



# CITY COUNCIL AGENDA STATEMENT



January 28, 2020

File ID: ~~20-0004~~  
20-0037

## **TITLE**

ORDINANCE OF THE CITY OF CHULA VISTA AMENDING CHULA VISTA MUNICIPAL CODE SECTION 5.19.050.D TO ELIMINATE ONE-YEAR WAITING PERIOD APPLICABLE TO CERTAIN NEW CANNABIS BUSINESS LICENSE APPLICANTS (SECOND READING AND ADOPTION)

## **RECOMMENDED ACTION**

Council adopt the ordinance.

## **SUMMARY**

This proposed ordinance amends Chula Vista Municipal Code section 5.19.050.D to remove the provision restricting certain cannabis business applicants from submitting a new license application within one year of application rejection or conditional license expiration.

## **ENVIRONMENTAL REVIEW**

The proposed ordinance amending Chula Vista Municipal Code Section 5.19.050.D, General Rules, has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the activity is not a "Project" as defined under Section 15378 of the state CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

In March of 2018, City Council approved Ordinance 3418, which added Chapter 5.19 to the Chula Vista Municipal Code ("CVMC") to regulate commercial cannabis in the City of Chula Vista. In 2019, City began processing its first cannabis business license applications. In processing license applications for non-restricted license types, staff has had the opportunity to observe the factors and issues that result in rejection of phase one license applications. Based on such observations, Staff anticipates that certain applicants may be able to correct application deficiencies or remove associated persons with disqualifying criminal histories and, upon subsequent reapplication, be deemed qualified and proceed to City licensure.

Staff currently plans to re-open the application period for non-retail license types in late February or early March 2020. As CVMC 5.19.050.D.1 is currently drafted, in cases where a phase one or phase two application was denied or in cases where a conditional license has expired, no applicant or person named therein is eligible to submit a new phase one application until one year after the date of denial or expiration. The municipal code, as currently drafted, therefore prohibits rejected applicants and persons from reapplying within one year after their rejection. Staff recommends that the restriction currently contained in 5.19.050.D.1 be removed in order to allow rejected applicants to reapply during any new application period without an associated waiting period.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for decision-maker conflict of interest in this matter.

#### **CURRENT-YEAR FISCAL IMPACT**

The subject amendment to 5.19.050.D may result in an increase in the number of non-retail cannabis businesses operating in the City during calendar year 2020, which could result in increased tax revenue. However, it is difficult and speculative to predict whether and when such revenue would be received, and in what amounts.

#### **ONGOING FISCAL IMPACT**

The subject amendment to 5.19.050.D may result in an increase in the number of non-retail cannabis businesses operating in the City during calendar year 2020, which could result in increased tax revenue. However, it is difficult and speculative to predict whether and when such revenue would be received, and in what amounts.

#### **ATTACHMENTS**

1. Proposed Ordinance
2. Proposed amended 5.19.050.D red-line strikeout version

*Staff Contact: Kelley Bacon; Megan McClurg*