



City of San Leandro

Meeting Date: September 21, 2015

Staff Report

File Number: 15-554 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.J.

TO: City Council

FROM: Chris Zapata
City Manager

BY: City Attorney and
Rich Pio Roda
City Attorney

FINANCE REVIEW: Not Applicable

TITLE: Staff Report for Resolution Amending Resolution No. 2015-145 for City Council Approval of Minor Amendments to the Previously Awarded Medical Cannabis Dispensary Permit to Harborside San Leandro

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council approve staff's recommendation for minor amendments to the conditions of approval for the Medical Cannabis Dispensary Permit that was awarded to Harborside San Leandro.

BACKGROUND

On September 8, 2015, the City Council took a historic action by awarding to Harborside San Leandro the City's first medical cannabis dispensary permit. That permit contained particular conditions, to which Harborside San Leandro must adhere in order for it to operate lawfully. Following conversations with Harborside's counsel that took place subsequent to the posting of the September 8th agenda, City staff determined that some minor technical changes to the adopted resolution would be necessary in order to align the City's conditions of approval with relevant accounting and tax regulations that would be applicable to the dispensary's contribution of funds to the City of San Leandro. These minor technical changes would not change the substance of the conditions, nor the fundamental obligations contained within those conditions, which were already reviewed and authorized by the City Council as part of its September 8th action. ~~Strike through language is what was previously approved, and the~~ underlined language is the new language that will be part of the permit's conditions.

"3. That said permittee [Harborside San Leandro] shall be subject to the following additional conditions of approval:

a. Permittee ~~voluntarily commits~~ agrees to contribute 1% of its annual gross receipts to the City of San Leandro ~~The contribution shall be net of any income tax liability or payment~~

~~should it be found that such contribution is not deductible to permittee for income tax purposes;~~

b. Permittee ~~voluntarily commits~~ agrees to contribute 4% of its annual gross receipts to a Community Benefits Fund, at least 80% of which will be distributed to local San Leandro-based non-profit organizations through a community grants program. Permittee voluntarily agrees to appoint an oversight board, the membership of which shall be composed of a majority of San Leandro residents, who shall recommend to HSL which local San Leandro-based non-profit organizations should receive such funds;

c. Permittee ~~voluntarily commits~~ agrees to contribute 10% of its annual net income to the City of San Leandro." ~~The contribution shall be net of any income tax liability or payment should it be found that such contribution is not deductible to permittee for income tax purposes.~~

Fiscal Impacts

None.

PREPARED BY: Eric Engelbart, Assistant to the City Manager, City Manager's Office



City of San Leandro

Meeting Date: September 21, 2015

Resolution - Council

File Number: 15-557 **Agenda Section:** CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: City Attorney and
Rich Pio Roda
City Attorney

FINANCE REVIEW: Not Applicable

TITLE: RESOLUTION Amending Resolution No. 2015-145 for City Council Approval of Minor Amendments to the Previously Awarded Medical Cannabis Dispensary Permit that Was Awarded to Harborside San Leandro on September 8, 2015

WHEREAS, on September 8, 2015, by Resolution No. 2015-145, the City Council, to advance public health and welfare in the community by making access to medical cannabis available to City residents in a more convenient, safe, and legally compliant manner, granted to Harborside San Leandro the City's one and only medical cannabis dispensary permit; and

WHEREAS, the City Manager, as part of the approval of that permit, established certain conditions applicable to the permittee, Harborside San Leandro, to which Harborside San Leandro must remain in compliance in order to operate lawfully; and

WHEREAS, for tax and other financial regulatory purposes related to Harborside San Leandro's contributions to the City and to the community, certain conditions of approval must be amended.

NOW, THEREFORE, the City Council of the City of San Leandro does hereby RESOLVE as follows:

That conditions 3a., 3b., and 3c. of said medical cannabis dispensary annual permit awarded by the City Council to Harborside San Leandro on September 8, 2015, are hereby amended, and shall read as follows:

- a. Permittee agrees to contribute 1% of its annual gross receipts to the City of San Leandro;
- b. Permittee agrees to contribute 4% of its annual gross receipts to a Community Benefits Fund, at least 80% of which will be distributed to local San Leandro-based non-profit organizations through a community grants program.

- Permittee voluntarily agrees to appoint an oversight board, the membership of which shall be composed of a majority of San Leandro residents, who shall recommend to HSL which local San Leandro-based non-profit organizations should receive such funds;
- c. Permittee agrees to contribute 10% of its annual net income to the City of San Leandro.

BE IT FURTHER RESOLVED, that all of the other conditions of the permit not otherwise amended by this resolution shall remain as is, in full force and effect.