

City of Sacramento
Marijuana Stakeholder Meeting
Meeting Summary Notes

December 5, 2016

2:00 – 4:00 p.m.

City Council Chambers, City Hall – 915 I Street, Sacramento, CA 95814

I. Updates

- CULTIVATION
 - City Council approved the proposed cultivation ordinance on November 22, 2016.
 - City staff is working on cost analysis and fee schedule for operating permit and will need to bring this to City Council for approval in addition to lifting the moratorium on cultivation before applications can be accepted.
 - City Council directed staff to come back on additional items for cultivation, before lifting the moratorium. These items include:
 - An additional buffer from parks. City staff is examining a definition of “park” to include active parks open to public or contain playgrounds.
 - City staff is working on a resolution and implementation for the Neighborhood Responsibility Plan which is to be part of the Conditional Use Permit and Operating Permit application process.
 - Staff is working on ordinance language for criminal history background to exclude some marijuana related offenses.
 - Staff is aiming to accept cultivation applications by end of 1st quarter or beginning of 2nd quarter of 2017.
- DELIVERY
 - City Council directed staff to work on a new delivery only dispensary ordinance.
- MANUFACTURING AND TESTING LABS
 - City staff is working to draft ordinance language for manufacturing and testing labs. Once complete, will bring to Planning and Design Commission and then City Council for review.
- TRANSPORTATION AND DISTRIBUTION
 - City staff will also begin working on a draft ordinance for distribution and transporters, possibly sometime during second quarter of 2017.

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 is the definition of volatile and non-volatile when it comes to manufacturing?
 - The City will defer to the State’s definition, when available as well as what is in the City’s Fire Code, for definition of volatile extraction versus non-volatile extraction.
 - What is the definition of a park? Is Cesar Chavez park included?
 - City staff is working on defining an “active” park to better adhere to parks that are used by the public and children. Cesar Chavez park would be classified as an active park and would not allow cultivation within the defined restricted distance.

- Suggestion to have a committee formed to address cash handling issues and public safety. Credit union in Sacramento is willing to offer bank accounts for marijuana businesses. Can the City have a discussion with them about marijuana business owners having an account with them?
 - The City's purview does not encompass regulating commerce between private businesses. The City is working on including cash handling policies and public safety regulations.
- Is AB 266 being paid attention to and potential for having more than just already existing brick and mortar dispensaries do delivery?
 - The City staff is working on an ordinance to allow those who do not already own a brick and mortar dispensary to deliver. This will require an amendment to our current dispensary ordinance which staff is working on.
- What has the City considered regarding material waste?
 - Waste material is part of what the State will regulate. The City will do further research however for what the State's guidelines are for material waste and will work with our Solid Waste Division to determine what if any special regulations need to be set.
- Recommendation to have parks and or under 600 feet. Also, to define the difference of school parks which are defined as a park but only occupied during school hours. Many schools have parks that are close by and would like to have school parks possibly have separate requirements.
 - Most school parks that are close by schools would fall in the 600-foot distance from the school and would therefore likely not impact the number of cultivation sites that could be located within that area.
- I'm already doing delivery in the City of Sacramento and would like to pay taxes but I cannot because the City does not allow delivery yet. When will delivery be allowed? Will delivery be only for brick and mortar dispensaries?
 - City staff recommended that the prohibition on delivery that was tied with brick and mortar dispensaries be lifted however City Council has since asked staff to look at other forms of delivery. Staff will likely have to amend dispensary ordinance to allow some other types of delivery only dispensaries.
- Will delivery be coming back to City Council with the cultivation ordinance?
 - Due to City staff being directed to look further at delivery that is not tied to already existing dispensaries, staff will likely bring delivery ordinance back after cultivation.
- Will delivery also have public discussion like cultivation has had?
 - Yes, and because staff is considering other types of delivery, we will need to do more outreach to stakeholders and gather information and recommendations.
- What is the City's idea for zoning for manufacturing locations?
 - City staff will recommend that zones for marijuana manufacture be same as any other type of manufacture business. There will be some additional requirements because it is a manufacture business, such as additional sensitive use distance requirements. Bakeries using water only extraction may have some differences in zoning than other types of non-volatile extraction however City staff is still conducting research.
- What are the zones where manufacture can locate?
 - Light and heavy industrial, light and heavy commercial, research and developments. In the C-2 zones there is a building size restriction of no larger than 6,400 square feet.
- Is the City looking at putting any caps on the number of permits for marijuana businesses?
 - City staff has not recommended putting caps on any marijuana businesses thus far however we may need to do so with delivery.

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- Will manufacturing be allowed in agricultural zones?
 - No.
- Will cultivation and manufacturing be allowed at the same location?
 - It will depend on the location and this will be something Planning will consider during the CUP process.
- What about cultivators who have registered? Do they just continue doing what they're doing?
 - If you are a registered cultivator you may be allowed to continue to cultivate during the permitting process, however you still must abide by all other building codes, City ordinances and state laws.
- City Council has instructed staff to add a buffer from parks but the distance is to be determined. If you are a registered cultivator and are closer to a park than the allowed distance that is decided, can you move and still cultivate and be "registered"?
 - No. If you are a registered cultivator and you move from the cultivation site you registered, you will not be able to cultivate until you obtain both a Conditional Use Permit and an operating permit.
- If there is a distance conflict with a park and a cultivation site, is it possible it will be part of the "call up" from City Council?
 - Regardless of the decision for distance requirement from parks, the Zoning Administrator or Planning and Design Commission can still decide on sensitive uses.
- Will someone have to apply for a CUP more than once if they wish to do two types of businesses on the same location?
 - City isn't sure yet what that process will be just yet. It will be determined on a case by case basis.
- Will a permit allow you to grow and sell?
 - Depends on what type of Conditional Use Permit you are applying for and depends on who you are "selling" to. If you obtain a CUP for cultivation you cannot "sell" to the public.
- Will there be a registration period for manufacture? What is the time line for getting permits for manufacture?
 - City staff has yet to determine if there will be a registration process for manufacture. Staff is hoping to have a permitting process in place by the 2nd quarter of next year.
- There is interest in microbusiness licensing from the State. Will the City also look at businesses that wish to fully integrate before the State starts issuing these types of licenses?
 - City staff still has more research and outreach to do regarding micro business permits.
- Are there any details available for what is required for a CUP?
 - There is some further details about what a general CUP requirements are on the city's website at www.cityofsacramento.org under Planning however there will be additional details for marijuana businesses wishing to obtain a CUP. The fees for the CUP have been set at the Zoning Administrator level which carries a fee of approximately \$13,000.
- Do dispensaries need a Conditional Use Permit (CUP)?
 - All marijuana business need a CUP and an operating permit.
- How many permits can you get?
 - You can obtain only two permits in two different categories, with some exceptions such as testing labs and distributors who can only obtain State licenses in that category. The City will defer to the State regulations on number and types of permits which can be obtained.
- Where does the City stand on CBD and hemp?

- Currently the City has not considered production using hemp. CBD will fall into the category of manufacture and need to follow those regulations once they have been adopted.
 - How will the City collect taxes being that marijuana businesses cannot get bank accounts? Will the City come pick up the taxes from the business? Will they provide an armored car?
 - The City does accept cash however it does not pick up payments from businesses. This is the responsibility of the tax paying business. The City will not provide an armored car however businesses can hire their own armored car service.
 - If the distance requirement from parks is 600 feet, will this include “parkway”?
 - The City is looking at distinguishing a “parkway” from active parks where there are children and members of the public.
 - When is the Neighborhood Responsibility Plan coming back to City Council for a vote?
 - City staff is currently working on the language and details of the Neighborhood Responsibility Plan. We are hoping to have it scheduled to go to Council in January.
 - Can people who want to apply for a Conditional Use Permit for marijuana businesses talk to a planner?
 - You can come into Planning and talk with a planner, however right now a planner could only generalize conditions of a location until all the distance requirements and zones have been approved.
 - Who can answer questions or who can we give language suggestions and recommendations to?
 - You can e-mail questions or recommendations to Ranelle Kawasaki at rkawasaki@cityofsacramento.org.
 - Suggestion for “parks” to be defined as parks with playgrounds as the City of Sacramento has a lot of parks that have no real public use and could lessen the potential useable cultivation sites.
- Where will nurseries and genetics fall under?
 - Nurseries will be part of cultivation and will abide by those regulations and requirements. Genetics may fall under testing labs, or other research and development but the City will need to further explore these types of businesses.
- Dispensaries currently have nurseries; will this mean dispensaries can also get a cultivation permit by default?
 - No. In the current dispensary code, dispensaries can have some immature plants on-site however this does not make them a full nursery by default in the code.
- When do you estimate that cultivation applications will be accept? Will there be caps on cultivation sites per category/size?
 - The City cannot accept applications until the moratorium is lifted and the moratorium will not be lifted until the additional pieces City Council instructed staff to work on have been completed. Staff is hoping to have them by the end of the 1st quarter or beginning of the second quarter of next year. City staff has not made recommendations for any caps on cultivation permits at this time.
- Regarding research and development for genetic manipulation of marijuana what zones would these be able to locate?
 - City staff will need to do further research on these types of businesses but some may fall under manufacture or possibly testing labs to determine what zones and other requirements these businesses will have.
- Who will get a CUP first for cultivation? Will registered cultivators have any priority?
 - No one will have priority. Applications will be processed on a first come, first served basis.
- Once the additional items for cultivation passes, when will applications be accepted? Will it be the next day, in 30 days?

- The City needs to ensure that staff can accommodate the acceptance of the large number of applications anticipated. Stakeholders will be notified once the application process is open.
- Where will the applications be and deadlines announced? Will applications be on-line or in-person?
 - The City Council decisions will be made public and a notification will be sent out to the stakeholder e-mail list. The City is not sure if we will have applications available on-line yet or if they will be hard copy and submitted in-person.
- Could a staffing company contract with a dispensary to do delivery? How will they be contracted, will it be like an Uber driver
 - City attorney will conduct further research on what is allowable regarding delivery and will ensure that City's regulations align with the State. City will also need to consider how drivers who do delivery for dispensaries are employed and report their employment.
- What will the application fees for delivery be?
 - The City does not yet have a fee schedule for permits for delivery however staff is working on cost analysis to ensure that the fees for all marijuana business permits will be enough to cover further code and police enforcement.
- Who will be the personal handling the product? What will the "chain of custody" be?
 - City will defer to the State's regulations but will conduct further research.
- Will permit fees be refunded?
 - No permit fees are non-refundable.
- Will the CUP fees be required to be paid by the owner of the property or the tenants? Will fees be set by the size of the property?
 - The City will require that landlords approve of the intended use of the land, however it is a business decision between the landlord and tenant as to who pays for the Conditional Use Permit. Fees will not be set by size of property but the level of approval for the CUP. The CUPs for cultivation will be heard by the Zoning Administrator which is approximately \$13,000.00.
- What part of the monies will be going to "enforcement"?
 - There will be enforcement for both legal and illegal marijuana businesses.
- The CUP process gives power to land owners. Is the City looking at any conflict of interest of disproportionate power to land owners as land owners must give their approval for the land use?
 - The CUP process for marijuana business is the same processes for any CUP. This is a decision that must be worked out between the land owner and tenant. City's purview does not encompass businesses decisions between private parties.
- How specific are the zones for cultivation? P
 - Zones approved for cultivation are A, C-2, C-4, M-1, M-1(S), M-2, M-2(S).
- Is the map on-line still being used?
 - The map was in the staff report and was to show City Council what the distance requirements would look like with the C-2 and additional distance requirements for 300-foot requirement from residential. For the most part it is still correct however the additional distance requirements for C-2 have been removed.
- What fees are annual and not? What fees are one time?
 - The CUP application fees is a one-time fee. The operating permit will either be annual or bi-annual. The City still has to decide on amount and time frame of permit renewal.
- Can you go through CUP process during escrow?
 - Yes so long as the owner has approved and signs off.
- Has the City talked with the County of Sacramento on lifting the ban on marijuana businesses?

- City and County will be having meetings however that decision is up to the County.
- What can the community do to help the discussions?
 - Reach out to board of supervisors in the County. Talked to your elected officials. Staff does research and makes recommendations however the elected officials put policies in place.
- Was Planning part of decision of zoning for cultivation?
 - Yes. Any change to Title 17 zoning code must also be approved by the Planning and Design Commission as well as City Council.
- When date comes for applying for permits (CUP and operating) will there be any merit based process?
 - Because the application process is so subjective, the City staff has recommended not using any merit based system for accepting applications and rather a first come first served basis. City staff still encourages to have the best business plans as possible, however we cannot work applications based any merit as staff decisions must remain objective.
- If you hand in a CUP and you are missing an item, will you be put back to the front of the queue?
 - Your planner will contact you and you will still have your application submitted and your place in the application process.
- Recommendation to have a tier-based system of accepting applications where City will accept so many first tier 1 and then will move on to another tier and accept more.
- What power does Jeff Sessions have or how should marijuana industry feel about his comments?
 - The City does not have scope to regulate anything other than local jurisdiction however City staff is keeping abreast of the changes in State and Federal legislation regarding marijuana policy.