



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2018-01726

January 22, 2019

Discussion Item 27

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)

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.

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, 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.

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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- 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.

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 WITH ONSITE ADULT-USE CANNABIS SALES AND CONSUMPTION

BACKGROUND

- A. As of January 1, 2018, the State of California began issuing temporary cannabis-related event licenses, which authorize 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. In Sacramento, 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 approve or deny, and place conditions on such approval, requests to hold state licensed temporary cannabis-related events with onsite adult-use cannabis sales and consumption at Cal Expo. However, such authorization is subject to the approval of the Councilmember of the District in which the event will be held.