



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 1, 2021

TO: City Council Members

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

SUBJECT: First Reading and Introduction of Ordinance 877

RECOMMENDATION

Motion to approve first reading and introduction of Ordinance No. 877, reading by title only, waiving further reading, an ordinance of the City Council of the City of Sonora approving the First Amendment to the Development Agreement By and Between the City of Sonora and Hazing Bulldog Farms, LLC.

BACKGROUND

On October 9, 2015, Governor Brown signed three (3) bills into law (AB 266, AB 243, and SB 643), collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA established the state's first licensing system for commercial medicinal cannabis activity by qualified patients and their primary care givers. MCRSA also preserved local control of these businesses by requiring that a medicinal cannabis business obtain a local permit in order to operate.

In November of 2016, the voters of California approved Proposition 64 entitled the "Control, Regulate and Tax Adult Use of Marijuana" ("AUMA"). AUMA legalized the adult-use, sale, and possession of cannabis by persons 21 years of age and older.

On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which combined MCRSA and AUMA to create a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in their jurisdiction.

On January 16, 2018, the Sonora City Council (the "City Council") adopted an ordinance that regulates cannabis businesses through a development agreement and use permit (the "Cannabis Business Pilot Program"). The Cannabis Business Pilot Program amended Section 8.36 of the Sonora Municipal Code ("S.M.C.") to allow medicinal cannabis dispensaries in the City.

On November 5, 2018, the Sonora City Council adopted Ordinance No. 850 approving a development agreement between the City and Hazy Bulldog Farms, LLC ("Hazy Bulldog") to operate a cannabis dispensary business (the "Original Agreement") at 1243 Mono Way, in the City of Sonora, County of Tuolumne, State of California, Assessor's Parcel Number 056-190-012 (the "Site").

Discussion

On November 2, 2020, the City Council adopted Ordinance No. 873, which amended the Cannabis Business Pilot Program which changed how cannabis dispensaries may operate. Specifically, Ordinance No. 873 allows the sale of adult-use cannabis in the same manner as medicinal cannabis. It retains the same safeguards required of medicinal cannabis dispensaries, including security protocols, odor control, insurance requirements, and waste management plans. In addition, Ordinance No. 873 allows up to three (3) cannabis dispensaries to sell adult-use and medicinal cannabis in the following zones: tourist and administrative (CO), commercial (C), general commercial (CG), and limited manufacturing (ML).

Pursuant to Ordinance No. 873, Hazy Bulldog wishes to expand their operations to include the sale of adult-use cannabis at the Site. The proposed amendment (the "Amendment") revises the Original Agreement to allow Hazy Bulldog to obtain an A-Type 10 license for the sale of adult-use cannabis. The Amendment revises Section 1.4, Definitions, of the Original Agreement to also include definitions relevant to the cannabis distributor license. The Amendment also revises Section 2.3, Permitted Uses and Development Standards, of the Original Agreement to authorize Hazy Bulldog to engage in the sale of adult-use cannabis.

Pursuant to the Original Agreement, Hazy Bulldog may operate only if their medicinal retail license is still active. If their medicinal license becomes inactive for any reason, they must cease all commercial operations immediately. The Amendment allows Hazy Bulldog to apply for and obtain an adult-use commercial cannabis license from the State Licensing Authority. However, Hazy Bulldog must keep their medicinal cannabis license notwithstanding their ability to obtain the adult-use license.

Taken together, the Original Agreement and Amendment will allow Hazy Bulldog to operate a medicinal and adult-use cannabis retail business at the Site (the "Project").

On February 8, 2021, the City of Sonora Planning Commission approved Resolution 02-08-21-A recommending the City adopt the First Amendment to the Development Agreement By and Between the City of Sonora and Hazing Bulldog Farms, LLC.

FISCAL IMPACT

The City anticipates receiving additional General Fund revenues with the approval of the First Amendment of the Development Agreement which would allow Hazy Bulldog to expand their operations to include the sale of adult-use cannabis. The additional revenue would be received from both the Public Benefit Fee and Sales Tax.

ATTACHMENTS

- Ordinance 877
- First Amendment to the Development Agreement By and Between the City of Sonora and Hazy Bulldog Farms, LLC.
- Planning Commission Resolution 02-08-2021-A
- Public Hearing Notice