

VICENTE SEDERBERG LLC

BRIAN VICENTE, ESQ. (CO)
CHRISTIAN E. SEDERBERG, ESQ. (CO)
JOSHUA KAPPEL, ESQ. (CO)
STEVE FOX, ESQ. (MA)
PHILIP A. CHERNER, ESQ. (CO)
ADAM FINE, ESQ. (MA, NJ, PA)
ALICIA ASHCRAFT, ESQ. (NV)
JEFFREY BARR, ESQ. (NV)
JORDAN WELLINGTON, ESQ. (CO)
SHAWN HAUSER, ESQ. (CO)
CHARLES ALOVISETTI, ESQ. (CO, NY)
CASSIA FURMAN, ESQ. (CO)

OFFICES IN DENVER,
BOSTON, LAS VEGAS,
AND WASHINGTON, D.C.

1244 GRANT STREET, DENVER, CO 80203
(T) 303-860-4501 | (F) 303-860-4505

KELLY ROSENBERG, ESQ. (CO, WY)
PHILIP SILVERMAN, ESQ. (MA)
FRANK ROBISON, ESQ. (CO)
M. ALLEN HOPPER, ESQ. (CA)
SALLY KENT PEEBLES, ESQ. (CO, FL, OR)
JESSICA SCARDINA, ESQ. (CO)
COLIN FLETCHER, ESQ. (CO)
JERRICO PEREZ, ESQ. (CO)
BRANDON KURTZMAN, ESQ. (MA)
DAVID ULLIAN, ESQ. (D.C., MA, SC)
TYLER NIXON, ESQ. (CA)

August 11, 2016

Ms. Erica Vega
Burke, Williams & Sorensen, LLP
1600 Iowa Avenue, Suite 250
Riverside, CA 92507-7426

Mr. Charlie McClendon
City Manager
8700 Avenida Lalo Guerrero
Cathedral City, CA 92234

Dear Erica and Charlie,

The following outlines the preliminary issues for the City to consider in determining the best approach for land use regulation of additional medical cannabis businesses authorized under the MMRSA-testing laboratories, distributors or transporters. As you know, the City requires existing medical cannabis uses permitted in the City (dispensaries, cultivation and manufacturing) to obtain both a conditional use permit pursuant to Chapter 9.108 of the Cathedral City Municipal Code ("Code") and a business license in order to operate. The new uses are as follows:

Distributors: persons licensed to engage in the business of purchasing medical cannabis from a licensed cultivator or medical cannabis products from a licensed manufacturer for sale to a licensed dispensary. Distributors must also hold transporter licenses and register each location where the product is stored for the purposes of distribution.

Transporters: persons licensed to transport medical cannabis or medical cannabis products in an amount above the threshold determined by the BMCR between licensed facilities. (Transporters are only required to license any physical location where it

conducts business while not in transport, or where any equipment that is not currently transporting medical cannabis or medical products, permanently resides).

Testing laboratory: a facility, entity or site in the state that offers or performs tests of medical cannabis or medical cannabis products and that is both of the following:

- (1) Accredited by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the state; and
- (2) Registered with the State Department of Public Health.

At issue is whether the City desires to require that testing labs, transporters and distributors be subject to the same CUP process as other medical cannabis uses, or to consider an alternative process such as allowing the businesses as a use by right, with appropriate conditions, in areas where similar uses are allowed. Other localities, such as Oakland and Santa Rosa, have taken, or are considering taking, this approach. Since the potential impact to these businesses is likely less than the other license types, and these license types are not pre-existing in the City, allowing them as permitted uses may be appropriate and efficient to administer. Testing laboratories, for example, could be allowed in zones where medical offices or laboratories are currently permitted (PPO, PLC, MXC, NBP), and distribution/transportation facilities could be permitted uses where storage facilities and/or warehouses uses are currently permitted (CPB-2, I-1). These license types could also be permitted as conditional uses in zones where similar uses are only allowed as conditional uses (PCC).

Declining to subject these businesses to the CUP process would remove the public hearing requirement for these applications and streamline staff review. The businesses would still be subject to the comprehensive business licensing requirements set forth in Title 5. Build-out could also be made subject to appropriate special conditions imposed through the design review process in Section 9.78. Special conditions may include, as necessary, integration of odor control and security standards required for other medical cannabis license types.

Alternatively, the City may wish to have a uniform process for all medical cannabis business license types and retain the CUP process for all license types.

We look forward to your thoughts on the best approach in regulating these businesses. Please let us know if there is any other information that would be helpful to inform the City's process.

Sincerely,



Shawn Hauser, Esq.
Vicente Sederberg LLC