



CITY PLANNING COMMISSION MEETING: DECEMBER 8, 2022
AGENDA ITEM NO.: 5

DISCUSSION ITEM

Case Number	PR-2021-001453 (Zoning Text Amendment)
Request	Workshop – Proposed Amendments to Title 19 (Zoning) to implement a Commercial Cannabis Program
Project Location	Citywide
Wards	All
Staff Planner	Judy Eiguez, Senior Planner jiguez@riversideca.gov 951-826-3969

RECOMMENDATION

Conduct a workshop to discuss Proposed Amendments to Title 19 that implement a proposed Commercial Cannabis Program as directed by the City Council Economic Development, Placemaking and Branding/Marketing Committee (Committee).

BACKGROUND

In 2016, California voters passed Proposition 64 (The Adult Use of Marijuana Act) which allowed for adults 21 or older to legally grow, possess and use cannabis for recreational purposes and legalized the sale and distribution of cannabis statewide. Shortly thereafter, Governor Brown signed Senate Bill 94 (The Medicinal Adult-Use Cannabis Regulation and Safety Act or MAUCRSA) into law. While the MAUCRSA created minimum requirements for licensees statewide, Proposition 64 and Senate Bill 94 gave local governments the flexibility to implement local regulatory frameworks for land-use entitlements, building permits and business/operating licenses for cannabis related uses.

Following the passage of Proposition 64, the City Council acted to implement a moratorium on commercial cannabis activities in the City and subsequently adopted Ordinances permitting and regulating Cannabis Testing Laboratories and prohibiting:

- 1) the retail and commercial sale of cannabis;
- 2) commercial agricultural cultivation of marijuana;
- 3) the manufacturing and sale of marijuana extractable and consumable products;
- 4) distribution of all marijuana and cannabis associated products;
- 5) the establishment of microbusinesses such as boutique lounges; and
- 6) outdoor cultivation of all marijuana plants, including medical marijuana.

On Tuesday, September 28, 2021, the City of Riverside received a Notice of Intent to Circulate Petition for the Riverside Cannabis Taxation and Regulation Act, then amended on November 5, 2021 (Exhibit 1). The City Attorney prepared and provided a Ballot Title and Summary to the proponents on November 18, 2021.

If the proponents continue through the initiative process and gather enough signatures required within 180 days (May 17, 2022), then City Council could choose one of two options: Call an election to place the ballot measure on the ballot during an election (special or regular); or Adopt the proposed Ordinance without revision.

If passed by voters or accepted by the City Council, it would create a regulatory framework for all cannabis uses within the City, largely without City Council, staff, or community input. Unlike ordinances passed by City Council, regulations established through a voter-initiated ballot cannot be amended or modified by sole action of the City Council. Any future amendments must go through a ballot process during a general election for approval.

On November 18, 2021, the Committee discussed the need to develop an ordinance with the legal and regulatory framework for the permitting, licensing, enforcement, taxation, and legal operations of commercial cannabis storefronts within the City limits and directed staff to return to the Committee with Ordinance options.

On March 24, 2022, the Committee directed staff to prepare amendments for the Riverside Municipal Code (RMC): 1) Title 5 – Business Taxes, Licenses and Regulations amendments related to licensing of cannabis business uses; 2) Title 9 – Peace, Safety and Morals amendments to clean up and provide consistency in cannabis regulations and terminology; and 3) Title 19 - Zoning amendments related to land use regulations for cannabis related uses. Staff was also directed to conduct a financial analysis on potential revenue and move forward with a cannabis tax ballot measure in 2024 with the type of tax, language, and percentage to be determined at a later date.

On October 20, 2022, Staff presented an update to the Committee on the draft Municipal Code Amendments and requested additional direction to finalize the draft amendments in order to move the program forward for consideration by the Planning Commission and City Council (Exhibit 2).

DISCUSSION

Since the Committee meeting in March 2022, a team of City staff have worked with a consultant to draft RMC amendments for Titles 5, 9 and 19 of the Municipal Code. The City team includes staff from the City Manager's Office, City Attorney's Office, City Clerk, Community & Economic Development Department, Finance Department, Riverside Fire Department and Riverside Police Department.

This workshop is intended to provide the necessary background information and overview of the proposed Commercial Cannabis Program to facilitate the Planning Commission's forthcoming review of the proposed amendments to Title 19 (Zoning). The Draft Amendments to Title 19 are include as Exhibit 3. As a matter of information only, the Draft Amendments to Titles 5 and 9 are also included as Exhibit 4.

FUTURE ACTIONS

The next steps for the RMC changes include finalizing the Draft Amendments per the Committee direction for City Council consideration.

On a parallel path, the City is working on items required for implementation if the Draft Amendments are adopted by City Council. This includes but is not limited to:

- 1) October 2022 - February 2023
 - a) Finalize the Draft Amendments
 - b) Planning Commission Consideration – Title 19 Amendments
 - c) City Council Consideration – Titles 5, 9 and 19 Amendments
- 2) January 2023 – June 2023
 - a) Financial analysis on potential revenue
 - b) Implementation:
 - i) Application Submission and Review process
 - ii) Application Criteria and Application
 - iii) Community Benefit Agreement template
 - iv) Tracking, Monitoring and Reporting structure
 - v) Fee Schedule
- 3) 2023-2024 - Ballot Measure

STRATEGIC PLAN

This item contributes to the Envision Riverside 2025 City Council Strategic Plan, specifically Priority 3 (Economic Opportunity), Goal 3.3, to cultivate a business climate that welcomes innovation, entrepreneurship, and investment; and Priority 5 (High-Performing Government), Goal 5.4, to achieve and maintain financial health by addressing gaps between revenues and expenditures.

In addition, the project aligns with the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City continues to be transparent in studying the potential Commercial Cannabis Program. A community outreach program will be developed as part of the process and ultimately, residents will decide on the ballot measure on any potential business tax.
2. **Equity** – The Commercial Cannabis Program will provide opportunities for those impacted in the past because cannabis was illegal. The review process, open to all, would include criteria to choose those businesses that would best fit and operate in the City of Riverside.
3. **Fiscal Responsibility** – With the collection of a business tax, voted on by the residents of the City, the City would realize additional revenue that is lost because these businesses are not permitted in Riverside.
4. **Innovation** – The Commercial Cannabis Program would be prepared using an expert consultant that fully understands the State laws ensuring that the best and a creative approach will be used to regulate cannabis businesses.
5. **Sustainability & Resiliency** – The proposed Commercial Cannabis Program will help the City to realize additional business tax that will ensure its sustainability and resiliency.

EXHIBITS LIST

1. Notice of Intent to Circulate Petition
2. Economic Development, Placemaking & Branding/Marketing Committee Report – October 20, 2022
3. Draft Municipal Code Amendments – Title 19
4. Draft Municipal Code Amendments – Titles 5 and 9 (Information Only)
5. Presentation

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