

City of Sacramento

Legislation Text

File #: 2018-01315, **Version:** 1

Title:

Resolution Authorizing City Approval of and an Ordinance Amending Sacramento City Code Sections 5.150.360 and 5.150.525 Relating to State Licensed Cannabis Events

File ID: 2018-01315

Location: Citywide

Recommendation:

1) Discuss the issue of state licensed temporary cannabis-related events at Cal Expo and upon conclusion; 2) pass a Motion forwarding to City Council for consideration: a) a Resolution authorizing the City Manager or City Manager's designee to approve state licensed cannabis events at Cal Expo; and b) an Ordinance amending sections 5.150.360 and 5.150.525 of the Sacramento City Code to allow permitted dispensaries to operate at such events.

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Presenter: Joe Devlin, Chief, (916) 808-4772; Zarah Cruz, Program Specialist, (916) 808-8925, Office of Cannabis Policy and Enforcement, Office of the City Manager.

Attachments:

- 1-Description/Analysis
- 2-Resolution
- 3-Ordinance - (Clean)
- 4-Ordinance - (Redline)

Description/Analysis

Issue Detail: As of January 1, 2018, the State of California is authorized to issue temporary cannabis event licenses, allowing events including onsite adult-use cannabis sales and consumption at County fairgrounds or agricultural events pursuant to California Business and Professions Code section 26200. To hold this type of event, an event organizer must obtain a State Cannabis Event Organizer

License and a State Temporary Event License. To receive a Temporary Event License, the organizer must have written approval from the local jurisdiction in which the event is taking place.

On May 1, 2018, the City Council voted 7-2 to provide a one-time authorization to allow Trans-High Corporation (High Times) to hold an event as described above on May 4-5, 2018 at Cal Expo.

In September 2018, a new law was enacted allowing for these types of events to also take place at other venues, subject to local authorization. However, this item only covers local authorization for cannabis events at Cal Expo. The Cal Expo venue has its own police department responsible for maintaining security and crowd control. The event held in May drew crowds estimated at 15,000. No major police incidents were reported during the two-day event.

In anticipation of future cannabis events that may be planned at Cal Expo, staff is proposing that the Law and Legislation Committee (Committee) forward to Council for consideration the attached resolution establishing a process to provide local approval by authorizing the City Manager or the City Manager's designee to approve, subject to any rationally-related conditions, events at Cal Expo (Attachment 2). Under this authority, an application, procedures, and policies will be developed to facilitate processing.

Staff also recommends that the Committee forward to Council for consideration of approval an Ordinance that will allow City permitted dispensaries to sell at City approved state licensed temporary cannabis events. Sacramento City Code currently prohibits such activity for storefront dispensaries and does not expressly allow permitted delivery-only dispensaries to sell at such events. (See Sacramento City Code section 5.150.360). The proposed Ordinance will provide an exemption for storefront dispensaries and express permission to delivery-only dispensaries to sell at state licensed temporary cannabis events. (Attachments 2 and 3).

Policy Considerations: State law requires local approval for the state to issue a license for temporary cannabis-related events, including those taking place on state properties, such as Cal Expo. The attached resolution will authorize the City Manager to approve such events at Cal Expo. The Ordinance will allow dispensaries to sell cannabis at the event. If approved by the Committee, the resolution and the Ordinance will be forwarded to the City Council for consideration in December.

Economic Impacts: None.

Environmental Considerations: This action is exempt from 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: Not applicable.

Rationale for Recommendation: According to state law, temporary cannabis events may take place only with local authorization. Based on interests expressed by event organizers to hold cannabis events at Cal Expo, these types of events are in demand and could potentially draw thousands of people. It is therefore reasonable for the City to consider adoption of a process for authorizing these types of events. If the City Council approves the resolution, it would also be reasonable to allow the City's permitted dispensaries to sell at these events, creating parity for the legal operation of dispensaries at such events.

Financial Considerations: By allowing cannabis-related state licensed events to take place at Cal Expo, and for permitted dispensaries to sell at these special events, the City may create an opportunity to generate additional tax revenue based on the four percent (4%) business operations tax. Additionally, such events may generate Transit Occupancy Tax and other associated tourism revenue.

Local Business Enterprise (LBE): Not applicable.