

City of Sacramento

Legislation Text

File #: 2019-01836, **Version:** 1

Title:

(Pass for Publication) An Ordinance Amending Various Sections of Chapter 5.150 of the Sacramento City Code, Relating to Cannabis Businesses

File ID: 2019-01836

Location: Citywide

Recommendation:

1) Review an Ordinance amending various sections of chapter 5.150 of the Sacramento City Code, relating to cannabis businesses; and 2) pass for publication the Ordinance title as required by the Sacramento City Code section 32(c) to be adopted on January 14, 2020.

Contact: Leyne Milstein, Assistant City Manager, (916) 808-8491; Zarah Cruz, Program Specialist, (916) 808-8925, Office of Cannabis Management, Office of the City Manager.

Presenter: None

Attachments:

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

Description/Analysis

Issue Detail: Chapter 5.150 of the Sacramento City Code (Code) outlines the regulations for cannabis businesses in the City of Sacramento. As of November 27, 2018, regulations are in place for the entire cannabis supply chain, which includes cultivation, manufacturing, testing laboratories, distribution and microbusinesses, dispensaries (storefront and non-storefront).

The proposed cleanup ordinance seeks to amend, add sections to or delete sections from chapter 5.150 to reflect policy and technical changes to the Code necessary to regulating a fast-evolving industry. The proposed amendments will create consistency with State law, provide clarity and

uniformity in procedures across the different permit types and promote a more efficient regulatory and licensing process.

A summary of the proposed changes to the Code include:

- Deleting requirements for cannabis businesses to operate as collective or cooperative (California Health and Safety Code section 11362.775, which required cannabis business operation as collective and cooperatives, was repealed in January of 2019 in accordance with that section and the California Bureau of Cannabis Control's January 9, 2018 notice that the Bureau began issuing licenses pursuant to the Medicinal and Adult-Use Cannabis Regulations and Safety Act);
- Deleting a requirement that storefront dispensaries maintain the medical records of their patients (aligns with State);
- Adding "nursery" as a new cultivation permit type (California Business and Professions Code section 26061);
- Adding a requirement for permittees to report surrendered State licenses to the City;
- Creating a uniform security video retention requirement for the entire supply chain (California Code of Regulations title 16, division 42, section 5044);
- Modifying a requirement for a City-issued badge to a badge that aligns with the State's requirement (California Code of Regulations title 16, section 5043);
- Adding an informal reconsideration hearing for modified, suspended, or revoked permits;
- Allowing cannabis manufacturing businesses to share premises subject to applicable State regulations; and
- Adding new grounds to deny a permit, including applications that have been incomplete for a period of 180 days after submission, violations of chapter 5.150, and violations of certain building, fire, plumbing, electrical, and other related regulations.

Policy Considerations: There are no new policy considerations associated with the proposed cleanup of chapter 5.150, as the proposed changes have either been previously approved by Council for other cannabis permit types or are necessary to remedy obsolete requirements as a result of the series of iterations in State regulations.

Economic Impacts: None

Environmental Considerations: This action is exempt from the 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 sections 15061(B)(1), California Business and Professions Code section 26055(h)) and because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines section 15061(b)(3)).

Sustainability: Not applicable

Commission/Committee Action: This item is scheduled to be heard by the Law and Legislation Committee at its January 7, 2020 meeting.

Rationale for Recommendation: The rapidly evolving cannabis regulatory landscape has caused a need to modify the Code to ensure that it remains consistent with Council intent, State law and current best practices. Many of the regulations of chapter 5.150 were based on state law, however, some sections have become obsolete and inconsistent with State law. Additionally, some of these regulations require clarification or have become counterproductive to ensuring an efficient permitting process. The proposed changes will ensure a consistent policy across all permit types, a more effective application review process and tighter controls over permitted businesses.

Financial Considerations: None

Local Business Enterprise (LBE): Not applicable