



CITY COUNCIL AGENDA REPORT

MEETING DATE: November 2, 2020

TO: City Council Members

FROM: Mary Rose Rutikanga, City Administrator
Nubia Goldstein, Deputy City Attorney

SUBJECT: Introduce and waive first reading to consider Ordinance 873 and Ordinance 874

RECOMMENDATION

Introduce and waive first reading to consider ordinance 873, amending the Sonora Municipal Code Chapter 8.36: Cannabis Business Regulation, and ordinance 874, amending the Sonora Municipal Code Chapter 17.60.040: Cannabis Businesses; and set a second reading and possible adoption of the ordinances for November 16, 2020 at 5 PM.

BACKGROUND

In 2015, The California Legislature passed, in three separate bills, the Medical Cannabis Regulation and Safety Act (MCRSA). The Act set in place a comprehensive regulatory program for medical cannabis while preserving local control and explicit municipal taxing authority.

California voters approved Proposition 64, the Adult Use of Marijuana Act (AUMA) in November 2016 by 57.1%. In Tuolumne County, local county voters approved Prop 64 by 52.3% of the vote and City of Sonora voters approved Prop 64 by 56.3% of the vote. The law allows persons age 21 or older to possess, process, share or transport no more than one ounce of cannabis for personal consumption. It also allows for the cultivation, on private property, no more than six (6) plants for personal consumption.

In June 2017, Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) was enacted by the State. MAUCRSA repealed MCRSA and included certain provisions of MCRSA in the licensing provisions of AUMA.

Under both MAUCRSA and Prop 64, the City Council has broad discretion to regulate, control, permit, license and tax the activities surrounding the use, cultivation, distribution and sale of medical and recreational cannabis with the City's jurisdiction so long as its regulations do not conflict with state law and are at least as strict.

DISCUSSION

On January 16, 2018, the City Council approved an amendment to the Sonora Municipal Code to allow for the establishment of a structure to regulate all cannabis businesses within the city. The ordinance allowed for a medicinal cannabis business, Type M-license, pilot program.

The city has since entered into 2 development agreements with 2 separate medicinal cannabis businesses, of which 1 of those businesses is fully operational and compliant with city rules and regulations.

On July 20, 2020, the Council directed staff to draft an Ordinance amending the Sonora Municipal Code allowing for the establishment, operation and permitting of recreational cannabis businesses. On September 21, 2020 staff presented drafts of Ordinance 873, amending Chapter 8.36, and Ordinance 874, amending Chapter 17.60.040 of the Sonora Municipal Code, for the Council's review and possible direction. During the September 21st meeting, the Council directed staff to present the Ordinances as is to the Planning Commission for their recommendation on October 13, 2020.

On October 13, 2020 the Planning Commission voted 4-1 to reject the Planning Commission's Resolution No. 10-13-2020-A, an ordinance amending Section 17.60.040, Uses permitted in specific zones, of Chapter 17, Zoning Ordinance of the Sonora Municipal Code, relating to cannabis businesses. The Planning Commission's denial was based on the Commission's recommendation that the City Council deny the expansion of the current cannabis ordinance and zoning ordinance to accommodate the recreational sale of cannabis within the City of Sonora.

The Planning Commission acts as an advisory board for the City Council only for specific land use matters such as zoning, planning and development projects. The City Council establishes City policy and considers all matters in establishing appropriate regulations for businesses and associated uses. Consequently, the City Council has the authority to uphold the commission's recommendation, overturn it, modify it, or send it back for further study.

It is staff's recommendation based on the cannabis direction set by the elected, City Council members on July 20th and September 21st, to introduce and waive the first reading to consider ordinance 873, which amends the Sonora Municipal Code Chapter 8.36: Cannabis Business Regulation, and ordinance 874, which amends the Sonora Municipal Code Chapter 17.60.040: Cannabis Businesses.

Differences between the current Sonora Municipal Code and Ordinances 873 and 874 are as follows:

Business Type	Current Ordinance	New Ordinance
Cannabis Dispensary/Retail	• Pilot Program • Medicinal only • 2 business permits allowed • Businesses are prohibited from operating within 600 feet of a school, youth center, daycare, church, or park • CO, C, CG and ML Zone	• Medicinal and Recreational • 3 business permits allowed • Businesses are prohibited from operating within 600 feet of a school, youth center, daycare, church, or park • CO, C, CG and ML Zone
Cannabis Manufacturing	• Pilot Program • Medicinal and adult-use businesses allowable • Volatile and non-volatile businesses permissible • ML Zone	• Medicinal and adult-use businesses allowable • Volatile and non-volatile businesses permissible • ML and C Zones
Cannabis Testing Laboratory	• Pilot Program • Medicinal and adult-use allowable • ML zone	• Medicinal and adult-use allowable • ML and C zone

Cultivation	• Limit the total number of plants allowable to six per residents with property owner permission and conforming to City building codes • Outdoor Prohibited	• Limit the total number of plants allowable to six per residents with property owner permission and conforming to City building codes • Outdoor Prohibited
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FISCAL IMPACT

Under state law, the City of Sonora can charge and collect sales tax on recreational retail sales of cannabis and/or cannabis products, and other products. Collection of sales tax is not allowable on medicinal cannabis sales. Increased sales tax revenue from recreational cannabis will increase revenue for the General Fund.

ATTACHMENTS

- Ordinance 873 in draft and final form
- Ordinance 874 in draft and final form
- Draft minutes (not yet adopted) from the October 13, 2020 Planning Commission Meeting