NOTICE OF MEETING
CITY OF PACIFIC GROVE
ECONOMIC DEVELOPMENT COMMISSION
REGULAR MEETING AGENDA

Thursday, July 11, 2019, 4:00 P.M.
Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF AGENDA

3. APPROVAL OF JUNE 13, 2019 EDC MINUTES

4. COMMISSION AND STAFF ANNOUNCEMENTS (City-Related Items Only)

5. REPORTS OF COUNCIL LIAISON

6. GENERAL PUBLIC COMMENT
   (Comments from the audience cannot receive Commission action. Comments must deal with matters subject to the jurisdiction of the Commission and not on the regular agenda. Comments will be limited to three minutes. Whenever possible, letters are to be submitted to the Commission in advance of the meeting.)

7. REGULAR AGENDA

   A. Downtown Commercial (C-D) Uses
      Description: Limit the total number of real estate businesses in Commercial Downtown and on Lighthouse Ave to protect and enhance the balanced mix of uses including retail and service businesses that supply residents and visitors with essential goods and services.
      Reference: Mia Jarick
      Recommended Action: Discuss and approve a recommendation to the City Council to amend PGMC Chapter 23.34 by placing a cap limit on the total number of real estate offices in Downtown Commercial as well as on Lighthouse Ave.
      CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

   B. EDC Strategic Plan for Fiscal Year 2019-20
      Reference: Mia Jarick
      Recommended Action: Hold a preliminary discussion on how to plan and develop an Economic Development Strategic Plan for Fiscal Year 2019-20.
      CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

8. UNFINISHED AND ONGOING BUSINESS
   A. Broadcast and Media Marketing Campaign for the City of Pacific Grove
      Reference: Jeff Mitchell, Sales Manager at NPG Media
      Recommended Action: Receive a status update.
      CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.
B. Subcommittee Report on the Cannabis Industry in Pacific Grove

**Description:** Results of the Subcommittee’s investigations and recommendations are provided in the form of a narrative report and summary presentation.

**Reference:** Tama Olver

**Recommended Action:** The Subcommittee requests that the Commission receive the report and presentation, agree to any modifications, and forward to the City Council for their consideration.

**CEQA:** Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

9. ADJOURNMENT

NOTICE OF ADA COMPLIANCE: Pursuant to Title II of the Americans with Disabilities Act (Codified At 42 United States Code Section 12101 and 28 Code of Federal Regulations Part 35), and Section 504 of the Rehabilitation Act of 1973, the City of Pacific Grove does not discriminate on the basis of race, color, religion, national origin, ancestry, sex, disability, age or sexual orientation in the provision of any services, programs, or activities. The City of Pacific Grove does not discriminate against persons with disabilities. City Hall is an accessible facility. A limited number of assisted listening devices will be available at this meeting. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting or provide the requested agenda format.
MINUTES

CITY OF PACIFIC GROVE
ECONOMIC DEVELOPMENT COMMISSION
REGULAR MEETING
Thursday, June 13, 2019, 4:00 P.M.
Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

1. CALL TO ORDER AND ROLL CALL – 4:00PM
Commissioners Present: Mia Jarick (Chair), Tama Olver (Vice-Chair), Sarah Fontecchio (Secretary), Amber Kerchner, Dianna Addeman, Marietta Bain, Willy Nelson

Commissioners Absent: Moe Ammar

2. APPROVAL OF AGENDA
Chair Jarick moved to Table 8B to next meeting.

On a motion by Commissioner Fontecchio, seconded by Commissioner Addeman, the Commission voted 7-0-1 (Commissioner Ammar Absent) to approve the Agenda as amended. Motion passed.

3. APPROVAL OF May 9, 2019 EDC MINUTES (Attachment A)
On a motion by Commissioner Nelson, seconded by Commissioner Kerchner, the Commission voted 7-0-1 (Commissioner Ammar Absent) to approve the April 11, 2019 minutes. Motion passed.

4. COMMISSION AND STAFF ANNOUNCEMENTS (City-Related Items Only)
Chair Jarick met with Realtor Peggy Jones who is concerned about how many Realtors are going to be allowed in Pacific Grove. Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.

Chair Jarick received a memo from Mayor Peake with regards to plans to develop the American Tin Cannery building. Haroon Noori, Management Analyst stated that the City of Pacific Grove has posted the project plans on the website on the home page. Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.

Chair Jarick provided information with regards to the City of Pacific Grove having water for sale. Discussions in process for an invitation only cocktail function at Fandago for property owners. Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.

5. REPORTS OF COUNCIL LIAISON
None.

6. GENERAL PUBLIC COMMENT
None.
7. REGULAR AGENDA
A. Broadcast and Media Marketing Campaign for the City of Pacific Grove
   (Attachment B)
   Reference: Jeff Mitchell, Sales Manager at NPG Media
   Recommended Action: Receive and discuss the proposed marketing campaign
   proposal and make funding recommendation to the City Manager for approval for an
   amount not to exceed $6,000.
   CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section
   15378.

   Mr. Jeff Mitchell presented to the Commission a broadcast and media marketing
   campaign for the City of Pacific Grove in regard to a new commercial to promote
   the City’s offerings to both locals and tourists. Commission discussed this item.
   Please reference audio recording found on the EDC website from June 13, 2019
   meeting for more information.

   Chair Jarick opened the floor to public comment. No public comments.
   Chair Jarick closed the floor to public Comment.

   On a motion by Commissioner Olver, seconded by Commissioner Nelson, the
   Commission voted 7-0-1 (Commissioner Ammar Absent) to recommend to the City
   Manager that the EDC spend $6,000 for the first three months with KION on the
   EDC’s new marketing campaign. Motion passed.

B. Banner for Downtown Pacific Grove
   Reference: Mia Jarick
   Recommended Action: Discuss purchasing a banner for Downtown Pacific Grove
   and recommend to the City Manager to approve $250 for the purchase of the banner.
   CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section
   15378.

   Commissioner Addeman provided information to the Commission on a missing
   Banner on Forest Avenue. Commission discussed this item and Commissioner
   Addeman to obtain further information on artwork and pricing quote. Please
   reference audio recording found on the EDC website from June 13, 2019 meeting
   for more information.

   Chair Jarick opened the floor to public comment. No public comments.
   Chair Jarick closed the floor to public Comment.

   On a motion by Commissioner Addeman, seconded by Commissioner Fontecchio,
   the Commission voted 7-0-1 (Commissioner Ammar Absent) to continue this item
   to the July meeting once the EDC has more information. Motion passed.

C. Pacific Grove Commercial Vacancies
   Reference: Mia Jarick
   Recommended Action: Discuss vacancy promotion strategies and provide direction.
CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

Chair Jarick provided information that the City Manager, the Mayor, and Chair Jarick are in discussions on obtaining contact information for all commercial property owners to invite them to a function in the month of August to obtain further information on vacancies and provide information on available water. Commission discussed this item. Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.

Chair Jarick opened the floor to public comment. No public comments. Chair Jarick closed the floor to public Comment.

D. **Board and Commission Member Handbook** *(Attachment C)*  
   Reference: Haroon Noori, Staff Liaison  
   Recommended Action: Receive handbook.  
   CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

Chair Jarick requested Commissioners read the Member Handbook and to be discussed at the next EDC Meeting. Haroon Noori, Management Analyst stated that there are plans to schedule an attorney training at the next July EDC meeting to cover the Handbook and the City Attorney will provide an overview on the Handbook, Brown Act, and CEQA. Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.

8. **UNFINISHED AND ONGOING BUSINESS**
   A. **Restaurant Week Marketing Promotion**  
      Reference: Steve Thomas  
      Recommended Action: Receive a status update.  
      CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

   Mr. Steve Thomas provided information and reported on marketing efforts for Pacific Grove Restaurant Week which concluded June 9, 2019. Commission discussed this item and the options for Pacific Grove Restaurant Week 2020. Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.

   B. **EDC Budget for Fiscal Year 2019-20**  
      Description: Request the City Council to allocate and approve $58,000 for the Economic Development Commission for Fiscal Year 2019-20.  
      Reference: Mia Jarick  
      Recommended Action: Approve recommendation to City Council to approve $58,000.  
      CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

   Item tabled a future EDC meeting. Please reference audio recording found on the
C. **Subcommittee Report on Cannabis**  
Reference: Tama Olver  
Recommended Action: Receive report.  
CEQA: Does not constitute a “Project” as defined by CEQA Guidelines Section 15378.

Commissioner Olver provided information and research gathered on bringing Cannabis Dispensaries to the City of Pacific Grove. Commission discussed this item. *Please reference audio recording found on the EDC website from June 13, 2019 meeting for more information.*

Chair Jarick opened the floor to public comment. Comment received from Inge Lorentzen Daumer.  
Chair Jarick closed the floor to public Comment.

9. **ADJOURNMENT 5:19PM – Next Meeting July 11, 2019**

APPROVED BY THE ECONOMIC DEVELOPMENT COMMISSION

____________________________________  
Sarah Fontecchio, Secretary  
Date
TO: Members of the Economic Development Commission  
FROM: Tama Olver  
MEETING DATE: June 11, 2019  
SUBJECT: Subcommittee Report on Cannabis in Pacific Grove  
CEQA: Does not constitute a “Project” under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION
1. Receive Subcommittee report on “Cannabis Industry in Pacific Grove” and approve draft Agenda Report and recommendations outlined in the draft Agenda Report for consideration by the City Council at a future City Council meeting.
2. Authorize City staff to forward the materials to the City Council for consideration.

DISCUSSION
At the April 11th meeting of the Economic Development Commission, a subcommittee was formed to investigate and report on changes to the city ordinance on cannabis that would contribute to economic development in Pacific Grove.

The Subcommittee, comprised of Tama Olver (Chair), Marietta Bain, and Mia Jarick performed the following:
1. Interviews with stakeholders including elected officials, representatives of cannabis businesses, the City Manager, and the Chief of Police.
2. Review of the following:
   a. City of Pacific Grove’s existing regulations and ordinances;
   b. Regulatory environment changes;
   c. Tax rates and associated revenues; and
   d. Information about the California cannabis industry since 2016 including trends and impacts on communities.

Findings of the subcommittee and recommendations for action by the City Council are included in the report: Cannabis Industry in Pacific Grove.” The subcommittee recommends that the EDC approve these recommendations and direct staff to forward EDC-approved materials to the City Council for consideration.
OPTIONS
1. Take no action.
2. Request that the subcommittee complete further work and bring forward a revised report.

ATTACHMENTS
1. Draft agenda report for future City Council meeting.
2. Report: Cannabis Industry in Pacific Grove
3. Cannabis Map

RESPECTFULLY SUBMITTED:

Tama Olver

____________________________
Tama Olver
Economic Development Commission Member
TO: Honorable Mayor and Members of the City Council
FROM: The Economic Development Committee and Liaison Councilmember Jenny McAdams
MEETING DATE: TBD
SUBJECT: Cannabis Industry in Pacific Grove
CEQA: Does not constitute a “Project” under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION
1. Receive the Economic Development Committee’s report “Cannabis Industry in Pacific Grove”.
2. Direct staff as to next steps.

DISCUSSION
The Economic Development Commission (EDC) is charged with improving the City's business and economic environment by providing the framework for developing and maintaining a viable business community within the City of Pacific Grove that serves the needs of both residents and visitors alike, while providing the tax base upon which our City government depends to fund its programs, services, infrastructure, and public facilities.

At the meetings of March 14, 2019, April 11, 2019 and May 9, 2019, the EDC discussed the possibility of allowing cannabis businesses in Pacific Grove. Mia Jarick, the chair of the Economic Development Commission appointed a subcommittee of three members to research and ascertain information pertaining to cannabis businesses. The members of the subcommittee included Mia Jarick, Chair, Marietta Bain, and Tama Olver.

The Subcommittee performed the following
1. Interviews with stakeholders including elected officials, representatives of cannabis businesses, the City Manager, and the Chief of Police
2. Review of the following:
   a. City of Pacific Grove’s existing regulations and ordinances;
   b. Regulatory environment changes;
   c. Tax rates and associated revenues
   d. Information about the California cannabis industry since 2016 including trends and impacts on communities.
A draft report including recommendations and report was developed and approved by consensus of the subcommittee. The subcommittee took the report and recommendations and report to the EDC on July 11th, 2019. The EDC, by a vote of _____ “Yes,” ____“No,” and _____“Abstaining,” asked City Council Liaison Jenny McAdams to acquire time on a City Council Agenda for delivery of the report and associated recommendations.

Below are the recommendations from the EDC:
1. Direct staff to hold community meetings to ascertain current community interests and concerns.
2. City Council direct the City Manager to prepare a draft ordinance that would:
   a. Rescind the current moratorium on cannabis businesses in Pacific Grove,
   b. Permit operation of one retail dispensary offering medical and recreational cannabis, and a business offering cannabis home delivery that might be operated separately, in a location that conforms to California State restrictions,
   c. Permit operation of cannabis research and testing facilities in all commercial districts,
   d. Include a 10% tax on gross receipts of marijuana businesses.
3. Adopt a resolution to add one ballot initiative to the 2020 election to impose a 10% tax on gross receipts of cannabis businesses.

OPTIONS
1. Take no action.
2. Accept the recommendations (some or all).
3. Provide alternative direction to staff.

FISCAL IMPACT
1. A one-time expense of $8,500 in estimated fees to the Monterey County Elections Department to cover the cost of the recommended ballot measure.
2. The Commission offers the following table for consideration when estimating cannabis revenues:

<table>
<thead>
<tr>
<th>Anticipated Gross Revenue</th>
<th>Tax Rate: 10%</th>
<th>Anticipated Gross Revenue</th>
<th>Tax Rate: 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$750,000</td>
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<tr>
<td>$1,750,000</td>
<td>$175,000</td>
<td>$3,000,000</td>
<td>$300,000</td>
</tr>
</tbody>
</table>
GOAL ALIGNMENT
Financial Stability
Help Local Businesses Thrive

ATTACHMENTS
1. Economic Development Committee’s Cannabis Report
2. Cannabis Zoning Map

RESPECTFULLY SUBMITTED: REVIEWED BY:

______________________________ ______________________________
Mia Jarick Ben Harvey
Economic Development Committee Chair City Manager

______________________________
Jenny McAdams
Councilmember
Cannabis Industry in Pacific Grove
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Summary

On July 11, 2019, the Economic Development Commission approved delivery of this report and an accompanying presentation to the City Council of Pacific Grove by a vote of x “Yes,” y “No,” and z “Abstaining.” In summary the recommendation is:

1. Direct staff to hold community meetings to ascertain current community interests and concerns.
2. City Council direct the City Manager to prepare a draft ordinance that would:
   a. Rescind the current moratorium on cannabis businesses in Pacific Grove,
   b. Permit operation of one retail dispensary offering medical and recreational cannabis, and a business offering cannabis home delivery that might be operated separately, in a location that conforms to California State restrictions,
   c. Permit operation of cannabis research and testing facilities in all commercial districts,
   d. Include a 10% tax on gross receipts of marijuana businesses.
3. Adopt a resolution to add one ballot initiative to the 2020 election to impose a 10% tax on gross receipts of cannabis businesses.

Benefits

Goods and services for citizens of Pacific Grove and our visitors. The primary benefit of permitting operation of cannabis businesses in Pacific Grove is to provide goods and services for residents and visitors alike. While there is no current study that quantifies use and unmet demand in Pacific Grove, the industry throughout Monterey County appears to be growing and there is significant evidence of interest. Specifically: A solid majority of citizens (69.3%) voted for Proposition 64 The Adult Use of Marijuana Act ¹, legalizing recreational cannabis in 2016. A 2017 survey of residents further demonstrated support as shown in the table below: ³

¹ Proposition 64: The Adult Use of Marijuana Act http://www.courts.ca.gov/prop64.htm
<table>
<thead>
<tr>
<th>Question</th>
<th>% Strongly Agree or Agree</th>
<th>% Neutral</th>
<th>% Disagree or Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should Pacific Grove have a medical marijuana dispensary?</td>
<td>66%</td>
<td>9%</td>
<td>25%</td>
</tr>
<tr>
<td>Should Pacific Grove have a recreational marijuana dispensary?</td>
<td>50%</td>
<td>9%</td>
<td>41%</td>
</tr>
<tr>
<td>Is legal home delivery of marijuana acceptable?</td>
<td>59%</td>
<td>16%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Potential reduction in illegal sale of cannabis. A secondary benefit is the potential to reduce illegal sale of cannabis. In general, California has experienced less reduction in illegal use than initially projected from legalization. The persistence of illegal traffic has affected both the growth of the industry and tax revenues attained. At the same time, we believe that offering legal cannabis would place Pacific Grove on a path to reducing illegal sale and use over time.

**Jobs.** As with any other new industry, cannabis businesses would provide employment opportunities.

**Increased traffic to other businesses.** Another benefit is that a retail outlet could serve as an anchor point for a business district increasing traffic to other businesses there.

**Tax revenue.** A final benefit is tax revenue. While there would certainly be revenue, it is very difficult to predict how much.

As the number of dispensaries has grown, individual dispensaries have indicated that their revenues are remaining level. It is reasonable to conclude that the market is growing overall, though each new dispensary will likely take some market from existing ones. Soon CBD products from hemp will be available from CVS. These may reduce some sales at cannabis outlets. To date, Rite-Aid has announced the intention to sell CBD products only in Oregon and Washington.
It has been widely publicized that Del Rey Oaks earned $600,000 in the 2015 when the first medical cannabis dispensary opened. Revenues in 2018 from four operating businesses were $643,000 with projections to grow to $830,000 in 2019.  

The City of Salinas has awarded 20 permits for cannabis businesses (4 cultivation, 3 delivery, 5 dispensary, 3 distribution, and 5 manufacturing) according to a February 19, 2019 staff report. Total tax revenues in 2018 from 2 dispensaries and 3 delivery businesses were $320,630, approximately $22,200 per delivery business and $127,000 per dispensary based on a tax rate of 5% of gross sales. The city plans to increase tax rates on retail sales and delivery from 5% to 10% of gross sales in 2020.

The City of Seaside has awarded 6 permits for cannabis businesses (3 medical and 3 recreational dispensaries) with projected revenues of $425,000 for Fiscal Year 2018/2019 and $520,000 for Fiscal Year 2019/2020.

Anecdotally, two dispensaries we talked to, both subject to a 10% tax rate, projected $200,000 in annual tax revenues. A California city comparable in size to Pacific Grove appears to be on track for about $180,000 annual revenue from one dispensary based on two quarters of experience.

In general, tax revenues from the cannabis industry have been lower than expected and some municipalities are reducing tax rates. Locally, Monterey County reduced its tax on growers from $15 to $5 per square foot. Whereas Statewide the City of Berkeley reduced its municipal tax rate on recreational cannabis from 10% to 5% and the City of Oakland lowered the rate on small businesses doing less than $500,000 in annual revenues from 10% to .12% in June, as way of supporting small business owners.  

The Commission offers the following table for consideration when estimating cannabis revenues:

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**Annual Earnings from Cannabis Businesses By Tax Rate and Gross Revenue**

<table>
<thead>
<tr>
<th>Anticipated Gross Revenue</th>
<th>Tax Rate: 6%</th>
<th>7%</th>
<th>8%</th>
<th>9%</th>
<th>10%</th>
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<td>$210,000</td>
<td>$240,000</td>
<td>$270,000</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

**Risks**

**Federal legal status.** One risk related to allowing cannabis businesses to operate in Pacific Grove is the status of cannabis as a Schedule 1 drug at the federal level. ⁸ We believe this risk is manageable because the federal government has not yet taken action against any cities and would likely target a larger one as an early test case. Because states would almost certainly strongly defend their legal cannabis industries, it is likely that any federal action would take time to be resolved. The federal status of cannabis might change while challenges are still in the courts.

**Theft and other crime.** Because of the federal legal status of cannabis, banks are reluctant to engage in commerce with cannabis businesses that are legal in California. As a result, the businesses hold and exchange large amounts of cash. California has taken these risks seriously and incorporated risk mitigation into the California Code of Regulations Title 16.⁹ For example, business are required to have security staff on site, to deploy extensive physical security and video surveillance, to limit cash transported in vehicles, to secure product, and to transport both product and cash in unmarked vehicles used solely for that purpose. Security requirements go well beyond those for establishments selling liquor. For example, everyone entering the establishment is tracked and minors are not allowed in the space where sales are made.

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Further mitigation of risks created by cash from cannabis is on the horizon. The SAFE Banking Act of 2019, H.R. 1595\(^\text{10}\), is co-sponsored by Representative Panetta and would make it legal for banks to engage with cannabis businesses in states where cannabis is legal. The bill has been forwarded from committee to both the House and the Senate. In California, the Senate passed SB 51\(^\text{11}\) in May that would allow specially chartered state banks to handle deposits from cannabis businesses. The bill has gone to the Assembly for approval. While these laws may not get passed this year, they are likely to become the law of the land over a reasonably short period of time.

**Crime rate impacts.** There have been many studies of crime rates associated with cannabis businesses.\(^{12} 13 14\) The overwhelming consensus is that crime rates do not increase and we have seen no increase in Monterey County to date.

**Community acceptance.** Citizens of Pacific Grove have demonstrated significant support for legalization of marijuana in California and operation of local cannabis businesses as detailed in the Benefits Section above. At the same time, there are people who voted against proposition 64 and disagreed with questions regarding local cannabis businesses. The Commission recommends that city staff conduct one or more community meetings to gather input that could be useful in adapting an ordinance to meet the needs of as many residents as possible.

**Considerations for an Ordinance**

**Why one dispensary and one delivery service?**
While there is no specific market analysis behind the recommendation, a single dispensary seems appropriate to our scale as a community. The State of California reserves the right to decline licenses if they find that concentration of cannabis businesses is more than justified by population and geographic space.\(^{15}\) (There is no quantification in the law regarding appropriate

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\(^{10}\) [HR 1595, SAFE Banking Act of 2019](https://www.congress.gov/bill/116th-congress/house-bill/1595)

\(^{11}\) [California Senate Bill 51](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB51)


concentration.) Seaside, with about twice our population, has approved three medical and three recreational dispensaries. If our dispensary combines medical and recreational sales (as is typical for dispensaries in our county to date), the density would be roughly equivalent to Seaside.

As of January 2019 marijuana delivery in California became legal everywhere in California, even in towns like ours that have opted to ban cannabis related businesses. There are daily delivery transactions happening in Pacific Grove. By licensing one delivery business, the City will have better controls, the delivery service will adhere to the Bureau of Cannabis Control regulations, and Pacific Grove will no longer miss out on these potential revenues.

Most recently during the 119th US Open in June, a bus owned by Urbn Leaf was parked on Forest Avenue and upper David Avenue transporting tourists to their dispensary in Seaside and returning them to the US Open or back to their Pacific Grove lodging.

**Why not allow growing, manufacturing, distribution?**
The more industrial facets of the cannabis industry seem out of character with the “community of homes” that we envision for Pacific Grove.

**Why allow testing and research?**
These facets of the industry seem to fit within the character of small, non-retail, businesses that we would welcome in our community.

**What should the tax rate be?**
The Commission recommends a 10% tax rate. Tax rates in California range from 3% (Emeryville) to 10% (Monterey County and others). As it is easier to lower taxes than raise them, starting at the higher end of the range would best serve the economic needs of the community.

**Where should cannabis businesses be located?**
Testing, research, and cannabis delivery (if separate from a retail dispensary) should be located in any commercial district in accordance with California State restrictions of 600 feet from schools, day care centers, and youth centers. City staff have provided a map showing boundaries of those restricted areas that are included with this report.

Location of a retail dispensary should be further restricted to accommodate community needs. When deciding where to locate a dispensary, the Commission recommends that city staff and the City Council consider the potential benefit to businesses from increased traffic at a neighboring cannabis business.

**How should the ordinance be developed?**
The Commission recommends that regulation of cannabis businesses in Pacific Grove rely primarily on California Title 16. Customizations to meet local needs should be made thoughtfully and only if significant.

We recommend that the City Manager and City Council consider these local needs:

1. Requirements that cannabis businesses fit into their surroundings architecturally could be included along the lines of language in the Seaside ordinance.
2. Requirements on security measures that meet specific community needs could be considered. For example, city management might require that security staff are uniformed or not and stationed outside or inside the facility. State regulations are silent on these details.