



Cathedral City

Legislation Text

File #: 2017-449, Version: 1

City Council

MEETING DATE: 11/8/2017

TITLE:
Priorities for Use of Cannabis Revenues

FROM:
Charlie McClendon, City Manager

RECOMMENDATION:
This item is provided for information, discussion and direction only.

BACKGROUND:

Cathedral City voters have approved taxes on all types of cannabis businesses in Cathedral City. During Fiscal Year 16-17 the various taxes raised \$449,961, a year during which only one business was open for the entire year. The adopted budget for FY 17-18 anticipates revenue of \$1.25 million from cannabis business and the FY 18-19 budget anticipates revenues of \$2.5 million. During those two years any excess cannabis revenues will need to be applied to projected shortages in other revenue sources anticipated due to declines in the general retail sector.

DISCUSSION:

CM Kaplan requested a discussion item for Council to consider the merits of a resolution placing priorities on some potential uses should the actual revenue exceed the amounts included in the budget and those needed to cover the other shortages in the next two years, and for uses as we move beyond the current biennial budget period.

Some potential uses that have been mentioned during recent Council discussion on the topic include the following:

- Public Safety including covering the costs to keep the recently authorized Firefighter/Paramedic positions once the grant funding expires, including required pension and benefit costs.
- Establishing and funding trust funds to reduce the on-going future costs of pension and OPEB costs, which will increase by as much as \$8 million over the next eight years.
- Addressing infrastructure needs in the City including street and park maintenance, a community center and other public facilities.
- Providing funding for improved services to address homelessness.

As with any revenue source, Council makes the ultimate decision on how to apply the funds through the biennial budget process and any decisions made must reflect the overall performance of all City

revenues, expenditure controls and other considerations to protect the financial position of the City. A resolution establishing priorities could provide some degree of guidance as those decisions are made and serve as a statement of intent to the community.

FISCAL IMPACT:

There is no cost related to this discussion item. Future budget decisions will require a fiscal analysis at the time.

ATTACHMENTS:

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