

Workshop: Storefront Retail Cannabis Businesses

## Study Session Agenda

- 1. Review City Council direction
- 2. Review 7/25/19 Commission workshop
- 3. Review State permitting procedures
- 4. Discuss permitting process options
  - a. Land use considerations
  - b. Security considerations (Commander Garcia)
- 5. Discussion and direction to staff

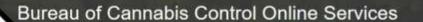
#### Council direction

- June 2019: Council initiates zoning text amendment to regulate storefront retail cannabis businesses
  - Max. 4 businesses in City
  - Conditionally permitted use in all zoning districts that allow retail sales (M-1, NCRO, SCRO-1, SPCRO, TC-1, TC-2)

## 7/25/19 Workshop

- Considered storefront retail permitting processes from other small/medium-sized cities in CA
  - Approval processes: Two-tiered (license + use permit) vs. one-tier (license or use permit) processes
  - Business caps
  - Permit/license renewals
  - Application fees
- Consensus to move forward with two-tiered process (license + use permit) with scoring or ranking and annual license renewal requirements













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## State Permitting Process

- Six License Types
  - Retail (Storefront or nonstorefront)
  - Manufacturing (volatile or nonvolatile)
  - Distributor
  - Testing lab
  - Cultivation
  - Microbusiness (combination of activities subject to certain size limits)
- Local authorization required before State will issue a license
  - Current Use Permit process for nonstorefront retail, manufacturing, distribution, lab testing
  - Use Permit constitutes City's local authorization
  - State license required prior to business operations/occupancy
- State permit application timeline
  - > 6 months

## State Permitting Process

- Background check and other security provisions
  - § 5006. Premises Diagram.
  - § 5031. Age Restriction.
  - § 5036. Notification of Theft, Loss, and Criminal Activity
  - § 5037. Record Retention
  - § 5042. Limited-Access Areas.
  - § 5043. Licensee Employee Badge Requirement.
  - § 5044. Video Surveillance System.
  - § 5045. Security Personnel.
  - § 5046. Locks
  - § 5047. Alarm System.
  - § 5049. Track and Trace Reporting.
  - § 5400. Access to Retailer Premises
  - § 5403. Hours of Operation
  - § 5404. Retail Customers
  - § 5405. Cannabis Goods Display.
  - § 5409. Daily Limits.
  - § 5413. Cannabis Goods Packaging and Exit Packaging.

# Current Procedure for Nonstorefront Businesses

- Use Permit required for distribution, manufacturing, retail delivery, lab testing in TC-1
- Use Permit required for lab testing in SCRO-1
- Lab testing allowed by-right in SP-CRO
- Use Permit application or business license application requires cannabis application checklist





### Approval Process Considerations

- Two-tiered (license + use permit)
  - Subjective application ranking/scoring criteria
  - Complex rating systems (number of points)
  - Separate Department screening of applications (PD reviews license; Planning reviews Use Permit)
  - License approval may not result in Use Permit approval (management of applicant and community expectations)
  - Overlap and redundancy between license process/approval (background check and security) with Use Permit findings
  - Extend time between initial application, land use approval, and operating timing
  - Big businesses may have an advantage over small businesses

### Approval Process Considerations

- One tier (use permit)
  - Findings for application/business approved or denied based on the whole of the record in one action: business merits + health and safety/security + neighborhood compatibility
  - Cohesive and collaborative Department screening of applications (PD, Planning, Building, DPW, Fire simultaneously review vs. separate phases)
  - Greater certainty for applicant and City (one outcome vs. two)
  - Reduce overlap and redundancy between license process/approval (background check and security) with Use Permit findings
  - More expedited process for City and applicant
  - Reducing subjective ranking = less opportunity for big business to "win" over small businesses

## Local Security Enhancements

- Storefront entry control.
- Window Coverings;
- Loitering;
- Nuisance management.
- State license required to operate.
- Criminal background investigation of owner(s)
- Surveillance System- specifically to allow local access to law enforcement
- Hours of Operation (8am to 10pm vs BCC 6am to 10pm)

## Next steps

- Feedback from Commission and community will inform draft
  Ordinance
- Draft Ordinance anticipated for public hearing in November

## Questions & Discussion