



Item A-1:
Workshop on Pending Cannabis
Regulatory Ordinance and Related
Procedures

Background

- The City has historically prohibited cannabis businesses to operate within the City
- Due to the evolving landscape, City retained HdL to provide consulting services
 1. Prepare ordinance for placement of Measure R on the ballot
 2. Development of a regulatory ordinance to allow, permit, regulate and cannabis businesses

Background

- Measure R on the November 3, 2020 General Election ballot, included the maximum amounts that can be charged by a Cannabis Business License Tax
- In short, it established the maximum tax rates:
 - \$10 per canopy square foot for cultivation (adjustable for inflation)
 - 6 percent gross receipts for retail businesses
 - 4 percent for all other cannabis business activities
- Measure R passed with a voter approval of 67.16%

Summary

- This workshop is intended as a discussion on the basic components of the ordinance, procedural guidelines, selection criteria, and approval of cannabis business permits

1. Ordinances	2. Procedure & Guidelines	3. Lottery	4. Land Use Review/Public Meeting	5. City Manager Role	6. City Council Role	7. Operations
<i>Step 1</i>	<i>Step 2</i>	<i>Step 3</i>	<i>Step 4</i>	<i>Step 5</i>	<i>Step 6</i>	<i>Step 7</i>
Two Municipal Code Updates	Two parts in Step 2: Procedure & Guidelines and Criteria for Review	All applications that meet the minimum point total will be drawn and placed in order to create an eligibility list	2 Public Meetings; 1 for Retail, 1 for Non-retail	Community Development Director forwards report regarding Public Input to the City Manager	City Manager Recommendations will be considered by City Council for final action	Applicants have one year to exercise their permit, or it will expire (or as determined by the City)
1. Regulatory Ordinance; Cannabis Business Permit	Criteria for review:	2 lotteries (1. Retail; 2. Non-Retail other)	A. Land Use conformity (Community Development Director)	City Manager Role: 2 Options (one or the other)	Neighbors within 300 ft are be notified of the City Council meeting	Background check on employees by City Police Dept. (or other party)
A. Framework for Cannabis Business Permit	A. Business Plan	Other Option:	B. CEQA (Community Development Director)	A. City Manager makes recommendations to Council for action.	City Council action is final	Can be suspended if suspended by a State agency or the City
B. Compliance with State Law	B. Labor, Diversity, and Inclusion Plan	1. Retail sales: Lottery	4. Some applications may require entitlements and/or CEQA	B. City Manager reviews Public Meeting comments. City Manager approves or denies permit.		City may issue conditions, measures, or penalties, suspend, or revoke a permit
C. Policies	C. Security Plan	2. Non-Retail Permits: Unlimited	Public meeting	Appeal: City Manager action may be appealed to the City Council		Permit must be renewed annually (State of CA permit is renewed annually)
D. Operational Best Practices	D. Safety Plan	Applicants that are not selected will be notified and would have an opportunity to appeal the scoring (not the outcome of the lottery).	Community Input (Solicit public input)			May be transferred with approval from the City Manager; if ownership changes more than 51%, requires City Council approval.
E. Sensitive Users recognized by State regulations: schools, daycares, youth facilities	E. Neighborhood compatibility		A. Planning Commission			If location changes, Council approval required
F. Other potential sensitive uses to consider: A) Homes, B) Parks, C) Library	F. Community Benefits		B. Community Development Director			
2. Zoning Ordinance	Guidelines establish a point system for review of every Cannabis Business Permit; 90% advances to Lottery in Step 3		Neighbors within 300 ft. are notified			
	# of permits will be outlined as part of the Procedure Guideline, as will the number of non-retail permits					
	Procedure & Guidelines:					
	A. City Manager Prepares					
	B. Council approves by Resolution					
	C. Will include forms, applications, & indemnifications					
	D. Cost recovery fees					5
	E. Owner must pass background					

Step 1: Ordinances

1. Regulatory Ordinance
 - a. Framework for *Cannabis Business Permit*
 - b. Compliance with State Law
 - c. Policies
 - d. Operational Best Practices
 - e. Sensitive Users recognized by State regulations: schools, daycares, youth facilities
 - f. Other potential sensitive users to consider: Homes, Parks, Library
2. Zoning Ordinance

Step 2: Procedures & Guidelines

Two parts in Step 2

- **Part A**
- Criteria for review (application criteria):
 - Business Plan
 - Diversity, Equity, and Inclusion Plan
 - Safety Plan
 - Neighborhood compatibility
 - Community Benefits

Step 2: Procedures & Guidelines

Two parts in Step 2:

- **Part B**

- *Procedures & Guidelines*

- A. City Manager Prepares

- B. Council approves by Resolution

- C. Will include forms, applications, & indemnifications

- D. Cost recovery fees

- E. Owner must pass background

- F. Fee to file an appeal

Step 2: Procedures & Guidelines Continued

- Guidelines establish a point system for review of every Cannabis Business Permit
- 90 percent advances to Lottery in Step 3
- Number of permits would be outlined in the Guidelines
- Notifications: Those scoring less than 90 percent may appeal

Step 3: Lottery

- All applicants that meet the minimum point total will be drawn and placed in order to create an eligibility list
- Two lotteries: 1. Retail; 2. Non-retail
- Another option:
 - Retail sales: Lottery
 - Non-retail: Unlimited
- Appeal process for scoring but no appeal process for the lottery results

Step 4: Land Use Review/Public Meeting

- Some applicants may require entitlements and/or CEQA review
- Land Use Conformity by the Community Development Director
- Neighbors within 300 ft. would be notified
- Community Input
 - A. Planning Commission or
 - B. Community Development Director
- Purpose of the meeting is to solicit community input. No action would be taken at the meeting.

Step 5: City Manager Role

- City Manager Role: **Two Options**

- A. City Manager reviews Public Meeting comments. City Manager approves or denies permit.

- Appeal:* City Manager action may be appealed to the City Council

- B. City Manager makes recommendations to Council for action

Step 6: City Council Role

- A. If City Manager takes action, the City Council serves as the appeal body
- B. City Manager makes a recommendation to City Council for final action
 - Neighbors within 300 ft. are notified of the City Council meeting
 - City Council action is final in either scenario

Step 7: Operations

- Applicants have 1 year to exercise their permit, or it will expire
- Background check on employees
- Can be suspended if suspended by a State agency or the City
- Permit must be reviewed annually (same as State)
- May be transferred with approval from the City Manager; of ownership changes more than 51 percent requires City Council approval
- If location changes, City Council approval required

Discussion & Direction from Council

- Cannabis Business Permit (1 permit) vs. a business license & land use permit (e.g., CUP)
- Lottery
 - Lottery or a different process
- Public Meeting
 - Community Development Director or Planning Commission
 - Purpose of the meeting (solicit feedback, no action)
 - 300 ft noticing
- Sensitive Uses
 - Define and potential thresholds?

Discussion & Direction from Council

- Role of the City Manager
 - Does the City Manager take action or make a recommendation to the Council?
- Role of the City Council
 - Appeal body
- Ownership changes
- Location changes

