



CITY OF POMONA COUNCIL REPORT

April 1, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Christi Hogin, Interim City Attorney

SUBJECT: REGULATION OF COMMERCIAL CANNABIS BUSINESSES

RECOMMENDATION:

It is recommended that the City Council adopt the following ordinance (Attachment No. 1):

ORDINANCE NO. 4257– AN ORDINANCE OF THE CITY OF POMONA, CALIFORNIA, AMENDING THE POMONA CITY CODE BY ADDING CHAPTER 68, “COMMERCIAL CANNABIS BUSINESSES”

EXECUTIVE SUMMARY: Following the City Council’s introduction and first reading of Ordinance No. 4257 at this adopts an ordinance to regulate cannabis businesses.

FISCAL IMPACT: If enacted, the proposed ordinances (business permit and zoning amendment) are anticipated to have a positive fiscal impact. Under Measure PC, cannabis cultivation businesses are taxed at annual rates up to \$10.00 per canopy square foot. All other cannabis businesses are taxed at a rate up to 6% of gross receipts. At the time the Measure was submitted to the voters, the City estimated that the tax was likely to generate an estimated \$400,000 to \$500,000 annually, until repealed by the voters. This estimate was based on an assumption of two cultivator permits and up to four retail cannabis businesses allowed and operating in the City. The costs of licensing will be recovered through licensing fees, which can be set in an amount to recoup the actual cost of implementing the licensing review provisions. Staff anticipates continued enforcement costs, which are currently less than \$100,000 per year. It is difficult to estimate what the enforcement demand will be once the cannabis related uses are permitted, but it is reasonably expected that the cost would be substantially less than the amount of tax collected, resulting in an anticipated positive fiscal impact which could allow investment in drug/substance abuse education or other City needs as determined by the City Council

PUBLIC NOTICING REQUIREMENTS: The commercial cannabis business regulation ordinance has been properly noticed for action on this City Council agenda.

PREVIOUS RELATED ACTION: At its February 25 and March 4, 2019 meetings, the City Council considered and commented on a draft ordinance permitting and regulating commercial cannabis businesses. The draft ordinance had a first reading on March 18th and minor changes have been incorporated in the attached Ordinance.

ENVIRONMENTAL IMPACT: The proposed ordinance regulating commercial cannabis businesses is not subject to environmental review pursuant to Sections 15060(c)(2) and 15060(c)(3) of the State Guidelines for Implementations of the California Environmental Quality Act. Sections 15060(c)(2) and 15060(c)(3) pertain to activities that will not result in a direct or reasonably foreseeable indirect change to the environment and that are not defined as a project under Section 15378. The business permitting regulations will not have a physical effect on the environment. The zoning regulations are being considered independently.

ATTACHMENTS:

Attachment No. 1 – Draft Ordinance No. 4257 - Regulating Commercial Cannabis Businesses