

AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

Nick Kimball, Deputy City Manager/Director of Finance

Richard Padilla, Assistant City Attorney

Date: August 6, 2018

Subject: Discussion of Recommendations from the Cannabis Ad Hoc Committee and

Direction Regarding Development of a Commercial Cannabis Regulation and

Permitting Program

RECOMMENDATION:

It is recommended that the City Council:

a. Discuss the recommendations from the Cannabis Ad Hoc Committee; and

b. Direct staff as appropriate.

BACKGROUND:

- 1. On July 2, 2018, the City Council received a comprehensive report and presentation from the Cannabis Ad Hoc Committee (Mayor Ballin and Vice Mayor Lopez), City staff and HdL (special consultant) regarding development of a commercial cannabis regulation and permitting program in the City of San Fernando. The complete Agenda Report is included as Attachment "A" and the PowerPoint Presentation is included as Attachment "B."
- 2. After initial discussion, the City Council continued the item to August 6, 2018, pending additional information to be provided by staff.

ANALYSIS:

During discussion on July 2, 2018, City Council requested the following additional information:

1. Maps that include multiple buffer zone options.

REVIEW:

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Attachment "C" includes buffer zone maps at four (4) different buffer radius: 300', 400', 500' and 600'. As expected, there are significantly fewer parcels (approximately 36% fewer) that would be available for cannabis activity with a 600-foot buffer (162 parcels in Manufacturing/Commercial zones) than with a 300-foot buffer (252 parcels in Manufacturing/Commercial zones). A larger buffer ensures that cannabis activities take place further away from schools, daycare centers, and youth centers. A larger buffer will also greatly increase the value of property located outside of the buffer zone and limit the revenue that may be generated from a regulated industry.

2. Revised criminal penalties and resentencing opportunities.

Among the lesser known provisions of the Adult Use of Marijuana Act (AUMA) are those concerning revised criminal penalties and related resentencing options, which augment the personal use and residential cultivation allowances for adults age 21 or older. AUMA reduces the penalties for many marijuana offenses previously classified as felonies to misdemeanors, infractions, or wobblers. For example, cultivation of six plants or less by adults between the ages of 18 and 20 was previously classified as a felony. AUMA reduces that offense to an infraction. AUMA classifies most marijuana related offenses by minors (i.e. persons less than 18 years of age) as infractions, subject only to drug education or counseling and community service.

AUMA also allows, with limited exception, persons previously convicted of certain marijuana offenses to obtain a reduced sentence if the activity in question would have been legal or subject to a lesser penalty had AUMA been enacted at the time of sentencing. New sentences would be based upon the relevant punishment that AUMA imposes for such activity. Individuals currently in prison or jail would be eligible for community supervision upon release, subject to judicial discretion. Persons who have already finished serving sentences for offenses that have been reduced under AUMA may apply to have such offenses designated as misdemeanors, infractions, or dismissed.

3. Resident information for survey respondents.

A number of key statistics related to community survey responses was provided on July 2, 2018. However, statistics on how many survey responses were residents was not provided. The hard copy and online surveys both included a question asking for the respondent's address. Although this was a voluntary field, 105 of 180 respondents included an address. Of those, 79 provided an address located in San Fernando.

4. Vertical integration, microbusinesses, and retail (storefront and non-storefront).

During the discussion on July 22, 2018, there seemed to be some confusion about the relationship between vertical integration, microbusinesses, and retail (storefront and non-

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storefront). Although they may be related, these three items should be conceptualized separately:

During the discussion on July 22, 2018, there seemed to be some confusion about the relationship between vertical integration, microbusinesses, and retail (storefront and non-storefront). Although they may be related, these three items should be conceptualized separately:

Vertical Integration: Vertical integration is the practice of one operator engaging in multiple stages of the production process to realize operational efficiencies by controlling more of the steps between seed and sale. State law allows for vertical integration by allowing persons to hold licenses in more than two separate categories (e.g. cultivation, manufacturing, etc.), with exceptions pertaining to laboratory testing facilities and large cultivators that will be licensed beginning in 2023. Accordingly, cannabis businesses can obtain licenses for activities along the seed to sale chain within the minor limits of state law and any that the City itself adopts. Therefore, if the City only allowed cultivation, distribution (i.e. transporting product from one location to another), and manufacturing, those are the only three stages of the process that could possibly be vertically integrated.

Microbusinesses: A microbusiness is a vertically integrated facility that, under state law, must engage in at least three out of four different specific commercial activities. The three activities can be any combination among cultivation, distribution, manufacturing and/or retail (storefront and/or non-storefront). If the City allows microbusinesses, it has discretion to limit the available activities in which microbusinesses in the City can engage in. For example, the City can prohibit microbusinesses from engaging in non-storefront retail activity.

State law also restricts microbusinesses. Microbusiness cultivation canopy cannot exceed 10,000 square feet. Also, if a microbusiness engages in manufacturing, it must involve non-volatile extraction process, i.e. no volatile manufacturing methods permitted. The City can place additional restrictions on microbusinesses, however, such restrictions are duplications of the City-imposed restrictions on the individual activities like cultivation, manufacturing, etc.

Retail (Storefront and Non-storefront): The City has discretion to allow or ban either or both storefront or non-storefront retail cannabis businesses within its boundaries.

• <u>Storefront</u>: Storefront retail uses are the traditional dispensary uses many are all familiar with. These allow for sales that are open to the public where the public can come in and buy products. If it's an adult-use dispensary, then it's open to those that can show proof of age 21+. If it's medicinal, then the patient has to show a medicinal recommendation or a medicinal ID card.

Non-storefront: Non-storefront retail activity is a use in which retail sale deliveries are
made from a brick and mortar location located within the City. The brick and mortar
locations would be closed to the public and only serve as a point from which deliveries
are made to those that have placed orders for cannabis or cannabis products. The age
limitations and requirements applicable to storefront activity would apply to nonstorefront retail activities.

If the City wants a complete ban on retail activities, then the City could still allow microbusinesses that engage only in cultivation, distribution, and manufacturing, although state law already allows for such vertical integration.

BUDGET IMPACT:

Subsequent to posting the July 2, 2018 Agenda, HdL provided additional information related to the cost to manage a cannabis program. Consequently, staff revised the net revenue projections that may be generated from a regulated cannabis program (assuming three permitted businesses in each category). These are only projections and provided for an order of magnitude comparison and should replace the estimates provided in the July 2, 2018 Agenda Report.

Ad Hoc Consensus Activities.

The following table identifies the projected range of revenue for the consensus items recommended by the Ad Hoc Committee:

Activity	# of	Basis of Tax Revenue	Min.	Max.	
	Permits		Revenue/year	Revenue/year	
Cultivation	3	\$7 - \$10 per square foot	\$259,000	\$370,000	
Microbusinesses	3	2.5% - 6% of Gross Receipts	\$262,500	\$630,000	
Manufacturing	3	2.5% - 6% of Gross Receipts	\$187,500	\$450,000	
Testing Lab	2	1% - 2.5% of Gross Receipts	\$20,000	\$50,000	
		Total Consensus Items	\$729,000	\$1,500,000	

Additional Activities.

The following table identifies the projected range of revenue for the additional items to be considered by the City Council:

Activity	# of	Basis of Tax Revenue	Min.	Max.	
	Permits	Revenue/year F		Revenue/year	
Storefront Retail	3	2.5% - 6% of Gross Receipts	\$187,500	\$450,000	
Non-storefront	3	2.5% - 6% of Gross Receipts	\$150,000	\$360,000	
Retail					
(delivery only)					
		Total Additional Items	\$337,500	\$810,000	

Increased Expenses.

In addition to the potential additional revenue, there will be additional costs associated with implementation, oversight, management, and regulation of a cannabis program. To accommodate the increased workload, the following costs are anticipated:

Department	Activity	Min.	Max.	
		Expense/year	Expense/year	
Community Development	Staff resources for planning review, code enforcement and building inspections (1.5 to 2 FTEs or contract services)			
Police Department	Staff resources for processing permits, oversight, and enforcement activities (2 to 3 FTEs)			
Administration/Finance	Staff resources for program revenue processing and oversight (2 FTE or contract services)			
1	Total Expenses	\$300,000	\$450,000	

Net Revenue.

Net revenue generated by a cannabis program ranges widely depending on the activities supported by the City Council. At the low end (i.e., minimum revenue generated by only consensus activities less the maximum expenses per year), the resulting projected net revenue is \$279,000 per year and on the high end (i.e., maximum revenue generated by all activities less minimum expense per year), the resulting projected net revenue is \$2,010,000 per year. Projected net revenue generated from a cannabis program would be available to fund priority items identified in the community survey.

CONCLUSION:

Staff recommends that the City Council continue to discuss the Cannabis Ad Hoc Committee's consensus recommendations and other non-consensus activities and provide direction to staff

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regarding development of a cannabis regulation and permitting program in the City of San Fernando.

ATTACHMENTS:

- A. July 2, 2018 Agenda Report with Attachments
- B. PowerPoint Presentation provided on July 2, 2018
- C. Sensitive Receptor Buffer Maps (300', 400', 500', and 600' radius)

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

Nick Kimball, Deputy City Manager/Director of Finance

Richard Padilla, Assistant City Attorney

Date: June 18, 2018

Subject: Discussion of Recommendations from the Cannabis Ad Hoc Committee and

Direction Regarding Development of a Commercial Cannabis Regulation and

Permitting Program

RECOMMENDATION:

It is recommended that the City Council:

a. Discuss the recommendations from the Cannabis Ad Hoc Committee; and

b. Direct staff as appropriate.

BACKGROUND:

- 1. In November 1996, California voters approved Proposition 215, known as the Compassionate Use Act, which decriminalized the use of medicinal cannabis in California for qualified patients with a physician's recommendation. Until recently, most, if not all, regulation of medicinal cannabis since the passage of Proposition 215 has been left to local governments like the City of San Fernando (the "City").
- 2. On November 8, 2016, California voters approved Proposition 64 (Prop. 64), which authorized commercial cannabis activities, including the cultivation, manufacturing, retail sale, transportation, storage, delivery, and testing of cannabis. Proposition 64 provides state and local licensing for cannabis business activity.
- 3. On December 5, 2016, the City Council discussed the potential for allowing commercial cannabis activities in the City. Based on that discussion, staff and the City Attorney's Office developed a series of two presentations to analyze possible alternatives to be considered by the City Council when evaluating whether to allow limited commercial cannabis uses in the City.

FINANCE DEPARTMENT

- 4. On January 17, 2017, the City Council received the first of two presentations on the "Regulatory Alternatives Under the Medical Cannabis Regulation and Safety Act (MCRSA) and the Adult Use of Marijuana Act (Prop 64/AUMA)." The presentation by the City Attorney's Office focused on the following topics:
 - a. Past legislative actions related to cannabis adopted at the state and federal levels, including discussion of MRSCA and Prop 64;
 - b. City Council actions to date;
 - c. Seed to Sale: medical/nonmedical commercial activity;
 - d. State Licensing Categories under MRSCA and Prop 64;
 - e. Potential commercial and medical activities authorized under MRSCA and Prop 64;
 - f. Case Studies;
 - g. Potential City Code amendments and licensing; and
 - h. Potential Sites Analysis based on 600 Ft. buffer from schools and youth institutes.
- 5. On February 6, 2017, the City Council received the second presentation from David McPherson from HdL Companies, which focused on the following topics:
 - a. General understanding of the marijuana industry;
 - b. Strategies for implementation of a cannabis program, including the regulatory framework, application process and entitlement processes;
 - c. Taxation vs. development agreement options to generate revenue;
 - d. Public safety considerations based on best practices in other states and municipalities;
 - e. Feasibility of including a local hire provision in the DA and CUP application process; and
 - f. Identify salary ranges for jobs in the cultivation, manufacturing, production, and work related to the aforementioned cannabis businesses.
- 6. On February 6, 2017, the City Council also appointed an Ad Hoc Committee (Mayor Ballin and Vice Mayor Lopez) to work with staff to develop an outreach program and develop recommendations regarding an appropriate industry in San Fernando, if any.

- 7. On May 1, 2017, the City Council awarded a professional service agreement to HdL Companies to provide services related to the development and implementation of a local cannabis regulation and permitting program.
- 8. In June 2017, the California Legislature addressed discrepancies between the MCRSA and Prop. 64 through Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which harmonized elements of the MCRSA and Prop. 64 to establish a streamlined singular regulatory and licensing structure for both medical and nonmedical cannabis activities. MAUCRSA refers to medical cannabis as "medicinal cannabis" and nonmedical/recreational cannabis as "adult-use cannabis."
- 9. MAUCRSA allows cities to ban or regulate any or all medicinal and/or adult-use commercial cannabis activities.
- 10. On September 18, 2017, the City Council adopted Urgency Ordinance No. 1669 prohibiting all medical and nonmedical commercial cannabis activities, except certain medicinal deliveries from licensed businesses to qualified patients and caregivers. This action was taken to allow time to contemplate regulatory and prohibitory options.
- 11. In October and November 2017, the Ad Hoc Committee, City staff and the Consultant, worked together to develop a public outreach plan, which included a series of workshops and a survey to solicit community input.
- 12. In January and February 2018, the City held a total of four (4) public workshops to discuss the potential of creating a commercial cannabis industry in the City. A distinct flyer (in English and Spanish) was sent out with every water bill in the City (Attachment "A") and the meetings were promoted on the City's website and social media. The survey was also made available at all public meetings and online.

ANALYSIS:

Public Information Efforts

During the last several months, the Ad Hoc Committee has been focused on collecting community input to measure community preferences and assist with formulating a recommendation to the full Council that contemplates all options, which range from a complete ban to regulatory options with respect to medicinal and commercial cannabis activities in San Fernando. In order to make sure the community was notified of the four community workshops that were held throughout January and February 2018, an easily identifiable flyer available in English and Spanish (Attachment "A") was developed and included in the December 2017 and January 2018 water bills.

In addition to the flyers, staff provided a full social media campaign and quarter page ads were placed in the *San Fernando Valley Sun Newspaper* to ensure the community was well aware of the community workshops.

Staff worked with the Ad Hoc Committee to develop a community survey (Attachment "B"), also available in English and Spanish. The survey was available at City Hall, provided to attendees at all community workshops, and accessible online through the "Cannabis Kiosk" on the City's website (http://ci.san-fernando.ca.us/cannabis-industry/). A link to the Cannabis Kiosk is clearly identifiable from the City's homepage (Attachment "C").

Ultimately, the City mailed approximately 5,000 flyers, ran four ads (two in English; two in Spanish) in the *San Fernando Valley Sun Newspaper* (circulation of 6,000 homes in the San Fernando-Sylmar area with an additional 4,000 distributed through racks in densely populated areas of the San Fernando Valley), and reached 10,897 individuals on social media. This community engagement effort resulted in 85 individuals attending the community workshops, 1,523 views of the meetings via Facebook live, and 180 surveys being submitted.

Community Workshops

In May 2017, City Council awarded a professional services contract to HdL Companies to assist with exploring and developing appropriate cannabis regulations for the City. Over the past year, HdL worked closely with staff and the Ad Hoc Committee to develop an informational PowerPoint presentation (Attachment "D"), which was presented at all community workshops. HdL, with assistance from the City Attorney's office, attended all community workshops to serve as subject matter experts.

A series of four community workshops were held throughout January and February 2018:

- 1. Thursday, January 18, 2018; 6:30 pm at Recreation Park
- 2. Saturday, January 27, 2018; 2:00 pm at Las Palmas Park
- 3. Thursday, February 1, 2018; 6:30 pm at City Council Chambers
- 4. Saturday, February 10, 2018; 2:00 pm at City Council Chambers

A total of 85 individuals attended the meetings in person and viewed the meetings virtually 1,523 times on Facebook live. Each workshop lasted approximately one hour.

In general, the workshops were well attended and included a mix of residents, business owners, industry representatives, and other interested community members. With a few exceptions, input at the meetings tended to be positive. The general sentiment was that, since adult use of recreational cannabis is now legal in the state, San Fernando should work to create a regulated market and exercise some level of control rather than just react to the inevitable illegal activity. There were also a few residents that touted the medical benefits of cannabis and its significant

impact on their quality of life. They urged the City to recognize the importance of availability for medicinal cannabis.

Those that opposed cannabis regulation generally felt that legalizing cannabis activities in the City will be detrimental to the City's youth and negatively impact the City's character. There was also concern that regulated cannabis businesses could lead to additional crime in the City.

Survey Results

The City received 68 hardcopy surveys and 112 online surveys for a total of 180 surveys. The survey was structured to solicit responders' reactions as well as provide information on some potential regulatory measures and possible ways the additional resources may be used to improve the community.

Section 1 gauged responders' initial reaction to medical and commercial cannabis cultivation, manufacture, and sale. Section 2 asked responders to identify their main concerns with allowing medical and commercial cannabis activity in the City. Section 3 provided information on possible regulatory activities the City may implement and asked the responder to rate their reaction to medical and commercial cannabis activities considering the possible regulatory activity. Section 4 asked how the responder would like revenue generated from a cannabis program spent. Finally, Section 5 asked the responders' reaction to medical and commercial cannabis cultivation, manufacture, and sale after considering the information provided in the survey. The results are as follows (full summary provided as Attachment "E"):

Question 1: Should the City allow and regulate cannabis activity? (Percent "Yes" shown)

	Medicinal	Commercial
Cultivation	67.1%	57.2%
Manufacture	68%	57.2%
Sale	64.8%	52.5%

Question 2: How concerned are you that regulated cannabis would create the following issues in the City? (Percent "Very Concerned" shown)

	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%

Question 3: If the City requires a cannabis business to conduct thorough employee background checks through the SFPD; install a physical security system that secures both the property and the building; use security guards to keep employees and customers safe; install odor control. How likely are you to support cultivation, manufacturing or sale of cannabis in the City? (Percent "Likely" shown)

	Likely
Cultivation	62.1%
Manufacture	60.5%
Sale	58.2%

Question 4: If the City were to proceed with cannabis regulation, how would you like to see the revenues spent? Please check three.

	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%

Question 5: After considering the information provided in the survey, do you now feel the City should allow and regulate cannabis activity? (Percent "Yes" shown)

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

Key survey themes:

- More than 56% of respondents supported all types of regulated cannabis activity in the City.
- Respondents supported medicinal cannabis activity at a greater rate than commercial cannabis activity (66.5% support for medicinal cannabis vs. 56.2% support for commercial cannabis).
- Respondents supported cultivation and manufacturing more than sale.
- Respondents were slightly more likely to support cannabis activity after receiving the information provided in the survey.
- Respondents were most concerned about the negative impact on youth and crime issues.

 Respondents cannabis revenue expenditure priorities were streets and sidewalk repairs, youth education programs, and parks, play equipment, and sports fields.

Ad-Hoc Consensus

After carefully considering all of the public input and the City's needs, the Ad Hoc Committee was able to come to a consensus recommendation to the City Council to allow the activities outlined below. As a reference, staff developed a map of the City identifying the areas in which each activity would be allowed per the Ad Hoc's recommendation (Attachment "F")

- Medicinal and Adult-Use Commercial Cultivation: Cultivation is the growing of cannabis plants to be sold to cannabis manufacturing businesses and ultimately turned into a final consumer product. This activity is typically conducted indoors in a secure warehouse type facility. Consensus was reached to recommended allowing medicinal and adult-use cannabis cultivation within the City's manufacturing (M-1 and M-2) zones with a 300-foot buffer from schools and youth centers.
- 2. <u>Medicinal and Adult-Use Commercial Manufacturing</u>: Manufacturing is the process of turning the raw cannabis plant material into consumer products, including, but not limited to, food products, cosmetic products, oils and supplements. This activity is typically conducted in a manufacturing facility, often times with a commercial kitchen and other large commercial production equipment. Consensus was reached to recommended allowing medicinal and adult-use cannabis manufacturing within the City's manufacturing (M-1 and M-2) zones with a 300-foot buffer from schools and youth centers.
- 3. <u>Cannabis Testing</u>: Testing is the analysis of cannabis plants and products to determine the residual solvents, physical and microbial contamination, potency, and terpenes, among other things, for labeling and reporting purposes. This activity is done in a clean medical laboratory environment similar to testing of medical samples. Consensus was reached to recommended allowing testing within the City's commercial (C-1, C-2, and SC) and manufacturing (M-1 and M-2) zones with a 300-foot buffer from schools and youth centers.

<u>Number of Permits</u>: The Ad Hoc Committee discussed whether there should be a limited number of permits offered in each category. Since the area where these activities would be allowed is already limited to a small segment of the City, the Ad Hoc is not recommending a finite number of permits to be issued. Rather, they are recommending that each application be evaluated based on its merits, including the ability to operate a successful, high performing business. More information regarding the recommended process for awarding permits is provided in the "Recommended Permitting Process" section of this report. <u>Additional Considerations</u>

Despite a lack of consensus from the Ad Hoc, the Committee felt that the City Council should discuss and provide direction on the following issues:

- 1. <u>Storefront Retail Dispensaries</u>: The City may allow storefront retail dispensaries from licensed premises that sell and deliver cannabis and cannabis products and are open to the public. The location of these licensed operations can be limited by the City to provide a buffer from sensitive receptors identified by the City. The City would have discretion to set any applicable buffer and any sensitive uses applicable to such buffer.
- 2. <u>Non-storefront Retail (i.e. delivery only)</u>: The City may allow non-storefront retail operations that is not open to the public. A non-storefront retailer is a point-of-sale retailer that sells and delivers cannabis or cannabis products to consumers from a licensed premises; however, those premises are not open to the public and sales are conducted exclusively by delivery. The location of these licensed operations can be limited by the City to provide a buffer from sensitive receptors identified by the City. The City would have discretion to set any applicable buffer and any sensitive uses applicable to such buffer.

NOTE: Cannabis delivery service is currently permitted under the City Code for licensed businesses located outside the City limits. To date, no businesses have applied for this permit.

- 3. <u>Vertical Integration through Microbusinesses</u>: The City may encourage "vertical integration" by allowing applicants to obtain multiple licenses on one property. For example, the City may approve a license to cultivate cannabis plants as well as manufacture the cannabis raw material into a consumer product on the same site through a "microbusiness" license. A microbusiness license allows multiple cannabis activities (i.e. limited cultivation of no more than 10,000 square feet, manufacturing, and storefront or non-storefront retail sales, if allowed) on the one site..
- 4. <u>Revenue Generation:</u> There are a number of mechanisms for generating revenue from a cannabis program. There will be a non-refundable application fee required from each applicant before the City starts processing a permit application. This fee will be set to fully recover the cost of processing, reviewing, and vetting each application and applicant. There will also be user fees required for any planning and building permits required for facility improvements. These are one time fees for which the City is limited to cost recovery.

In addition to one-time fees, the City can generate revenue through implementing new cannabis related taxes. These would be on-going revenues to be used to offset on-going costs associated with regulation and oversight of a cannabis program as well as provide funding for community benefits and other community programs and projects. Potential tax structures for each type of activity is included in the Budget Impact Section. Pursuant to state law, new taxes will need to be approved by voters at a general election. If directed to move forward, staff will work closely with HdL and City Council to develop proposed tax structures and will present the proposed taxes to voters for approval in November 2020.

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Recommended Permitting Process

The Ad Hoc Committee recommends that a conditional use permit and development agreement be required for all potential commercial cannabis businesses in the City.

Conditional Use Permit (CUP)

A CUP is a discretionary land use approval that requires Planning and Preservation Committee approval and both public noticing and a public hearing to obtain community input on a proposed project. CUPs consider projects in light of the public welfare and customize conditions to ensure that businesses further the public interest and welfare. The CUP would allow the City to tailor conditions and regulations on proposed businesses based upon the impact on the community and vicinity. Conditions often address signage, hours of operation, parking, security, noise, and odor. Such conditions, however, must reasonably related to the use of the property to be valid.

Development Agreement (DA)

A DA is a contract negotiated between a developer and the City, subject to approval by both the Planning and Preservation Commission and the City Council. The DA is beneficial in that it allows for creative land use development through give-and-take negotiations in which both parties address their respective needs and desires. DAs are advantageous to the City in that conditions can be imposed that are not limited to being reasonably related to the use of the property. If the parties agree to a term, then it can be imposed. A DA is also useful in that it is a vehicle for the Developer's provision of public community benefits to the City, including:

- The payment of annual business fees;
- Drug prevention education programs;
- Scholarships;
- Health clinics;
- Infrastructure improvements; and
- Other community benefits desired by City.

BUDGET IMPACT:

Staff worked closely with HdL to develop a number of conservative revenue projections generated from a cannabis program assuming three permitted businesses in each category. These are only projections.

Ad Hoc Consensus Activities

The following table identifies the projected range of revenue for the consensus items recommended by the Ad Hoc Committee:

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Activity	# of	Basis of Tax Revenue	Min.	Max.	
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Testing Lab	2	1% - 2.5% of Gross Receipts	\$20,000	\$50,000	
		Total Consensus Items	\$729,000	\$1,500,000	

Additional Activities

The following table identifies the projected range of revenue for the additional items to be considered by the City Council:

Activity	# of	Basis of Tax Revenue	Min.	Max.	
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Non-storefront	3	2.5% - 6% of Gross Receipts	\$150,000	\$360,000	
Retail					
(delivery only)					
		Total Additional Items	\$337,500	\$810,000	

Increased Expenses

In addition to the potential additional revenue, there will be additional costs associated with implementation, oversight, management, and regulation of a cannabis program. To accommodate the increased workload, the following costs are anticipated:

Department	Activity	Min.	Max.	
		Expense/year	Expense/year	
Community Development	Staff resources for planning	\$150,000	\$200,000	
	review, code enforcement and			
	building inspections (1.5 to 2			
	FTEs or contract services)			
Police Department	Staff resources for processing	\$200,000	\$300,000	
	permits, oversight, and			
	enforcement activities (2 to 3			
	FTEs)			
Administration/Finance	Staff resources for program	\$150,000	\$200,000	
	revenue processing and			
	oversight (2 FTE or contract			
	services)			
	Total Expenses	\$500,000	\$700,000	

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Net Revenue

Net revenue generated by a cannabis program ranges widely depending on the activities supported by the City Council. At the low end (i.e., minimum revenue generated by only consensus activities less the maximum expenses per year), the resulting projected net revenue is \$30,000 per year and on the high end (i.e., maximum revenue generated by all activities less minimum expense per year), the resulting projected net revenue is \$1,810,000 per year. Projected net revenue generated from a cannabis program would be available to fund priority items identified in the community survey.

CONCLUSION:

Staff recommends that the City Council consider the Cannabis Ad Hoc Committee's consensus recommendations and other non-consensus activities and provide direction to staff regarding development of a cannabis regulation and permitting program in the City of San Fernando.

ATTACHMENTS:

- A. Flyer promoting Cannabis Community Meetings
- B. Cannabis Survey
- C. Screenshot of City's Homepage
- D. Informational PowerPoint Presentation
- E. Cannabis Survey Data
- F. GIS map of recommended allowable uses



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.



La ciudad estará presentando una serie de talleres comunitarios para escuchar las inquietudes que los residentes pueden tener sobre el cannabis.

- JUEVES | 18 DE ENERO DEL 2018 | 6:30 PM Parque Recreación 208 Park Avenue
- SABADO | 27 DE ENERO DEL 2018 | 2 PM Parque Las Palmas 505 S. Huntington Street
- JUEVES | 1 DE FEBRERO DEL 2018 | 6:30 PM Cámara del Concilio 117 Macneil Street
- SABADO | 10 DE FEBRERO DEL 2018 | 2 PM Cámara del Concilio 117 Macneil Street

PARA MÁS INFORMACIÓN:

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

La charla incluirá:

¿Como podremos mantener el cannabis fuera del alcance de nuestros jóvenes?

¿Traerá crimen a nuestra Ciudad la industria del cannabis?

¿Cuanto ingreso se espera que los impuestos y tarifas del cannabis generen para la ciudad?

¿Para que se pueden utilizar esos ingresos?

¿Cuáles serán los impactos a la salud pública y ambientales?

En el 2016, los votantes de California pasaron la Proposición 64 que legaliza el uso no medicinal del cannabis, con ciertas restricciones, y estipula la concesión y establece normas para proyectos de marijuana. Propisición 64 también permite regulaciones estatales y locales e impuestos a los negocios de marijuana.

What do you think about the

CANNABIS INDUSTRY (MARIJUANA)

coming to our city?

Due to recent changes in California law, cities have the authority to regulate commercial cannabis in their community.

The San Fernando City Council is in the process of reviewing cannabis policy options that will best serve the interests of our community and seeks your input.

- Marijuana is another term for cannabis.
- <u>Cultivation</u> is growing cannabis plants.
- <u>Manufacturing</u> is producing cannabis products, including food products, cosmetic products, oils, and supplements.
- <u>Sale</u> is dispensing of cannabis products from a physical retail location, including non-storefront sales.

¿Que piensa sobre la industria de la

CULTIVACION DEL CANNABIS (MARIJUANA)

en la ciudad?

Debido a recientes cambios en la ley de California, las ciudades tienen la autoridad de regular el uso del cannabis comercial en su comunidad.

El concilio de la Ciudad de San Fernando está en el proceso de analizar opciones sobre la póliza de cannabis que mejor sirvan los intereses de nuestra comunidad y piden su participación.

- Marijuana es otro término para cannabis.
- Cultivación es la siembra de la planta cannabis.
- <u>Manufactura</u> es la producción de productos cannabis, incluye productos comestibles, productos cosméticos, aceites y suplementos.
- <u>Venta</u> es dispensar productos cannabis de una locación de venta a menudeo, incluvendo ventas en tiendas sin fachada.

Please tell us what you think about Cannabis. Por favor diganos que es lo que piensa acerca del Cannabis.

1. Should the City of San Fernando allow and regulate commercial cannabis (marijuana) activity? If yes, check all that apply. ¿Cree usted que la Ciudad de San Fernando debe de permitir y regular la actividad del cannabis (marijuana) comercial? Si su respuesta es "si", marque todo lo que aplique.

		Medical			Non-N	/ledical/Comm	iercial	
			Medica No-Medica/Comerc			cial		
		Yes	Undecided	No	Yes	Yes Undecided No		
		Si	Indeciso(a)	No	Si	Indeciso(a)	No	
A.	Cultivation Cultivación	\bigcirc		\bigcirc	\bigcirc		\bigcirc	
В.	Manufacturing Manufactura	\bigcirc		\bigcirc	\bigcirc		\bigcirc	
C.	Sale Venta	\bigcirc		\bigcirc	\bigcirc		\bigcirc	

2. How concerned are you that regulated cannabis (marijuana) would create the following issues in the City of San Fernando? Use the rating scale below. ¿Que tan preocupado está usted de que el cannabis (marijuana) regulado crea los siguientes problemas en la Ciudad de San Fernando? Use la escala de clasificación a continuación.

		Very Concerned Muy Preocupado(a)	Neutral Neutral	Not Concerned At All Nada Preocupado(a)
Α.	Crime Issues Problemas Criminales	\bigcirc	\bigcirc	\bigcirc
В.	Environmental Issues Problemas Ambientales	\bigcirc	\bigcirc	\bigcirc
C.	Public Health Problemas de Salud Publica	\bigcirc	\bigcirc	\bigcirc
D.	Negative Impact on Youth Impacto Negativo Sobre los Problemas de la Juventud	0	0	0
Ε.	Mental Health Issues Problemas de Salud Mental	\bigcirc	\bigcirc	\bigcirc

- **3. If the City of San Fernando requires a cannabis business to:** Si la Ciudad de San Fernando require a un negocio de cannabis a someterse a:
 - Conduct thorough employee background checks through the San Fernando Police Department; una verificación a fondo de antecedentes del empleado conducido por el Departamento de Policia de San Fernando;
 - Install a physical security system that secures both the property and the building; la instalacion de un sistema de suguridad físico que asegura la propiedad y edificio;
 - Use security guards to keep employees and customers safe; and uso de guardias de seguridad para protejer a los empleados y clientes; y
 - Install odor control. Instalar artefacto de control de olor.

How likely are you to support the cultivation, manufacturing or sale of medicinal cannabis in the City of San Fernando? Use the rating scale below. ¿Que tan dispuesto estaría a apoyar la cultivación, manufactura y venta de el cannabis (marijuana) en la Ciudad de San Fernando? Use la escala de clasificación a continuación

_				
		Likely Probable	Neutral Neutral	Unlikely Improbable
Α.	Cultivation Cultivación		\bigcirc	\bigcirc
В.	Manufacturing Manufactura	\bigcirc	\bigcirc	\bigcirc
C.	Sale Venta		\bigcirc	\bigcirc

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three. ¿Si la Ciudad de San Fernando procediera con la regularización del cannabis (marijuana), como quisiera usted que se utilizaran los ingresos generados? Por favor marque tres.

Α.	Fund Police School Resource Officer	
	Financiar un Oficial de Policía de Recursos Escolares	\cup
В.	Parks, Play Equipment, and Sports Fields	
	Parques, Equipo de Recreo, y Campos de Deporte	$\overline{}$
С.	Enhance Street and Sidewalk Improvements	
	Dar Realce a las Mejoras a las Calles y Aceras	\cup
D.	Substance Abuse Outreach Programs	
	Divulgación de Programas de Abuso de Sustancias	$\overline{}$
Ε.	Youth Education Programs	
	Programas Educacionles Para Jovenes	\cup
F.	Art and Culture Programs	
	Programas de Arte y Cultura	\cup
G.	Reinstitute the Fourth of July Celebration Event (fireworks)	
	Reincorporar el Evento de Celebración del Cuatro de Julio	()
	(fuegos artificiales)	
Н.	Other:	
	Otro:	\bigcup

5. After considering the information provided in this survey, do you now feel the City of San Fernando should allow and regulate commercial cannabis (marijuana) activity? Use the rating scale below. ¿Despues de considerar la información proveida en esta encuesta, usted ahora siente que la Ciudad de San Fernando debería permitir y regular la actividad del cannabis (marijuana) comercial? Use la escala de clasificación a continuación.

		Medical Medica			Non-Medical/Commercial No-Medica/Comercial			
		Yes	Yes No Need More		Yes	No	Need More	
		Si	No	Information	Si	No	Information	
				Necesito Mas Información			Necesito Mas Informatión	
Α.	Cultivation Cultivación	\bigcirc	\bigcirc	\bigcirc	\bigcirc	\bigcirc	\bigcirc	
В.	Manufacturing Manufactura	\bigcirc	\bigcirc	\bigcirc	\bigcirc	\bigcirc	\bigcirc	
C.	Sale Venta			\bigcirc			\bigcirc	

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? ¿Tiene algún otra preocupación que le gustaría compatir sobre el cannabis (marijuana) en la Ciudad de San Fernando?

COMPLETE AND RETURN THIS SURVEY COMPLETE Y REGRESE ESTA ENCUESTA

What do you think about the Active piensa sobre la industria de la CANNABIS (MARIJUANA) INDUSTRY

CULTIVACION DEL CANNABIS

coming to our City?

PLACE STAMP HERE

ESTAMPILLA IUDA

PONGA

CANNABIS SURVEY
ENCUESTA SOBRE
CANNABIS

CITY OF SAN FERNANDO 117 Macneil Street San Fernando, CA 91340

CITY OF SAN FERNANDO | INFO@SFCITY.ORG | 818.898.1202 | WWW.SFCITY.ORG

FILL OUT LLENE:

OFF AT THE ADDRESS PROVIDED

ENTREGUE A LA DIRECCION PROVISTA

THE ENCLOSED SURVEY AND MAIL IT TO OR DROP

LA ENCUESTA ADJUNTA Y MANDELA POR CORREO O

Y COMPLETE LA FORMA ELECTRONICAMENTE

AND COMPLETE THE FORM ELECTRONICALLY

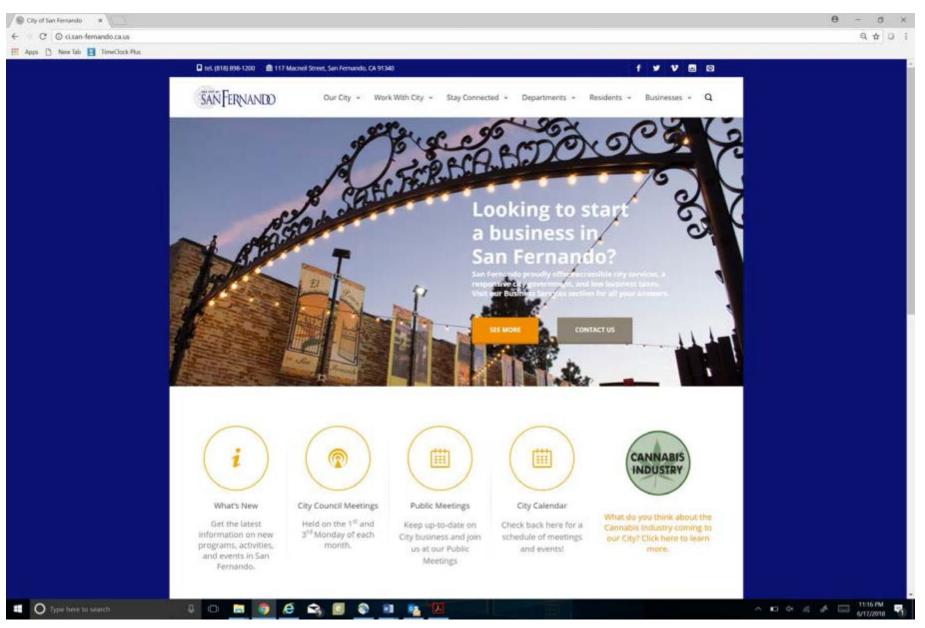
WWW.CI.SAN-FERNANDO.CA.US/CANNABIS-INDUSTRY

VISIT VISITE:

WAYS
TO COMPLETE
THIS SURVEY

MANERAS
DE COMPLETAR
LA ENCUESTA

Please tell us what you think about Cannabis. Por favor diganos que es lo que piensa acerca del Cannabis.







California Cannabis Legislation

2015 2016 2017

Medical Cannabis Regulation and Safety Act (MCRSA) Proposition 64
Adult Use of Marijuana
Act (AUMA)

Trailer Bill SB 94: Medical & Adult Use Cannabis Regulation and Safety Act; AB 133

CANNABIS POLICY COMMUNITY OUTREACH



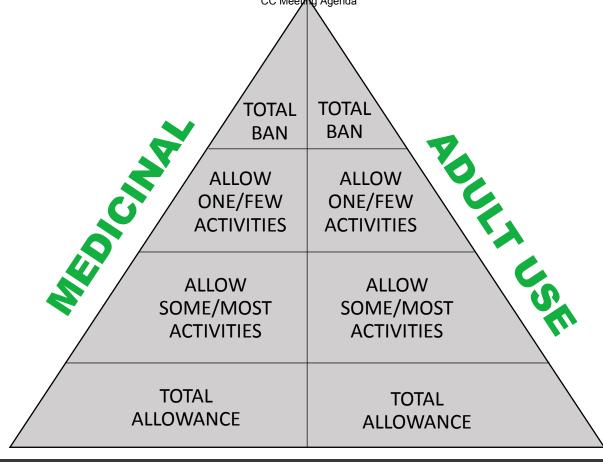
Protects local control by:

- **Dual licensing:** A requirement in statute that all marijuana businesses must have both a state license and a local license or permit to operate legally in California. Jurisdictions that regulate or ban medical marijuana will be able to retain their regulations or ban.
- Enforcement: Local governments may enforce state law and local ordinances if they request that authority and if it is granted by the relevant state agency.

MEDICAL & ADULT-USE CANNABIS REGULATION AND SAFETY ACT (MAUCRSA)



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REGULATORY OPTIONS



MARIJUANA POLICY DEVELOPMENT

"Policies designed today will help shape how your industry looks tomorrow."

-HdL Companies

CREATING REGULATIONS

Areas to Consider

- Hours of operation
- Business location (zoning)
- Signage/advertisement
- Physical security
- Smell, sight, noise
- Reporting requirements
- Employee badge requirements

CREATING REGULATIONS

Areas to Consider

- Unpermitted construction activity
- Vendors and consultants
- Access control requirements
- Record reporting/retention requirements
- Investigation and inspection protocols
- Good neighbor policy



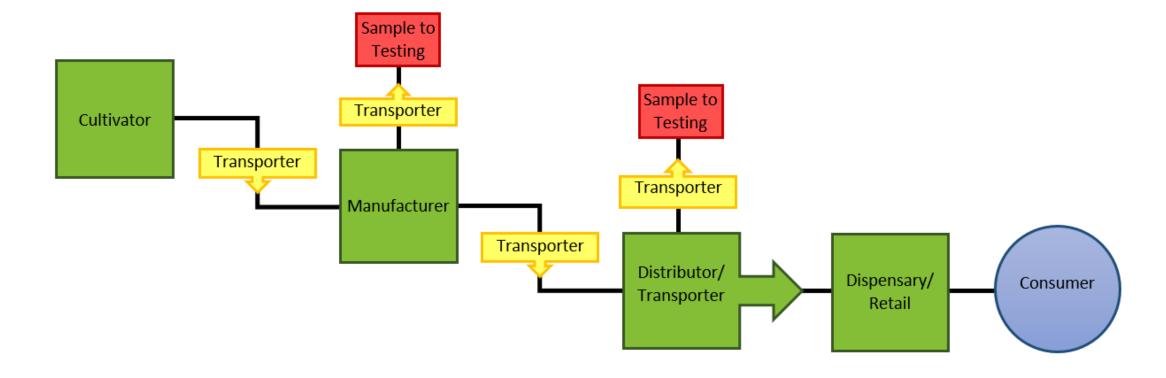


CANNABIS POLICY
COMMUNITY OUTREACH

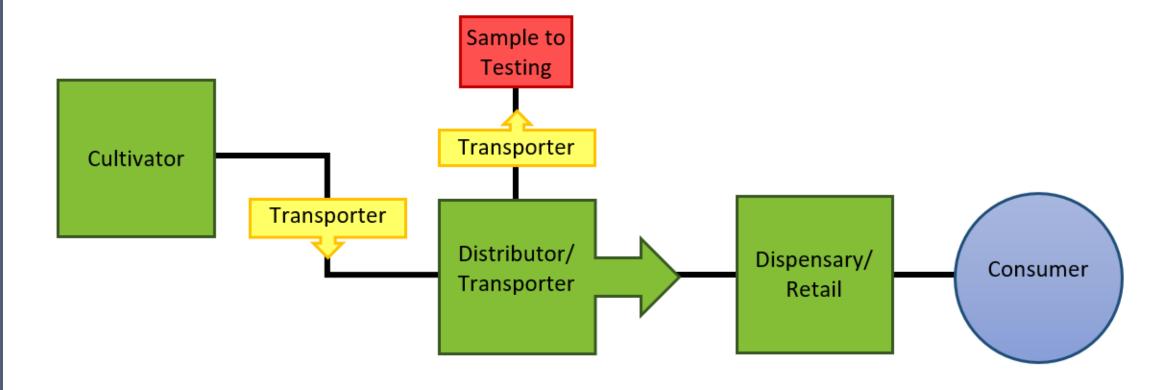
City Council Sets Cannabis Regulatory Policies on:

- Cultivation
- Microbusiness
- Manufacturing
- Testing Labs
- Delivery/Non Store Front Retailer
- Retail-Medicinal/Adult-Use
- Distribution Facilities

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



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







RETAILER/MICROBUSINESS



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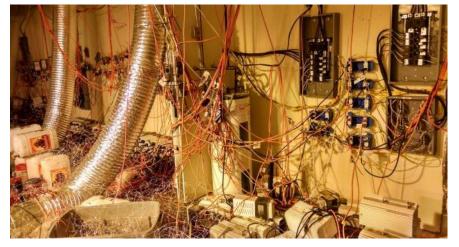


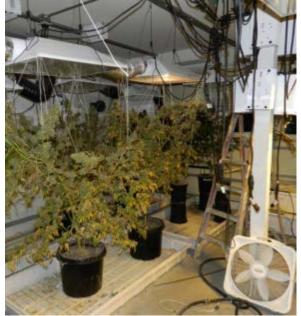


CULTIVATIONS



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ELECTRICAL EQUIPMENT



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EXTRACTION FACILITY







MANUFACTURING



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UNLICENSED ACTIVITIES







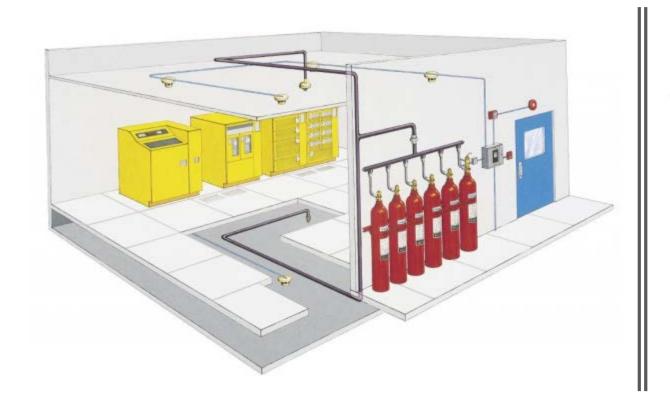


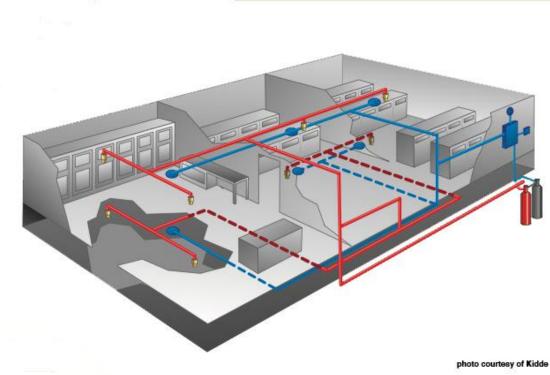
DISTRIBUTION



TESTING LABORATORIES



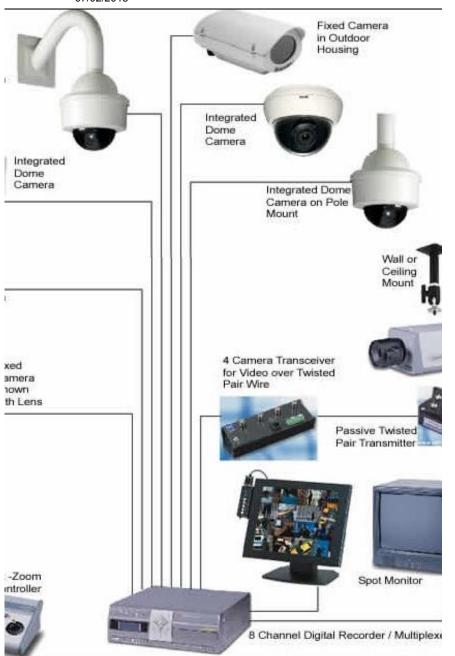




SAFETY PLAN



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SECURITY PLAN



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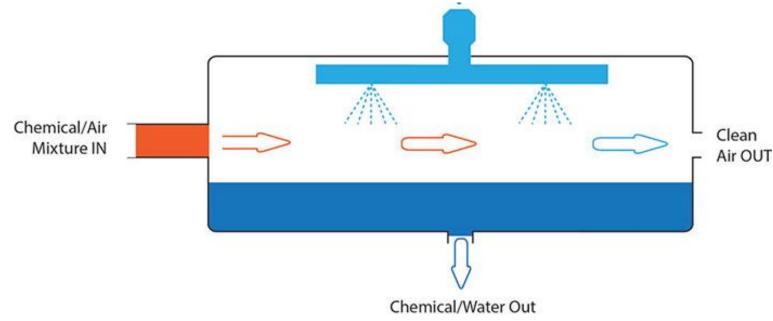




INVENTORY TRACKING













CHILD RESISTANT ASTM D3475 CERTIFIED

ENHANCED PRODUCT SAFETY

(Regulated Product Packaging)



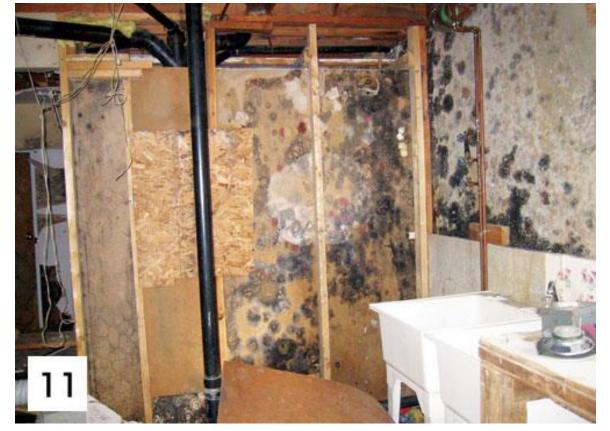
UNIVERSAL SYMBOL

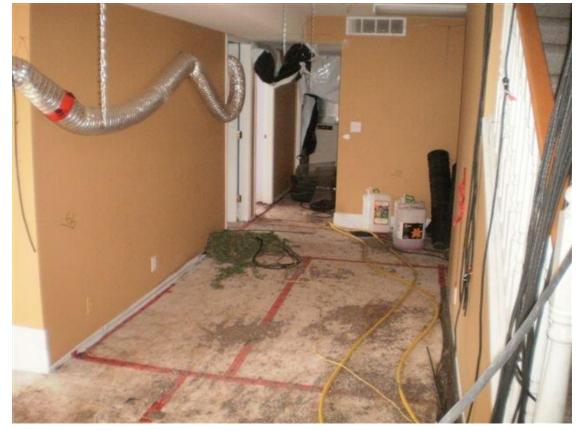




PERSONAL CANNABIS CULTIVATIONS







IMPACTS OF PERSONAL CANNABIS CULTIVATIONS



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





BALANCED APPROCH TO OVERSIGHT

1

MONITOR: The

progress

2

MEASURE: The

results

3

MODIFY: The rules

as needed



CANNABIS STATE AND LOCAL TAX RATES

State Cannabis Excise Tax

(Applies to medical and non-medical)

Retail Tax

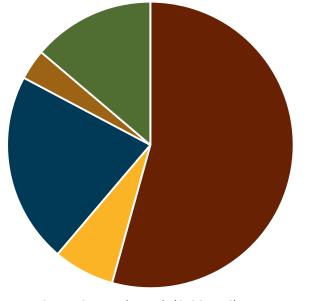
15% Gross Receipts of Retail Sales

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)

XX% of Gross Receipts
\$XX Per Square Feet
\$XX Flat Rate
\$XX Per Weight

City Cost Recovery Fees (Prop 26)

(Medicinal/Adult-Use)

\$XX Application Fee \$XX License Fee \$XX Renewal Fee \$XX Administration Fee

	CC Meeting Agenda 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





ATTACHMENT "E"

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

1.1 Should the City of San Fernando allow and regulate medical cannabis (marijuana) activity? If yes, check all that apply.

Top number is the count of respondents				
selecting the option. Bottom % is percent of				
the total respondents selecting the option.		Medical YES	Medical UNDECIDED	Medical NO
	Electronic (English)	70	1	35
	Electronic (Spanish)	3	0	0
A. Cultivation	Hardcopy	43	0	21
	TOTAL	116	1	56
		67.1%	0.6%	32.4%
	Electronic (English)	70	2	34
	Electronic (Spanish)	4	0	0
B. Manufacturing	Hardcopy	45	1	19
	TOTAL	119	3	53
		68.0%	1.7%	30.3%
	Electronic (English)	68	0	36
	Electronic (Spanish)	4	0	0
C. Sale	Hardcopy	42	6	20
	TOTAL	114	6	56
		64.8%	3.4%	31.8%

1.2 Should the City of San Fernando allow and regulate commercial cannabis (marijuana) activity? If yes, check all that apply.

selecting the option. Bottom % is percent of the total respondents selecting the option.		Non-Medical/ Commercial YES	Non-Medical/ Commercial UNDECIDED	Non-Medical/ Commercial NO
	Electronic (English)	64	3	38
	Electronic (Spanish)	2	0	1
A. Cultivation	Hardcopy	25	4	22
	TOTAL	91	7	61
		57.2%	4.4%	38.4%
	Electronic (English)	62	5	37
	Electronic (Spanish)	3	0	1
B. Manufacturing	Hardcopy	26	5	20
	TOTAL	91	10	58
		57.2%	6.3%	36.5%
	Electronic (English)	60	6	39
	Electronic (Spanish)	3	0	1
C. Sale	Hardcopy	22	7	24
	TOTAL	85	13	64
		52.5%	8.0%	39.5%

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

2. How concerned are you that regulated cannabis (marijuana) would create the following issues in the City of San Fernando? Use the rating scale below.

Top number is the count of respondents				
selecting the option. Bottom % is percent of the total respondents selecting the option.		Very Concerned	Neutral	Not Concerned At All
	Electronic (English)	38	9	59
	Electronic (Spanish)	3	1	0
A. Crime Issues	Hardcopy	27	20	21
	TOTAL	68	30	80
		38.2%	16.9%	44.9%
	Electronic (English)	27	15	64
	Electronic (Spanish)	2	0	1
B. Environmental Issues	Hardcopy	23	17	28
	TOTAL	52	32	93
		29.4%	18.1%	52.5%
	Electronic (English)	32	13	61
	Electronic (Spanish)	3	0	1
C. Public Health	Hardcopy	27	16	23
	TOTAL	62	29	85
		35.2%	16.5%	48.3%
	Electronic (English)	39	20	46
	Electronic (Spanish)	3	0	1
D. Negative Impact on Youth	Hardcopy	33	19	15
	TOTAL	75	39	62
		42.6%	22.2%	35.2%
	Electronic (English)	33	12	60
	Electronic (Spanish)	3	0	1
E. Mental Health Issues	Hardcopy	27	18	23
	TOTAL	63	30	84
		35.6%	16.9%	47.5%

3. If the City of San Fernando requires a cannabis business to: Conduct thorough employee background checks through the San Fernando Police Department; Install a physical security system that secures both the property and the building; Use security guards to keep employees and customers safe; Install odor control. How likely are you to support the cultivation, manufacturing or sale of medicinal cannabis in the City of San Fernando? Use the rating scale below.

Top number is the count of respondents				
selecting the option. Bottom % is percent of the total respondents selecting the option.		Likely	Neutral	Unlikely
the total respondents selecting the option.	Electronic (English)	70	2	34
	, ,	70	2	34
A O 10' 10'	Electronic (Spanish)	1	0	2
A. Cultivation	Hardcopy	39	8	21
	TOTAL	110	10	57
		62.1%	5.6%	32.2%
	Electronic (English)	69	3	34
	Electronic (Spanish)	1	0	2
B. Manufacturing	Hardcopy	37	12	19
	TOTAL	107	15	55
		60.5%	8.5%	31.1%
	Electronic (English)	68	2	35
	Electronic (Spanish)	2	0	2
C. Sale	Hardcopy	33	16	19
	TOTAL	103	18	56
		58.2%	10.2%	31.6%

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three.

		Number of Response(s)	
	Electronic (English)	35	
	Electronic (Spanish)	3	
A. Fund Police School Resource Officer	Hardcopy	26	
	TOTAL	64	
	EL (E	39.51%	
	Electronic (English)	49	
B. Parks, Play Equipment, and Sports Fields	Electronic (Spanish)	3 33	
s. Farks, Flay Equipment, and Sports Fleids	Hardcopy TOTAL	85	
	TOTAL	52.47%	
	Electronic (English)	64	
	Electronic (English)	0	
C. Enhance Street and Sidewalk	Hardcopy	33	
mprovements	TOTAL	9 7	
	TOTAL	59.88%	
	Electronic (English)	39	
	Electronic (Spanish)	3	
D. Substance Abuse Outreach Programs	Hardcopy	33	
z. cazotanos / tzaco can cacii : rogramo	TOTAL	75	
		46.30%	
	Electronic (English)	59	
	Electronic (Spanish)	4	
E. Youth Education Programs	Hardcopy	32	
Ğ	TOTAL	95	
		58.64%	
	Electronic (English)	40	
	Electronic (Spanish)	1	
F. Art and Culture Programs	Hardcopy	21	
	TOTAL	62	
		38.27%	
	Electronic (English)	27	
G. Reinstitute the Fourth of July Celebration	Electronic (Spanish)	0	
Event (fireworks)	Hardcopy	9	
Event (meworke)	TOTAL	36	
		22.22%	
	Electronic (English)	15	
24	Electronic (Spanish)	0	
Other	Hardcopy	14	
	TOTAL	29	
	51 (5 (5 15 15)	17.90%	
	Electronic (English)	101	
TOTAL	Electronic (Spanish)	4	
TOTAL	Hardcopy	57	
	TOTAL	162	

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

5.1 After considering the information provided in this survey, do you now feel the City of San Fernando should allow and regulate medical cannabis (marijuana) activity? Use the rating scale below.

Top number is the count of respondents				
selecting the option. Bottom % is percent of the total respondents selecting the option.		Medical YES	Medical UNDECIDED	Medical NO
the total respondents selecting the option.	Clastronia (English)	73	Medical ONDECIDED	33
	Electronic (English)		0	33
	Electronic (Spanish)	3	0	0
A. Cultivation	Hardcopy	41	18	5
	TOTAL	117	18	38
		67.6%	10.4%	22.0%
	Electronic (English)	73	0	32
	Electronic (Spanish)	3	0	0
B. Manufacturing	Hardcopy	42	17	5
	TOTAL	118	17	37
		68.6%	9.9%	21.5%
	Electronic (English)	68	1	33
	Electronic (Spanish)	4	0	0
C. Sale	Hardcopy	41	18	5
	TOTAL	113	19	38
		66.5%	11.2%	22.4%

5.2 After considering the information provided in this survey, do you now feel the City of San Fernando should allow and regulate commercial cannabis (marijuana) activity? Use the rating scale below.

Top number is the count of respondents selecting the option. Bottom % is percent of		Non-Medical/ Commercial	Non-Medical/ Commercial	Non-Medical/ Commercial
the total respondents selecting the option.		YES	UNDECIDED	NO
	Electronic (English)	67	2	37
	Electronic (Spanish)	2	1	0
A. Cultivation	Hardcopy	29	21	7
	TOTAL	98	24	44
		59.0%	14.5%	26.5%
	Electronic (English)	66	2	38
	Electronic (Spanish)	2	1	0
B. Manufacturing	Hardcopy	31	22	4
	TOTAL	99	25	42
		59.6%	15.1%	25.3%
	Electronic (English)	62	4	36
	Electronic (Spanish)	3	1	0
C. Sale	Hardcopy	26	23	7
	TOTAL	91	28	43
		56.2%	17.3%	26.5%

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando?

Responses Received	TOTAL	83
Responses Received	Hardcopy	33
Responses Received	Electronic (Spanish)	2
Responses Received	Electronic (English)	48

Number of	Surveys	Returned
-----------	---------	----------

Electronic (English)	108	
Electronic (Spanish)	4	
Hardcopy	68	
TOTAL	180	

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

H. Other

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three.

1	Leave it to owners how to donate to community
2	I do not want this in our city.
3	Schools
4	I don't want any of the money in our city.
5	Full benefits to city workers
6	Plant more shade trees
7	Why is it limited to 3?
8	Elderly support programs
9	Don't do it!! I prefer you to I crease city tax.
10	College Scholarships for Disadvantaged Students.
11	More Police Officers
12	Economic Development
13	Change culture of City Staff
14	Additional Police/Traffic Officers
15	C&F Movie Cinema for S. Fernando
16	Full benefits to city workers
17	Fund continued education and awarness in school program
18	Same as all other business tax & fees or general fund
19	Street Lighting!
20	HEALTH EDUCATION PROGRAMS
21	Hire a person that knows how to write a proper unbiased survey.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three. (CONTINUED)

H. Other (CONTINUED)

- 22 Hire more Police Officers
- 23 Help shelter homless in a responsible manner
- 24 Advertise Against Cannabies

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando?

- WHATS the difference between a cannabis facility and allowing a nightlife like a lounge in the city of San Fernando? I also feel like the city should regulate similar business to a few mile radius. ItâÂÂs ridiculous the amount of hair salons and barber shops that are in the city of San Fernando. ItâÂÂs makes no sense to put 10 struggling salons in one street.

 During the presentations, it was mentioned that an ALARMING increase in DUI occurred in cities with
 - During the presentations, it was mentioned that an ALARMING increase in DUI occurred in cities with legalized sales. I am not willing to endanger a single pedestrian or driver for a potential tax dollar. I consider this akin to blood money. Let people drive to Sylmar or Mission Hills rather than come to our community. If
- we are so poor that this must be an option (and I would support a tax increase first), NO retail sales (medical or recreational) whatsoever. Testing and cultivation only 500 feet from schools and residential areas. Delivery services equally far from residential areas. ZERO sales. Our residents need to be safe walking and in their cars.
 - I personally only know that the people who use marijuana that I know are not successful people. I see in my community the young people who started using marijuana almost never amount to professionals or well-
- educated young people. We don't need this stuff to further destroy the young people of this city. It's hard enough to try to hire a Dependable young person for positions at work. I have never seen a young person who uses marijuana to be to be a positive member of society contributing to the good of society.
- Access to medical marijuana should be easy for patients and they shouldnâÂÂt have to travel outside their city to obtain it.
- Keep san fernando small business owned. No more corporate businesses like chipotle and cvs. Create low income housing
- San Fernando has a reputation for being small and quaint. Don't make us common by allowing the cannabis industry in. We don't NEED it.
- 7 Cannabis should not be allowed in San Fernando nor should there be any cannabis shops in the city.
- I understand the concerns of those who oppose cannabis in San Fernando because this is a very new and delicate subject. The revenue that can be generated for the city would be wonderful. If we look past our own nose we will come to find that there's a liquor store on almost every corner in San Fernando. That being said. Sale of marijuana should and without a doubt be regulated. No worries here.:)
- Reduce the use of drugs around public parks. Drug usage is destroying Carey Ranch Park (specifically) and ruining it for families.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- Should this even be in question? Lets move forward and stop playing games. Our +/- 2sq. Miles will be surrounded by this and we want to potentially ignore the possibility of bringing in revenue from this? Lets do this already! Why is medicinal even in question? I thought 64 was for recreational use.
- I attended the meeting today and feel that Cultivation and Manufacturing is the way to go. If sale was allowed I would like to see that the person opening the shop is a resident of San Fernando. I feel that they would have more stake in the community if they resided here. I would prefer we just stick to Cultivation and Manufacturing preferebly city run.
- Establish criteria for selection of cannabis licensees that incorporate: 1) long term commitment to SF community 2) diversity, equity and local roots 3) adequate capitalization and experience in cannabis industry.
- We have so many empty shopping centers and industrial centers that are empty that property owners need this industry to spur commerce again.
- We must explore other kinds of revenue such as medical/recreational marijuana so that we can continue to grow as a city that offers new job growth and retail opportunities for residents.
- 15 I live next door to someone that uses marijuana atleast 4 or more times a day. I am pregnant and have little kids I hate the smell and we should have city regulations as to how this should be used
- Ensuring that the product being sold is without additional chemicals or additives that could harm consumers is another policy liability that the City must consider. Important City regulations should be heavily imposed on Cultivation & Manufacturing since these are areas that can greatly impact residents. Areas of sale can be seen as hotspots for police to patrol so that there can be low levels of assault, robery, & DUI's.
- Itâs worked extremely well in much larger cities who are seeing revenues go up for education services and also seeing cannabis use go down among youth letâs get it regulated, taxed, and quit wasting money enforcing laws against it that do nothing for anyone but the prison system.
- 18 Make the mall to San Fernando cannabis mall
- Not allowing cannabis sales is a missed opportunity for generating tons of tax revenue for our cities programs. Fears of negative affects on the aforementioned issues are unfounded.
- 20 Don't need any more drugs around the neighborhood..
- Very concerned for our youth as many are having challenges to stay in school and also the impact it may have on crime.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

How else are residents being contacted in regards to this important issue? For example, are people who don't know how to read/write, use a computer, or speak English being considered? San Fernando is such a small and beautiful city. There are other changes happening in Sylmar where they are building homes for people who have are homeless. People who have mental health and substance abuse issues. Have the representatives of the city of San Fernando considered how a cannabis business will provide easy access for people to use. How will law enforcement be able to monitor "drugged driving"? I'm most concerned about marijuana laced candy and treats because children are being admitted in emergency rooms after accidentally ingesting the marijuana. It promotes increased use and marijuana can be the gate way to heavier drugs. The city doesn't need a marijuana business. It needs to continue to focus on the well being of their residents & providing the community with valuable resources.

- I truly believe that our little city does NOT need a dispensary. I have 5 children, ages 25-9, and I don't want to walk by a dispensary in our neighborhood. Its a shame that you try to ask in your survey what we would like money allocated to IF it happens.....then you ask the initial questions again. We have enough issues in
- our city, we don't need this to add more. If you have to state that security, alarms etc wloud be used at each building for our safety, that's ridiculous!
- It's a bad idea all the way around. Drive down our streets at any given day with your windows down in the car 9x's out of 10 you can smell weed in someone's car near you...BAD BAD BAD...it;'s just going to cause more problems. What's next selling Heroin????
- I voted against legalizing pot. The smell is as bad as having neighbors who smoke cigarettes. My neighbor sits outside drinking and playing loud music all night at least three times a week, I canât wait to see what happens when he adds pot to the mix.
- As long as the city can guarantee crime does not increase & ALL the cultivating, manufacturing, sales are closely monitored & tightly controlled more people might be on board.
- I just bought a house in San Fernando 3 months ago and one of the reasons was because the marijuana industry hadn't corrupted it and I really didn't think that it would with the type of family oriented community San Fernando is known to be
- 28 No!!! No no itÃcÂÂs a small town and it will just bring more crime to our community.
- I think this industry has the potential to bring the city a great deal of income. My main concern would be keeping the homeless and drug addicts out of our city.

The city of San Fernando should promote itself and ask for inclusion in the analysis of feasibility to potentially include the San Fernando Valley for participation in the Social Equity Program for cannabis business development. This analysis was just ordered on Friday, by the Los Angeles City Councilâs Rules Committee. I am an aspiring cannabis business owner, and would like the opportunity to be able to qualify, apply for, and participate in the Social Equity program. lâm an aspiring cannabis business owner and want to apply into the Social Equity program. If well managed, I believe that the revenue stream generated from a well regulated local cannabis industry will ultimately benefit the community in San Fernando. If the city naively does not regulate, guide, and grow this industry locally, they will lose out on needed funds to other parts of the county.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- 31 I think it's been long overdue and the cities of San Fernando and pacoima will benefit from cannabis industry.
- City of Los Angeles Is allowing sales of recreational marijuana the city of San Fernando is surrounded by the city of Los Angeles so there will be recreational marijuana all around us why not make tax revenue from that market
- This industry is finally legal. Many other cities will take advantage of it and benefit from the income it generates. Marijuana has always been a huge part of San Fernando and will continue to be. It is in all neighboring cities therefore it is always in our city anyway why not profit from it.
- America is freedom. Inhibiting our right to consume is a violation of our natural given right. Thank you for reading .

The reason I do not support the sale of cannibis within our city is due to the fact that I have seen the dispensaries around the city of Los Angeles and they are often unattractive and there seems to be quite a bit of loitering and consumers utilitizing the product in the open around them. If the City of San Fernando were to regulate signage, dispensary presentation as well as making sure that consumers purchase and cannot use the product in the open I may reconsider my position on the sale of cannibis within the city.

California residents have voted and as elected officials you act on what it citizens want. The revenue having this in the City of San Fernando will be sufficient not bring the city out of debt but also improve the overall community (if it spent wisely) by the elected officials. It is what it is and it's time to embrace marijuana.

Here is my experience with cannabis: Regarding the use of cannabis, if an individual would like to engage in it's use, they will find a way to procure marijuana, regardless of the legality, so why not regulate and tax it? We can use the tax revenue to improve the city. If the the industry is properly regulated and taxed in the City of San Fernando, I do not see any potential harm coming to the city and it's residents. I encourage the legality, education, regulation, and taxation of the cannabis industry. Proper, educated use, should not result in higher crime rates. I believe it should be treated much the same way alcohol is treated.

- This is a great opportunity to bring in a high paying industry and also properly regulate it for responsible use in a way that could benefit the greater community. It has also been proven to provide massive tax hauls for communities and curb black market distribution.
- 39 Get the money and fix our city.

Me preocupan los j³venes especialmente...por quĀĀ© Soy madre de 3 j³venes adultos. Me da tristeza ðÂ~¢ ver Cómo hoy lo estamos viendo de lo mÃÂjs normal Cómo en nuestra comunidad hay tantos

- 40 espendios de cannabis. The young people worry me...especially because I am a mother to 3 young adults. It saddens me (unknown) to see how we are living (unknown) normal how in our community there are numerous cannabis dispensaries.
- 41 Dispensarios o ventas muy cerca de las escuelas. *Dispensaries or sales near schools*
- The cannabis industry will be a good resource for the city with aducation to youth education programs that cannabis is not for kids.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- I believe that if residents would like to get involved with cannabis, they would regardless of the legality with this fact, why not regulate and tax it for the good of the community? Side note: Cannabis has been proven to be much less harmful than alcohol. Studies have shown positive medicinal effects.
- Your consultant, Matthew Eaton, appears to have a strong handle on all of the issues and can provide a roadmap for the city to follow. Good presentation!
 - Yes, San Fernando should consult with professionals in this space, us. Making decisions based on opninons.
- The city should seek top professionals in the industry, as if priority is given to residences. They will fail trying to learn this business.
- Well regulated cannabis has continuously shown to negate most concerns held by citizens of newly adopted areas. By regulating youth usage decreases, black market dwindles and crime decreases.
- 47 No to marijuana
- 48 Manufacturing no retail
- 49 No commercial use permits. No sale of any kind
- We do all the prep, what if the US Government starts enforcing their laws. What is the plan on getting around US Government enforcement.
- 51 This is long overdue. It will definitely enchance SFC
- Would like to see San Fernando build a initiative that the State of Calilfornia left out to protect from special interests. Like San Fernando tradition to keep small to meduim size establishments with high security.
- 53 None
- 54 Against
- 55 I'm hoping the cannabis industry can be small to fit the city, raise revenues, and reduce crime.
- 56 Against
- 57 Please think longterm and understand that being shortsighted in scope and considerations hurts everyone involved.
- We need this sales tax revenue. Alcohol is more dangerous than marijuana. Let's gel with it and not let these dollars out of our city.
- Cannabis is still considered an illegal drug by the federal government. It is still unclear how cannabis affects a person's decision making abiities and I am concerned this would creat a larger criminal and homeless presence.
- 60 You should be fair and allow the city business owners, property owners, and residents to be able to apply.
- 61 This is a goldmine if done right. Our city can be better aestethically

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

74

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

How is police force controlling safety of guns with state card holders 62 There should be more agencies dedicated to offering education (legal/commercial) towards Industry, 63 and all its aspects. Do not support cannabis use in our city. City leadership and city residents are responsible to keep our children and families safe from drug use. We already have sever problems with alcohol. We do no need to enhance problems with marijuana in our community, trafitionally, we work to keep our cities healthy. Con todo respeto doy mi opinion no estoy de acuerdo en lo que pasaria aqui mas crimenes porque no me digan que tandrian bajo control impocible digame en el estado de colorado esta controlada? No queremos esto aque en S.F. gracias. With all due respect I give you my opinion I am not in favor in what would happen here more crime because don't tell me everything would be under control impossible tell me is the state of Colorado under control? We don't want this in S.F. thank you. 66 As a cancer survivor, I 100% support the use of medical marijuana 67 Since cannabis is legal to use, then its cultivation and sale should be allowed 68 Thank you for asking our opinion 69 Do we need more police in schools/on the streets. What are the ongoing cost Me preocupa que jovenes tomen esto sin seriedad necesaria para poder llevar acabo el proyecto que se planea. It worries me that young people take this without necessary seriousness in order to 70 proceed with the proposed project I'm not talking about our adults, I'm worried about our youth. Don't allow this to happen at the cost of our 71 Does not belong in our city - will not contribute to our quality of life nor character of our community. Concerned about impact on our youth, message it sends. Do we want our youth in altered state of mind or 72 preparing for a successful future to contribute to society an dlive productive life. Please do not apporve any form of cannabis in our community. surrounding city's already provide business opportunities for cannabis entrepreneurs. San Fernando should look to improve their business outlook (away from auto body shops and light manufacturing, which is more 73 harmful to our environment and does not provide high paying jobs or taxable revenue) to more commercial / modern business ventures. This industry would be a huge increase in city revenues and jobs. It would be a great loss to San Fernando if

they are surrounded by other cities allowing this industry and not receiving any of the revenues.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- 1.1 Should the City Of San Fernando allow cannabis, Yes. Should the city of San Fernando Regulate cannabis, No.
- 1.2 Should the City Of San Fernando allow cannabis, Yes. Should the city of San Fernando Regulatecannabis, No.

Your survey is worded improperly as is therefore void. Allowance and regulation are two separate issues.

- 5.1 There is so little educational material about cannabis that this question is not legitimate.
- 5.2 There is so little educational material about cannabis that this question is not legitimate.
- After seeing the effects of sales in Sylmar, and the type of people hanging around the dispensaries, it would be a mistake to add marijuana sales in San Fernando!
 - The meeting we had, we were told that by regulating and everything said about this survey that the city would have more police to handle any crime or safety issues brought about by the cannabis measure
- 57 but if we don't have the cannabis measure in our city we would not need the extra police and our city would not have extra crime or the other issues that will eventually come by the city saying yes so NO NO NO on the bringing in it into our city.
 - When the entire state is moving forward with legalization, why would the City keep these potential tax revenues from benefiting the city?
 - There are countless studies, including by the FBI that legalization of cannabis reduces violent crime.
- Legalization takes the sale of cannabis off the streets and places it in a legal, controlled setting.

 Beyond this aspect, the countless studies demonstrating the positive health benefits for cancer patients, adults and children with seizures, etc.
 - Impeding people access to this natural plant is based on uniformed opinions of how the plant is actually used by the majority of its proponents.
- I would love a chance to operate a cannabis business in your city. I think helping set up a homeless program to help rehablitate people back into a work mode to eventually get back on there feet... not all homeless are careless. some just need a little help, i believe if the city is able to gain revinue at an early stage in this already booming industry... why wait? also many of the streets could use work,so many potholes
- MEDICAL MARIJUANA SHOULD BE DISBURSED IN PHARMACIES. ALLOWING COMMERICIAL CANNABIS ACTIVITY IS DETRIMENTAL TO ANY COMMUNITY AND BRINGS NO POSITIVE OUTCOME IN THE LONG RUN.
- People should have the right to do whatever they want to do with their own lives. However, I also have that right and the right to clean air. Just like cigars, smokers should be allowed to smoke in certain places. Also, because this is a health issue, like in the tobacco industry. Taxes on marijuana users should be used to advertise against its use.
- 82 People have no respect they smoke outside you can't eve be on your own backyard
- 83 No cultivating marijuana in the City of San Fernando. No cultivasion de mariguana aqui en San Fernando.

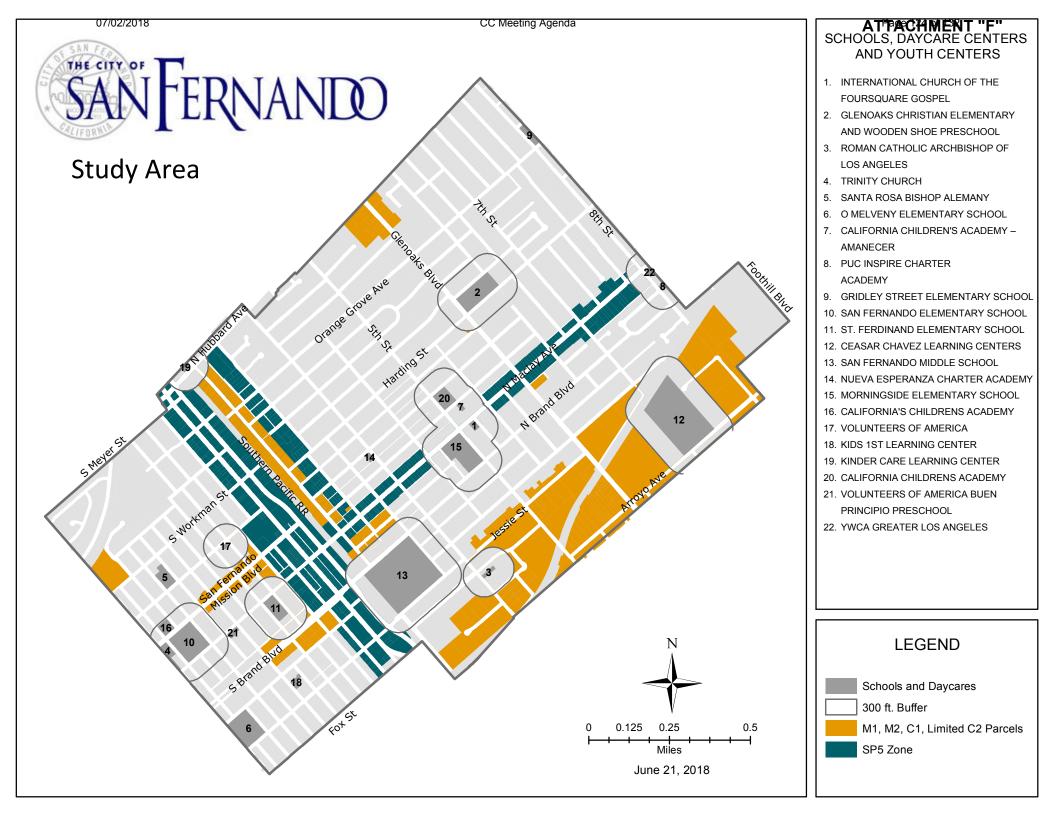
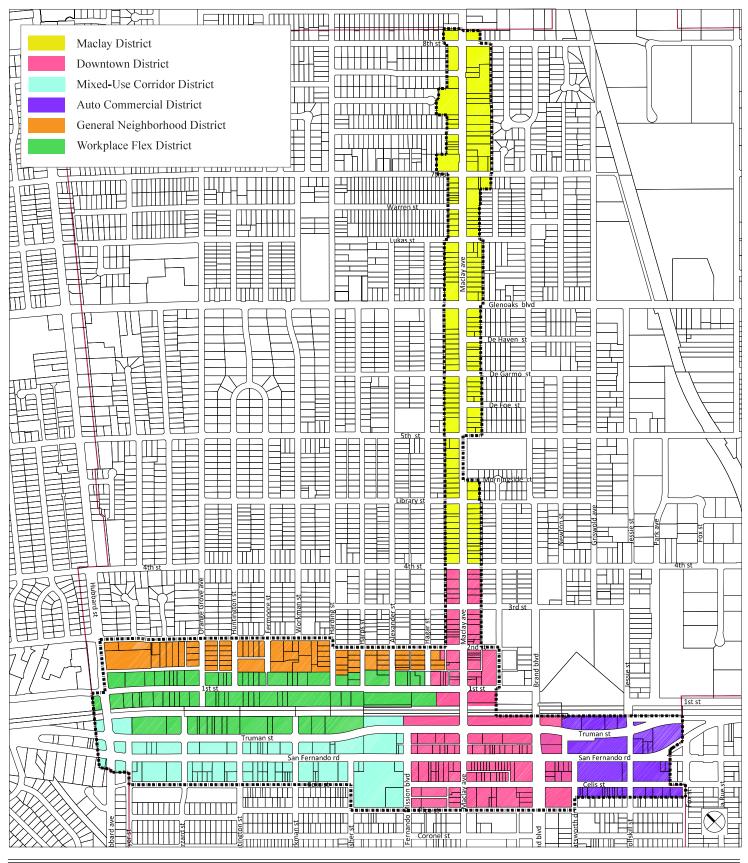


FIGURE 1.2 - SPECIFIC PLAN DISTRICTS



Corridors Specific Plan ONE: Orientation 7



CITY of SAN FERNANDO City Council Meeting July 2, 2018

Presented by: Matthew Eaton





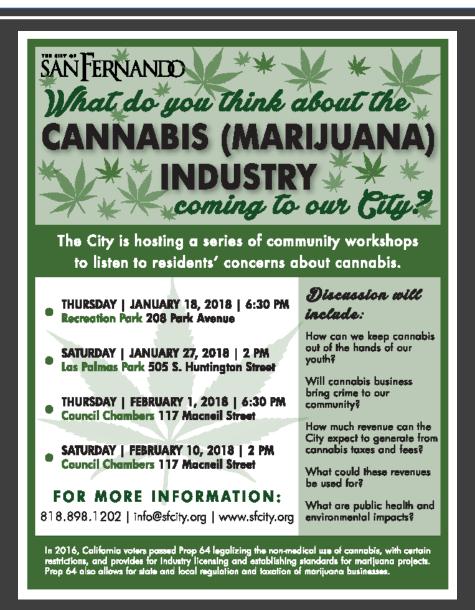
Overview of Public Outreach Efforts



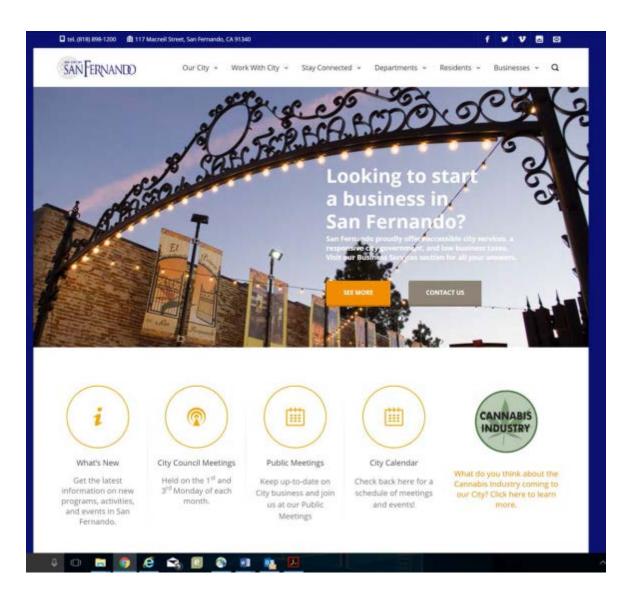
Public Outreach Effort

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



INFORMATIONAL FLYER



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

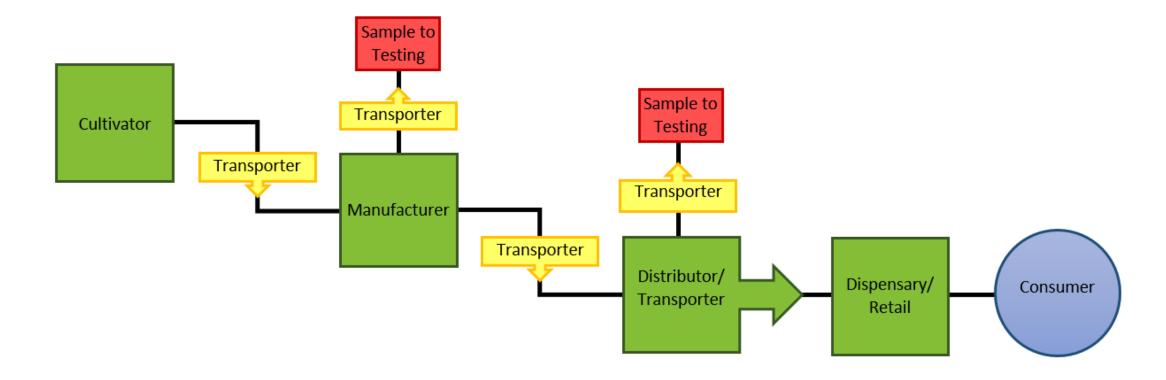


	MEDICINAL	ADULT-USE
Cultivation	YES/NO	YES/NO
Manufacturing	YES/NO	YES / NO
Testing (Quality Control)	YES / NO	YES / NO
Retailer/Non-Store Front Retailer (Dispensary/Delivery Services)	YES / NO	YES / NO
Distribution Facility	YES/NO	YES / NO
Microbusiness	YES/NO	YES/NO

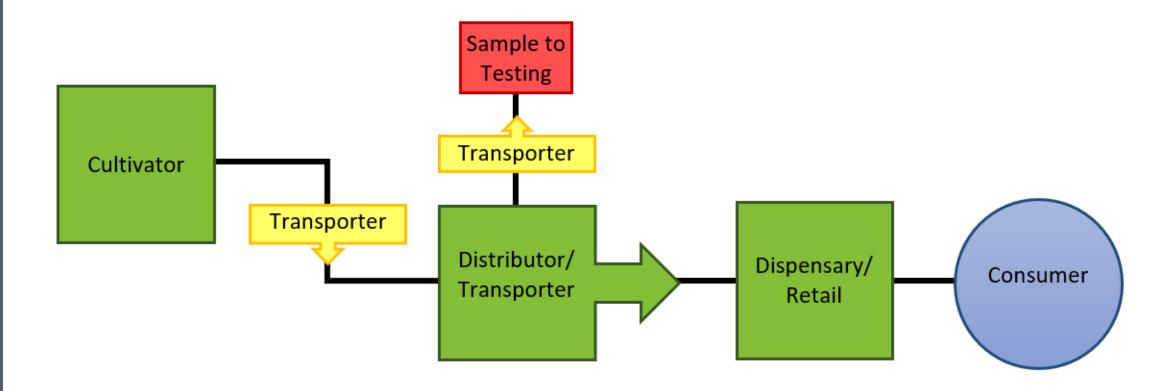
CATEGORIES OF USE



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

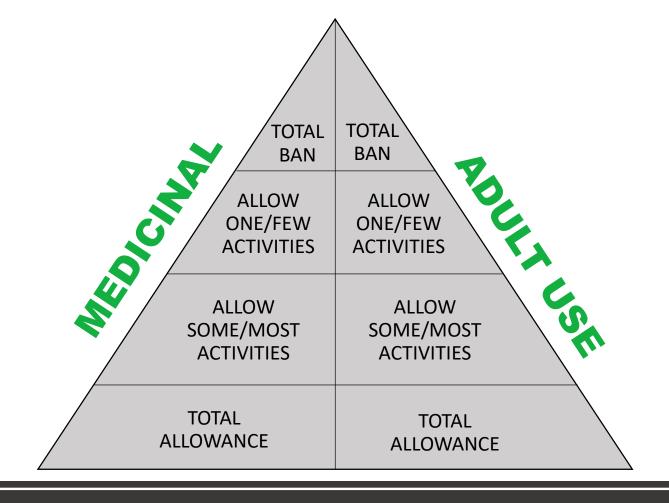








DISTRIBUTION



REGULATORY OPTIONS

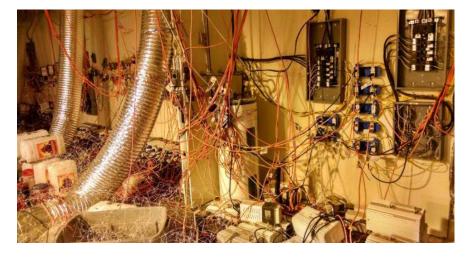


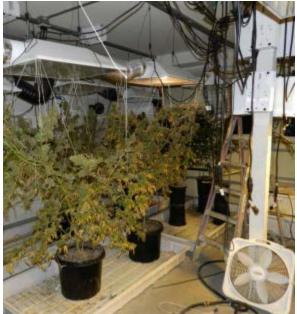
THOUGHTFUL LOCAL REGULATIONS SHOULD ADDRESS THE POTENTIAL IMPACTS:

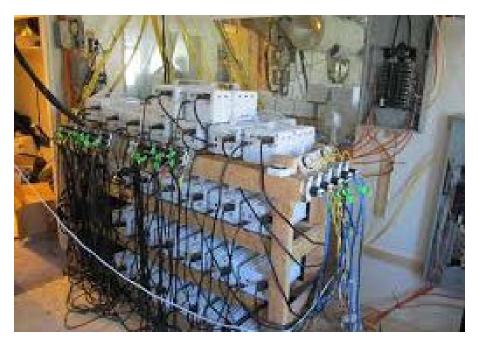
- Unsafe electrical & construction
- Waste management
- Water & power usage
- Quality of life complaints
 - Lighting, noise, odor

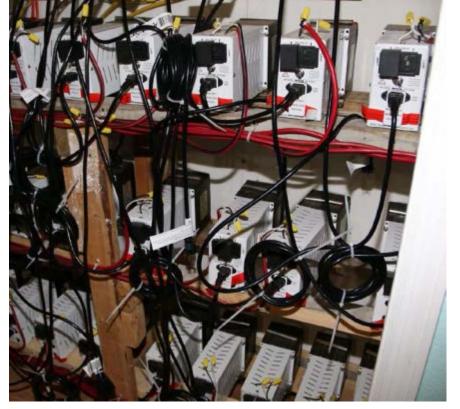
HEALTH AND SAFETY IMPACTS











UNLICENSED ELECTRICAL EQUIPMENT











UNLICENSED ACTIVITIES



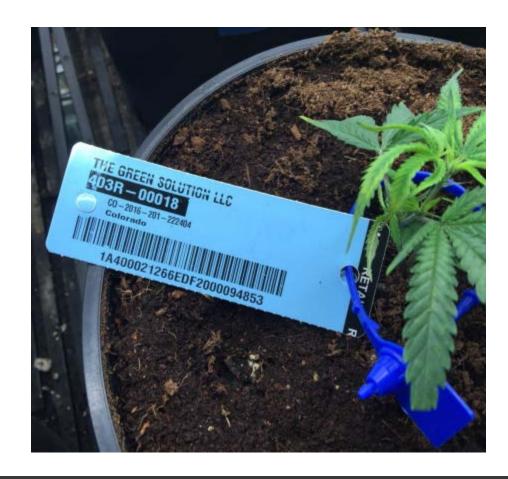




IMPACTS OF PERSONAL CANNABIS CULTIVATIONS



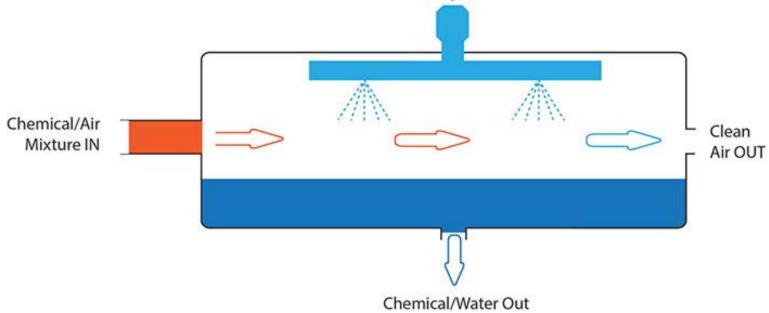




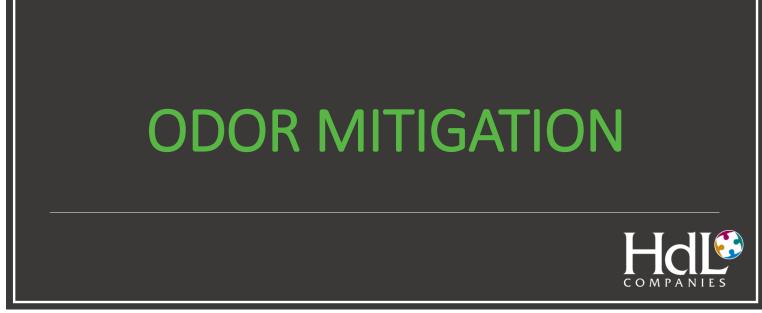
INVENTORY TRACKING

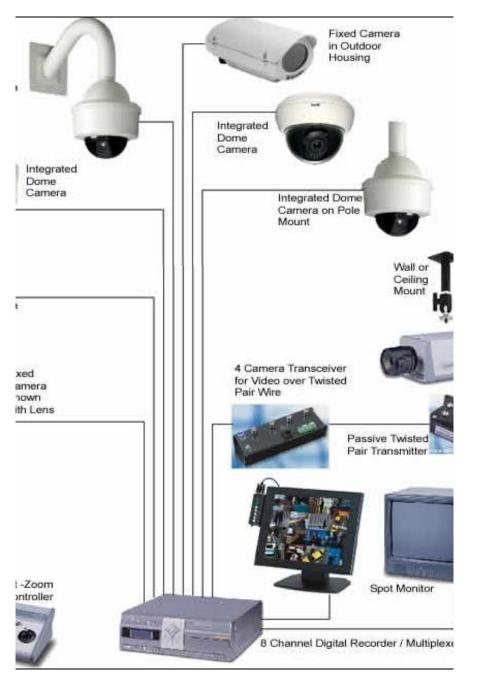








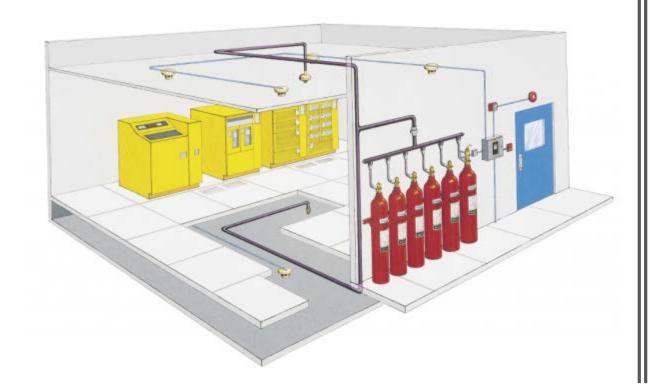


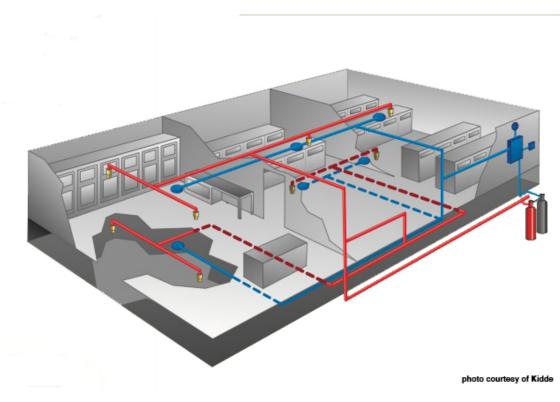




SECURITY PLAN







SAFETY PLAN





CHILD RESISTANT ASTM D3475 CERTIFIED

ENHANCED PRODUCT SAFETY

(Regulated Product Packaging)



UNIVERSAL SYMBOL







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

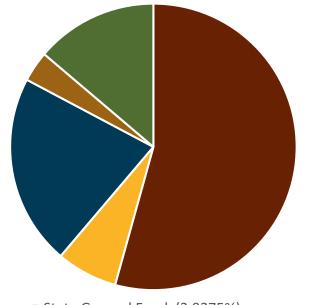
15% Gross Receipts of Retail Sales

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

<u>Low Estimate</u> = 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!

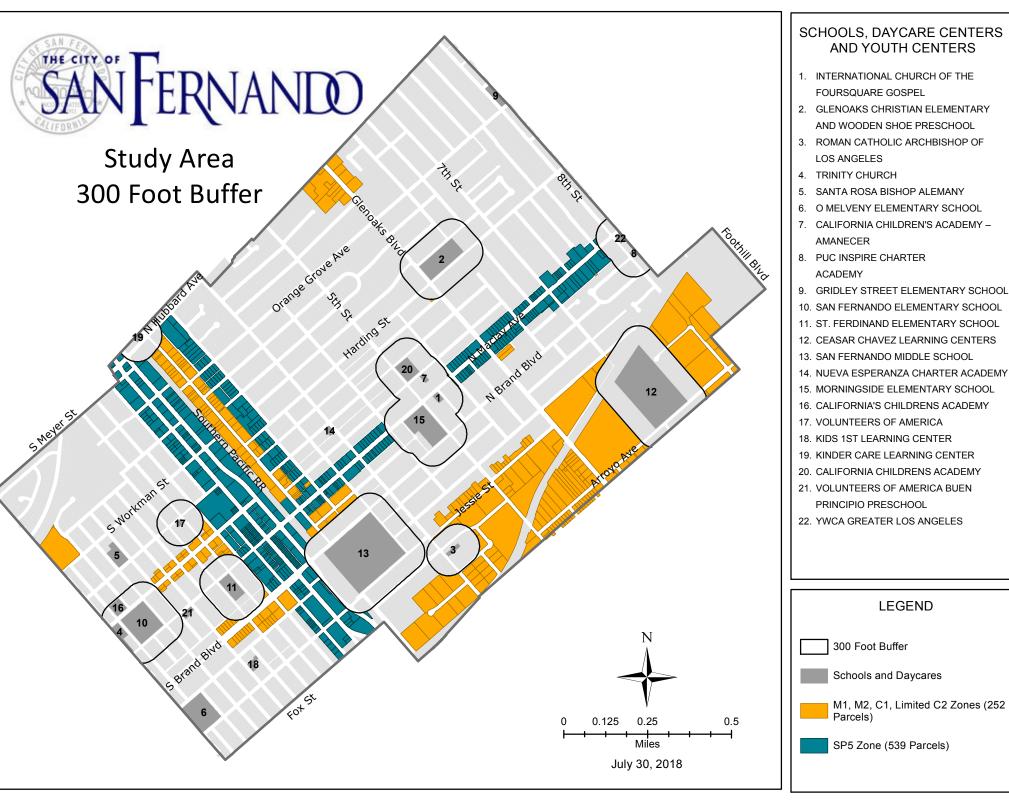
Matthew Eaton

Cannabis Compliance Manager

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SCHOOLS, DAYCARE CENTERS AND YOUTH CENTERS

- 1. INTERNATIONAL CHURCH OF THE
- 2. GLENOAKS CHRISTIAN ELEMENTARY AND WOODEN SHOE PRESCHOOL
- 3. ROMAN CATHOLIC ARCHBISHOP OF

- 9. GRIDLEY STREET ELEMENTARY SCHOOL
- 10. SAN FERNANDO ELEMENTARY SCHOOL

Schools and Daycares M1, M2, C1, Limited C2 Zones (252 SP5 Zone (539 Parcels)

