

# **CITY COUNCIL MEETING**

**JULY 6, 2021**

**PRESENTATIONS**

# **PUBLIC HEARING**

**ITEM #7**

**PH #21-057**

**COMMERCIAL  
CANNABIS  
PROGRAM**

# Hayward Cannabis Program and Process Proposed Text Amendments

Jeremy Lochirco, Acting Planning Manager



# Background

## ■ December 2019

- Council directed staff to conduct an evaluation of the City's cannabis program
- Work plan included 5 main components
- Included a review of the City's existing cannabis program
- Consider local and statewide factors that influence changes to the cannabis program

## ■ December 2020

- Council work session and provided feedback on key policy questions and process

## ■ April 2021

- Draft program and process updates complete

## ■ May 20, 2021

- Public Stakeholder meeting to answer questions and obtain feedback on process

## ■ June 10, 2021

- Planning Commission voted 6:1 to support Ordinance revisions, with amendments



# Objectives of Cannabis Program Update



## **Support Operational Businesses in Hayward**

*Understand barriers that impede licensees from becoming operational*



## **Refine Application and Licensing Processes**

*Derive lessons from first round RFP; streamline processes; clarify requirements; propose revisions*



## **Strengthen Auditing and Compliance Processes**

*Ensure compliance with state/local regulations; implementation of commitments; annual renewals*



## **Develop Mechanisms to Maximize Community Benefits**

*Explore options for maximizing community benefits, including possible social equity program component*



## **Ensure Organizational Capacity and Full Cost Recovery**

*Assess full range of City functions related to cannabis; propose enhancements; ensure cost recovery*



## **Update Commercial Cannabis Ordinance and Land Use Ordinance**

*Update Ordinances to clarify language, align with State regs, and reflect updated program elements*

# Program Update Process



Collect feedback from City departments key to program implementation



Conduct stakeholder interviews with selected current Hayward licensees



Review successful practices employed by other comparable jurisdictions in California and across the country



Propose program options and specific revisions to cannabis ordinances, application and licensing materials, and auditing processes.



Conduct additional outreach with City Council, Planning Commission and operational businesses

# Summary of Program Findings

# Program Evaluation

- While Hayward's progress in operationalizing its cannabis program has been slow, it is performing roughly on par with many other jurisdictions in Alameda County and across California.
- ICF identified two significant areas of potential improvement:
  1. Strengthening internal organizational capacities and coordination
  2. Streamlining the land use process for cannabis applicants
- Of 23 licenses originally approved by Council:
  - 7 licenses were abandoned due to failure to submit Planning application
  - 1 license was revoked
  - 3 licenses remain active and currently under Planning Review
  - 3 licenses obtained Planning approval and are operational
  - 9 licenses obtained Planning approval and are at various stages of construction



# Licensing Process

## *Current Approach:*

- Time consuming for both staff and applicants
- Applications did not correlate with the quality of the applicant team
- Complaints on application requirements, process and shifting criteria

## *Proposed Approach:*

- Pre-application review/screening at earlier stage in the process
- Requires site control for all applicants
- Allow concurrent Business License and Planning Application review
- Defer to State licensing requirements wherever possible

# Land Use Process

## *Current Approach:*

- Process was cumbersome and more detailed than in other cities
- Multiple rounds of back-and-forth City review
- Duplication of State requirements
- Applicants had difficulty finding a site

## *Proposed Approach:*

- Remove duplication with the state requirements
- Clarify requirements to be met up-front vs. those that can be deferred
- Updated zoning districts for new and expanded uses
- Update requirements/thresholds for approval

# Proposed Program Updates

# Licensing Update

## Pre-Screening

- RFP process will be replaced with more predictable and frequent bi-annual application cycle
- Pre-Screening of applications will continue to subject applicants to background checks, in-person interviews from key city staff and include high level review of business plan

## Review and Selection

- Applicants can submit concurrent applications
- Council will continue to maintain final approval of all cannabis licenses
- Site control will be required
- Creates process for temporary uses and expansion of existing operations

# Administrative Updates

- Strengthens and provides clear auditing requirements for applicants
- Imposes penalties for property owners that lease to illegal grow operators
- Creates inspection & auditing checklists for staff
- Establishes internal and external points of contact for various phases of license issuance and renewal
- Creates streamlined process for modified or temporary permit, including ancillary processes
- Updates Master Fee Schedule to create tiered system based on type

# Land Use Updates

- Retail dispensaries proposed for IP, Industrial Park district
- Manufacturing (Level 2) land use added for IG, General Industrial district
- Operational requirements for delivery and distribution activities added, including non-storefront retail
- “Microbusiness” land use added
- Requires City approval prior to changes in name, marketing or branding
- Requires applicants submit Neighborhood Compatibility Plan
- Maintains land use buffer from sensitive uses
- Strengthens employee ID, nuisance abatement & public safety protocols



# CEQA Determination

- The proposed Text Amendments are exempt from environmental review under Section 15061(b)(3) of the CEQA Guidelines, as they constitute minor amendments to the Zoning Code necessary for consistency with the Municipal Code and state law, and that any potential project enabled under the amendments will be subject to review under CEQA.
- While the City adopted the original cannabis regulatory and land use Ordinances in 2017, the proposed text amendments will not result in additional land use activities or environmental impacts that were not previously anticipated following the certification of the *Hayward 2040 General Plan* EIR.

# Planning Commission Review

On June 10, the Commission reviewed the Amendments and voted 6:1 to support the with two modifications (reflected in Attachment V):

1. The retail component of microbusinesses should continue to limit the type of retail products sold within the retail storefronts
2. Background checks required as part of the Preliminary Determination of Eligibility and Screening should be revised to provide more flexibility for equity applicants that had a prior criminal conviction and have since completed rehabilitation

# Staff Recommendation

That the Council adopts the attached resolutions supporting the proposed Text Amendments to the Hayward Municipal Code and the proposed revisions to the 2022 Master Fee Schedule for the administration and enforcement of the Commercial Cannabis program and introduces the following ordinances related to cannabis:

1. Zoning Text Amendments to Chapter 10, Planning, Zoning, and Subdivisions, of the Hayward Municipal Code regulating Personal and Commercial Cannabis Land Uses; and
2. Business Ordinance Amendments to Article 14 to Chapter 6 of the Hayward Municipal Code regulating Commercial Cannabis Businesses.

# Key Dates and Next Steps

July 6	City Council (First Reading)
July 22	City Council (Second Reading)
Aug. 22	Ordinances Become Effective

## **NEXT ROUND OF APPLICATIONS**

Sept '21	Pre-Screening/Application Opens
Oct '21	Review Applications/Interview Applicants
Oct '21	Operating and Planning Applications Accepted
Nov '21	Anticipated Council Action on Recommended Licenses



1. Council Questions
2. Open Public Hearing
3. Council Discussion and Motion



# **LEGISLATIVE BUSINESS**

## **ITEM #8**

### **LB #21-031**

#### **DEFAULT ELECTRICITY PRODUCT SELECTION**





# City Council

## Default Electricity Product from East Bay Community Energy

July 6, 2021

# East Bay Community Energy

---



<https://ebce.org/>

# Current EBCE Service Options



**More GHG**  
than PG&E

**lower rates**  
than PG&E



**100%**  
renewable

**\$0.01/kWh**  
more than PG&E (3.5 to 5.1% more)

# Default Product Options

---

	<b>Discounted Residential</b> (CARE, FERA, Medical Baseline)	<b>Non- Discounted Residential</b>	<b>Commercial</b>
Renewable 100 for Resi & Comm	Bright Choice	Renewable 100	Renewable 100
Renewable 100 for Resi	Bright Choice	Renewable 100	Bright Choice
Bright Choice for All	Bright Choice	Bright Choice	Bright Choice

Each option has unique Rate & GHG impacts

# CSC Recommendation

---

The CSC voted to recommend that Council select Renewable 100 as the new default product for all Hayward customers except those enrolled in income or medical-related discount programs.

- Promote discount programs such as CARE and Medical Baseline.
- Ensure customers understand that they can opt down to Bright Choice upon request.
- Conduct a survey prior to Council's consideration.

# June 15 Council Decision

---

- Discussed a new option: Bright Choice for Residential and Renewable 100 for commercial.
- Discussed GHG emissions and rate impacts.

Voted 4:3 to:

- Make Bright Choice the default product for all customers, starting January 1, 2022.
- Reconsider default product options in April 2022.
- Directed staff to conduct outreach and education regarding available electricity products and possibility of new default selection in 2022.



# Electrical Demand by Customer Category

Customer Category	# of Customers	% of Total	Annual MWh	% of Total
Residential discounted	16,834	31.1%	83,652	11.1%
Residential non-discounted	30,574	56.5%	155,354	20.7%
Small/Medium Commercial	6,423	11.9%	307,765	41.0%
Large Commercial	322	0.6%	203,875	27.2%
<b>Total</b>	<b>54,153</b>	<b>100.0%</b>	<b>750,646</b>	<b>100.0%</b>

# Options for New Default Product

---

1. Renewable 100 for all customers, except those enrolled in medical and/or income-related discount programs.
2. Renewable 100 only for commercial customers.
3. Confirm vote made on June 15 to make Bright Choice the default.

# Option 1 – Renewable 100 for All

---

- Residential customers with income or medical discounts would remain on Bright Choice
- GHG – Would minimize GHG emissions
- Rates – Overall monthly increase for most customers would range from 3.5 to 5.1%

## Option 2 – Renewable 100 only for Commercial

---

- GHG – Emissions would increase by approximately 1.3% to 7.3%, depending on carbon intensity of Bright Choice.
- Rates – Small/Medium commercial customers would pay approximately 3.8% to 4.4% more. Large commercial customers would pay approximately 5.1% to 5.8% more.

## Option 3 – Bright Choice for All

---

- Would confirm vote made on June 15.
- GHG – Emissions could increase as much as 19%.
- Rates – Overall monthly savings would range from 0.4 to 0.6% for all customer categories.
- Could reconsider options in April 2022.

# Next Steps

---

EBCE Board Meeting	July 21, 2021
Community Outreach	Fall 2021
New Default Takes Effect	January 1, 2022

# Recommendation

---

1. Questions for Staff
2. Public Comments
3. Council Comments
4. Staff Recommendation: That Council Adopt one of three Resolutions selecting a new default electricity product to take effect January 1, 2022.

