

Law and Legislation Committee Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01300

September 18, 2018

Discussion Item 07

Title: Local Approval for State Licensed Cannabis Events at Cal Expo

Location: Citywide

Recommendation: 1) Discuss the issue of state licensed temporary cannabis-related events held at Cal Expo; and 2) pass a Motion forwarding to City Council for consideration of approval: a) a Resolution authorizing the City Manager to approve or deny requests to hold temporary cannabis-related events at Cal Expo in accordance with California Business and Professions Code section 26200(e); and b) an Ordinance amending section 5.150.360 of the Sacramento City Code, relating to cannabis businesses, to allow permitted dispensaries to operate at such state licensed events.

Contact: Joe Devlin, Chief, (916) 808-4772; Zarah Cruz, Program Specialist, (916) 808-8925, Office of Cannabis Policy and Enforcement, Office of the City Manager.

Presenter: Joe Devlin, (916) 808-4772, Chief, Office of Cannabis Policy and Enforcement, Office of the City Manager.

Attachments:

- 1-Description/Analysis
- 2-Resolution
- 3-Ordinance (Clean)
- 4-Ordinance (Redline)

Description/Analysis

Issue Detail: As of January 1, 2018, the State of California began issuing temporary cannabis event licenses, authorizing events including onsite adult-use cannabis sales and consumption at County fairs or agricultural events pursuant to California Business and Professions Code section 26200. To hold this type of event, an event organizer must obtain a State Cannabis Event Organizer License and a State Temporary Event License. To receive a Temporary Event License, the organizer must have written approval from the local jurisdiction in which the event is taking place.

On May 1, 2018, the City Council voted 7-2 to provide a one-time authorization to allow Trans-High Corporation (“High Times”) to hold the first statewide cannabis-related event with legal cannabis sales and onsite consumption, namely, High Times Cannabis Cup. The event took place on May 4 and 5, 2018 at Cal Expo. High Times, a State-licensed cannabis event organizer, wishes to return to Cal Expo to hold its second Cannabis Cup event on October 27 and 28, 2018.

In anticipation of this and other similar events, staff is proposing that the Commission forward to Council for consideration the attached resolution establishing an approval process through the City Manager. Under the resolution, the City Manager will be able to approve or deny requests to hold cannabis-related events at Cal Expo (Attachment 2). Under this authority, an application, procedures, and policies will be developed to facilitate processing.

The Cal Expo venue has its own police department responsible for maintaining security and crowd control. The first Cannabis Cup held in May event drew crowds estimated at 15,000 people. No major police incidents were reported during the two-day event.

Lastly, staff is also recommending that the Sacramento City Code be amended to allow City permitted storefront dispensaries to sell at State licensed temporary cannabis events. Section 5.150.360. A of the City Code currently prohibits such activity. It states that “no person shall operate a storefront dispensary at any place other than the specific location for which the dispensary permit is granted.” The proposed ordinance will provide an exemption for state licensed temporary cannabis-related events. (Attachment 3)

Policy Considerations: Generally, state law requires local approval for the state to issue a license for temporary cannabis-related events, including those taking place at on state properties such as Cal Expo. The attached resolution will authorize the City Manager to approve or deny requests to hold a cannabis-related event at Cal Expo. If approved by the Commission, the resolution and the ordinance will be forwarded to the City Council for adoption in early October.

Secondly, if the event is held, under the current City Code, city permitted dispensaries will not be able to operate their business in the event. The proposed ordinance will lift this restriction, allowing permitted dispensaries to sell at such events.

Environmental Considerations: This action is exempt from CEQA because it is the adoption of an ordinance, rule, or regulation that requires discretionary review, including environmental review, and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity (CEQA Guidelines § 15061(B)(1), Bus. and Prof. Code § 26055(h)) and because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines §15061(b)(3)).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: According to state law, state licensed temporary cannabis-related events may take place at Cal Expo subject to the approval of the City. These types of events are in demand and it is foreseeable that such an event at Cal Expo could draw many thousands of people.

If the City Council approves the resolution and the City Manager authorizes such event, it is reasonable to allow the City's permitted dispensaries to sell at these events. By allowing them to dispense cannabis at state licensed temporary cannabis-related events, the City will be creating parity for the legal operation of dispensaries at such events.

Financial Considerations: By allowing cannabis-related state licensed events to take place at Cal Expo, and for permitted dispensaries to sell at these special events, the City may create an opportunity to generate additional tax revenue based on the four percent (4%) business operations tax. Additionally, such events may generate Transit Occupancy Tax and other associated tourism revenue.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO. 2018-

Adopted by the Sacramento City Council

Date

**AUTHORIZING THE CITY MANAGER TO REVIEW AND
AUTHORIZE REQUESTS TO HOLD STATE LICENSED
TEMPORARY CANNABIS-RELATED EVENTS WITH
ONSITE ADULT-USE CANNABIS SALES AND
CONSUMPTION**

BACKGROUND

- A. As of January 1, 2018, the State of California began issuing temporary cannabis-related event licenses, which authorize events with onsite adult-use cannabis sales and consumption at County fairs or other authorized locations, pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) (specifically, California Business and Professions Code section 26200(e)).
- B. In Sacramento, it is anticipated that one or more cannabis-related events could take place at Cal Expo.
- C. MAUCRSA states that a temporary cannabis-related event license will only be issued by the State in local jurisdictions that authorize such events.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1: The City Council finds and determines that the background statements A through C are true.
- Section 2: The City Manager, or the City Manager’s designee, is authorized to review and approve or deny requests to hold cannabis-related events with onsite adult-use cannabis sales and consumption at Cal Expo in accordance with California Business and Professions Code section 26200(e).

ORDINANCE NO.

Adopted by the Sacramento City Council

[Date Adopted]

AN ORDINANCE AMENDING SECTION 5.150.360 OF THE SACRAMENTO CITY CODE, RELATING
TO CANNABIS BUSINESSES

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 5.150.360 of the Sacramento City Code is amended to read as follows:

5.150.360. Storefront cannabis dispensary location – Relocation.

- A. Except as provided in subsection C, no person shall operate a storefront cannabis dispensary at any place other than the specific location for which the dispensary permit is granted.
- B. A storefront cannabis dispensary permittee may modify the location for which its dispensary permit is granted by filing a relocation application with the city manager's office.
- C. A storefront cannabis dispensary permittee may operate at a cannabis-related event that is approved by city council resolution and licensed by the state in accordance with California Business and Professions Code section 26200(e).
- D. Article II of this chapter, relating to cannabis business permit applications, applies to relocation applications.

ORDINANCE NO.

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[Date Adopted]

AN ORDINANCE AMENDING SECTION 5.150.360 OF THE SACRAMENTO CITY CODE, RELATING TO CANNABIS BUSINESSES

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SECTION 1.

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5.150.360. Storefront cannabis dispensary location – Relocation.

- A. Except as provided in subsection C, nA no person shall operate a storefront cannabis dispensary at any place other than the specific location for which the dispensary permit is granted.
- B. A storefront cannabis dispensary permittee may modify the location for which its dispensary permit is granted by filing a relocation application with the city manager’s office.
- C. A storefront cannabis dispensary permittee may operate at a cannabis-related event that is approved by city council resolution and licensed by the state in accordance with California Business and Professions Code section 26200(e).
- D. Article II of this chapter, relating to cannabis business permit applications, applies to relocation applications.