

# City of Sacramento

## Legislation Text

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File #: 2020-00949, Version: 1

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**Title:**

**Audit of the Cannabis Storefront Dispensary Permitting Process (Two-Thirds Vote Required)**

File ID: 2020-00949

**Location:** Citywide.

**Recommendation:**

Pass a Motion: 1) by two-thirds vote to temporarily suspend (Ch. 1, D.) Council Rules of Procedure Chapter 15, B. 1. to bypass the Budget and Audit Committee; and 2) approving the City Auditor's Audit of the Cannabis Storefront Dispensary Permitting Process.

**Contact:** Jorge Oseguera, City Auditor, (916) 808-7270, Office of the City Auditor

**Presenter:** Jorge Oseguera, City Auditor, (916) 808-7270, Office of the City Auditor

**Attachments:**

1-Description/Analysis

2- Audit of the Cannabis Storefront Dispensary Permitting Process

### Description/Analysis

**Issue Detail:** In late 2019, the Mayor and Council requested the Office of the City Auditor conduct an audit to determine whether the City's dispensary permitting process complied with cannabis regulations and whether regulations should be updated to more adequately safeguard against overconcentration of permits with one individual or group. This report documents the Audit of the Cannabis Storefront Dispensary Permitting Process.

**Policy Considerations:** The City Auditor's presentation of the Audit of the Cannabis Storefront Dispensary Permitting Process is consistent with the Mayor and City Council's intent to have an independent audit function for the City of Sacramento.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** This staff report provides the City Council with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor.

**Financial Considerations:** The cost of the Audit of the Cannabis Storefront Dispensary Permitting Process was funded out of the Office of the City Auditor Budgets.

**Local Business Enterprise (LBE):** None.

**Background:** The City of Sacramento began regulating cannabis in 2009. After many changes to State law and subsequent changes to the City Code since 2009, the City has approved permits for the operation of 30 cannabis dispensary storefronts. As part of the regulatory framework over the cannabis industry, the City prohibited the transfer of cannabis dispensary permits.

A series of media reports issued in late 2019 alleged that numerous cannabis dispensary permits were transferred, and that one business group controlled at least nine permits. In response, the Mayor and Council requested the Office of the City Auditor conduct an audit of the cannabis dispensary permitting process.