



# City of Santa Rosa Comprehensive Cannabis Ordinance & Program Implementation

City Council

December 12, 2017

Clare Hartman, Deputy Director - Planning  
Planning and Economic Development

# Santa Rosa Cannabis Regulations

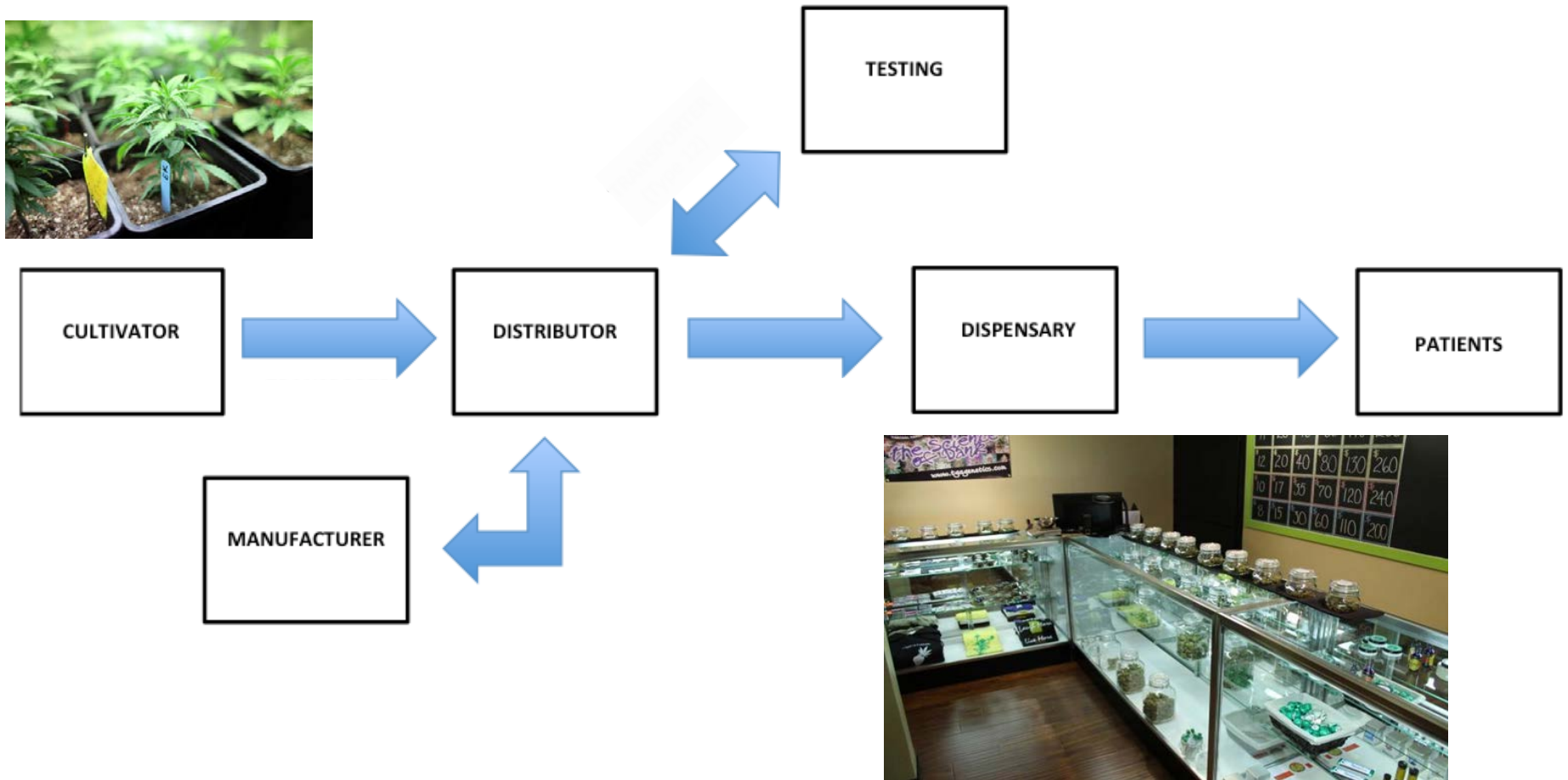
- 2005 – Allow for **medical cannabis dispensaries**
- 2016 & 2017 - City Council Priority – Medical Cannabis Policy
- January 2016 – Initiate a **comprehensive policy effort** and reconvene the Council’s **Cannabis Policy Subcommittee**
  - 2016 – Allow **medical commercial cultivation**
  - 2016 – Allow **medical manufacturing, testing, and distribution**
  - 2017 – Urgency - Prohibit **outdoor commercial cultivation** and **prohibit cannabis in (-LIL) Combining District (Maxwell Court)**.
- November 2017 – Planning Commission public hearing; recommends **Draft Comprehensive Cannabis Ordinance**.

# City Approach to Cannabis

- Cannabis uses **are already taking place** in the City
- Cannabis is **a land use issue**; a Code enforcement issue
- Focused on **Medical Cannabis** for first phase
- Provide a permit compliance path
  - **Direct the use to appropriate areas** (commercial and industrial districts)
  - Provide standards to minimize impacts – security, odor, lighting, noise
  - Defer to State law, County Ag and County Health for specific issues
- **Test** the approach through interim measures
- Address the entire industry chain – **no gaps**



# Cannabis Supply Chain





# Interim Land Use Policy Medical Cannabis

- **Dispensaries**
  - **No new applications at this time** - Existing Ordinance is in effect; City has two existing dispensaries
- **Support Uses**
  - **Permitted by Right** or with a **Minor Use Permit** if adjacent to residential uses; treated similar as non-cannabis uses which are already allowed in various industrial districts.
- **Commercial Cultivation**
  - **Conditional Use Permit** – Allowed in Industrial Districts; Neighborhood meeting if near residential uses; Public hearing and action by the Planning Commission

# Being Successful in Santa Rosa



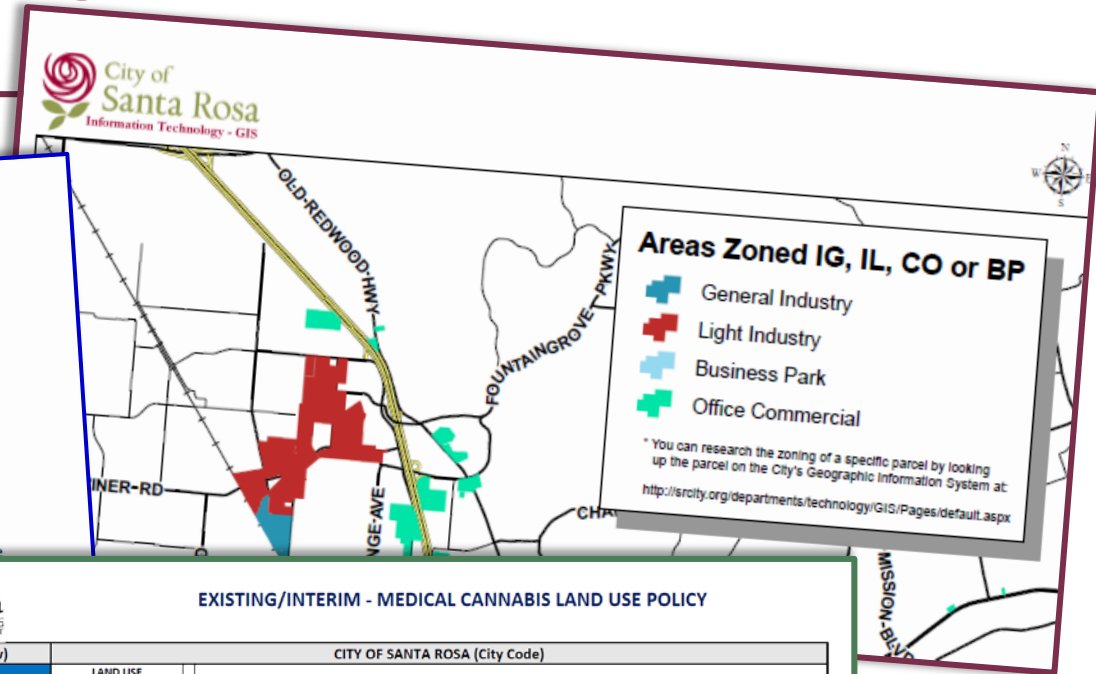
PLANNING & ECONOMIC  
DEVELOPMENT

## Building and Fire Code Requirements for Medical Marijuana Related Occupancies

The following regulations pertain to City of Santa Rosa Building and Fire Division requirements for the permit application, plan review, approval and inspection of medical marijuana related occupancies. The requirements listed below are intended to assist the applicant with some of the requirements to a Building Division permit submittal, and are not to be considered an all-inclusive list. Only items per Fire Division requirements for plan approval or permit issuance. Only items per submittal are to be included. Every listed item will not necessarily be applicable.

### General Requirements

1. A building permit is required to verify occupancy for a medicinal marijuana to the property are proposed. The building permit application must meet submittal requirements.
2. Construction plans and building permits are required per the California owner or occupant intends to construct, enlarge, alter, remove, repair, of a building or structure, or to erect, install, enlarge, alter, repair, remove, gas, mechanical or plumbing system, the installation of which is regulated or to cause this work to be done.
3. The plans, when required, must be prepared by a licensed professional in California and must address specific requirements for the use as outlined adopted by the City of Santa Rosa and the State of California.
4. An application for a building permit will not be accepted for a medical confirmation that all discretionary approvals have been obtained or a

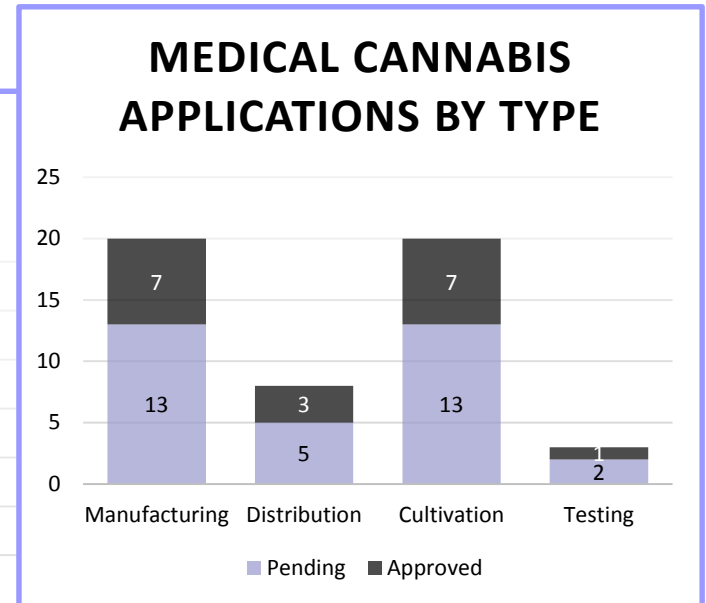
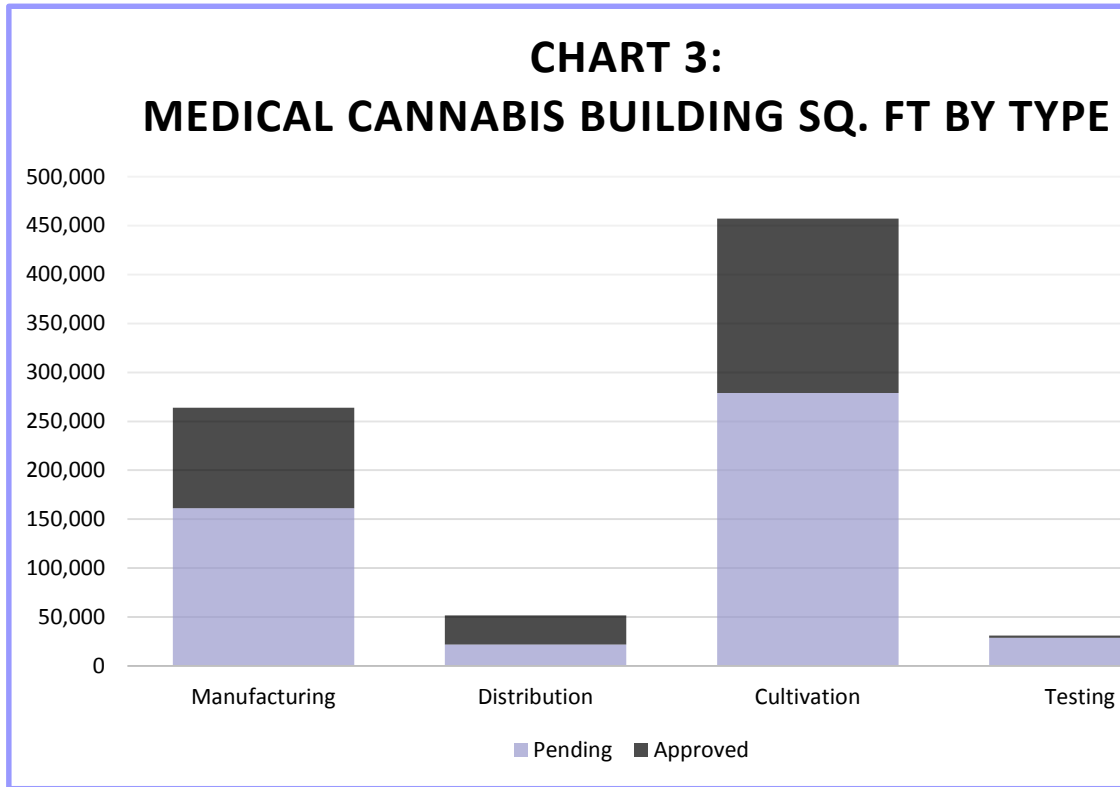


## EXISTING/INTERIM - MEDICAL CANNABIS LAND USE POLICY

MCRSA (State Law)		CITY OF SANTA ROSA (City Code)													
MEDICAL CANNABIS USES & STATE LICENSE TYPES	LAND USE CLASSIFICATIONS	ALLOWED LAND USES AND PERMIT REQUIREMENTS BY ZONING DISTRICT:													
		RESIDENTIAL	COMMERCIAL						INDUSTRIAL				Specific Use Regulations		
		all	CO	CN	CG	CV	CD	CSC	TV-M	BP	IL	IG	LIL		
<b>DISPENSARIES</b>															
Dispensary - General	10	Medical Cannabis Dispensary	--	AR	AR	AR	AR	--	AR	AR	AR	AR	AR	AR	City Code 10-40 Provides locational and operational requirements; annual renewal required; no new dispensaries are being considered at this time.
Dispensary - no more than 3 retail sites	10A	Medical Cannabis Dispensary	--	AR	AR	AR	AR	--	AR	AR	AR	AR	AR	AR	
<b>CULTIVATION</b>															
Cultivation - Personal	exempt	Medical Cannabis Personal Cultivation													as allowed by state law
Cultivation - Nursery (wholesale)	4	To be determined	--	--	--	--	--	--	--	--	--	--	--	--	
Cultivation - Cottage (25 plants, 500sf, 2,500sf)	1C	Medical Cannabis Commercial Cultivation	--	--	--	--	--	--	--	--	MUP*	MUP*	MUP*	City Code 20-46 Allows indoor, outdoor and mixed light (greenhouse) commercial cultivation for medical cannabis only; defines permit process and review authority	
Cultivation - Indoor, Outdoor, or Mixed-Light (2,501-10,000sf)	1, 1A, 1B, 2, 2A, 2B	Medical Cannabis Commercial Cultivation	--	--	--	--	--	--	--	--	MUP*	MUP*	MUP*		
Cultivation - Indoor, Outdoor, or Mixed-Light (10,001sf or greater)	3, 3A, 3B	Medical Cannabis Commercial Cultivation	--	--	--	--	--	--	--	--	CUP	CUP	CUP		
<b>SUPPORT USES</b>															
Distributor	11	Warehouse, Wholesaling and Distribution	--	--	--	--	--	--	--	MUP (4)	P (3)	P (3)	--		
Manufacturer - Level 1 (non-volatile)	6	Manufacturing/Processing - Light	--	--	--	--	--	--	--	P (3)	P (3)	P (3)	--		
Manufacturer - Level 2 (volatile)	7	To be determined	--	--	--	--	--	--	--	--	--	--	--		
Testing/Laboratory	8	Laboratory - Medical, Analytical	--	MUP	--	--	--	--	--	P	P	--	--		
Transporter	12	Truck or Freight Terminal	--	--	--	--	--	--	--	MUP	MUP (1)	--	--		

# Applications to Date from 3<sup>rd</sup> Quarter Cannabis Permitting Report

**Current Industrial vacancy rate is 5%**



18 approved permits = **3.0% (313K)** of Industrial Space

# Comprehensive Land Use Policy

- **Personal Use**
  - Medical & Adult Use
- **Cannabis Businesses**
  - Medical & Adult Use
  - General Operating Rules
  - Commercial Cultivation
  - Manufacturing Levels 1 & 2
  - Testing Laboratory
  - Distribution
  - Retail (Dispensaries)
  - Special Events





- Council Policy Subcommittee meetings since Jan 2016
- [srcity.org/cannabis](http://srcity.org/cannabis) update sent out to 2,000 e-mails
- June 30<sup>th</sup> – First Draft Comprehensive Ordinance
- Social media, Next door, Facebook, press releases
- KSRO interviews, morning and The Drive
- News articles – Press Democrat, SF Chronicle
- July 17<sup>th</sup> – Public Forum – Presentation & Feedback Session
- Outreach and presentations to interested groups
  - Real estate community
  - Fire and Building Officials
  - School representatives
  - Neighborhood groups
  - Business representatives

## **Residents/General Public**

- Odor from outdoor cultivation
- Confusion over maximum limits (100 sf, 500 sf, 6 plants)

## **School/Youth Advocates**

- Increase setback to school to 1,000 feet
- Extend setback to youth facilities, day care centers
- Opposed to outdoor cultivation abutting school property

## **Cannabis Industry**

- Reduce distance between retail facilities to 600 feet
- Allow for Adult Use Businesses in this ordinance

## **General Business Community**

- Overconcentration concerns of cannabis businesses

## **TAC recommendations post June 30<sup>th</sup>:**

- Consider just one maximum, e.g. 6 plants
- Retail shall also require County Health Permit
- Need to develop a program for accepting multiple Retail (dispensary) requests within 1,000 feet
- Incorporate new state licenses (e.g. microbusiness, processor)
- Clarify Special Events section – allow only Medical – and only private events on private property; not public markets

**October 5<sup>th</sup> version - Draft Comprehensive Ordinance**

- October 12, 2017 – meeting cancelled; re-noticed
- November 9, 2017 – Public Hearing - 19 speakers
- **Commission recommended (5-0, 1 abstain, 1 absent):**
  - **Amend the Draft Ordinance to allow both Adult Use and Medical Use – treat as same**
    - Exceptions - Age of patron and retail permits must specify use type
  - **Personal Cultivation**
    - Maximum Limit – 6 plants per residence
    - Outdoor Cultivation – not allowed adjacent a school
  - **Retail (Dispensary) Setbacks**
    - 1,000 to a school, as defined by the state (K-12)
    - 600 to another dispensary within the City

# Adult Use Cannabis Businesses

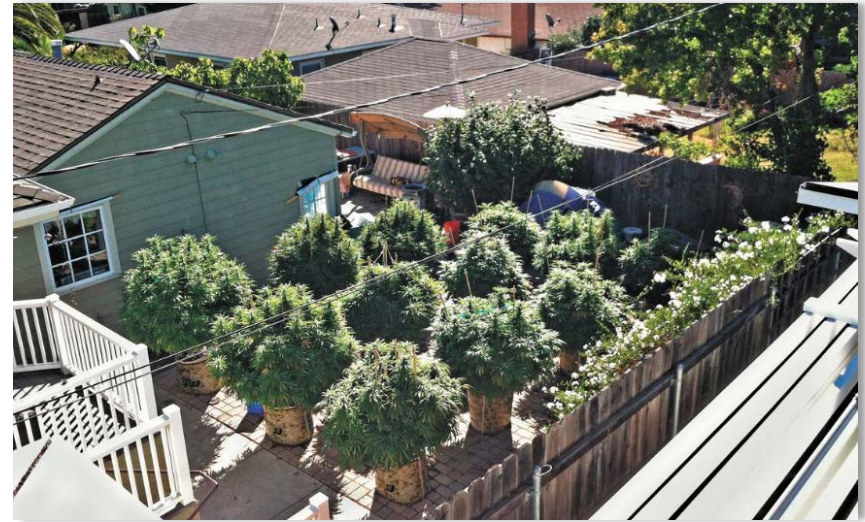
- **Prohibited in Draft Ordinance (June 30th and Oct 5<sup>th</sup> versions)**
  - **To be considered in a later phase**
- **Prop 64, SB 94, AB 133, State requirements**
  - **State laws are shrinking distinctions between adult use and medical**
- **Council's Cannabis Policy Subcommittee – Consider Options**
  - **Address Adult Use Cannabis Businesses in a later phase**
  - **Allow for Adult Use Cultivation and Support**  
(Cultivation, Manufacturing, Distribution, Testing Laboratory)
  - **Allow for Adult Use Retail**  
(Retail Dispensary and Delivery and Microbusiness w/ Retail)

# Where Allowed & Permit Process

ADULT USE & MEDICAL CANNABIS LAND USE CLASSIFICATIONS		CITY OF SANTA ROSA (City Code)										
		ALLOWED LAND USES AND PERMIT REQUIREMENTS BY ZONING DISTRICT:										
		RESIDENTIAL	COMMERCIAL							INDUSTRIAL		
		<i>all</i>	CO	CN	CG	CV	CD	CSC	TV-M	BP	IL	IG
<b>RETAIL (DISPENSARY) AND DELIVERY</b>	RELATED STATE LICENSES											
Cannabis Retail (Dispensary) and Delivery	10	--	CUP (1)	CUP (1)	CUP (1)	--	--	CUP (1)	--	CUP (1)	CUP (1)	CUP (1)
<b>CULTIVATION</b>												
<b>PERSONAL - OUTDOOR, INDOOR, &amp; MIXED LIGHT</b>												
Personal Cannabis Cultivation	<i>exempt</i>	<i>Up to 6 plants maximum per residence (4)</i>										
<b>COMMERCIAL - OUTDOOR</b>												
Commercial Cannabis Cultivation	1, 1C, 2, 3, 4	--	--	--	--	--	--	--	--	--	--	--
<b>COMMERCIAL - INDOOR &amp; MIXED LIGHT (GREENHOUSE)</b>												
Commercial Cannabis Cultivation – <i>up to 5,000 square feet</i>	1A, 1B, 1C, 4	--	--	--	--	--	--	--	--	--	MUP	MUP
Commercial Cannabis Cultivation – <i>5,001 square feet or greater</i>	2A, 2B, 3A, 3B, 4	--	--	--	--	--	--	--	--	--	CUP	CUP
Commercial Cannabis Microbusiness - <i>&lt;10,000 sq ft (cultivation, manufacturing, distribution, and retail)</i>	12										CUP (1)	CUP (1)
<b>SUPPORT USES</b>												
Commercial Cannabis Manufacturing – <b>Level 1</b>	6	--	--	--	--	--	--	--	--	P (3)	P (3)	P (3)
Commercial Cannabis Manufacturing – <b>Level 2</b>	7	--	--	--	--	--	--	--	--	--	CUP	CUP
Commercial Cannabis Testing Laboratory	8	--	MUP	--	--	--	--	--	--	P	P	P
Commercial Cannabis Distribution	11	--	--	--	--	--	--	--	--	MUP (2)	P (3)	P (3)

# Personal Cannabis Use

- **Max Limit – Medical/Adult Use**
  - **Six (6) mature plants**
- **Outdoor Cultivation**
  - **Prohibited adjacent K-12 school**
  - **Otherwise allowed**
- **Standards to comply with:**
  - **Residency**
  - **Visibility**
  - **Security**
  - **Odor Control**
  - **Lighting**
  - **Noise**



# Commercial Cannabis Use

- **Dual Licensing**
  - Local Zoning Permit & State Licensing
  - Operator in Good Standing Program; Existing Permitted Operators
- **Other Permits & Inspections**
  - Building and Fire Permit; Business Tax Certificate
  - Sonoma County Health Permit
  - Sonoma County Agricultural Commission
- **General Operating Requirements**
  - Security
  - Odor Control
  - Lighting
  - Noise





# Commercial Cannabis Cultivation

- **Up to 5,000 square feet**
  - **Minor Use Permit**
  - **Public Notice**
    - **Public Hearing if requested**
  - **Zoning Administrator**
- **5,000 sf or greater**  
or **Microbusiness (<10K plus retail)**
  - **Neighborhood Meeting**
  - **Conditional Use Permit**
  - **Public hearing**
  - **Planning Commission**
- **Outdoor - Prohibited**



# Cannabis Support Uses

- **Manufacturing/Processing**
  - Level 1 – no solvents; non-volatile – **Permitted or Minor Use Permit**
  - Level 2 – volatile solvents – **Conditional Use Permit**
- **Testing Laboratory**
- **Distribution**



# Cannabis Retail (Dispensaries)

- **Overconcentration & Setbacks**
  - 600 feet to another retail facility
  - 1000 feet to a K-12 school
- **Conditional Use Permit**
  - Neighborhood Meeting
  - Public Hearing
  - Planning Commission



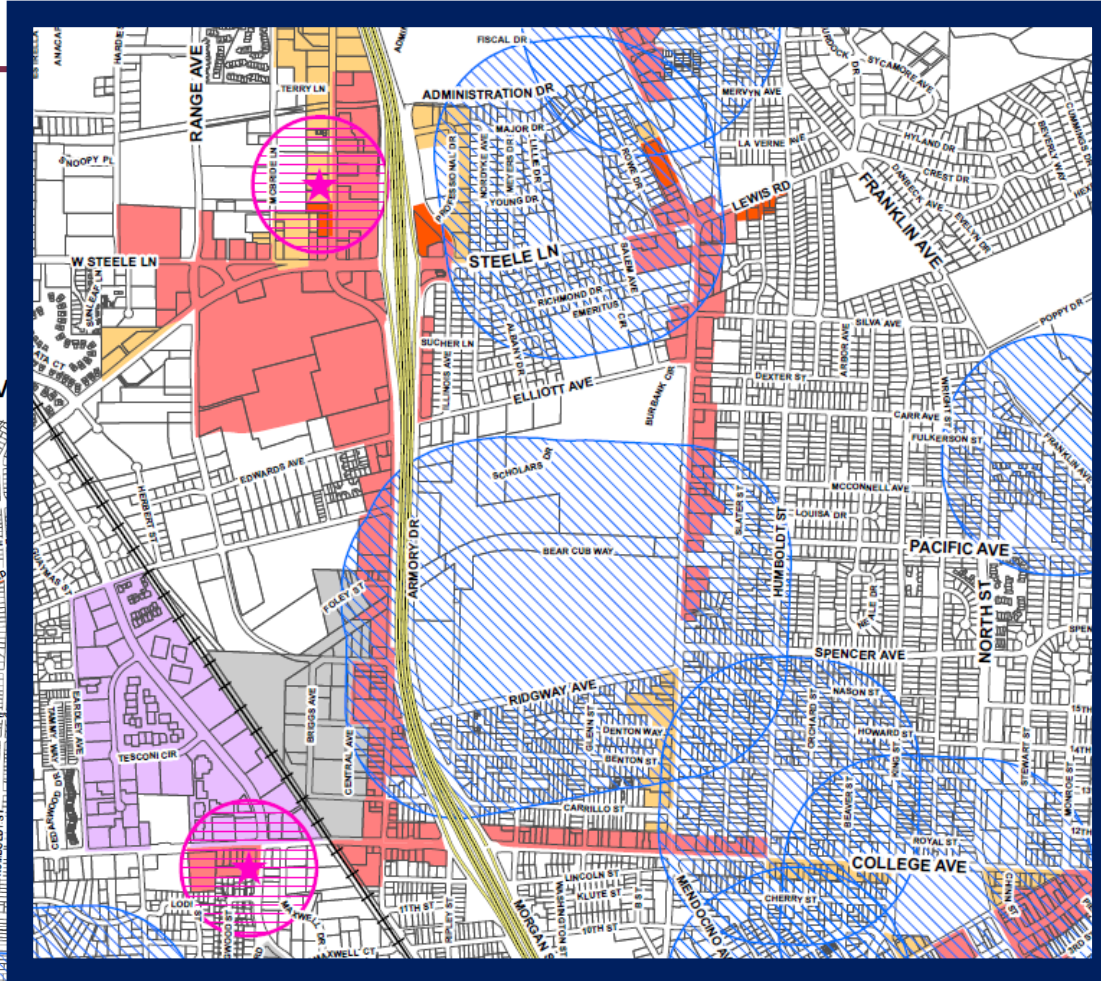
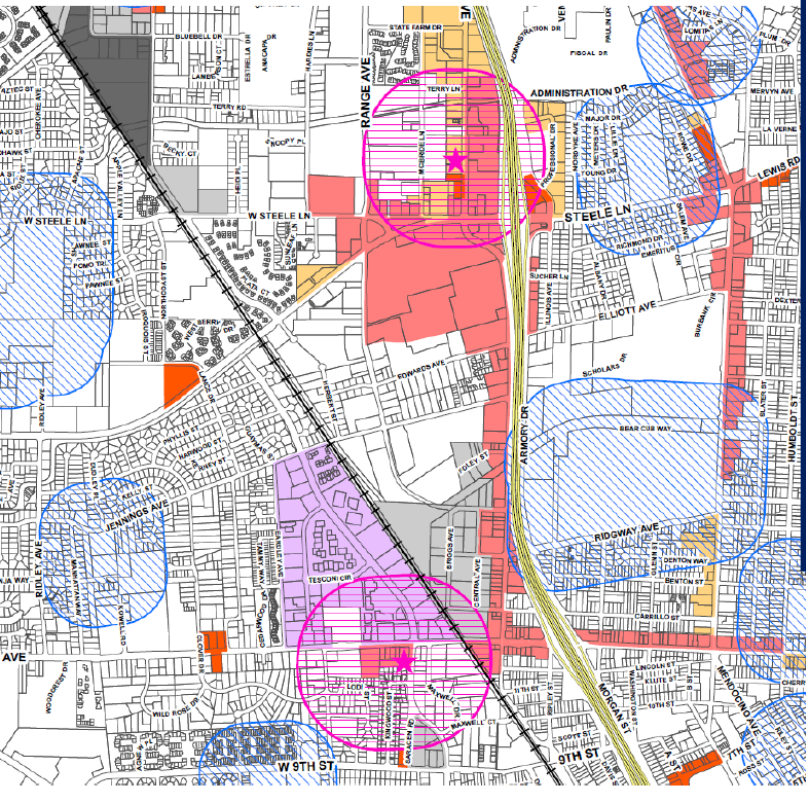
# Cannabis Retail (Dispensaries)

- **Deliveries** - Allowed from a Cannabis Retail facility with a storefront
- **Drive-through** – Not permitted
- **Hours of Operation** – 9:00 am to 9:00 pm
- **Security** – secured entry, products, cash
- **On-site consumption** – subject to state and local law; and use permit



# Cannabis Retail - Setbacks

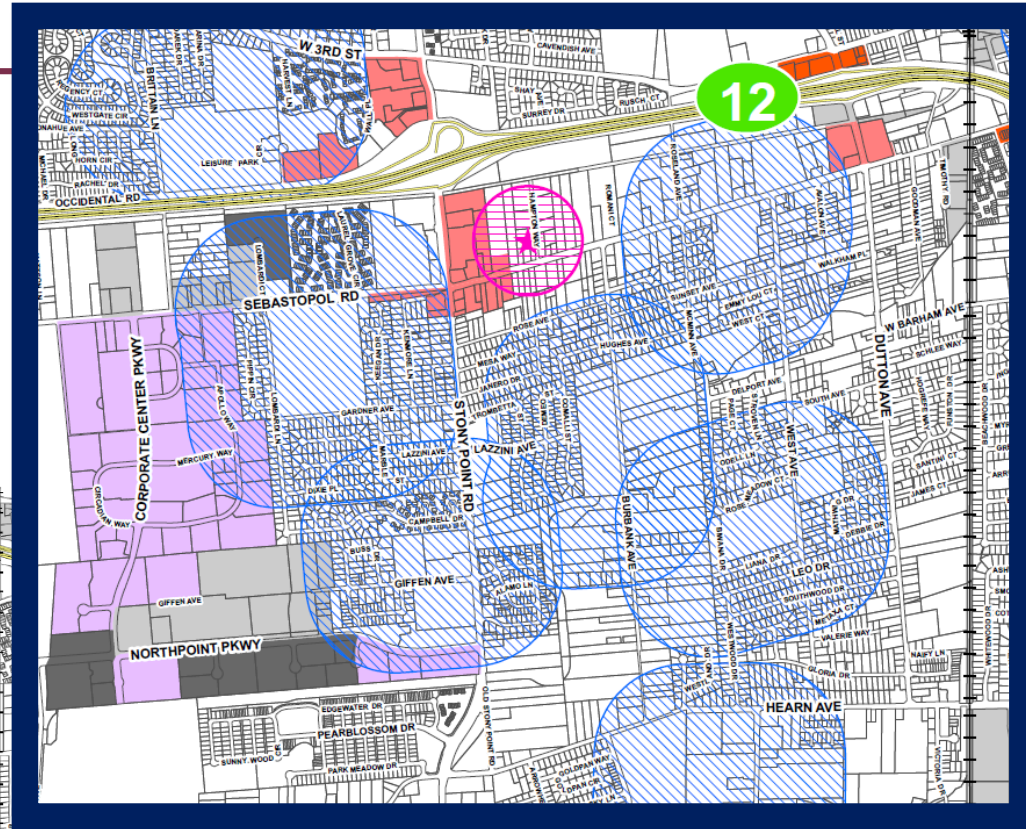
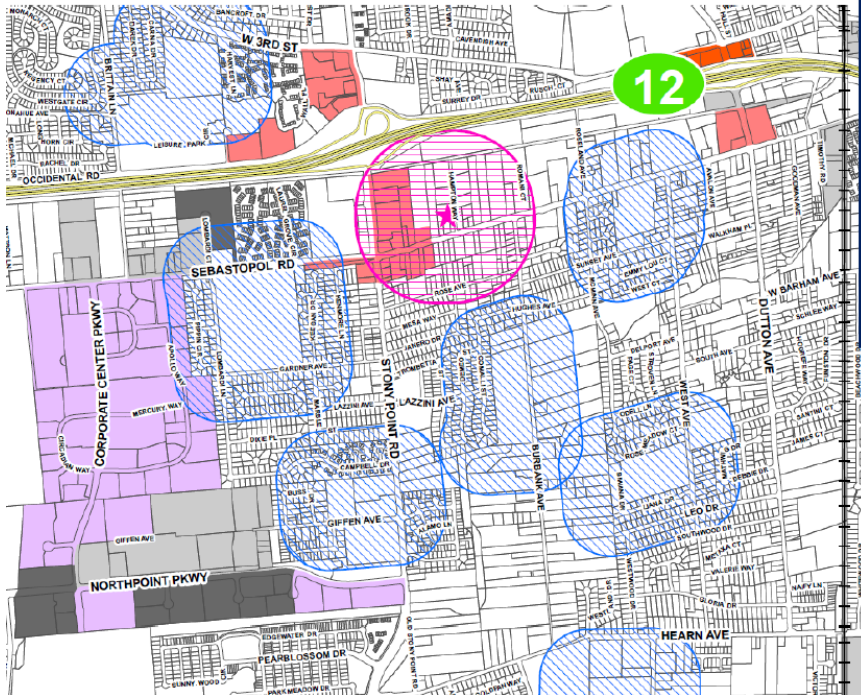
**Draft**  
**EXISTING DISPENSARIES IN CITY ON DUTTON AVE & CLEVELAND AVE**



**Recommended**

# Cannabis Retail - Setbacks

**Draft** EXISTING DISPENSARY IN COUNTY ON HAMPTON WAY

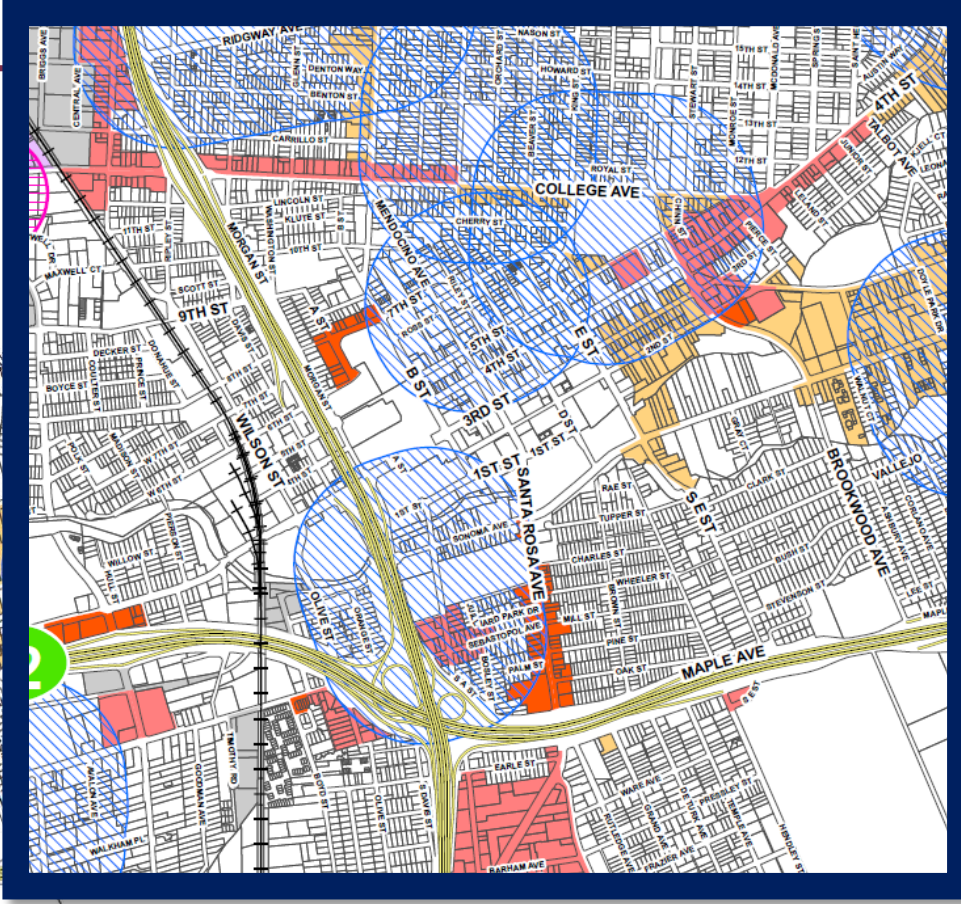
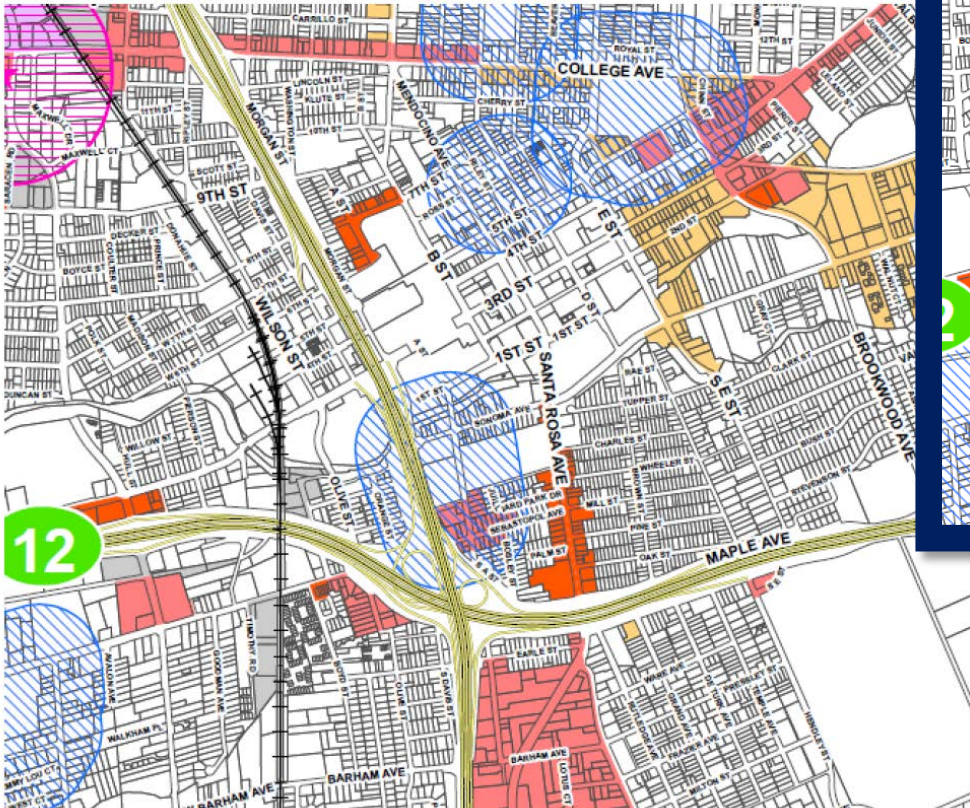


**Recommended**

# Cannabis Retail - Setbacks

Draft

DISPENSARY OPPORTUNITY NEAR DOWNTOWN CORE

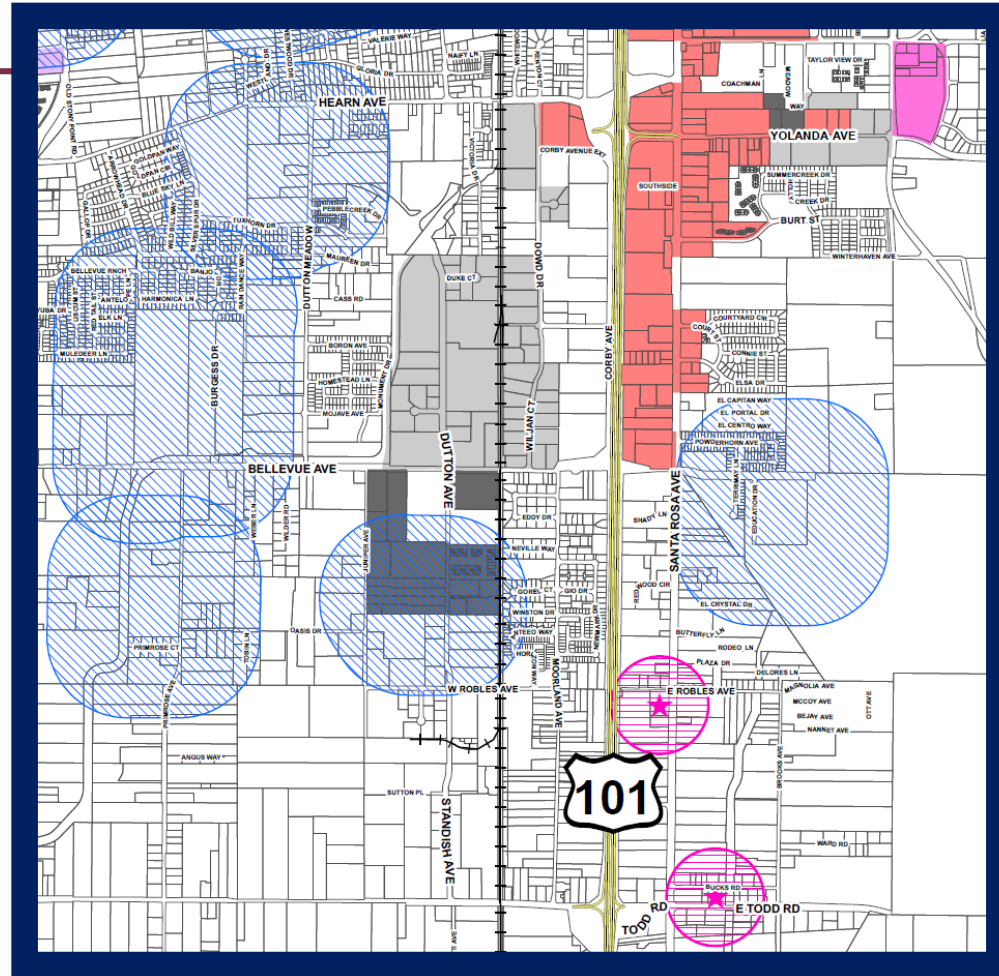
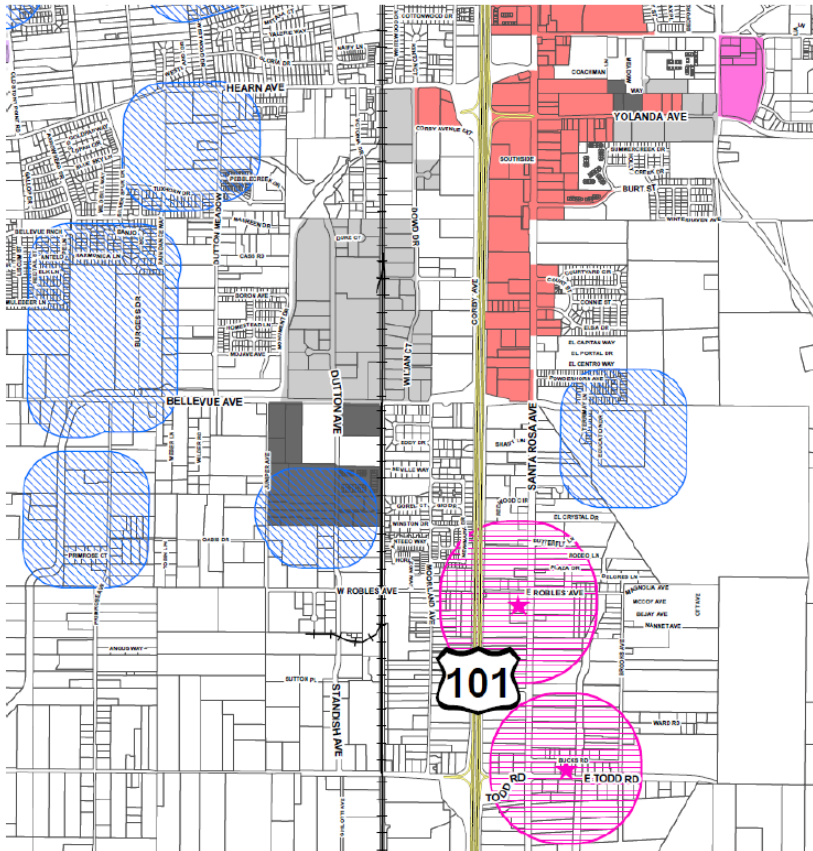


Recommended

# Cannabis Retail - Setbacks

Draft

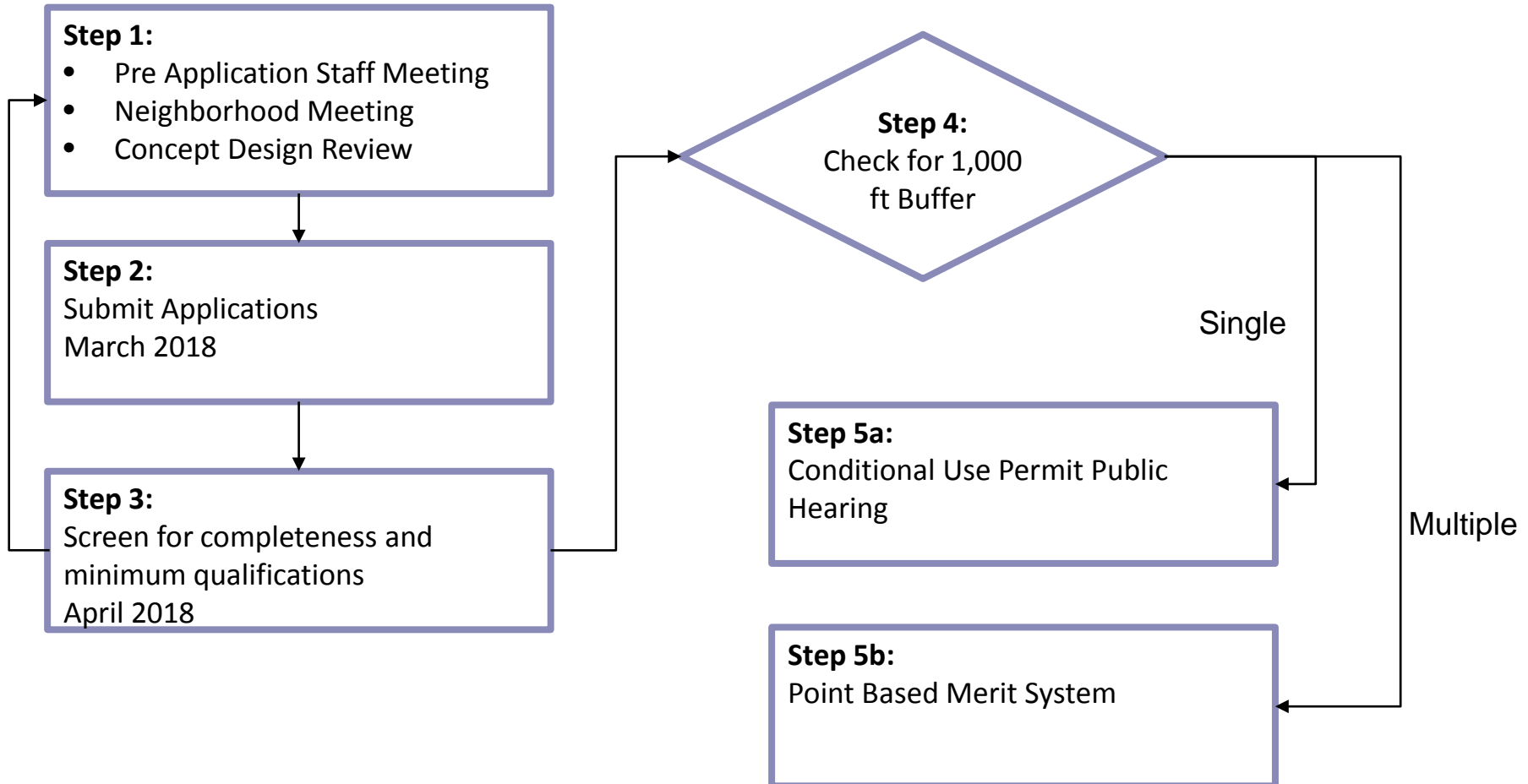
EXISTING DISPENSARIES IN COUNTY ON TODD RD & SANTA ROSA AVE



Recommended



# Draft 2018 Cannabis Retail (Dispensary) Application Process



# Cannabis Special Events

- **Medical & Adult Use – on-site sale & consumption**
- **Dual Licensing required**
  - **Local Event Permit subject to conditions**
  - **State Temporary Event License**



# California Environmental Quality Act (CEQA)

- Exempt from CEQA as follows:
  - Section 15061(b)(3) – general rule for policy making activity
  - Section 15183 – consistent with general plan and zoning
  - Section 15301 – re-tenanting of existing facilities
  - SB 94 – exemption provided until July 1, 2019, for an ordinance that requires discretionary review and approval of permits to engage in commercial cannabis activity

# Cannabis Program Implementation



# Cannabis Program Staff & Budget Impacts

- **FY 17-18 (Immediate)**
  - 7.0 FTE to establish program - \$870,000
  - One-time funds - \$61,000
  - **Subtotal = \$931,000**
  
- **FY 18-19 (July 2018)**
  - 6.0 FTE to sustain program - \$969,000
  - Criminal Investigation Fund - \$150,000
  - **Subtotal = \$1,119,000**

**Total Program Impact**  
**\$2.05 million**

# Cannabis Program Fee & Tax Revenue

- **Annual Cannabis Permit & Inspection Fees (actual/estimate)**
  - Actual - \$375,000 fees to date (Planning & Building)
  - Estimated - \$700,000 fees annually (Planning & Building)
  - **Subtotal estimate annually = \$700,000**
- **Annual Cannabis Business Tax (estimate)**
  - \$2.5 million (Cultivation & Manufacturing)
  - **Subtotal = \$2.5 million**

## 2017/2018 Tax Rates (set by Council Resolution 2017-035)

Cultivation	2% of gross receipts
Manufacturing	1% of gross receipts
Distribution	0%
Retail (Dispensary) Adult Use Only	3%

**Total Annual Revenue**  
**\$3.2 million**

- **Dec 12<sup>th</sup> – City Council hearing**
  - **Draft Comprehensive Cannabis Ordinance**
    - Public hearing
    - Introduce ordinance
    - Feedback on Dispensary Permit program
  - **Cannabis Program Implementation - Staffing/Funds**
    - Immediate Expenditures – Amend FY17-18 Budget
    - Adopt resolution
- **Dec 19<sup>th</sup> – Ordinance Adoption (2<sup>nd</sup> reading)**
- **January 22<sup>nd</sup> 2018 – Ordinance Effective Date**

- It is recommended by the Planning Commission that the City Council, by ordinance, enact comprehensive regulations for cannabis through amendments of the Santa Rosa City Code; and
- It is further recommended the Council, by resolution, appropriate the resources necessary to initiate and support the City's Cannabis Program to ensure effective outreach/education, permitting, monitoring, taxation and enforcement.



*Stay informed and involved through*  
***[srcity.org/cannabis](http://srcity.org/cannabis)***

- **Policy**  
Clare Hartman, Deputy Director – Planning
- **Permits**  
Andrew Trippel, City Planner
- **Tax**  
David Guhin, Director, Planning & Economic Development