#109 11/10/26

(R-2027-127)

RESOLUTION NUMBER R- 317024

DATE OF FINAL PASSAGE NOV 13 2026

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ESTABLISHING A CANNABIS DELIVERY SERVICE PERMIT FEE.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. The Office of the City Treasurer (Treasurer) is responsible for administering the City of San Diego's (City) Business Tax Certificate and Cannabis Business Tax.

B. On July 7, 2026, Council approved Ordinance No. O-22122 (Ordinance) establishing a cannabis business permit (Cannabis Delivery Service Permit) category for commercial operators entering the City to conduct cannabis delivery. The Ordinance also created a private right of action to enforce the municipal code section regulating commercial cannabis activity, allowing for additional compliance activities beyond the City's current capacity.

C. To centralize registration and ensure tax compliance, the Treasurer has been assigned with administering the Cannabis Delivery Service Permit and now seeks approval of a new Cannabis Delivery Service Permit Fee (Proposed Fee) to support the Treasurer.

D. Approved by the voters in 2010, Proposition 26 amended articles XIIIA and XIIIC of the California Constitution to provide that a levy, charge, or exaction of any kind imposed, increased, or extended by a local government is a tax unless an exception applies.

E. Exceptions to Proposition 26 include user fees, government service or product fees, regulatory fees, government property use or entrance fees, fines and penalties imposed by a

court or local government, property development impact fees, and assessments and property related fees governed by Proposition 218.

F. Each Proposition 26 exception involves its own legal standard for determining the amount of a legally permissible fee. User fees and regulatory costs in support of the Proposed Fee may not exceed the reasonable costs of providing a service, product, or regulation which includes all reasonable direct and indirect expenses incurred by the City.

G. User fees are an important component of City revenues and may be used to recover the reasonable costs of providing a specific government service, benefit, privilege, product, or regulatory activity to the payor. Under City Council Policy 100-05, user fees are categorized based on the level of cost recovery, including Category I fees that recover 100 percent of eligible costs.

H. The Proposed Fee is a Category I fee that is intended to recover regulatory costs that the City incurs administering the Cannabis Delivery Service Permit, including application intake, collecting and verifying required information, and maintaining a log of compliant cannabis delivery operators.

I. Section C of Council Policy 100-05 contains factors that should be considered during a comprehensive user fee study or a department-initiated change to user fees, including: (1) Whether service costs are covered by revenues received; (2) Whether fees cover costs and generate excess revenues that supplement other services; (3) A comparison of fee levels for similar services provided in other jurisdictions (i.e., benchmarking); (4) An analysis of all relevant costs involved including direct and indirect costs; (5) The current volume and the projected volume and associated revenue based on the changes in the fees; (6) Subsidization costs as it pertains to the difference between the revenues from and the cost of providing the

service; and (7) Identification of any user fees that have not been revised/updated in the last five years or longer and documentation from the affected department substantiating any proposed user fee revisions or alternatively, the justification for maintaining current fee levels.

J. The staff report (Staff Report) accompanying this Resolution contains an analysis of the factors contained in Council Policy 100-05, as set forth above, and establishes that the Proposed Fee seeks to fully recover the price for services provided to the City.

K. To maintain cost recovery over time, the Proposed Fee shall be subject to an annual adjustment at the beginning of each fiscal year until a new comprehensive user fee study is approved by the Council. Personnel-related cost adjustments shall be based on Council-approved general salary increases and changes to fringe benefit rates. Non-personnel cost adjustments shall be based on increases to the regional Consumer Price Index. These annual adjustments are intended to account for increased City costs in providing the services supported by the Proposed Fee and help maintain alignment between fee revenue and program costs.

L. The Office of the City Attorney prepared this Resolution based on the information provided by City staff with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The Council adopts the Office of the City Treasurer's Proposed Fee as set forth in the Staff Report, including annual adjustments at the beginning of each fiscal year.

2. The Department of Finance is directed to amend the User Fee Schedule to include the Proposed Fee described in the Staff Report and provide a link to the Office of the City Clerk.

The City Clerk is directed to post the link to the User Fee Schedule on its website to ensure public access.

APPROVED: HEATHER FERBERT, City Attorney

By Thomas J. Brady, DCA for
David L. Powell
Deputy City Attorney

DLP:jdf
10/26/2026
Or.Dept: Treasurer
Doc. No. 4583341

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on NOV 10 2026.

DIANA J.S. FUENTES
City Clerk

By
Deputy City Clerk

Approved: 11/13/26 (date)

TODD GLORIA, Mayor

Vetoed: (date)

TODD GLORIA, Mayor

#109

Passed by the Council of The City of San Diego on November 10, 2026, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☐	☐	☒	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☐	☐	☒	☐
Marni von Wilpert	☐	☐	☒	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage NOV 13 2026.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By _____, Deputy

Office of the City Clerk, San Diego, California

Resolution Number **R-317024**