

DATE: July 2, 2013
STAFF: Wanda Nelson

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

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SUBJECT

First Reading of Ordinance No. 088, 2013, Appropriating Unanticipated Revenue in the General Fund to Fund the Costs Associated with the Medical Marijuana Licensing Authority.

EXECUTIVE SUMMARY

The purpose of this Ordinance is to appropriate medical marijuana application and licensing fees to fund the services provided by a contractual Medical Marijuana Licensing Authority.

BACKGROUND / DISCUSSION

On November 6, 2012, the registered electors of Fort Collins approved Initiative 301, reestablishing medical marijuana businesses in Fort Collins and creating licensing provisions for such businesses. The licensing provisions included the creation of a Medical Marijuana Licensing Authority (the "Authority"), consisting of a person appointed by the City Manager. To fulfill the need for this service, the City solicited proposals from individuals interested in providing the services required of the Authority, and subsequently entered into a professional services agreement with the law firm of Widner Michow & Cox, LLP, in Centennial, Colorado, for services to be performed by Kathie Guckenberger at a rate of \$175 per hour. This rate is consistent with the rate paid for other types of hearing officers serving the City. Widner Michow & Cox dedicates its practice to the representation of Colorado local governments, special districts, and quasi-governmental authorities, and provides other hearing officer services for the City of Fort Collins.

When the 2013-2014 budget was developed, Initiative 301 had not yet been placed on the November ballot. Upon approval of the initiative by the voters, staff began to develop a licensing process, fees, and rules and regulations to provide clarity to some of the provisions in the initiative. The City began accepting applications for medical marijuana business licenses, along with application and licensing fees, in late January 2013, with only previously licensed medical marijuana businesses being allowed to apply for the first 90 days. The City received applications for 14 centers, 12 cultivation facilities, and two infused-products manufacturers. Application and licensing fees collected equal \$63,000.

FINANCIAL / ECONOMIC IMPACTS

This Ordinance appropriates \$63,000 of unanticipated revenue in the General Fund to cover the cost of services provided by a contractual Medical Marijuana Licensing Authority. Because the City has no prior experience with the time needed to adequately review license applications and conduct enforcement hearings (if needed), it is difficult to project costs for 2013. As of June 14, the Authority has invoiced \$8,142 for an initial meeting with staff, research and a legal opinion on the ability of the Authority to grant conditional licenses, consultation with staff and creation of a staff report form for license applications, the drafting of hearing procedures, and other administrative expenses associated with establishing the Authority and its regulatory processes. As of the publication of this agenda, six application files have been submitted to the Authority for review. By law, the Authority has 30 days to render a decision. The Authority's decision on the first two application files submitted are due on or before July 5. Until such time as the Authority has completed an application file review, and invoiced the City for that review, it is difficult to estimate costs for the remainder of 2013.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

ORDINANCE NO. 088, 2013
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING UNANTICIPATED REVENUE IN THE GENERAL FUND
TO FUND THE COSTS ASSOCIATED WITH THE MEDICAL
MARIJUANA LICENSING AUTHORITY

WHEREAS, on November 6, 2012, the registered electors of Fort Collins approved Initiative 301, reestablishing medical marijuana businesses in Fort Collins and creating licensing provisions for such businesses; and

WHEREAS, Initiative 301 provided for a Medical Marijuana Licensing Authority (the "Authority"), to be a person appointed by the City Manager whose operations will be overseen by the City Clerk's department ; and

WHEREAS, the City began accepting applications for medical marijuana business licenses and collecting application and licensing fees in January 2013; and

WHEREAS, in February 2013, the City solicited proposals from individuals interested in providing the services required of the Authority; and

WHEREAS, one response to the Request for Proposals was received, and upon review and consideration, the City entered into an agreement with the respondent to perform such service; and

WHEREAS, funding is needed to cover the costs of the Authority's services for the remainder of 2013; and

WHEREAS, Article V, Section 9 of the City Charter permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, application and licensing fees in the amount of \$63,000 have been collected to date, and are available to cover the costs associated with establishing and operating the Authority.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that there is hereby appropriated from unanticipated revenue in the General Fund the sum of SIXTY-THREE THOUSAND DOLLARS (\$63,000) to the City Clerk's Department to fund the services provided by the Medical Marijuana Licensing Authority.

Introduced, considered favorably on first reading, and ordered published this 2nd day of July, A.D. 2013, and to be presented for final passage on the 16th day of July, A.D. 2013.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 16th day of July, A.D. 2013.

Mayor

ATTEST:

City Clerk