


Memorandum



Date: August 20, 2019

To: Board of Supervisors

From: Dennis Bozanich - Deputy CEO 

Subject: **Cannabis Business Licensing Fee Ordinance Amendment
Board Letter, #19-00652 – Submission of Attachment 6 – Reimbursement Rate
Calculations**

CC: Mona Miyasato - CEO

The purpose of this memorandum is to inform the Board of an additional attachment (Attachment 6 – Reimbursement Rate Calculation) to be included as part of the Cannabis Business Licensing Fee Ordinance Amendment Board Letter. This attachment provides the calculations used in arriving at the Retail Storefront Pre-Qualification Application Fee and the Reimbursement Rate for the Sustainability Division relating to review of business license applications. These fees were developed in consultation with staff from the Auditor-Controller's Office and are directly related to the cost reasonably necessary to provide the related services and do not exceed the estimated reasonable cost of providing the service or regulatory activity for which the fee will be charged.

Attached for your convenience is Attachment 6 in its entirety.

Thank you for accepting this additional attachment.

2019 AUG 20 PM 4: 57
COUNTY OF SANTA BARBARA
CLERK OF THE
BOARD OF SUPERVISORS

Attachment 6
Cannabis Retail Storefront Pre-Qualification Application Fee &
Sustainability Division Business License Application Compliance Review Rate

FY 19-20 CEO Budget Salary Model:

	008015 N ENTERPRISE LDR-GEN	R	1	01	100%	1	1.00	179,156	01	*	100%	1.00	179,156
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FY 19-20 CEO's Auditor-Controller Approved ICRP:

COUNTY OF SANTA BARBARA
INDIRECT COST RATE PROPOSAL

Department: County Executive Office & General County Programs
 Division: 012/prog 1000
 ICRP Use: 2019-2020 Claims and Billings
 Data Source: Cost allocation plan and user supplement for use in FY 19/20
 Data Date: June 30, 2018

Indirect Cost Rate Calculation:

		CAP FUI 19/20		
Total salaries and benefits (S&B)	A-2	3,761,748		
Less: General & admin (G&A) S&B	A-2	(952,161)		
Total S&B allocation basis		2,809,587	A	
Total G&A function costs	A-2	\$31,970	B	
Plus: CPU 12000 proposed total per CAP User Supplement	A-3	258,910		
Total indirect cost		1,090,880	C	
CY departmental indirect cost rate		29.61%	B/A	
Less: 2 yr prior departmental indirect cost rate (FUI 17/18)	B-1	-46.60%		
Cost rate roll-forward		-16.99%		
Plus: Combined indirect cost rate (AKA "Cost Center Internal Billing Rate (CIBR)")		38.83%	/A	*
Proposed indirect cost rate (applied to S&B)		21.84%		**

NOTE: Costs will be incurred in FY 19-20 to prequalify applications for the County's initial Cannabis Retail lottery. Due to the one time nature of these costs, the FY 19-20 ICRP (excluding rollforward) was determined to be the appropriate indirect cost rate to use for purposes of determining the fee.

1. CEO FY 19-20 Cost per Application:

- Full Annual Cost = \$179,156 x 138.83% = \$248,722
- Hourly Cost = \$248,722 / 2080 = \$120 (rounded to nearest whole dollar)
- Estimated average application processing time: 15 minutes
- CEO cost per application: \$120 x (15/60 minutes) = \$30

2. P&D FY 19-20 Cost per Application:

- Hourly actual cost rate effective 7/1/19 = \$241.63
- Estimated average application processing time: 15 minutes
- P&D cost per application: \$241.63 x (15/60 minutes) = \$60 (rounded to nearest whole dollar)

3. Lottery Attestation Services Minimum Cost per Application:

- Estimated Fee: \$5,000
- Number of applications: Unknown/no reasonable basis for estimating
- Maximum potential number applications: 500
- Attestation Services minimum cost per application: \$10

Total Fee = \$30 + \$60 + \$10 = \$100 per Pre-Qualification Application

Attachment 6
 Cannabis Retail Storefront Pre-Qualification Application Fee &
 Sustainability Division Business License Application Compliance Review Rate

Cannabis Licensing & Compliance
 Staffing Cost Estimates (FY 2019-20) – Sustainability Division

	002178	Y	DEPT BUS SPEC II	E	R	1	05	100%	1	1.00	145,382	05	*	100%	1.00	145,382
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Department	FTEs	Job Classification	1 FTE Cost	ICRP	Direct Cost	Indirect Cost	Full Cost	Hourly Rate
057 CSD - Sustainability	0.09	Dept Bus Spec II	\$145,382	20.99%	\$13,084	\$2,746	\$15,830	<u>\$85</u>