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

- This workshop is intended as a continued discussion on the basic components of the ordinance, procedural guidelines, selection criteria, and approval of cannabis business permits from the initial workshop on January 6, 2021 and January 20, 2021.
Background

- Adopted Measure R Cannabis Tax Ordinance
- Staff prepared a draft regulatory ordinance to allow, permit, regulate cannabis businesses based on current Council direction
- Business and Professions Code 26055 (h) CEQA exemption is scheduled to expire on July 1, 2021
- SB 59, if passed, would extend the CEQA exemption as currently proposed until July 1, 2028
Iterative Process

- Staff has gathered feedback and has prepared a draft ordinance
- Draft ordinance is being presented to Council
  - Draft is a *hybrid model*
    - Merit
    - Lottery
- Eventually, final will be presented to Council
- Purpose of this evening is to have Council provide additional direction to continue process
Discussion

• Step 1: Ordinance
• Step 2: Procedures & Guidelines
• Step 3: Lottery
• Step 4: Land Use Review / Public Meetings
• Step 5: City Manager Role
• Step 6: City Council Role
• Step 7: Operations
<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
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<tbody>
<tr>
<td><strong>Two Municipal Code Updates</strong></td>
<td><strong>Two parts in Step 2: Procedure &amp; Guidelines and Criteria for Review</strong></td>
<td><strong>All applications that meet the minimum point total will be drawn and placed in order to create an eligibility list</strong></td>
<td><strong>2 Public Meetings; 1 for Retail, 1 for Non-retail</strong></td>
<td><strong>Community Development Director forwards report regarding Public Input to the City Manager</strong></td>
<td><strong>City Manager Recommendations will be considered by City Council for final action</strong></td>
<td><strong>Applicants have one year to exercise their permit, or it will expire (or as determined by the City)</strong></td>
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<tr>
<td><strong>1. Regulatory Ordinance; Cannabis Business Permit</strong></td>
<td><strong>Criteria for review:</strong></td>
<td><strong>2 lotteries (1. Retail; 2. Non-Retail other)</strong></td>
<td><strong>A. Land Use conformity (Community Development Director)</strong></td>
<td><strong>City Manager Role: 2 Options (one or the other)</strong></td>
<td><strong>Neighbors within 300 ft are be notified of the City Council meeting</strong></td>
<td><strong>Background check on employees by City Police Dept. (or other party)</strong></td>
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<tr>
<td>1. A. Framework for Cannabis Business Permit</td>
<td>B. Other Option:</td>
<td>2. B. CEQA (Community Development Director)</td>
<td>A. City Manager makes recommendations to Council for action.</td>
<td>City Council action is final</td>
<td>Can be suspended if suspended by a State agency or the City</td>
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<td>2. B. Compliance with State Law</td>
<td>1. Retail sales: Lottery</td>
<td>4. Some applications may require entitlements and/or CEQA</td>
<td>B. City Manager reviews Public Meeting comments. City Manager approves or denies permit.</td>
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<td>City may issue conditions, measures, or penalties, suspend, or revoke a permit</td>
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<td>2. Non-Retail Permits: Unlimited Public meeting</td>
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<td>Appeal: City Manager action may be appealed to the City Council</td>
<td>Permit must be renewed annually (State of CA permit is renewed annually)</td>
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<td><strong>D. Operational Best Practices</strong></td>
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<td><strong>D. Compliance with State Law</strong></td>
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<td>May be transferred with approval from the City Manager; if ownership changes more than 51%, requires City Council approval.</td>
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<td>1. D. Safety Plan</td>
<td>2. E. Neighborhood compatibility</td>
<td>A. Planning Commission</td>
<td><strong>F. Other potential sensitive uses to consider: A) Homes, B) Parks, C) Library</strong></td>
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<td>If location changes, Council approval required</td>
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<td><strong>E. Sensitive Users recognized by State regulations: schools, daycares, youth facilities</strong></td>
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<td><strong>F. Community Benefits</strong></td>
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<td><strong>F. Other potential sensitive uses to consider: A) Homes, B) Parks, C) Library</strong></td>
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<td><strong>B. Community Development Director</strong></td>
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<td><strong>2. Zoning Ordinance</strong></td>
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<td>Guidelines establish a point system for review of every Cannabis Business Permit; 90% advances to Lottery in Step 3</td>
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<td>Neighbors within 300 ft. are notified</td>
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Cannabis Ad-Hoc Committee

Cannabis Ad-Hoc Committee has reviewed the draft ordinance and provided the following discussion points (in no particular order):

- Community benefits from revenue
- Conditions of Project Approval
- Social Equity Retail Outlets
- State regulations vs. Best Practices
Cannabis Ad-Hoc Committee

- Community benefits from revenue
  - Establishing a housing fund to be made available to school district and local government employees to be used towards the purchase of their primary residence.
Cannabis Ad-Hoc Committee

- **Conditions of Project Approval**
  a. Labor Peace Agreement: Permit Labor Peace Agreements for establishments with at least 10 employees
  
  b. Health Certificate: Require a minimum of 30 hours of training for managers as provided by the Cal-OSHA.
  
  c. Local Hire Preference: Require that a minimum of 80 percent of non-management employees be from the local area.
Cannabis Ad-Hoc Committee

- Social Equity Retail Outlets
  - Allow for 2 social equity retail establishments, for a total of 8 retail stores.
Discussion

- Commercial and Industrial Zone Districts
  - Retail
  - Testing
  - Production
  - Growing

Note: Analysis of required buffer from commercial day care facilities underway for a more comprehensive land use implications evaluation.
Discussion & Direction from Council

- Draft includes lottery process
  - Should lottery also be used for non-retail permits
  - If not, different process will be added
- Social equity cannabis shops
  - Add?
  - Subject to lottery?
Discussion & Direction from Council

- Draft code reflects State Guidelines, in addition to best practices.
  - Signage
  - Drive-thru’s
  - Hours of operation