



THIRD READING AND ADOPTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA ADDING NATIONAL CITY MUNICIPAL SECTION 9.60 TO REGULATE COMMERCIAL CANNABIS

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BACKGROUND

- 2012 City Council initially prohibited cannabis as part of a land-use update.
- January 19, 2016- City Council passed a ban on cannabis cultivation.
- November 2016- Proposition 64 (Control, Regulate and Tax Adult Use of Marijuana Act) was approved by 57% of voters in California. Voting results in National City were 7,551 (50.04%) against and 7,540 (49.96%) in favor.
- June 18, 2019- City Council authorized staff to retain the services of HdL to assist with community outreach and the development of a draft cannabis ordinance, an application review process and cost recovery fees.
- September 17, 2019- HdL presented its initial findings to the City Council, after which direction was provided to staff to develop an ordinance that would allow up to three cannabis businesses through development agreements to be located in National City's Industrial Zones.
- October 16, 2019- through November 5, 2019- The City developed a survey to gather input from the community to help guide the development of its cannabis regulatory program, including community impacts to be addressed through regulations and programs to be funded through a community benefits fee.



BACKGROUND

- October 22, 2019- City staff hosted a community workshop on cannabis in the Library Community Room.
- February 18, 2020- City Council directs staff to establish a set community benefits fee rate of 5% of gross receipts for all cannabis businesses; expand the proposed number of cannabis business operations from 3 to 6 (3 remaining in the originally proposed Industrial Zone and 3 being added to the areas zoned Tourist Commercial (CT) in the Marina District west of I-5); and to include consumption lounges as an allowable business type in the ordinance.
- March 17, 2020- Cannabis ordinance scheduled for first hearing of the ordinance at City Council. Due to COVID-19 the item was pulled from the agenda.
- March 2, 2021- Cannabis ordinance is reintroduced based on City Council direction and public input.
- April 6, 2021- Cannabis ordinance is brought back to City Council for adoption with amendments based off direction on March 2, 2021.
- May 4, 2021- Cannabis ordinance brought back for the third reading and adoption of the ordinance based off of City Council direction given on March 2, 2021 and April 6, 2021.



REQUESTED CLARIFICATION IN ORDINANCE:

- Clarification on “Retail Ancillary/Accessory Use” definition in Section 9.60.050.
 - Retail Ancillary/Accessory Use shall be determined when less than forty percent of a business’s gross floor area is devoted to the use, display, and/or sales of cannabis products and/or paraphernalia and no approved retail ancillary/accessory use shall be permitted without a licensed and operational primary use.
- Clarification regarding who would be the “designee” in statement “City Manager or Designee”.
 - Multiple departments will be involved in the review, approval and enforcement of commercial cannabis businesses. Those departments include the City Manger’s office, City Attorney’s office, National City Police Department, Community Development Department and Finance Department. Where applicable designee may also include consultants.
- Clarification on Section 9.60.120
 - “Not including commercial cannabis-related offenses for which the conviction occurred after the City banned cannabis in 2012.”
- Council directed staff to amend the ordinance to require that any cannabis businesses providing retail ancillary/accessory use to the primary activity of the business shall be no closer than two hundred fifty (250) feet of any residential parcel in the City of National City as of the date the cannabis business permit is issued.



NEXT STEPS IF ORDINANCE IS ADOPTED

- Second reading and adoption of the ordinance to the City Council to strike and replace existing City of National City municipal code section 18.30.340 & 345 – Commercial Marijuana Activity. Item 21 on tonight’s agenda.
- City staff to host a workshop to gather information on social equity programs to be included in a template development agreement.
- Adoption of a resolution authorizing city staff to request access to application background checks through the California Department of Justice.
- Adoption of a resolution setting the number of each type of commercial cannabis business that shall be permitted to operate in the City of National City.
- Creation and adoption of a full cost recovery of application process.
- Process applications until deemed complete.
- Negotiate development agreements and bring to City Council for approval. The development agreement will include community benefits and social equity programs.



STAFF RECOMMENDATIONS

- Adopt the ordinance
- Direct Staff to organize a City Council workshop to discuss terms including social equity that would be included in a template development agreement



CLARIFYING QUESTIONS

PUBLIC COMMENT

CLOSE THE PUBLIC HEARING

DELIBERATIONS AND DIRECTION