

City of Sacramento

Cannabis Cultivation Meeting

Meeting Notes

March 10, 2016
9:00 – 11:00 a.m.
City Council Chambers – 915 I Street, 1st Floor

I. Announcements

- City has currently not made decisions on cultivation operation requirements and has not yet established an application process or operating permit.
 - How much grow space do we need? How many permits issued? Should there be a cap and if so what should that be?
 - Should cultivators only be tied to a dispensary?
 - Should we allow product to be sold outside City of Sacramento?
 - Odor control and how to regulate?
- City asked current cultivators to register and show proof of cultivation and having an established business before February 2, 2016. The deadline was Thursday March 3, 2016.
- Next City Council meeting Tuesday, March 15, 2016 6:00 pm.
- City Council agreed to extend moratorium on cultivation for another six months to allow time making decisions on regulation of cultivation and a permit process.

II. Questions, Comments and Recommendations

- **RECOMMENDATIONS and COMMENTS from AUDIENCE:**
 - Cultivators should be allowed to sell product outside the City of Sacramento
 - Due to surrounding jurisdictions having a ban on cultivation, those who cultivate in the City of Sacramento should be allowed to export to other cities and counties.
 - If cultivators are only allowed to sell in the City of Sacramento, they will have a lot of product that will not be able to be sold.
 - Allow other types of permits for marijuana business – delivery, manufacture, distribution, testing, etc.
 - AB266 does allow for some vertical integration and some types of State licenses can be combined. The City should follow the state and allow some integration.
 - Per the State legislation, cultivators and dispensaries will need to work through a distributor in order to sell and buy product. There will need to be some sort of distribution permits so distribution should be addressed locally.
 - Cultivators should be allowed to manufacture at the same location as cultivation.
 - Research should be done on the different parts of the plant that can be extracted and beneficial to the patient and the need for different types of licenses to do this.
 - No cap on the number of cultivation sites or permits issued.
 - If cultivators are allowed to sell their product outside the City of Sacramento, there will be a need for more cultivation sites.
 - We should allow the market to dictate how many grow sites are needed.
 - The cultivation industry is much different than the dispensary business and the framework for cultivation permits should be different than that for dispensaries. There should be no limit on the number of permits and the

- industry should be allowed to prove its worth. Have a transparent application process and hold more stakeholder meetings.
 - There should be a cap on those who can come from outside the City of Sacramento and apply for a cultivation permit.
 - The City should not cap the number of permits but should regulate the size of grows. This will allow business of all sizes to thrive and discourage larger corporations. From capitalizing on the market.
- The registration form and the deadline of March 3rd were not communicated with all cultivators and the registration process should be re-opened to make it fair.
 - City should re-open cultivation to allow independent cultivators to register and not have to be tied to dispensaries.
 - Some dispensaries who want to cultivate themselves did not give the registration forms to any cultivators hoping they would not be allowed to cultivate and the dispensaries could grow their own product.
 - Not all cultivators want to only work with dispensaries
 - Just because the dispensaries did not get the registration forms to all the cultivators, the cultivators should not be penalized for not registering.
 - Dispensaries want to have control over their prices so they want to do their own cultivating and leave out any independent cultivators. They are not concerned for the product or their patients they are concerned about money.
 - The City will be able to make better decisions on the regulation of cultivation operations if they re-open the registration process because they will get a better picture of the industry.
- You should not have to be a City of Sacramento resident in order to get a permit.
 - Oregon had temporary residency restrictions to give locals priority.
- If the City takes too long with the cultivation permitting process, cultivators may end up moving to other cities and counties where they allow cultivation.
 - The City should speed the process for cultivation permits in order to compete with surrounding cities and counties who already are or who are working on allowing cultivation.
- The City of Sacramento also has a market for those in real estate who wish to allow for commercial grows in their buildings.
- The concern should ultimately be for the patients and their access to safe medicine.
 - Some patients need certain strains for medicine that only smaller businesses or even small cultivators may be able to provide. The City should have some protection in place so that dispensaries can continue to get their medicine from those that are cultivating but would not qualify to get a cultivation permit.
 - If there is a cap on the number of sites or permits, the prices will go up and some patients will not have access to their medicine.
 - Permit should be inexpensive and the City should support cultivation because this is ultimately where the medicine for patients comes from.
- The City should not just allow big business to operate cultivation sites and should protect small businesses and cultivators.
 - Some people are coming in to Sacramento from other areas with a lot of money to invest. The business should stay local and small businesses should be given the opportunity to also have a place in this market.
- Concern of monopolization of product and it should not be just dispensaries who are allowed to cultivate.
- The locations should not be made public during the conditional use process. This is a security and safety concern of cultivators and their product.
- The City should look at States that allow recreational marijuana as a model of how many grow sites are needed as California will likely allow recreational also.

- **QUESTIONS from AUDIENCE and CITY STAFF RESPONSES:**
 - How is the City going to determine who gets a permit? What will happen if you are cultivating but don't get a permit?
 - Currently the City has not yet made all the decisions on the requirements for cultivation permits, how many there will be or how they will be issued. If you are operating after permits are issued and you do not have a permit, you will be in violation.
 - Are the registration forms being used to determine any sort of priority? What is the benefit of registering?
 - At this time decisions regarding how the registration forms will be used have not yet been decided. Registration is for those who have already had a cultivation business or were cultivating before February 2, 2016 when the cultivation moratorium was in place.
 - How will the distance requirements be determined? Are there any other requirements in addition to parks and schools that cultivators should be aware of?
 - The City recommended to the City Council a 600 foot requirement from sensitive uses (schools, parks, churches, etc). The Council requested City staff to do outreach to stakeholder groups to gain information on current cultivation and market in order to help make decisions on distance requirements.
 - The City has not yet made further limitations regarding sensitive uses, other than parks and schools at this time.
 - Will the City require security, armed guards? Will there be tracking like the State is doing (seed to sale)?
 - The City has not yet made decisions on the requirements for operation of cultivation sites however the City will want security requirements for cultivation sites. As the State has requirements for seed to sale tracking, the City has not decided to do any further tracking or duplicate those efforts.
 - If zoning is too restrictive, it could limit the number permitted cultivation sites. Some property owners are unwilling to allow their property to be used for cannabis cultivation. How will the City deal with limited space due to zoning regulations?
 - The City Council has already made decisions on the zones where cultivation will be permitted. At this time there is no discussion to change zoning restrictions or requirements.
 - In the City's effort to regulate the number of cultivation sites, will the City be focusing on actual number of sites or square footage as a whole?
 - Zoning regulation of a maximum of 22,000 square feet has been established which was modeled after State regulations. Originally the square foot was per "parcel" and was changed to per "premise". City still has to define "premise".
 - Some people are part of a collective but do not have a dispensary. Does the City find it beneficial to start a collective outside of having a dispensary in order to be set up for having a cultivation site?
 - The City of Sacramento is not currently allowing any new dispensaries. As long as you are not opening up a store front, you could be part of a collective but at this time you could not open any new cannabis business. Delivery is currently not allowed at this time. Cultivation is currently not allowed in the City, however City is asking those who are already cultivating to register in order for the City to recognize the current

- location is operating. Outdoor cultivation is not allowed and any cultivation must be in a structure completely not visible to the public.
- Will the City open the registration process up again? Will there be a wait-list?
 - The City will go before the City Council on March 15, 2016 to ask for the registration process to be re-opened. If the City Council agrees, there will be a new deadline for registration forms to be submitted and no further registration forms will be accepted after the deadline. We do not have a plan for any waiting list.
 - How is the City handling those who registered after the registration process is over? Due to the conditional use permit what is the City going to do about business that are targeting cultivators and do not what them in the neighborhood after being notified?
 - The City has not yet made decisions on how to proceed after the registration process and will be in contact with those who submitted a registration form to communicate if qualified and also get further feedback and information.
 - Part of the reason for a conditional use permit is to notify the surrounding property owners, businesses, neighbors of the potential business that is applying to locate in their neighborhood and allow them to have their say so that zoning administrator can determine if land use is appropriate.
 - What is the City going to do about discrimination of those in the cultivation industry and do to protect them? No other business models address the issues cultivators are dealing with and cultivators are manufacturers of a product but are not treated as such and like alcohol or tobacco.
 - Marijuana is still illegal under Federal law and is still in a process of becoming legal under City of Sacramento code. We will evaluate other marijuana business and the need for local permits or if the State licensing is regulation enough for those parts of the marijuana industry. The City is attempting to navigate the change from the marijuana industry moving from illegal to legal.
 - What is going to happen with law enforcement with regard to grows? SMUD is working with law enforcement to find out where cultivation is happening.
 - There is no collaboration with Sacramento City Police Department and SMUD in order to locate any cultivation sites that we have been made aware of.
 - If you can have 22,000 square feet of canopy per “premise” not “parcel” can the same business have multiple “premises”?
 - The City has not yet made decisions concerning the number of “premises” a business can operate.
 - Will the City follow the square foot that the State is limiting to?
 - The City did use the State regulation as a guideline of the 22,000 square feet per “premise”.
 - Is the City going to have tier model of permits like the State?
 - The City is going to look into different permits for different types of businesses. The State is attempting to separate the process and the intent is not to have vertical integration with growing, manufacturing, distribution, testing, etc. Although State has agreed to recognize those that already had business in place and were permitted by a local agency, however the City of Sacramento currently only recognizes dispensaries as legal and only permitted dispensaries.
 - Will there be separate permits for cultivation of mature plants and a nursery that only grow and sell immature, non-flowing plants?
 - The City has not yet made any decisions on cultivation regulation or any distinction between different types of permits for cultivation or if a distinction will be made between a nursery and other cultivation sites that grow plants to maturity.

- If a business is currently manufacturing and cultivating on the same site, will they have to move the manufacture?
 - The City has not yet made any decisions on other marijuana businesses but intends to address this in the future. We are not yet sure if cultivators will be allowed to manufacture at the same location.
- Is the City working with utilities companies regarding the need for power to buildings for proper cultivation?
 - The City has not yet made any outreach to utility companies and is still gather information that would affect the amount of power needed for cultivation.
- Will there be background checks on those that apply for a cultivation permit?
 - Like with dispensaries, there will likely be a back ground check for those that wish to have a cultivation permit and operate a cultivation business.
- What about individuals who do not currently have cultivation site and have waited for regulations and want to comply with the laws? Will there be a preference to those who were already growing before it was legal in the City?
 - In order to qualify to submit a registration application, you must have been cultivating before February 2, 2016. Currently we do not have any further decisions made on the process for those who do not quality to register.
- If I am not currently cultivating but want to get a permit, should I start cultivating today or should I wait for a permit?
 - If you were not an already established business and already cultivating as of February 2, 2016 you should wait for the application process and to obtain a permit in order to cultivate.
- Am I just wasting my time and money going through the process for a cultivation permit if it seems likely that California will legalize marijuana for recreational use?
 - We do not yet know if California will legitimize recreational use of marijuana and there will still be a need for cultivation permits whether it is for medical or recreational purposes.
- Will cultivators who were previously convicted with felonies for cultivating be allowed to have a permit? It seems unfair that those who were trying to do the right thing and wait until there were regulations in place but now have a felony for growing before would not be allowed to get a permit because of the felony. Those that have a felony should get priority because they were the first ones who were getting the medicine to patients.
 - The City will require those who want to operate a cultivation site to have background checks but we are not yet sure of the requirements for operation.
- Will the City address people coming from outside of Sacramento who want to cultivate here?
 - The City has not yet made any decisions on who will be allowed to get a cultivation permit.
- Will odor enforcement of cultivation sites be complaint driven? Odor is going to be difficult to completely eliminate and it is easy to tell where the grow sites are now due to odor.
 - The city has not yet made regulation on how odor will be enforced but there will be some requirements to control odor from the public.
- Are private schools (church schools, driving schools, privately operated schools) included in definition of "school" with regard to distance requirements? Is vacant land owned by a public school definition of "school"?
 - Currently in the zoning ordinance that regulates medical marijuana dispensaries, "school" is defined as "school k-12" which is any building or group of buildings used for public or private education or instruction for any or all grades from kindergarten through grade 12. This would include private schools of any sort that teaches K-12. The ordinance

does not refer to vacant land owned by school but refers to building structures.

III. Action Items and Next Steps

- At City Council meeting on March 15, 2016, Council agreed to extension of cultivation registration process to April 14, 2016.
- Registration form was e-mailed to stakeholders and put on City website.
- Continue outreach and meetings with stakeholder groups to gather more information and recommendations.
- Determine distance requirements between cultivation sites, parks and schools.
- Establish level of approval for cultivation Conditional Use Permits.
- Develop and establish regulation of cultivation, an application process and cannabis cultivation operating permits.