

# City of Sacramento

## Legislation Text

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**File #:** 2018-01726, **Version:** 1

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**Title:**

**Ordinance Amending Sacramento City Code Sections 5.150.360 and 5.150.525 Relating to Cannabis-Related Temporary Events and Resolution Establishing Local Approval Process (Passed for Publication 01/08/2019; Published 01/11/2019)**

File ID: 2018-01726

**Location:** Citywide

**Recommendation:**

1) Adopt an Ordinance amending sections 5.150.360 and 5.150.525 of the Sacramento City Code to: a) authorize the operation of City approved state licensed, temporary cannabis events, and b) allow permitted dispensaries to sell cannabis products at such events; and 2) adopt a Resolution authorizing the City Manager or City Manager's designee to approve or deny the operation of such events at Cal Expo.

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**Presenter:** Joe Devlin, Chief, (916) 808-4772, Office of Cannabis Policy and Enforcement, Office of the City Manager.

**Attachments:**

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

**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, for the following reasons, staff recommends the City Council allows authorization for operation of such events at this item at Cal Expo. First, the Cal Expo venue has its own police department responsible for maintaining security and crowd control. Second, the event held in May drew crowds estimated at 15,000. No major police incidents were reported during the two-day event.

The Law and Legislation Committee (Committee) discussed the local approval process for these events at its November 27, 2018 meeting and forwarded the Resolution and Ordinance to City Council for approval. The attached Ordinance will allow the City to approve or deny operation of such events at Cal Expo and allow City permitted dispensaries to sell at such events. Currently, the Sacramento City Code prohibits such activity by storefront dispensaries and does not expressly allow delivery-only dispensaries to sell at such events. The proposed Ordinance will provide an exemption for storefront dispensaries and express permission to delivery-only dispensaries to sell at such events. (Attachments 2 and 3). Further, the attached Resolution establishes a process to provide City approval or denial of such events at Cal Expo subject to any rationally-related conditions and approval of the City Councilmember in whose district the event is proposed to be held. (Attachment 4).

**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 within the City's jurisdiction, such as Cal Expo. (California Business and Professions Code section 26200.)

**Economic Impacts:** None.

**Environmental Considerations:** This action is an administrative activity that is not considered a project under the California Environmental Quality Act (CEQA). (CEQA Guidelines § 15378(b)(5).

**Sustainability:** Not applicable.

**Commission/Committee Action:** On November 27, 2018, the Law and Legislation Committee discussed and considered a draft resolution establishing the approval process for cannabis-related events with onsite adult-use cannabis sales and consumption at Cal Expo. The Committee directed staff to add language to the resolution stating that such authorization is subject to the approval of the Councilmember of the District in which the event will be held.

The Committee also considered an ordinance allowing permitted dispensaries to sell at those events. The Committee voted 4-0 to forward both the resolution with the additional language as well as the ordinance to the City Council for adoption at a future meeting.

**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.