

Law and Legislation Committee Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01315

November 27, 2018

Discussion Item 03

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

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.

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

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.

RESOLUTION NO. 2018-

Adopted by the Sacramento City Council

Date

AUTHORIZING THE CITY MANAGER TO REVIEW AND APPROVE REQUESTS TO HOLD STATE LICENSED TEMPORARY CANNABIS-RELATED EVENTS AT CAL EXPO

BACKGROUND

- A. As of January 1, 2018, the State of California is authorized to issue temporary cannabis-related event licenses, allowing events with onsite adult-use cannabis sales and consumption at County fairgrounds or other authorized locations, pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) (specifically, California Business and Professions Code section 26200(e)).
- B. It is anticipated that one or more cannabis-related events could take place at Cal Expo.
- C. MAUCRSA states that a temporary cannabis-related event license will only be issued by the State in local jurisdictions that authorize such events.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1: The City Council finds and determines that the background statements A through C are true.
- Section 2: The City Manager, or the City Manager's designee, is authorized to review, apply conditions and approve requests to hold state licensed temporary cannabis-related events with onsite adult-use cannabis sales and consumption at Cal Expo.

ORDINANCE NO.

Adopted by the Sacramento City Council

[Date Adopted]

AN ORDINANCE AMENDING SECTIONS 5.150.360 AND 5.150.525 OF THE SACRAMENTO CITY CODE, RELATING TO STATE LICENSED CANNABIS EVENTS

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 5.150.360 of the Sacramento City Code is amended to read as follows:

5.150.360. Storefront cannabis dispensary location – Relocation.

- A. No person shall operate a storefront cannabis dispensary at any place other than the specific location for which the dispensary permit is granted.
- B. A storefront cannabis dispensary permittee may modify the location for which its dispensary permit is granted by filing a relocation application with the city manager's office.
- C. Notwithstanding any provision of this chapter to the contrary, a storefront cannabis dispensary permittee may sell cannabis at an event that is approved by city council resolution and licensed by the state in accordance with California Business and Professions Code section 26200(e).
- D. Article II of this chapter, relating to cannabis business permit applications, applies to relocation applications.

SECTION 2.

A. Section 5.150.525 of the Sacramento City Code is amended to add the following:

- G. Notwithstanding any provision of this chapter to the contrary, a cannabis delivery-only dispensary permittee may sell cannabis at an event that is approved by city council resolution and licensed by the state in accordance with California Business and Professions Code section 26200(e).
- B. Except as provided in subsection A above, section 5.150.525 of the Sacramento City Code remains unchanged and in full effect.

ORDINANCE NO.

Adopted by the Sacramento City Council

[Date Adopted]

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