

CANNABIS UPDATE

**CITY ATTORNEY'S OFFICE
CITY CLERK'S OFFICE
COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT
FINANCE DEPARTMENT
FIRE DEPARTMENT
POLICE DEPARTMENT**

Economic Development, Placemaking and
Branding/Marketing Committee
March 24, 2022

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BACKGROUND - 2017

- A. Moratorium on commercial marijuana activity (excluding testing laboratory facilities)
- B. Adopted Ordinance No. 7398 to amend Title 5 of the Riverside Municipal Code (RMC) to permit and regulate Cannabis Testing Laboratories in industrial zones



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BACKGROUND - 2018

- A. Continued discussion of a regulatory framework for cannabis businesses
- B. Staff directed to prepare an ordinance prohibiting cannabis businesses (except for testing laboratories) and amended RMC
- C. City Council voted to approve the amendments to RMC codifying a prohibition of commercial cannabis uses within City limits



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BACKGROUND – SEPTEMBER 2021

- A. Notice of Intent to Circulate Petition for the Riverside Cannabis Taxation and Regulation Act submitted to City
- B. Two Options for City Council Consideration on the Petition
 - i. Call an election to place the initiative petition on the ballot; or
 - ii. Adopt the proposed initiative petition without revisions



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BACKGROUND – NOVEMBER 2021

- A. Economic Development, Placemaking and Branding/Marketing Committee directed staff to research for legal cannabis business and tax ballot consideration
- B. Presentation to the Chambers of Commerce
- C. City Team assembled - City Manager's Office, City Attorney's Office, City Clerk's Office, Community & Economic Development Department, Fire Department, and Police Department
- D. Team conducted additional research to determine way forward
 - i. Legalizing cannabis retail, microbusiness, and distribution uses in the City of Riverside; and
 - ii. Initiate a ballot measure to determine if a business tax should be collected and what that business tax should be for the City.



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TITLE 5 - BUSINESS TAXES, LICENSES AND REGULATIONS CHANGES

- A. Permitted Uses: Microbusinesses, Distribution, Testing Laboratories (currently allowed), Delivery-Only Cannabis Dispensaries, and Storefront Cannabis Dispensaries.
- B. Prohibited Uses: Cultivation (except when associated with a microbusiness), Nurseries and Production.
- C. Licensing requirements



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TITLE 5 - BUSINESS TAXES, LICENSES AND REGULATIONS CHANGES

- D. Role of City Manager: Review applications (merit based) including Business, Safety and Security, Neighborhood Engagement (and Labor/Employment Plans (potential Labor Peace Agreement)
- E. Business Tax Payment
- F. On-site Requirements
- G. Reporting Requirements: Criminal activity and maintaining records



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TITLE 5 - BUSINESS TAXES, LICENSES AND REGULATIONS CHANGES

- H. Cannabis Business Permit Application Requirements
 - Application form, background checks, list of Interested Parties, description of the business, floor plans, compliance with Title 19, owner consent, security and lighting plans, odor control plan, business plan, state licenses, tax compliance, insurance, annual budgets, applicant certification and indemnification
- I. Fees, Application Process (including Renewals) and Revocation
 - Title 19 conditions, additional City Manager-imposed conditions, grounds and notice for denial, grounds and noticing for suspending/modifying/revoking cannabis business permits, and renewal timing



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TITLE 5 - BUSINESS TAXES, LICENSES AND REGULATIONS CHANGES

- J. Community Benefit Agreement – business required to pay fee until agreed sunset date if/when ballot measure passes
- K. Appeals: Process, fees, hearing procedures, and form/contents of decisions.



TITLE 5 - BUSINESS TAXES, LICENSES AND REGULATIONS CHANGES

- L. Specific Use Requirements (Microbusiness, Distribution, Testing Laboratories, Delivery-Only Dispensaries, and Storefront Cannabis Dispensaries)
 - Permit requirements and limitations, permit fees, compliance requirements, allowed activities, display of permits, required signage, modification of activities, security plan, age restrictions, prohibitions on consumption on site, hours of operation, and delivery requirements.
- M. Fines: Applied to property taxes.



TITLE 9 – PEACE, SAFETY AND MORALS CHANGES

- A. Clean up - consistent language with Title 5 and Title 19
- B. Repeal Chapter 9.65 - Mobile Marijuana Dispensaries



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TITLE 19 – ZONING CHANGES

- A. Remove Prohibition
- B. Permitted Use Table
- C. Personal Use Requirements
- D. Specific Land Use Provisions/Development Standards for Permitted Uses such as site location, operations, signage, parking, landscaping, odor/noise attenuation, separation requirements
- E. Enforcement
- F. California Environmental Quality Act
 - i. Initial Study
 - ii. Potential Impacts Evaluated
 - iii. Findings



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BALLOT MEASURE – OPTIONS RELATED TO TAXATION

Statewide General Election

- Option 1 - General Tax on ballot at next General Election – 2024
- Option 2 – Unanimous City Council Finding of an Emergency – supported by specific Findings
- Option 3 – Special Tax – City Council declares a “special tax” for voter approval (two-thirds required)



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BALLOT MEASURE - PROCESS

Statewide General Election

- A. Primary Election Date 2024 - TBD
- B. Ballot Title
 - i. City Council determines/adopts language for ballot question
 - ii. May direct staff to compose the ballot question for their approval before calling the election
- C. Resolution - City Council adopts a resolution determined based on 2024 primary election date
- D. Impartial Analysis - City Attorney based on deadlines established with 2024 primary election date



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BALLOT MEASURE - PROCESS

Costs Associated with Initiative

- A. Direct costs: Cannabis Business Coordination, Enforcement, Administration, Monitoring
- B. Audits: Bi-Annual Audit - Estimated Costs: \$13,440 for the two-year period

Business Tax

- A. Revenue Structure and Business Tax Rates



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ADDITIONAL CONSIDERATIONS

Department of Cannabis Control Proposed Emergency Regulations for Equity Fee Waivers

- A. State program provides financial support by waiving licensing fees if applicants and licensees meet equity eligibility criteria (past cannabis conviction/arrests, reduced income or residence disproportionately impacted by past criminal justice policies, etc.)
- B. City may implement "equity application and license" standards which require verification from the State
- C. Not required to establish local equity programs



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ADDITIONAL CONSIDERATIONS

Public Outreach Strategy

- A. Detailed Community Outreach & Engagement Plan
- B. Align with Draft Citywide Community Engagement Policy and Implementation Plan: Create, Identify/Notify, Educate, Listen, Follow Through, Evaluate/Adopt
- C. Project outline – define goals, objectives, and anticipated outcomes of the community engagement efforts
- D. Continually evaluate and adapt plan to ensure meaningful opportunity engagement - all populations are represented
- E. Ballot measure – limitations

Administrative Impact Consideration

- A. Dedicated Administrative Team to oversee
- B. Police – additional enforcement needs
- C. Code Enforcement – to address Code violations

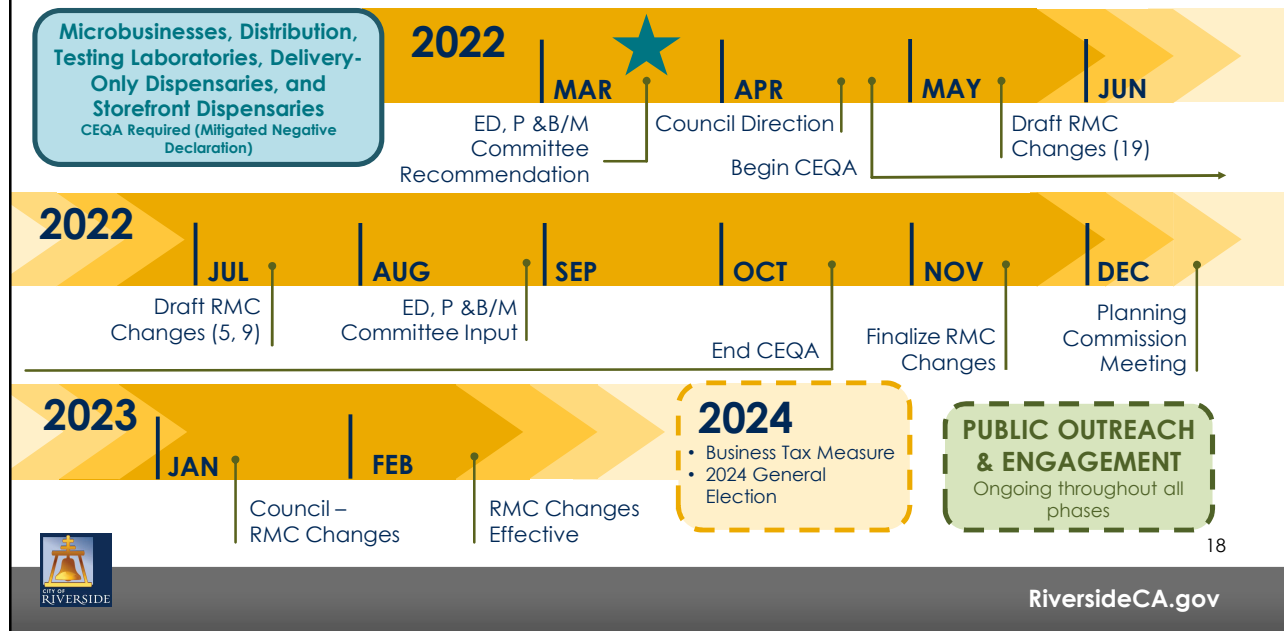


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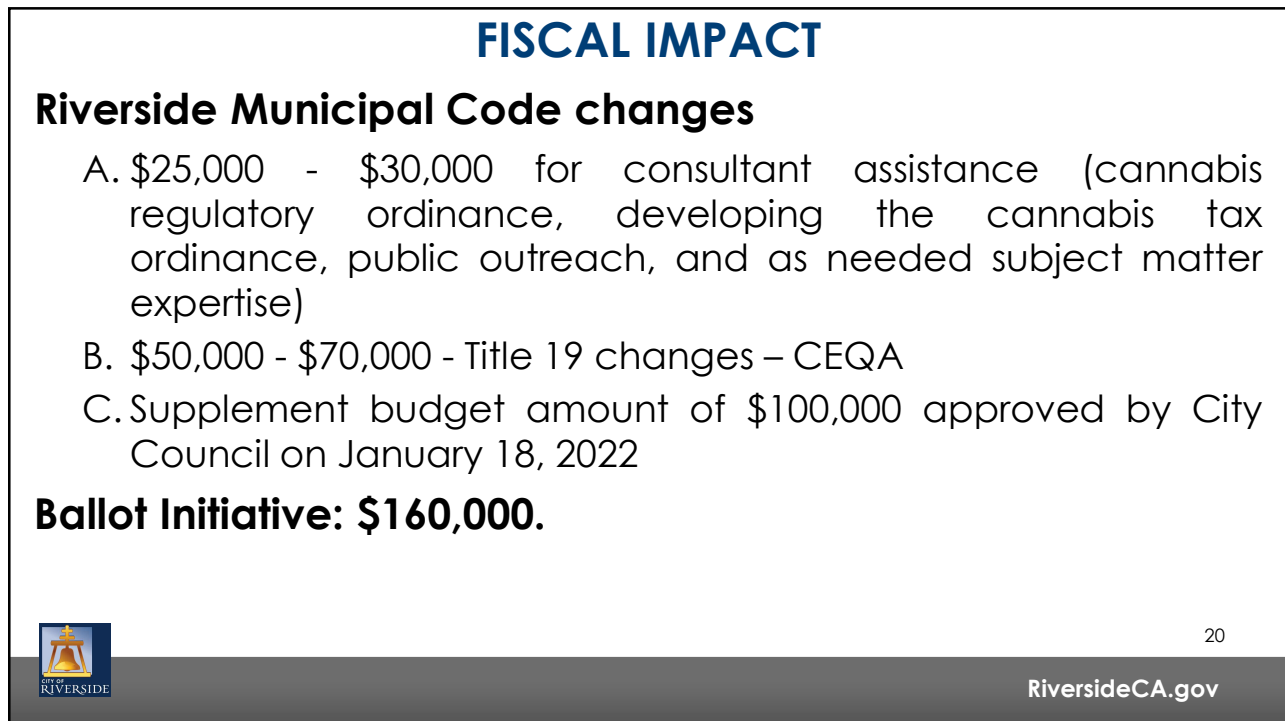
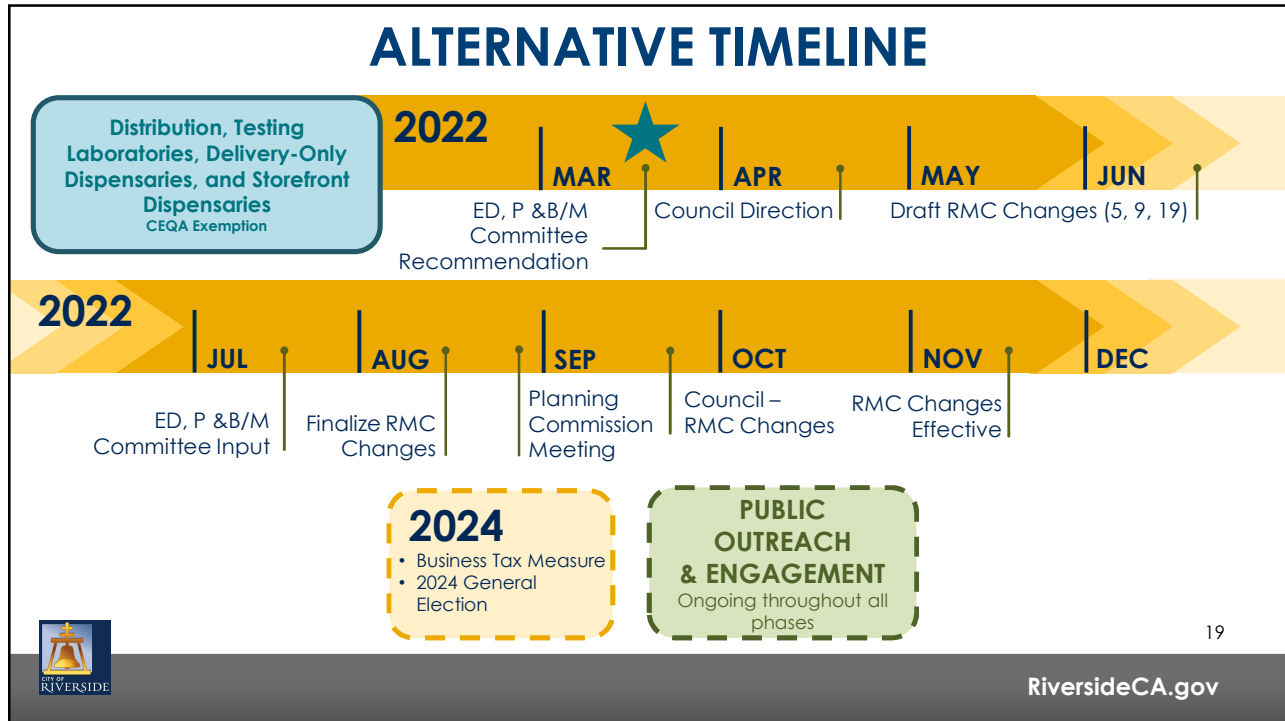
TIMELINE



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STRATEGIC PLAN ALIGNMENT

Envision Riverside 2025 Strategic Plan Priorities



#3 Economic Opportunity



#5 High Performing Government

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the Economic Development, Placemaking and Branding/Marketing Committee recommend that City Council:

1. Consider and provide staff with direction on the path forward for Riverside Municipal Code modifications that include:
 - a. Title 5 - Business Taxes, Licenses and Regulations amendments related to licensing of cannabis retail uses,
 - b. Title 9 – Peace, Safety and Morals amendments to clean up and provide consistency in cannabis regulations and terminology; and
 - c. Title 19 – Zoning amendments related to land use regulations for cannabis related uses and microbusinesses; and
2. Consider and provide staff with direction on the path forward for a ballot measure establishing a business tax for cannabis sales.



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