

# City of Sacramento

## Legislation Details (With Text)

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<b>Title:</b>	An Ordinance Deleting and Adding Article IX to Chapter 5.150 of the Sacramento City Code Relating to Southeast Industrial Dispensaries Authorized to Deliver [In lieu of Pass for Publication to be published in its entirety]				
<b>Sponsors:</b>	Finance				
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<b>Code sections:</b>					
<b>Attachments:</b>					

Date	Ver.	Action By	Action	Result
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**Title:**

**An Ordinance Deleting and Adding Article IX to Chapter 5.150 of the Sacramento City Code Relating to Southeast Industrial Dispensaries Authorized to Deliver [In lieu of Pass for Publication to be published in its entirety]**

File ID: 2020-01251

**Location:** Citywide

**Recommendation:**

Adopt an Ordinance deleting and adding Article IX to Chapter 5.150 of the Sacramento City Code relating to Southeast Industrial Dispensaries Authorized to Deliver to be published in its entirety within ten days of adoption in lieu of pass for publication per City Charter section 32(d).

**Contact:** Davina S. Smith, Cannabis Manager, (916) 808-4772; Zarah Cruz, Program Specialist, (916) 808-8925, Office of Cannabis Management, Office of the City Manager.

**Presenter:** None.

**Attachments:**

- 1-Description/Analysis
- 2-Ordinance (Clean)
- 3-Ordinance (Redline)
- 4-Map of District 6 and Southeast Industrial Area

## Description/Analysis

**Issue Detail:** On October 2, 2018, the City Council (Council) adopted Ordinance 2018-0047 (the ordinance) establishing a one-year limit of 50 on the number of business operating permits (BOPs) for cannabis dispensaries authorized to deliver in the Southeast Industrial Area (Area). The ordinance covered both storefront dispensaries and delivery-only dispensaries (cannabis delivery operations). In adopting the original ordinance, Council directed City staff to conduct a study of the impacts of cannabis delivery operations in the Area. The study was to include crime data and an analysis of the traffic issues that might occur in the area due to the additional commercial activity resulting from the cannabis delivery operations. The results from the study were intended to assist Council in determining the appropriate number of cannabis delivery operations for the Area. The limit was scheduled to sunset on October 1, 2019.

On September 24, 2019, Council adopted Ordinance 2019-0030 extending the permit limit for an additional year and scheduled to sunset on October 1, 2020. At the time, only 10 percent of the 50 cannabis delivery BOPs had been issued in the Area, making it premature to formulate a data-driven conclusion regarding any crime or traffic-related impacts from cannabis delivery operations. In extending the limit on delivery permits, Council directed staff to conduct an analysis of impacts of cannabis delivery operation-related crime and traffic issues when half of the 50 BOPs had been issued. The 50 percent BOP threshold was reached in July 2020.

As indicated in the table below, data obtained from the Sacramento Police Department in October 2020 shows that crimes related to cannabis delivery are insignificant compared to the overall crime statistics in the Area.

	2019			2020		
	Total	All Cannabis	Delivery-only	Total	All Cannabis	Delivery-only
Burglaries	98	17	4	85	9	0
Robberies	21	1	0	14	1*	1*

*\*robbery outside the boundary as it occurred at the delivery address*

However, obtaining reliable data for a traffic analysis was found to be difficult for the following reasons: 1) the impact of COVID-19 resulting in an atypical number of vehicles on the roads; and 2) difficulties in tracking cannabis-related traffic as cannabis delivery vehicles are required under state law and city code to have no specific markings to make them indiscernible from other vehicles. While cannabis delivery businesses could potentially provide their average number of daily trips to get an estimate of the volume of trips each cannabis delivery dispensary business contributes to the traffic in the area, traditional traffic analysis activities, such as counting the number of vehicles going through an intersection, would not provide useful data on how many cannabis delivery vehicles are going through the same intersection.

Currently, there are 32 permitted delivery businesses (30 delivery-only dispensaries and two storefront dispensaries with delivery) operating out of 17 buildings in the Area. Except for two businesses with over a dozen drivers on their roster who work only on an as-needed basis, the other 30 businesses each have a fleet of no more than three vehicles. If all cannabis delivery vehicles are on the road and making deliveries at the same time, this would add approximately 200 vehicles to the Area.

It should be noted that per Chapter 5.150.525, cannabis delivery vehicles may carry up to \$3,000 worth of products and per State regulations, can deliver throughout the State. Consequently, these vehicles do not travel back and forth to their business location for each individual delivery order. In addition, only 30 of these vehicles are parked onsite at the business location while the rest of the vehicles are driver-owned and parked offsite.

To date, there are also 20 pending applications, including five submitted by members of the Cannabis Opportunity Reinvestment and Equity (CORE) program. These applications are in various stages of the tenant improvement process and more than half are expected to receive their Certificate of Occupancy in less than 12 months. In addition to the 20 pending, there are six other CORE applications for delivery that are not currently included in the count due to unresolved CUP issues but will be included when the CUP issues are resolved. With a limit of 50, the Office of Cannabis Management can only issue 18 permits and will have to deny the remaining applications, which may include those submitted by CORE applicants.

On October 13, 2020, the Law and Legislation Committee (Committee) directed staff to bring an ordinance before Council reinstating Section 5.150.1250 of the Sacramento City Code, which provides a limit of 50 on the number of dispensaries in the Area that are authorized to deliver for a three-month period in order to provide time to collect any available traffic data (Attachment 2). The Committee also directed staff to bring the item back before the Committee in February with information on the traffic impact of cannabis delivery in the Area. Further, the Committee asked staff to collaborate with the Power Inn Alliance as well as CORE stakeholders regarding the issue. The ordinance will sunset on March 31, 2021.

Staff has engaged with Department of Public Works, Transportation Division to develop a method that may assist in providing data as to the percentage of traffic that is contributed to the Area by cannabis delivery dispensaries. If this ordinance is approved, this traffic information will be submitted prior to the sunset date of the ordinance.

**Policy Considerations:** The ordinance limiting the delivery dispensaries in the southeast industrial area to 50 expired on October 1, 2020. If adopted, the new ordinance will be in effect until March 31, 2021.

**Economic Impacts:** None.

**Environmental Considerations:** This action is exempt from California Environmental Quality Act (CEQA) because it is the adoption of an ordinance, rule, or regulation that requires discretionary review, including environmental review, and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity (CEQA Guidelines § 15061(B)(1), Bus. and Prof. Code § 26055(h)) and because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines §15061(b)(3)).

**Sustainability:** Not applicable.

**Commission/Committee Action:** On October 13, 2020, the Committee passed a motion with a vote of 4-0 to bring an ordinance proposing a three-month moratorium to Council and to bring item back before the Committee in February with data related to traffic impacts.

**Rationale for Recommendation:** The moratorium, which has a sunset provision of March 31, 2021, will limit the number of delivery BOPs in the Area to 50 while a traffic analysis is being completed. The results of the traffic study will be submitted to the Committee in February 2021.

**Financial Considerations:** The 31 permitted delivery-only dispensaries in the Area pay a monthly Business Operating Tax (BOT) of \$3,000 to \$23,000.

**Local Business Enterprise (LBE):** Not applicable.