



AGENDA REPORT



TO: Honorable Mayor and
members of the City Council

FROM: Councilmember Kaplan
At-Large District

SUBJECT: Consumption
Ordinance

DATE: May 16, 2024

RECOMMENDATION

Councilmember Kaplan recommends adopting the following amendment

ORDINANCE: (1) AMENDING OAKLAND MUNICIPAL CODE SECTION 5.80.025 (ONSITE CONSUMPTION PERMIT) BY: (A) AUTHORIZING THE CITY ADMINISTRATOR TO ISSUE AN ONSITE CONSUMPTION PERMIT TO A PERMITTED DISPENSARY REGARDLESS OF HOW LONG THE DISPENSARY HAS BEEN OPERATING; AND (B) REMOVING THE PUBLIC HEARING REQUIREMENT FOR AN ONSITE CONSUMPTION PERMIT; AND (2) MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS

EXECUTIVE SUMMARY

The City of Oakland (the City) is a pioneer in the emerging cannabis industry, championing the legalization and responsible and equitable regulation of both recreational and medical cannabis. Cities that have authorized cannabis consumption, regardless of good standing, be it medical or recreational, on the premises of dispensaries have benefited from an increase in tax revenue related to or directly from cannabis consumption. The City seeks to reduce duplication of efforts and to enable the timely operation of local businesses to generate jobs and revenues by having a dispensary with onsite consumption be able to have one public hearing rather than two public hearings.

Amending chapter 5.80.025 of the OMC will improve the cannabis industry within the City by removing the section that mentions “To existing dispensaries in good standing,” which, at a point in history, served a productive purpose but has become a hurdle to a burgeoning industry in the modern landscape.

Amending chapter 5.80.025 of the OMC will help the City replicate the success enjoyed by municipalities that have removed any mention of good standing in their cannabis regulations, such as an increase in employment, tax revenue, and a better-regulated cannabis market.

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The city, as a pioneer in the legalization of medical and recreational cannabis consumption, would benefit from easing the authorization of on-site consumption within the premises of dispensaries.

BACKGROUND / LEGISLATIVE HISTORY

The current regulation, drafted in an era with little to no precedent on the legal consumption of cannabis, successfully established a regulated cannabis industry in the City. To build upon the momentum derived from a pioneering vision of the cannabis industry, the City should amend OMC 5.80.025, thus easing the process for applicants seeking an on-site consumption permit.

Local, state, and federal regulations have begun to relax or abolish specific cannabis laws. For example, on Tuesday, April 30th, 2024, Attorney General Merrick Garland submitted a proposal to move cannabis out of the government's most restrictive classification under the Controlled Substances Act. As states and the federal government begin to adopt more relaxed and better regulation of the cannabis industry, the City should embrace the easement of cannabis regulations. By adopting the proposed amendment, the city is bringing its regulations in line with modern attitudes and business practices in the cannabis industry.

ANALYSIS AND POLICY ALTERNATIVES

The current regulations no longer align with the practices and standards of the modern cannabis industry. Neighboring cities like San Francisco have already made similar changes. By maintaining the existing legislation, the City risks missing out on the opportunity to benefit from new standards of cannabis consumption, which could limit the City's ability to generate revenue from cannabis. Furthermore, potential new businesses in the thriving cannabis industry may overlook Oakland due to its regulations that are not in line with industry and municipal norms.

FISCAL IMPACT

The adoption of this amendment would simplify the permitting process for existing dispensaries, allowing the City to maximize tax revenue from the cannabis industry. Further, by updating the City's cannabis regulations, the opportunity for job growth and new businesses related to cannabis significantly increases.

PUBLIC OUTREACH/INTEREST

The proposed amendment is based on input from dispensary operators and research into established concepts, such as cannabis regulations in similar cities like Oakland.

COORDINATION

The At-large office has collaborated with the Office of the City Attorney, the Department of Employment and Workforce Development, cannabis business operators, and relevant stakeholders.

SUSTAINABLE OPPORTUNITIES

Economic: By aligning its cannabis regulation to industry standards, the city will increase its opportunity to collect tax revenue generated from the cannabis industry.

Environmental: This amendment will not impact the environment.

Social Equity: The City takes an equitable approach when evaluating applications, such as prioritizing communities impacted by decades of America's War on Drugs. Adopting this amendment eases the process, thus removing hurdles for applicants, such as those impacted by the War on Drugs.

ACTION REQUESTED OF THE CITY COUNCIL

Councilmember Kaplan recommends adopting the following amendment

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For questions regarding this report, please contact Michael Alvarenga, Legislative Analyst, at malvarenga@oaklandca.gov

Respectfully submitted,



Councilmember Kaplan
At-Large District

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