



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01722

January 8, 2019

Consent Item 08

Title: (Pass for Publication) Proposed Ordinance Amending Sacramento City Code Sections 5.150.360 and 5.150.525 Relating to State Licensed Cannabis-Related Temporary Events

Location: Citywide

Recommendation: 1) Review an ordinance amending sections 5.150.360 and 5.150.525 of the Sacramento City Code to authorize the operation of a state licensed cannabis-related temporary events at Cal Expo by city council resolution and allow permitted dispensaries to sell at such events; and 2) pass for publication the ordinance title as required by the Sacramento City Code section 32(c) to be adopted on January 22, 2019.

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: None

Attachments:

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

Description/Analysis

Issue Detail: As of January 1, 2018, the State of California is authorized to issue cannabis temporary 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-related temporary event organizer license and a 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.

The Law and Legislation Committee (Committee) discussed the local approval process for these events at its November 27, 2018 meeting and recommended to forward to City Council an ordinance that will authorize city approved state licensed cannabis-related temporary events by City Council resolution and allow City permitted dispensaries to sell at such events. The Committee also recommended the City Council consider for adoption a resolution establishing a process to provide such approval by authorizing the City Manager or the City Manager's designee to approve or deny an event, subject to any event-specific conditions, at Cal Expo, and subject to the approval by the Council Member in whose district the event will be held. (Attachments 2 and 3)

Policy Considerations: State law requires local approval in order for a state licensed temporary cannabis-related event to operate within the City, including those taking place on state properties, such as Cal Expo. A resolution establishing the approval process will be submitted for Council adoption on January 22, 2019. The attached Ordinance will allow permitted dispensaries to participate in these types of events.

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: On November 27, 2018, the Law and Legislation Committee discussed and considered an ordinance authorizing state licensed temporary events at Cal Expo by City Council resolution and allowing permitted dispensaries to sell at those events. The Committee also considered a draft resolution establishing the process for such authorization 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 Commission voted 4-0 to forward both the ordinance and the resolution with the additional language to the City Council for adoption at a future meeting.

Rationale for Recommendation: According to state law, cannabis-related temporary 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 at such events.

Financial Considerations: By allowing such cannabis-related temporary events to take place at Cal Expo, and for permitted dispensaries to sell at these 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.

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[Date Adopted]

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