



Workshop:
Storefront Retail Cannabis Businesses

Study Session Agenda

1. Review City Council direction
2. Review 7/25/19 Commission workshop
3. Review State permitting procedures
4. Discuss permitting process options
 - a. Land use considerations
 - b. Security considerations (Commander Garcia)
5. Discussion and direction to staff

Council direction

- June 2019: Council initiates zoning text amendment to regulate storefront retail cannabis businesses
 - Max. 4 businesses in City
 - Conditionally permitted use in all zoning districts that allow retail sales (M-1, NCRO, SCRO-1, SPCRO, TC-1, TC-2)

7/25/19 Workshop

- Considered storefront retail permitting processes from other small/medium-sized cities in CA
 - Approval processes: Two-tiered (license + use permit) vs. one-tier (license or use permit) processes
 - Business caps
 - Permit/license renewals
 - Application fees
- Consensus to move forward with two-tiered process (license + use permit) with scoring or ranking and annual license renewal requirements

State Permitting Process

Bureau of Cannabis Control Online Services



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Welcome to our Bureau of Cannabis Control's Online Licensing System.

We are pleased to offer this service to our customers so that you can easily apply for a commercial cannabis license, submit payments, and track the status of your application all from the convenience of your home or office, 24 hours a day.



BCC Cannabis Portal eLearning



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Account Registration Step 2: Enter/Confirm Your Account Information

* indicates a required field.

Login Information

Enter your User Name and Password. You must also enter a unique email address

* User Name: * E-mail Address:

* Password: * Type Password Again:

State Permitting Process

- Six License Types
 - Retail (Storefront or nonstorefront)
 - Manufacturing (volatile or nonvolatile)
 - Distributor
 - Testing lab
 - Cultivation
 - Microbusiness (combination of activities subject to certain size limits)
- **Local authorization** required before State will issue a license
 - Current Use Permit process for nonstorefront retail, manufacturing, distribution, lab testing
 - Use Permit constitutes City's local authorization
 - State license required prior to business operations/occupancy
- State permit application timeline
 - > 6 months

State Permitting Process

- Background check and other security provisions
 - § 5006. Premises Diagram.
 - § 5031. Age Restriction.
 - § 5036. Notification of Theft, Loss, and Criminal Activity
 - § 5037. Record Retention
 - § 5042. Limited-Access Areas.
 - § 5043. Licensee Employee Badge Requirement.
 - § 5044. Video Surveillance System.
 - § 5045. Security Personnel.
 - § 5046. Locks
 - § 5047. Alarm System.
 - § 5049. Track and Trace Reporting.
 - § 5400. Access to Retailer Premises
 - § 5403. Hours of Operation
 - § 5404. Retail Customers
 - § 5405. Cannabis Goods Display.
 - § 5409. Daily Limits.
 - § 5413. Cannabis Goods Packaging and Exit Packaging.

Current Procedure for Non-storefront Businesses

- Use Permit required for distribution, manufacturing, retail delivery, lab testing in TC-1
- Use Permit required for lab testing in SCRO-1
- Lab testing allowed by-right in SP-CRO
- Use Permit application or business license application requires cannabis application checklist



Approval Process Considerations

- Two-tiered (license + use permit)
 - Subjective application ranking/scoring criteria
 - Complex rating systems (number of points)
 - Separate Department screening of applications (PD reviews license; Planning reviews Use Permit)
 - License approval may not result in Use Permit approval (management of applicant and community expectations)
 - Overlap and redundancy between license process/approval (background check and security) with Use Permit findings
 - Extend time between initial application, land use approval, and operating timing
 - Big businesses may have an advantage over small businesses

Approval Process Considerations

- One tier (use permit)
 - Findings for application/business approved or denied based on the whole of the record in one action: business merits + health and safety/security + neighborhood compatibility
 - Cohesive and collaborative Department screening of applications (PD, Planning, Building, DPW, Fire simultaneously review vs. separate phases)
 - Greater certainty for applicant and City (one outcome vs. two)
 - Reduce overlap and redundancy between license process/approval (background check and security) with Use Permit findings
 - More expedited process for City and applicant
 - Reducing subjective ranking = less opportunity for big business to “win” over small businesses

Local Security Enhancements

- Storefront entry control.
- Window Coverings;
- Loitering;
- Nuisance management.
- State license required to operate.
- Criminal background investigation of owner(s)
- Surveillance System- specifically to allow local access to law enforcement
- Hours of Operation (8am to 10pm vs BCC 6am to 10pm)

Next steps

- Feedback from Commission and community will inform draft Ordinance
- Draft Ordinance anticipated for public hearing in November

Questions & Discussion