



City Council Discussion of Retail Cannabis Sales for Adult Use

February 19, 2019

Council Goals

- ▶ Place San Leandro on a firm foundation for long-term fiscal sustainability
- ▶ Advance projects and programs promoting sustainable economic development, including transforming San Leandro into a center for innovation

Background

- ▶ Feb. 12, 2013: Special Town Hall meeting to receive public input on cannabis policy
- ▶ Dec. 16, 2013: City Council approves ordinance, allows one dispensary
- ▶ Dec. 15, 2014: RFP released for parties interested in serving as dispensary operator
- ▶ Sept 8, 2015: City Council awards first dispensary permit to Harborside San Leandro; Council also directs staff to explore cannabis tax
- ▶ July 18, 2016: City Council issues 2nd dispensary permit to Davis Street Wellness Ctr.
- ▶ July 18, 2016: Council places Measure NN on ballot
- ▶ Oct. 17, 2016: Council awards 3rd dispensary permit to Blum SL
- ▶ Nov. 8, 2016: 75% of San Leandro voters authorize Measure NN
60% of San Leandro voters authorize Proposition 64
57% of statewide voters authorize Proposition 64
- ▶ March 3, 2017: Council adopts local cannabis gross receipts tax rates
- ▶ June 19, 2017: Council authorizes Zoning Code changes to allow cannabis manufacturing & lab testing
- ▶ January 7, 2019: Council directs staff to bring forward discussion of adult use sales + shot clock
- ▶ February 2, 2019: Council prioritizes update to cannabis policy related to adult use sales

City Council Approved Local Tax Rate

- ▶ 6% of gross receipts through June 30, 2019
- ▶ 7% of gross receipts from July 1, 2019 – June 30, 2021
- ▶ 8% of gross receipts beginning on July 1, 2021

Local Status Update

- ▶ Only 1 of 3 permitted dispensaries has opened
- ▶ San Leandro cannabis dispensary ordinance adopted prior to Proposition 64 & state regulations
- ▶ Current ordinance does not allow non-medicinal/ “adult use” retail sales
- ▶ State regulations pre-empt local bans on cannabis deliveries
- ▶ Many neighboring jurisdictions have adopted regulations allowing adult use sales:
 - City of Berkeley
 - City of Emeryville
 - City of Oakland
 - City of Alameda
 - City of Hayward
 - Alameda County, including unincorporated Ashland
 - City of Richmond
 - Contra Costa County
 - City and County of San Francisco

Requested Policy Direction

- ▶ Does the City Council wish to allow sales for adult use?
- ▶ Does the City Council also wish to impose a time limitation for commencement of operations?

Cannabis Ordinance Amendment Plan (if so directed by the City Council)

- ▶ Amend title of Chapter 4-33 to reflect medical and adult use of cannabis dispensaries
- ▶ Amend Sections in 4-33-100 “Definitions” to reflect that cannabis dispensaries may dispense cannabis for adult use
- ▶ Examine definitions related to collective or cooperative requirements
- ▶ All other conditions and requirements (re: signage, security, payment of tax, etc.) would remain the same
- ▶ Amend Chapter 4-38 throughout, “Permitted Cannabis Commercial Activity,” to reflect dispensing of cannabis for adult use as a permitted cannabis commercial activity within the City
- ▶ If so directed, Amend Section 4-33-200(c) to reflect that the 3 dispensary permits must commence operations by December 31, 2019, or else permit is automatically and unconditionally revoked

Longer-term Ordinance Amendments

- ▶ Seek further feedback from dispensary operators, the public and other stakeholders
- ▶ Develop draft amendments to address ordinance sections that are redundant or preempted by new State regulations



Questions?