

**CITY COUNCIL MEETING
TUESDAY, JANUARY 15, 2019**

PRESENTATIONS

ITEM 9 – LB 19-003

**UPDATE ON COMMERCIAL CANNABIS PERMIT
PROCESS AND FUTURE ROUNDS AND
APPROPRIATION OF FUNDS FOR COMMERCIAL
CANNABIS PERMIT PROGRAM SECOND TIER
REVIEW**

Commercial Cannabis Permit: Process and Future Rounds

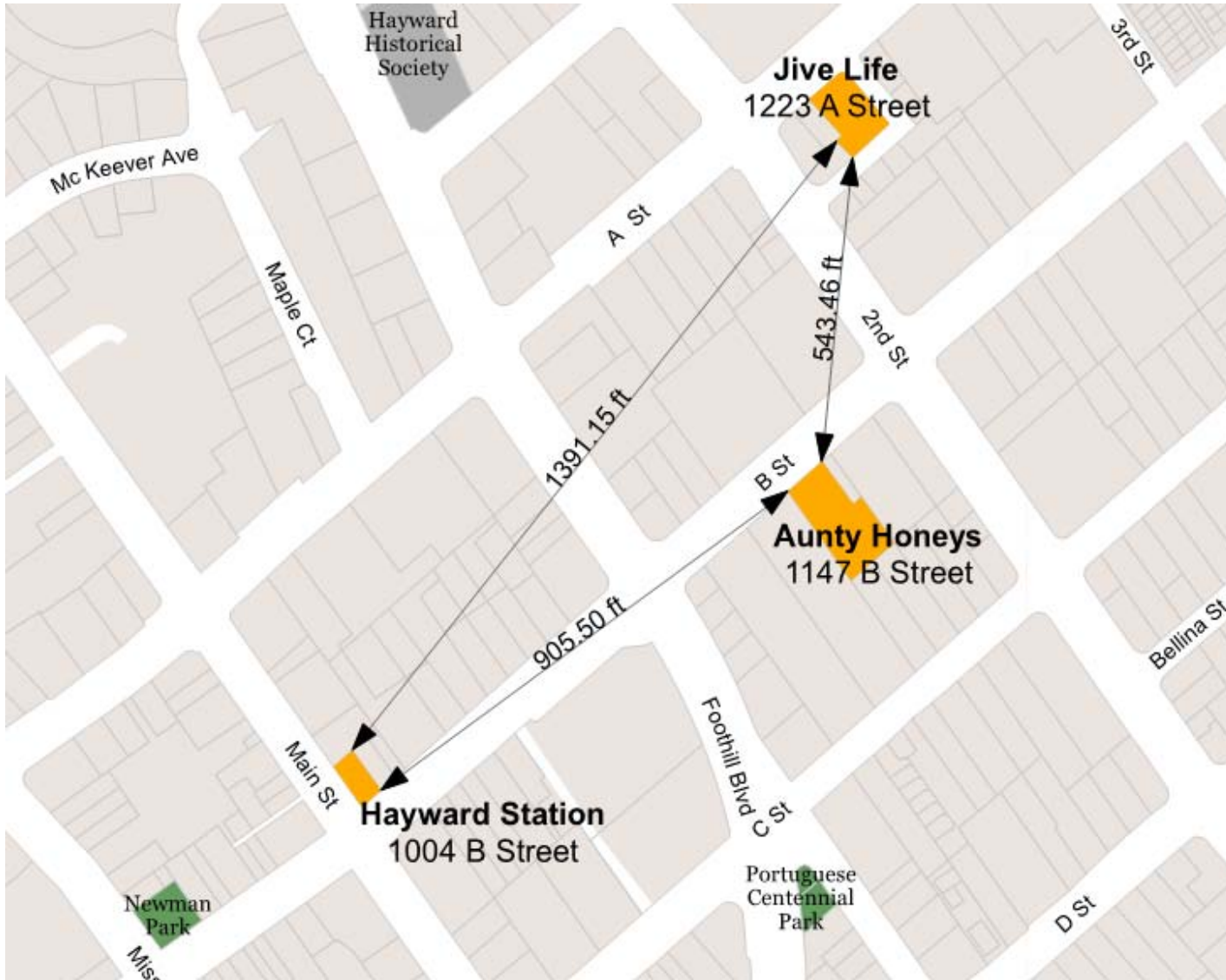
January 15, 2019
Jeremy Lochirco, Principal Planner
John Stefanski, Management Analyst II



Required Buffer for Retail Dispensaries

Cannabis Land Use Background

- Land Use Ordinance adopted in November 2017
- Retail Dispensaries required to observe 1,000 foot over-concentration buffer
- RFP released in December 2017; Three applicants selected with two applicants referencing site location
- Three dispensary applications submitted. The three applications are pending review or currently incomplete
- All three are located within 1,000 foot buffer from one another



Policy Considerations

Staff seeks Council feedback on the following policy considerations for the Cannabis Retail Dispensaries:

1. Reduce or Eliminate the Over-Concentration Buffer
2. Add Flexibility to the Over-Concentration Buffer
3. Applications Processed First-Come, First-Served
4. Maintain the Over-Concentration Buffer

Option 1: Reduce or Eliminate the Over-Concentration Buffer

- If Council does not believe the 1,000-foot over-concentration buffer is necessary, staff can process a zoning text amendment to reduce or eliminate the 1,000-foot requirement from the zoning ordinance.
 - Result in several dispensaries within close proximity of one another
 - Expand number of sites currently available
 - Reduction to a fixed number
 - Council could consider all three applications in current locations once zoning text amendment was completed (February/March 2019)

Option 2: Add Flexibility Buffering Requirement

- State law requires cannabis businesses be subject to a 600-foot minimum setback from the sensitive land uses, unless reduced.
- Over-Concentration buffer is not State mandated
- Council could keep the 1,000 foot buffer but add flexibility, similar to 600-foot buffer from parks/children's playground areas
 - Provides Planning Commission or Council could reduce the 1,000-foot buffer if the Commission or Council finds that the public convenience and necessity will be served by an alternate distance requirement
 - All applications to be evaluated on case-by-case basis
 - Zoning text amendment would be required (February/March 2019)

Option 3: Process Applications on First-Come, First-Served Basis

- Planning staff would continue to process all three land use applications and once the applications are deemed complete, forward the application(s) to the Planning Commission and City Council for consideration.
 - Any pending land use application which is not deemed complete and which conflicts with the over-concentration buffer at the time another land use application for retail dispensary is complete, would be rejected.
 - Council would only consider those applications which are deemed complete first and meet the 1,000-foot buffer requirement.
 - Possible that one or two applications could be rejected

Option 4: Maintain the Buffer

- No changes in the Land Use Ordinance would be required
 - Applicants who observe the 1,000 foot separation would be processed
 - Applications within the 1,000 foot buffer would be forwarded with recommendation of denial due to inconsistency with Muni Code requirement
 - Possible that one or two applications could be rejected

Commercial Cannabis Permit Program

Second Round Alternatives

Policy Considerations

Staff Seeks Council feedback on the following policy considerations for the Commercial Cannabis Program **(CCP)**:

1. Expand Interview Score Thresholds (Round 1, Tier 2)
2. Eliminate Score Thresholds for Delivery Businesses
3. Develop FY2020 Round Two Request for Proposals (RFP)
4. Delay Second Round RFP for 6 or 12 months

CCP Background

- CCP Program is a four stage process to select the best cannabis businesses
- Involves an extensive Request for Proposal
- First round yielded 77 applications, with 24 meeting City Manager set interview score thresholds.
- First round closed in July 2018
 - Approved 16 applications
- Each have until April 9, 2019 to submit Land Use Applications
 - 1 has been approved, 5 are under review

Approved Businesses

#	Company	Recommended Use
1	Mijosa, LLC	Cultivation & Manufacturing
2	Empress Extracts	Cultivation
3	Hidden Farms, Inc	Cultivation
4	Stoned Aged Edibles Co, Inc.	Manufacturing
5	Green Haven, LLC	Delivery
6	CBRA, Inc.	Distribution
7	Manifest, LLC	Distribution
8	Vista Development Enterprises	Distribution
9	Green Grizzly	Microbusiness
10	Sticky Thumb Delivery	Microbusiness
11	American Holdings	Microbusiness
12	Harrens Laboratory	Testing Laboratory
13	Aunty Honey's	Retail
14	Jiva Life	Retail
15	Hayward Station	Retail

Option 1: Expand Interview Thresholds

- Staff recommends creating a second tier of first round CCP applications to interview and bring to Council for approval.
- No new applications or changes to applications would be accepted.
- Applicants would pay \$5,000 refundable deposit for additional review.
- Goal is to bring more cannabis businesses to the City, while helping to motivate first tier businesses to submit their land use approvals.

Option 1: Thresholds

Business Type	Score Range	Initial Score Threshold	New Score Threshold	Advancing Applications
Cultivation	239-798	650	525	5
Manufacturing	385-798	700	500	4
Distribution	578.5-890	800	700	6
Delivery	349-702	650	500	2
Microbusiness	170-755	650	500	5
			TOTAL	22

Option 2: Eliminate Interview Thresholds for Delivery Businesses

- Cannabis delivery businesses increase access to cannabis without the land use impacts of traditional dispensaries.
- State legislature considered prohibiting any limits on cannabis delivery businesses (SB 1034 Lara).
- Eliminating interview thresholds for delivery businesses would increase second tier from 22 to 26 businesses.

Option 3: Develop Round 2 RFP for FY2020

- Following Round 1, Tier 2 review, staff would prepare next open CCP application round.
- Would require additional Council work session to address minor regulatory changes.
- Council direction will result in FY2020 budget requests for staff and consultant expenditures.

Option 4: Delay Second Round for 6 or 12 months

- Delaying second round would yield several organizational benefits:
 - Afford the Planning Division the time to review entire first round applications, metering the total impact on staff.
 - Allow the Police, Fire, and Code Enforcement to fine tune oversight and enforcement activities.
 - Provide opportunity for a more extensive programmatic and regulatory evaluation, resulting in a streamlined process and reduced impact on staffing.

Summary of Action

Retail Dispensary Over-Concentration Buffer:

- Option 1: Reduce or Eliminate the Over-Concentration Buffer
- Option 2: Add Flexibility to the Over-Concentration Buffer
- Option 3: Applications Processed First-Come, First-Served
- Option 4: Maintain the Over-Concentration Buffer

Second Round of CCP:

- Option 1: Expand Interview Score Thresholds.
- Option 2: Remove Interview Thresholds for Cannabis Delivery Businesses
- Option 3: Develop Round Two Request for Proposals (RFP) for FY19/20
- Option 4: Place a 6 or 12-Month Moratorium on New Cannabis Uses

Questions & Comments

