



REPORT TO CITY COUNCIL

Approved by:



Arnaldo Rodriguez, City Manager

Council Meeting of: January 20, 2021

Agenda Number: A-1

SUBJECT:

Continued Workshop on Pending Cannabis Regulatory Ordinance and Related Procedures

RECOMMENDATION:

Continue discussion of workshop presentation and provide direction to staff

SUMMARY:

An initial workshop on the pending cannabis regulatory ordinance and related procedures was presented to Council on January 6, 2021. The workshop discussed the basic components of the ordinance, procedural guidelines, selection criteria, and approval of cannabis business permits. Staff presented reasoning for the recommended approach and requested input and direction by Council majority on policy considerations before completing the preparation of the ordinance as well as land use ordinance designating zone districts where cannabis businesses may be permitted. Council proposed to continue the discussion at the next scheduled Council meeting, after having the opportunity to further review presented information, as well as seeking input from constituents and stakeholders.

DISCUSSION:

Material presented during the January 6, 2021 workshop introduced a proposed seven-step workflow for the development of a regulatory ordinance to allow, permit, regulate, and tax cannabis businesses. A breakdown of the seven-step workflow is as follows:

- *Step 1: Ordinance* – Addresses two municipal code updates that would occur; Regulatory Ordinance for Cannabis Business Permits, and Zoning Ordinance.
- *Step 2: Procedures & Guidelines* – Proposes formalization of procedures and guidelines and criteria for review as cannabis businesses seek conducting business within the City.
- *Step 3: Lottery* – Establishes proposed lottery system, under which applicants that meet minimum point total would be drawn and placed in order to create an eligibility list.

- *Step 4: Land Use Review/Public Meetings* – Establishes inclusion of land use review as applications are reviewed, as well as seeking community input.
- *Step 5: City Manager Role* – Proposes defining the role of the City Manager.
- *Step 6: City Council Role* – Proposes defining the role of Council.
- *Step 7: Operations* – Proposes additional operations procedures for consideration such as timeframe to exercise permit, background checks, annual review of permits, location or owner changes.

Both the workshop presentation slides, and the seven-step workflow presented during the initial January 6, 2021 workshop were made available to the public after being published in the City's website and social media platforms. Materials were made available so as to further encourage public feedback.

FINANCIAL IMPACT:

Costs associated with cannabis related work includes the following:

- Contract with HdL totaling \$30,000
- Cost to place the ballot measure on the November 3, 2020 election estimated between \$90,000 to \$100,000. No invoice has been received to date.
- Various staff time and City Attorney fees

Note that HdL contract cost may be recovered by fees from potential applicants should the City permit cannabis activities in the City.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

While not specifically addressed, the requested action is consistent with the Vision Madera 2025 Plan; Effective Government: Strategy 115. – Ensure sufficient economic resources to provide adequate City services and prepare for future growth.

ALTERNATIVES:

The Council may direct staff to return with more information or to direct staff to return with agenda item to cease efforts relating to cannabis.

ATTACHMENTS:

1. Cannabis Regulatory Ordinance and Related Procedures Workflow

1. Ordinances	2. Procedure & Guidelines	3. Lottery	4. Land Use Review/Public Meeting	5. City Manager Role	6. City Council Role	7. Operations
Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Two Municipal Code Updates	Two parts in Step 2: Procedure & Guidelines and Criteria for Review	All applications that meet the minimum point total will be drawn and placed in order to create an eligibility list	2 Public Meetings; 1 for Retail, 1 for Non-retail	Community Development Director forwards report regarding Public Input to the City Manager	City Manager Recommendations will be considered by City Council for final action	Applicants have one year to exercise their permit, or it will expire (or as determined by the City)
1. Regulatory Ordinance; Cannabis Business Permit	Criteria for review:	2 Lotteries (1. Retail; 2. Non-Retail other)	A. Land Use conformity (Community Development Director) B. CEQA (Community Development Director)	City Manager Role: 2 Options (one or the other)	Neighbors within 300 ft are be notified of the City Council meeting City Council action is final	Background check on employees by City Police Dept. (or other party) Can be suspended if suspended by a State agency or the City
A. Framework for Cannabis Business Permit	A. Business Plan	Other Option:	B. CEQA (Community Development Director)	A. City Manager makes recommendations to Council for action.		City may issue conditions, measures, or penalties, suspend, or revoke a permit
B. Compliance with State Law	B. Labor, Diversity, and Inclusion Plan	1. Retail sales: Lottery	4. Some applications may require entitlements and/or CEQA	B. City Manager reviews Public Meeting comments. City Manager approves or denies permit.		City may issue conditions, measures, or penalties, suspend, or revoke a permit
C. Policies	C. Security Plan	2. Non-Retail Permits: Unlimited	Public meeting	Appeal: City Manager action may be appealed to the City Council		Permit must be renewed annually (State of CA permit is renewed annually)
D. Operational Best Practices	D. Safety Plan	Applicants that are not selected will be notified and would have an opportunity to appeal the scoring (not the outcome of the lottery).	Community Input (Solicit public input)			May be transferred with approval from the City Manager; if ownership changes more than 51%, requires City Council approval.
E. Sensitive Users recognized by State regulations: schools, daycares, youth facilities	E. Neighborhood compatibility		A. Planning Commission			If location changes, Council approval required
F. Other potential sensitive uses to consider: A) Homes, B) Parks, C) Library	F. Community Benefits		B. Community Development Director			
2. Zoning Ordinance	Guidelines establish a point system for review of every Cannabis Business Permit; 90% advances to Lottery in Step 3		Neighbors within 300 ft. are notified			
	# of permits will be outlined as part of the Procedure Guideline, as will the number of non-retail permits					
	Procedures & Guidelines:					
	A. City Manager Prepares					
	B. Council approves by Resolution					
	C. Will include forms, applications, & indemnifications					
	D. Cost recovery fees					
	E. Owner must pass background					
	F. Fee to file an appeal					