

MEETING DATE: 12/14/2016

TITLE:

Extension of Moratorium on the Approval of New Cannabis Dispensaries

FROM:

Eric S. Vail, City Attorney

RECOMMENDATION:

Adopt the proposed Ordinance extending the temporary moratorium on the approval of new dispensaries for six months

BACKGROUND:

On November 23, 2016, pursuant to Government Code section 65858, the City Council of the City of Cathedral City enacted by a four-fifths vote Ordinance No. 785 as an urgency measure imposing a 45-day moratorium on the approval of new cannabis dispensaries. The Ordinance prohibits the approval of any application for a medical cannabis dispensary license under Chapter 5.88 of the Cathedral City Municipal Code or a conditional use permit for a dispensary under Chapter 9.108 of the Cathedral City Municipal Code unless a complete application form, including all required supporting documentation and the application deposit fee was submitted by close of business on November 23, 2016. Government Code section 65858 allows an initial 45-day moratorium to be extended for up to 10 months and 15 days after a noticed public hearing is held. A second extension for up to an additional 12 months is also allowed. Prior to extending a moratorium the City must draft a report which provides the measures taken since the adoption of the urgency ordinance.

DISCUSSION:

The City issued the required report on the measures taken since adoption on December 1, 2016. The report was posted to the medical cannabis page on the City's website and was available to anyone who requested the report. As noted in the report, the City has taken the following measures:

1. The City has begun the process of assembling the Medical Cannabis Task Force as required under Section 5.88.140 of the Cathedral City Municipal Code. The Task Force is to consist of 8 to 15 members and is charged with proposing amendments to the code or any rules or regulations promulgated thereto to improve the efficacy of the regulatory system or public safety associated with the operation of a medical cannabis business. The process of assembling the Task Force is likely to take through December or January given the time needed to advertise the openings, review applications, and interview the applicants.

2. City staff is monitoring the progress of the State's licensing program for both medical and non-medical cannabis under the MCRSA and Prop 64, respectively. Neither licensing program is anticipated to be operational until January 1, 2018. City staff is monitoring the development of the State's licensing program to see how it interacts with, and potentially supersedes, the City's regulations. Any revisions to the City's regulations should be consistent with the State's licensing programs. The City's existing regulations require medical cannabis businesses to be licensed by the State once the State licensing program is operational and requires the businesses to be in compliance with all State regulations. The City is monitoring how the recent passage of Prop 64 will impact the State's licensing program and how that, in turn, will impact the City's regulatory authority.

3. The City is beginning to monitor and collect data regarding the negative secondary impacts of dispensaries, if any, as those that have already received a medical cannabis dispensary license and conditional use permit begin to open for business. As listed in the Ordinance, possible negative impacts could include property crimes, loitering, public consumption of cannabis, drugged driving, and business displacement. More time is needed to study this issue as very few dispensaries are currently open in the City and most of those dispensaries have only been open for a very short amount of time.

As indicated above, the initial forty-five day period of the moratorium is not enough time to thoroughly study the issues and prepare ordinance amendments. Therefore, an extension of the moratorium is warranted. The proposed ordinance would extend the moratorium approved in Ordinance No. 785 for a period of six months. Though the law allows the City's first extension of time to be up to ten months and fifteen days, at this time staff is only suggesting a six month moratorium, while reserving the right to further extend the moratorium for four months and fifteen days if necessary.

FISCAL IMPACT:

Cannabis dispensaries are taxed at the rate of 10% of gross receipts. It is unknown how many additional dispensaries would have sought to open in the City if this moratorium were allow to expire. Therefore, any fiscal impacts are speculative.

ATTACHMENTS:

Ordinance

10-Day Report on Dispensary Moratorium