

City of Colorado Springs Medical Marijuana Application and Renewal Fees

June 2017



Agenda



- GFOA Best Practices
- City user fee policy overview
- MMJ Application and Renewal Fees

GFOA Best Practices (Establishing Government Charges and Fees)



1. Consider applicable laws and statutes before the implementation of specific fees and charges
2. Adopt formal policies regarding charges and fees
3. Calculate the full cost of providing a service in order to provide a basis for setting the charge or fee (includes direct and indirect costs)
4. Review and update charges and fees periodically based on factors such as the impact of inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates
5. Utilize long-term forecasting in ensuring that charges and fees anticipate future costs in providing the service
6. Provide information on charges and fees to the public

City User Fee Policy



- Fees are intended to recover the full or partial cost of services that largely or solely benefit individuals or select groups of individuals
- Provides general guidelines for establishing a fee structure for all departments of the City
- Cost recovery levels identified to provide guidance for all departments of the City
- Establishes review process for fee policy

Citywide Comprehensive Fee Review



- City Finance began a comprehensive fee review in 2015 to analyze all user fees, ensure fees are aligned with the City User Fee Policy & institute regular fee reviews
- For fees that are legislative-approved, the City has thus far presented the following to the Council Budget Committee & City Council for approval:
 - A RESOLUTION RESCINDING RESOLUTION NO. 19-13 AND ESTABLISHING DEVELOPMENT APPLICATION FEES AND CHARGES FOR THE LAND USE REVIEW DIVISION OF THE PLANNING AND DEVELOPMENT DEPARTMENT (2017)

MMJ Application and Renewal Fee Analysis Results



2016 Actual Fee Revenue	Actual Cost of 2016 Fee Activity	Difference	% Cost Recovery
\$665,000	\$682,073	(\$17,073)	97.5%

2017 Budget Process & Request



- Through the 2017 budget process, there were discussions regarding the City bringing forward a potential fee increase for additional enforcement
- The proposed fees for 2017, based on cost of providing the service attributed to the fee & market analysis, generates sufficient revenue for additional enforcement
- These fees have not changed since 2011

MMJ Working Group



- Presented & discussed proposed fee changes at three MMJ working group meetings:
 - March: Initial Fee Presentation
 - April: Follow-up Fee Presentation
 - May: Further Discussions

MMJ Application & Renewal Proposed Fee Cost Recovery Levels



Proposed APPLICATION Fee	% Increase over current	Cost Recovery
\$2,500	13.64%	98%

Proposed Annual RENEWAL Fee	% Increase over current	Cost Recovery
\$2,600	44.44%	100%

MMJ Application & Renewal Proposed Fee Revenue Impact

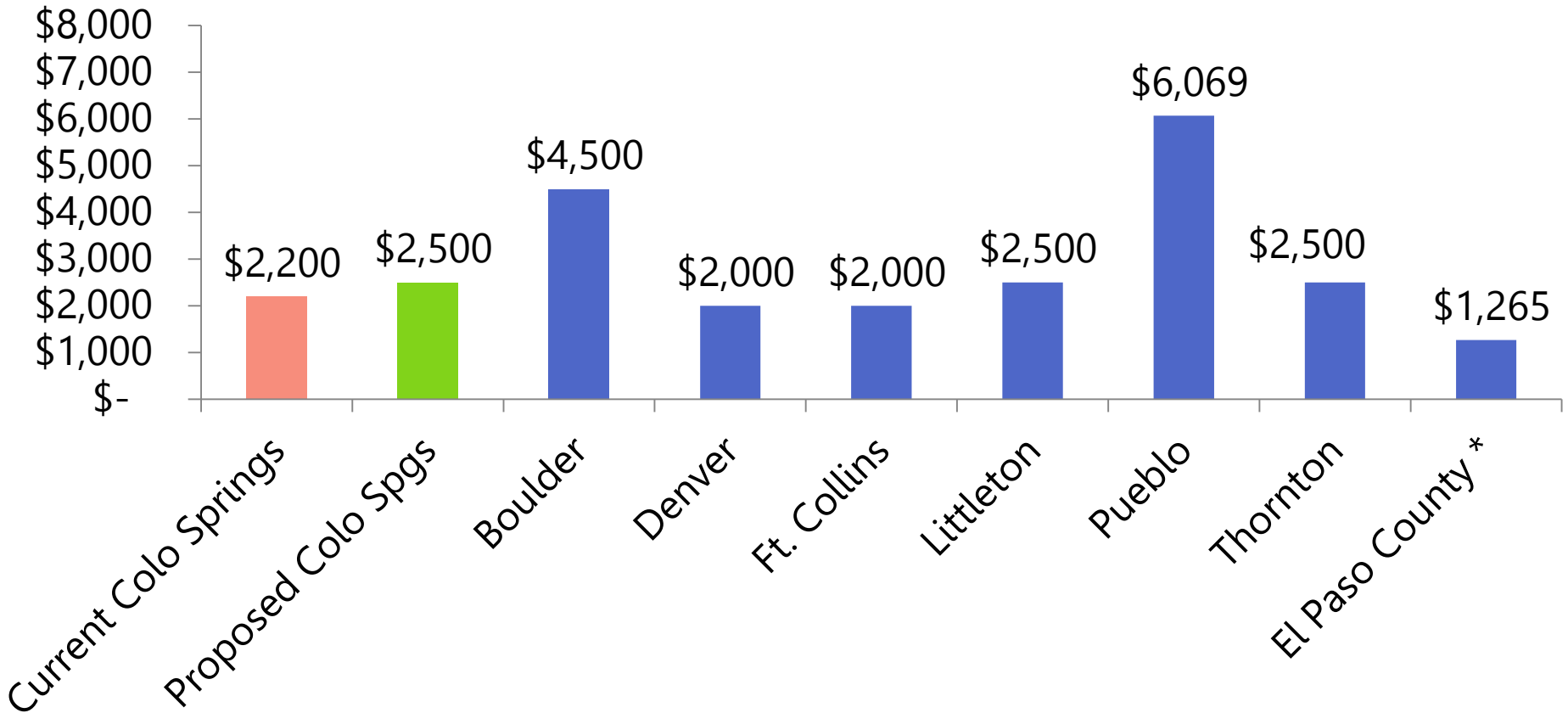


Fee Title	Current Fee (2011)	Proposed 2018 Fee	Impact on Revenue
Application Fee	\$2,200	\$2,500	\$3,300
Annual Renewal Fee	\$1,800	\$2,600	\$284,800
All Other Fee Changes	-	-	(\$5,900)
Total Revenue Impact			\$282,200

MMJ Comparable Cities



MMJ Application Fees

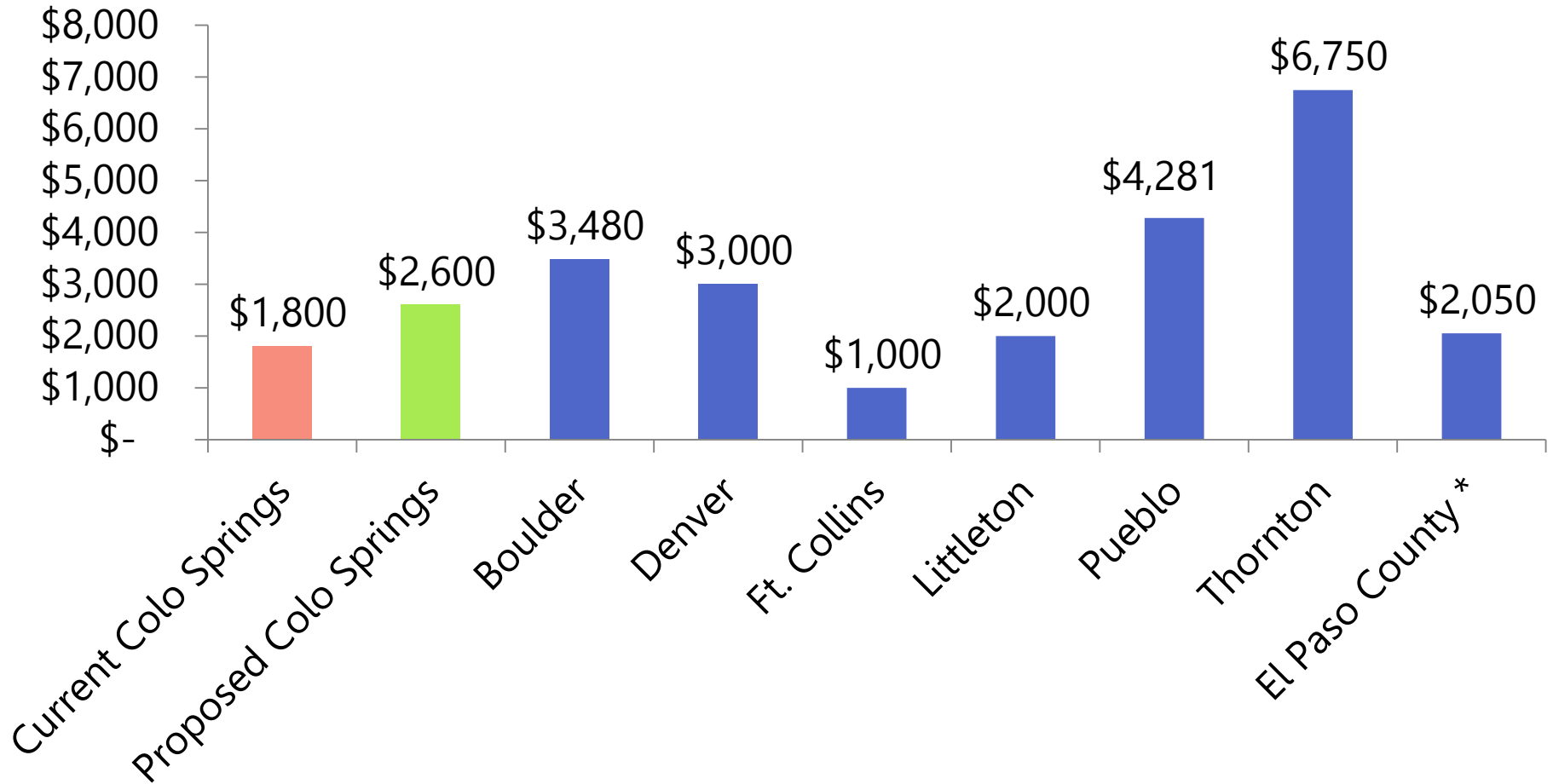


*El Paso County charges \$1,265 each license, with a \$2,270 maximum.

MMJ Comparable Cities



MMJ Annual Renewal Fee



*El Paso County charges \$1,800-\$4,200 per Renewal, plus a \$250 Application Fee