

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

October 20, 2022

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BACKGROUND

1. 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

2. 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

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



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BACKGROUND – NOVEMBER 2021

1. Economic Development, Placemaking and Branding/ Marketing Committee (Committee) meeting to consider legalization
2. City Team assembled - City Manager's Office, City Attorney's Office, City Clerk's Office, Community & Economic Development Department, Fire Department, and Police Department
3. Additional research
 - A. Legalizing cannabis retail, microbusiness, and distribution uses in the City of Riverside; and
 - B. 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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BACKGROUND - MARCH 2022

1. Immediate Actions - Prepare amendments for the Riverside Municipal Code (RMC)
 - A. Title 5 - Business Taxes, Licenses and Regulations amendments related to licensing of cannabis business 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.
2. Future Actions
 - A. Conduct a financial analysis on potential revenue
 - B. Cannabis tax ballot measure in 2024 (type of tax, language, and percentage determined at a later date)



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DISCUSSION – RMC CHANGES

1. Draft Amendments completed (Title 5, Title 9 and Title 19)
2. Direction from Committee – Title 5
3. No further Direction needed for Title 9 and Title 19
 - A. Clean up items
 - B. Reflect changes to Title 5



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DISCUSSION – DECISION POINT 1

1. Ownership Definition (Title 5 – Page 4)

Decision Point 1 – What is the percentage of ownership the City wants to include in defining the owner of the Commercial Cannabis Business?

- A. The State defines “owner” - interest of 20% or more
- B. Draft Amendments includes a percentage of 20% in defining owner
- C. A lower percentage (e.g., 10%) could be considered - more investors may have to follow the responsibilities of a defined owner



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DISCUSSION – DECISION POINT 2

2. Criminal Background Checks (Title 5 - Page 6)

Decision Point 2 – Does the City want to require employee background checks?

- A. Employee background checks - not required by the State
- B. Draft Amendments would require City background checks for employees
- C. Riverside Police Department
 - i. current practice in the City
 - ii. Conduct similar background checks for violent felony crimes for employees of other businesses such as massage parlors



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DISCUSSION – DECISION POINT 3

3. Number of Various Uses Allowed (Title 5 - Page 7) and Storefront Delivery (Title 5 - Page 24)

Decision Point 3A – Does the total number of Commercial Cannabis Businesses include both storefront and non-storefront retail uses?

Decision Point 3B – Should Manufacturing and Distribution; and Testing Laboratories not be limited?

Decision Point 3C – Should storefront retailers be allowed to deliver?

- A. Draft Amendments allow up to 14 Commercial Cannabis Uses (2 per Ward) - both storefront and non-storefront businesses
- B. Manufacturing/Distribution and Testing Laboratories not limited in the Draft Amendments
- C. Draft Amendment recommends allowing storefront retailers to deliver (requirements for delivery are included).



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DISCUSSION – DECISION POINT 4

4. Labor Peace Agreement (Title 5 - Page 9)

Decision Point 4 – How many employees should trigger a labor peace agreement for the owner?

- A. Labor Peace Agreements required by the State for 20 or more employees
- B. Beginning July 1, 2024, a Labor Peace Agreement will be required by the State for all applicants/licensees with 10 or more employees
- C. Draft Amendments recommends 5 employees based on recent policy direction from the City Council



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DISCUSSION – DECISION POINT 5

5. Appeal Officer (Title 5 - Page 13)

Decision Point 5 – Who should hear appeals related to Commercial Cannabis Businesses?

- A. Appeal person/body is not mandated by State
- B. Draft Amendments recommend an Appointed Hearing Officer once a Commercial Cannabis Business is operational
- C. Consistent with current Code related cases in the City of Riverside
 - i. Currently hears appeals for numerous City Departments
 - ii. Includes, but is not limited to, code enforcement citation appeals, Fire Prevention cases, RPD citations pertaining to fireworks and entertainment permits, massage parlor appeals for PD
 - iii. Current Appointed Hearing Officer is an attorney



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DISCUSSION – DECISION POINT 6

6. Distance from Sensitive Receptors (Title 5 - Page 16)

Decision Point 6 – What distance separation from sensitive receptors should be included?

- A. The State does grant local jurisdictions:
 - i. Authority to “specify a different radius” than the 600-foot requirement for schools, daycare centers, and/or youth centers
 - ii. Authority to impose additional requirements for additional sensitive uses
- B. Draft Amendment recommends 600-foot separation for schools, daycare centers and community centers (Uses that can be tracked by the City)
- C. No distance separation from youth centers – broadly defined by the State (Uses cannot be tracked by the City)
- D. Riverside Unified School District requested a 1000-foot separation from schools

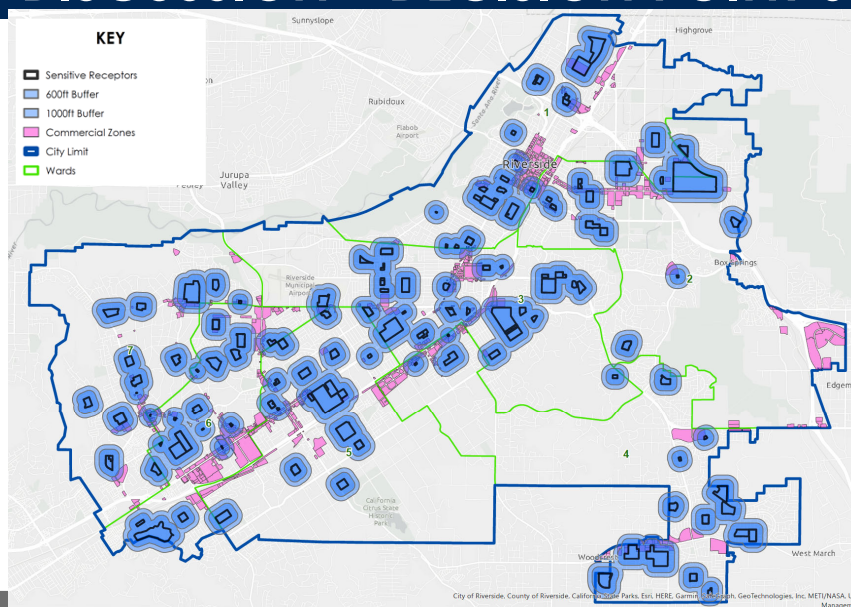


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DISCUSSION – DECISION POINT 6



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DISCUSSION – DECISION POINT 7

7. Equity Application and License Standards

Decision Point – Should the City study the potential for Equity Application and License Standards?

- A. The State provides financial support to cannabis business - waiving licensing fees if applicants and licensees meet the equity eligibility criteria
- B. Pursuant to Business and Professions Code Section 26249(c), a local jurisdiction may implement "equity application and license" standards – State verification required
- C. Not required
- D. Staff has not received direction to establish a local cannabis equity program - Draft Amendment does not include Equity Application and License Standards.
- E. If directed, the first step in the process would be to direct staff to prepare a Cannabis Equity Study (costs typically range from \$10,000 to \$100,000)

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DISCUSSION – DECISION POINT 8

8. Public Outreach

Decision Point – Should additional outreach be completed for the RMC changes?

- A. Committee meetings - November 2021, March 2022 and at this meeting
- B. Committee members - presentations, upon request, on the item
- C. For the Draft Amendments, additional outreach has not been conducted
- D. A public outreach program will be developed for the ballot measure moving forward



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FUTURE ACTIONS

1. October 2022 - February 2023

- A. Finalize the Draft Amendments
- B. City Council Consideration

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



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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 review and provide direction on the proposed Riverside Municipal Code Amendments related to legalizing cannabis uses: Title 5 – Business Taxes, Licenses and Regulations; Title 9 – Peace, Safety and Morals; and Title 19 – Zoning

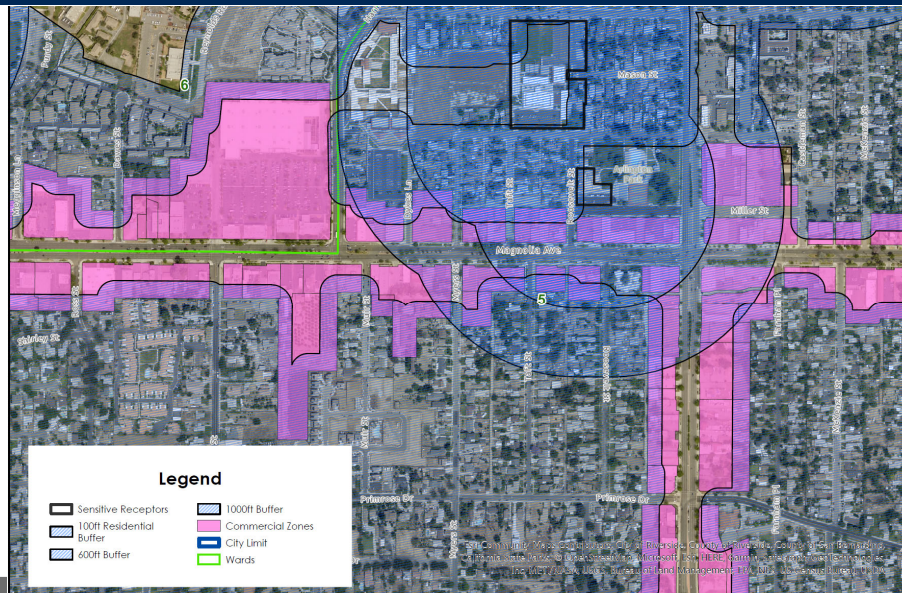


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REFERENCE ONLY SLIDE



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