

RESOLUTION NO. RES-2017-034

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA DECLARING A FISCAL EMERGENCY IN THE CITY AS A RESULT OF THE RECENT ENACTMENT OF THE MEDICAL CANNABIS REGULATION AND SAFETY ACT AND PASSAGE OF CALIFORNIA STATE PROPOSITION 64 (ADULT USE OF MARIJUANA ACT)

WHEREAS, the City of Santa Rosa has responsibly and proactively managed its finances and its taxpayer dollars through transparent budget and decision-making processes and recently enacted Measures O and N to ensure the City's fiscal stability by updating budget formulas and extend locally-enacted funding; and

WHEREAS, on November 5 1996, the California voters enacted Proposition 215, legalizing medical use of cannabis, and in October 2015, the Governor signed into law the Medical Marijuana Regulation and Safety Act (now known as the Medical Cannabis Regulation and Safety Act or MCRSA), establishing a state licensing framework and authorizing local regulation of the medical cannabis industry; and

WHEREAS, for the past year, the City of Santa Rosa's Medical Cannabis Policy Sub-Committee has been working with cannabis industry stakeholders to develop comprehensive policies to regulate those in the medical cannabis industry in a way that supports region's small, locally-operated providers without overburdening that new market; and

WHEREAS, as these policy discussions continue, on November 8, 2016, California voters enacted Proposition 64 to legalize adult recreational use of cannabis and to allow businesses that support such cannabis use to operate legally, subject to regulations imposed by state and local public entities; and

WHEREAS, the permitting and support of this industry, in association with the earlier passage of Proposition 215, and the recent enactment of MCRSA and passage of Proposition 64, has significant cost implications for the City of Santa Rosa due to the substantial costs to the City of adopting and implementing regulations to govern this new industry, enforcing those regulations, ensuring public safety, addressing environmental concerns, providing economic development services, and providing other related services, totaling over \$1,000,000 annually; and

WHEREAS, the City must identify a funding source to support regulation of the industry while not adversely impacting the general fund in order to maintain consistent funding and financial stability for essential services such as police and fire protection, 911 emergency response times, streets and road maintenance, affordable housing, gang prevention, recreational programs and other general city services; and

WHEREAS, the City's existing general business tax ordinance, which generally levies a limited business tax on all businesses operating in Santa Rosa, is insufficient to generate the volume of revenue needed to pay the City's costs of allowing the new and unique cannabis industry to operate in Santa Rosa;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby finds and declares the existence of a fiscal emergency within the City and directs City staff to investigate and recommend further actions necessary to mitigate the severe financial impacts of permitting and supporting medical cannabis operations pursuant to the recent enactment of MCRSA, as well as the impacts of the passage of Proposition 64.

IN COUNCIL DULY PASSED this 7th day of March, 2017.

AYES: (6) Mayor Coursey, Vice Mayor Tibbetts, Council Members Combs, Olivares, Rogers, Schwedhelm

NOES: (0)

ABSENT: (1) Council Member Sawyer

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

Interim City Attorney