



Agenda Item 6c:

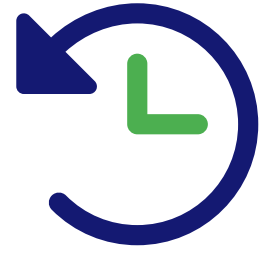
**Receive Update Regarding Regional and
Statewide Trends on Adult-Use Cannabis and
Provide Direction on Revisions to the Existing
Commercial Cannabis Program to Permit Retail
Sale of Adult-Use Cannabis Products**





Presentation

- **Background**
- **Description of the Code**
- **Data Trends on Adult-Use**
- **Recommendation**



Background

How did we get here?

- Our Cannabis Operators have petitioned the City
- City Council gave direction during recent budget discussions
- Aligns with Goal A/Strategy 7 of the Strategic Plan



Goal A/Strategy 7

Implement the City's cannabis program to attain the anticipated \$1.4 million in new revenue with a commitment to adapting where necessary in light of evolving Statewide trends.



City Council Actions

- **October/November 2017:**
UCMC 5.44 & Resolutions Approved
- **November 2018:**
Permits Issued to Garden of Eden & Jiva Life
- **May 2019:**
Intent to Award Redwood Medical Supply
- **July 2019:**
Resolution adopted to change locations & expand uses

UCMC

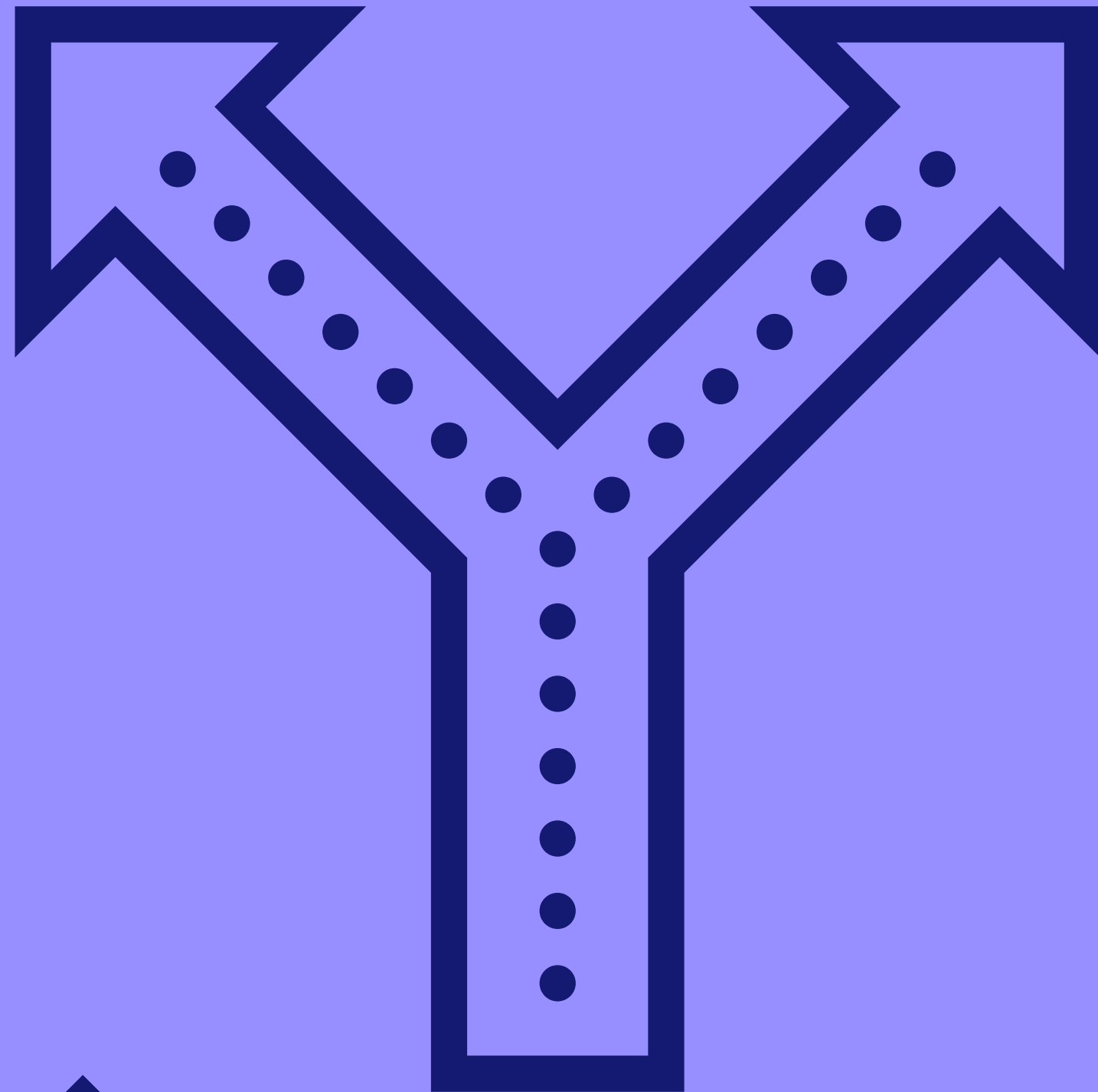
- **Allows Cultivation, Distribution, Manufacturing, Testing and Sale of All Cannabis**
- **Number of Permits and the Type of Use Set by Resolution**



A High Standards Program

- **Strong Regulatory & Enforcement Program**
- **Quality versus Quantity**
- **High Entry Process Yielded High Quality Businesses**
- **Community Benefits of nearly \$10,000**





- Statewide Medical Market is Shrinking
- Consumer Trends Show More People using Adult-use Cannabis for Medical Needs
- Existing Competitive Disadvantage with Delivery of Adult-use Cannabis & Sale of Adult-use in Neighboring areas

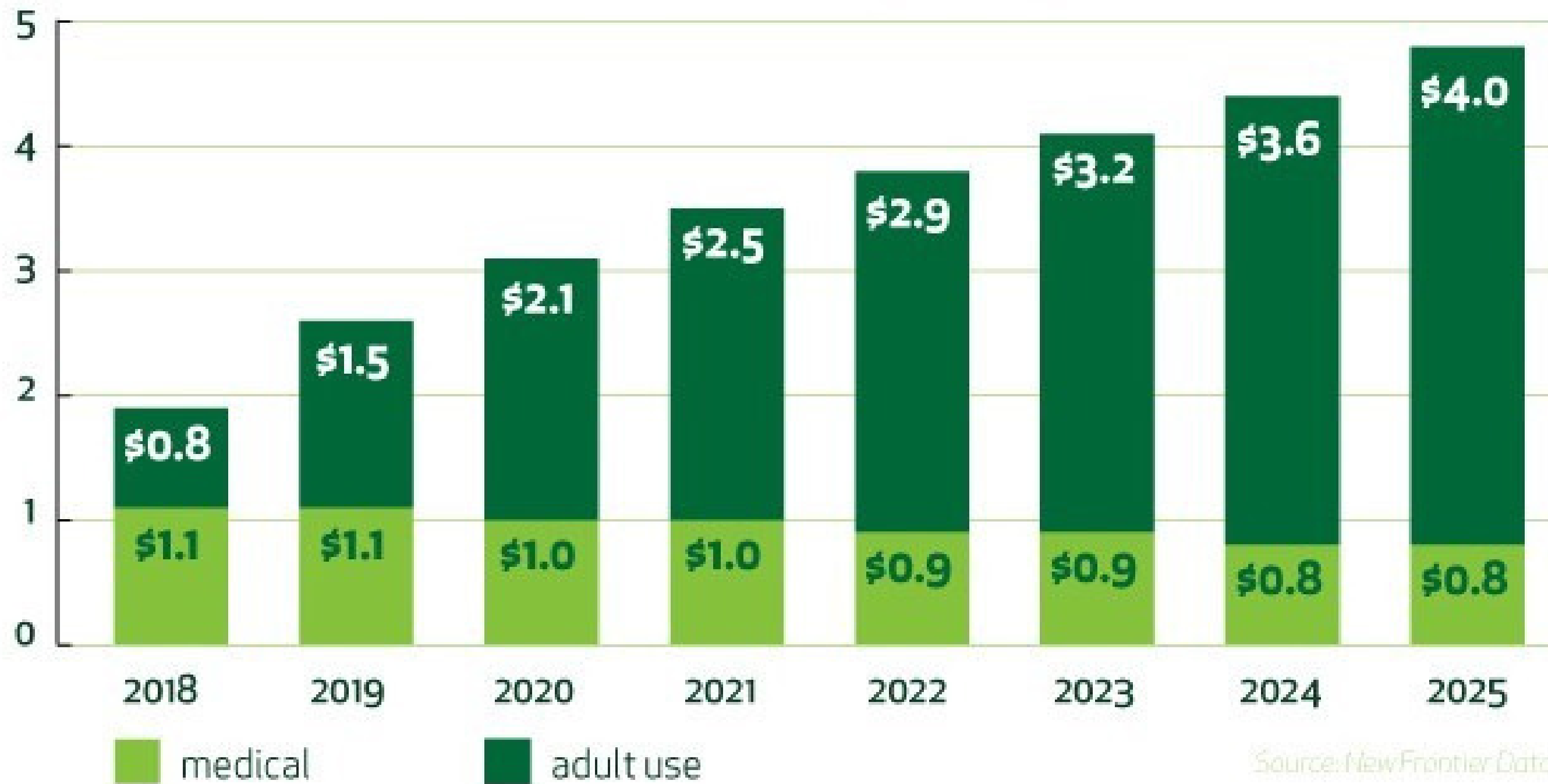
Projection in the next five years

70%

OF STATE'S CANNABIS MARKET
WILL BE ADULT-USE



CALIFORNIA LEGAL CANNABIS PROJECTIONS (IN BILLIONS)





Consumer Trends

- **Infused Edibles, such as food and drink**
- **Millennials are using it for sleep aids and stress**
- **Baby boomers are using it for joint pain**

22%

**Consumers Replaced
OTC Drugs with CBD**

Steps to Getting a Medical Card

- **Doctor's recommendation - \$30 - \$80**
- **Obtain a medical card from the County Health Department - \$100**
- **Only exempt from sales & use tax**
- **Purchase \$1,000 worth of cannabis to see a cost savings**



A background image featuring three green cannabis leaves with serrated edges, laid out diagonally across a rustic, greyish-brown wooden plank surface. The top-left corner of the image is a solid green triangle, and the bottom-right corner is a blue triangle with a teal gradient.

Medical Cards in Alameda County

- **5,997 issued in 2004**
- **560 issued in 2017**
- **211 issued in 2018**

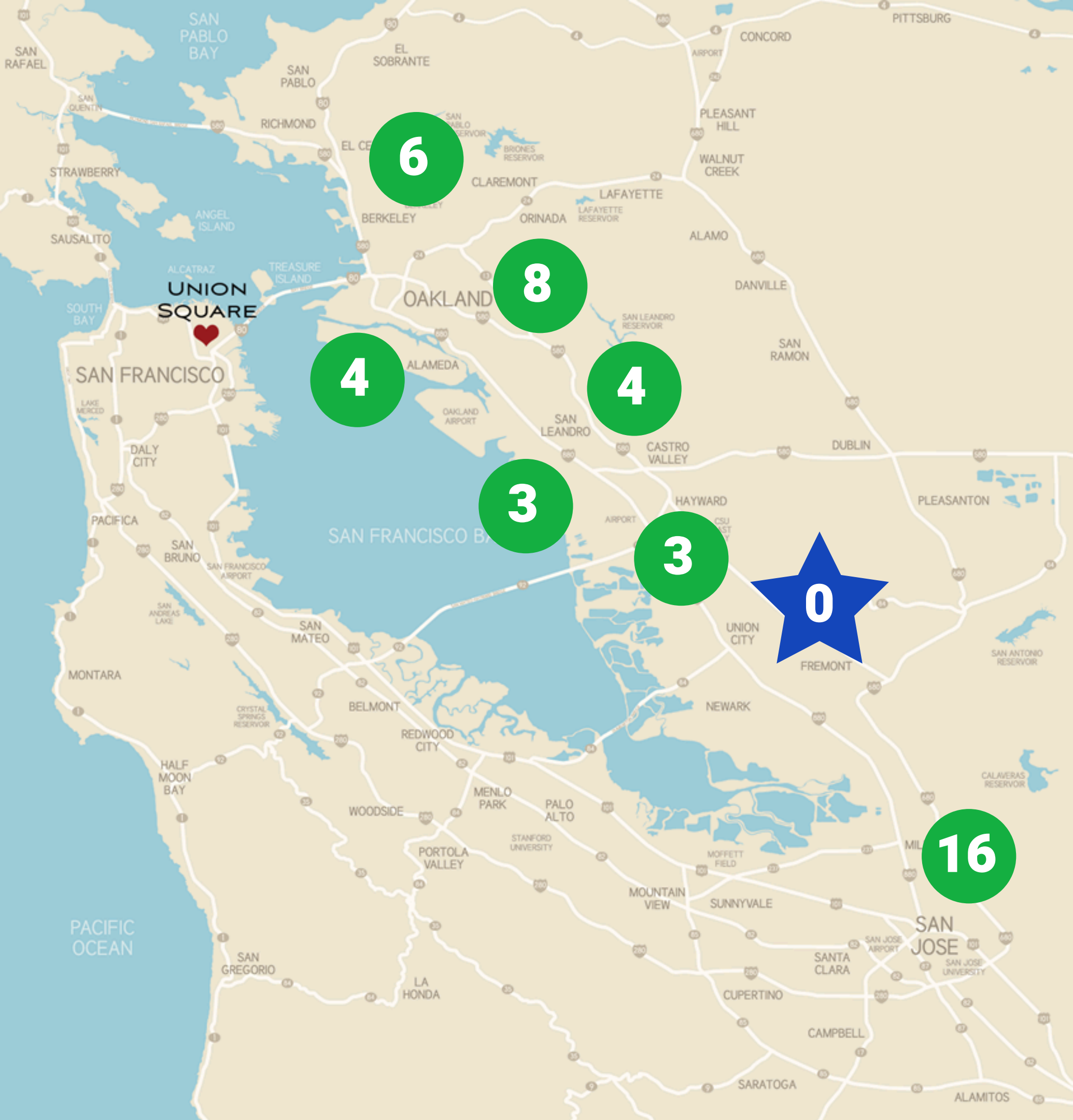


Competition from Neighboring Jurisdictions

Alameda County	4 Adult-Use Retail Permits
City of Oakland	8 Adult-Use Retail Permits
City of San Leandro	3 Adult-Use Retail Permits
City of Alameda	4 Adult-Use Retail Permits
City of Hayward	3 Adult-Use Retail Permits
City of San Jose	16 Adult-Use Retail Permits



Competition from Neighboring Jurisdictions





Competition from Adult-Use Deliveries

- Legal everywhere in CA, including cities with bans
- 39 companies delivering adult-use cannabis to Tri-City area today
- Limits to quantity; vehicles cannot be marked

Impacts of Medical-Only Sales

- Businesses are not expected to be viable with the decline of medical cards & competition from delivery and nearby markets
- \$1.4 million in tax revenue may not be realized





Public Safety Standards

- Strong onsite security standards, including cameras, alarms and security guards.
- Employee background checks by UCPD
- Routine monitoring of businesses by UCPD

Recommendation

Direct staff to make the necessary revisions to the existing commercial cannabis program to permit the retail sale of adult-use cannabis products.