

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.



FIGURE 13 – ANNUAL REGULATORY PROGRAM FEE: MANUFACTURING – NON-VOLATILE

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$2,092.00	\$2,092.00
Oversight and Reporting	2.00	3.00	1.00	6.00	\$774.00	\$0.00	\$774.00
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>2.00</b>	<b>3.00</b>	<b>1.00</b>	<b>6.00</b>	<b>\$774.00</b>	<b>\$2,092.00</b>	<b>\$3,877.00</b>
Cost Recovery %: 100%							
Proposed Annual Inspections: 2							
Proposed Annual Fee: <sup>1</sup> <b>\$7,700</b> per permit annually							
Permits Allowed: 2 permits							
Estimated Annual Cost Recovery to City: \$15,400							

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 14 – ANNUAL REGULATORY PROGRAM FEE: DELIVERY-ONLY DISPENSARY

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$1,494.50	\$1,494.50
Oversight and Reporting	1.00	2.00	1.00	4.00	\$523.00	\$0.00	\$523.00
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>1.00</b>	<b>2.00</b>	<b>1.00</b>	<b>4.00</b>	<b>\$523.00</b>	<b>\$1,494.50</b>	<b>\$3,028.50</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee: <sup>1</sup>					<b>\$6,000</b>	per permit annually	
Permits Allowed:					2	permits	
Estimated Annual Cost Recovery to City:					\$12,000		

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 15 – ANNUAL REGULATORY PROGRAM FEE: DISTRIBUTION

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$903.00	\$903.00
Oversight and Reporting	0.25	1.00	1.00	2.25	\$308.25	\$0.00	\$308.25
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>0.25</b>	<b>1.00</b>	<b>1.00</b>	<b>2.25</b>	<b>\$308.25</b>	<b>\$903.00</b>	<b>\$2,222.25</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee: <sup>1</sup>					<b>\$4,400</b>	per permit annually	
Permits Allowed:					4	permits	
Estimated Annual Cost Recovery to City:					\$17,600		

## Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

FIGURE 16 – ANNUAL REGULATORY PROGRAM FEE: DELIVERY (w/RETAIL ONLY)

General Tasks/Activities	Director	Economic Development Manager/ Planning Services Manager	Police Sergeant	Labor Hours	Labor Costs	Contract Services, Supplies and Other Expenses	Total Cost
<i>Fully Burdened Hourly Rate</i>	<i>\$145</i>	<i>\$106</i>	<i>\$166</i>				
Inspection, Monitoring, Compliance	0.00	0.00	0.00	0.00	\$0.00	\$351.50	\$351.50
Oversight and Reporting	0.25	3.00	1.00	4.25	\$520.25	\$0.00	\$520.25
Proportional Implementation Costs	-	-	-	-	-	-	\$1,011.00
<b>Total per Inspection</b>	<b>0.25</b>	<b>3.00</b>	<b>1.00</b>	<b>4.25</b>	<b>\$520.25</b>	<b>\$351.50</b>	<b>\$1,882.75</b>
Cost Recovery %:					100%		
Proposed Annual Inspections:					2		
Proposed Annual Fee: <sup>1</sup>					<b>\$3,700</b>	per permit annually	
Permits Allowed:					2	permits	
Estimated Annual Cost Recovery to City:					\$7,400		

Notes:

<sup>1</sup>Proposed fees are rounded down to the nearest hundred dollars.

## OTHER FEES

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In addition to the fees outlined in this Fee Study, there are other fees that permit holders will be required to pay if / when they are incurred. These other fees fall into two categories:

- Fees that apply in relation to cannabis operations that are generally applicable to all businesses in the City of Alameda; and
- Fees that may be developed in relation to cannabis operations, but which are outside the scope of this Fee Study such as State of California fees.

Permit holders will be informed of these fees in the usual course of applications and communications with the involved City departments or other applicable entities.

### GENERALLY APPLICABLE FEES

Existing fees that apply to cannabis operations include, for example, business license, conditional use permit and, building permit application fees. These fees which generally apply to all Alameda businesses, including cannabis operations. For example, an operator's permit is subject to approval of a conditional use permit. Although the cost of the conditional use permit is not included in this Fee Study, the fees still apply to the cannabis business applicant.

### CANNABIS SPECIFIC FEES

The City may develop and apply additional fees specific to commercial cannabis operations through the relevant departments' usual processes, but which are outside the scope of this Fee Study. Such fees are outside the scope of this study because although they are related to cannabis operations, they are not directly associated with the implementation of the regulatory ordinance and RPF process.

## REVIEW AND UPDATE OF FEES

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This Fee Study has been prepared in the context of an emerging industry and regulatory framework for legalized cannabis in the State of California. It may be appropriate for the City to review and update the fees identified in this Fee Study:

- When the program under the Ordinances has been implemented for a period of time sufficient for the City to have had an opportunity to review the actual costs incurred in processing permits and administering the and to have achieved some efficiencies in processing applications and undertaking monitoring and compliance;
- If the Ordinances are substantially amended such that the time and/or processes involved are substantially changed; or
- At the expiration of 10 years, which is the period over which the Fee Study proposes recovery of the City's Cannabis Business implementation costs.

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