

**MEETING DATE: 4/26/2017**

**TITLE:**

**First Reading of an Ordinance Amending Chapter 5.88 of the Code Regulating Medical Cannabis Transportation, Distribution and Testing Laboratories**

**FROM:**

Charles P. McClendon, City Manager

**RECOMMENDATION:**

Staff recommends the City Council introduce and waive further reading of the Ordinance amending Chapter 5.88 of the Code regulating medical cannabis transportation, distribution and testing laboratories.

**BACKGROUND:**

On February 8, 2017, the City Council adopted Ordinance 798 amending Chapter 9.108 of the Municipal Code to establish land use regulations for medical cannabis testing laboratories, distribution sites, and transportation sites. That ordinance allowed these uses in the following locations:

Testing laboratories: permitted by right in PLC, PPO, NBP

Transportation: conditionally permitted in I-1, OS, CBP-2, PCC

Distribution: conditionally permitted in I-1, OS, CBP-2, PCC

This Ordinance amends Chapter 5.88 of the Code to include regulations in the medical cannabis licensing regulations specific to these three types of medical cannabis uses.

**DISCUSSION:**

The Ordinance includes regulations specific to the operation of medical cannabis testing laboratories, distributors, and transporters. These are added to Section 5.88.065, paragraphs E and F. Distributors and transporters would be subject to the following regulations:

Quality assurance inspections of product

Maintain transaction records and shipping manifests

Only receive and hold edible cannabis products that are packaged for sale

Only conduct business with licensed medical cannabis businesses

Prohibited from holding a cultivation, manufacturing, dispensing or testing license

Proposed regulations on testing laboratories include:

Prohibited from holding any other type of medical cannabis license or a financial interest in any other medical cannabis businesses

Must obtain a Certificate of Accreditation from a body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement

Adhere to standard operating procedures consistent with those established by the International Organization for Standardization

Similar to Ordinance 798, this Ordinance makes numerous non-substantive "clean up" type revisions to Chapter 5.88, including changing references to the MMRSA to the MCRSA, and updating citations to reflect changes to the MCRSA.

In addition, three substantive changes are proposed to existing regulations. First, a provision is added stating that it is unlawful for any medical cannabis business to make claims that a product is safe just because it has been tested. Second, the regulations on manufacturers are updated to specifically state that only solvents permissible under the MCRSA may be used in extraction processes. Third, this ordinance proposes to permanently delete the provision that requires a bond to be posted by medical cannabis licensees. This bond requirement is waivable and the City has been waiving it consistently for the past year with no issues.

**FISCAL IMPACT:**

None.

**ATTACHMENTS:**

Proposed Ordinance