

## City Council Report

915 I Street, 1<sup>st</sup> Floor

Sacramento, CA 95814

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**File ID:** 2018-01313

September 20, 2018

**Consent Item 06**

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**Title: (Pass for Publication) Local Approval for State Licensed Cannabis Events at Cal Expo**

**Location:** Citywide

**Recommendation:** 1) Review 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); 2) Review an Ordinance amending section 5.150.360 of the Sacramento City Code to allow permitted cannabis dispensaries to sell at state licensed temporary cannabis-related events; and 3) pass for publication the ordinance title as required by the Sacramento City Code section 32(c) to be adopted on October 2, 2018.

**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:** None.

**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 a County fair or agricultural event 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 for the High Times Cannabis Cup, the first event statewide with legal cannabis sales and onsite consumption. 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 October 27 and 28, 2018.

In anticipation of this and other similar events, staff is proposing the consideration of 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-related 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 gives a local jurisdiction the authority to approve or deny cannabis-related events in the local agency’s jurisdiction before the state will issue a license for temporary cannabis-related event, including those taking place at Cal Expo. The attached resolution will authorize the City Manager to approve or deny requests to hold cannabis-related events at Cal Expo.

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:** The Law and Legislation Committee is scheduled to discuss the item on September 18, 2018.

**Rationale for Recommendation:** According to state law, state licensed temporary cannabis-related events may take place at Cal Expo. 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 only 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 an additional revenue opportunity for these dispensaries, and for the City 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 APPROVE 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 fairgrounds 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 requests to hold state licensed temporary cannabis-related events with onsite adult-use cannabis sales and consumption at Cal Expo.

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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- 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.