



County of Calaveras

Fee Study:

Proposed Chapters 17.95, Commercial Cannabis Cultivation Ordinance
And 9.22, Cannabis Background Clearance Badge Ordinance

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I. Fee Study Context

The Calaveras County Board of Supervisors has directed staff to draft an ordinance to repeal and replace Chapter 17.95 of the County Code for the purpose of establishing a County program to regulate commercial cannabis cultivation. The proposed ordinance contemplates the imposition of an application fee, an annual continuation fee, and an appeal fee. As is discussed below, the total amount of each fee has been calculated to defray the costs associated with implementing and administering all aspects of the proposed program including processing applications, issuing permits, providing for administrative adjudication of staff decisions, and for administrative enforcement.

The County Board of Supervisors also directed staff to draft a companion ordinance that would add Chapter 9.22 to the County Code and impose background check requirements on all applicants to the proposed cannabis program and on all workers who will be involved directly in commercial cannabis activities. This proposed ordinance is entitled, "Cannabis Background Clearance Badge" Under Chapter 9.22, the County will issue Cannabis Background Clearance Badge ("CBCB") to eligible owners of cannabis businesses and their workers who successfully complete the background screening process. Passing this ordinance will impose an application fee and an appeal fee; these fees are calculated to cover the costs incurred in administration of the background clearance program, processing applications, issuing CBCBs, and providing for administrative adjudication of staff decisions to deny or revoke CBCBs.

The spreadsheets included as exhibits to this Fee Study provide a breakdown of the costs that must be recovered to compensate the County government for the reasonable regulatory costs to the County in administering the programs created by Chapters 17.95 and 9.22.

The County Administrator conducted this study in collaboration with County staff including representatives from the County Administrator's Office, County Counsel's Office, Planning, Code Enforcement, Building, Sheriff's Office, Environmental Health, and other affected County departments.

II. Requirements of Proposition 26 (Art. XIII C §1(e))

All charges imposed by local governments are categorized as taxes, which must be passed by voters unless they fall within one or more of the six categories that are listed in Article XIII C §1(e) of the California Constitution. Fees which are imposed to recover the reasonable regulatory costs of issuing permits, performing inspections, conferring privileges or benefits, and for undertaking administrative enforcement and administrative adjudication are not 'taxes' within the meaning of the California Constitution. Consistent with these limitations, this Fee Study specifically isolates appropriate costs that can be recovered through the proposed fees.

III. Analytical Approach

This Fee Study was undertaken to determine the total cost of implementing the proposed programs. The maximum levels of the proposed fees that may be charged by the County in connection with these proposed programs would achieve, as nearly as possible, total cost recovery. The County Board of Supervisors has discretion to adopt regulatory fees at their maximum level or less. New fees shall only go into effect if County adopts the proposed ordinances adding Chapters 17.95 and 9.22 to the County Code. If adopted, Staff recommends that these fees be subjected to annual review and updated appropriately to reflect applicant volumes and associated costs.

The process for establishing the maximum regulatory fees necessary for the implementation and administration of the proposed chapters 17.95 and 9.22 consisted of determining, total staff costs, total non-staff costs, and calculating allowable indirect costs that are reflected in the cost of providing services and enforcing the regulations in compliance with the Government Code and California Constitution. Total costs were determined by receiving input from all affected county staff, determining the nature and scope of the tasks that must be undertaken by staff in processing applications, conducting inspections, issuing permits and CBCBs, undertaking administrative enforcement of regulations and providing adequate due process through administrative adjudication.

“Staff costs” were calculated by multiplying the weighted hourly rates of affected staff by the time required to accomplish identified essential tasks to administer the regulatory programs and adding allowable indirect cost rate or “overhead cost.” “Non Staff costs” were established by determining to the equipment and facilities needs of staff to accomplish the identified program tasks. In order too accurately determine the total costs associated with the regulatory program the following steps were conducted:

1. Examined other fee studies from similar cannabis regulatory programs;
2. Reviewed regulatory costs recorded under the Urgency Ordinance and considered the costs that were not recovered through fees collected under the urgency ordinance;
3. Consulted the Department Heads in a coordinated meetings;
4. Developed a workgroup of affected departments to workflow to identify direct costs
5. Conducted interviews and gathered data from affected County departments;
6. Estimated the future cost of regulating activities;
7. Isolated Proposition 26-compliant costs;
8. Developed permit volume assumptions based upon limitations imposed by the proposed ordinances in conjunction with industry data, the experience of County staff under the Urgency Ordinance and economic impact studies conducted in other

- jurisdictions; and
 9. Determined maximum fee levels.

IV. Summary of Conclusions

Based on the foregoing, the recommended maximum fees are:

Chapter 17.95 Commercial Cannabis Cultivation Ordinance

Admin & Implementation	Application Cost	Annual Continuation	Appeal Fee
Staff Costs	\$1,782,517.17	\$269,352.36	\$922.23
Non-Staff Costs	\$126,873.60	\$126.873.00	\$25
Total Budget	\$1,909,390.77	396,225.36	\$947.23
Estimated No. of Applicants	152 (80% of available permits)	152	N/A
Amount of Fee	\$12,561	\$2,606	\$947

Chapter 9.22 Cannabis Background Clearance Badge Ordinance

Admin & Implementation	Application Cost	Appeal Fee
Staff Costs	\$470,402.94	\$922.23
Non-Staff Costs	\$2,979 (amortized over 10 years)	\$25
Total Budget	\$473,381.94	\$947.23
Estimated No. of Applicants	2,888 CBCBs (Avg. 4 "owners" & 15 "workers" per permit)	N/A
Amount of Fee	\$153*	\$947

*The Application fee under Chapter 9.22 does not include charges imposed by Live Scan providers nor the fees charged by a 3rd party background check vendor. These fees will be paid directly by applicants to service providers, not to the County.

V. Exhibits and Data

The exhibits attached represent the maximum allowable fee for each respective function under the regulatory ordinances.

Detailed data of direct staff time and equipment necessary to administer the programs that will be implemented by the proposed chapters 9.22 and 17.95 is provided in the attached tables. This data forms the basis for the fees that will be charged to the applicants and appellants under these programs.

- 1) Staff time, direct expense for cannabis regulatory program (1A staff expense, 1B non-staff expense)
- 2) Annual renewal fee
- 3) Background fee (3A staff expense, 3B non-staff expense)
- 4) Appeal Fee

Cannabis Regulatory Ordinance
Equipment Expenses

17.95 Administration - Equipment Page 2										
ID	Dept	Cost Type	Description	Function	QTY	Unit Price	Subtotal	Amortized	Annual	Total
1	CAO	Capital Equip	Computer	Administration	3	2,116.00	6,348.00	3.00	X	2,116.00
2	CAO	Capital Equip	Desk/Chair/Phone	Administration	3	2,500.00	7,500.00	10.00		750.00
3	Planning	Capital Equip	Computer	Administration	4	2,116.00	8,464.00	3.00	X	2,821.33
4	Code	Capital Equip	Vehicle	Compliance/Enforcement	1	25,000.00	25,000.00	5.00		5,000.00
5	Code	Capital Equip	Computer	Compliance/Enforcement	2	2,116.00	4,232.00	3.00		1,410.67
6	GIS	Services	Arial imagery *	Compliance/Enforcement	2	55,000.00	36,300.00	1.00	x	36,300.00
7	Code	Flyover Services	Vendor	Compliance/Enforcement	4	1,400.00	5,600.00	1.00	X	5,600.00
8	Code	Training	Training	Compliance/Enforcement	6	1,500.00	9,000.00	1.00	X	9,000.00
9	Code	Safety	Safety Gear	Compliance/Enforcement	6	1,000.00	6,000.00	5.00		1,200.00
10	Code	Gas/Oil/Maintenance	Vehicle Maintenance	Compliance/Enforcement	6	2,750.00	16,500.00	1.00	X	16,500.00
11	Code	Tools	Small Tools	Compliance/Enforcement	6	1,000.00	6,000.00	1.00	X	6,000.00
12	Code	Office Furniture	Desk/Chair/Phone	Compliance/Enforcement	1	2,500.00	2,500.00	10.00		250.00
13	Code	Communications	Mobile Cradlepoints	Compliance/Enforcement	6	1,250.00	7,500.00	1.00	X	7,500.00
14	Code	Safety	Blood tests	Compliance/Enforcement	6	750.00	4,500.00	1.00	X	4,500.00
15	Code	Software	TRAKiT	Compliance/Enforcement	7	1,900.00	13,300.00	1.00	X	13,300.00
16	Code	Capital Equip	iPad	Compliance/Enforcement	1	800.00	800.00	1.00	X	800.00
17	Code	Postage	Mailings	Compliance/Enforcement	1	3,000.00	3,000.00	1.00	X	3,000.00
18	Code	Office Supplies	Paper, Ink, Etc.	Compliance/Enforcement	1	1,250.00	1,250.00	1.00	X	1,250.00
19	Code	Training	Travel Expense	Compliance/Enforcement	6	1,500.00	9,000.00	1.00	X	9,000.00
20	Code	Communications	Radio for new vehicles	Compliance/Enforcement	1	3,050.00	3,050.00	1.00	X	3,050.00
21	Code	Equipment	Cameras	Compliance/Enforcement	2	450.00	900.00	5.00		180.00
22	Ag	Capital Equip	computer	Compliance/Enforcement	1	2,116.00	2,116.00	10.00		211.60
			*1/3 cost to 1.95							126,873.60

Cannabis Regulatory Ordinance
Continuation Fee - staff expenses

17.95 Renewal										
<u>ID</u>	<u>Dept</u>	<u>Cost Type</u>	<u>Staff Position</u>	<u>Staff Function</u>	<u>FTE</u>	<u>Salary</u>	<u>Benefits (% of salary)</u>	<u>County (A-87) Overhead Factor 7.5%</u>	<u>Total Cost</u>	<u>Net</u>
1	CAO	Mgmt	CAO Manager	Program Admin	0.2	101,500.00	35,525.00	7,612.50	144,637.50	28,927.50
2	CAO	Mgmt	CAO Dept Analyst	Program Admin	0.2	65,124.80	22,793.68	4,884.36	92,802.84	18,560.57
3	CAO	Admin Asst	Admin Asst I	Program Admin	0.2	51,168.00	17,908.80	3,837.60	72,914.40	14,582.88
4	Counc	Legal	DCC1	Counsel for regulation, registration, enforcement	0.1	86,777.60	30,372.16	6,508.32	123,658.08	12,365.81
5	Plan	Mgmt	Planning Director	Permitting	0.1	121,160.00	42,406.00	9,087.00	172,653.00	17,265.30
6	Plan	Line staff	Planner I	Permitting	1	49,566.40	17,348.24	3,717.48	70,632.12	70,632.12
7	Plan	Line staff	Office Tech II	Permitting	0.2	44,158.40	15,455.44	3,311.88	62,925.72	12,585.14
8	Env Health	Line staff	Environmental Health Spec	Enforcement	0.1	49,545.60	17,340.96	3,715.92	70,602.48	7,060.25
9	Ag	Line staff	Ag Biologist	Enforcement	0.15	46,259.20	16,190.72	3,469.44	65,919.36	4,943.95
10	Code	Line staff	Code Compliance Officer	Permit/Enforcement	1	57,844.80	20,245.68	4,338.36	82,428.84	82,428.84
										269,352.36
									Staff Expenses	269,352.36
									Non Staff Exp	126,873.00
										396,225.36
							100% renewal rate		# of Permits	152.00
									Per Permit	2,606.75

Cannabis Background Check
CBCB cost - staffing

9.22 Background - Staff Page 1													
ID	Dept	Cost Type	Staff Position	Staff Function	FTE	Salary	Benefits (% of salary)	County (A-87) Overhead Factor 7.5%	Total Cost	Net	Hourly	Hours per	Cost
1	CAO	Mgmt	CAO Manager	Program Admin	1	101500	35525	7612.5	144637.5	144637.50	69.53725962	1.25	86.92
2	CAO	Mgmt	CAO Dept Analyst	Program Admin	1	65124.8	22793.68	4884.36	92802.84	92802.84	44.61675	0.1	4.46
3	CAO	Admin Asst	Admin Asst II	Program Admin	1	68,328	23914.8	5124.6	97367.4	97367.40	46.81125	0.25	11.70
4	CAO	Admin Asst	Admin Asst I EH	Program Admin	1	51,168	12792	3837.6	67797.6	67797.60	32.595	1	32.60
5	CAO	Admin Asst	Admin Asst I EH	Program Admin	1	51,168	12792	3837.6	67797.6	67797.60	32.595	0.5	16.30
										470402.94			151.98
										2979	(from page 2)		
											Permits		
										473381.94	2888		1.03
										163.9134141			
													153.01
						Notes:	2280 Employees						
							608 Owners	152X4					

Cannabis Background Ordinance
Equipment expense

9.22 Background - Staff Page 2									
ID	Dept	Cost Type	Description	Function	QTY	Unit Price	Subtotal	Amortized	Total
1	CAO	Office Furniture	Workstation for ID Card	Compliance	1	2500	2500	10	250.00
2	CAO	Capital Equip	ID Card Machine	Compliance	1	10046	10046	5	2009.20
3	CAO	Capital Equip	ID Card Machine setup	Compliance	1	200	200	1	200.00
4	CAO	Equipment	ID paper/ink	Compliance	1	400	400	1	400.00
5	CAO	Capital Equip	File Cabinets	Compliance	2	599	1198	10	119.80
									2979.00

Cannabis Regulatory Ordinance and
Background Ordinance appeal fee

17.95 and 9.22 Appeal						
Department	Cost Type	Function	Staff Position	Est Hours	Hourly rate	Cost
CAO	Admin	Peparation of case file	Admin II	6	35.05	210.30
CAO	Admin	Program Manager review	Manager	2	127.7	255.40
Counsel	Admin	Counsel Review	Counsel	2	59.45	118.90
OAH	Admin	Clerk of OAH	Admin II	2.5	35.05	87.63
OAH	Admin	Hearing Officer	Hearing Officer	2	125	250.00
		Hearing Officer mileage		1	25	25.00
						947.23