

March Planning Co Mtg - MCC Synopsis- 6 Limit Medical Cannabis Cultivation Sites - K. Rice/C. Pappas

- Against Berkeley's core values/Reduces economic vitality -
- 180,000 sq.ft. (aggregate) maximum should remain sole control factor
- Prepared by Medical Cannabis Commission (MCC) for March 15, 2017 Planning Commission (PC)

- 1. Only 3.5% of 4 Manufacturing Districts' industrial inventory used if allowable 180,000 sq.ft. are cultivated** (180,000 vs. 5,117,653 sq.ft.) PC 5/18/16 meeting agenda, attachment 18
- 2. 0.7% of Land Area for the Manufacturing Districts - used if 180,000 sq.ft. are cultivated** (4.4 % of M / 2% of M + MM / 1% of M+ MM + MU-LI / .7% of M+MM+MU-LI+MUR) Berkeley 12,162 acres, 180k=4.1 acres, M=94 acres, MM=79 acres, MU-LI=300 acres, MUR=120 acres. Sources: Berkeley Historical Soc, West Berk Plan
- 3. 85% parcels - M + MM + MU-LI Districts - under 5,000 sq.ft.** (367 under 5k sq.ft./432 total parcels)
 - M: 72 parcels - 61 under 5k sq.ft. -MM: 22 parcels -10 under 5k sq.ft. - MU-LI: 338 parcels - 296 under 5k sq.ft. Source: 5/18/16 PC meeting agenda, attachment 4, Item 10
- 4. Limit on location number**
 - **reduces economic opportunity for cultivators & for \$1M in new annual taxes** (tax analysis previously provided by the MCC to the PC)
 - \$5,500 taxes annually, every 1,000 sq.ft. cultivated.
 - \$1,000,000 average (low \$658k to high \$1.3k) annual taxes if all 180k sq.ft. cultivated.
 - But only \$165,000 annual taxes if 6 sites cultivated each 5k sq.ft.
 - lost potential tax revenue to City would be \$835,000 if 6 allowed locations total only 30,000 sq.ft.
- 5. Besides city tax revenues & employment, smaller, quality cottage-industry growers** were important consideration, e.g. building shared by more than 1 applicant, & more than 6 permits.
- 6. Encourage small businesses (under 5,000 sq ft area).** These businesses would have own licensing category under State law & may be better suited for Berkeley given lease rates & energy costs associated with indoor growing operations.
- 7. Cannabis Cultivation Program (MCCP – BMCR fmr) – now Cal Cannabis Cultivation Licensing (Cal Cannabis abrv.) - preference local ordinances & participation prior Jan 1, 2018.** Existing local licenses fast tracked for state license - possible tax revenue delay avoided
- 8. Some cannabis leases will not take new space - many underground Berkeley cultivators will seek City cultivation licenses, legitimacy & not take “new space”**
 - i.e. not all vacancies will be leased for cannabis
 - Some landlords will remain reluctant to rent to cannabis businesses
- 9. Surrounding areas are expanding medical cannabis operations** -Alameda County, Emeryville, Oakland, Richmond, San Francisco, San Leandro, Santa Rosa
- 10. Business opportunity/employment**
 - **African Americans & Latinos** disproportionately hurt by war on drugs
 - need sufficient space opportunities to establish cultivation businesses
 - A black person is 3.73 times more likely arrested for marijuana possession than white person, even though blacks & whites use marijuana at similar rates.
 - 1% (based on 150 interviews by BuzzFeed) of cannabis club owners nationwide are black.
 - Start-up business costs
 - high & standard small business loans not an option. Sources: 2013 ACLU study “The War on Marijuana in Black and White: Billions of Dollars Wasted on Racially Biased Arrests;” Amanda Chicago Lewis, “How Black People Are Being Shut Out of America’s Weed Boom,” BuzzFeed, 3/20/16; Nastia Voynovskaya, “Locked Out Of Legal Weed,” East Bay Express, 4/5/16.
- 11. Prolonged cultivation subcommittee discussions, beginning in 2014.** Listening to cultivators, crunching tax numbers after determining production output. Crafting ordinance/licensing regulations based on relevance to dispensary regulations. In general, **careful & thorough subcommittee work, reviewed in detail & approved by full MCC.**
- 12. Numeric limits not needed -**
 - **existing Manufacturing uses are already protected M Districts**
- 13. Probable existing M-zone space availability lacking,** based on early subcommittee/WEBAIC on-site review. Therefore, another solution in search of a problem – only in Berkeley.
- 14. Prolonged BCC delay for mc cultivation ordinance/licensing voter-mandated in 2010**

MeasureT, crafted by Bates, Capitelli, Moore -

15. Colorado / Berkeley different; CO cities use cannabis taxes - aid the homeless

- Denver & Colorado Springs – have no aggregate sq.ft. limit on cultivation (neither do Oakland, Richmond, San Francisco); do not border state with legalized recreational cannabis; little industrial space outside these cities

- In 2016, Colorado collected more than \$150M in taxes from cannabis, \$50M earmarked for school construction projects. Cities directed local cannabis taxes - problems range from potholes to homelessness.

Sources: Tom Huddleston, Jr., “Colorado Topped \$1B in Legal Marijuana Sales 2016”; Fortune, 12/13/16;

Carlos Illescas, “Marijuana sales tax revenue huge boon for Colorado cities”, Denver Post, 10/2/16

- Only 3% of manufacturing district inventory - possible cultivation use - because 180,000 aggregate sq.ft. maximum

- “opening of marijuana industry here [California] to corporate dollars has caused mad scramble, out-of-state investors, cannabis retailers & financially struggling municipalities all racing to grab a piece of what is effectively a new industry in California, large-scale marijuana farming.” Ian Lovett, “Marijuana Profit is New California Gold Rush,” NYT, 4/12/16.

- “framework is moving from war on drugs to tricky issues of regulation, taxation & who is going to control major new industry.” Robert MacCoun, law professor & drug policy expert, Stanford University - quoted by Jill Tucker and Peter Fimrite, “Pot industry, Oakland score as feds back off,” San Francisco Chronicle, 5/4/16.

16. Cannabis-based medicines gain worldwide, national, & regional certifications

- Sativex to treat spasticity from multiple sclerosis approved 28 countries, not USA.

- FDA granted Orphan Drug Designation for cannabidiol to treat Tuberous Sclerosis Complex.

- Successful clinical trial at New York University for Epidiolex to reduce epileptic seizures.

- Two market drugs, dronabinol & nabilone, synthetic chemicals similar or identical to delta-9 THC.

- Kosher approval to New York company & in final stages for Illinois company.

Sources: Global Newswire, “GW Pharmaceutical Receives Orphan Drug Designation from FDA for Cannabidiol for Treatment of Tuberous Sclerosis Complex,” NYT, 5/7/16; Andrew Pollack, “Marijuana-Based Drug Found to Reduce Epileptic Seizures,” NYT 3/14/16; Rachel Abrams, “The Rabbis Are Here to Inspect the (Legal) Weed,” NYT, 5/6/16.

17. 90% of states allow some access to medical cannabis products

- 28 states, the District of Columbia, Guam, and Puerto Rico allow comprehensive medical cannabis programs.

- 17 states allow “low THC, high cannabidiol (CBD)” products for medical reasons.

- 8 states allow legal adult recreational use of cannabis Source: National Conference of State Legislators website, 2/20/17

18. “Pot not major threat, cops say,” SF Chronicle, 11/6/15.

- DEA’s “2015 National Drug Threat Assessment Summary” ranked marijuana at the bottom of its threat list, named by only 6% of over 1,000 responding law enforcement agencies.

- Colorado & Washington, state surveys - no significant changes in number of teenagers who try marijuana.

Source: Christopher Ingraham, “Here’s how legal pot changed Colorado and Washington”, WP, 10/13/16

- Berkeley Safe Neighborhoods Committee (BSNC) 7/20/15 discussed problem of underage and young adult binge-drinking & subsequent overwhelming of City’s capacity to respond. City officials stated unequivocally - problem is alcohol, not marijuana or other obvious drugs (observed by medical cannabis commissioner attending meeting as private citizen).

- A big thing marijuana opponents warned you about is definitely not happening By Christopher Ingraham March 21 – Washington Post

A state-run survey of 37,000 middle and high school students in Washington state finds that marijuana legalization there has had no effect on youngsters' propensity to use the drug.

The Washington State Healthy Youth Survey found that the 2016 rate of marijuana use was basically unchanged since 2012, when the state voted to legalize marijuana for recreational use. In the survey, researchers used the measure of “monthly use,” asking students across all grade levels whether they’d used the drug within the past month.

The survey’s numbers show that neither the vote for legalization nor the opening of pot shops in 2014 have had any measurable effect on the rate of marijuana use among teenagers in the state.

https://www.washingtonpost.com/news/wonk/wp/2017/03/21/a-big-thing-marijuana-opponents-warned-you-about-is-definitely-not-happening/?utm_term=.432200692c4a