



## REPORT TO CITY COUNCIL

**Approved by:**

*Arnoldo Rodriguez*

Arnoldo Rodriguez, City Manager

**Council Meeting of:** November 3, 2021

**Agenda Number:** D-2

**SUBJECT:**

Second Reading and Adoption of an Ordinance Amending the City's Municipal Code Relating to the Approval Authority of Vertically Integrated, Cultivation, Distribution, Manufacturing, and/or Test Labs Permits

**RECOMMENDATION:**

Conduct a public hearing and waive full reading and Adopt an Ordinance Amending Subsections (G) and (H) of Section 6-5.14 of Title VI, Chapter 5 of the Municipal Code relating to approval of certain cannabis business permits

**BACKGROUND:**

During the October 20, 2021 meeting, Council directed that staff prepare an Ordinance amending the Municipal Code in regard to the approval authority of Vertically Integrated, Cultivation, Distribution, Manufacturing, Test Labs permits from Council to staff, subject to applicant appeal. Changes to the Municipal Code generally require two readings. The first reading was considered by Council during a Special meeting on October 28, 2021. At the October 28, 2021 meeting, Council majority approved the first reading. This represents the second reading and adoption.

**SUMMARY:**

Council has held workshops on the cannabis regulations and related procedures at numerous meetings.

More recently, at the October 20, 2021 meeting, Council directed staff to:

1. Schedule a Special Council meeting on October 28, 2021 to introduce and conduct the first reading of an amendment to the Municipal Code relative to the approval authority of Vertically Integrated, Cultivation, Distribution, Manufacturing, Test Labs Applications

2. Schedule for Council consideration at next regular meeting:
  - a. Second reading of an ordinance regarding the distance requirements from Town & Country Park and
  - b. Second reading of an amendment to the Municipal Code relative to the approval authority of Vertically Integrated, Cultivation, Distribution, Manufacturing, Test Labs Applications

#### **PROPOSED ORDINANCE AMENDMENTS:**

Under the current ordinance, the Council serves as the approval authority for all three distinct cannabis business categories. Said categories include:

- Standard Applications or Microbusiness
- Social Equity Applications
- Vertically Integrated, Cultivation, Distribution, Manufacturing, Test Labs Applications

More recently, at the October 20, 2021 meeting, Council directed that staff prepare an Ordinance amending the Municipal Code in regard to the approval authority of Vertically Integrated, Cultivation, Distribution, Manufacturing, Test Labs permits from Council to staff, subject to applicant appeal.

The following provides a summary of the proposed zoning code amendments.

#### **1. Section §6-5.14 (G) of the Municipal Code**

##### ***Existing Text (to be deleted):***

~~(G) Applications shall be vetted by the City Manager and a team of his/her choice consistent with Review Criteria established by City Council Resolution. At the conclusion of the vetting process, the City Manager shall prepare a report for consideration by the City Council.~~

In short, the existing language outlines that the City Manager shall prepare a report for consideration by Council. Per Council direction, the following language is proposed:

##### ***Proposed Text:***

(G) Applications shall be vetted by the City Manager and a team of his/her choice consistent with Review Criteria established by City Council Resolution.

(1) At the conclusion of the vetting process relating to: (i) Social Equity Applications and/or (ii) Standard Retail or Microbusiness Applications, the City Manager shall prepare a report for consideration of applications by the City Council.

(2) At the end of the vetting process relating to Vertically Integrated, Cultivation,

Distribution, Manufacturing, Testing Labs Applications, applications meeting all requirements of the Review Criteria shall receive a Cannabis Business Permit subject to appeal to the City Council by the applicant and contingent on meeting the requirements in Subsection I of Section 6-5.14 of this Code.

In short, Section (G)(1) notes that Council shall take action on Social Equity, or Standard Retail or Microbusiness Applications; whereas, staff would review Vertically Integrated, Cultivation, Distribution, Manufacturing, Testing Labs Applications and those that meet all requirements will receive a permit, subject to appeal to the Council by the applicant.

## **2. Section §6-5.14 (H) of the Municipal Code**

### ***Existing Text (to be deleted):***

~~(H) The City Council may either deny or approve the final candidates and shall select the top candidates in each category of the cannabis businesses pursuant to Review Criteria established by City Council Resolution. The City Council's decision as to the selection (denial or approval) of the prevailing candidates shall be final and shall not be subject to further administrative or City Council review or appeal.~~

### ***Proposed Text:***

(H) The City Council may either deny or approve the final candidates relating to Social Equity and Standard Retail Microbusiness Applications and shall select the top candidates in each category of the cannabis businesses pursuant to Review Criteria established by City Council Resolution. The City Council's decision as to the selection (denial or approval) of the prevailing candidates shall be final and shall not be subject to further administrative or City Council review or appeal.

Subsection (H) currently notes that all applications shall be reviewed by Council. The proposed language would amend the code where Council would consider Social Equity and Standard Retail Microbusiness Applications, whereas staff would take action on Vertically Integrated, Cultivation, Distribution, Manufacturing, Testing Labs Applications, unless appealed.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):**

A preliminary environmental assessment has been performed for this project pursuant to the California Environmental and Quality Act (CEQA). Pursuant to CEQA Guidelines Section 15061(b)(3), there is no possibility that this project may have a significant, adverse, impact on the environment. This is because this project involves purely procedural policies with no impacts on the environment. Therefore, this project is not subject to CEQA.

## **FINANCIAL IMPACT:**

Costs associated with cannabis related work includes the following:

- Contract with HdL totaling \$30,000. It is noted that on September 1, 2021 Council approved an amendment to the City's agreement with HdL where they will assist staff

review applications and prepare reports for City consideration at a flat rate of \$5,900 per each.

- Cost to place the ballot measure on the November 3, 2020 election was approximately \$100,000.
- Various staff time and City Attorney fees.

Note that HdL contract cost may be recovered by fees from potential applicants should the City permit cannabis activities in the City.

**CONSISTENCY WITH THE VISION MADERA 2025 PLAN:**

While not specifically addressed, the requested action is consistent with the Vision Madera 2025 Plan; Effective Government: Strategy 115. – Ensure sufficient economic resources to provide adequate City services and prepare for future growth.

**ALTERNATIVES:**

The Council may direct staff to return with additional information.

**ATTACHMENTS:**

1. Ordinance amending Sections §6-5.14 (G) and (H) of the Municipal Code

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF MADERA, CALIFORNIA  
AMENDING SUBSECTIONS (G) AND (H) OF SECTION 6-5.14 OF TITLE VI,  
CHAPTER 5 OF THE MADERA MUNICIPAL CODE RELATING TO APPROVAL  
OF CANNABIS BUSINESS PERMITS**

THE CITY COUNCIL OF THE CITY OF MADERA DOES ORDAIN AS FOLLOWS:

**SECTION 1.** Subsections (G) and (H) of Section 6-5.14 of Title VI, Chapter 5 of the Madera Municipal Code are amended to read as follows:

- (G) Applications shall be vetted by the City Manager and a team of his/her choice consistent with Review Criteria established by City Council Resolution.
  - (1) At the conclusion of the vetting process relating to: (i) Social Equity Applications and/or (ii) Standard Retail or Microbusiness Applications, the City Manager shall prepare a report for consideration of applications by the City Council.
  - (2) At the end of the vetting process relating to Vertically Integrated, Cultivation, Distribution, Manufacturing, Testing Labs Applications, applications meeting all requirements of the Review Criteria shall receive a Cannabis Business Permit subject to appeal to the City Council by the applicant and contingent on meeting the requirements in Subsection I of Section 6-5.14 of this Code.
- (H) The City Council may either deny or approve the final candidates relating to Social Equity and Standard Retail Microbusiness Applications and shall select the top candidates in each category of the cannabis businesses pursuant to Review Criteria established by City Council Resolution. The City Council's decision as to the selection (denial or approval) of the prevailing candidates shall be final and shall not be subject to further administrative or City Council review or appeal.

**SECTION 2. CEQA.** A preliminary environmental assessment has been performed for this project pursuant the California Environmental and Quality Act (CEQA). The City Council finds and determines with certainty that, pursuant to CEQA Guidelines Section 15061(b)(3), there is no possibility that this project may have a significant, adverse, impact on the environment. This is because this project involves purely procedural policies with no impacts on the environment. Therefore, this project is not subject to CEQA.

**SECTION 3. Publication.** This ordinance shall be published in accordance with the provisions of Government Code Section 36933.

**SECTION 4. Effective Date.** This ordinance shall become effective thirty (30) days after the date of adoption.

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