

## **Attachment 1**

August 18, 2017 City Council Briefing Focusing on *Voter Survey Results, Broad Regulatory Policy Overview, and Why Allow Medicinal Retail Cannabis Sales First*

# Cannabis Policy Update

## August 18, 2017

This is the first of many weekly updates designed to provide the City Council and the public on background information on cannabis. The intent is to introduce the content of the proposed ordinance in easy-to-understand segments as we venture through the timeline.

## Cannabis Timeline



## Cannabis FAQ

### What do likely voters think about medicinal cannabis and cannabis regulations?

Union City staff commissioned Godbe Research to conduct a scientific poll of 529 likely Union City voters on this topic.

- 62.7 percent of the respondents support the sale of medicinal cannabis.
- 59.8 percent support safe cultivation, manufacturing and testing of medicinal cannabis in industrial areas.
- 71 percent support medicinal dispensary employees to undergo background checks, installation of physical security measures at the facility, and regulations to ensure patients meet new criteria to fill prescriptions.
- 52.6 percent support issuing business licenses for cultivation, manufacturing, testing, and sale of recreational cannabis products.
- 60.8 percent want environmental regulations to ensure no discharge of pesticides and other hazardous materials during cultivation and manufacturing.
- 58.4 percent support Police Department monitoring of large commercial sales to ensure the produce is not sold illegally by unlicensed dealers.
- 60 percent support a 10 percent gross receipts tax on cannabis products.
- 28 percent support the City issuing 1 to 3 medicinal cannabis dispensary licenses, 11.8 percent support 4 to 6 dispensaries, 4.3 percent support 7 to 10 dispensaries licenses, 5.7 percent support more than 15 dispensary licenses, and the remainder are undecided.

## Why adopt cannabis regulatory policies?

The State will begin issuing state licenses for commercial cannabis businesses on January 1, 2018. However, state law prohibits the state from issuing a license to a commercial cannabis business if that would violate a local ordinance. **Thus, cities should adopt a local ordinance regulating cannabis by January 2, 2018 if they wish to impose local regulations beyond State regulations.**

There is no downside to adopting comprehensive cannabis regulations now, because doing so does not necessarily entitle such businesses to locate in Union City. An ordinance can be structured to require a discretionary City permit for any cannabis business to actually set up shop in Union City, and the City Council has the authority to set the number of permits in any and all business categories, despite having a regulatory structure in place (see below). For example, if the City Council does not wish to have adult use cannabis retail businesses in Union City, it can adopt a resolution that it will not issue any permits for such use.

The City Council also has authority to revise its initial determination with the understanding that each revision must be reviewed for potential legal implications. The City Council also has the right to amend any ordinance that it adopts consistent with legal standards.

The proposed regulations that the City Council will consider will clearly define:

- Where cannabis businesses can be located;
- The type of cannabis businesses that will be permitted:
  - Cultivation
  - Manufacturing
  - Distribution
  - Testing facilities
  - Delivery services
  - Medicinal sales
  - Recreational sales
- The number of cannabis business permits that will be issued;
- The conditions on a cannabis businesses permit to ensure public safety;
- The process and procedures for the Police Department and the City to conduct inspections and audits to ensure compliance with regulations;
- The process and procedures for the City to revoke cannabis business permits if an operator violates law or the conditions of the permit;
- The ability of the City to recover regulatory and administrative expenses to issue cannabis business permits and monitor cannabis businesses.

## Why adopt medicinal cannabis retail permits first?

There is strong voter support for regulated medicinal cannabis sales. Issuing Medicinal Cannabis Retail Permits first provides the opportunity to meet a real health need, test the regulatory framework to ensure it is problem free, and enable the City Council to consider issuing Adult Use (Recreational) Cannabis Sales Permits at a future time.

State law licenses can be issued for medicinal and adult use cannabis cultivation, manufacturing, distribution and testing. Each use requires a unique state license and local approval. Medicinal Cannabis retail and adult use cannabis retail require a unique state license and local approval.

The proposed cannabis ordinance would allow commercial, manufacturing, distribution, testing, medicinal sales, and adult use sales, in specified locations consistent with the zoning ordinance.

The City Council would decide when to issue permits, the types of cannabis business permits to be issued, and the number of permits to be issued. Staff is recommending that the City Council adopt a procedure to issue cannabis business permits for cultivation, manufacturing, distribution, and sale of medicinal cannabis. If the City Council elects to issue permits for adult sales, no amendment would be needed to the ordinance or change in the zoning ordinance.

## For more information

Follow our website, [www.unioncity.org/cannabis](http://www.unioncity.org/cannabis), for updated information about cannabis policy.