

Cannabis Business Ordinance Update

City Council June 13, 2023

Items 4.1 and 10.3

Presenters:

Wendy Sollazzi, Division Manager – Police Department

Martina Davis, Division Manager – Planning, Building and Code Enforcement

Victor Farlie, Assistant to the City Manager – Office of Economic Development and Cultural Affairs

Program Background

- June 2014: Council approved medical marijuana zoning and regulatory program
- December 2015: 16 medical collectives achieve registration
- January 2019: New businesses may apply for manufacturing, distribution, and testing
- February 2022: Council adopts amendments to:
 - Allow cannabis retail sales in commercial zoning districts
 - Modify distance requirements to sensitive receptors
 - Allow the 16 existing businesses to open a second retail storefront location
 - Allow up to 10 equity applicants to open retail or delivery-only businesses

Program Background

- October 2022: Rules Memo from former Vice Mayor Jones, former Councilmembers Peralez and Carrasco, and Councilmember Foley directing the City Manager to undertake further amendments to the Cannabis Business Ordinance
- November 2022: Council directs modifications to distance requirements to sensitive uses to address industry challenges

City Council Directed Changes

- Replace distance requirements from schools, daycare centers, and youth centers with the following:
 - 1,000 feet path of travel from the public entrance of the cannabis business to the public entrance of the school, daycare, or youth center
 - 500 feet measured in a straight line measured from property line to property line
 - The more restrictive standard applies
- Adjust distance from libraries, community and recreation centers, and parks to 500 feet
- Remove overlay for “higher crime” police beats
- Eliminate distance requirement between cannabis storefronts
- Propose a standard to address concentration of cannabis storefronts

Existing Distances to Sensitive Receptors

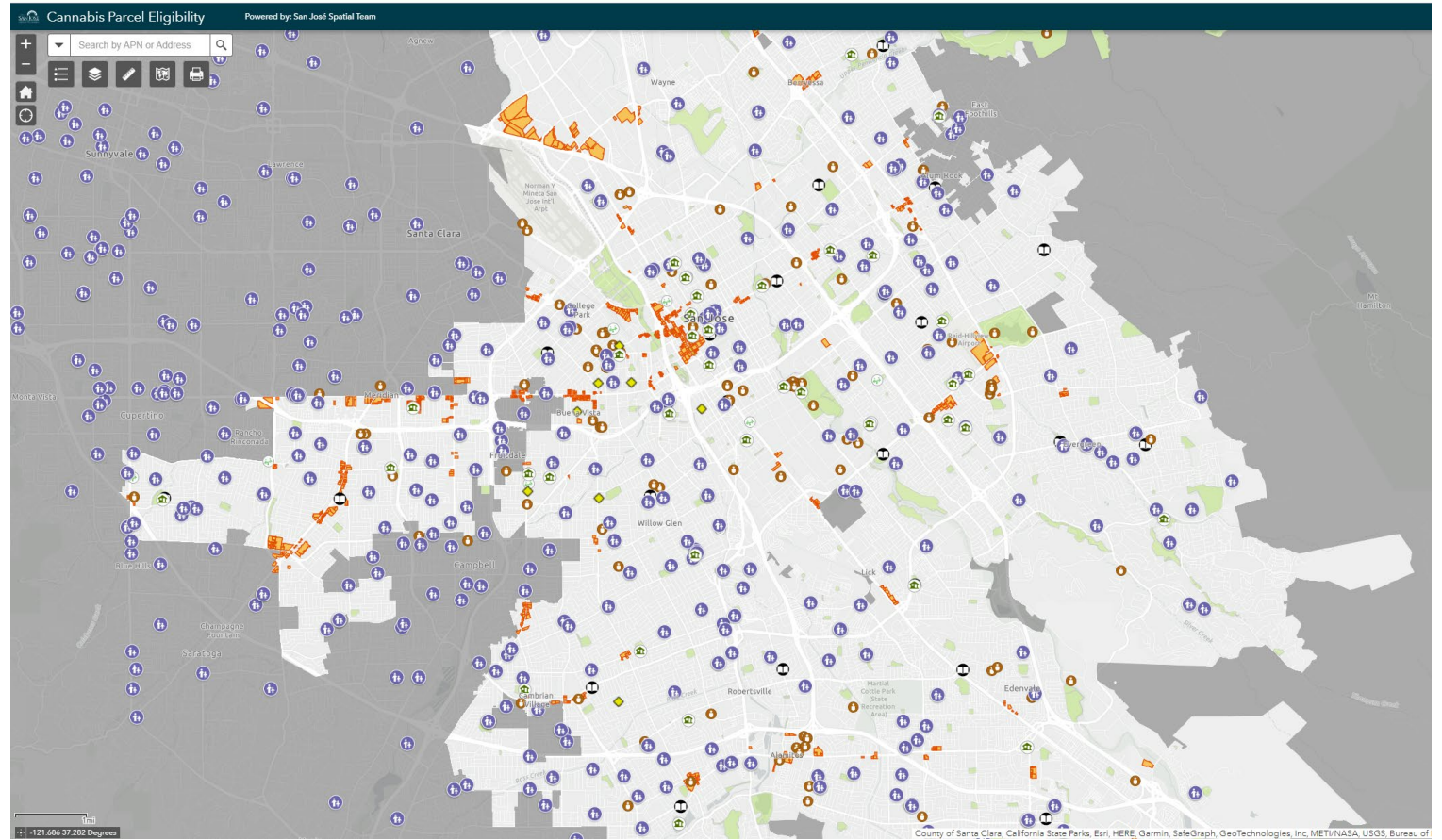
Areas	Parks, community and recreation center, library	Substance abuse rehabilitation center, Emergency Residential Shelter	Residential	Daycare Center, Youth Center	Public or private elementary school, secondary school, preschool	Another Medical Cannabis Dispensary or Cannabis Retail Storefront
Downtown	-	-	-	500 Feet	1,000 Feet	500 Feet
Urban Village	-	500 Feet	-	1000 Feet		500 Feet
Outside of Downtown or Urban Village	1,000 Feet	500 Feet	300 Feet			1,000 Feet

Proposed Distances to Sensitive Receptors

Areas	Parks, community and recreation center, library	Substance abuse rehabilitation center, Emergency Residential Shelter	Residential	Public or private, elementary school, or secondary school, Daycare Center, Youth Center	Another Medical Cannabis Dispensary or Cannabis Retail Storefront
Downtown	-	-	-	500 Feet from property line or 1,000 Feet path of travel, whichever is more restrictive.	No more than four within a 1,000 Feet radius, measured from building or tenant space.
Urban Village	-	500 Feet	-		
Outside of Downtown or Urban Village	500 Feet	500 Feet	300 Feet		

Summary

- Current cannabis land use restrictions have not been successful
- Changes needed to facilitate cannabis businesses moving to commercial zoning districts



Proposed Regulatory Changes (Title 6)

- Modify annual external audit requirement;
- Add definitions to clarify cannabis business activities;
- Make other changes to better align with State regulations; and
- Make other technical, non-substantive, or formatting changes.

Administrative Citation Schedule of Fines

- Add and update fines for violations of Chapter 6.88 of Title 6 related to the cannabis regulatory program.

Cannabis Equity Pilot Program

- San Jose's Cannabis Equity Business Academy funded by a California Department of Cannabis Control grant
 - Led by the Office of Economic Development and Cultural Affairs in partnership with Police Department's Division of Cannabis Regulation
- California Asian Pacific Chamber of Commerce: vendor selected through Request for Proposals process. Created open access, self-paced, entrepreneurship led model program
 - 1-2-1 mentoring
 - Courses include business plan development, capital raising, payroll/HR, regulations, etc.
- Over 80 residents expressed interest in participating; 24 residents completed online application process and started the Academy
 - Academy launched May 15, 2023

Staff Recommendation, Item 4.1:

- (a) Approve an ordinance amending Chapter 6.88 of Title 6 (Business Licenses and Regulations) of the San José Municipal Code to:
 - (1) Modify the annual external audit requirement;
 - (2) Add definitions to clarify cannabis business activities;
 - (3) Make other changes to better align with state regulations; and
 - (4) Make other technical, non-substantive, or formatting changes.
- (b) Adopt a resolution amending the Administrative Citation Schedule of Fines to add and update fines for violations of Chapter 6.88 of Title 6 of the San José Municipal Code related to the City's Cannabis Regulatory Program, making other administrative corrections, and repealing Resolution No. RES2023-143.
- (c) Accept staff's update on the Cannabis Equity Pilot Program.

Staff Recommendation, Item 10.3:

- (a) Adopt a Resolution approving the Cannabis Business Ordinance Update Addendum to an approved Initial Study and Negative Declaration, as addended, in accordance with the California Environmental Quality Act (CEQA).
- (b) Adopt an ordinance amending Chapter 20.80 in Title 20 of San José Municipal Code to modify distance requirements from Cannabis retail businesses to schools, daycare centers, youth centers, community and recreation centers, and parks; eliminate the distance requirement between storefronts; add a standard to address the concentration of cannabis retail businesses; remove the police beat restriction; and make other technical, non-substantive, or formatting changes within those sections.

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