

City of Sacramento
Marijuana Stakeholder Meeting
Meeting Summary Notes

January 30, 2017

6:00 – 8:00 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 Council directed staff to come back on additional items for cultivation, before lifting the moratorium. These items include:
 - An additional buffer from parks. This will go before the Planning and Design Commission on February 9, 2017.
 - Criminal history background to exclude some marijuana related offenses. This item will go before the City Council on February 28, 2017. **NOTE: MARIJUANA ITEMS ORIGINALLY SCHEDULED FOR CITY COUNCIL MEETING ON FEBRUARY 28, 2017 HAVE BEEN CHANGED TO FEBRUARY, 21, 2017.**
 - The Neighborhood Responsibility Agreement which was approved by City Council on January 19, 2017.
 - Staff projecting to go to City Council on February 28, 2017 to lift the moratorium on cultivation and possibly accept applications by the beginning of April 2017. **NOTE: MARIJUANA ITEMS ORIGINALLY SCHEDULED FOR CITY COUNCIL MEETING ON FEBRUARY 28, 2017 HAVE BEEN CHANGED TO FEBRUARY, 21, 2017.**
- MANUFACTURING AND TESTING LABS
 - City staff is working to draft ordinance language for manufacturing and testing labs. Staff is tentatively set to bring proposed ordinances before Planning and Design Commission in the beginning of March and on to City Council by the end of March.
- DELIVERY
 - City Council directed staff to work on a new delivery only dispensary ordinance. Staff is continuing outreach to stakeholders as well as further research. Staff encourages recommendations and input.
- DISPENSARIES
 - The moratorium on store front dispensaries is still in effect. City staff is considering possibly amending the current ordinance to allow for delivery only dispensaries as well as additional flexibility for changing locations when necessary
- TRANSPORTATION AND DISTRIBUTION
 - City staff is seeking further input from stakeholders and conducting research on other jurisdictions on these areas of marijuana businesses.
- PROPOSED OPERATING PERMIT FEES
 - Staff has worked on proposed operating permit fees for the different marijuana businesses. These fees are to cover the costs of processing the business operation permit application as well as staff needed for enforcement on illegal

businesses and business regulations for permitted businesses. Staff will bring the new proposed operating permit fees before the Budget and Audit Committee on February 7, 2017 and ask for to have the proposal forward the City Council for approval.

- CITY'S MEDICAL MARIJUANA WEBSITE
 - The City has a new marijuana webpage:
<http://www.cityofsacramento.org/marijuana>
 - Staff encourages any input and ideas on the webpage and additional information and articles to add to the page. If you have input on the webpage, please contact Zarah Cruz at zcruz@cityofsacramento.org or at (916) 808-8925.

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)**
 - Do cultivators who have registered have any priority?
 - At this time, those who registered will have no priority over those who did not. Registration does give you the ability to continue cultivating during the time of obtaining your CUP and operating permit however, you must apply within 90 days of the moratorium being lifted to continue to cultivate. If you do not apply within 90 days, you must cease cultivation until permits have been issued.
 - What is the price for the CUP permit?
 - Between \$13-\$15 thousand. There could be additional fees for site plan and other reviews if they are needed.
 - What is the price for the CUP permit - \$13-\$15k approx. There could be additional fees for site plan and other reviews.
 - Are the 30 dispensaries already permitted be allowed to also sell non-medical marijuana?
 - City staff will be seeking direction from the City Council on non-medical marijuana and how the City will proceed on its regulation.
 - Once you have submitted a completed application, how long does it take to get your permit?
 - This is all dependent on the location and project and the possibility of appeals. The process could take between 4-6 or longer before the CUP is issued. Each case is different.
 - Is there an advisory team to spearhead and take in the information that is submitted?
 - We do not currently have an official advisory team however the City is working on creating a new division who will be the leaders for policy and enforcement on marijuana. If you have information, recommendations or questions in the meantime you can contact Ranelle Kawasaki at rkawasaki@cityofsacramento.org or Zarah Cruz at zcruz@cityofsacramento.org.
 - Is there a way to apply for CUP within 600 feet of a school or park?
 - No cultivation site less than 600 feet from a school will be permitted. This is a State law and cannot be changed. If a cultivation site is less than 600 feet from a neighborhood or community park, the level of approval will be raised to the Planning and Design Commission level.
 - Are there advantages to having the lighting, odor filtration, energy efficiency and other plans in place before getting the operating permit?
 - These plans will be requirements of the operating permit application but it is a business decision as to when these plans are drafted or finalized

- by the applicant. They must however be complete upon submitting an application for the operating permit.
- Recommendation to look at the CC&Rs (covenants, conditions and restrictions) in HOAs and other lease agreements, before purchasing property to buy for cultivation as they can make a difference in what will be allowed on the property.
 - What will be discussed at the March 2nd stakeholder meeting?
 - Staff will be reviewing the Conditional Use Permit application process and what will need to be submitted in order to have a complete application as well as a review of the operating permit.
 - Due to all of the recent approvals for marijuana regulations, how is it that the City Council doesn't think there should be more marijuana dispensaries?
 - The City Council has not given staff direction thus far to open the process for any more dispensaries. Staff will be addressing the issue of delivery only dispensaries later this year.
 - How many cultivation sites with the City have?
 - We do not have a cap, but we are expecting at least a couple hundred applications.
 - Concerned that because of the high permitting fees there is an automatic barrier for those smaller businesses.
 - The City will revisit the issue of smaller businesses and cost of permitting them once we have further direction from the City Council on non-medical marijuana. The fee structure however is justified with the need for enforcement and cost to process applications.
 - Will there be a cap on distribution?
 - Staff is not recommending a cap on any marijuana businesses.
 - Dispensaries are a monopoly and a few have the benefit of setting prices. Is there any way to enforce what the dispensaries are doing?
 - Along with City ordinances, State will be regulating through track and trace software. It is not within the City's scope to regulate the price of the product that is sold.
 - Will the moratorium on cultivation will be lifted? What will happen when it is?
 - The City is going to City Council on February 28st to ask for moratorium to be lifted. The lifting will take effect 30 days after approval. You will not be able to start cultivating but the City can then begin the permit application process. **NOTE: MARIJUANA ITEMS ORIGINALLY SCHEDULED FOR CITY COUNCIL MEETING ON FEBRUARY 28, 2017 HAVE BEEN CHANGED TO FEBURARY, 21, 2017.**
 - What is accepted for product to move out of a cultivation site and be moved from site to distribution center?
 - Producers, both manufacturers and cultivators must use a transporter to move their product to a distribution center. This is a State law and the regulations are still being developed and differ between medical and adult use.
 - What type of advertisement will be acceptable for marijuana businesses?
 - State will regulate advertisements of marijuana businesses.
 - Are the permit fees refundable?
 - No, both the CUP and the operating permit fees are non-refundable and due upon submission of an application.
 - Is there a distance requirement between cultivation sites?
 - City Council did not approve any distance requirement between cultivation sites.
 - Can you get a CUP before you have a cultivator with an operating permit?
 - Yes. You can apply for a conditional use permit and not have any cultivator applying for an operating permit. If cultivation will eventually take place at the location, the cultivator must obtain an operating permit.
 - Are there any City guidelines about ventilation of your building?

- An odor control plan is required in the CUP and operating permit applications. The City will not give guidelines for the odor plan and the State will regulate this aspect however the City may make recommendations based upon what is submitted.
- Can you co-locate different types of marijuana businesses?
 - Co-location of different marijuana businesses will be determined by State regulations. Some permit/business types may not be able to co-locate for example a cultivation site and a testing lab.
- What does having a distribution permit allow you to do? Can you distribute all over the state?
 - You cannot legally deliver outside of the state, or in California cities with a delivery ban and interstate commerce will be regulated by the Federal government. The City does not currently have any regulations about where product from Sacramento can be sold.
- Will a nursery need a permit?
 - Yes. Nurseries will be considered cultivation and will require a conditional use permit and an operating permit.
- Do you have to be a non-profit even though we know that eventually the State will change this?
 - Yes, until the State formally adopts for-profit regulations and has issued a business a State license, they must operate as a non-profit.
- When will business permits for construction be available?
 - Building permits and plans are submitted with the CUP process.
- Do you have to be a resident of Sacramento?
 - There is no residency requirement.
- If you expect to have 200 cultivation sites and only 30 dispensaries there would likely be a need for more dispensaries.
 - Cultivators can sell outside the City so long as they abide by State and other local laws. While we expect to have a couple hundred apply for a cultivation business, the City is not sure how many will obtain a permit and operate.
- Will there be a cap on the amount of property for sale for marijuana businesses?
 - The City does not control real estate property or its sale.
- At some point the City will reach a saturation point of CUP applications. Will the City eventually stop accepting applications?
 - Currently, the City plans to continue to accept applications that are complete and submitted.
- Is there an appeal process and what is the time frame for someone to appeal?
 - There is an appeal process. The time frame to appeal is 10 days from the decision of the body that either approved or denied the Conditional Use Permit or the operating permit.
- If a property owner submits a CUP only, will they be required to submit the security plan?
 - Yes, a security plan must be submitted with the conditional use permit application also.
- If there is a loan on a property you want to obtain a CUP, will this affect your ability to get a CUP?
 - From City's prospective no. Applicant must have owner's approval for use of property.
- If you have a cultivation site in another city, can you transport your product to Sacramento?
 - You would need a license with the State to transport, but you can sell to any City that allows marijuana business.
 - Is there a Research and Development permit?
- There is currently no specific permit for research and development.

- What will determine a delivery service being independent and being tied to brick and mortar dispensary?
 - State law and what City Council wants to regulate. Currently State law requires delivery be tied to a physical location.
- How will buildings that have had changes made without building permits for cultivation be handled when the CUP applications are submitted?
 - City inspections will determine if work is done properly and building permits are needed.
- How does the Neighborhood Responsibility Plan work?
 - Per resolution adopted on January 19, 2017. You find the full staff report and staff resolution here http://sacramento.granicus.com/GeneratedAgendaViewer.php?view_id=22&clip_id=3926.
- Is there a cap on the number of operating permits a group or entity can apply for?
 - The State does have some restrictions on cross-licensing.
- How are CUPs being handled for other marijuana business such as farmers market, etc.
 - Currently these types of events are not allowed. Marijuana can only be sold by permitted dispensaries to qualified patients. Must have proper event permits also.
- Regarding the criminal history background checks, who will be allowed to be employed?
 - The policy proposed to the City Council would allow those with criminal history backgrounds that do not meet the current be given consideration based on the individual circumstances. This item is going before City Council for consideration on February 28th and the full staff report and ordinance will be available here http://sacramento.granicus.com/ViewPublisher.php?view_id=21. **NOTE: City Council will now hear this item on February 21, 2017.**

III. Upcoming Public Meetings

- Planning and Design Commission – Thursday February, 9, 2017 – 5:30 pm
- City Council – Tuesday February 21, 2017 – 6:00 pm
- Stakeholder Meeting – Thursday, March 2, 2017 2:00 pm and 6:00 pm