

City of Sacramento
Cannabis Business and Neighborhood Stakeholder Meeting
Meeting Summary Notes

September 7, 2016

5:30 – 7:00 p.m.

George Sim Community Center, 6207 Logan Street, Sacramento, CA 95824

I. Updates

- Ordinance Updates
 - City staff took their recommendations for both Conditional Use Permit process and Operating Permit process for cultivation to the Law and Legislation Committee on August 9th.
 - Title 17 Ordinance (Planning and Development Code for Conditional Use Permit)
 - The L&L Committee forwarded the ordinance to be reviewed by City Council with the following recommendations (Note these are only staff recommendations and have not yet been approved by City Council):
 - Approval of the Conditional Use Permit at the Planning and Design Commission level
 - Additional 'sensitive use' distance requirements in the C-2 commercial zones were removed by the Planning and Design Commission and the Law & Legislation Committee except the State required 600 feet distance from schools
 - City staff is recommending that applications be processed in order received
 - Title 5 Ordinance (Operating Permit)
 - City staff is recommending to have a bi-annual permit process.
 - Staff will recommend to have permit process to include, but not limited to:
 - Business plan to describe how business is in compliance with all State and local laws including its safeguards against diversion
 - Odor filtration
 - Tax and insurance compliance
 - Budget
 - Floor, Site and lighting plans
 - Price list of all products
 - Energy and Water efficiency plan
 - Environmental plan
 - Security plan
 - Lighting Plan
 - Permit fees
 - City staff will recommend to have levels of permits for various sizes of cultivation sites, similar to the State, and to also allow for smaller cultivation businesses.
 - Operating permits will be contingent upon having an approved Conditional Use Permit.

- During Process of obtaining both CUP and Operating Permit, all appropriate building permits must be pulled for all building and improvements and modifications.
- City Staff encourages applicant businesses to submit a Community Benefits Plan but it is voluntary and will not be a requirement for the approval of the operating permit. Simply, the CBP is recommended to be voluntary but is strongly encouraged as a good way to work with the community where the business intends to locate.
- Current Cultivation:
 - **ONLY** those who registered with the City will have the ability to continue to cultivate during the application process. Registered cultivators **MUST** meet the following requirements:
 - Meet the City Council approved land use requirements (IE: appropriate zone, distance requirements, etc)
 - Apply for the CUP within 90 days of City Council adoption
 - Registered and currently cultivating business cannot relocate or expand operations. Those not currently registered or are located in the wrong zone **MUST** cease cultivation
 - **NOTE: Cultivation does not exempt you from other City of Sacramento or State of California rules and requirements, including obtaining building permits and other health and safety requirements.**
- Delivery
 - City staff will also bring to City Council for review an ordinance for patient delivery service
 - In order to align with State law, delivery services will be through one of the permitted dispensaries
 - City staff is not recommending to add any new dispensaries
- Manufacture and Testing Labs
 - City will work on bringing forward recommendations for manufacture and testing labs to Law and Legislation with ordinances to follow in the near future.
 - City Council has asked staff to limit manufacture to non-volatile forms of extraction.
- Distribution and Transportation
 - City staff will look into possibility of having distribution and transportation in the City of Sacramento if so directed by the City Council.
 - City staff will continue its outreach and research.

II. Questions, Comments and Recommendations

- **RECOMMENDATIONS and COMMENTS from audience with staff responses (NOTE: all responses from staff are based on research and recommendations to City Council. Answers are subject to change depending upon City Council action)**
 - What zones will cultivation be allowed?
 - City Council has approved commercial cultivation in A, C-2, C-4, M-1, M-1(S), M-2 and M-2(S) zones.
 - Concerns of the amount of crime that will come with cultivation sites. Will there be any funding for enforcement?

- Yes, City staff is recommending to have some of the funds from cultivation earmarked for enforcement for both Police and Code Enforcement.
- Has there been any studies done on the respiratory effect of grow sites? Will taxpayers be responsible for medical issue as a result of these grow sites?
 - The City has not conducted studies themselves of these grow sites but City staff is recommending that commercial cultivation sites provide a detailed odor filtration plan. The State of California has additional agencies such as the Department of Agriculture and Department of Health and Safety which will regulate and monitor other safety and health concerns.
- What will the revenues from cultivation be used for?
 - The 4% Business Operations Tax will go to the general fund. City staff is recommending some of the Business Permit fees be used for additional enforcement resources.
- Who will do the background checks of the cultivation business owners?
 - The process for background checks for cultivation is the same as that for dispensary owners. The Revenue Division does the live scan fingerprints and both the Police Department and Department of Justice do background checks.
- What are the distance requirements for these cultivation sites? How close can they be to residential neighborhoods? Will neighbors be notified of these businesses?
 - City staff recommended that in addition to the State required 600-foot distance from schools, that a 300-foot distance requirement from residential and 1,000-foot distance requirement from other cultivation businesses in C-2 zones be added. Planning and Design Commission as well as Law and Legislation Committee decided to lift those restrictions. In the Conditional Use Permit process, neighbors and businesses within a 300-foot radius of the proposed business will be notified.
- There is a concern that most of these cultivation sites will end up in District 2 and District 6.
 - City staff realizes that these two districts are where many of these sites are locating because they have larger industrial and commercial areas located there.
- There will be a large environmental impact on energy and water. How is this going to be handled?
 - Applicants for cultivation permits will be required to provide a plan for their energy and water consumption. City staff is also recommending that business owners reach out to SMUD and local utilities in order to work on a plan for their consumption and conservation.
- With regard to the Community Benefits Plan, who will the business reach out to?
 - While the Community Benefits Plan is optional and not required, the City highly encourages businesses to provide one and form relationships with neighboring businesses and residents. Businesses will have access to the public information to contact neighborhood and business associations.
- Will there be a limit on how many permits will be issued?
 - City staff is not recommending a hard cap on the number of permits issued. Due to limited space availability as well as number of applications submitted and processed, there will be an expected limit to the number of permits issued.
- In terms of the Community Business Plan being optional, how will that appear for the applicant? Will they still be a part of the application process if they do not submit one?

- The City Council has not made the Community Benefits Plan a requirement however they could. The City is strongly encouraging that one be submitted with applications. Because this is not requirement of the application process, applicants will still be part of the process even if one is not submitted.
- Could the City require that a percentage of the cultivation business's revenues go back to the community?
 - This would be considered a tax which would need to be approved by City voters in an official election and be placed as a ballot measure. The permit fees that the applicant pays are only to cover the costs of processing the applications.
- Illegal grows in the neighborhoods should have their properties taken away. Even when law enforcement is called, they do not do anything to shut them down.
- If the marijuana is actually medicine, is it going to be regulated heavily like other medicines? Aspirin cannot be just manufactured by anyone. Why is marijuana being allowed to?
 - City Council has decided to allow the cultivation of marijuana in certain zones in the City of Sacramento. City staff conducts research and outreach to make recommendations to the best of its ability to City Council on regulations in addition to abiding by State of California regulations. The City does not regulate the medical industry but rather land use.
- Will there be any kind of social justice for neighborhoods and its residents when it comes to issuing permits?
 - Social justice within the City's purview is to consider smaller cottage businesses and allow them the chance to also obtain a permit.
- The proposed "social justice" should not be used in any ordinance or permit process. IT is not the City's decision on who should or shouldn't be given a permit and the City should not give preference to anyone.
 - The City is not giving preference. Applications will be processed on a first come, first served basis. City staff is recommending that there be different levels of permits determined by size of the cultivation site.
- What is the size restriction of the cultivation sites?
 - State regulated 22,000 square feet of canopy. One could have a building larger than that, however the canopy for each site can be no more than 22,000 square feet.
- The tax revenue from these cultivation sites should go to those communities that are most heavily affected such as District 2 and District 6.
- Is the City Council planning for the best use of land in the zones where they approved cultivation? For example, landlords who own buildings where an auto body shop is located might realize they can make more money once cultivators move in and kick the auto body shops out. Is the City considering the businesses? Is cultivation the kind of businesses the City wants to promote?
 - The Conditional Use Permit process is designed to look at where these businesses are intending to locate, what other businesses will be affected and any over concentration in certain areas. It is out of the City's purview to determine who a landlord leases to or what they do with their property. The City can regulate land use and where these business are allowed to be located.
- Has the City looked at any other cities, like Oregon and Washington where cultivation is working?
 - The City has toured some other cities and their cultivation sites. From our experience many of them seem to be quite professionally run. The City's recommendations come from looking at best practices from other jurisdictions.

- What are the regulations when a new business comes into the area? Are landlords and other businesses notified?
 - In the Conditional Use Permit process, the landlord is notified and must approve the intended use for the property. Surrounding businesses and neighbors within 300 feet are notified.
- What are we going to get with the nuances with bigger grows? There is a lack of trust in the City Council or Mayor when it comes to working with nuances.
 - The City hopes that with having regulations for indoor cultivation in commercial and industrial zones, we can crack down more on illegal grows. Police is currently having trouble arresting people for growing in residential zones because they have their medical marijuana cards and the District Attorney is likely not prosecuting criminally.
- How is the 4% business operations tax being tracked?
 - The State mandates them to use some form of seed to sale tracking software and will regulate their tracking. The City will conduct its own independent audits of cultivation sites and their reporting of gross receipts.
- Was there a problem before with marijuana? Why is the City working now on regulating marijuana?
 - Three bills passed in the State of California (MMRSA) which stated the City of Sacramento looking into regulation of cultivation as well as other marijuana businesses. Due to a State law that stated that local governments must either ban or approve cultivation in their local ordinance by March 2016, City staff brought forward to City Council and Council approved the ordinance to allow cultivation in certain zones on February 2, 2016.
- What is the smallest sized location for a cultivation site?
 - Up to 1,000 square feet.
- How will this affect the illegal grow houses?
 - The City of Sacramento hopes that the regulation of cultivation in commercial and industrial zones will regulate the medicine being produced and give way to higher standards. Those people who care about the medicine they are using will want to go to legal grows rather than illegal where there are no standards and regulation.
- Is delivery happening now?
 - The City recognized that delivery is happening now, but illegally. The City staff is working on regulation of delivery in order to better regulate and shut down those that are operating delivery services illegally.
- Cost of housing will likely go up due to the boom in businesses, jobs and people relocating. Recommendation to have some of these funds earmarked for those districts and communities that are being most affected. Affordable housing is an issue and monies should go to that as well as keeping jobs.
- With an increase in residential grows, there has been an increase in crimes in the neighborhood.
- Why isn't the City regulating other things that will "happen anyway" such as gambling and prostitution?
 - These are still illegal by the State of California. As the State of California passed the bills allowing for cultivation and other regulations of marijuana businesses, the City staff researched, conducted outreach and made recommendations to City Council who are our policy makers.
- Did City look at places where cultivation is not working?
 - Yes, the City looked at other places where cultivation and other regulations are not working and has taken steps to ensure we are not recommending that our regulations be crafted in the same manner.

- Recommendation that the City residents be given a whole picture of marijuana, not just the good parts, but also statistics such as crime rates and other nuisances due to these businesses.

III. Work plan and upcoming dates

- Law and Legislation Meeting – October 18, 2016
 - City staff will bring forward recommendations for manufacturing and testing labs.
- City Council – October 25, 2016
 - City will bring forward cultivation ordinances for Title 17 land use and Title 5 operating permit