

City of Sacramento

Cannabis Cultivation Meeting

Meeting Notes

March 22, 2016
10:00 – 12:00 a.m.
City Council Chambers – 915 I Street, 1st Floor

I. Announcements

- City has currently not made decisions on cultivation operation requirements and has not yet established an application process or operating permit.
- Has decided that cultivation will be allowed in some commercial, industrial and agricultural zones and that there will be a conditional use permit required.
- City asked current cultivators to register and show proof of cultivation and having an established business before February 2, 2016. The original deadline was Thursday March 3, 2016 and City received 62 however received feedback that there were more that did not know of the registration process. City Council agreed on March 15th to extend the deadline to April 14, 2016.
- City Council extended the moratorium on cultivation for another six months to allow time making decisions on regulation of cultivation and a permit process.
- Information we're seeking feedback on:
 - How much grow space do we need? How many permits issued? Should there be a cap and if so what should that be?
 - Should cultivators only be tied to a dispensary?
 - Should we allow product to be sold outside City of Sacramento?
 - Concerns about infrastructure?
 - Odor control and how to regulate?

II. Questions, Comments and Recommendations

- **RECOMMENDATIONS and COMMENTS from AUDIENCE:**
 - Currently considered distances of 600 ft or 1,000 ft from sensitive uses are not enough. Children should not have to walk past a cultivation site and it is not a safe situation.
 - Should have 24/7 and fully armed security.
 - Mold can become a large issue and should be addressed.
 - Should have enough Code Enforcement in order to do inspections often enough.
 - Concern of health issues for the young, elderly and pregnant. Further from schools, businesses will be the best.
 - The problem is really with residential cultivation. Cultivation should be commercialized and regulated and not allowed residentially. Creates crime and health concerns in neighborhoods.
 - Should be as far away from a school as possible.
 - Regulations require an initial and annual inspections and certification for structural fire safety by City Fire department and emergency evacuation for staff.
 - Best practices of other States for regulating cultivation sites interface with the electric grid should be studied by the City and incorporated into regulation.
 - Regulation be adopted that cultivation sites should be located 6,000 for more feet from residential neighborhood, school or church.
 - With regard to any marijuana business, City should regulate and cap the number of these businesses in each council district. Districts 2 and 6 have a disproportionate number of marijuana businesses.
 - The City of Sacramento should regulate and tax marijuana delivery services. Per the internet today, there are 83 delivery services.

- City Code Enforcement staff should be enhanced to conduct the proper enforcement and cultivation sites should be taxed appropriately to provide the additional staff needed.
 - Regulations for marijuana businesses should parallel that of alcohol.
 - Regulation for residential should mirror that of cultivation in commercial, industrial and agricultural.
 - Time for meeting should be after work hours so more people are able to attend and give feedback.
 - Would like to be a part of the design of what cultivation sites look like – set back from road, layout of foliage, etc.
 - The City should use best practices of other States that have approved marijuana in order to determine the impact on air quality.
 - City should consider co-op cultivators in single location where regulation will be easier and share in the cost and not increase crime in residential.
 - Level of education, training and experience needed for those who will inspect will be high if those are to inspect all areas – air quality emissions standards, particulate control. Possibly will desire safety retirement if performing this level of inspections.
 - Too much of a burden to put on one person, the Zoning Administrator. It should be a larger body.
 - City needs to slow down the process on cultivation regulation.
 - Recommendation to look at resources of City auditor in order to have adequate staffing to deal with additional work load to audit cultivation as well as dispensaries.
 - Belief that the ballot measure is a rouse for what the monies are going to be used for. Monies should be used for security for neighborhoods.
 - Sac PD has announced that they will also screen for impaired under influence of drugs along with alcohol. Officer Chris Prince. Research underway in several states of the impairment of THC and level.
 - Continuing to take monies from programs like these when children are still playing in dilapidated communities does not seem right.
 - Agree that measure on tax for cultivation should go to ballot.
 - The City should attend neighborhood association meetings and/or have meetings in the evening.
- **QUESTIONS from AUDIENCE and CITY STAFF RESPONSES:**
 - Are there any agricultural zones in Sacramento anymore and where are they located? How many acres are there?
 - Unsure of the acreage. There are few left but they are scattered throughout Sacramento, some particularly in the north area.
 - What zones is cultivation allowed in?
 - C-2 general commercial and C-4 heavy commercial
 - M-1S light industrial, M-2 heavy industrial and M-2S heavy industrial
 - A agricultural
 - Who is the current zoning administrator?
 - Currently Joy Patterson, who can be reached at 916-808-5607.
 - How does the conditional use permit and appeal process for use permits go?
 - Whether the level of approval starts at the Zoning Administrator level or the Planning and Design level, the appeal process is similar. Appellant has 10 days to appeal and a fee is due. There is also a public notice sent out. The hearing before a zoning administrator is before one person, a hearing before the Planning and Design Commission is before a body of 13. The fees due for hearing before the Zoning Administrator are less than that of the Planning and Design Commission. If a decision before the Zoning Administrator is appealed, it will go to the Planning and Design Commission. If the hearing begins at the Planning and

Design Commission and is appealed, it will go then to the City Council. Zoning Administrator hearings are conducted weekly whereas Planning and Design Commission hearings are bi-monthly.

- What will the requirements for air ventilation be for cultivation sites?
 - We don't have specifics regarding ventilation; however our focus has been on odor control for cultivation sites.
- Has the City discussed how many plants will be allowable per square foot?
 - State has maximum of 22,000 sq foot per premise. We have not yet defined premise.
- Will the City address water waste run-off coming from grows?
 - State has regulation on the environmental issues and City will likely defer to State regulations.
- Has security requirements been determined?
 - We have not yet determined the specific requirements but will have security requirements that will likely be quite robust.
- Does the City know how much is currently sold by dispensaries?
 - We know how much is sold in dollar amount, but not by any other measurement.
- Dispensaries do not seem forthcoming with information. How will the City require dispensaries to be more forthcoming with their information?
 - We have thus far relied upon dispensaries giving us true information with regard to cultivation and where they obtain their product. We will look further into how we can gather more accurate information.
- Are the 600 ft or 1,000 ft from parks or school all that is being considered?
 - This is all the City has considered thus far and we are still looking for feedback on the distance requirements.
- What is the definition of schools with regard to distance requirements?
 - Any school, K-12.
- When will the recommendations be going to City Council?
 - The City has a tentative work plan to get the recommendations on cultivation operations by June 2016. This could change depending on the work load.
- What are the punitive damages for those who do not follow City Code?
 - The City has not yet made decisions on the enforcement of those who do not follow City Code.
- Who currently inspects dispensaries? Because some sell edibles should they be inspected like restaurants?
 - Zoning investigators inspect each dispensary once a month. City reached out to the County Health Department regarding inspection of dispensaries and they did not want to conduct inspections.
- Will there be advertisement of the warehouses used for cultivation?
 - The City is considering not allowing any advertisement of cultivation sites.
- What testing will be done for molds and pesticides and levels of THC in edibles?
 - The State is tightening up restrictions for testing products and setting restrictions for levels of THC.
- If there are permits for dispensaries and cultivation, who does the processing? Will every step be taxed?
 - The State has different licenses that will be issued, cultivation, manufacturing (edibles, oils, etc), transportation, testing, distribution, dispensing and transportation. State regulates how many licenses can be held by single person/entity. Likely each level will be taxed and the City will tax wherever they can.
- What is the current situation with the power consumption? Some areas have had blowouts in some locations with these large grow sites.

- We do not yet know the impact on the power consumption but it is a concern the City should address.
- What is the current allocation for the revenue coming from cultivation?
 - City Council approved to put initiative on the June 2016 ballot to allocate 5% cultivation tax to go to Children's Fund.
- Regarding Children's Fund, who will decide where the monies are allocated with the fund? Will the monies be shared across the city or to specific districts?
 - Some structure in place – some to City programs and some would be designated by grants. More information will become available once on the ballot.
- How much of the profit goes into the general fund and what it is earmarked for?
 - Last fiscal year brought in almost 3 million dollars from dispensaries. The City collects 4% of the gross of the dispensary. Cultivation will at least be \$1.5 million considering the dispensaries likely mark-up product by half; however where the monies go will be determined by the ballot measure.
- Are there any tests like DUI with alcohol and other drugs for driving under the influence of marijuana?
 - Not currently that we're aware of however the is part of the State initiative.
- What is the impact on the traffic in which these cultivation sites are going to be located? Are there any considerations regarding the amount of traffic that will be brought to the area? Even employees not just customers will increase the amount of traffic.
 - Traffic impact is assessed within the Conditional Use Permit process.
- Midtown still has empty lots - will cultivations be allowed in these small lots?
 - Cultivation is not allowed outdoors in any zone. The zoning for these lots is likely in residential and this must also be indoor.

FROM COMMENT SHEET submitted after meeting:

- From the 62 cultivators you received registrations from, what is the predominate zone of the location?
 - Upon first review, the majority were in district 6 with district 2 coming in second.
- It was mentioned that land and property values, rent has or will increase. Why is that?
 - Due to there being only limited locations that will meet requirements and suitable for cultivation and the large number of interested parties, property owners have realized that there is money to be made for those who can afford and are willing to pay to lease or purchase their space. High demand, low supply increase values.