



*In accordance with City Council Resolution 1995-21, the minutes of meetings of the City Council and the Boards, Commissions, and Committees of the City shall be prepared as Action Minutes.*

MINUTES  
CITY COUNCIL  
BANNING, CALIFORNIA

03/23/2021  
SPECIAL MEETING - WORKSHOP

COUNCIL MEMBERS PRESENT: Mayor Wallace  
Mayor Pro Tem Happe, via Zoom  
Councilmember Hamlin  
Councilmember Pingree  
Councilmember Sanchez

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Douglas Schulze, City Manager  
Kevin G. Ennis, City Attorney  
Marie Calderon, City Clerk  
Jennifer Christensen, Administrative Services Director  
Suzanne Cook, Deputy Finance Director  
Tom Miller, Electric Utility Director  
Adam Rush, Community Development Director  
Art Vela, Public Works Director  
Laurie Sampson, Executive Assistant

## **I. CALL TO ORDER**

A special meeting of the Banning City Council was called to order by Mayor Wallace on March 23, 2021 at 4:16 P.M.

## **II. WORKSHOP**

### **A. Cannabis Microbusiness in California**

Adam Rush, Community Development Director introduced the subject, Mark Teague and Andrea Howard of Placeworks, Inc. a consulting firm with experience with Cannabis Microbusinesses. Mr. Teague provided a PowerPoint presentation on the subject. (Attached).

The Council and Mr. Teague engaged in some questions and answers regarding municipal code changes.

### III. **PUBLIC COMMENTS**

The Mayor opened the workshop item for public comment:

Oleg Ivashuck questioned if the Microbusinesses would be subject to the lottery.

Adam Rush responded the "lottery" was specific to retail.

Seeing no other requests, the Mayor closed Public comment.

Conversation continued between Mr. Rush, City Attorney Kevin Ennis, City Council, and Placeworks, Inc.

Direction given by Council to explore further options to pursue this activity.

### II. **ADJOURNMENT**

By consensus, the meeting adjourned at 5:02 p.m.

Minutes Prepared by:



Laurie Sampson, Acting Deputy City Clerk

***The entire discussion of this meeting may be viewed here:***

**<https://banninglive.viebit.com/player.php?hash=Alu2jeoDLULY>**

***Any related documents maybe viewed here:***

**<http://www.ci.banning.ca.us/ArchiveCenter/ViewFile/Item/2442>**

***or by purchasing a CD or DVD in the amount of \$7.00 at Banning City Hall located at 99 E. Ramsey Street.***

03/23/2021 Special Meeting - Workshop Minutes

# **ATTACHMENT 1**

Cannabis Microbusiness  
PowerPoint Presentation



# Cannabis Microbusinesses in California

**Banning, CA**

*March 2021*

# Overview

- » **What is a Cannabis Microbusiness (type 12 permit)?**
- » **What are the regulatory requirements?**
- » **How much does it cost to permit a Microbusiness?**
- » **How long does it take to establish?**
- » **Comparison to Retail (type 10) License**
- » **Needed to support microbusiness**

# What is a Cannabis Microbusiness?

Business facility no greater than 10,000 square feet

Must engage in at least three of the following activities:

1. Retailer or Retailer-Non-Storefront
2. Distributor or Distributor-Transport Only
3. Cultivation (less than 10,000 sq ft)
4. Manufacturer (Level 1, type 6)

Allows BOTH Cultivation and Sales

# Comparison to Retail (type 10) License

License Comparison	Multiple Cannabis Business Activities	Licensed Physical Locations	Cultivate	Delivery	Security Measures	May Require Additional State Licenses
Microbusiness (type 12 License)	✓	✓	✓	✓	✓	✓
Retail (type 10 License)	X	✓	X	✓	✓	X
Cultivation (Type 1-5 Licenses)	X	✓	✓	X	✓	X



# State (BCC) Fees

- » **Application Fees based on 12-month period estimated gross revenue**
  - Min: \$5,000; Max \$300,000
- » **CEQA Compliance Fees (if applicable)**
- » **Surety Bond (\$250 to \$350 for \$5,000 bond)**

# City Application Fees, Established by Ordinance

- » Cannabis cultivation, manufacturing and testing laboratory facilities regulatory permit
    - \$4,700
  - » Cannabis retailer regulatory permit
    - \$5,000
  - » Cannabis cultivation, manufacturing and testing laboratory facilities conditional use permit (cup)
    - \$10,000
  - » Cannabis retailer conditional use permit (cup)
    - \$10,000\*
  - » Total annual fees: \$29,700
- \* *Fees are Deposit Based*

# How long does it take?

- » **Bureau of Cannabis Control recommends businesses get the local license prior to applying for State license**
- » **State level**
  - The application process depends on factors like:
    - Completeness of the application
    - Ability of the Bureau to confirm local authorization with the appropriate local jurisdiction
- » **Process can take 9 – 12 Months (After City Approval)**

# Needed to Support Microbusinesses

## » Zoning Amendment

- Add definition of Microbusiness
- Decide on process CUP or Alt. process
- Are microbusiness permits subject to lottery?

## » Revenue

- Decide on taxation levels perhaps
  - Retail 10% Gross Sales; or,
  - Manufacturing 10% Gross Sales
  - Whichever is greater
- New ballot initiative if modified outside Measure N or O

# Chapter 3.15 Banning Code

## » Current definition of commercial cannabis

E. “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products, or engaging in any other cannabis activity that requires a state license issued by a licensing authority.

# 3.15.050 Modifications to Tax.

- » A. Notwithstanding Elections Code Section 9217, or the tax rate of ten percent (10%) of gross receipts of a cannabis retailer, the City Council may, in its discretion without the vote of the people of Banning, do any of the following:
  - » 1) Reduce the tax rate for a cannabis retailers;
  - » 2) Increase any tax rates established by this Ordinance, not to exceed the maximum tax rate of 15% of gross receipts for a cannabis retailer;
  - » 3) Increase any rates if they had previously been reduced below;
  - » 4) Establish a class of persons that is exempt or excepted from the tax or discontinue any such exemption or exception.
- » B. In no event shall the City Council of the City of Banning increase any rates in excess of those rates specified in this Ordinance without approval by a majority of the voters voting in an election on the increase.

# Benefits & Costs to Jurisdiction

## Benefits

- » **Local permit fee revenue** including both one-time and annual fees, based on locally-established fees
- » **Tax revenue** once established through a ballot measure, the City would collect taxes on all microbusiness revenue
- » **Fits within existing ballot measure definition**

## Costs

- » **Set-up and ongoing administrative** including costs to establish the new permit type, revise zoning, and administer permits annually



**PLACEWORKS**



# Permitted Cannabis Business Activities in Banning

## Cannabis Business Activities Allowed In Banning

Cannabis Activity	Allowed	Allowed Zoning
Cultivation	✓	Industrial & Business Park
Manufacturing	✓	Industrial
Retailer	✓	Highway-Serving Commercial (H-SC)
Testing Laboratories	✓	Industrial
Distributor	✓	Industrial
Microbusiness	X	Not allowed
Cannabis Events	X	Not allowed

# TYPE 9 Cannabis Businesses

## CANNABIS RETAILER (NON-STOREFRONT) FACT SHEET

- » RETAILER (NON-STOREFRONT): Sells cannabis goods to customers exclusively through delivery. A retailer non-storefront must have a licensed premises to store the cannabis goods for delivery. The premises of a non-storefront retailer shall not be open to the public.
- » RETAILER (NON-STOREFRONT) REQUIREMENTS
  - » • Hours of operation
    - » - A licensed retailer may only engage in sales and deliveries between the hours of 6:00 a.m. and 10:00 p.m. Pacific Time.
  - » • Cannabis goods for sale
    - » - A licensed retailer may only sell cannabis goods, cannabis accessories, and licensees' branded merchandise or promotional materials.
    - » - A licensed retailer may only receive cannabis goods for sale from a licensed distributor.
    - » - All cannabis goods must comply with all packaging and labeling requirements.
    - » - A licensed retailer may not sell cannabis goods that are expired.

# Type 9 Cannabis ( Cont'd)

## » Delivery

### » **All delivery customers must provide a valid proof of identification.**

- Persons 21 years of age or older may purchase adult-use cannabis goods.
- Persons 18 years of age or older may purchase medicinal cannabis goods with a valid physician's recommendation.

### » Delivery employees must verify the age by inspecting a valid form of identification of all delivery customers, in person, before they complete delivery of the cannabis goods.

### » - Delivery must be made to a physical address in any jurisdiction within California that is not on publicly owned land, a school, a day care, or a youth center.

### » - During delivery, the employee must carry a copy of the retailer's license, the employee's government-issued identification, and an identification badge provided by the licensed retailer

### » - The delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time, with no more than \$3,000 of cannabis goods that are not already part of a customer order that was processed prior to leaving the premises.

### » - A delivery request receipt must be prepared for each delivery of cannabis goods and contain all the items listed in section 5420 of the Bureau's regulations.

# Type 9 Cannabis ( Cont'd)

- » Delivery must be made in person by a direct employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered directly employed by the licensed retailer.
- » Delivery must be made using an enclosed motor vehicle equipped with a GPS device and secure storage for cannabis goods.
- » A vehicle used by a licensed retailer for delivery purposes is not required to be owned by the licensee.
- **Customer returns**
  - » A licensed cannabis goods. The returned cannabis goods may be destroyed or, if defective, returned to the distributor retailer may accept customer returns but may not resell the returned from which they were obtained.

# Type 9 Cannabis (Cont'd)

## Cannabis goods packaging, labeling, and exit packaging:

- » A licensed retailer may not accept, possess, or sell cannabis goods that are not packaged for final sale. A retailer may not package or label cannabis goods.
- » All cannabis goods sold must be in an opaque exit package before delivery to the customer.
- » Through December 31, 2019, all cannabis goods must either be in a child-resistant package or in a child-resistant exit package. All cannabis goods packaging shall be tamper-evident; and resealable if it contains more than one serving.
- » Beginning January 1, 2020, a package containing cannabis goods shall be resealable, tamper-evident, and child resistant.
- » Immature cannabis plants and seeds sold by a licensed retailer are not required to be placed in resealable, tamper-evident, child-resistant packaging.

# Type 9 Cannabis (Final)

## Shipments and inventory

- » Licensed retailers can only receive shipments from licensed distributors between the hours of 6:00 a.m. and 10:00 p.m. Pacific Time.
- » Licensed retailers must be able to account for all inventory of cannabis goods and provide the Bureau with inventory records upon request.

## Retailer to retailer transfer

- » Cannabis goods may be transported by a licensed distributor from one retail location to another retail location if the retail licenses for both locations are held by the same licensee.

## • Records

- » A licensed retailer must maintain financial records, personnel records, training records, contracts, permits, security records, destruction records, data entered into track-and-trace, and an accurate record of all sales for seven years. All records must be made available to the Bureau upon request.

*Thank you & Questions*



**PLACEWORKS**