



ITEM NO. 3

STAFF REPORT

DATE: NOVEMBER 19, 2019

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: BILL SMITH, CITY MANAGER

PREPARED BY: MARK TOMICH, DIRECTOR

SUBJECT: WAIVE FULL READING, READ BY TITLE ONLY AND PASS FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COLTON, CALIFORNIA, AMENDING CHAPTER 5.54 COMMERCIAL CANNABIS BUSINESSES OF THE COLTON MUNICIPAL CODE, ORDINANCE NO. O-17-19.

RECOMMENDED ACTION

Staff recommends that the City Council take the following action:

It is recommended that the City Council waive full reading and introduce by title only Ordinance No. O-17-19, an Ordinance of the City Council of the City of Colton, California, repealing and replacing Chapter 5.54, Commercial Cannabis (Marijuana) Businesses of the Colton Municipal Code.

BACKGROUND

Beginning in December 2017, the City Council initiated Code amendments and policy changes to allow limited commercial cannabis uses in the City, as permitted by State law (Proposition 64). The initial action, Ordinance No. O-11-17, amended the Zoning Code to permit commercial marijuana cultivation businesses and testing facilities, and adopted a “Marijuana Candidate Sites Overlay Zone” which designated areas in the City where such uses may be permitted. This Ordinance established permitting requirements (e.g., a Commercial Marijuana Operators Permit and Conditional Use Permit), and site and operational standards (e.g., minimum parcel size, cultivation area size, etc.). As follow-up to the adoption of this Ordinance, on February 20, 2018, the City Council adopted Resolution No. R-16-18 to establish a “Commercial Marijuana Operators Permit Application Procedures and Selection Process” and Resolution No. R-15-18 to establish “Marijuana Operators Permit Application Fees.” The maximum authorized number of

cultivation permits was limited to two. During the initial application period (March 1, 2018 through April 30, 2018) no applications were received.

Subsequent to this initial effort to authorize and attract commercial cannabis operations, the following actions have occurred:

- On November 6, 2018, Colton residents approved Measure U, to authorize the adoption of a commercial marijuana/cannabis tax.
- On February 19, 2019, following discussions and recommendations of the City Council's Ad-hoc Cannabis Committee (formerly called the "Proposition 64 Ad-hoc Committee"), the City Council provided direction to staff regarding permitting commercial cannabis manufacturing, commercial nurseries, distribution, dispensaries, personal cultivation and expansion of the Marijuana Candidate Sites Overlay Zone.
- On June 4, 2019, the City Council adopted Ordinance No. O-04-19, expanding the Marijuana Candidate Sites Overlay Zone to additional industrial properties, and Ordinance No. O-05-19, to add Chapter 5.54 to the Municipal Code, instituting detailed application requirements and processes for commercial marijuana businesses.

Following adoption of Ordinance No. O-04-19, and staff monitoring of the rapidly changing State regulatory environment relating to commercial cannabis, as well as evolving local regulatory and taxation trends, the City entered into a contract with HdL Companies to assist staff with implementation efforts. Consultant assistance has been provided for updates to the City's commercial cannabis regulations and implementation of appropriate levels of taxation and fees.

ISSUES/ANALYSIS

With consultant support, staff has analyzed the previously adopted Ordinance No. O-04-19 with respect to current State cannabis regulations, and current practices for the efficient and transparent processing of commercial cannabis permits. Although the overall content and format of the current Commercial Marijuana Business Ordinance has remained intact, the following significant changes are being recommended:

- a. Replace "marijuana" with "cannabis" throughout the Ordinance, as cannabis is the common standard term for this product.
- b. Add manufacturing and distribution to authorized permits.
- c. Expanded description of "Youth and Recreation Center."
- d. Revised the permit review and issuance process; replacing "public presentation and comment meeting" with "selection committee interview."
- e. Clarifications/detail added to the security procedures.
- f. Added language pertaining to collective bargaining/"Labor Peace Agreement" per recent changes in State law.

- g. Added detail regarding background checks for applicants and employees.
- h. Added Sections 5.54.325 and 5.54.326 pertaining to cannabis delivery services.

The proposed changes were reviewed by the Ad-hoc Cannabis Committee on October 15, 2015 and the Committee members are in concurrence with the recommendations

FISCAL IMPACTS

The recommended revisions to the Ordinance will not result in a fiscal impact on the City. Proposed commercial cannabis taxes and permit processing fees are in the final stages of development and will be submitted to the City Council for approval at a later date.

ALTERNATIVES

- 1. Provide alternative direction to staff.

ATTACHMENT

- 1. Ordinance No. O-17-19