



CITY of SAN FERNANDO
City Council Meeting
July 2, 2018

Presented by: Matthew Eaton





Overview of Public Outreach Efforts



Public Outreach Effort

Community Notification

- Hosted 4 Community Workshops
- Mailed 5,000 flyers
- Ran 4 ads in San Fernando Valley Sun
 - Circulation of 6,000 homes and 4,000 racks
- Reached 10,897 individuals on Social Media
- Created Cannabis Survey to solicit input
- Created Cannabis Kiosk on City Website

THE CITY OF
SAN FERNANDO

What do you think about the
CANNABIS (MARIJUANA)
INDUSTRY
coming to our City?

The City is hosting a series of community workshops to listen to residents' concerns about cannabis.

● **THURSDAY | JANUARY 18, 2018 | 6:30 PM**
Recreation Park 208 Park Avenue

● **SATURDAY | JANUARY 27, 2018 | 2 PM**
Las Palmas Park 505 S. Huntington Street

● **THURSDAY | FEBRUARY 1, 2018 | 6:30 PM**
Council Chambers 117 Macneil Street

● **SATURDAY | FEBRUARY 10, 2018 | 2 PM**
Council Chambers 117 Macneil Street

FOR MORE INFORMATION:

818.898.1202 | info@sfcity.org | www.sfcity.org

Discussion will include:

How can we keep cannabis out of the hands of our youth?

Will cannabis business bring crime to our community?

How much revenue can the City expect to generate from cannabis taxes and fees?

What could these revenues be used for?

What are public health and environmental impacts?

In 2016, California voters passed Prop 64 legalizing the non-medical use of cannabis, with certain restrictions, and provides for Industry licensing and establishing standards for marijuana projects. Prop 64 also allows for state and local regulation and taxation of marijuana businesses.

INFORMATIONAL FLYER

tel. (818) 898-1200 117 Macneil Street, San Fernando, CA 91340

Our City Work With City Stay Connected Departments Residents Businesses

Looking to start a business in San Fernando?

San Fernando proudly offers accessible city services, a responsive City government, and low business taxes. Visit our Business Services section for all your answers.

SEE MORE CONTACT US

What's New
Get the latest information on new programs, activities, and events in San Fernando.

City Council Meetings
Held on the 1st and 3rd Monday of each month.

Public Meetings
Keep up-to-date on City business and join us at our Public Meetings

City Calendar
Check back here for a schedule of meetings and events!

CANNABIS INDUSTRY
What do you think about the Cannabis Industry coming to our City? Click here to learn more.

CANNABIS KIOSK

COMMUNITY WORKSHOPS

Four Community Workshops

- Workshops hosted at 3 City locations
 - City Council Chambers
 - Recreation Park
 - Las Palmas Park
- 85 residents, business owners, industry reps and interested community members attended
- Viewed 1,523 times on Facebook Live



Community Feedback



COMMUNITY WORKSHOP FEEDBACK

Overall, Feedback tended to be positive

- General sentiment: Adult use is now legal in the state, San Fernando should create a regulated market and exercise control rather than react to illegal activity
- General support for medicinal benefits and positive impact on quality of life
- Opposition felt legalizing cannabis will be detrimental to youth and negatively impact City's character

SURVEY RESPONSES

Survey Responses:

- Received 180 total survey responses
 - 68 hardcopy
 - 112 online
- Structured to solicit responders' reactions as well as provide information re: potential regulatory measures and ways to use additional resources

SURVEY RESPONSES - Summary

How concerned are you that regulated cannabis would create the following issues in the City?

	Very Concerned
Negative Impact on Youth	42.6%
Crime Issues	38.2%
Mental Health Issues	35.6%
Public Health	35.2%
Environmental Issues	29.4%

If the City were to proceed with cannabis regulation, how would you like to see the revenues spent?

	Priority
Enhance Street and Sidewalk Improvements	59.9%
Youth Education Programs	58.6%
Parks, Play Equipment and Sports Fields	52.5%
Substance Abuse Outreach Programs	46.3%
Fund Police School Resource Officer	39.5%
Art and Culture Programs	38.3%
Reinstitute Fourth of July Celebration Event	22.2%
Other	17.9%

SURVEY RESPONSES - Summary

Should the City allow and regulate cannabis activity? (% yes)

	Medicinal	Commercial
Cultivation	67.1%	57.2%
Manufacture	68.0%	57.2%
Sale	64.8%	52.5%

After considering the information provided in the survey;

Should the City allow and regulate cannabis activity? (% yes)

	Medicinal	Commercial
Cultivation	67.6%	59.0%
Manufacture	68.6%	59.6%
Sale	66.5%	56.2%

SURVEY RESPONSES – Take Aways

Key Survey Themes:

- More than 56% of respondents supported all types of regulated cannabis activity
- Respondents supported medicinal activity (66.5%) at a greater rate than commercial activity (56.2%)
- After considering information in survey, 7.8% increase in support for commercial activity
- Respondents were most concerned about negative impact on youth and crime issues



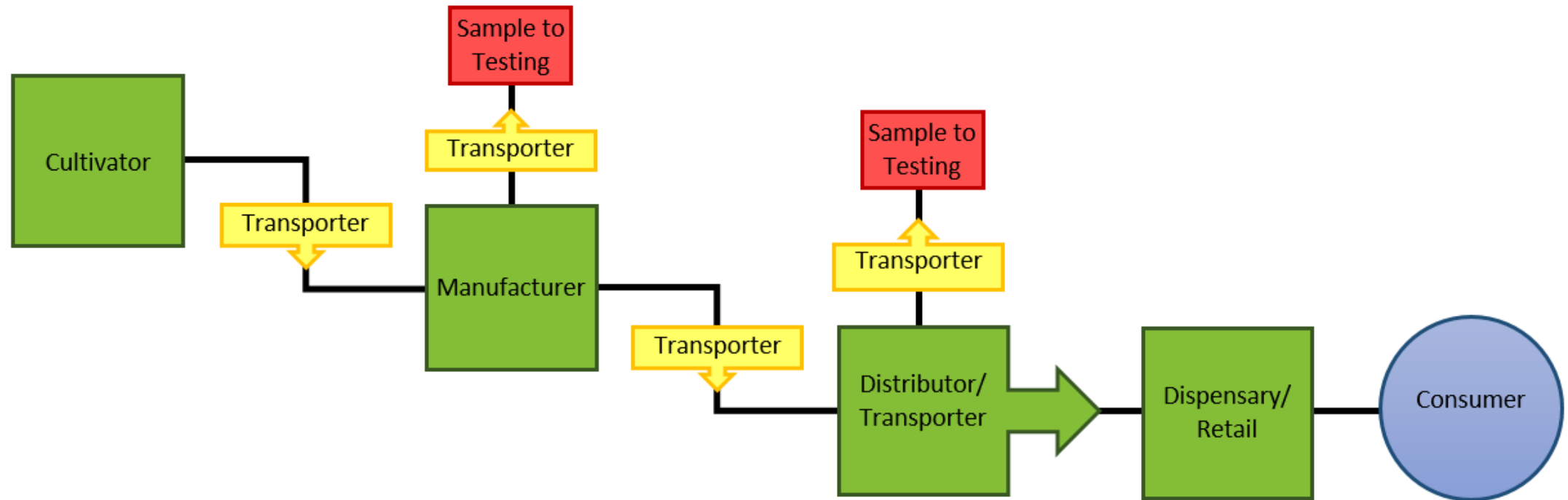
Categories of Use and Regulatory Options



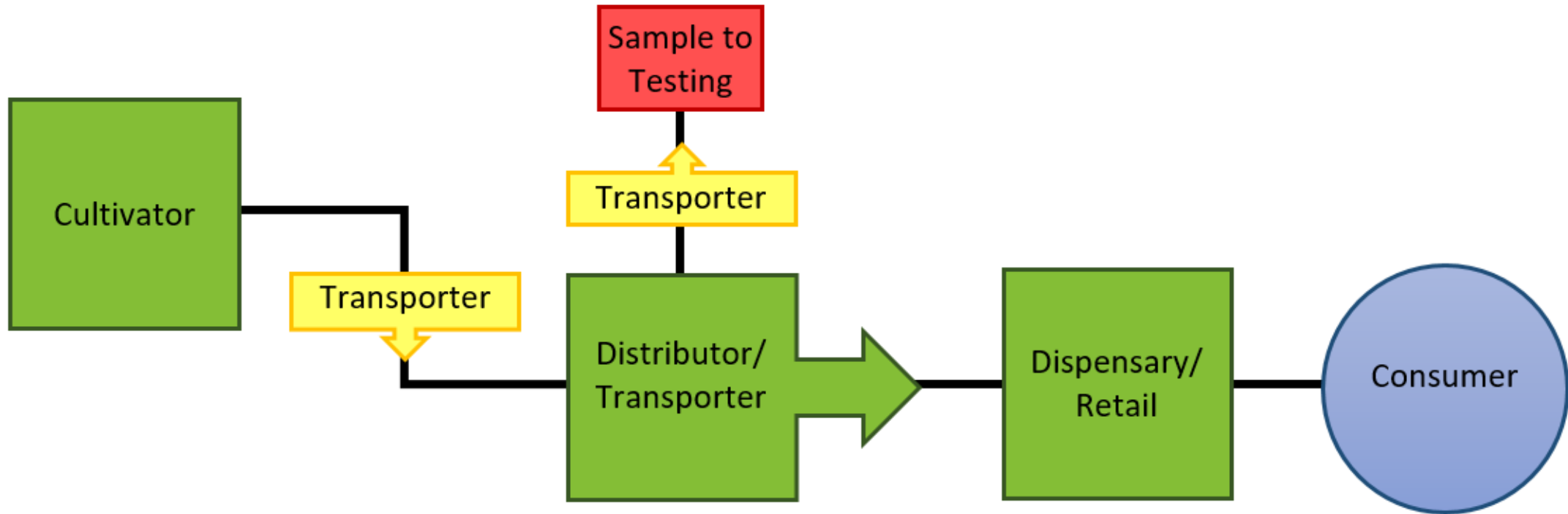
	MEDICINAL	ADULT-USE
Cultivation	YES / NO	YES / NO
Manufacturing	YES / NO	YES / NO
Testing (Quality Control)	YES / NO	YES / NO
Retailer/Non-Store Front Retailer (Dispensary/Delivery Services)	YES / NO	YES / NO
Distribution Facility	YES / NO	YES / NO
Microbusiness	YES / NO	YES / NO

CATEGORIES OF USE

Manufactured Cannabis Products Model
(concentrates, edibles, salves, tinctures, etc.)



Non-Manufactured Cannabis Model
(flower, leaf or pre-rolled)





CULTIVATIONS



MANUFACTURING



EXTRACTION FACILITY



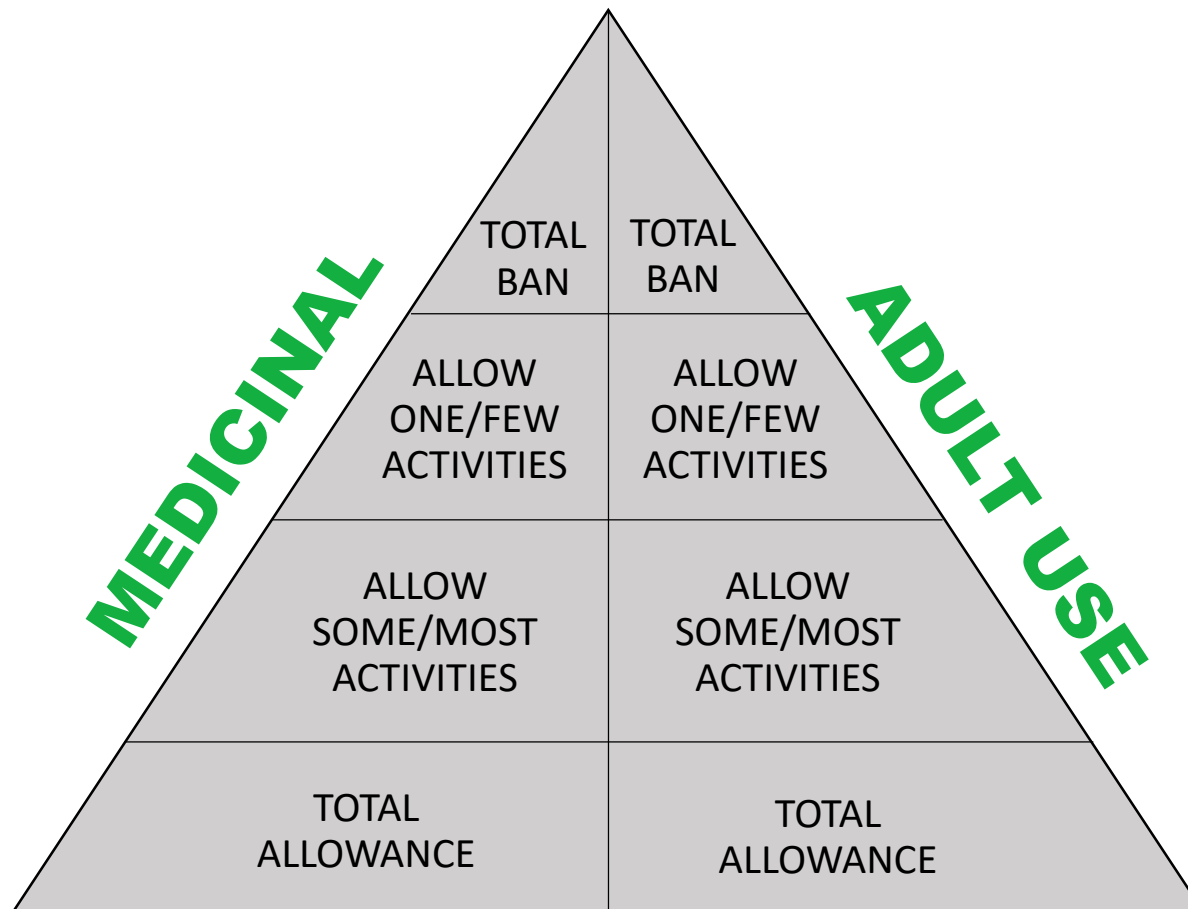
TESTING LABORATORIES



RETAILER/MICROBUSINESS



DISTRIBUTION

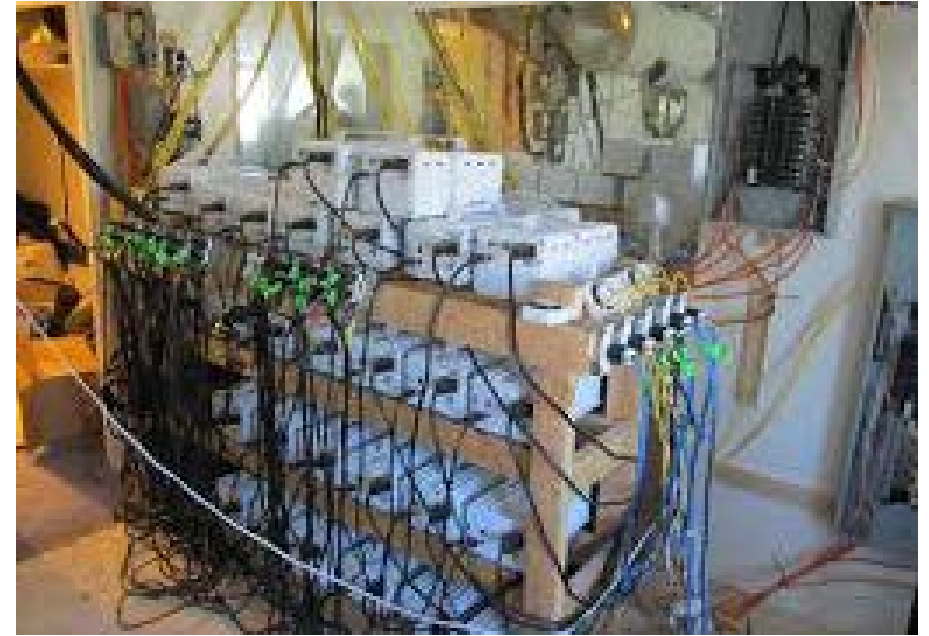
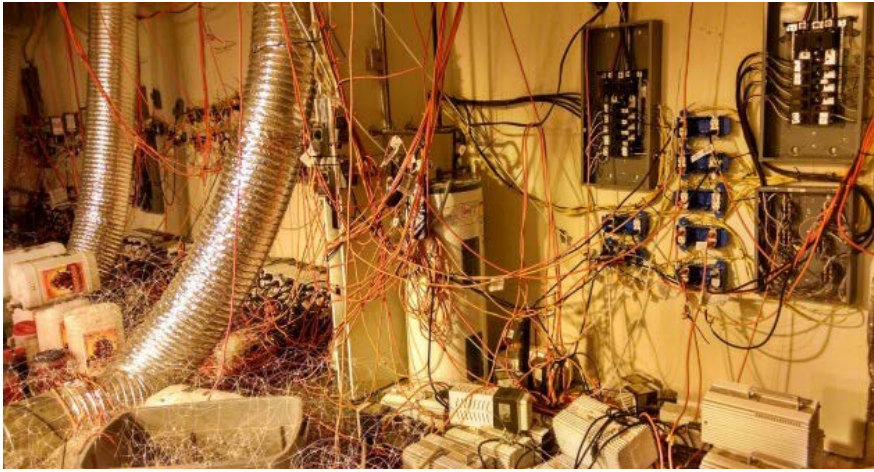


REGULATORY OPTIONS

THOUGHTFUL LOCAL REGULATIONS SHOULD ADDRESS THE POTENTIAL IMPACTS:

- Unsafe electrical & construction
 - Waste management
 - Water & power usage
 - Quality of life complaints
 - Lighting, noise, odor
-

HEALTH AND SAFETY IMPACTS



UNLICENSED ELECTRICAL EQUIPMENT



UNLICENSED ACTIVITIES

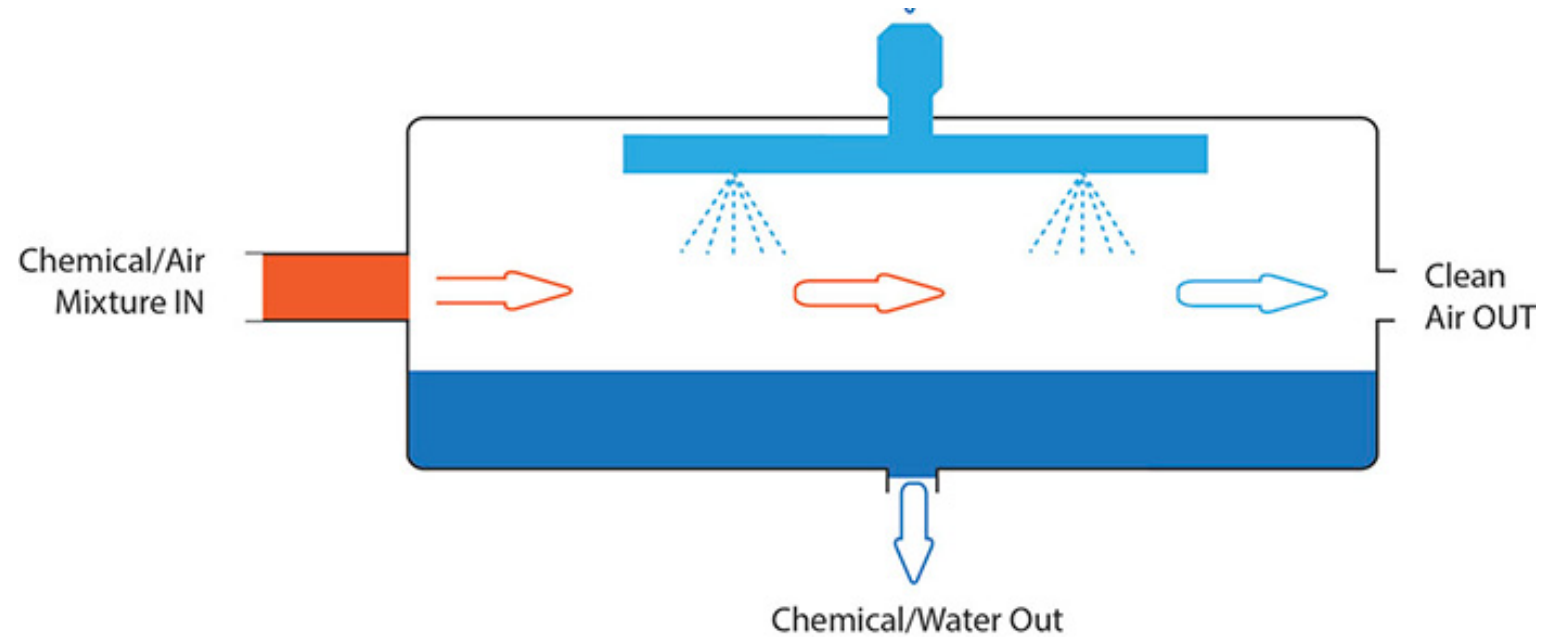
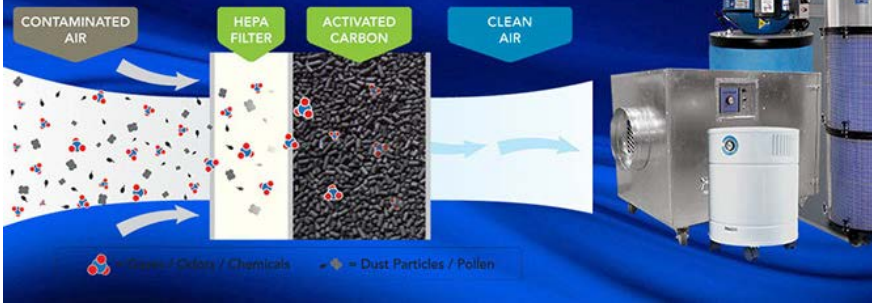


IMPACTS OF PERSONAL CANNABIS CULTIVATIONS

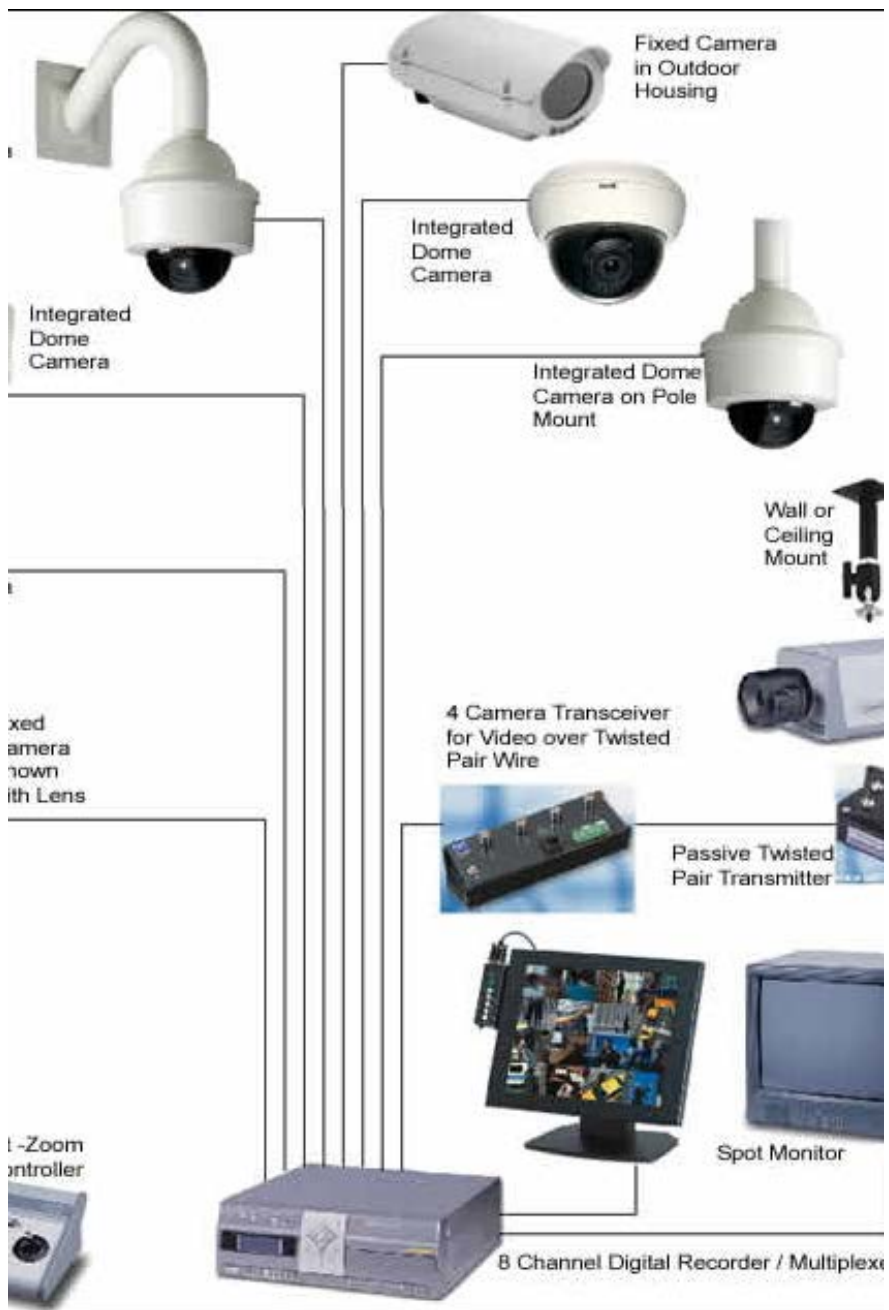


INVENTORY TRACKING

Solutions for: Particulate, Chemical and Odor Control



ODOR MITIGATION



SECURITY PLAN

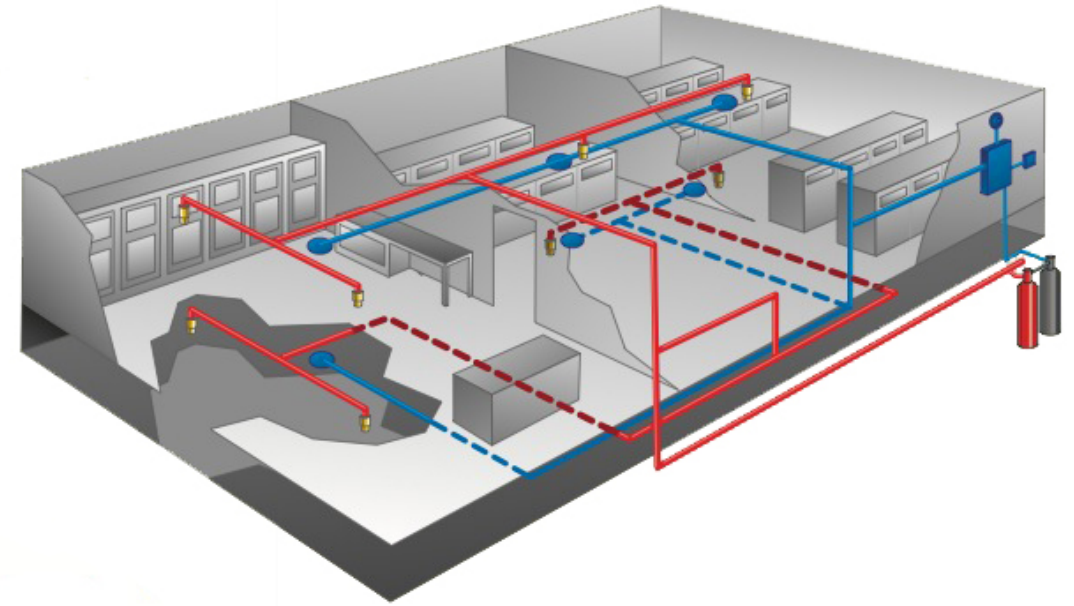
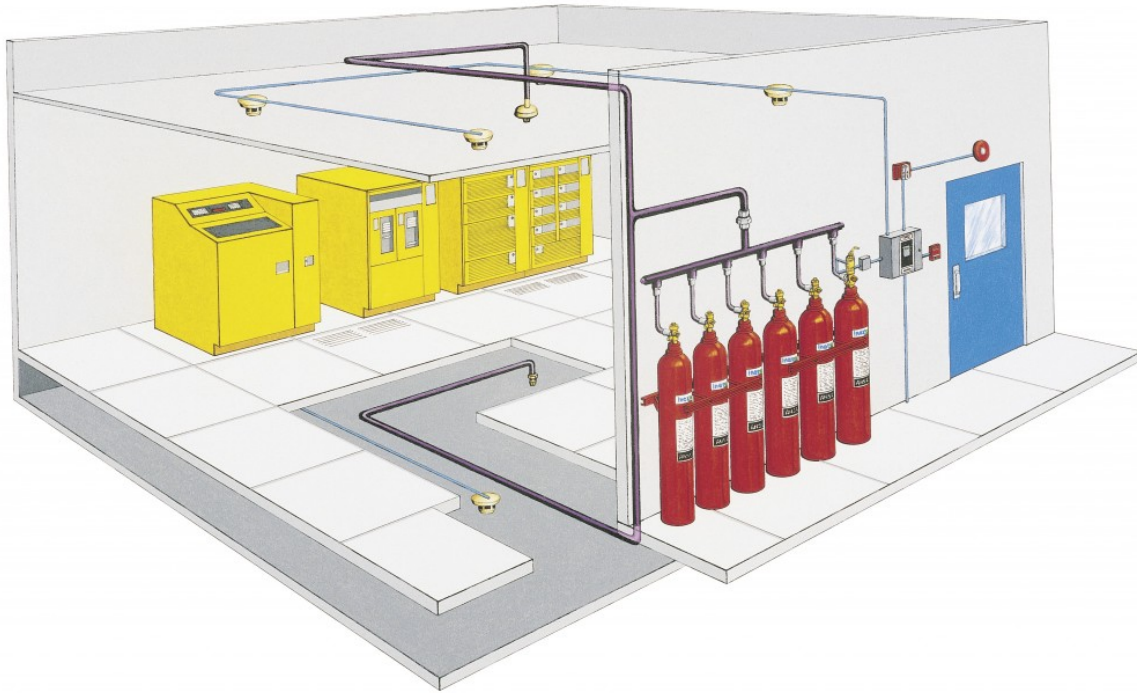


photo courtesy of Kidde

SAFETY PLAN

 **MADE IN USA**
FACTORY DIRECT

 **CoolJarz™**



CHILD RESISTANT ASTM D3475 CERTIFIED

ENHANCED PRODUCT SAFETY
(Regulated Product Packaging)

HdL
COMPANIES 

UNIVERSAL SYMBOL



CA



Ad Hoc Recommendations



CONSENSUS RECOMMENDATIONS

Consensus Recommendations:

- Medicinal and Adult-Use Commercial Cultivation
 - Recommend allowing medicinal and commercial cultivation w/i manufacturing zones w/ 300' buffer
- Medicinal and Adult-Use Commercial Manufacturing
 - Recommend allowing medicinal and commercial manufacturing w/i manufacturing zones w/ 300' buffer
- Cannabis Testing
 - Recommend allowing testing w/i commercial and manufacturing zones w/ 300' buffer
- Number of Permits – Evaluate each application on merits rather than limit number of permits

ADDITIONAL CONSIDERATION

Additional Considerations:

- Storefront Retail Dispensaries
- Non-storefront Retail (i.e. delivery only)
 - Cannabis delivery service is currently allowed under the City Code, by City Permit, for licensed businesses located outside City limits.
- Vertical Integration through Microbusiness
 - Allow multiple licenses (i.e. cultivation, manufacturing, and/or sale) on one property
- Revenue Generation

PERMITTING PROCESS

Recommended Permitting Process:

- Development Agreement (DA)
 - After vetting applicant, enter into a DA to agree upon community benefits and other development considerations
- Conditional Use Permit
 - After entering into a DA, Planning Commission reviews a CUP with conditions related to signage, hours of operation, parking security, noise, odor, etc.



Taxes & Fees



CANNABIS STATE AND LOCAL TAX RATES

State Cannabis Excise Tax (Applies to medical and non-medical)

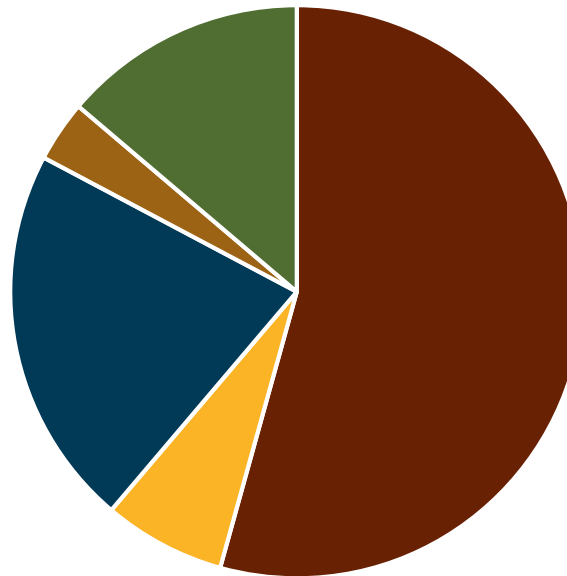
Retail Tax

15%
Gross Receipts of Retail Sales

Cultivation Tax

\$9.25/oz. Flowers
\$2.75/oz. Leaves

Sales and Use Tax: 7.25% + Adult-Use Subject to Tax Medicinal May be Subject to Tax



- State General Fund (3.9375%)
- Local Public Safety Fund (.50%)
- Local Revenue Fund (1.5625%)
- County Transportation Fund (.25%)
- City/County Operations Fund (1.00%)

City Cannabis Tax (Medicinal /Adult –Use)

2.5% to 6% of Gross Receipts
\$7 to \$10 Per Square Feet
Optional Alternatives
\$TBD Flat Rate
\$TBD Per Weight

City Cost Recovery Fees (Prop 26) (Medicinal/Adult-Use)

\$TBD Application Fee
\$TBD License Fee
\$TBD Renewal Fee
\$TBD Administration Fee

TAX REVENUE ESTIMATES

	# of Permits	Basis of Tax Revenue	Low Rev/year	High Rev/year
Cultivation	3	\$7-\$10 per square foot	\$259,000	\$370,000
Manufacturing	3	2.5%-6% of Gross Receipts	\$262,500	\$630,000
Microbusiness	3	2.5%-6% of Gross Receipts	\$187,500	\$450,000
Testing Lab	2	1%-2.5% of Gross Receipts	\$20,000	\$50,000
Subtotal Consensus Items			\$729,000	\$1,500,000
Storefront Retail	3	2.5%-6% of Gross Receipts	\$187,500	\$450,000
Non-storefront Retail (Delivery only)	3	2.5%-6% of Gross Receipts	\$150,000	\$360,000
Subtotal Add'l Items			\$337,500	\$810,000

Assumptions:

- Revenue estimates are for discussion purposes only.
- Estimates based on conservative industry average for an average sized operation.
- Actual revenues will vary based on size basis of tax revenue.
- Assumed 3 permits per type based on limited availability of adequate sites in the City.
- Assumed 2 testing permits de to limited availability of adequate sites in the City.

EXPENDITURE INCREASES

Department	Basis of Tax Revenue	Low Exp/year	High Exp/year
Community Development	Staff or contract resources for planning review, code enforcement and building inspections for 15 licensees		
Police Department	Staff or contract resources for processing permits, oversight and enforcement activities for 15 licensees		
Administration/Finance	Staff or contract resources for program revenue processing and oversight for 15 licensees		
Total Expense		\$300,000	\$450,000

NET TAX REVENUE

	Low Estimate	High Estimate
Revenue	\$729,000	\$2,310,000
Expense	\$450,000	\$300,000
Net Revenue	\$279,000	\$2,010,000

Low Estimate = Low revenue generation per year less high expense per year

High Estimate = High revenue generation for all activities less low expenses per year

- Net revenue would be available to fund priority items identified by the community survey and City Council.
- Net revenue varies widely depending on the activities supported by City Council



THANK YOU!

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