

# Cannabis Discussion



CITY *of* CALABASAS

January 25, 2023

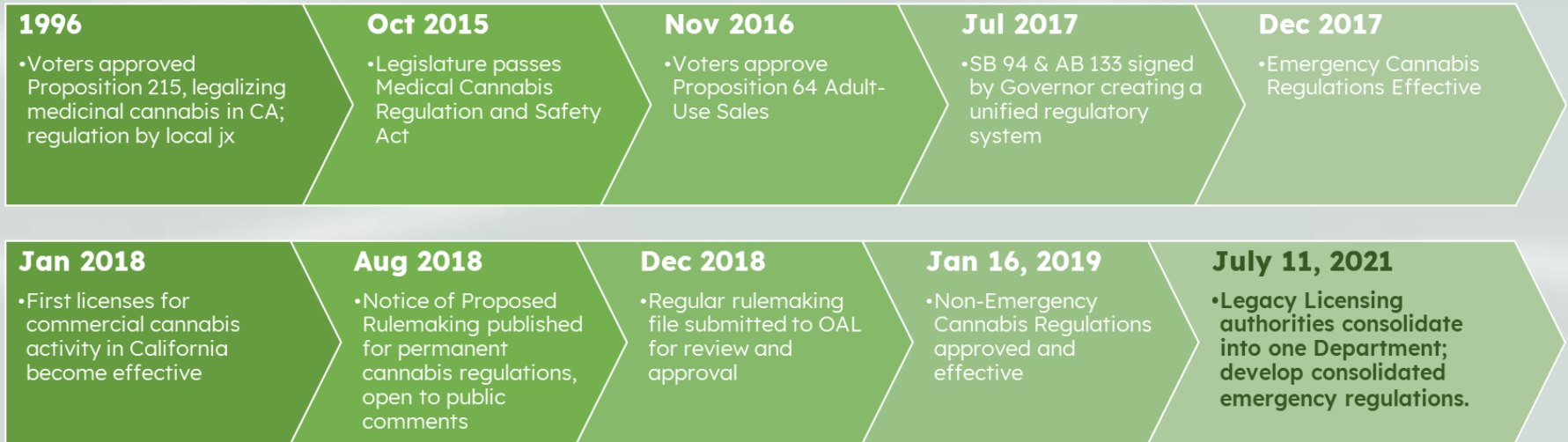
# Discussion Topics

- Commercial Cannabis Regulations
  - State Law
  - Local Regulations
- Options
- Factors to Consider
- Direction



# Cannabis Regulation in California

## Timeline



## Highlights

- Local Control – the State cannot issue a license if in conflict with local ordinance or regulation
- Vertical Integration Allowed
- Three former state licensing authorities consolidated into one department in 2021



# Medical and Adult Use

## Medicinal and Adult-Use Cannabis Regulation and Safety Act

- A single regulatory system for commercial cannabis activity in CA
- Requires all persons engaged in commercial cannabis activity to be licensed
- Allows local jurisdictions to control what activities are permitted in their jurisdiction
- Places the protection of the public as the highest priority



# Commercial Cannabis Activity

## Who needs to be licensed?

- All businesses conducting commercial cannabis activity, which includes businesses engaging in cultivation, manufacturing, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis
- A separate license is required for each location (premises) where the business engages in commercial cannabis activity
- Does not include personal cultivation that is done at a private residence in accordance with the Health and Safety Code
- All commercial cannabis activity may only be conducted between licensees



Cultivation



Manufacturing



Distribution



Retail



# What is the CA DCC

The Department of Cannabis Control (DCC) is the CA state agency that licenses and regulates cannabis businesses. DCC regulates:

- Cultivation of cannabis plants
- Manufacturing safety of cannabis products
- Transportation and tracking of cannabis goods throughout the state
- Events where cannabis is sold or used
- Labeling/packaging of cannabis retail products
- Testing of cannabis and cannabis products





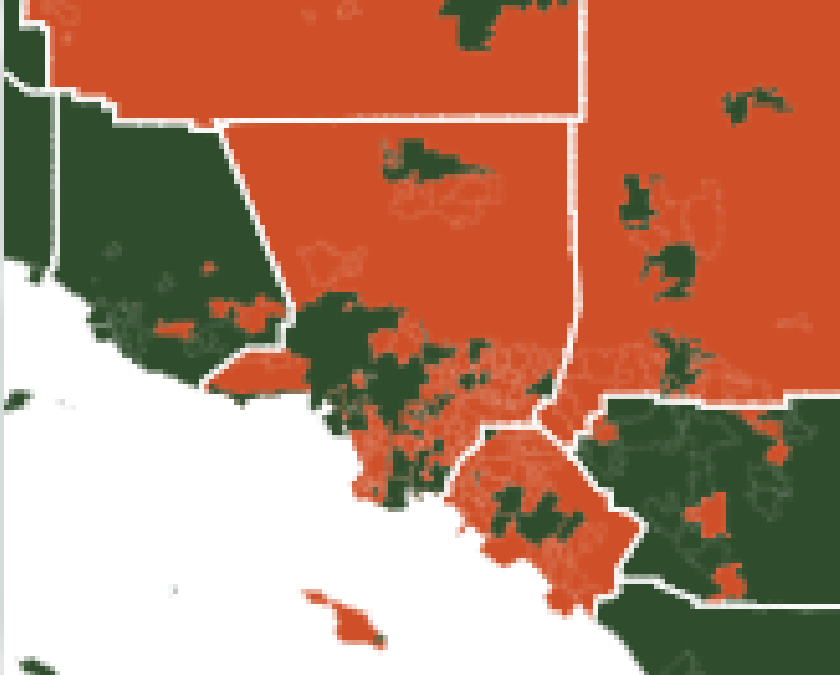
# DCC Licenses



	ANNUAL	PROVISIONAL
CULTIVATION	3539	4684
MANUFACTURING	348	552
DISTRIBUTION	354	1081
RETAIL	464	1072
MICROBUSINESS	65	312
TESTING LABORATORY	1	47



# DCC Licenses



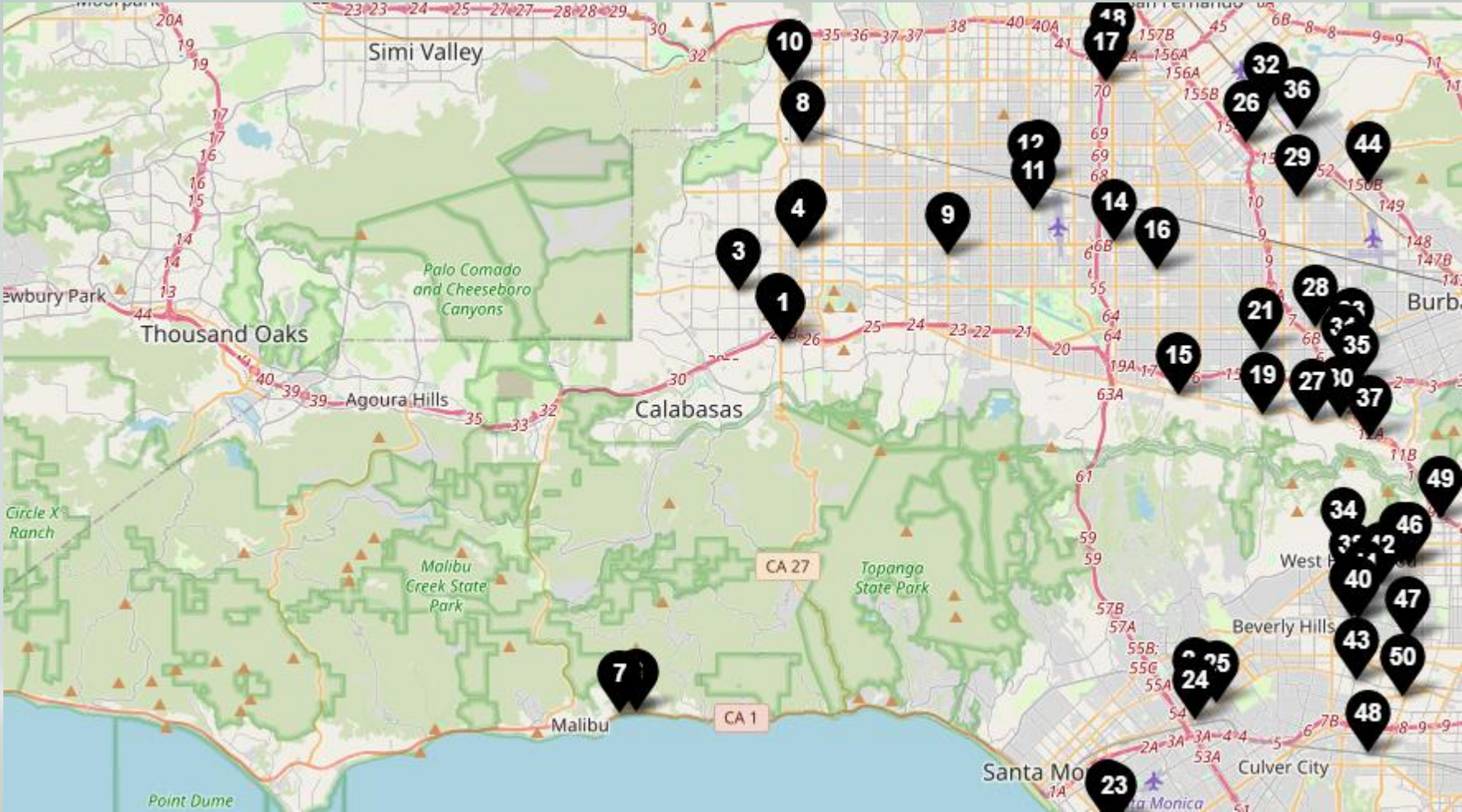
Number of local jurisdictions with at least one licensed business:

- Los Angeles County - 20
- Ventura County - 5



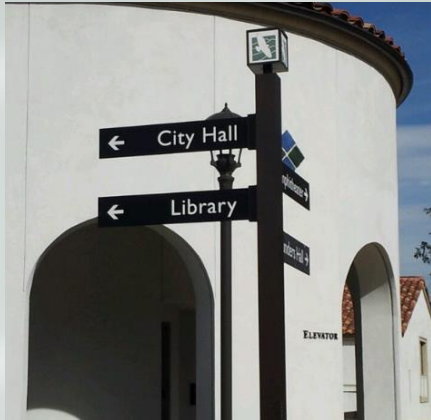


# DCC Licenses



# Local Approval of Cannabis Activity

Local Ordinance



State License



DCC cannot issue a license if doing so will violate any local ordinance regulation.

State Business and Professions Code allows for local jurisdictions to adopt and enforce ordinances to regulate commercial cannabis businesses, including but not limited to zoning, land use, license requirements, exposure to secondhand smoke, or completely prohibiting cannabis activity types within the jurisdiction.



Cannabis Discussion

City Council

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# City of Calabasas

## Calabasas Municipal Code:

- Section 3.56 – Cannabis Business General Tax
  - Allows the Council to impose up to a 10% tax on gross receipt for all cannabis related business activity.
- Section 8.13 – Cultivation and Use of Marijuana
  - Prohibits the cultivation, processing, warehousing, packaging, or distribution of marijuana or any marijuana product anywhere within the City.
  - Exceptions are cultivation for personal use and transport/delivery from a licensed business that originates from outside the City.
- Section 17.12.125 – Marijuana based land use activities
  - Prohibits all cannabis related commercial activity.
  - Allows private cultivation for personal use.



# Factors to Discuss

## Factors to Consider:

- Allow or not Allow
- Type of Cannabis Business to Allow
- Number of Allowed Businesses
- Location and Zoning/Operating Standards
- Types of Permits
- Permit Processing/Procedures
- Deliveries





# Allow or Not Allow

The City currently prohibits commercial cannabis, and the most critical question is whether or not the Council wants to allow it.

- Allow or not Allow?
  - Medical Use
  - Adult Use

## Legal Adult-Use Cannabis Is Available to Most Californians

Share of California's Population Living in a City or Unincorporated Area That Has . . .



Sources: Licensing information from the Bureau of Cannabis Control; population estimates from the Department of Finance; and



Cannabis Discussion

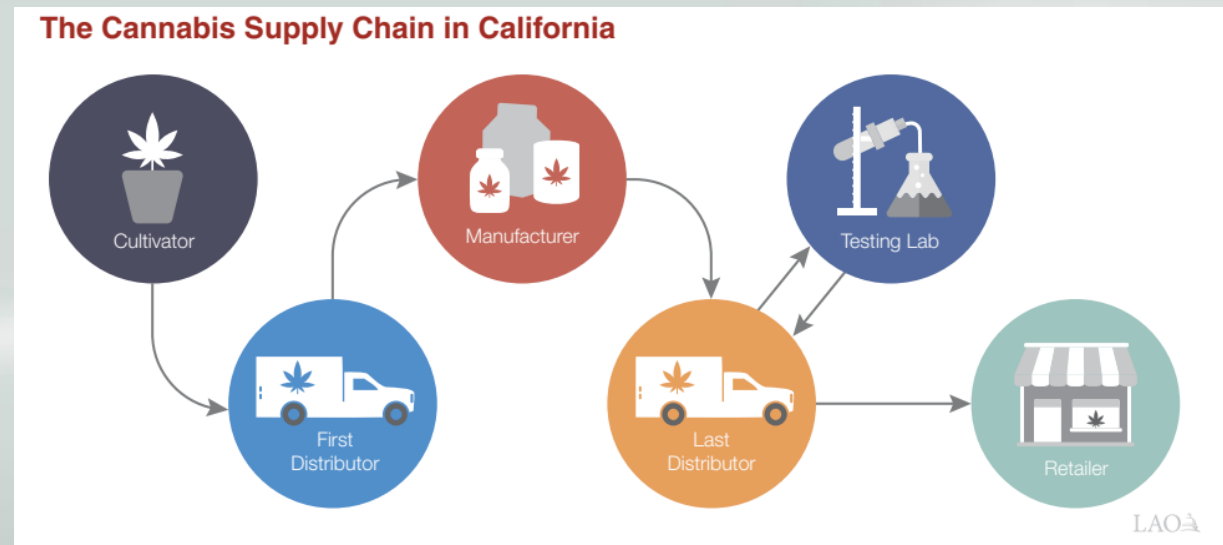
City Council

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# Type

If the City Council were to allow commercial Cannabis, the next question is what type(s)

- Cultivation
- Manufacturing
- Distribution/transport
- Testing
- Retail Sales
- Microbusinesses



# Number of Allowed Businesses

If the City Council were to allow commercial cannabis, how many cannabis businesses does the City want to allow?

- Under State Law, the City can choose to limit the total number of allowed businesses within its jurisdiction.

City	Max. # of Commercial Establishments
Malibu	2 Retail
Thousand Oaks	2 Retail
Ventura	5 retail
Oxnard	16 - retail 8 - manufacturing 1 - testing lab 3 - distributors
Port Hueneme	12 – retail and 6 - delivery – only (Combined Max 18) 5 - cannabis lounges 10 - manufacturing 8 - distribution





# Location and Zoning/Operating Standards

What type of restrictions should apply to cannabis land uses?

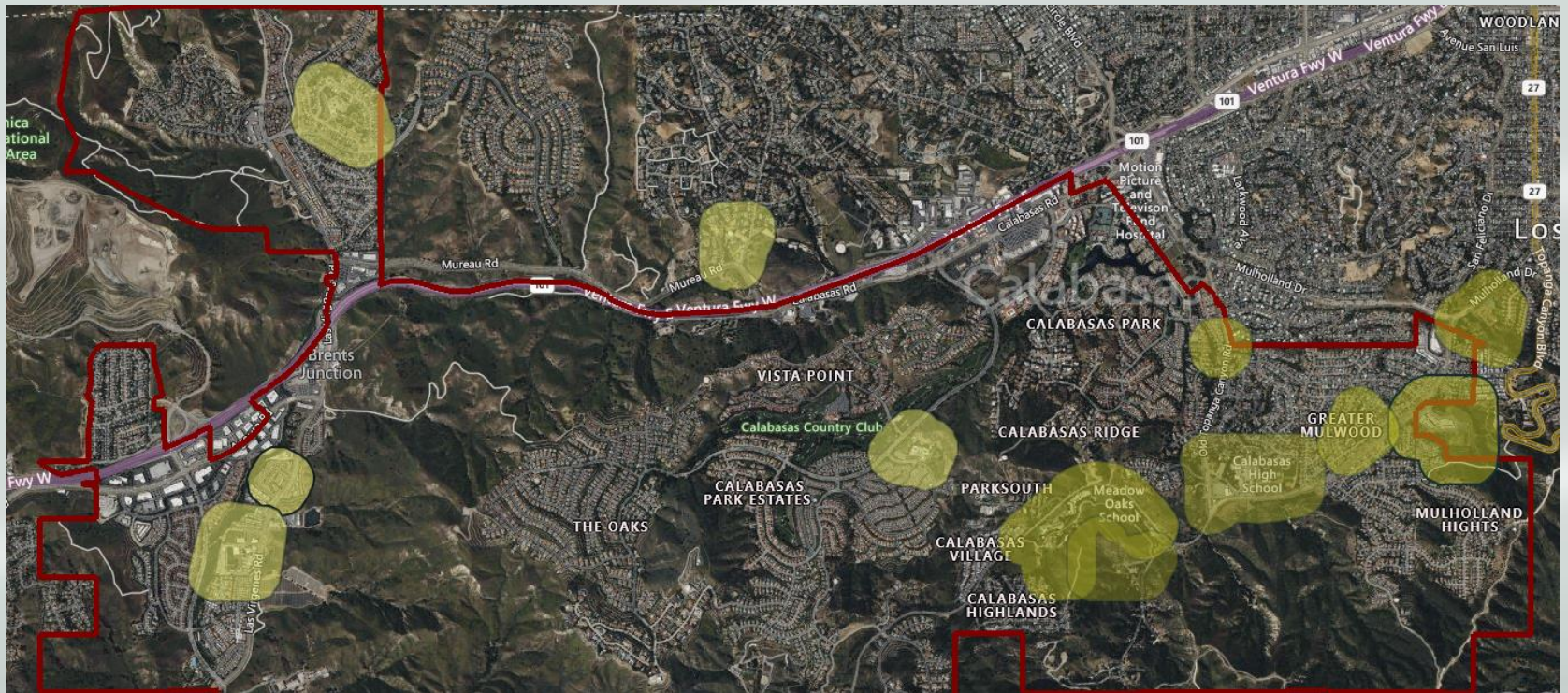
- Locational Restrictions
  - State requires 600-foot distance from schools, day care facilities and youth centers at the time of licensing.
- Separation Requirements
- Operational Requirements
  - Licensed security guards
  - Designated hours of operation
  - Installation of odor controls
  - Prohibition of on-site consumption



# Location and Zoning/Operating Standards

## Locational Restrictions

- State requires 600-foot distance from schools, day care facilities and youth centers at the time of licensing. The City may impose a greater distance and add additional sensitive receptors, such as parks.



# Type of Permits

What type of permits would the City Require?

- Land Use Entitlement
  - Conditional Use Permit
  - Zoning Clearance
  - None
- Regulatory Permit
  - Business License (approval authority?)



# Permit Processing Procedures

How will the City process cannabis land use and/or business license applications?

- First come, first served
- Lottery
- Scoring system
  - The City would have to create an objective scoring system

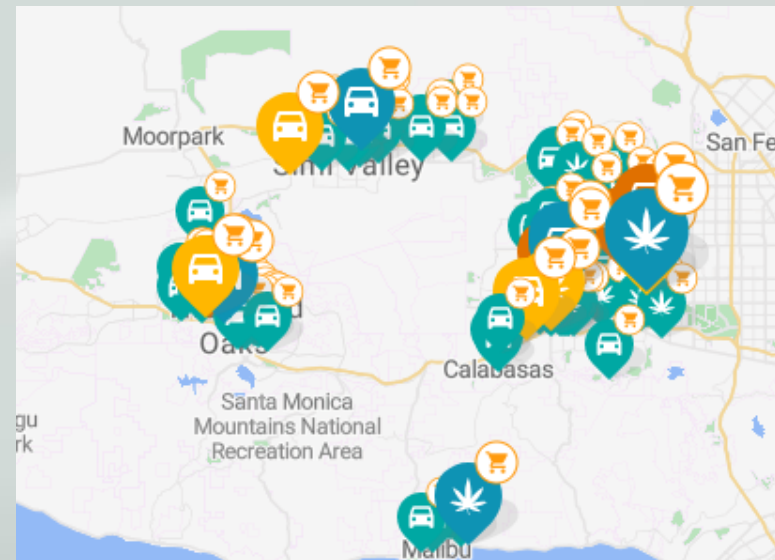




# Deliveries

The City currently allows deliveries from licensed facilities; however, it could prohibit deliveries that begin or end within the City.

- City cannot prevent delivery services from using public roads to pass through the City.
- State law requires delivery services to be licensed.
- New state law, which is currently under dispute, prohibits cities from banning medical deliveries.



# Fiscal Impacts

On November 3, 2020, Calabasas voters passed Measure C, approving a Tax on Cannabis Business Activity up to 10% of the gross sales receipt.

- Resolution No. 2021-1710 establishes a 10% tax on gross sales receipts for commercial cannabis activity.
- HDL estimates that each retail facility would generate approximately \$500,000 to \$1,000,000 a year in tax revenue to the City.



# Recommendation

That the City Council discuss options available to the City to authorize commercial cannabis activities under State Law and provide direction to staff as deemed appropriate.

