

## **Stakeholder Meeting #2**

**6-8 p.m.**

### **UPDATES:**

- Staff going to Law and Legislation Committee in July with a proposed framework for delivery, which include:
  - Under consideration is the ability for existing dispensaries to deliver by coming in and applying for a modification of their existing CUPs and BOPs
  - Delivery-only dispensaries would require have a physical, brick-and-mortar location with no public interface. Need CUP and meeting specific zoning requirements which will not be different from cultivation and manufacturing. We are also considering co-location.
  - Background checks for anyone with 20% interest to align with State requirements, and all drivers.
  - City ID cards for all delivery drivers to demonstrate to law enforcement who is permitted to deliver
  - Vehicles not more than 10 years old to avoid issues of vehicles breaking down; has GPS capacity
  - Drivers must be an employee of the dispensary, 21 years of age, in accordance with State law
  - Drivers may not be armed
  - Comply with State regulations on inventory requirements: may carry only \$3,000 worth of goods per delivery; no markings on vehicles
  - There's currently one type of manufacturing permit available. Staff will propose the creation of a smaller manufacturing permit. Research still underway
    - Small - General Manufacturing – similar to currently available but lower gross receipts and smaller number of employees. CUP still required.
    - Small – Production Only, for those who are involved in production of edibles and topicals only. Does not include extraction. Requires commercial kitchen. Considering requiring BOP only.
  - Deadline to comment on proposed State regs on dispensaries, delivery and distribution is June 13, 2017.
  - Registered cultivation applicants must submit applications for CUP and BOP by June 30, 2017.

## **QUESTIONS AND ANSWERS:**

Q: There are no buildings and facilities to move into, prices have gone up three to four times. Rental buildings are not willing to sign for fear of a DEA raid and confiscation of the building. Can you comment on the lack of building and limitations to the locations for cannabis businesses?

A: There's not a whole lot of control we have from our end. Our zoning requirements for storefront dispensaries which were drafted some time ago were much tighter than our current zoning requirements for cultivation and manufacturing. We've added a relief such that sites that are close to parks can get a hearing at the Planning and Design Commission. We've gone as far as we can go as far as opening potential sites for cannabis.

Q: Are you going to create a licensing program for small growers who are not going to stop growing to get them to come forward and get their license?

A: If you are growing in a commercial space, you need to come forward and get licensed. If you are growing in a residential neighborhood, it is a problem. We are going to come up with regulations to make residential cultivation even tighter. Right now, personal cultivation is allowed in up to 400-sq. ft., but we are going to change that to six plants in a couple of months.

Q: What if these small growers cannot find the space or afford the license or cannot find \$6 million to purchase a building?

A: Illegal commercial cultivation in residential neighborhoods is not safe for the neighborhoods. The last three homicides in the city are related to illegal residential cultivation and we have zero sympathy for those who do not follow the rules.

Q: For delivery-only dispensaries, if you can find a location in an allowed zone, and if it is an office space rather than a warehouse where inventories can be managed, and the landlord allows it, is the City going to allow it?

A: The answer is not a definitive yes or no. The CUP process requires zoning administrative hearing in which the appropriateness of a specific location is evaluated, and it has to meet certain distance requirements. An office building wouldn't be excluded.

Q: What licenses can co-locate together under one roof?

A: We believe that a lot of the uses can locate together, but certainly not testing. That's State law. From a land use perspective and from a public policy perspective, the ability to co-locate is permissible.

Q: What is the difference between a dispensary and a delivery-only dispensary?

A: Both are retail. Both have a physical address. A delivery-only dispensary does not have a storefront and has no public interface.

Q: Can a delivery only dispensary sell the same products a storefront dispensary sells?

A: Yes. There is no difference in the products that a storefront and a non-storefront dispensary can sell.

Q: If a distributor is licensed in another county and wants to sell in Sacramento, do they have to get a distribution license in Sacramento?

A: We will check State law. We'll see how distribution shapes up and then go back to City Council see what if they want to adopt additional distribution requirements. We are not in this only for revenue generation. We are in this to protect neighborhoods, improve public safety and protect public health.

Q: What is the licensing requirements for nurseries that will only sell clones?

A: Right now, nurseries are permitted under cultivation.

Q: What is the policy for storage of product between testing and distribution?

A: We will look into State law. We would think that anything that will house commercial cannabis especially out of a cultivation site, would need a permit.

Q: How many cultivation applications have been submitted?

A: 68

Q: After submitted your CUP, how much time do you have before you have to get your BOP?

A: If you have an approved CUP, you have two years to use it or it expires.

Q: What penalties and enforcement actions are you going to impose regarding the 6-plant limit?

A: The priority is to abate the nuisance. We are working on a few things to get legal clarity on the enforcement action and penalties. Plants can only be grown in a single non-common area and the garage. Definitely, if there are 100 plants, we will take 94 of them and leave you with your six plants.