

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DAVID GUHIN, DIRECTOR
PLANNING AND ECONOMIC DEVELOPMENT

SUBJECT: AMENDMENT TO ITEM 14.3 RECOMMENDING COUNCIL
DIRECTION TO CONTINUE ITEM TO FEBRUARY 2017, AND TO
PURSUE A JUNE 6TH SPECIAL ELECTION

AGENDA ACTION: NO ACTION

RECOMMENDATION

It is recommended by the Planning and Economic Development and Finance Departments that the Council continue Item 14.3 to a Regular Meeting in February 2017 and direct staff to revise the resolution to submit the Cannabis Industry Tax Measure to the Santa Rosa Voters at a special election on June 6, 2017.

EXECUTIVE SUMMARY

On December 4th, the County of Sonoma Deputy Registrar of Voters provided City staff with additional information and clarification on the impacts and costs of special elections with one and two City ballot measures. This additional information confirmed that holding a special election in March 2017 and then again in June 2017 would cost the City approximately \$800,000 in total. If instead the City had two items on the ballot at the same election, which is a potential in June 2017, the cost to the City would be considerably less than holding separate elections due to cost sharing of services.

Based on this information and the other factors listed below, the Planning and Economic Development and Finance Departments recommend that the Council continue Item 14.3 to a meeting in February 2017 and after the Cannabis Subcommittee has an opportunity to recommend initial Cannabis Tax Rates to the Council. The Planning and Economic Development and Finance Departments also recommend that Council direct staff to bring back to Council in February 2017 a revised resolution that (1) orders a ballot submission to Santa Rosa voters at a special election on June 6, 2017, of an ordinance amending chapter 6-04 of the Santa Rosa City Code and adding chapter 6-10 of the Santa Rosa City Code to authorize the City to impose a business tax on cannabis

ADOPTION OF AUTHORIZATION TO IMPOSE CANNABIS TAXATION
PAGE 2 OF 3

businesses, and (2) that the ordinance submitted to voters include initial Cannabis Industry Tax rates based on recommendations of the Cannabis Subcommittee .

ANALYSIS

Because a possibility exists that the Council may call a special election in June 2017 on the Referendum Petition challenging aspects of Ordinance 4072, City staff sought additional information about the potential costs to the City of proceeding with a March 2017 election on the Cannabis Industry Tax.

The Sonoma County Register of Voters confirmed and clarified that if the City submits two ballot measures at a single special election in June 2017, the cost to the City will be considerably less than the cost of holding separate elections in March and June. Estimates are that if the City held an election in March and another election in June, the cost to the General Fund would be approximately \$800K total. If the City brought two items to the voters in June, the total cost would be much less due the ability to share costs including printing and mailing one Sample ballot book, utilizing supplies to produce and mail one vote by mail ballot, and setting up polling places once. In addition, the Registrar confirmed that there would be no cost savings to the City if a City measure was on the ballot the same time as a County initiative.

Staff has reviewed the current permits issued and anticipated cannabis businesses that will be operating in March and has determined that the tax revenue loss from delaying the election 3 months would be less than the anticipated additional cost of holding two separate elections.

After obtaining extensive direction from the Cannabis Subcommittee, staff is currently drafting comprehensive cannabis industry regulations and plans to have a final draft available to the public in the next few months. It is anticipated based on that timeline, that the adoption of those regulations by Council will occur in June or July, and will coincide with a June 2017 election.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

NONE

NOTIFICATION

NONE

ATTACHMENTS

NONE

CONTACT

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