

City of Sacramento
Cannabis Stakeholder Meeting
Meeting Summary Notes

September 6, 2016
10:00 – 12:00 p.m.
City Council Chambers, City Hall – 915 I Street, Sacramento, CA 95814

I. Updates

- Ordinance Updates
 - City staff took their recommendations for both Conditional Use Permit process and Operating Permit process for cultivation to the Law and Legislation Committee on August 9th.
 - Title 17 Ordinance (Planning and Development Code for Conditional Use Permit)
 - The L&L Committee forwarded the ordinance to be reviewed by City Council with the following recommendations (Note these are only staff recommendations and have not yet been approved by City Council):
 - Approval of the Conditional Use Permit at the Planning and Design Commission level
 - Additional 'sensitive use' distance requirements in the C-2 commercial zones were removed by the Planning and Design Commission and the Law & Legislation Committee except the State required 600 feet distance from schools
 - City staff is recommending that applications be processed in order received
 - Title 5 Ordinance (Operating Permit)
 - City staff is recommending to have a bi-annual permit process.
 - Staff will recommend to have permit process to include, but not limited to:
 - Business plan to describe how business is in compliance with all State and local laws including its safeguards against diversion
 - Odor filtration
 - Tax and insurance compliance
 - Budget
 - Floor, Site and lighting plans
 - Price list of all products
 - Energy and Water efficiency plan
 - Environmental plan
 - Security plan
 - Lighting Plan
 - Permit fees
 - City staff will recommend to have levels of permits for various sizes of cultivation sites, similar to the State, and to also allow for smaller cultivation businesses.
 - Operating permits will be contingent upon having an approved Conditional Use Permit.

- During Process of obtaining both CUP and Operating Permit, all appropriate building permits must be pulled for all building and improvements and modifications.
- City Staff encourages applicant businesses to submit a Community Benefits Plan but it is voluntary and will not be a requirement for the approval of the operating permit. Simply, the CBP is recommended to be voluntary but is strongly encouraged as a good way to work with the community where the business intends to locate.
- Current Cultivation:
 - **ONLY** those who registered with the City will have the ability to continue to cultivate during the application process. Registered cultivators **MUST** meet the following requirements:
 - Meet the City Council approved land use requirements (IE: appropriate zone, distance requirements, etc)
 - Apply for the CUP within 90 days of City Council adoption
 - Registered and currently cultivating business cannot relocate or expand operations. Those not currently registered or are located in the wrong zone **MUST** cease cultivation
 - **NOTE: Cultivation does not exempt you from other City of Sacramento or State of California rules and requirements, including obtaining building permits and other health and safety requirements.**
- Delivery
 - City staff will also bring to City Council for review an ordinance for patient delivery service
 - In order to align with State law, delivery services will be through one of the permitted dispensaries
 - City staff is not recommending to add any new dispensaries
- Manufacture and Testing Labs
 - City will work on bringing forward recommendations for manufacture and testing labs to Law and Legislation with ordinances to follow in the near future.
 - City Council has asked staff to limit manufacture to non-volatile forms of extraction.
- Distribution and Transportation
 - City staff will look into possibility of having distribution and transportation in the City of Sacramento if so directed by the City Council.
 - City staff will continue its outreach and research.

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)**
 - Are you able to have a dispensary next to a cultivation site?
 - City staff has not recommended any distance requirements with regard to proximity to cultivation sites and dispensaries, however State law does require product to go from a cultivation site to a distribution center before going to a dispensary.

- Does the current dispensary moratorium affect home grown medicine? Do cultivators who grow at home need to be registered like commercial grows?
 - The registration is for commercial growers in zones other than residential zones.
- Can small collectives share medicine amongst themselves?
 - Following State regulations, the City is moving away from the collective model however patients and collective members should abide by City code and State regulations regarding sharing medicine.
- When will the process for the Conditional Use Permit (CUP) be adopted by City Council and when will the applications process begin?
 - City staff plans to bring ordinances affecting the CUP and operating permit application process to City Council in October. Notification will be e-mailed as to when applications will be accepted and any deadlines.
- If there is a building that meets all zoning requirements but neighbors are opposed to the location, how does that affect the cultivation business?
 - A public hearing is conducted. The approving body of the permit will make the decision as to approval or denial of permit.
- Is any of the information regarding the new ordinances on-line yet?
 - No, the proposed ordinances and staff reports are usually on-line and become public about 4 days before the public hearing. Ranelle will e-mail the information to all stakeholders as to the meeting date and where the information can be retrieved.
- Where will the Community Benefits Plan be included - in the CUP and/or the operating permit application?
 - The Community Benefits Plan can be included in both of the applications but are not a requirement at this time. They are recommended by staff to be voluntary but are strongly encouraged.
- If a location does not meet all the requirements, particularly in a C-2 zone but the neighbors all approve, will there be any special priority for those who fall into this?
 - No there will be no special priority given.
- Will City follow State regulations regarding tying delivery to a dispensary?
 - As of right now, yes. Until such time State regulations change, the City is proposing to have all delivery go through the already permitted dispensaries in the City of Sacramento.
- Are any of the permits for cultivation be for clone farms in particular?
 - Currently the City is recommending that close farms and nurseries require the same type of permit as other cultivation sites.
- Can someone who is not registered already, still register?
 - No, the registration process is closed.
- Is there any priority to already existing business?
 - The City is not proposing to give any priority to those who are already cultivating. Permits to be issued on a first come first served basis.
- If applying for an operating cultivation permit, is there a certain time frame you needed to have been operating by?
 - Depends on whether or not you are a registered cultivation operation. If you are registered, you must have been cultivating on or before February 2, 2016.
- Does the CUP need to be applied for and obtained before an operating permit for cultivation will be issued?
 - Yes. An operating permit will not be issued until a Conditional Use Permit has been approved.
- If multiple sites were registered, each one will need a cultivation operating permit and CUP?
 - Yes, each cultivation site that wishes to operate must get a CUP and an operating permit.

- Has there been a recommendation for a cap?
 - No the City is not recommending a cap for the number of permits.
- [Speaker] is not registered, and wants to buy property and submit all required items in the application process. Can one start cultivating?
 - No. If NOT registered, no one can start cultivating until BOTH CUP and operating permit have been issued. Only those who registered by the deadline and meet requirements of registration can cultivate until permits are issued as long as there are no life safety issues or criminal concerns.
- Will cultivators who have a collective model be able to open a dispensary? When City moves away from collective model what will those cultivators do with their product?
 - City is not looking at opening the process up for more dispensaries at this time. Cultivators, even those who are a collective and following the collective model must sell their products to dispensaries only, not the general public.
- Can cultivators sell wholesale to dispensaries?
 - No. State regulations require cultivators to go through a distribution center before product goes to a dispensary.
- Can anyone open a distribution center?
 - City will look at possibility of distribution centers in the City of Sacramento in the future.
 - Important to note that as per State of CA Regulations, a Distribution Center (Type 11) can apply for a Transporter License (Type 12). Likewise, a Transporter (Type 12) can apply for Distribution Center (Type 11 License).
 - A Type 11 (Distribution Center) can submit product to a Laboratory (Type 8) for batch testing and certification. Afterwards, the sample returns to the distributor for final inspection and execution of the contract between the cultivator and the manufacturer, or the manufacturer and the retailer.
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- If operating a delivery service in another city, can you deliver in Sacramento?
 - Under the current City code, dispensaries cannot cultivate in the dispensary site (except for nursery stock). A dispensary owner could potentially obtain a permit to cultivate but the cultivation would need to be on a separate site.
- Can dispensaries have a cultivation permit at the same location?
 - Under the current ordinance in the City, dispensaries cannot cultivate in the dispensary. A dispensary owner could potentially obtain a permit to cultivate however the product from the cultivation site would still be required to go to a distributor before being sold at any dispensary.
- Can a person have a permit for manufacture, cultivation and a dispensary?
 - Only two State licenses will be issued in any two categories. The City is following State guidelines for issuing its permits.
- What will constitute a CUP being approved?
 - Applications must have all required information and documents submitted and permit fees paid and the approval of either the zoning administrator or the Planning and Design Commission (depending on what level of approval is approved by City Council)
- If I'm a patient and caregiver, can I grow plants for multiple people even if not technically a "business"?
 - If you are cultivating for personal use in a residential area you don't need to obtain a permit. If you are cultivating to sell, then you are cultivating illegally. One should consult with the State regulations to ensure they are operating under the definition of "caregiver".
- When will a new zoning map become available?

- The new staff report that will be presented to City Council will likely have a map included. Once this staff report is made public, usually 4 days before the meeting it will be available on-line. This map is only what the City staff is proposing and is not official until City Council approves. Maps included in the report indicate zoning; the maps do not indicate sites that are necessarily appropriate for cultivation or are available for lease or sale.
- Why is manufacture not a priority for City to regulate?
 - While the City recognizes that there is interest in manufacture, cultivation became a priority due to State law stating that local governments must either ban or approve cultivation in their local ordinance by March 2016. The City Council asked staff to work on delivery and manufacture. Due to the complexity of cultivation, staff will work on manufacture once it has cultivation and delivery regulations in place.
- Why did City Council ask us to focus on only non-volatile manufacture?
 - Due to the danger of volatile extraction City Council asked staff only to regulate non-volatile.
- If renting through a property owner and the location is zoned properly - how does one apply for CUP?
 - If the property owner is not the applicant for the Conditional Use Permit, the applicant is required to submit a signed letter for agency from the property owner as part of the CUP application submittal.
- Has the City decided what is considered non-volatile vs. volatile?
 - City has not yet fully defined the definition of volatile however it will follow state guidelines and definitions.
- Is the City looking at any other regulations with regard to other 420 businesses?
 - Not at this time. City staff is focused on cultivation and delivery, with manufacture and labs to follow and then potentially distribution and transportation.
- Will the monies paid for the CUP go towards any further enforcement?
 - The fee paid to the Planning Division for a Conditional Use Permit application is only for the processing of the CUP application. City staff does however recommend that some revenue be earmarked further enforcement.
- What are the wattage and blackout limits?
 - The City will defer to the States regulations on these items but will require an energy efficiency plan. Cultivators are encouraged to inquire with SMUD what its energy approval is for cultivation.
- Who should apply for the CUP – the building owner or the business owner?
 - This is business decision. Either one can apply and pay for the CUP. The CUP is attached to the land and property and does not stay with the business if business moves from that location with approved CUP.
- How long is the CUP good for once it is approved?
 - The applicant/property owner has three years from date of approval to establish the use. This time may be extended up to five years if a request is made before the time expires. Once the use is established it is permitted to remain as long as it abides by the conditions of approval
- Is the operating permit transferrable?
 - No, it cannot be transferred or sold but there are allowances for management, partners and board members to enter and exit if needed and documented.
- If there are interruptions in the business, how long is the CUP good for a particular location?
 - If a use authorized by a conditional use permit is discontinued for a continuous period exceeding two years, the permit expires for discontinuance of use and thereafter is void.

- How much will the operating permit cost?
 - City is not yet sure of the cost of permits however they will be only to cover the cost of processing applications.
- Can one have a larger than 22,000 square foot building and have multiple operators?
 - Yes, however each operator would need to apply for and obtain a separate operating permit.
- If there is one address with multiple units, how is the CUP issued? Per unit or parcel?
 - An application for a conditional use permit requires that a site plan and floor plan be submitted as well as the parcel number(s) of the property. The location of the activity authorized under a conditional use permit is based upon this information and the final notice of decision approved by the hearing body.

III. Work plan and upcoming dates

- Law and Legislation Meeting – October 13, 2016
 - City staff will bring forward recommendations for manufacturing and testing labs.
- City Council – October 13, 2016
 - City will bring forward cultivation ordinances for Title 17 land use and Title 5 operating permit