



DATE: October 23, 2018

CATEGORY: Consent

DEPT.: Community Development Department
and City Attorney's Office

TITLE: **Establishment of Cannabis Business
Regulation Ordinances (Second
Reading)**

RECOMMENDATION

1. Adopt an Ordinance Repealing Ordinance No. 1.18, an Interim Urgency Ordinance Extending the Prohibition of Commercial Cannabis Activity in All Zoning Districts within the City, Excluding Cannabis Delivery Services from State and Locally Licensed Cannabis Retailers with Physical Premises Located Outside of the City of Mountain View and Provided Deliveries Are Conducted in Accordance with the Licensing Jurisdictions' Rules for Cannabis Delivery for Ten (10) Months and Fifteen (15) Days, and Amending Article V, Division 2, Article VI, Divisions 2 and 3, Article VII, Section 36.22.10, Article IX, Division 11, and Article XVII, Division 2, and adding Division 21 to Article XIV to Establish Cannabis Regulations, to be read in title only, further reading waived (Attachment 1 to the Council report). (First reading: 5-2, Abe-Koga, Matichak no)
2. Adopt an Ordinance Repealing Chapter 9, Article IV Regarding Medical Marijuana Dispensaries and Replacing It with a New Chapter 9, Article IV Regarding Cannabis Businesses, to be read in title only, further reading waived (Attachment 2 to the Council report). (First reading: 5-2, Abe-Koga, Matichak no)

SUMMARY

In December 2017, the City Council unanimously adopted an Interim Urgency Ordinance prohibiting all commercial cannabis activity in Mountain View. Council adopted the Interim Urgency Ordinance to provide time for staff to develop regulations allowing commercial cannabis activity and to prevent a regulatory gap in anticipation of the State's licensing of commercial cannabis activity beginning January 1, 2018.

On January 16, 2018, the Council extended the temporary moratorium for 10 months and 15 days (until December 1, 2018). Deliveries from businesses licensed by other

jurisdictions into the City of Mountain View were exempted from the extension of the temporary moratorium.

Extensive community outreach on proposed cannabis business regulations was performed, consisting of a survey and community outreach meeting conducted in February 2018.

The Environmental Planning Commission (EPC) held a public hearing on September 5, 2018 and provided recommendations to the City Council on proposed commercial cannabis regulations.

On October 2, 2018, the City Council held a public hearing to consider the adoption of cannabis business regulations. The City Council introduced the two above-referenced ordinances which establish permitting procedures and land use regulations for cannabis business in Chapter 36 of the City Code, and establish operational requirements for cannabis businesses in Chapter 9 of the City Code. In its action to introduce the ordinances, Council approved a maximum of four (4) cannabis businesses in the City, consisting of two (2) storefront retail and two (2) nonstorefront retail cannabis businesses. By resolution, Council removed the Grant-Phyllis P-27 Precise Plan Area from the list of locations where cannabis businesses may be located in the City.

In addition, the City Council adopted a resolution amending the Master Fee Schedule related to cannabis business regulation and authorized the addition of 1.0 FTE Police Officer position and 0.50 FTE Community Services Officer position for administration and enforcement of cannabis business regulations.

FISCAL IMPACT

All permitting, regulation, and enforcement processes related to cannabis businesses will be cost-recovered. Staff will return to Council at a later date to seek approval for the appropriation of funds for the new Police Department positions requested to enforce cannabis regulations, the cost of which will be covered by the fees adopted by resolution on October 2, 2018.

In addition, the Cannabis Tax Ordinance (considered separately from this item by Council) would establish a maximum tax rate on all cannabis businesses of up to nine percent (9%) on gross receipts to match the revenue measure as proposed by the City Council. If this measure is approved by a majority of the voters in the November 2018 election, the Cannabis Business Tax Ordinance would become effective only when the cannabis business regulation ordinances take effect.

The City estimates this tax could generate approximately \$1 million annually. The cannabis business tax is a general tax enacted for general municipal purposes such as public safety, transportation, Library, park maintenance, and senior services. All tax proceeds would go into the City's General Operating Fund. The City could use the tax revenues for any legitimate governmental purpose.

ALTERNATIVES

The City Council could choose not to adopt the ordinances.

PUBLIC NOTICING

Agenda posting. The ordinance was published at least two days prior to adoption in accordance with City Charter Section 522.

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Attachments: 1. Ordinance Amending Chapter 36
2. Ordinance Amending Chapter 9