

# Memorandum

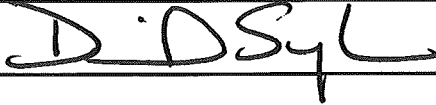
**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Angelique Gaeta

**SUBJECT: MEDICAL MARIJUANA -  
UPDATE ON REGISTRATION  
PROCESS**

**DATE:** August 4, 2015

Approved



Date

8/4/15

## INFORMATION

The purpose of this memorandum is to provide the City Council with an update on the registration of medical marijuana establishments operating in San José.

## BACKGROUND

On June 17, 2014, the City Council approved a Medical Marijuana Regulatory Program (Program) setting forth where, in San José, medical marijuana establishments can operate (the Land Use Ordinance) and the manner in which they can operate (the Regulatory Ordinance). That Program is set forth in Title 20 and Title 6 of the San José Municipal Code and requires all medical marijuana establishments including, but not limited to: collectives, cooperatives, and dispensaries (Collectives) to register with the City and operate in strict compliance with the Land Use Ordinance and the Regulatory Ordinance. The Program went into effect on July 18, 2014 and Collectives had ninety (90) days from that date, or until October 17, 2014, to submit applications to the City to begin the registration process.

The registration process required each Collective to submit both (1) an Application for a Zoning Code Verification Certificate (Zoning Application), establishing they are operating in an area that complies with the Program's land use regulations, and (2) an Application for Registration as a Medical Marijuana Collective (Registration Application), evidencing that they will operate in strict compliance with the Program's operational regulations. Collectives who submitted both applications by October 17, 2014 had until July 17, 2015 to obtain the applied for Zoning Code Verification Certificate and a Notice of Completed Registration from the City. Any applications submitted after October 17, 2014 were not considered.

## CITY COUNCIL EXTENDS THE REGISTRATION DEADLINE

On June 2, 2015, the Council extended the deadline for Collectives to obtain a Notice of Completed Registration from July 17, 2015 to December 18, 2015. Notably, the Council did not

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extend the deadline for Collectives to obtain a Zoning Code Verification Certificate, which remained July 17, 2015.

The extension to obtain a Notice of Completed Registration applied only to those Collectives that, by October 17, 2014, had submitted to the City both a Zoning Application and a Registration Application *and* had not already been disqualified from the City's registration process. However, to be granted the extension, those Collectives needed to show good faith efforts to comply with the City's ordinances by completing certain tasks by specific deadlines, approved by the Council as follows:

***July 17, 2015 Deadline:*** By July 17, 2015, in addition to obtaining a *Zoning Code Verification Certificate* for each location it would be operating in San José, each Collective must have accomplished the following:

- (1) Complete a preliminary plan review/special tenant improvements review with the City's Building Division for each location the Collective will be operating in San José;
- (2) Schedule an appointment through the special tenant improvements program for plan review, submit applications and pay all application fees for any site development permit or building permit required for the build out of each location the Collective will be operating in San José;
- (3) Be current on its payment of Marijuana Business Taxes due to the City;
- (4) Pay all application processing fees for the City to process its Registration Application;
- (5) Respond to all requests for information from the City related to its Registration Application within fourteen (14) calendar days of the date a letter was served by the City seeking the requested information; and
- (6) Have all of its owners, managers and individuals engaged in the cultivation, processing, manufacturing, transporting or dispensing of medical marijuana fingerprinted by the Santa Clara County Sheriff's Office.

***September 18, 2015 Deadline:*** By September 18, 2015, each Collective must obtain all required site development permits and building permits from the City for each location it will be operating in San José.

***November 20, 2015 Deadline:*** By November 20, 2015, each Collective must complete a *preliminary* inspection with the City of all of dispensing and cultivation locations it will operate inside and outside of San José to check each location's compliance with the Regulatory Ordinance.

***December 18, 2015:*** By December 18, 2015, each Collective must accomplish the following:

- (1) Successfully pass a *final* inspection of all of dispensing and cultivation locations it will be operating inside and outside of San José;
- (2) Pay the Medical Marijuana Annual Operating Fee to the City;
- (3) Sign and submit to the City Manager the required Hold Harmless / Release of Liability form; and
- (4) Obtain a Notice of Completed Registration from the City Manager.

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Any Collective not meeting each of these milestone deadlines would be disqualified from the registration process as the applicable deadline passes and would be required to immediately cease all medical marijuana operations in San José.

During the extension period, Collectives are expected to continue to comply with all good neighbor provisions of the Regulatory Ordinance (*i.e., security personnel, screening of medical marijuana from public view, prohibition of outdoor cultivation, hours of operation, no consumption of medical marijuana within 300 feet of the Collective, etc.*) and with all health and safety provisions of the Regulatory Ordinance (*i.e., no one under 21 years of age on site, no consumption of medical marijuana on-site, use of childproof containers to package medical marijuana, no packaging that is attractive to children or imitates candy, etc.*). A Collective's failure to comply with good neighbor and health and safety provisions during the extension period will result in immediate disqualification from the City's registration process.

### **REGISTRATION PROCESS UPDATE**

Of the twenty-five (25) Collectives that were still in the registration process as of June 2, 2015, twenty (20) met the requirements of the July 17, 2015 deadline and five did not. On Friday, July 31, 2015, the City Manager's Office notified those five Collectives that they had been disqualified from the registration process and must immediately cease operations.

For a complete list of the Collectives that remain in the process and those that have been disqualified from registration, please see Attachment "A" to this memorandum.

### **NEXT STEPS**

The Administration will monitor those Collectives that were disqualified from the registration process to ensure they cease operations and work with those Collectives that remain in the registration process and make good faith efforts to work towards compliance with the City's Program. The Administration will also update the Council following each milestone deadline listed in this memorandum.

/s/

ANGELIQUE GAETA

ASSISTANT TO CITY MANAGER

For questions please contact Angelique Gaeta, Assistant to the City Manager, at (408) 535-8253.

Attachment

## ATTACHMENT “A”

	Name of Collective	Intended Dispensing/Cultivation Location
1	Amber Pearl, Inc. (DBA YB Amber Pearl)	2129 S 10 <sup>th</sup> Street
2	American Redstone (DBA Lux)	1859 Little Orchard
3	Better Health Group of San Jose (DBA Revolution Health Center)	1621 Almaden Road
4	CA Systematize (DBA CA Collective)	210 Phelan Avenue
5	Canna Culture Collective	3591 Charter Park Drive
6	Celebuddy, Inc. (DBA Yerba Buena Monroe)	1566 S 7 <sup>th</sup> Street
7	<del>CGM Health</del>	<del>1718 Stone Avenue</del>
	<del>CGM Health</del>	<del>905 McLaughlin Avenue</del>
8	Coastal Americare, Inc. (DBA Elemental Wellness Center)	985 Timothy Way
9	<del>DWC Health</del>	<del>1750 S 10<sup>th</sup> Street</del>
	<del>DWC Health</del>	<del>2970 Daylight Way</del>
10	<del>Gr8vity, Inc.</del>	<del>242 Phelan Avenue</del>
	<del>Gr8vity, Inc.</del>	<del>2969 Daylight Way</del>
11	GWS Health	2943 Daylight Way
12	Haze, Inc.	1761 Smith Avenue
	Haze, Inc.	1731 Smith Avenue
13	JBHA (DBA Natural Herbal Pain Relief)	2121 S 10 <sup>th</sup> Street
14	<del>Leaf Lab, Inc.</del>	<del>738 Commercial Street</del>
	<del>Leaf Lab, Inc.</del>	<del>500 Phelan Avenue</del>
	<del>Leaf Lab, Inc.</del>	<del>1335 N 10<sup>th</sup> Street</del>
15	<del>Magic Health Collective, Inc.</del>	<del>1670 S 7<sup>th</sup> Street</del>
16	NC3 Systems (DBA Caliva)	1695 S 7 <sup>th</sup> Street
17	San Jose Wellness (DBA Harborside Health Center)	1365 N 10 <sup>th</sup> Street
18	Santa Cruz Genetics, Inc.	92 Pullman Way
19	South Bay Healing Center (DBA Airfield Supply Co.)	1190 Coleman Avenue
20	Theraleaf Relief, Inc.	1014 Timothy Drive
21	Therapeutic Holistic Center (DBA Herbs)	543 Parrott Street
22	TWSJ, Inc. (DBA True Wellness)	1755 Angela Street #1
23	Viktoriya’s Medical Supply (DBA Buddy’s Cannabis Patient Collective)	1075 N 10 <sup>th</sup> Street partial
24	VMK, Inc. (DBA Purple Lotus Patient Center)	752 Commercial Street
	VMK, Inc. (DBA Purple Lotus Patient Center)	1778 Smith Avenue
25	White Fire, Inc.	111 Old Tully Road

**KEY:**

- Remains in the Registration Process
- Disqualified for failure to obtain Zoning Code Verification Certificate; failure to submit a complete application for site development or building permits; and failure to pay site development or building permit fees.
- Disqualified for failure to obtain Zoning Code Verification Certificate; failure to submit a complete application for site development or building permits; failure to pay site development or building permit fees; and failure to submit to being fingerprinted.
- Disqualified for failure to submit a complete application for site development or building permits; and failure to pay site development or building permit fees.
- Disqualified for failure to submit a complete application for site development or building permits; failure to pay site development or building permits fees; and failure to submit to being fingerprinted.