



PURPOSE:

Begin to regulate the distribution and sale of cannabis goods for adult-use commercial cannabis activities to ensure the health, safety and welfare of residents, neighborhoods, and businesses.

RATIONALE/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 additionally legalized the sale and distribution of cannabis. Riverside residents strongly supported Proposition 64, with 54% of residents voting in support of the initiative.

The California State Legislature followed up with legislative action in 2017, passing the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) which created a single regulatory system to govern the medicinal and adult use cannabis industry. The MAUCRSA sets minimum requirements that all licensees follow statewide and allows local governments to set additional and more stringent requirements.

Following state action, cities and counties across California were tasked with creating local regulatory frameworks to capture local revenue and potentially enact requirements more stringent than set out in the MAUCRSA. Some cities, such as the City of Riverside, instead opted to implement a citywide moratorium on the sale of cannabis and took no further action. 5 years later and The City of Riverside is still one of the largest cities in California to continue the practice of prohibiting the sale of cannabis within city limits.

In Western Riverside County, 11 out of 18 incorporated cities have either adopted local ordinances regulating and permitting commercial cannabis or are actively pursuing adoption. In addition, The County of Riverside has adopted a local program regulating commercial cannabis in unincorporated areas. Riverside is essentially landlocked by cities or unincorporated areas that allow cannabis sale.

On Tuesday, September 28 the City of Riverside received a Notice of Intent to Circulate Petition for the Riverside Cannabis Taxation and Regulation Act. This measure, if passed by voters or accepted by the City Council, would create a regulatory framework for all cannabis uses within city limit, largely without City Council, city staff or community input.



Riverside has taken a “wait-and-see” approach for the past five years that has allowed us to watch the policy process play out in neighboring jurisdictions and similar-sized jurisdictions to identify roadblocks, cumulative impacts, and best practices of different approaches. While proving useful, this strategy has kept the City from capturing a critical revenue source during a time of general fiscal instability and expected population growth.

In the 2020 fiscal year, cannabis sales tax in the State of California soared over \$390 million with 15 billion in sales nationwide. With sales climbing, it is predicted that annual sales will exceed \$30 billion by 2024, more than that of craft beer and prescription pain medication.

With a potential ballot measure coming forward, now is the time for this City Council to act and move forward on the knowledge we have gained during this moratorium phase to implement an innovative and informed commercial cannabis policy in the City of Riverside.

PROPOSED FRAMEWORK:

- Formally end the city-wide moratorium on retail uses of cannabis and redact language in Chapters 19.147 (Downtown Specific Plan), 19.150.020 (Permitted and Incidental Uses Table), 19.220 (Specific Plan Overlay Zone), 19.342 (Marijuana Uses and Activities) and 19.485 (Home Occupations) that prohibit marijuana uses.
- Introduce an ordinance that aligns with the MAUCRSA to permit and regulate the retail use of legal cannabis exclusively in commercial settings, adhering to the following parameters:
 - a. The classification and type of commercial cannabis businesses to be allowed to engage in commercial cannabis activity will include:
 - i. Retailer-storefront
 - ii. Micro-business of cannabis and cannabis products
 - iii. Ancillary transportation and delivery of cannabis or cannabis products
 - b. Cultivation, processing, and manufacturing classifications will not be permitted via this specific ordinance as further study and input is needed.
 - c. Cannabis Storefronts will be an allowed use in commercial and industrial zones and must be located at least 100 feet away from residential zones.



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- d. Storefronts will be prohibited from operating within a 1,000-foot radius of private or public-schools providing K-12 instruction, public parks, libraries, day care centers and youth and recreation centers.
- e. A maximum of 14 storefronts will initially be permitted within city limits. The City Council, by resolution, may at its discretion increase or decrease the maximum number of permits that may be issued.
- f. There shall be an initial 30-day application period that shall commence upon determination by the City Manager and/or his designee. An application scoring committee shall be appointed by the City Manager to review and score each application based upon the criteria listed below. The specific criteria and weighting for each permit category will be determined prior to the commencement of the application period and posted publicly. Each application will be independently scored.

Scoring Criteria	This may include mandatory criteria such as but not limited to:
Business Plan, Qualifications and Past Experience	<ul style="list-style-type: none">- Previous experience operating a commercial cannabis business in compliance with local and state laws and regulations or experience in a similarly state-regulated activity.- Demonstrated knowledge of cannabis strains and derivative product offerings.- Nature of operations and identification of all commercial cannabis activities that will take place in each area of the property and identification of limited access areas (mostly applicable to micro-businesses)



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	<ul style="list-style-type: none">- Standard business operating procedures and detailed plans for how the applicant intends to operate their storefront.- A complete and detailed diagram, such as a site plan, of the premises as well as a map showing the premises' location within the City.- A description of the procedure for transporting cannabis and cannabis products, including whether the applicant will be transporting cannabis or cannabis products or contracting for transportation services.
Safety and Security Plan	<ul style="list-style-type: none">- Sufficient security measures to deter and prevent the unauthorized access or entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the business premises.- Employee safety and security training plans.- Identification of a designated security representative to the city who shall be reasonably available to meet with City staff as well as law enforcement personnel, such as the local area commander, regarding



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	<p>security related measures and or operational issues.</p> <ul style="list-style-type: none">- Location and identification of all proposed security cameras.- Hiring of security officers and/or implementation of a security program.- Additional information that demonstrates the ability to operate in a safe and responsible manner in the City.-
Neighborhood and Community interaction Plan	<ul style="list-style-type: none">- Any applicable plans for outreach and engagement with community and neighborhood groups and local nonprofits.- Social equity efforts and programs to address systemic inequities and uplift disadvantaged communities.- Commitments or agreements to establish community benefit fee programs to directly benefit the Riverside community.
Labor and Employment Plan	<ul style="list-style-type: none">- The establishment of a labor peace agreement if the applicant is employing more than 5 individuals. An LPA is generally defined as a legally binding agreement to not oppose unionization of permittee's workforce.



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	<ul style="list-style-type: none">- Local hire plans with good-faith commitments to hiring over 30% of employees locally and good-faith commitments to offer apprenticeship programs and continued education of the workforce.- Paying a living wage for all employees, generally defined as an hourly rate an individual must earn to support his or herself and their family.- Submittal of collective bargaining agreements if applicable.
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- g. A proposed permit submittal process would potentially include:
 - i. Application submittal
 - ii. Initial scoring of application by independent scoring committee appointed by the City Manager.
 - iii. Final ranking and permit issuance to the highest-ranking applicants.
- In addition to the regulation and legalization of cannabis uses through amendments to the Municipal Code, the City Council must also approve and submit a ballot measure to the voters to approve a sales tax to raise tax revenue from legal cannabis operations.
- The effective date of the ordinance could be incumbent upon voter approval of the sales tax measure. It is recommended that a sales tax ballot measure be submitted for voter approval in either June or November of 2022.