MEMORANDUM

TO: Mayor Allender, City Council
FROM: Carla Cushman, Assistant City Attorney
DATE: September 1, 2021

Below I’ve summarized the contents of the proposed ordinance, for your ease of understanding. If you have any questions about Ordinance 6505, please contact me or Joel Landeen at 394.4140.

1. Requires City licenses for all four types of medical cannabis establishments (cultivation, manufacturing, testing, and dispensaries).

2. Licensing Procedure. 5.74.020.

   a. **Step One: Obtain a provisional license from the Finance Director.** 5.74.030 and 5.74.040.

      o Sets the requirements for an establishment license application and requires the payment of a nonrefundable $1,500 application fee.

      o If an establishment needs a conditional use permit prior to opening, it can apply for the CUP at the same time as submitting its license application. The license will not be issued unless and until the CUP is obtained.

      o Individuals who have been denied a license or who have had their license revoked must wait 24 months to reapply.
o The Finance Director will issue provisional licenses to applicants within 45 days so long as the application demonstrates compliance with city ordinance and state law. This time may be extended if the applicant is waiting on a CUP.

b. Step Two: Obtain a state registration from the Department of Health.

o Applicants receiving provisional licenses will then apply for a state registration.

o The State will register the establishments according to their own rules and will apply the City’s numerical limits (if applicable) via a lottery system.

c. Step Three: Obtain an annual license from the City. 5.74.050

o Applicants who receive the State registration certificate shall pay the City’s annual license fee within 14 days of state registration to obtain an annual license to operate for the rest of the calendar year.

3. Renewal. Licensees must submit a renewal application each year, provide all requested materials, and pay a $5,000 renewal fee. 5.74.060.

4. Numerical Limits. Proposes one dispensary license per 5,000 residents. Today’s population estimate would allow for issuance of 15 dispensary licenses. No numerical limits would apply to other medical cannabis establishments (cultivation, manufacturing, testing). 5.74.070.

5. Adopts special procedures for license applications when a dispensary license becomes available, once the numerical limits have been reached. 5.74.070.C.

6. Sets terms for the Finance Director to suspend or revoke any license. 5.74.080.

7. Allows individuals whose license applications have been denied, or whose licenses have been suspended, revoked, or not renewed, to appeal that decision to Council for its final decision. 5.74.090.

8. Prohibits transfer of the license to any other person or entity, or to a different location. 5.74.100.

   a. This is intended to prevent the license from being sold on the open market and/or transferred freely, as some alcohol licenses are.

   b. Individuals’ ownership of the entity holding the license could change, so long as state rules regarding such transfer of ownership interest are followed.
c. If an establishment loses their lease or is forced to close at the current location, they lose this license and must reapply for the new location.

9. Active Use of Dispensary License. Requires dispensaries to commence operations no later than 120 days after the City issues the annual license, and must continuously operate thereafter for the term of the license. A dispensary license not actively used for more than 60 cumulative days per calendar year may be deemed inactive by the City, and the City may revoke the license or deny a renewal application on the basis of nonuse. This provision is to prevent people from entering the lottery for a dispensary license and then sitting on the license without using it. 5.74.110.

10. Operational requirements.

   a. Dispensaries may be open from 8 a.m. to 10 p.m.

   b. No establishment may emit odors noticeable at or beyond the property line.

   c. Licensees must own or lease the real property and must be the sole owner of the business operated under the license.

   d. Cultivation and manufacturing establishments must comply with all laws and regulations governing run-off or drainage into the City's stormwater system.

   e. Establishments must keep a visitor log of all visitors (with the exception of cardholders and caregivers visiting dispensaries). 5.74.120.

11. Violations of the Chapter are subject to the general penalty provision, which is 30 days in jail or a $500 fine, or both. Each day of violation is a separate offense. 5.74.150.