



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: NOVEMBER 7, 2017**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARDS: ALL**

DEPARTMENT

SUBJECT: PLANNING CASE PSP17-0037 AMENDMENT OF RIVERSIDE MUNICIPAL CODE TITLE 5 - BUSINESS TAXES, LICENSES AND REGULATIONS OF THE TO ADD CHAPTER 5.77 REGARDING CANNABIS TESTING LABORATORIES

ISSUE:

Adopt an ordinance to amend the Riverside Municipal Code, Title 5 – Business Taxes, Licenses and Regulations to add Chapter 5.77 regarding Cannabis Testing Laboratories.

RECOMMENDATIONS:

That the City Council introduce, and subsequently adopt, the attached Ordinance amending the Riverside Municipal Code, Title 5 – Business Taxes, Licenses and Regulations to add Chapter 5.77 regarding Cannabis Testing Laboratories.

BACKGROUND:

On July 25, 2017, City Council held a marijuana (heretofore referred to as “cannabis”) workshop that included an update on the State of California’s implementation of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), an overview from the District Attorney’s Office, and responses to City Council’s prior questions. At the workshop, City Council directed staff to prepare a moratorium on all commercial cannabis activity in order to provide sufficient time to consider and develop appropriate regulations. Additionally, the City Council directed staff to exclude cannabis testing laboratory facilities from the moratorium.

On September 12, 2017, City Council introduced and immediately adopted a 45-day interim urgency ordinance for a moratorium prohibiting all land use entitlements, building permits, business licenses and any other applicable approval or decisions for commercial cannabis land uses and/or activities, as well as prohibiting all outdoor cultivation of recreation cannabis. Based on the City Council’s comments at the July 25 workshop, cannabis laboratory testing facilities were exempted from the urgency ordinance and staff immediately began drafting regulations for an amendment to the Municipal Code regarding cannabis laboratory testing facilities.

On October 24, City Council adopted an ordinance to extend the existing moratorium an additional period of 10 months and 15 days (expiring September 11, 2018).

DISCUSSION:

The State of California has been in the process of establishing license procedures and processes for cannabis related uses, including cultivation, manufacturing, distribution, and testing as a result of legislation related to Prop 64 and MAUCRSA. The state will begin issuing cannabis-related licenses on January 1, 2018. Several state agencies, including the Bureau of Cannabis Control (BCC), the California Department of Public Health (DPH), and the California Department of Food and Agriculture (DFA) will be responsible for administering the licenses, depending on the license type.

Much like alcohol sales, the State will be responsible for issuing licenses for cannabis-related uses, while still allowing local jurisdictions to establish local regulations for these uses. Also similar to alcohol sales licenses, there will be various license types based on the specific types of cannabis activities: cultivation (indoor or outdoor; specialty, small, or medium); manufacturing (volatile vs. non-volatile solvents); testing; dispensary; distribution; and transportation.

Cannabis Testing Laboratories are designated as a Type 8 license. Type 8 testing licenses will be issued and regulated by the BCC, which will also oversee licensing for retailers, distributors, and microbusinesses. The BCC is responsible for ensuring that all cannabis is tested prior to delivery to dispensaries or other businesses, and will specify how such testing will be conducted. Type 8 license holders must test for THC, cannabinoids, contaminants, microbiological impurities, and other compounds. Testing labs will be an integral part of the cannabis regulation network, as every cannabis-related product and batch must be tested and certified before it can be transferred to distributors for ultimate sale to end users. To ensure independent, unbiased results, testing license (Type 8) holders may not hold any other license type. The BCC is anticipating to release draft regulations for medicinal and adult-use cannabis uses, including testing labs, in November.

Based on previous draft regulations released by the State and the proposed oversight of licensees, along with the strict requirements that Cannabis Testing Laboratories be independent, staff believes that there is a relatively low risk associated with such uses within the City. Additionally, based on information provided by the consultants with HdL Companies, there is not likely to be a proliferation of Cannabis Testing Laboratories, as they will typically be located in close proximity to other cannabis uses such as cultivation and manufacturing due to the supply chain structure established by the State.

Staff has prepared the attached ordinance amending Title 5 – Business Taxes, Licenses and Regulations of the Municipal Code to include Chapter 5.77 – Cannabis Testing Laboratories (Attachment 2). This draft chapter provides regulations for testing labs and outlines the permitting process, permit renewal process, revocation process, and enforcement. An application form and applicable fee will be established upon the adoption of this Ordinance. As written, the draft language does not limit the number of Cannabis Testing Laboratories that may operate within the City. However, as stated above, it is unlikely that there will be an abundance of demand for laboratories.

With the adoption of this ordinance, there will be no need to amend Title 19 – Zoning Code of the Municipal Code. From a land use perspective, Cannabis Testing Laboratories will be treated as “Laboratories” as defined in Article X – Definitions of the Zoning Code and shall be permitted in accordance with “Laboratories – Research” per Section 19.150.02(A) - Permitted Uses Table. Currently, Laboratories – Research are permitted only in the four industrial zones: Business Manufacturing Park (BMP); General Industrial (I); Airport Industrial (AI); and Airport (AIR).

FISCAL IMPACT:

There is no fiscal impact as a result of the adoption of this ordinance.

Prepared by: Rafael Guzman, Community & Economic Development Director

Certified as to

availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer

Approved by: Al Zelinka, FAICP, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. Ordinance