

CANNABIS REGULATORY PROGRAM UPDATE

Agenda Item 8.1
Planning Commission Meeting
August 22, 2019

Background & Project Timeline

2016

November 8th Measures P and Q passed by voters

2017

February 28th Public Hearing

June 27th Medicinal & Adult-Use Cannabis Regulation Act (SB 94)

November 7th City Adopted Ordinance

2018

January 9th County of San Joaquin

April 17th Council Approved Contract with Freedman & Koski

July 18th Two Community Meetings

August 2nd & 23rd Planning Commission Presentations

September 18th Council Approved Adult-Use Cannabis for Existing Businesses
Direction Provided to Review Other Cannabis Business Types

October 17th-19th Additional Community Meetings

November 15th Planning Commission Presentation on Community Findings

2019

February 14th Planning Commission Presentation on Recommendations

March 5th Council Approved Expansion of Cannabis Regulatory Program

Council Approved on March 5, 2019

- Expansion of business types to include distribution, manufacturing, testing, retail non-storefront (delivery), and microbusiness, in addition to new cultivation and retail storefronts (dispensaries).
- Controlled roll-out via a phased approach limiting new cultivation, volatile manufacturing, retail storefront (dispensaries), and microbusiness cannabis business types to two per year
- Equity Program through a lottery system establishing 1) a general pool of applicants and 2) an equity pool of applicants for annually limited business types.

Council Approved on March 5, 2019

- Approved by-right allowances to existing businesses.
 - Cultivators: Distribution, Non-Volatile Manufacturing, and Non-storefront (delivery only)
 - Retail Storefront: Non-storefront (delivery only)
- Updated the Cannabis Operators Permit Fee

Additional Items Presented to Council on July 16, 2019

1. Additional by-right allowances for existing permitted operators
2. Analysis of location requirements and how they compare to State regulations
3. The reduction of tax rates for Testing Laboratories
4. Streamlining of City and State approval processes
5. Workforce diversity component to the Equity Program

Additional By-Right Allowances for Existing Permitted Operators

		Existing Stockton Business Types	
		Cultivation	Retail Storefront (dispensary)
Allowable Business Types	Cultivation		Not recommended.
	Distribution	Permitted by-right on 3/5/19	Recommended, if located in industrial zones
	Volatile Manufacturing	Not recommended	Not recommended
	Non-Volatile Manufacturing	Permitted by-right on 3/5/19	Recommended, if located in industrial zones
	Testing	State Regulations do not allow vertical integration.	
	Retail Storefront (dispensary)	Recommended, if located in industrial zones	
	Retail Non-storefront (delivery)	Permitted by-right on 3/5/19	
	Microbusiness	By definition, a microbusiness includes a combination of 3 different business types.	

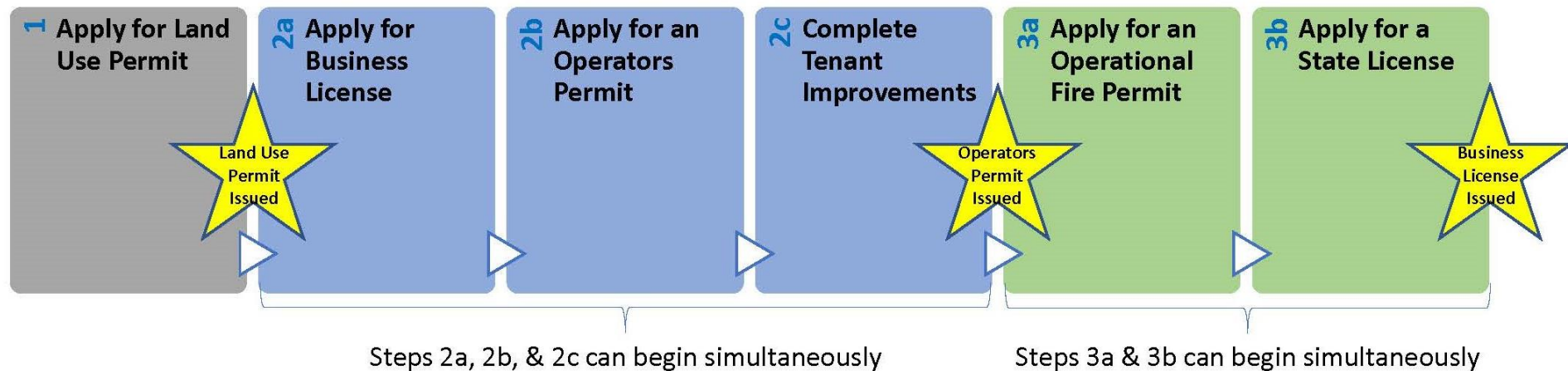
Location Requirement Comparison

City Requirements	State Requirements	Approved
Not located within 300 feet of any existing residential zone; Not located within 600 feet of any childcare center, child care, in-home (family day care home), religious facilities, drug abuse, or alcohol recovery/treatment facility; Not located within 1,000 feet of any park or school, K-12. Retailer Operator Permits/ Cultivator Operator Permits/Microbusiness - Not located within 1,000 feet of any other cannabis business	Not located within a 600 feet of a school (K-12), day care center, or youth center	Not located within 300 feet of any existing residential zone; Not located within 600 feet of any park, k-12 school, day care center, or youth center, childcare center, child care, in-home (family day care home), religious facilities, drug abuse or alcohol recovery/treatment facility.

Tax Rate Comparison

Type	Modesto	Sacramento	Fresno	Current Stockton Rate	Proposed Stockton Rate	Approved
Retail	8 %	4 %	4 %	5% Medical, 10% Adult-use	5 %	5%
Distribution	6 %	4 %	1 %		5 %	1%
Manufacturing	4 %	4 %	4 %		5 %	3%
Cultivation	2.5 %	4 %	\$6/sq. ft per year		5 %	5%
Testing	2.5 %	4 %	0 %		0 %	0%
Microbusiness	4 %	n/a	n/a		5 %	5%

City Approval Process



Workforce Diversity Requirement

- Incentive Voluntary Program
- Business License Application (new or renewal)
- 50% Workforce Diversity requirement
- Employees must reside in SB 535 disadvantaged area
- Incentive: 50% reduction of Business License tax.

Additional Ordinance Updates

- Parking requirement for Cultivation
- Eliminate Security and Lighting Plan Redundancy
- Require Retail Non-Storefront (delivery) delivery drivers to possess a valid CA driver's license
- Microbusiness definition added to Title 5
- Clarification regarding Testing Laboratories unable to obtain vertical integration
- Clarification in Title 16 indicating that the Administrative Guidelines referenced in Section 5.100.300 of the Code also apply to Section 16.80.195