

December 9, 2016

To the Nevada City City Council
317 Broad Street
Nevada City, CA 95959

Mayor Evans Phelps
Vice Mayor Duane Strawser
Council Member David Parker
Council Member Valerie Moberg
Council Member Reinette Senum
City Manager Mark Prestwich
City Planner Amy Wolfson
City Police Chief Tim Foley
City Attorney Hal Degraw
Members of the Nevada City Planning
Commission



RE: DRAFT ORDINANCE RECOMMENDATIONS FOR A MEDICAL CANNABIS DISPENSARY

As a leading voice in the advocacy of a safe and responsible cannabis industry that works to develop and implement solutions in regards to public safety, environmental impact, and other community concerns, the Nevada County Cannabis Alliance would like to thank Nevada City for its thoughtful and inclusive consideration of a medical cannabis dispensary.

We are excited to bring our expertise and resources both locally and from our statewide partners, the California Growers Association, to work with all stakeholders to develop an ordinance that will best serve the interests of Nevada City. We've worked with your colleagues and various interest groups throughout the community to facilitate the exchange of information to develop sound public policy, and we appreciate your thoughtful consideration of our recommendations.

Although there has been no decision to grant a dispensary license, we believe that the City Council is justified in moving forward with developing a cannabis friendly ordinance in light of the election results of Measure W in the June primary election, and Proposition 64 in the November general election. Measure W asked the county whether or not they should ban the cultivation and other commercial cannabis activities, according to the precinct report CP09 representing Nevada City proper the vote was **74.76%** against a ban. In regards to Prop 64 the precinct voted **64.69%** in favor of legalizing the adult use of cannabis. These election results show overwhelming favor for a regulated cannabis industry by the citizens of Nevada City.

The Cannabis Alliance sees the introduction of a dispensary as a critical milestone in transitioning the industry from its wild west past to a future of legitimacy, where those in the cannabis industry can contribute in a responsible and positive way to the greater community. With a dispensary, we establish the anchoring component of a track-and-trace supply chain, where product can be moved from its place of production, distribution and retail providing transactions that are transparent and accountable. With this legitimate business model, we address issues of diversion to both the black market and to our youth, thereby improving public safety, and decreasing youth access.

We appreciate Nevada City for its proactive approach in tackling this difficult issue and creating an opportunity to address many of the negative impacts that come from an unregulated cannabis industry.

We would also like to acknowledge the City for its professionalism and inclusiveness in its process, and we look forward to working together in developing solutions that are best for the whole community.

Respectfully,

Diana Gamzon,
Director of the Nevada County Cannabis Alliance

Jonathan Collier,
Executive Committee of the Nevada County Cannabis Alliance
Board of Director of the California Growers Association

Mark Schaefer,
Executive Committee of the Nevada County Cannabis Alliance
Board of Director of the California Growers Association

NEVADA COUNTY CANNABIS ALLIANCE PRINCIPLES

Public Participation

Nevada City has already demonstrated a strong willingness to listen to its citizens providing multiple forums, ample time for public input, and actively providing public notification through its own media as well as local newspapers.

The challenge of the City to be open to comment from those within its jurisdictions and from others who live in the county, but identify with Nevada City as place of work, recreation, and as a community center, which is why we suggest the City continue to be open to input from the greater community. However, it should place emphasis on the concerns of those who live within its jurisdiction and find ways to reach out to them specifically, possibly through surveys or door-to-door polling.

A Fair and Clear Process

We encourage the City to continue to provide a fair and clear process in the selection process of a dispensary, as it has been doing with the ordinance development.

As a trade organization and advocacy group, we promote for the welfare of the industry in general as well as for the greater good of the community. We do not advocate for any single or particular business interest, we would like to see a level playing field and fair opportunity for all.

It is our duty to provide resources and education to our members, as well as those in decision making positions. At the end of the day, we trust the City will do what it sees best for its constituents.

ORDINANCE ACTION PRIORITIES

ITEM #1: Proper Terminology

- 1.) Please replace all instances of the term “marijuana” with “cannabis”. With the passage of SB 837 “cannabis” is now the official terminology as defined by the State.

ITEM #2: Cap on Dispensary Numbers (9.22.040)

- 1.) Capping the amount of dispensary numbers is usually unnecessary. Between zoning, setbacks and property ownership/leasing market forces naturally limit the number of possibilities, especially in a City our size.
- 2.) With only one dispensary we risk a monopoly and potential price fixing. Higher prices encourage participation in the black market and perpetuates these impacts.

ITEM #3: Setbacks (17.142.030)

- 1.) 600 ft from schools K-12 is required by state law, the inclusion of pre-schools, and transitional kindergartens is not required.

ITEM #4: Zoning (17.142.030)

- 1.) Increase zoning availability to include commercial districts. The dispensary business model is a retail model. However, exceptions could be made for sensitive areas such as the Historic District.
- 2.) Isolated areas with discrete visibility actually have the effect of encouraging attention from criminal elements. Higher visibility with more public traffic discourages criminal activity because of increased scrutiny.

ITEM #5: Prohibition of Other Medical Business License Types (17.142.040)

- 1.) Remove the prohibition of all other MCRSA license types. In creating a transparent and accountable supply chain that will decrease diversion and unregulated activity it is important for the other license types to be considered.
- 2.) Many of these other license types such as laboratories, distribution, and manufacturing take significant planning and investment to establish, prohibiting them may discourage these vital businesses from operating in the area.

ITEM #6: Hiring Employee Process (9.22.030)

- 1.) The employee work permit program and screening is unusually stringent for *all* employees. This level of scrutiny is appropriate for owners and managers. It is in the best interest of the business to hire the most professional staff as they are incentivized not to take risks that will result in them losing their permit.
- 2.) A 90-day window for City staff to review each individual employee application, conduct background checks, and contact previous employers. This will not only create undue workload on city staff, but a burden on the employer's ability to retain potential qualified applicants interested in the job.

ITEM #7: On-Site Consumption (9.22.070)

- 1.) We would ask the City consider the spectrum of on-site consumption, it may be reasonable to allow one or more of these methods:
 - a.) *Prohibition of Consumption*: No on-site consumption.
 - b.) *Consumption for Testing*: the ability for staff to test products for efficacy.
 - c.) *Consumption for Demonstration*: being able to show patients who are unfamiliar with various products how to safely and appropriately consume product.
 - d.) *Consumption in Conjunction with Therapy*: the ability to use cannabis in conjunction with another therapy such as massage or yoga offered by the dispensary.
 - e.) *On-Site Consumption*: the creation of a space for patients to safely consume cannabis in private.

ITEM #8: Clear Guidelines to Advertising (9.22.070)

- 1.) Although we don't disagree with specific advertising restrictions for our count, we would like to note this is somewhat unprecedented throughout the state.
- 2.) The language is very vague in regards to "other forms of similar advertising" and "in other legally authorized forms" we recommend clearly designating what is off limits and what is not.

APPLICATION PROCESS PRIORITIES

ITEM #1: Application Fees (9.22.050)

- 1.) Application fees should adhere to Prop 26.
- 2.) Include a phased fee structure. Each phase in the application process has fees associated with that phase, and as applicants pass each phase they pay the associated cost.

ITEM #2: Selection Criteria (9.22.050)

- 1.) We encourage the city to provide a fair and clear process and to publish the criteria in advance, and to weigh the criteria in a way that reflects local values.
- 2.) Although we haven't taken an official poll of our constituency several consistent themes have emerged from our interactions with our members and with the greater public:
 - a.) *Qualification of Owner/Operators*: Local ownership—applicants demonstrate 55% or more of ownership is tied to Nevada County residents.
 - b.) *Community Benefit*: should show specific ways to support local philanthropic causes.
 - c.) *Local Enterprise Growth*: Local sourcing—a percentage of products should be sourced locally.
1. We encourage the city to provide a "fair and clear process" to publish the criteria in advance, and weigh the criteria in a way that reflects local values. For example:
 - a. What are the local philanthropic efforts? A license holder with a local philanthropic program can help underfunded nonprofits carry out much needed social programs, as well as create a sense of community values for their customers as well as the community at large.
 - b. Recommend at least 55 percent of local sourcing of products. (majority)
 - c. Demonstrate ties to Nevada County: A minimum 55 percent Nevada County resident ownership. This will create opportunities for local residents to participate in the local, legal cannabis economy and create jobs for existing residents.

OTHER CONSIDERATIONS

ITEM #1: Tax Initiative

- 1.) We are supportive of a voter authorized tax initiative that would generate extra revenue for the city.
- 2.) A portion of these taxes would be dispersed to the general fund and distributed appropriately by the city.
- 3.) In our efforts of coalition building with many local nonprofits and community organizations we would also like to see a fund set up to benefit social and environmental programs that address important local issues.