



DISCUSSION ITEM

Agenda Item # 6

AGENDA REPORT SUMMARY

Meeting Date: September 8, 2020

Subject: Resolution No. 2020-24: Tobacco Retailer License Fee

Prepared by: Trevor Marsden, Management Analyst Fellow

Reviewed by: Jon Maginot, Deputy City Manager

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Resolution No. 2020-24

Initiated by:

Staff

Previous Council Consideration:

Ordinance No. 2020-469

Fiscal Impact:

\$4,000 for the first year (prorated) and \$2,100 annually after that.

Environmental Review:

Not Applicable

Policy Question(s) for Council Consideration:

Does the City Council wish to approve the Tobacco Retailer License fee?

Summary:

- The current Tobacco Retailer License requires administrative staff and police department hours to enforce. Thus, the establishment of a licensing fee will offset these costs.
- The fee was developed through an analysis of the staff time needed to process the licenses and to enforce the restrictions in the ordinance.
- It is higher for the first year because of the initial costs and then decreases to represent just the enforcement costs and minimal administrative staff time.

Staff Recommendation:

Approve the Tobacco Retailer License fees at \$250, \$150 prorated by month, for the initial application and \$150 renewal fee.



Subject: Resolution No. 2020-24: Tobacco Retailer License Fee

Purpose

The City Council is requested to approve the fee for the Tobacco Retailer License.

Background

The City Council recently passed the Tobacco Retailer License Ordinance. This ordinance requires all businesses that sell tobacco to apply to the City for a license. This ordinance also places several restrictions on businesses, such as a prohibition on electronic cigarettes and flavored tobacco(excluding pipe tobacco). This ordinance requires administrative staff time and enforcement to be successful.

Discussion/Analysis

To ensure that these fees were fair, the City Manager's Office worked closely with the Police Department and Community Development to create fees that covered the costs, but were not overly burdening to business owners.

- **\$250 initial fee**

There was significant staff time dedicated to creating the license system and processing the licenses. The initial fee is higher to reflect the extra time needed to start the system. This may need to be changed in the future to account for the system already being in place when new tobacco retailers apply for their license.

The license expires at the end of the calendar year, but retailers can apply for the license at any time. Thus, \$150 of the \$250 initial fee shall be prorated by month. This part of the initial fee accounts for the enforcement costs.

- **\$150 annual renewal fee**

The annual renewal fee is to cover the cost of enforcement and the minor amount of administrative time. Enforcement requires a police officer to do stings and routine checks on the businesses. This is only a minor portion of the officer's work and thus the lower cost reflects that.

Options

1) Approve the fee as is.

Advantages: The Tobacco Retailer License ordinance can begin to be processed and enforced.

Disadvantages: None identified.

2) Do not approve the fee.

Advantages: Council can suggest another fee

Disadvantages: None identified.

Recommendation

The staff recommends Option 1

RESOLUTION NO. 2020-24

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
AUTHORIZATING THE ADOPTION OF A TOBACCO RETAILER LICENSING FEE**

WHEREAS, the City of Los Altos stated that one of their priorities was a commitment to reducing teenage vaping and tobacco use throughout the City; and

WHEREAS, the City showed this commitment through the passing of ordinance 2020-469, which established a tobacco retailer license; and

WHEREAS, this tobacco retailer license ordinance requires all businesses that sell tobacco to acquire a license through the City of Los Altos, and abide by several restrictions, including, but not limited to, a prohibition on the sale of electronic cigarette products, flavored tobacco (excluding pipe tobacco), and menthols; and

WHEREAS, the enforcement of this ordinance requires time from a Los Altos police officer and administrative staff; and

WHEREAS, the City Council of the City of Los Altos has the authority to establish a fee for the licensing process within the City of Los Altos; and

WHEREAS, the fee associated with the tobacco retailer license shall be set at a level that covers the cost of the enforcement of the ordinance.

WHEREAS, the license expires at the end of the calendar year, but retailers may apply for it at any point in the year;

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby establishes the fee for the tobacco retailer license at \$250, with \$150 prorated by month, for first time applicants, and \$150 to annually renew the license.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 8th day of September 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Janis C. Pepper, MAYOR

Attest:

Andrea Chelemengos, CMC, City Clerk