

City of Sacramento
Marijuana Stakeholder Meeting
Meeting Summary Notes

January 30, 2017

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 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 and provide flexibility on a case by case basis. 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 28th 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)**
 - What does staff mean when they say “everything will be ready by August”?
 - Staff is working on draft ordinances for other marijuana businesses. As the regulations are brought to and approved by City Council, staff is hoping to being accepting applications and is attempting to get regulations in place before the end of the summer (August 2017).
 - What is the City doing to address the workers' rights and responsibilities? Cal OSH, etc. Recommendation to make this information available to the public.
 - City is not currently involved in this aspect of business, but is open to recommendations.
 - When will we be able to get the updates as to when dispensaries will be available?
 - You can utilize the City's webpage as well as sign up for the e-mail distribution list to get updates on the City's progress on marijuana regulations.
 - Are nurseries part of cultivation?
 - Yes. To operate a nursery, you must obtain a CUP and Operational Permit for cultivation.
 - What is the order of operations between submitting an application and getting a permit?
 - Dependent on completion of your CUP application packet and the location/site itself. The CUP process is based on plans or specific sites and every location will be different.
 - Can you go through the CUP process before spending money on the investment of the project and changes to building?
 - Yes. You can submit your plans to change the building or site before completing them. More detailed information to come with regard to the CUP process at the March stakeholder meeting.
 - Will transportation come to City Council on February 28th?
 - No transportation will come to Council at a later date. Staff is still doing research and seeking input. Please send staff any recommendations for draft regulations.
 - Are the fees that were shown the CUP application fee?

- No these fees are proposed operating permit fees. The CUP application fee will be above and beyond and separate from the business operations permit fee.
- Is this fee different from the 1% Neighborhood Responsibility Plan?
 - Yes. The CUP and Operating Permit fees are to cover the cost of processing the applications and the program. The Neighborhood Responsibility Plan is a voluntary plan the City is asking businesses to enter, but is separate from any application fees.
- How much is the CUP fee?
 - Approximately between \$13-15 thousand. If additional plans and reviews are needed, there could be additional fees.
- How does the City envision the "1st come first served" application process?
 - The City Planning Division will only accept a CUP application that is complete. Once you get your applications accepted and receive a file number you can apply for your operating permit. The CUP process is dependent on so many variables as every site/plan/project is different.
- Is the CUP application based on merit?
 - No, it will be based on "completeness" of the application.
- Regarding security, how will the decisions about security be made? Has the Police Department set up standards of how security should be set up so that individual premises are secured?
 - The Police Department does have some standard security requirements, typically security cameras and additional surveillance. There may be other specific site specific requirements from PD. Business security plans will be reviewed by PD for approval.
- What is the definition of "premise"?
 - The City's marijuana cultivation code does not define premise but uses "cultivation site". The definition of "cultivation site" in section 5.150.020 of the Sacramento City Code is "the portion of the parcel of real property upon which a marijuana cultivation business is operated".
- What type of insurance policies will be required for a permit?
 - Per section 5.150.340 of the Sacramento City Code, "the applicant's certificate of commercial general liability insurance and endorsements and certificates of all other insurance related to the operation of the cultivation business".
- In the application process, live scan fees are required - where can the fingerprints be done and where can the requested documents available?
 - City staff does the fingerprinting. Once the application process is open, the City will give instructions on where and how to obtain live scan fingerprinting for employees of the cultivation business.
- Is it safe to have manufacturing in gated (commercial) communities?
 - There could be fire safety issues with cultivation in any gated communities. This would be vetted during the CUP process.
- Can you cultivate outdoors?
 - All cultivation must be indoor.
- Will the City regulate volatile extraction?
 - No. The City is only permitting non-volatile extraction processes. Further definition of this will be given once the proposed manufacturing ordinance is written and available.
- Does the City expect to see credit unions or banks allowing marijuana businesses to have accounts soon?
 - While the City understands the public safety issue, the City cannot make decisions on Federal banking issues however City is working on procedures for ensure cash payments are handled in an appropriate manner. The City will be advocating for changes to banking laws at the State and Federal levels.

- If a cultivator applies for a CUP can they begin to cultivate while the application is being reviewed?
 - No, to begin cultivation you must obtain both the CUP and the operational permit. Only those that registered can continue cultivating during the process of obtaining their permits, but registered cultivators must apply within 90 days after the moratorium is lifted or they must cease cultivation until both permits are obtained.
- Will green zones ever be rezoned to allow for marijuana?
 - Zoning for marijuana business are done by land use regulations.
- Will the City make the operating permit fees available to the public?
 - Yes, the fees will be made public by the end of the day on February 2, 2017 before the Budget and Audit Committee on February 7, 2017.
- There will be inspectors coming into the cultivation sites. How is this working with Cal OSH?
 - Cal OSH is a state agency and the City does not have purview over what State agencies regulate.
- Will the notification for CUP be standard or will there be additional requirements?
 - The public notice for marijuana cultivation CUP permits will be the same as with any other business that requires a CUP and public notice will be given before the public hearing.
- Is there oversight in the different areas between the State and the City?
 - City is regulating what is in our scope and the State will regulate what is within their scope. The State will also be implementing the "track and trace" under the State system.
- There is an interest in cannabis tourism business. At what point does staff think City Council will look at alternative marijuana business - café, etc.
 - This won't happen until adult use is addressed and City staff gets direction from Council on adult use which staff is going to do soon.
- Where is the manufacturing ordinance located and what are the business operating permit fees?
 - The City is still drafting the manufacturing regulations and will bring them to City Council for review in March. The business operating permit fees are being brought to City Council for approval on February 28, 2017.
NOTE: MARIJUANA ITEMS ORIGINALLY SCHEDULED FOR CITY COUNCIL MEETING ON FEBRUARY 28, 2017 HAVE BEEN CHANGED TO FEBURARY, 21, 2017.
- Has the Police Department commented on the fencing for cultivation sites.
 - There are regulations in place already for standard height of fencing. Cultivation sites must not have cultivation visible to the public.
- Do all marijuana business in need a CUP?
 - Yes all marijuana businesses must get a CUP for the approval of the land use and all cultivation sites in all zones but have an approved CUP.
- Is the City looking at micro-farming?
 - Currently the City has a cultivation permit for up to 5,000 square feet. City will address smaller micro-businesses once we get further direction from City Council on non-medical marijuana.
- If there is an existing indoor cultivation facility, can you add a greenhouse on the same parcel?
 - This depends on the individual site and is reviewed by the Planning division. Again, it cannot be visible from the public right of way.
- If the manufacturer is using a commercial kitchen, does it need a CUP?
 - Yes, if there is marijuana being used in the business and there will be product on site you will need a CUP.
- When does the City expect to have the zoning available for manufacturing?
 - Will be being brought before PDC and City Council hopefully by March.
- Will there be opportunities for more brick and mortar dispensaries?

- The City will be considering amending the dispensary ordinance - for delivery only dispensaries, but not for brick and mortar. We will be requesting more direction from Council on dispensaries and delivery only dispensaries.
- Can you wholesale your cultivation product outside the state?
 - The City does not prohibit the sale of product to other cities so long as all State regulations are being followed.
- If apply for a CUP for a 5,000 location and wish to expand, can I?
 - Perhaps. Each site/location is different regarding CUP approval. This would be a decision for the Planning division and could require a new CUP approval.
- Can cultivator hold a distribution license also?
 - The State has its own regulations on cross licensing. Some types of licenses are not allowed to be combined. Should refer to the State about cross-licensing.
- What are the approved zones for cultivation?
 - Approved zones are A, C-2, C-4 M-1 M-1(s), M-2 and M-2 (s).
- Are there caps on marijuana businesses?
 - There are currently no caps on marijuana businesses.
- Will there be a registration process for current deliveries?
 - Staff is unsure at this time if there will be a registration process for other marijuana business and will inquire with Council for direction.
- How will the City regulate the delivery of seeds, mailing of seeds?
 - Not sure, but may fall under cultivation/nursery. Staff will continue to do research.
- How should existing deliveries pay their taxes?
 - Currently the City of Sacramento doesn't regulate or allow delivery services therefore we cannot accept tax payments. This will however be addressed in the near future.
- Did the City inquire with SMUD about an energy plan?
 - Yes the City is working with SMUD to weigh in on the energy plans what will be submitted with the applications. Staff encourages applicants to meet with SMUD on individual cultivation site requirements.
- Is the City looking a vertical integration?
 - If adult use is recommended by City Council, the City will look at microbusinesses including some form of vertical integration.
- Are the fees for the permits - CUP and operational paid up front?
 - Yes, fees are paid upfront and they are non-refundable. Applications will not be accepted without fees being paid.
- Will the existing deliveries have any priority over those who have not yet begun to operate?
 - Staff is not sure yet about any priority given for those who are already operating. This will be addressed once staff is closer to drafting the ordinance regulating these businesses.
- Whose responsibility will it be to submit the documents for the CUP vs. the operational permit?
 - This is a business decision between the land owner and the business operator. The City does not dictate who submits the documents but incomplete applications will not be accepted.
- When do you pay the operating permit fee?
 - The Operating Permit fee is due upon submission of the application. The renewal fee will be due one year from the permit issue date when the renewal application is submitted.
- Is cultivation site square footage is by canopy size or the building size?
 - The size of the cultivation site is determined by the size of canopy, not the building.

- As a nursery, will you be able to sell to other growers or dispensaries?
 - You can sell to other growers and dispensaries, but may not be able to directly sell and perhaps must go through a distribution center. All cultivator must adhere to State guidelines and laws.
- When will the City have micro-businesses?
 - The model for micro-businesses is under AUMA. The City must first get direction from City Council on how to proceed on adult-use. If the decision is to regulate then staff can begin working on process for permitting micro-businesses.
- If someone gets an under 5,000 square foot nursery facility, would you still need an odor control plan?
 - Yes. For now, if you have a under 5,000 square foot nursery, the only City permits available to apply for would be the up to 5,000 square foot cultivation permit and that does, like all other cultivation permit applications, require an odor control plan. There may be further changes to our City codes in the future to allow for smaller businesses and nurseries under 5,000.
- What is the process from cultivator to dispensary?
 - All product is supposed to go a licensed distribution center by a licensed transporter. The sale needs to go through the distribution center, perhaps not physically but that is a State regulation that will need to be followed. The City is examining and following the State regulations and all of its changes.
- What is the price you can charge for your product?
 - Price of product is not being regulated by the City and is up to individual businesses.
- What is the time limit that a registered cultivator must apply for the CUP and operating permit?
 - Those who are registered cultivators have 90 days from the effective date of the lifting of the moratorium to apply for the CUP and operating permit. After the 90 days has expired, one can still apply but would need to stop cultivation until both permits have been issued.
- Will the CUP and operational permits be public?
 - Yes, both the conditional use permits and operational permits and applications are public record.
- How are the fees for CUP and Operational permit determined?
 - Each of the fees are determined by cost of processing application, including staff time and resources.
- What is the City doing about the black market?
 - Once application fees are paid and fund are established, the City intends to begin working with law enforcement to shut down grows that are operating illegally. Enforcement will initially target illegal residential grows with the fees covering the costs of this effort.

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