

Proposed Changes to San José's Medical Marijuana Program

City Council Item 4.1

October 18, 2016

Program History

June 17, 2014:

Council approved
Medical Marijuana
Program

December 18, 2015:

Deadline for San José collectives to
obtain Registration

- 16 collectives met Registration requirements
- Each collective serves between several hundred to approximately 20,000 patients per month

October 9, 2015:

California creates licensing program
under the Medical Cannabis
Regulation and Safety Act

Zoning Districts

Registered Collectives' operations may occur as a Restricted Use in these Zoning Districts*:

- Downtown Primary Commercial (*Second Floor Only*)
- Combined Industrial/Commercial
- Industrial Park
- Light Industrial
- Heavy Industrial

**Excluded in some geographically defined areas in San José*

“Sensitive Use” Buffers that must be met for a Collective to be eligible for

Registration:

- **At least 1,000 feet from** schools, daycare, community centers, parks or libraries
- **500 feet from** substance abuse/rehab facilities and emergency residential shelters
- **150 feet from** places of religious assembly, adult care facilities, or residential uses*
- **50 feet from** another Collective*

**Measured parcel line to parcel line*

How a Registered Collective Can operate: Vertical Integration

- Can dispense in San José marijuana and marijuana-infused products the collective grows/cultivates and manufactures
- Can grow and manufacture in the City, in Santa Clara County, and in neighboring counties (subject to local regulations and state law)
- Can exchange marijuana and marijuana-infused products with other Registered Collectives in San José

Registration: The First Six Months

- Marijuana Business Tax Revenue: \$4.36 M
- Transactions processed: 739,000
- Background checks/employee badges: 325
- Wages: \$12 - \$17 per hour (line staff)
 - 30% offer benefits such as health, dental, vision, holidays, employee assistance program
- Payroll taxes: \$1.74 million
- Workers Compensation Premiums: \$291,000
- Construction jobs: 500

Proposed Changes to the Program

Today's recommended action implements Council direction from March 29, 2016 and December 8, 2015:

- a) Third Addendum to the Negative Declaration (CEQA clearance)
- b) Amendments to Title 20 (Zoning Code)
- c) Amendments to Title 6 (Regulatory Ordinance for Business Registration and Operations)
- d) Policy direction on future policy work

Proposed Changes: Cultivation Sites

Assumptions: No changes to current zoning districts or sensitive-use buffers (except as noted below)

- Each Registered Collective may have two cultivation locations
- One of those cultivation locations may be located anywhere in California (subject to local/state law)
- Two Registered Collectives may share a cultivation site in San José
- Eliminate 50-foot buffer between cultivation sites

Proposed Changes: Delivery

- Only Registered Collectives may apply to deliver
- Only to member patients/caregivers 21 and older
- Hours restricted to 8 a.m. to midnight
- Order placed with Collective, not driver
- Drivers are Collective employees, backgrounded and badged
- Vehicles inspected by SJPd, outfitted with GPS, cameras, secure lockbox
- Medical marijuana packaged and labeled in accordance with the Code

Proposed Changes: Transfers

- Transactions/transfers would take place between San José Registered Collectives & registered/licensed/permitted cultivators, manufacturers, and dispensaries operating elsewhere in California
- Put in place interim documentation requirements prior to State's issuance of licenses
- Require track and trace

Proposed Changes: Technical Updates

- Add definition for “Dispensary Only” site
- Badging Requirements
- Crime Reporting Requirements
- Daily Purchases
- Fire Code
- Annual Operating Fee Calendar

Policy Direction: Greenhouses

- Little interest in developing greenhouses in industrial zones
 - 15/16 of Registered Collectives are not interested in pursuing
- Recommendation: Suspend further work on CEQA review and Code changes

Policy Direction: Other Categories

Distributors/Transporters, Manufacturers, and

Testing Labs:

- Recommendation: Refer the exploration of whether to add these uses to our program to the next City Council Priority Setting

Session

Proposition 64

Impacts of Proposition 64, the Adult Use of Marijuana Act

- Staff to return to City Council with analysis and next steps

Questions & Discussion