



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 5, 2021

TO: City Council Members

FROM: Mary Rose Rutikanga, City Administrator
Chris Gorsky, Administrative Services Director

SUBJECT: Resolution dedicating one percent of cannabis public benefit fee to local, youth education

RECOMMENDATION

Adopt Resolution No. 04-05-2021-A dedicating one percent (1%) of the City of Sonora's Cannabis Public Benefit Fee to local, youth cannabis education programs.

DISCUSSION

On November 8 2016, the voters of California approved Proposition 64 entitled the "Control, Regulate and Tax Adult Use of Marijuana Act" ("AUMA"). AUMA legalized the adult-use and possession of cannabis by persons 21 years of age and older and the personal cultivation of up to six cannabis plants within a private residence.

On January 16, 2018, the City Council adopted Ordinance No. 848, establishing a Cannabis Business Pilot Program regulating the operation of cannabis businesses within the City.

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.

On November 16, 2020, the City Council adopted Ordinance No. 873, which amended the Cannabis Business Pilot Program changing how cannabis businesses may operate. Specifically, Ordinance No. 873 allows the sale of adult-use cannabis in the same manner as medicinal cannabis. In addition, Ordinance No. 873 allows up to three (3) cannabis dispensaries, three (3) manufacturers and three (3) testing laboratories to sell adult-use and medicinal cannabis in the following zones: tourist and administrative (CO), commercial (C), general commercial (CG), and limited manufacturing (ML).

At both the July 20, 2020 and November 2, 2020 meetings, the City Council directed staff to dedicate one percent (1%) of the Cannabis Public Benefit Fee collected on behalf of cannabis developers to local, youth education programs to mitigate the dangers of cannabis use in youth.

Staff recommends the City Council adopt Resolution 04-05-2021-A, which dedicates one percent (1%) of the Cannabis Public Benefit Fee to be placed in a restricted, special revenue fund that will be, at each budget adopted by the City, expended on cannabis-related, youth education as directed by the City Council.

FISCAL IMPACT

Cannabis Public Benefit Fees are a General Fund revenue source. It is anticipated that the City will receive approximately \$300,000 annually from Cannabis Public Benefit Fees. Dedication of 1% of those fees would be approximately \$3,000 placed in a dedicated, special revenue fund. Appropriation of those special revenue funds will be budgeted annually and at the discretion of the City Council.