

Ordinance amending Chapter 5, Article VII of the Salinas Municipal Code; Cannabis Regulations



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Commercial Cannabis Business Types

The City issues two types of commercial cannabis business permits: Commercial Cannabis Permits (CCP) and Administrative Permits (AP)

- CCPs are applicable to Cultivation, Delivery, Dispensary, Distribution, and Manufacturing
- APs are applicable to Testing Laboratories, Small Distribution (business premises under 500 square feet), Research and Development Facilities, and Nurseries

Commercial Cannabis Permit Status

- The City has issued 19 permits out of a total of 23:
 - At permit quota for dispensary, distribution, and manufacturing
 - 9 businesses are operational and have received a certificate of occupancy
 - 11 businesses are not operational – only 5 have shown recent activity

Business Type	Permit Quota	Active Permits*	Operational Businesses*
Cultivation	5	3	1
Delivery	3	1	1
Dispensary	5	5	3
Distribution	5	5	2
Manufacturing	5	5	2
Total	23	19	9
*As of July 2023.			

The Amendment

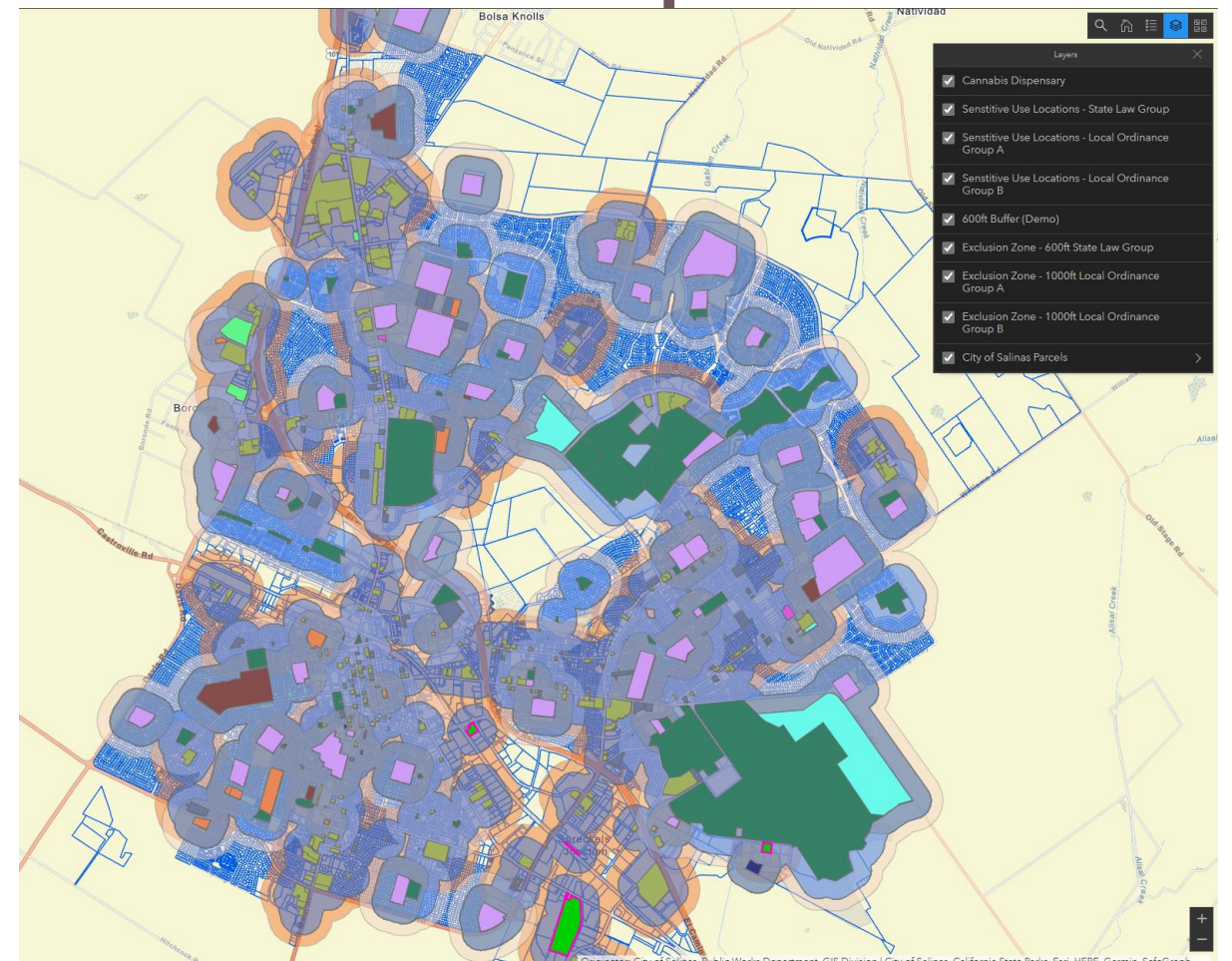
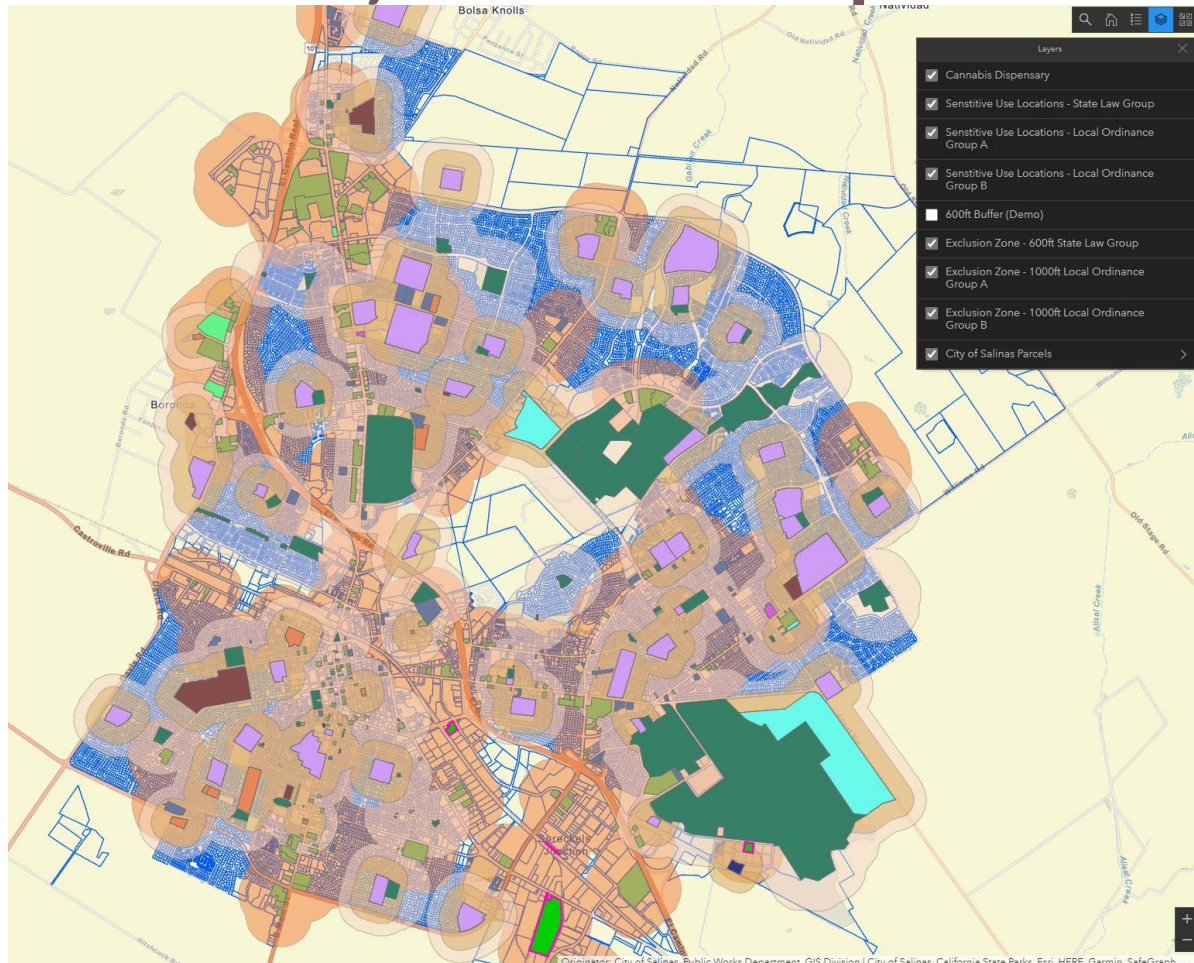
The Amendment would modify the cannabis regulations as follows:

- Combine Dispensary and Delivery business types under a new definition of *Retail Facility*, which could allow up to a total of eight (8) business permits in a combination of dispensary and delivery services thereby potentially creating additional opportunities for Dispensaries;
- Reduce the required sensitive use buffer distance from 1,000 to 600 feet to align with state law; and
- Add authority to the cannabis selection committee to approve a *Retail Facility* if located within a non-state regulated sensitive use buffer upon findings that the intent of this article would otherwise be met.

Proximity to Sensitive Uses:

1,000' Map

600' Map



CEQA Consideration

Adoption of this Ordinance is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

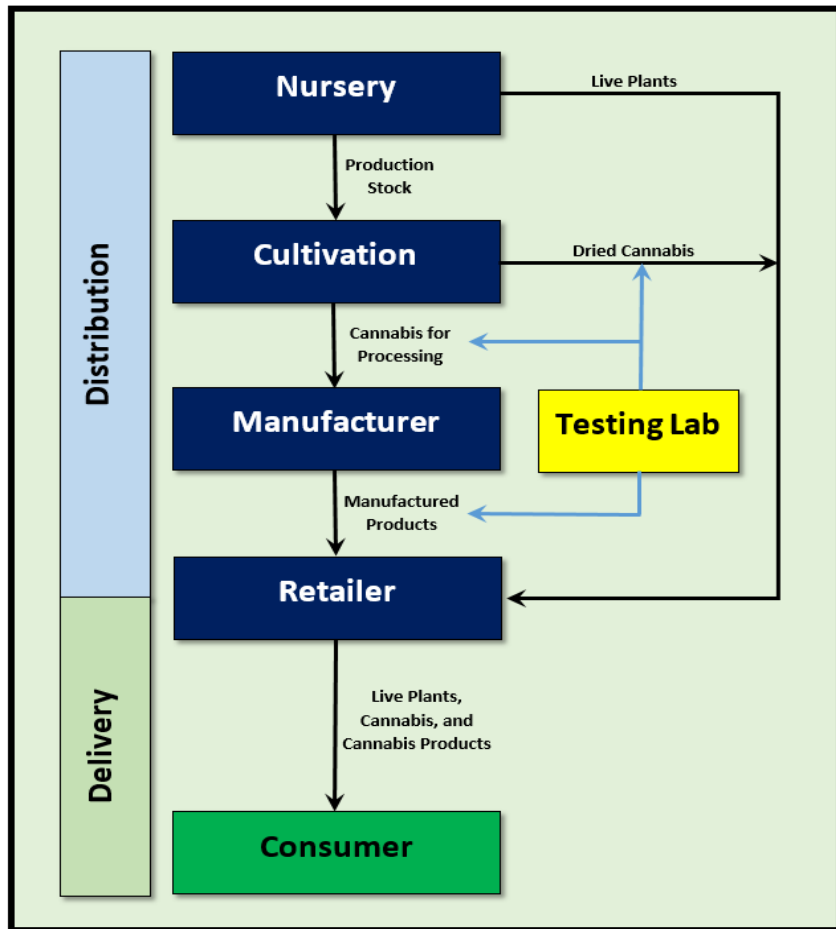
Conclusion/Recommendation

- The Amendment has been reviewed by the City Council Cannabis Subcommittee.
- Supports the Council's goal of Economic Development by creating additional opportunities for Dispensaries under the new definition of *Retail Facility*, which may result in additional tax revenues.
- The Amendment has been coordinated with the Legal Department.
- A motion to find the Amendment exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) and to adopt an Ordinance amending Cannabis regulations Chapter 5, Article VII of the Salinas Municipal Code.



End of Presentation

The Cannabis Industry

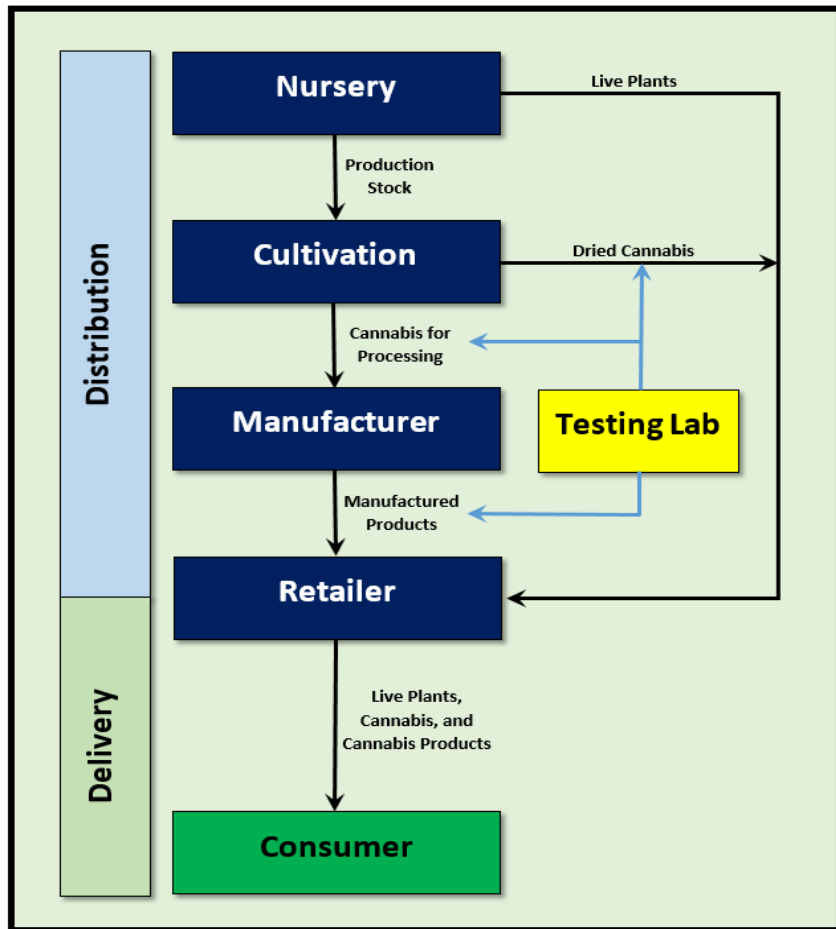


Nursery

- Grows/Clones Immature Plants
- Sells to Retailer and Cultivation
- Statewide Market
- Taxed at \$2/square foot
- Administrative Permit
- No Maximum
- None Approved
- None Operating



The Cannabis Industry

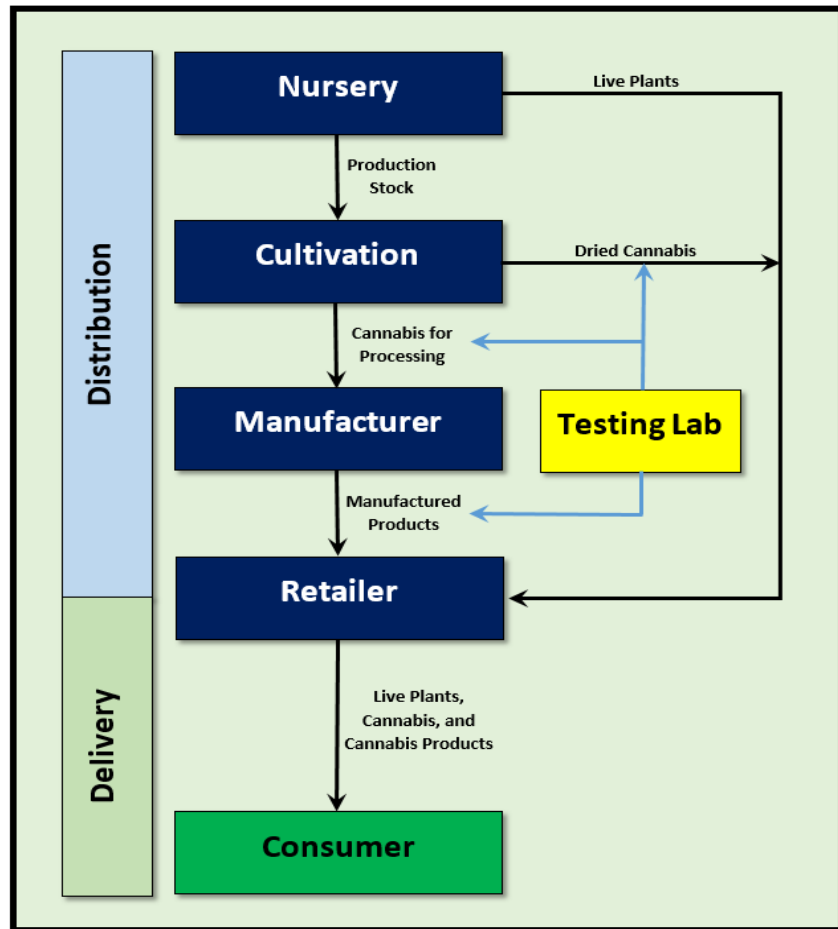


Retailer (Delivery)

- Sells Directly to the Consumer
- Non-Storefront
- Regional Market
- Taxed at 5% GR
- CC Permit
- Three Maximum
- One Approved
- One Operating



The Cannabis Industry

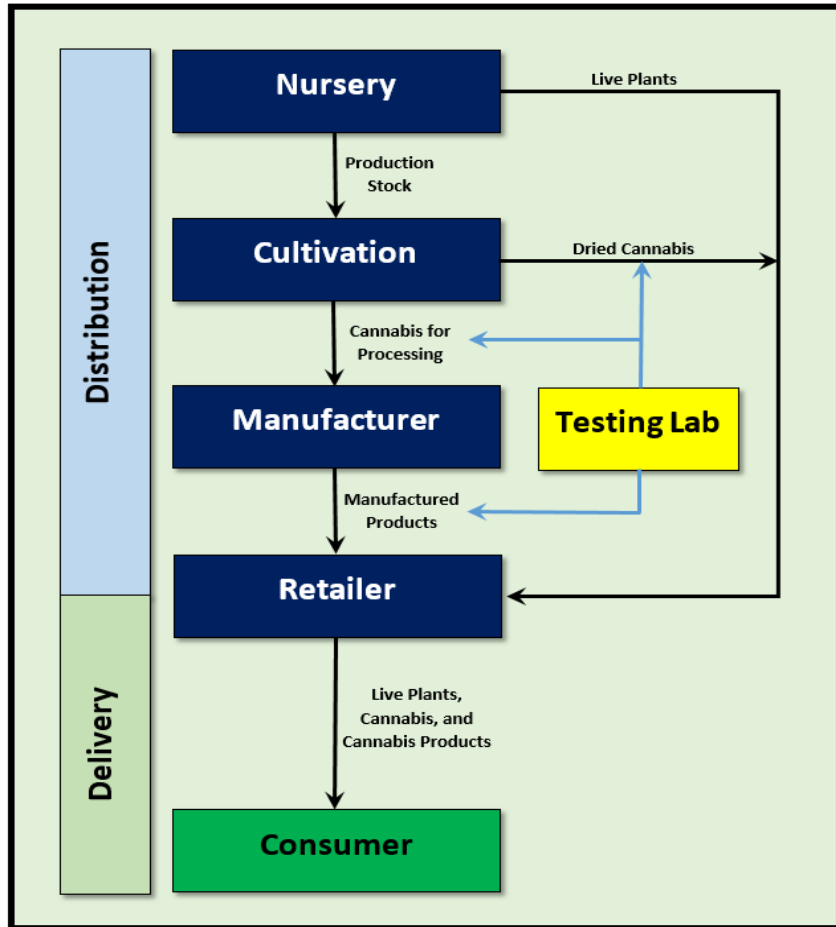


Retailer (Dispensary)

- Sells Directly to the Consumer
- Storefront
- Local Market
- Taxed at 5% GR
- CC Permit
- Five Maximum
- Five Approved
- Three Operating



The Cannabis Industry

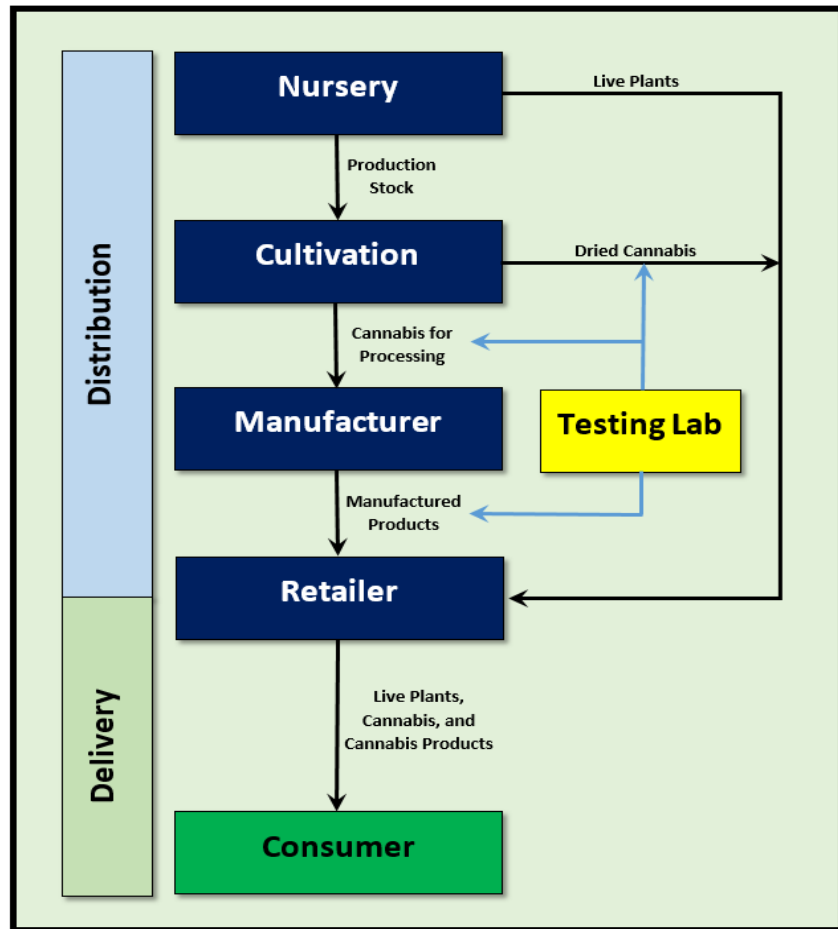


Cultivation

- Grows/Harvests Mature Plants
- Sells to Retailer and Manufacturer
- Statewide Market
- Taxed at \$15/square foot
- CC Permit
- Five Maximum
- Three Approved
- One Operating



The Cannabis Industry

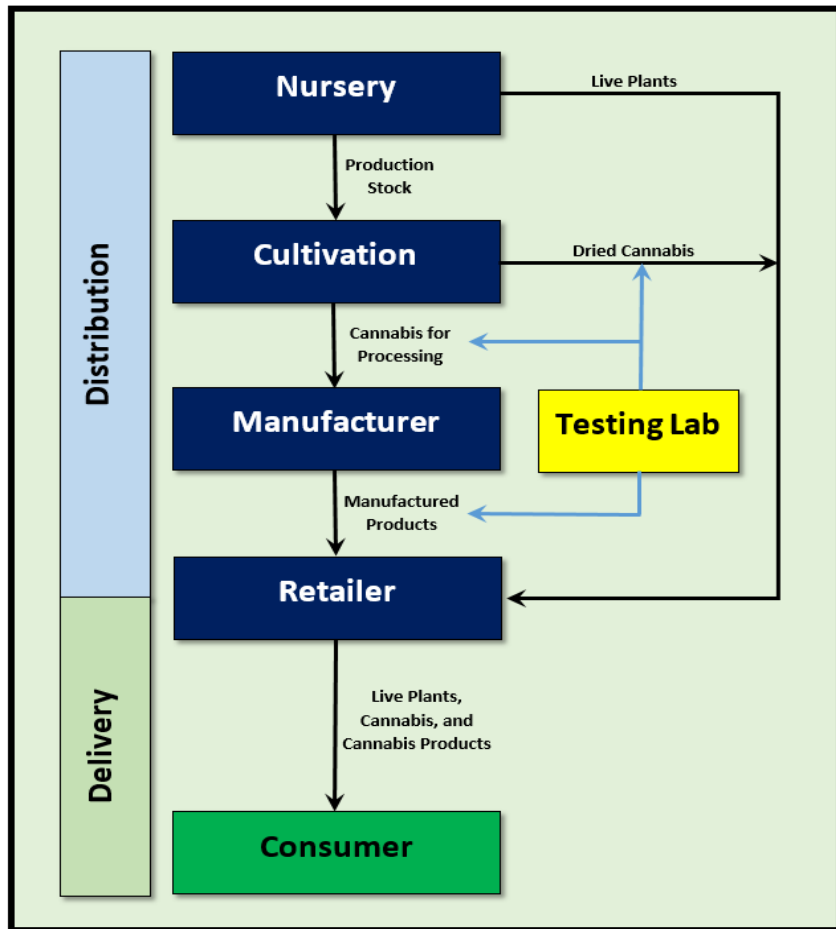


Manufacturer

- Oil Extraction/Infusion, Product Manufacture
- Sells to Retailer
- Statewide Market
- Taxed at 5% GR
- CC Permit
- Five Maximum
- Four Approved
- Two Operating



The Cannabis Industry

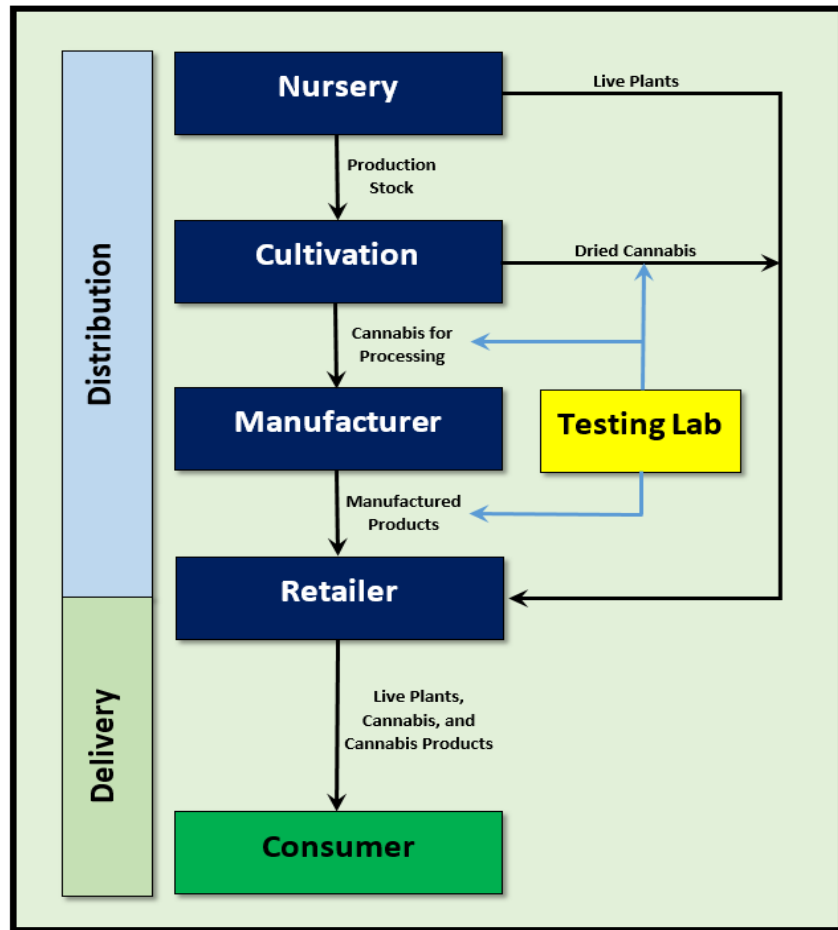


Distribution

- Moves Product Between Licensees
- Acts as Broker and Collects State Taxes
- Statewide Market
- Not Taxed
- CC Permit
- Five Maximum
- Four Approved
- Two Operating



The Cannabis Industry



Testing Lab

- Ensures Product Safety and Potency
- Tests Samples When Product is Moved
- Local/Regional Market
- Not Taxed
- Administrative Permit
- No Maximum
- Two Approved
- Two Operating

