



Office of the City Manager

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Gary Halbert, City Manager; Glen Googins, City Attorney

DATE: December 8, 2017

SUBJECT: Preliminary Draft Cannabis Ordinance -
December 12, 2017 Council Workshop on Cannabis

At the conclusion of the October 26, 2017 Chula Vista Cannabis Workshop, the City Council requested that Staff return to a workshop in early December 2017 with a draft cannabis ordinance for City Council's review. In particular, the City Council asked that Staff incorporate recommendations to include, among other provisions, a limited number of storefront retail businesses per district, proposed zoning requirements for potential cannabis business types, defined sensitive uses with separation requirements, and security and operational measures intended to protect public health and safety.

Since the October Cannabis Workshop, Staff from the Development Services, Finance, Fire, and Police Departments, as well as the City Attorney's and City Manager's offices have met on a weekly basis to discuss and formulate the substance of this initial ordinance. In response to Council's direction at the last Workshop, Staff also met and consulted with a number of cannabis industry and regulatory professionals. Some of their suggestions have been incorporated into this preliminary draft.

The attached draft contains substantial content for your review and consideration, including the following summary of recommended provisions:

Number of Cannabis Business Licenses

- A maximum of three (3) cannabis retail licenses (both Storefront and Non-Storefront) per council district, with no more than two of the three licenses per district available for Storefront retailers.
- No numeric restriction of licenses for manufacturing, cultivation, distribution, and testing laboratory businesses.

Types of Cannabis Business Licenses

- Storefront retailers: limited to on-site adult-use sales (no medicinal and no deliveries).
- Non-Storefront retailers: delivery-only businesses where premises are not open to the public; medicinal and adult-use delivery allowed.
- Cultivation businesses: permitted to cultivate indoor only.
- Manufacturers, Cultivators, Distributors, and Testing Laboratories: can be adult-use or medicinal licensees.



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Location Requirements

- Storefront retailers are limited to commercial zones and industrial zones. Industrial zone locations will require a conditional use permit and must comply with commercial parking and sign standards.
- Non-Storefront retailers, Manufacturers, Cultivators, Distributors, and Testing Laboratories are limited to industrial zones.

Separation Requirements

- Storefront retailers must be separated from any licensed day care center or K-12 school by at least 1,000 feet; from any substance abuse treatment facility, youth-oriented business, youth center, or any park with playground equipment by at least 500 feet; and from any residence or residential zone by 150 feet.
- All other types of cannabis businesses must be separated from any zone allowing residential uses by at least 150 feet.

Application Process

- The application process is conducted in two phases.
- Phase One includes a comprehensive review of the applicant's identity, business experience, and financial information by the Finance Department, and a criminal background check of the applicant by the Police Department.
- If the number of qualified Phase One applicants for retail licenses exceeds the number of available city retail licenses, a lottery system is used to determine which of the qualified applicants will move on to Phase Two.
- Phase Two includes the selection of a proposed site, a required comprehensive safety plan approved by the Fire Department, and a required comprehensive security plan approved by the Police Department.

Operational Requirements

- No consumption of cannabis or cannabis products is allowed on the premises of any licensee. All businesses are required to post a notice indicating that smoking, ingesting, or consuming cannabis on the premises is prohibited.
- No cannabis or cannabis products can be visible from the exterior of any licensed business.
- No alcohol or tobacco can be sold, dispensed, or consumed on the premises of any licensed business.
- No persons under the age of 21 is allowed on the premises of a cannabis business.
- All cannabis businesses must have sufficient odor control devices and techniques.
- Although there are basic security requirements applicable to all cannabis businesses, individualized security requirements will be identified by the Police Department and tailored to each business's premises and location.
- Each cannabis business must designate a community relations contact whose information will be provided to all businesses and residences located within a designated distance from the cannabis business. Local residents and businesses may contact the community relations person to discuss and provide notice of any problems associated with the cannabis business.

Storefront retailers:

- Storefront retailers are limited to selling no more than 28.5 grams of cannabis, 8 grams of cannabis concentrate, and 6 immature plants in a single day to a single consumer.
- Storefront retailers cannot sell any cannabis product that is in the shape of a human being, either realistic or caricature, animal, insect, or fruit.

Delivery:

- Delivery may only be conducted in an enclosed motor vehicle, must be made in person, and must be delivered to a physical address.
- Cannabis in a delivery vehicle must not be visible to the public.
- All delivery vehicles must be equipped with GPS devices.
- Delivery employees must carry a copy of the city license, their government identification, an identification badge issued by the Police Department, and a delivery invoice.
- Delivery vehicles can carry no more than \$3,000 worth of cannabis product at any time and can only travel from the Non-Storefront retailer to the delivery locations without making additional stops.

Cultivation

- Only indoor cultivation is permitted.
- The cultivation premises shall not be open to the public.
- Cultivators must provide satisfactory plans for the storage and disposal of pesticides and fertilizers, identify a legal water source and projected amount of water use, and identify an electrical power source and estimated power use.

Manufacturers and Distributors

- Manufacturers and Testing Laboratories are subject to significant state and local fire and building regulations, are required to provide comprehensive system certification by a licensed engineer, and must utilize professional grade equipment.
- There are no additional product or packaging restrictions imposed on Manufacturers other than those currently contained in state laws and regulations.
- Distributors must maintain extensive tracking and compliance records, and must meet strict requirements regarding the transportation of cannabis between licensees.

Additional Provisions

- City Licenses will be issued beginning January 1, 2019.
- The effectiveness of the ordinance is contingent upon voter approval of a tax measure anticipated to be submitted to voters in June 2018. The tax measure would impose an excise tax, in an amount and form yet to be determined, on all cannabis businesses.

Staff believes the recommended provisions in the attached draft ordinance incorporate the issues, concerns, and preferences identified by the City Council during the two previous Cannabis Workshops. Staff appreciates the Council's review of this preliminary draft, and respectfully requests direction and comments on its provisions.