



AMENDING THE COMMERCIAL CANNABIS PERMIT FEE, APPLICATION FEE AND ADOPTING THE COMMERCIAL CANNABIS BUSINESS MODIFICATION REQUEST DEPOSITS

Finance Committee, April 21, 2025

DeAnna Christensen, Director of Finance



ANNUAL CANNABIS PERMIT FEE

Proposed Amendment Effective July 1, 2025



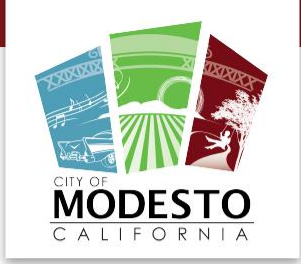
BACKGROUND

This fee was established to pay for on-going administration and monitoring of approved cannabis businesses including the fees associated with the annual financial audits and inspections.

On December 4, 2018, Reso 2018-538, Council approved the annual Cannabis Permit fee in the amount of \$21,740

On November 9, 2021, Reso No. 2021-441, Council amended the annual Cannabis Permit fee to decrease the fee to \$18,732

On November 14, 2023, Reso 2023-504, Council amended the annual Cannabis Permit fee to establish a separate permit fees for Operational at \$18,732 and Non-Operational to \$4,307



DISCUSSION

Annual Cannabis Permit fee is reviewed by Finance on an annual basis to evaluate costs to manage the cannabis program



This fee is intended to provide full cost recovery to manage the administration for all cannabis permitted businesses



Based on this annual review, City staff is recommending Operational Annual Commercial Cannabis Permit Fee be set at \$22,821



Based on this annual review, City staff is recommending Non-Operational Annual Commercial Cannabis Permit Fee be set at \$3,991



FISCAL IMPACT

- The primary reason for the Operational Cannabis Permit increase is due to City staff increases and the increase in fees for the annual financial audits and inspections

Net Increase Total – 7.99%

	12/1/2018	11/9/2021	11/14/2023	Proposed 2025 Change
Cannabis Permit Admin				
Operational Business	\$ 21,740.00	\$ 18,732.00	\$ 18,732.00	\$ 22,821.00
Non-Operational Business	\$ -	\$ -	\$ 4,307.00	\$ 3,991.00
% Change - Operational	0%	-13.84%	0.00%	21.83%
% Change - Non-Operational	0%	0%	0%	-7.34%



FISCAL IMPACT

- Consultant services has been a key driver impacting the increase of the Annual Cannabis Permit Fee

				Increase over 2022 fees	Increase over Inception
Consulting Fees	FY 2018/19	FY 2021/22	FY 2025-26		
Audit Fees	5,000.00	7,500.00	9,322.00	24%	86%
Inspection Fees	1,000.00	1,500.00	2,411.00	61%	141%



CANNABIS PERMIT APPLICATION FEE

Proposed Amendment – Change to Deposit



BACKGROUND

This application fee is intended to cover all City cost for processing and reviewing new cannabis business applications requesting to be permitted in Modesto

On December 12, 2017, by Reso 2017-526, Council approved a non-refundable Cannabis Application Fee of \$4,750 & deposit fee of \$10,000 or \$20,000 (based on sq ft)

On November 9, 2021, Reso 2021-442, Council approved combining the Application and deposit fee into a single non-refundable flat fee of \$6,380



DISCUSSION

City staff is recommending to re-establish the Permit Application fee to a deposit of \$6,380

Every application varies in complexity and establishing a deposit fee will ensure we apply the fee based on full cost recovery

All deposits will be tracked separately for each application to ensure we can accurately track the overall cost for processing the application



BUSINESS MODIFICATION TYPE DEPOSIT FEE

Adopt New Deposit Fees



BACKGROUND-BUSINESS MODIFICATION TYPES AND REVIEW PROCESS

Cannabis Permits are not transferable to another location or owner without the approval of the City of Modesto.

Business Modification Type	Review Components
Change in ownership	<ul style="list-style-type: none">• Staff reviews documents including proof of filing with the Secretary of State, bylaws, operating agreements, partnership agreements, corporate meeting minutes, and purchase agreements to confirm the ownership change is in compliance.
Change in location	<ul style="list-style-type: none">• City Staff with current cannabis consultant support reviews the updated security plan and premises diagram for compliance with State and Local regulations.• The Planning Division performs a zoning analysis to determine compliance with Modesto Municipal Code section 10-3.703.• The Finance department provides confirmation that all applicant related taxes and fees are current.• Cannabis program administrative staff also confirms that the business is compliant with annual inspections and audits and a site inspection is conducted to confirm that unauthorized cannabis activities are not engaged in at the proposed location.



DISCUSSION – NEW DEPOSIT FEES



Change in Location - \$5,000 Deposit Fee – This fee would cover the City expenses to process this type of Business Modification Type.



Change in Ownership - \$2,000 Deposit Fee – This fee would cover the City expenses to process this type of Business Modification Type.



STAFF RECOMMENDATION

- Motion recommending an Amendment to the Operational Annual Commercial Cannabis Permit Fee with an annual cost of \$22,821 and the Non-Operational Annual Commercial Cannabis Permit Fee with an annual cost of \$3,991 and forwarding to Council for approval.
- Motion recommending an Amendment to the Commercial Cannabis Permit Application fee adjusting the fee to a \$6,380 Refundable Deposit and forwarding to Council for approval.
- Motion recommending the Adoption of Commercial Cannabis Business Modification Request Deposits in the amount of \$5,000 for changes in ownership and \$2,000 for changes in location and forwarding to Council for approval.



QUESTIONS?



PERSONAL COMPUTER REPLACEMENT PURCHASE – DELL TECHNOLOGIES, INC.

Finance Committee, April 21, 2025
Dameon Booker, Chief Information Officer
DeAnna Christensen, Director of Finance



BACKGROUND

The City has approximately 1,450 personal computers to service to manage City services

Close to 1,200 (83%) of these computers will have been in service for over 6 years and out of warranty

IT normally maintains computers up to 5 years and extending over this period creates challenges with replacement parts and performance



BACKGROUND

On September 14, 2019, Reso 2019-418 Council approved an agreement with Dell Technologies for a three-year agreement not to exceed \$1.95 million

On January 25, 2022, Reso 2022-037, Council approved an increase of \$291,534 for a new total amount of \$2,241,534 to purchase additional MDC for MPD

This agreement expired in September 2022 and currently staff is obtaining quotes on individual purchases needed on a case by case basis



DISCUSSION

City staff is recommending to utilize a NASPO cooperative agreement with Dell Technologies



This agreement was established through a national competitive bidding process which obtains competitive discount pricing



City staff is recommending to award an annual agreement of \$750,000 and total amount not to exceed \$3 million over 4 years



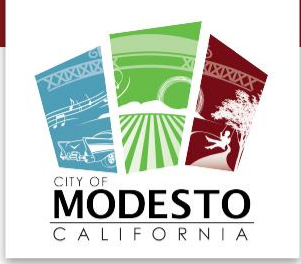
FISCAL IMPACT

- The Information Technology Internal Service Charges has collected replacement funds from all City departments over the last five years in anticipation of the PC replacement
- For FY 24-25, it is projected we will have collected about \$4.1 million which includes the immediately PC replacement and future PC replacements



STAFF RECOMMENDATION

- Motion recommending the Competitive Bidding Process from The State of Minnesota in partnership with NASPO ValuePoint, with Dell Technologies, Inc., Round Rack, TX for the purchase of Personal Computers and Laptops for an annual estimated amount \$750,000 and a total amount not to exceed \$3,000,000 over four years; and forwarding to Council for approval.



QUESTIONS?