

City of Sacramento
Cannabis Stakeholder Meeting
Meeting Summary Notes

July 7, 2016

10:00 – 12:00 p.m.

Pannell Meadowview Community Center – 2450 Meadowview Road, Multi-purpose Room #103

I. Updates

- Non-Medical Tax Measure
 - In November of 2016 the City is considering placing an up to 10% Business Tax on the ballot for non-medical marijuana which would apply to retail sales only.
- Registration Forms
 - The City received a total of 178 cultivation registration forms, however many of them did supply adequate evidence of cultivating as of February 2, 2016.
 - City staff has decided that at this time the registration forms will be for internal information and reference.
 - Submission of a registration form does not guarantee one will receive a cultivation permit in the future
- Ordinance Updates and Staff Recommendations
 - Title 17 Ordinance (Planning and Development Code)
 - Any changes to the Planning and Development Code require review by the Planning and Design Commission. The public hearing is scheduled for July 21, 2016 at 6 pm in Historic City Hall, 2nd Floor.
 - City Staff Recommendations (**NOTE** these are only the City staff recommendations that will be presented to Planning and Design Commission and City Council. These have NOT yet been approved or adopted):
 - **FOR ALL ZONES (A, C-2, C-4, M-1, M1S, M-2 and M-2S)**
 - Conditional Use Permits will be required and will be approved at the Planning and Design Commission level
 - Cultivation must be within a fully enclosed building and must not be visible from the public right-of-way
 - Cultivation must comply with all applicable state and local laws.
 - Only one sign is allowed. The sign can be attached or detached. The sign cannot be illuminated and cannot exceed six square feet in area.
 - The cultivation site may not be located within a 600 foot radius of a school.
 - **FOR C-2 ZONE ONLY**
 - Cultivation operation cannot exceed 6,400 square feet in area
 - The cultivation site may not be located within a 300 foot radius of a residential zone.
 - The cultivation site may not be located within a 600 foot radius of a school or a park.
 - The cultivation site may not be located within a 1,000 foot radius of another premise with a marijuana cultivation permit.

- Title 5 Ordinance (Operating Permit) Update
 - City staff is still working on the details of the operating permit regulations and application process and plan to propose recommendations to the Law and Legislation Committee during the August 9th meeting.
 - The concept of a Request For Proposal (RFP) process is being considered for selecting cultivators.
- Manufacture and Delivery
 - City staff is still working on regulations for manufacture and delivery with details to come as soon as more information becomes available. Staff is open to hearing input and recommendations.

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)**

- Will Conditional Use Permits be needed for all zones?
 - Yes a CUP will be needed for ALL cultivation sites in ALL zones. City staff is recommending they be heard at the Planning and Design Commission level.
- Will manufacture be limited to non-volatile?
 - Yes for now. City Council has asked to limit manufacture to non-volatile.
- What will the fee structure for application process be?
 - City Staff is still working out the details of the application process and fee structure for the operation permit. Staff will recommend that the Conditional Use Permit be approved at the Planning and Design Commission level which carries a fee of \$22,000.00.
- Will you be accepting applications for other business during the time of the application process for cultivation?
 - We will accept applications for cultivation once we have a Title 5 operating permit regulations and an application process in place. We will not necessarily have a process in place for other marijuana business at the same time as City staff is still working on the details.
- If the CUP stays with the land, what happens if the owner moves?
 - A Conditional Use Permit is a land use permit and stays with the land. A person must either be the property owner or have the property owner's permission to apply for a CUP. If the permit is approved, the use must be established at that site within three years, unless otherwise stated by the commission. If use of the site is discontinued, the same use is permitted to operate that the site but must be established within two years, unless otherwise stated by the commission.
- Do you have to have a CUP before you get an operating permit?
 - No you do not necessarily have to have a CUP before an operating permit. You can apply for one before the other, or simultaneously. These are business decisions that will be left up to the applicant.
- Recommendation to take into consideration the cost of the delivery service vs. cultivation. Delivery services will likely not gross as high as cultivation and should not have to pay the same permit fee of \$22,000.

- Delivery will not need a CUP unless brick and mortar. We do not yet know the final application fees for the operational permit for delivery and will depend on the amount of City staff time determined to process each permit.
- What is the distinction between a nursery and a wholesale cultivation site when it comes to the land use?
 - According to State regulations, a nursery is a type 4 license. If a person wishes to operate a nursery with marijuana, and apply for a Conditional Use Permit, they will have to abide by the same zoning and distance requirements as any other cultivation business.
- For delivery there is talk of have to be affiliated and working for a dispensary, will this be for sure? Will you be able to only deliver in a specific area?
 - The City is open to looking into other models with regard to independent delivery services and companies not associated with a dispensary, until such time that we are ready to bring to City Council for approval. MMRSA however currently restricts delivery to being connected with a dispensary. If you have further recommendations, please e-mail them to rkawasaki@cityofsacramento.org and they will be reviewed. At this time, we have not decided any area restrictions with regard to delivery.
- How can you get a presentation to bring to City Council on delivery and recommend stand-alone delivery service?
 - You can schedule a meeting with Joy, Brad and Randi in order to discuss any delivery service models. You can do this by e-mailing Ranelle Kawasaki at rkawasaki@cityofsacramento.org.
- Will you be allowed to have multiple cultivation sites on one cultivation premise?
 - Yes, as long as the canopy of the individual cultivation site is less than 22,000 square feet. For example, you can have a building (a premise) that is 40,000 square feet, and have two cultivation sites, each 20,000 square feet of canopy or four cultivation sites on the premise, each 10,000. Other restrictions will mostly likely be added.
- What is the definition of parks?
 - There is only recommendation to have a distance requirement for parks in a C-2 zone. Parks will be defined as per Sacramento City Code section 17.108.170, which states that a park means “all publicly owned and operated parks that are used, operated or maintained for recreations purpose”.
- If cultivation will be considered wholesale, what is considered wholesale and what is considered retail?
 - Wholesale entails those that there are no members of the general public going to cultivation sites. Only dispensaries will be permitted to sell to the public.
- What is the estimated cost of the operating permit?
 - City staff does not yet have an estimate of the operating permit? Operating permits for dispensaries is \$12,600 annually however it will depend on the amount of staff time it takes to process cultivation operating permits.
- Will there be any advantage or priority given to those that handed in a registration form? With those who handed in a registration form be given any leeway with regard to sensitive uses or will City Council be able to consider the restrictions that were not in place before they registered?
 - There will be no advantages given to those who previously registered a cultivation site and everyone will have the same opportunity and will

- have to abide by the same land use and distance requirements. Having been a registered cultivation site will not give you any priority.
- Will there be any restrictions to the type of growing medium used for cultivation.
 - No. City staff is open to seeing what is proposed in the RFP process with regard to how cultivation sites are run. Types of soil used will likely be regulated at some point by the Department of Food and Agriculture.
- As wholesale grower, must you only sell or do business in the City or can you expand?
 - We do not yet know if there will be any restriction on where you can sell or distribute.
- If you own an industrial building and you get a CUP, you can lease your building out to those who have an operating permit?
 - Yes. You can partner up with someone who has an operating permit if you own a building with a CUP.
- Will there be any opportunity for any new dispensaries? Concern that if not there will be more product than what the current dispensaries can sell and this will lead to illegal product on the street.
 - At this time no, we have no direction from City Council to open the process up for new dispensaries. We do not plan to have restrictions in terms of legal distribution outside of the City.
- Any thought on zones for manufacture?
 - City staff does not yet know what zones manufacture will be allowed and this will be addressed once City staff completes looking into regulation for manufacture operations and permits. Staff is still in need of conducting more research and are open to hearing recommendations from stakeholders.
- Will manufacturing and delivery proposals be fully finished by the time of the Law and Legislation meeting?
 - No. City staff expects to only have recommendations on the operating permit and application process at this time. Manufacture and delivery will be to follow at a later time.
- Can you apply as one business for different permits?
 - According to MMRSA, State of California will only allow two permits in two different areas. The City is deferring to the State on how many permits an entity or business can hold.
- How long does the CUP process take?
 - Approximately 6 months.
- Having the CUP fee set at \$22,000 for most growers who will likely own a 1,000 square foot lot or less, is expensive. Can you have different fees for the CUP based on level of permit/size of grow?
 - No. The amount of the CUP is based on the level of its approval. Staff is recommending approval at the Planning and Design level which carries a fee of \$22,000.
- West Sacramento allows distribution. Concern that if we do not allow distribution we will lose the opportunity.
 - We may look into distribution but at this time, we've been directed to look at cultivation, manufacture and delivery. West Sacramento is not

allowing cultivation, dispensaries and other marijuana business so not allowing distribution in the City of Sacramento right now should not have a large impact on our competitiveness in the cannabis industry.

- Will people still be able to grow for personal use in a residential zone?
 - Nothing will change with regard to cultivation in a residential zone for growing for personal use.

III. Work plan and upcoming dates

- Planning and Design Commission public hearing – July 21, 2016
 - Will be hearing amendment to Title 17 (Planning and Development Code regarding land use only)
- Law and Legislation Meeting – August 9, 2016
- City Council – August 16, 2016