



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Esparza

SUBJECT: SEE BELOW

DATE: January, 15, 2019

Approved

Date

1/14/2019

SUBJECT: City Council Priority #27: Cannabis Manufacturing, Distribution, and Testing.

RECOMMENDATION

1. Accept staff's recommendation relative to Council Priority #27: Cannabis Manufacturing, Distribution, and Testing, and;
2. Direct the City Manager to:
 - a. Evaluate the current zoning provisions of the San Jose Municipal Code that have led to the oversaturation of retail Cannabis Collectives/Businesses in Council District 7.
 - b. Provide a report back to Council clearly outlining why more than half of the total retail Cannabis Collectives/Businesses are located in Council District 7. and;
 - c. Present options for the implementation of a cap on the number of retail Cannabis Collectives/Businesses in Council District 7.

BACKGROUND

I want to thank staff for their diligent work on this plan. The recommendation in the affirmative from planning and police clearly show that this has been a thorough and thoughtful process.

The regulatory framework for the legal marijuana industry in San Jose has yielded positive results that are clearly observed in the over 1,000 jobs that have been created and the \$13 million in revenue that was collected in 17-18 fiscal year. I am pleased to know that as those resources go in to the general fund, as it should be, they are equitably enjoyed by the city as a whole.

While the cannabis industry clearly has demand from every corner of the city, we unfortunately have a deeply inequitable distribution of retail Cannabis Collectives/Businesses in Council District 7. At present, 9 of the 16 registered Cannabis Collectives/Businesses operate in Council District 7. While District 7 comprises 1/10th of the City, it is host to 56% of registered retail Cannabis Collectives/Businesses in San Jose. This cannot continue.

Therefore, due to the previously mentioned, I find that the Municipal Code and previous council action must be revisited to address the disparity that exists in the distribution of Cannabis Collectives/Businesses in San Jose.