



City of Vacaville
CANNABIS POLICY
DISCUSSION





INTRODUCTION



POLICY DISCUSSION ON ALLOWING CANNABIS BUSINESS USES

PURPOSE AND PRESENTERS

RECEIVE DIRECTION FROM CITY COUNCIL REGARDING ALLOWING THE OPERATION OF CERTAIN CANNABIS BUSINESSES IN THE CITY OF VACAVILLE

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POLICY QUESTIONS



POLICY DISCUSSION ON ALLOWING CANNABIS BUSINESS USES

FOR COUNCIL CONSIDERATION

Staff recommends that the City Council provide policy guidance and direction to the following questions:

- 1) Is the City Council interested in participating in the Cannabis industry?
- 2) What types of cannabis businesses does the City Council want to allow?
- 3) Where does the City Council desire these business types be allowed to operate?
 - a) Zoning Designations?
 - b) sensitive receptors buffer radius?
 - c) Other sensitive receptors?



PROPOSITION 64 ELECTION RESULTS



Statewide

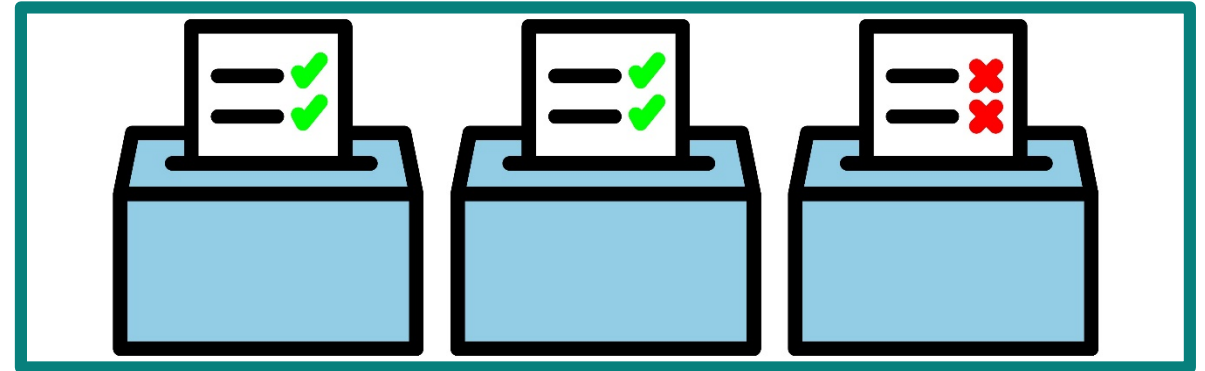
passed with 56.1% of the vote;
43.9% opposed

Solano County

58.39% of voters supported;
41.61% opposed

City of Vacaville

54.51% of voters supported;
45.49% opposed





VACAVILLE CANNABIS POLICY HISTORY



- September 26, 2017 – Council adopts moratorium on commercial cannabis activities as allowed by law.
- April 9 and 23, 2019 – Council holds study sessions on possible Vacaville ordinance(s) governing land use regulation of commercial and production activities related to cannabis.
- April 25, 2019 – Pursuant to Council direction, Staff holds public open house to receive input from the general public about cannabis in Vacaville. Fifty (50) people attended the open house, mostly by cannabis industry representatives.
- May 10, 2019 – Pursuant to Council direction, Staff holds meeting with Vacaville Chamber Business Roundtable to receive input regarding cannabis in Vacaville.



VACAVILLE CANNABIS POLICY HISTORY



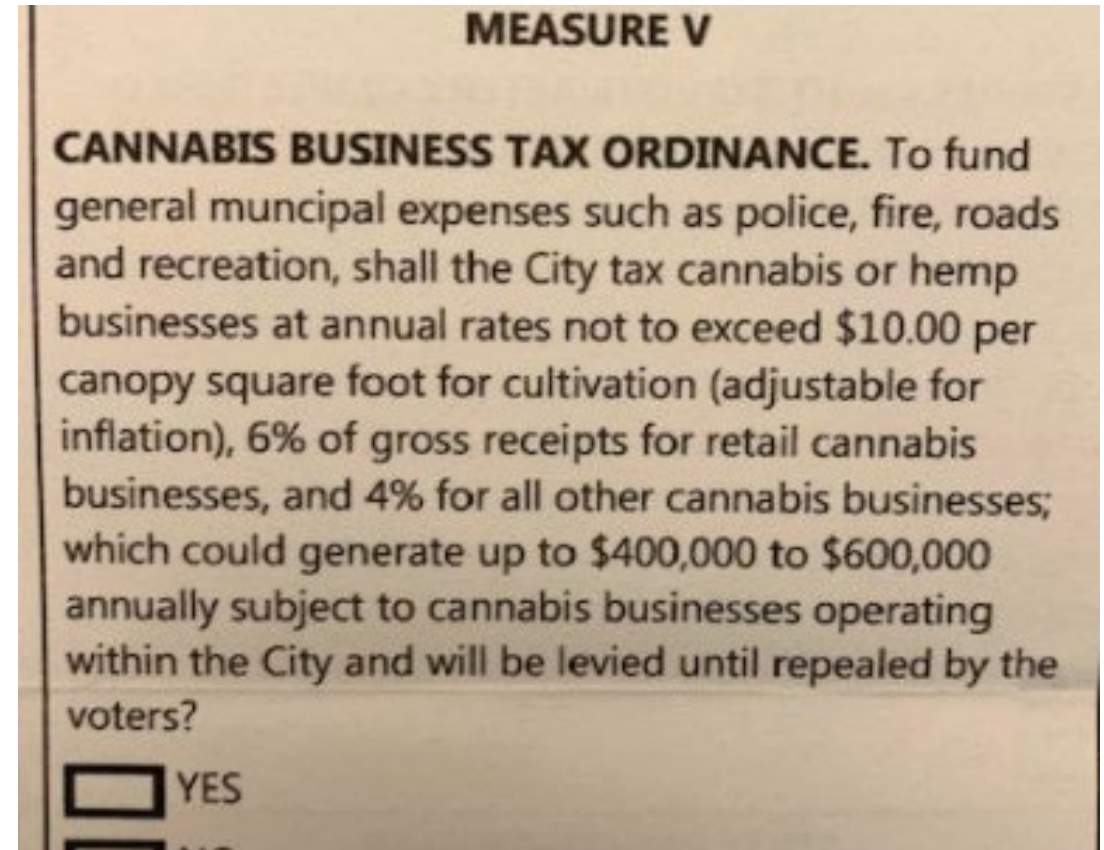
- June 25, 2019 – Council adopts ordinance repealing Chapter 9.13 regulating medicinal cannabis and repealing extended moratorium, and adopts new Chapter 9.13 prohibiting commercial cannabis activities.
- July 14, 2020 – Council adopts resolution adding a ballot measure to the general municipal election held on November 3, 2020, submitting a measure to impose a cannabis business tax.
- November 3, 2020 – Twenty-nine thousand, two hundred and one (29,201) Vacaville voters approve ballot Measure V imposing a cannabis business tax by a vote of 64.45%.



MEASURE V CANNABIS BUSINESS TAX

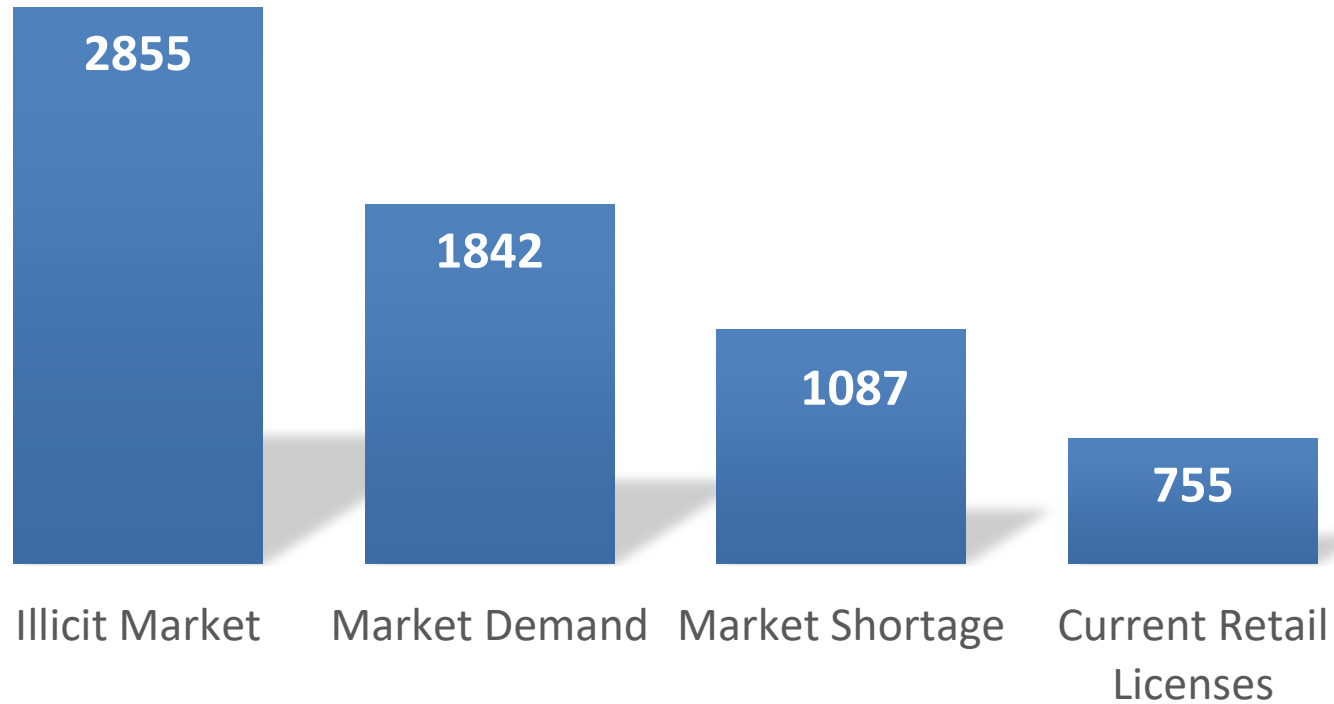


- Provide authority to tax cannabis operations in the City.
- Does not authorize, or permit, any commercial cannabis business or activity to operate at any location in the City.





CA CANNABIS RETAIL MARKET ANALYSIS





CANNABIS LICENSES BY TYPE AS OF 3/20/21

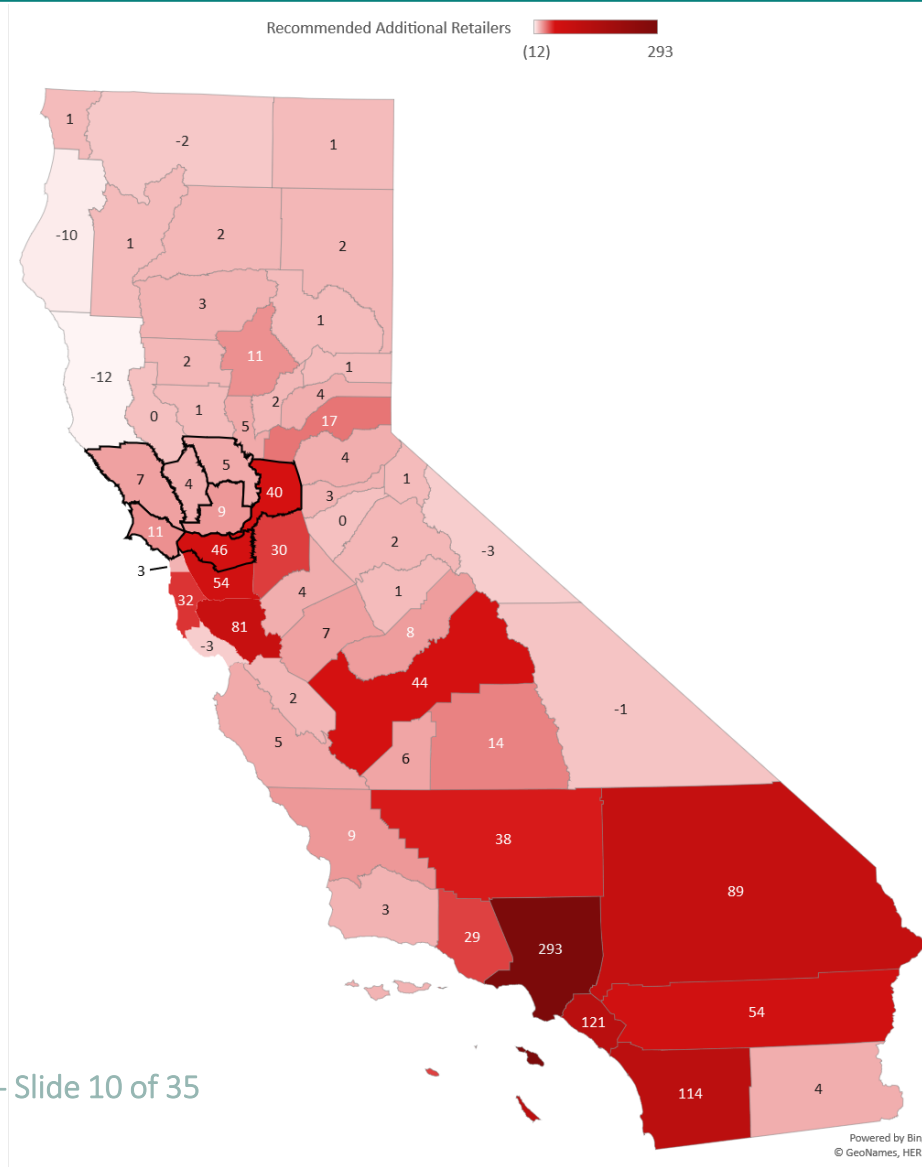


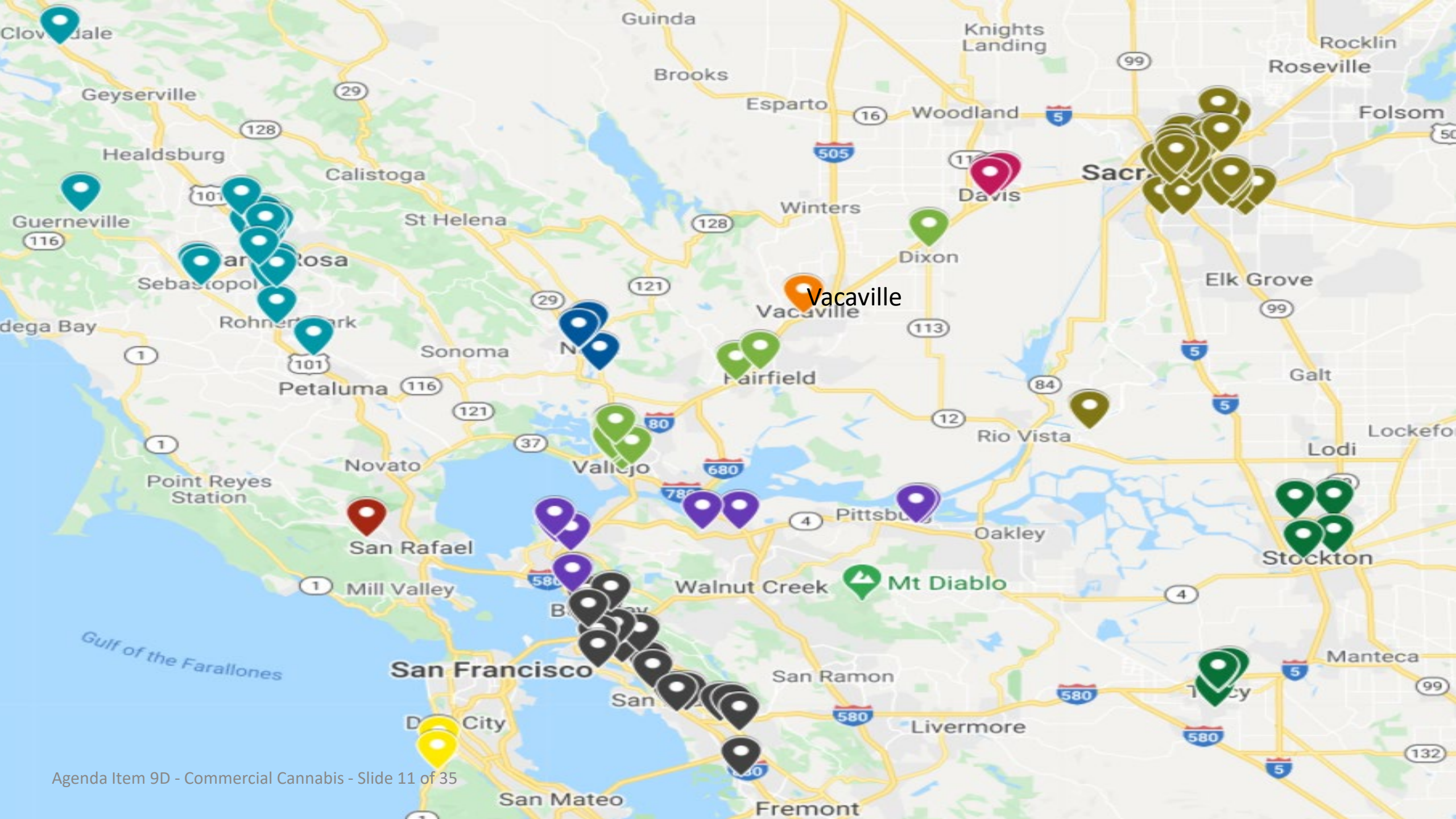
5371 Cultivation
906 Manufacturer
755 Retailers
383 Retailers Non-Storefront
1269 Distributors
196 Distributor Transport Only
330 Microbusinesses
40 Testing Labs
247 Cannabis Event Organizers
9,497 Total

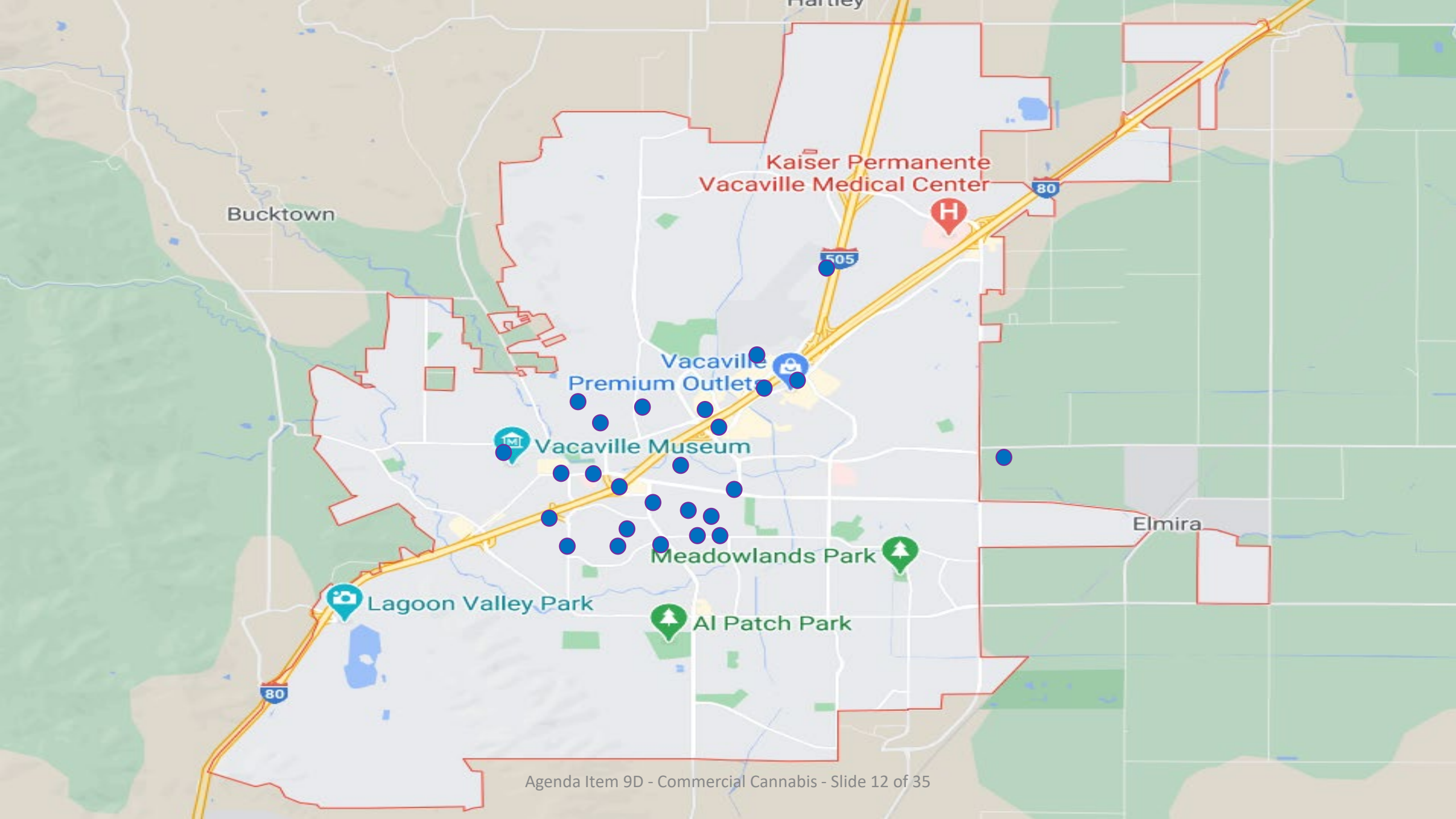




CA CANNABIS RETAIL MARKET LICENSE SHORTAGE







Bucktown

Kaiser Permanente
Vacaville Medical Center

Vacaville
Premium Outlets

Vacaville Museum

Meadowlands Park

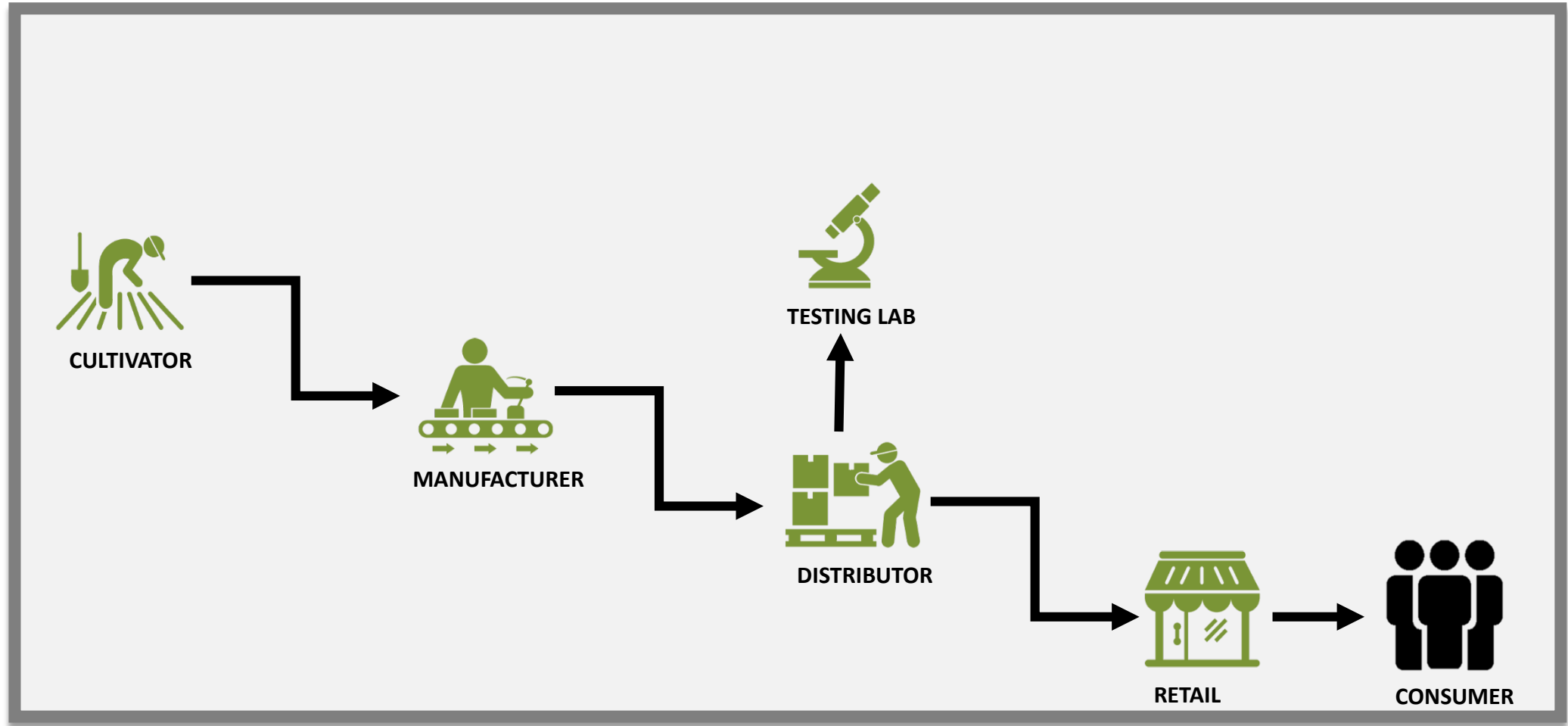
Al Patch Park

Lagoon Valley Park

Elmira



CANNABIS BUSINESS CATEGORIES





LOCAL CONTROL AUTHORITY



- ✓ State must notify the local jurisdiction when it receives a commercial cannabis application
- ✓ The law does not supersede or limit existing local authority.
- ✓ Local Regulatory Ordinances will not be subject to CEQA until July 1, 2021 B&P Section 26055 (h)
- ✓ County of Santa Cruz, etal court decision on deliveries
- ✓ Farmer vs BCC billboard court decision





Policy Decisions Based on Activities



Consumer Demand

- ✓ Personal Cultivation
- ✓ Out of Town Deliveries
- ✓ Non-Store Front Retailer In Town
- ✓ Retailer (Dispensaries) In Town

Economic Development

- ✓ Cultivation Facilities
- ✓ Manufacturing Facilities
- ✓ Distribution Facilities
- ✓ Testing Labs
- ✓ Generates Jobs
- ✓ Generates Revenue



REGULATIONS CAN:

- ✓ Give the local agency authority and control over licensing
- ✓ Require applicants to comply with robust requirements
- ✓ Enhance accountability for security and product safety
- ✓ Reduce intervention from the Federal Government by complying with the Cole Memo and other state laws

REGULATIONS CAN ADDRESS:



- ✓ Limited number of business licenses
- ✓ Access control requirements
- ✓ Police access
- ✓ Police background checks
- ✓ Record reporting/retention requirements
- ✓ Investigation and inspection protocols
- ✓ Good neighbor policy mitigation
- ✓ Suspension, fines, and permit revocation



REVENUE GENERATING STRATEGIES



Standard fee to recover City costs



Measure V (Cannabis tax) was approved by the voters in November 2020 and passed with a 64.45% approval



CANNABIS LICENSING



- Licensing effective January 1, 2018
- Currently 22 types of licensing
- General Categories:

Commercial direct sales, retail sales nursery sales special events	Production cultivation manufacturing warehousing / wholesale distribution
Other testing lab	

- Could be allowed where consistent with City zoning



CULTIVATION

- Cultivation means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- Multiple forms of cultivation licenses (14) including indoor and outdoor types.
- Pro: Plants grown outdoors require much less energy usage than indoor grows.
- Con: High potential for nuisance impacts (smell, crime, trespassing); water usage; waste processing; runoff contamination; potential to conflict with County ag productions and increase cost of ag land; light pollution if using light in greenhouse at night.
- Not recommended by staff and the consultant



MANUFACTURING

- Manufacturing generally means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.
- Two types based on solvents used:
 - Non-volatile: cold water, heat press, CO2
 - Volatile: butane, propane, ethanol
- Pro: economic development opportunity (edibles are the fastest growing products in cannabis industry). Not very visible to public.
- Con: potential health and safety concerns due to large quantities of volatile gases and industrial solvents are stored on-site. More legislation expected
- Staff and consultant recommend limited number facilities in Industrial or Business Parks only



DISTRIBUTORS

- Distributor licensees are responsible for transporting cannabis goods, arranging for testing of cannabis goods, and conducting quality assurance review of cannabis goods to ensure they comply with all the packaging and labeling requirements.
- Distributor transport licenses allow for the transport of cannabis goods between licensed cultivators, manufacturers, and distributors. A distributor transport licensee may not transport cannabis goods to a licensed retailer and may not engage in any other distributor activities.
- Pro: Possible economic benefit. Access to freeway system could attract new business.
- Con: Greater risk of crime with large amount of cannabis products on-site. Potential for noise and traffic concerns with heavy truck volumes.
- Staff and consultant recommend limited number facilities in Industrial and Business Parks only



TESTING LABORATORY

- A testing laboratory, facility, or entity in the state that offers or performs tests of cannabis goods.
- Testing lab owners are prohibited from conducting other commercial cannabis activities.
- Pro: Poses the fewest public safety challenges due to the least amount of cannabis on-site. Low profile - not very visible to public.
- Con: Possible increase in traffic from deliveries of testing samples.
Possible increase in waste issues.
- Staff and consultant recommend limited number facilities in Industrial or Business Parks only



MICROBUSINESS

- Microbusiness licensees must conduct at least three of the four following commercial activities:
 - Cultivation (Less than 10,000 sq. ft.)
 - Manufacturing (non-volatile)
 - Distribution
 - Retail (Storefront or Non-Storefront)
- Pro/Con: Similar to retail and cultivation uses. And ...
 - If efficiently operated a microbusiness can be very profitable, as it reduces the overhead cost of operating multiple locations and paying various levels of taxes on the same product they own.
 - If a business owner is unable to successfully manage all segments of the supply chain, they could ultimately become a compliance liability and a higher risk of failure.
- Staff and consultant recommend limited number facilities in Industrial and Business Parks only

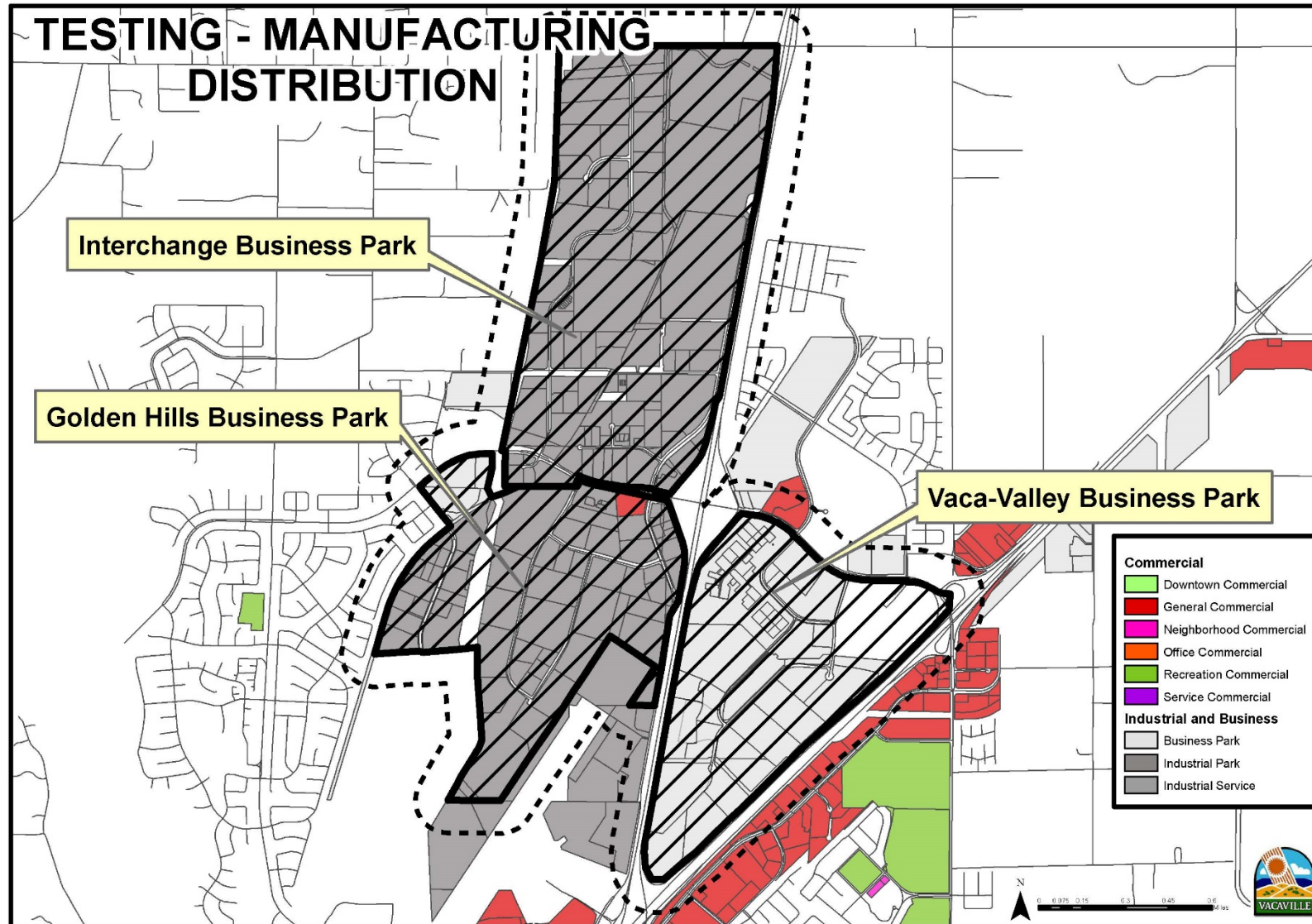


RETAIL: NON-STOREFRONT

- A non-storefront retailer licensee sells cannabis goods to customers exclusively through delivery. A non-storefront retailer must also have a licensed premises to store the cannabis goods for delivery. The premises of a non-storefront retailer shall not be open to the public.
- Pro: Possible economic benefit. Could generate revenue without traditional storefront.
- Con: Impacts to community perceptions/image of locale. Requires strict regulations and standards to operate.
- Staff and consultant recommend limited number facilities in Industrial Parks only

POTENTIAL LOCATIONS

- with 600 ft radial buffer for sensitive receptors



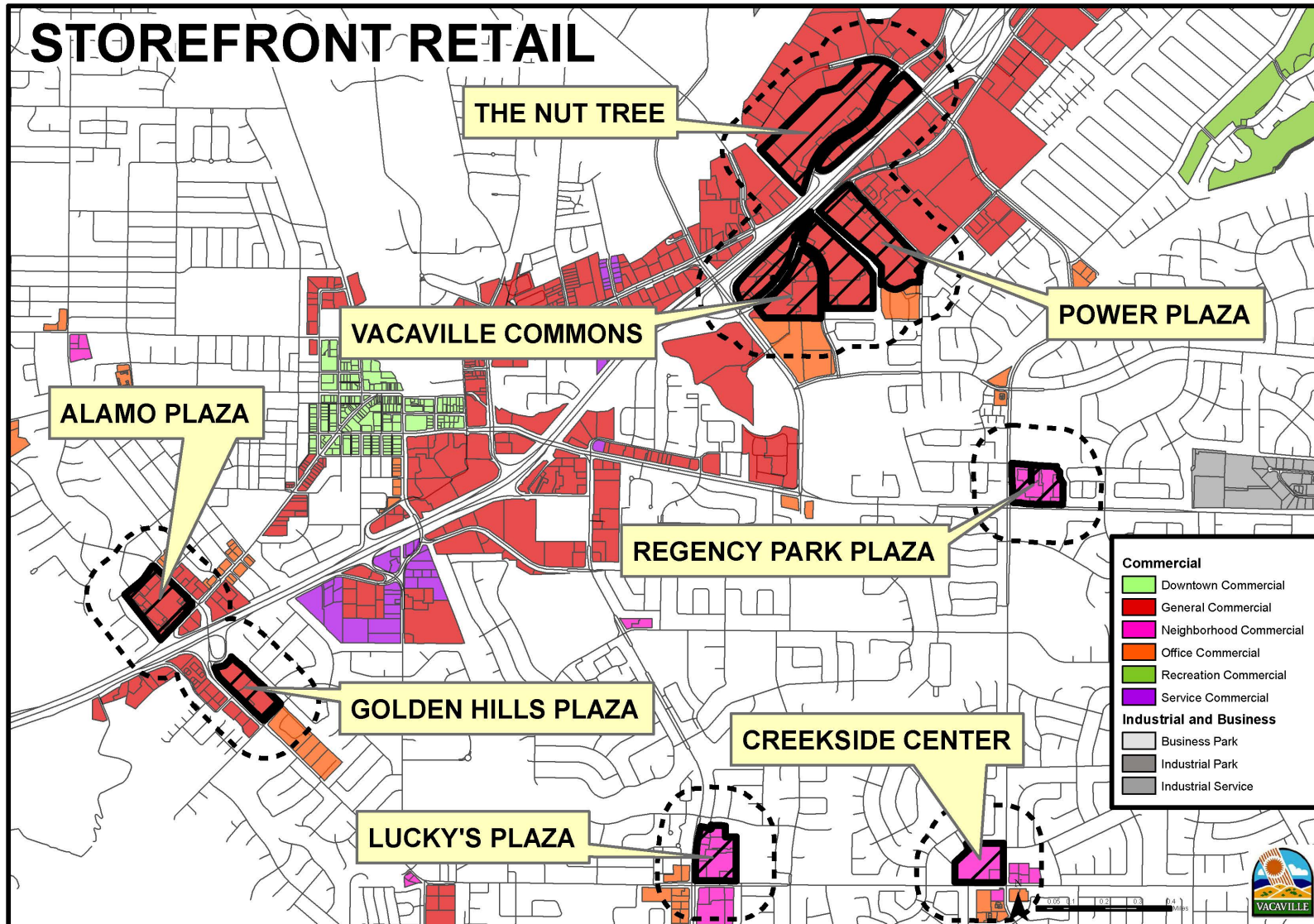


RETAIL: STOREFRONT

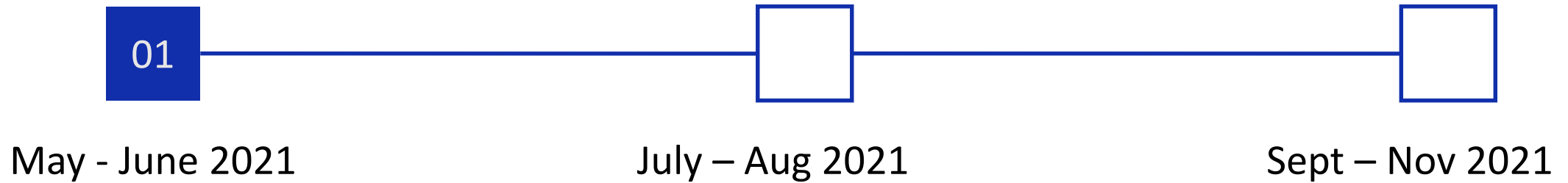
- A storefront retailer licensee sells cannabis goods to customers at its premises or by delivery. A storefront retailer must have a licensed physical location (premises), including address, where commercial cannabis activities are conducted.
- Pro: Potential economic benefit if well regulated and taxed at appropriate level. Limited locations: promotes better control to access products; and, encourages State compliance and enforcement with regulated security measures. May decrease residential impacts by reducing need for deliveries.
- Con: Potential property crimes in immediate locale because it is an all cash business; impacts to community perceptions/image of locale. Requires strict regulations and standards to operate (buffers, limited number of locations).
- Staff and consultant recommend limited number facilities in large commercial centers

POTENTIAL LOCATIONS

- with 600 ft radial buffer for sensitive receptors



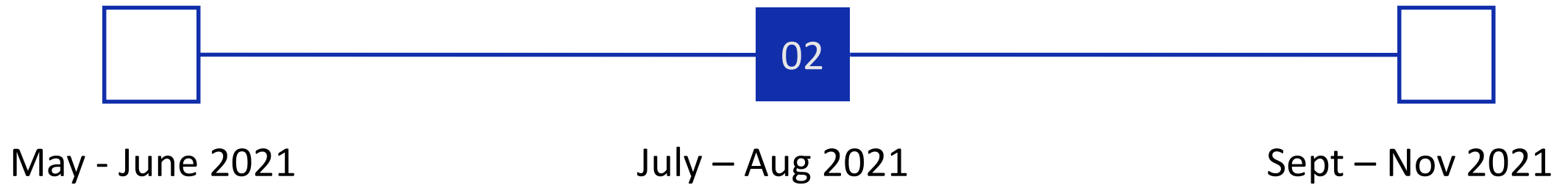
PROCESS FOR SUCCESSFUL REGULATORY FRAMEWORK DEVELOPMENT-IF APPLICABLE



- ✓ Draft a regulatory ordinance which creates best practices
- ✓ Conduct study sessions & public hearing to City Council on regulatory ordinance
- ✓ Conduct study sessions to City Council on draft zoning ordinance



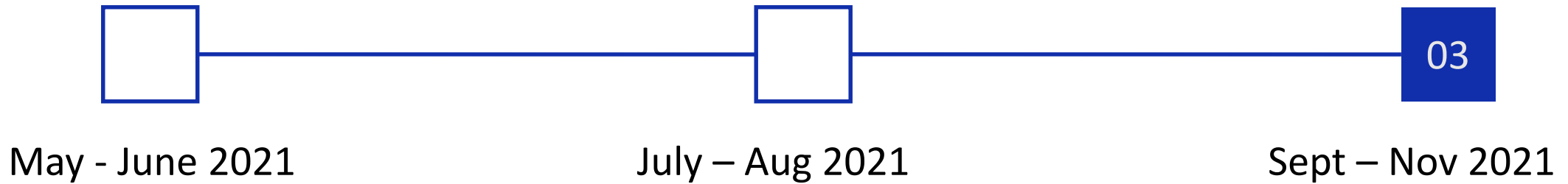
PROCESS FOR SUCCESSFUL REGULATORY FRAMEWORK DEVELOPMENT-IF APPLICABLE



- ✓ Draft zoning ordinance and present to Planning Commission for recommendation hearing
- ✓ Present zoning ordinance to City Council



PROCESS FOR SUCCESSFUL REGULATORY FRAMEWORK DEVELOPMENT-IF APPLICABLE



- ✓ Develop an application process at a future date as recommended by the City Council
- ✓ Establish application fees to recover all associated cost for the application process and program development



LOCAL TAX REVENUE PROJECTIONS

Annual Revenue Estimates: Scenario*

- Very Conservative: \$462,500
- Moderate: \$562,500
- Aggressive: \$662,500
 - *Assumes 2 storefront retailers with an average of \$5M in gross receipts.*
 - *Assumes 1 manufacturer with an average of \$2.5M in gross receipts.*



RECOMMENDATION



Potential Cannabis Activities in Vacaville

Staff recommendations

➤ Industrial/Business Park areas:

- Maximum 5 total
 - Manufacturing, Distribution
 - Non-Storefront Retail
 - Microbusiness - limited to manufacturing, distribution, and non-storefront



RECOMMENDATION



Request that Council Direct Staff to return in May for a Study Session with:

- Draft ordinance action to repeal the Prohibition Ordinance
- Draft regulations ordinance, to include:
 - Zoning Designations for potential cannabis businesses
 - Industrial/Business Park
 - Large commercial centers/plazas
 - General operating guidelines of potential cannabis businesses
 - No commercial use within 600 ft. of sensitive receptors
 - May be reduced to a lesser distance for a daycare when a daycare is in a shopping center
 - Direction to adopt application and licensing process by resolution



QUESTIONS



Staff and Consultant are prepared to answer your questions.

THE END

- ~~Type 1, 1A, 1B: Cultivation – Specialty is less than 5,000 sq. ft. of canopy size~~
- ~~Type 1C: Cultivation – Specialty Cottage is 25 mature plants or 500 sq. ft. of canopy~~
- ~~Type 2, 2A, 2B: Cultivation – Small is 5,001 sq. ft. – 10,000 sq. ft. of canopy size~~
- ~~Type 3, 3A, 3B: Cultivation – Medium is 10,001 sq. ft. – 22,000 sq. ft. of canopy size~~
- ~~Type 4: Cultivation – Nursery sells clones, immature plants, seeds, and other agricultural products for propagation~~
- ~~Type 5, 5A, 5B: Cultivation – Large more than 22,000 sq. ft. of canopy~~
- Type 6, 7: Manufacture – non-volatile or volatile solvents (respectively)
- Type 8: Testing Laboratory
- Type 9, 10: Retailer – non-storefront or storefront (respectively)
- Type 11, 13: Distributor – store/warehouse and transport cannabis goods, could be limited to transport only
- Type 12: Microbusiness – must incorporate at least 3 types of “commercial” cannabis activities at the same facility (i.e. – specialty cultivation and process/manufacture and storefront retail)