



Memorandum

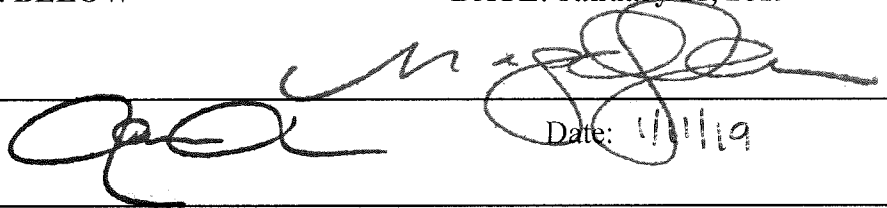
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Raul Peralez
Councilmember Magdalena
Carrasco

SUBJECT: SEE BELOW

DATE: January 11, 2019

Approved by:



Date: 1/11/19

**SUBJECT: CITY COUNCIL PRIORITY #27: CANNABIS MANUFACTURING,
DISTRIBUTION, AND TESTING**

RECOMMENDATION

1. Accept staff report and recommendations for City Council Priority #27; and
2. Direct the City Manager to assess the following considerations and return to Public Safety, Finance and Strategic Support Committee for discussion and recommendations for:
 - a. Monitoring of the retail tax rate to stay competitive and taking into consideration cannabis business growth and risk assessment,
 - b. Allowing the current 16 cannabis businesses to open a second location,
 - c. Sale of individual licenses and business',
 - d. Expanding "black out" areas in North and South San José for all cannabis uses, not only manufacturing, distribution and lab testing,
 - e. Changing the audit requirement from mandatory to random audits on varying years or as a punitive action,
 - f. Impact of cannabis waste and a revise for a more stringent cannabis disposal policy,
 - g. Allowing of private consumption events and,
 - h. Creating an equity applicant program as outlined by the State of California in SB 1294.

BACKGROUND

As the City of San José continues to pave the path forward for how local cities regulate cannabis businesses, we look forward to the implementation of staff recommendations to

allow the current 16 cannabis businesses to include manufacturing, distribution and testing labs.

As cannabis retail revenue continues to add millions of dollars to fund much needed services for our residents and create hundreds of jobs, it is important that we understand the growth of the industry in order to best regulate it. Accordingly, we should continue to monitor the cannabis industry to evaluate if the City is taking the appropriate steps to ensure we are aware of all types of business related to cannabis. As a city we need to stay competitive ensuring we have the capacity to address the growth of this industry.

Additionally, as the industry continues to grow at rapid speed, many individuals have been left out due to prior marijuana convictions. The State has allotted resources in the California Cannabis Equity Act of 2018 to ensure that city policies reflect equity in the development of its regulations. As the last large city that has not implemented an equity policy, it is important that we formulate policies that will guarantee broader inclusion of those impacted by prior prohibitions into the industry.

We thank staff and their respective departments for their countless hours proactively researching and tackling this priority policy, and look forward to their continual work.