

City of Sacramento

Legislation Text

File #: 2018-01665, **Version:** 2

Title:
Analysis of Cannabis Impacts

File ID: 2018-01665

Location: Citywide

Recommendation:

Receive and file; with direction to the City Manager to report back to the City Council with a resolution establishing the requirements for parties that chose to enter into study-option neighborhood responsibility agreements, to conduct an individual neighborhood impact study into the potential impacts of their proposed businesses on the surrounding neighborhood.

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Presenter: Steve Y. Itagaki, Supervising Deputy City Attorney, (916) 808-5346, Office of the City Attorney

Attachments:

- 1-Description/Analysis
- 2-Analysis of Cannabis Impacts Final Report

Description/Analysis

Issue Detail: The Matrix Consulting Group (Matrix) was hired by the city to conduct an impact study for cannabis business operations. The City Council commissioned the study through resolutions that also established that the voluntary execution of an agreement to pay an amount established by an impact study (study-option agreement), shall be deemed to satisfy the neighborhood responsibility plan (NRP) requirement for a conditional use permit to conduct cannabis uses on a property.

Matrix has issued its final report titled *Analysis of Cannabis Impacts* (Attachment 1). That report finds the following:

- All services being provided by city departments in the review, inspection, and issuance

of permits are being accounted for in the current fees and charges.

- The impact fees that are currently in place to mitigate development impacts are appropriate.
- The secondary impacts to neighborhoods identified by the community and businesses are not able to be validated without additional information specific to the proposed sites.

Staff recommends that the City Council receive and file the *Analysis of Cannabis Impacts* report and direct the City Manager to return to the City Council with a resolution establishing the requirements for parties that chose to enter into the study-option agreements, to conduct an individual neighborhood impact study into the potential impacts of their proposed businesses on the surrounding neighborhood.

Policy Considerations: Resolution No. 2018-0086 authorizes the City Manager to enter into the study-option agreements and commission a study of the adverse impacts of cannabis-related developments on the surrounding community.

Economic Impacts: None.

Environmental Considerations: This action is exempt from CEQA because it is the adoption of an ordinance, rule, or regulation by a local jurisdiction 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).)

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: The recommended action will advance the NRP requirement process to its next phase. If the recommended direction is given, staff will bring back a resolution that requires the applicants that have entered into the study-option agreements to conduct an individual neighborhood impact study specific to their own proposed business. The resolution will specify that the individual study must analyze their potential neighborhood impacts identified in the study conducted by Matrix:

- Increased commercial rental rates
- Downsizing of employment opportunities
- Influence on neighborhood reputation
- Decreased property value
- Lower community engagement

The resolution will also specify standards that each individual impact study must meet to satisfy the

NRP requirement. Those standards have not yet been developed; however, they could include requirements that the individual study be conducted by a consultant that is approved by the City, and that the final report must address the impacts identified above and determine the cost of mitigating those impacts.

Applicants that chose to execute agreements to pay one percent of gross receipts (instead of a study-option agreement) are not affected by the study conducted by Matrix and are not required to conduct an individual study.

Financial Considerations: None.

Local Business Enterprise (LBE): The City established a minimum five percent participation level for LBEs on the contract for the study.

Background: On November 22, 2016, the City Council enacted land use regulations for cannabis cultivation in the City of Sacramento. (Ord. No. 2016-0050.) In order to obtain a conditional use permit for cultivation, applicants were required to submit a NRP that addresses the adverse impacts of the use on the surrounding area. The regulations stated, "Compliance with the neighborhood responsibility plan shall be achieved through an agreement with the city, conditions of approval on the use permit, or through other means acceptable to the city."

Two months later, on January 19, 2017, the City Council passed a resolution authorizing the City Manager to conduct a study of the adverse impacts of cannabis cultivation, enter into neighborhood responsibility agreements, and establish a mitigation fund. The resolution states that the voluntary execution of an agreement, which is to pay either one percent of the gross receipts of the cannabis cultivation businesses on the property or an amount established by the impact study, shall be deemed to satisfy the NRP requirement. (Res. No. 2017-0034.) In the following two years, the same NRP requirement was implemented in land use regulations for non-volatile cannabis manufacturing, cannabis distribution, and cannabis dispensary uses. (Res. Nos. 2017-0122, 2018-0086.)

On June 12, 2017, the City issued a Request for Proposals for a consultant to conduct the impact study for cannabis business operations, and the Matrix Consulting Group was selected. Since that time, staff and the City Attorney's Office have been working with the consultant to shape this first-of-its-kind report.