



AGENCY:	City Council
MEETING DATE:	September 12, 2016
DEPARTMENT:	CDD
PRESENTED BY:	S. Perkins

AGENDA ITEM SUMMARY REPORT

TITLE:

RECEIVE REPORT AND PROVIDE DIRECTION TO STAFF REGARDING DRAFT CANNABIS MANUFACTURING ORDINANCE

ISSUE:

The State of California has adopted the Medical Marijuana Regulation and Safety Act (MMRSA) and is now instituting a new regulatory and licensing system to regulate the cultivation, transportation, third party certification, manufacture and distribution of Medical Marijuana. The Act is comprised of three State legislative bills known as AB 243, AB 266 and SB 643. While the State is still drafting regulations to implement the Act and will not issue licenses under the Act until January 2018, many communities have started to review and develop local regulations regarding the various components of the Medical Marijuana supply chain. As a result of MMRSA, both the Public Safety Committee and City Council have discussed the regulation of cannabis businesses in the City of Fort Bragg and provided direction to staff, as follows:

Public Safety Committee (December 9, 2015): Received detailed report on MMRSA.

Public Safety Committee (April 13, 2016): Recommended that the City a) retain its current cultivation and dispensary ordinances as they stand; b) take a "wait-and-see" approach to developing new regulations for cannabis transport and delivery as the State crafts legislation; and c) develop recommendations for modifying the Municipal Code and the Land Use and Development Code so that City Council can deliberate on whether and how to permit cannabis manufacturing in Fort Bragg.

City Council (May 9, 2016): Directed staff to craft a draft ordinance to address cannabis manufacturing within City Limits.

Public Safety Committee (June 29, 2016): Reviewed a spectrum of policy options for the regulation of cannabis manufacturing, and provided recommendations to City Council for the development of a cannabis manufacturing ordinance which would provide for cannabis manufacturing while offsetting negative impacts the business could present to the community.

City Council (July 25, 2015): Reviewed Public Safety Committee recommendations and directed staff to draft an ordinance to regulating future cannabis manufacturing uses.

This report summarizes the Council's direction for regulating various aspects of cannabis manufacturing businesses and presents a draft ordinance for the Council's consideration.

RECOMMENDED ACTION:

Provide direction to staff regarding contents of a draft ordinance allowing cannabis manufacturing businesses in the Light and Heavy Industrial Zoning Districts with an approved Use Permit, and subject to additional standards prescribed in the draft ordinance.

ALTERNATIVE ACTION(S):

1. No action. Under this alternative, no further actions would be taken to address cannabis manufacturing uses and the use would continue to be prohibited in Fort Bragg, until it is allowed under the regulations adopted to implement MMRSA at the State level.
2. Provide alternative and/or more specific direction regarding regulations addressing cannabis manufacturing uses.
3. Request additional information and/or analysis by staff.

ANALYSIS:

The City of Fort Bragg presently implements Municipal Code Chapter 9.30 and 9.32 for Medical Marijuana Dispensaries and Medical Marijuana Cultivation, respectively. If Council approves a new ordinance specific to cannabis manufacturing, it would reside both in the Municipal Code alongside the existing dispensary and cultivation ordinances and in the Land Use and Development Code.

Staff incorporated City Council's recommendations for regulating future cannabis manufacturing uses into a draft ordinance, included as Attachment 1: Draft Cannabis Manufacturing Ordinance and Attachment 2 which identifies changes which would be made to the Land Use and Development Code to allow for a Use Permit approval with appropriate findings for this new use type. The following table summarizes the Council's direction regarding policy questions.

Policy Question	Council Direction
Definitions: How should a cannabis manufacturing ordinance handle the potential for future legalization of cannabis for recreational uses?	Include generic language, such as cannabis manufacturing, and language that permits the use of cannabis in the manufacturing process as permitted by the State of California.
Zoning and Permitting: In which zoning districts should Commercial Cannabis Manufacturing be permitted?	Table 2-10 of ILUDC Section 18.24.030 should be revised, adding a cannabis manufacturing use, and allowing the new use in both the IL and IH zoning districts with an approved Use Permit.
Proximity to Sensitive Uses: Should Commercial Cannabis Manufacturing uses be prohibited within certain distances of sensitive uses (churches, schools, hospitals, etc.)?	Include as a Use Permit finding for approval for cannabis manufacturing uses that the design, location, size, and operating characteristics of the proposed activity are compatible with the existing and future land uses in the vicinity, and, specifically, with any church, park, day care, hospital, non-profit organization or residential use within 200 feet of the proposed use. The information would be used by the review authority (the Planning Commission) to determine the suitability of the project's proximity to sensitive uses, and place conditions of approval on the Use Permit to mitigate impacts. Further, prohibit any cannabis manufacturing use from locating within 600 feet of any K-12 school.

Use Restrictions: Should accessory uses or services be permissible for cannabis manufacturing uses?	A cannabis manufacturing ordinance should prohibit accessory retail or service uses in association with the primary industrial use.
Exterior Restrictions: Should a Commercial Cannabis Manufacturing ordinance limit outdoor displays or signage?	Prohibit cannabis manufacturers from displaying logos, art or signage that implies a cannabis-based activity.
Odor: How should a cannabis manufacturing ordinance regulate odor?	<p>The cannabis manufacturing ordinance should reference odor regulations as they apply to all uses (Section 18.30.080(J)), and replicate the odor requirements of the marijuana cultivation ordinance.</p> <p>Applicants for cannabis manufacturing Use Permits should submit an odor control plan, which may include an odor absorbing ventilation and exhaust system as part of their application so that Staff can determine if the business will comply with odor control requirements.</p>
Security: What measures should a cannabis manufacturing ordinance include to ensure adequate security is provided for these industrial uses?	<p>A cannabis manufacturing ordinance should include application requirements that address the following:</p> <ul style="list-style-type: none"> - Project consistency with the requirements of MMRSA - A security plan ensuring the safety of employees and visitors from criminal activity, including theft and unauthorized entry - A diagram illustrating the use and coverage of security cameras, security lighting, and necessary access restrictions - A floor plan clearly illustrating the purpose and security of each room or area of operation <p>These submissions would be reviewed to the satisfaction of the Police Department. No Use Permit application for cannabis manufacturing would be approved without approval of the security plans by the Police Department.</p>

<p>Manufacturing Operations: What should a cannabis manufacturing ordinance include to ensure safe and proper operation?</p>	<p>The application submission requirements for a cannabis manufacturing use should include detailed information on the business's operation, specifically:</p> <ol style="list-style-type: none"> 1. Security procedures (see security discussion above) 2. Detailed operating procedures, which should include how the business will comply with MMRSA, safety and quality assurances, record keeping procedures, and product recall procedures 3. Proposed hours of operation 4. Solid waste disposal plan, with certification that waste transport entities and disposal facilities have agreed to haul and receive the solid waste produced by the cannabis manufacturing 5. Product supply chain information (cultivation, testing, transportation, packaging and labeling) 6. Odor prevention plan (see odor discussion above) 7. Other information as required by the Director as necessary to ensure the project's compliance with local, state and federal regulations.
<p>Infrastructure: How should a Commercial Cannabis Manufacturing ordinance address water and sewer usage and impacts?</p>	<p>Public Works staff should continue to review the water and sewer impacts of proposed projects, including cannabis manufacturing businesses, to identify Special Conditions that may be required to minimize impacts to the City's water and sewer systems.</p>

FISCAL IMPACT:

Preparation and processing of an ordinance to regulate medical marijuana manufacturing requires continued efforts by City staff and the City Attorney's office. If an ordinance is adopted by the City Council allowing cannabis manufacturing, the Council would need to establish appropriate fees to offset costs associated with the permitting process and any subsequent inspections or enforcement activities. If permitted, cannabis manufacturing would create new jobs. As a point of reference, RootOne Botanicals' business plan anticipates hiring more than 20 employees once running at full capacity.

IMPLEMENTATION/TIMEFRAMES:

Once the City Council reviews the draft ordinance, the matter will be brought back to City for introduction and then for adoption. If everything proceeds smoothly, the ordinance would be adopted in late 2016 or early 2017.

ATTACHMENTS:

1. Draft Cannabis Manufacturing Ordinance

NOTIFICATION:

Root One Botanicals, Jon McColley

City Clerk's Office Use Only

Agency Action	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	<input type="checkbox"/> Approved as Amended
Resolution No.:	_____ Ordinance No.: _____		
Moved by:	_____ Seconded by: _____		
Vote:	_____		
<input type="checkbox"/> Deferred/Continued to meeting of:	_____		
<input type="checkbox"/> Referred to:	_____		