

**Meeting Date:** 3/15/2016

**Report Type:** Public Hearing

**Report ID:** 2016-00297

**Title: Emergency Ordinance Extending the Interim Ordinance Imposing a Moratorium on Cannabis Cultivation [Four-Fifths Vote Required] (Noticed 03/04/2016; To Be Published in its Entirety Upon Approval)**

**Location:** Citywide

**Recommendation:** Conduct a public hearing and upon conclusion pass an Emergency Ordinance extending the moratorium on cannabis cultivation to September 18, 2016.

**Contact:** Brad Wasson, Revenue Manager, (916) 808-5844, Department of Finance; Joy Patterson, Principal Planner, (916) 808-5607, Community Development Department

**Presenter:** Brad Wasson, Revenue Manager, (916) 808-5844, Department of Finance; Joy Patterson, Principal Planner, (916) 808-5607, Community Development Department

**Department:** Finance / Community Development Department

**Division:** Revenue Administration

**Dept ID:** 06001211

**Attachments:**

1-Description/Analysis

2-Cannabis Cultivation Permit Work Plan

3-Emergency Ordinance Extending a Moratorium on Cannabis Cultivation

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**City Attorney Review**

Approved as to Form  
Steve Itagaki  
3/9/2016 9:15:25 AM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 3/8/2016 9:45:43 AM

## Description/Analysis

**Issue Detail:** On February 2, 2016, City Council adopted an emergency ordinance amending various sections of Title 17 of the Sacramento City Code relating to cannabis cultivation. This action was taken to ensure land use requirements were in place before a State of California deadline of March 1, 2016.

In addition to the emergency ordinance, the City Council also passed an interim ordinance that imposed a 45-day moratorium on cannabis cultivation in any zone, unless it was done in accordance with Chapter 8.132 of the Sacramento City Code (indoor residential cultivation) or it was an “established operation” on that date.

Council also directed staff to follow up on a number of issues related to cannabis cultivation while the moratorium is in effect:

- Develop a cannabis cultivation operating permit
- Register existing “commercial” cultivation operations
- Determine distance requirements between cultivation sites and parks and schools
- Establish the level of approval for the cultivation Conditional Use Permit

Council asked staff to work on these issues and obtain input from stakeholders. Staff has obtained contact information from the following interested parties:

- 30 dispensary operators
- 22 business groups
- 148 neighborhood associations
- 153 individuals interested in cultivation

With such a large number of interested parties, initial meetings are being scheduled by the groupings listed above.

Staff has also distributed registration forms for existing cannabis cultivators with existing cultivation operations within the city to apply for “established operations” status under the moratorium. The forms were provided to the dispensary operators to share with their suppliers. If existing cultivators are determined to be “established operations,” they will be able to continue to operate during the moratorium, while the cultivation rules and permit process are being developed.

In addition, a work plan has been developed to address the issues raised by Council with the goal of returning to the Law and Legislative Committee in June 2016. The 45-day moratorium needs to be extended to allow time to meet with stakeholders and develop recommendations. If the moratorium is not extended, cannabis cultivation poses a current

and immediate threat to the public health, safety, and welfare. The approval of entitlements that are required for those uses would result in a potential increase in crime, blight, and other nuisance activity.

California Government Code Section 65858 provides that the City Council may extend the interim ordinance for up to 10 months and 15 days, and subsequently extend the interim ordinance again for one more year. Any extension requires a four-fifths vote of the City Council. At this time, staff recommends extending the moratorium for six months until September 18, 2016.

**Policy Considerations:** In order for the Council to implement reasonable and effective regulations on cannabis cultivation, the moratorium should be extended to provide the time necessary to develop regulations. With the current cultivation moratorium expiring in two days, an emergency ordinance is necessary.

**Environmental Consideration:** This action is not a project subject to the California Environmental Quality Act (CEQA) because it involves only general policy and procedure making and does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment (CEQA Guidelines, Sections 15002(d), 15378, 15061(b)(3)).

**Rationale for Recommendation:** With the amount of interest from individuals and groups wishing to commercially cultivate cannabis in Sacramento, the City needs to be thorough in our efforts to develop rules that are fair and reasonable to business interests and protect the public's health and safety. More time is necessary to develop regulations with the input of stakeholders. Staff is recommending a six month extension of the moratorium.

**Financial Considerations:** Currently, a four percent marijuana Business Operations Tax (BOT) applies to cannabis cultivation. Staff conservatively estimates that allowing cultivation will increase the BOT annually by \$1.0 million dollars.

**Local Business Enterprise (LBE):** Not applicable.

Attachment 2

**Cannabis Cultivation Operating Permit  
Work Plan**

Item	Responsible Department	Time Frame	Status
Estimate growing space required	Finance	2/18 - 3/4/16	In progress
Share draft work plan with City staff	Finance	2/23	Complete
Outreach to Dispensaries for cultivation registration	Finance	2/9 - 3/3	Complete
Schedule meetings with stakeholders	Finance	2/23 - 2/26	In progress
- Dispensaries (3/3)		3/3	Complete
- Individuals expressing interest (3/10)		3/10	
- Business Associations (3/18)		3/18	
- Residential Associations (3/22)		3/22	
- All parties together		TBD	
Draft moratorium extension staff report	Finance, Community Development, City Attorney	2/24	Complete
Develop initial permitting goals	Finance, Community Development, City Attorney	2/29	In progress
Moratorium extension report drafted for 3/15 council meeting	Finance	2/29	Complete
Brief Council on moratorium extension	Finance, Community Development, City Attorney	3/1 - 3/15	In progress
Conduct stakeholder meetings	Finance, Community Development, City Attorney	3/1 - 4/5	In progress
Council meeting on moratorium extension	Finance, Community Development, City Attorney	3/15	
Draft outline of permit process	Finance	4/12	
Share outline with stakeholders	Finance	4/13	
Draft cultivation permit process L&L report	Finance	4/29	
Draft City Code for permit process	City Attorney	4/29	
Brief L&L Committee	Finance	By 5/6	
Draft code changes completed	City Attorney	5/9	
Updated draft of L&L report	Finance	5/10	
Share details with stakeholders	Finance	5/13	
Final legal review of proposed ordinance	City Attorney	5/25	
Submit report to ADRS for City review	Finance	5/26	
Conduct L&L committee member briefings	Finance, Community Development, City Attorney, Police	5/31 - 6/14	
Push report out to stakeholders	Finance	6/10	
Coordinate L&L presentation	Finance, Community Development, City Attorney	6/10	
L&L meeting	Finance, Community Development, City Attorney	6/14	

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN EMERGENCY ORDINANCE EXTENDING THE TERM OF  
ORDINANCE NO. 2016-0007, RELATING TO A MORATORIUM ON  
CANNABIS CULTIVATION

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

SECTION 1. Findings and Purpose

The City Council of the City of Sacramento finds and declares as follows:

A. On February 2, 2016, the city council adopted Ordinance No. 2016-0006, an emergency ordinance amending various sections of title 17 of the Sacramento City Code relating to cannabis cultivation (the "cannabis cultivation ordinance"). The cannabis cultivation ordinance took effect immediately upon adoption and allows the use of property for cannabis cultivation in certain specified zones.

B. Although the cannabis cultivation ordinance includes some regulations on cannabis cultivation, the city is currently considering and studying a proposal that would impose significant additional regulations to reduce the impact that cannabis cultivation may have on the surrounding areas, such as a potential increase in crime and other nuisance activity. The contemplated proposal includes the establishment of a cannabis cultivation business permit, as well as the adoption of registration, security, building, and other operational requirements.

C. The establishment of insufficiently regulated cannabis cultivation uses of land poses a current and immediate threat to the public health, safety and welfare. The approval of entitlements that are required for those uses would result in a potential increase in crime, blight, and other nuisance activity.

D. Based on those findings, on February 2, 2016, the city council also adopted Ordinance No. 2016-0007, an interim ordinance prohibiting the cultivation use allowed by the cannabis cultivation ordinance (the "interim ordinance"). The interim ordinance was enacted as an urgency measure pursuant to subsection (a) of section 65858 of the California Government Code. The interim ordinance expires on March 18, 2016 (45 days from its date of adoption), unless extended pursuant to the California Government Code.

E. Since February 2, 2016, city staff has implemented a registration process for cannabis cultivation uses that are established operations, as provided in the interim ordinance. Applications for registration as established operations were due no later than March 3, 2016. Staff is currently evaluating the applications received.

F. City staff has also reached out to the community and has collected contact information for parties interested in discussing the establishment of a cannabis cultivation business permit and the related regulations. The interested parties include dispensary operators, business groups, neighborhood associations, and other individuals.

G. A work plan has been developed to thoroughly and thoughtfully consider the proposal for additional regulations. The city intends to meet with city residents, city businesses, and industry stakeholders; prepare a draft ordinance; present the ordinance to the Law and Legislation Committee; and then present it to the City Council. Those steps cannot be completed before the interim ordinance expires on March 18, 2016.

H. Therefore, an extension of the interim ordinance is necessary to protect the public health, safety, and welfare by prohibiting the cannabis cultivation use as described in the cannabis cultivation ordinance, until the city council completes its consideration of the proposal for additional regulations. City staff anticipates bringing proposed additional regulations to the city council within six months.

F. This ordinance, which extends the interim ordinance prohibiting the cultivation use allowed by the cannabis cultivation ordinance, is enacted pursuant to subsection (a) of section 65858 of the California Government Code.

G. Unless this ordinance takes effect immediately, cannabis cultivation uses could be established in the city when the interim ordinance expires on March 18, 2016. Those uses could be established without any additional regulations. That may endanger the public health, safety, and welfare. As a result, this ordinance is also enacted as an emergency measure pursuant to section 32(g)(2) of the Charter of the City of Sacramento.

## SECTION 2. Term of the Interim Ordinance Extended

The term of the interim ordinance (Ordinance No. 2016-0007) is extended for six months. The interim ordinance will have no further force or effect after September 18, 2016, unless extended pursuant to the California Government Code.

## SECTION 3. Declaration of Emergency

This ordinance is declared to be an emergency measure to take effect immediately upon adoption by the City Council, pursuant to section 32(g)(2) of the Charter of the City of Sacramento. The facts constituting the emergency are set forth in section 1 of this ordinance, all of which are incorporated into this section.