

San José Police Department Cannabis Regulations

City Council Meeting
March 19, 2024
Item 4.1

Presenters:
Wendy Sollazzi, Division Manager
Sergeant David Woolsey

Public Safety, Finance, and Strategic Support Committee Direction

- Provide an update on the following topics:
 - The possibility of aligning San José's regulations with State regulations, including but not limited to, Identification Badge Requirements while maintaining the age of purchase at 21 years in San José; and
 - Comparing San José's annual fees for cannabis operations with other jurisdictions.

Comparison of Cannabis Regulations

- San José's regulations originally drafted in 2014
- State of California regulation of commercial cannabis businesses began in 2018
- California's program was designed to allow local regulation and taxation
 - Empowers municipalities to regulate at the local level
 - If regulations conflict, the strictest regulation prevails
- Enables Cities and Counties to regulate issues important to each community

Age Comparison

- Purchase, Employment, and Verification

	San José Regulations	State Regulations	Alignment
Adult Use Purchase	21 and older	21 and older	Aligned
Medicinal Use Purchase	21 and older	18 and older	Not aligned
Employment	21 and older	21 and older	Aligned
Verification Method	Electronic ID scanning	Inspecting ID	Not aligned

Identification Badge Comparison

- Background and Display Requirements

	San José Regulations*	State Regulations**	Alignment
Owners	more than 10%	20% or more	Not Aligned
Board Members	Yes	Yes	Aligned
Corporate Officers	Yes	Yes	Aligned
Managers	Yes	Yes	Aligned
Drivers	Yes	No	Not Aligned
Employees	Yes	No	Not Aligned

* San Jose requires a badge issued by the Police Department be displayed which represents the individual has been backgrounded.

** State requires a badge issued by the business be displayed.

Security Comparison

- Alarms, Secure Storage, and Video Surveillance

	San Jose Regulations	State Regulations	Alignment
Alarm	UL Listed Mercantile Burglar Alarm System	Alarm monitored by alarm company or agent	Not Aligned
Alarm Response	Prescribed Response	No specified timeliness and nature of response	Not Aligned
Product Storage	Stored Indoors	Stored Indoors	Aligned
Secure Storage	Stored in a safe, vault, or other secure storage	Not specific	Not Aligned
Storefront Video Surveillance	Required; Retained 30 days	Required; Retained 90 days	Not Aligned
Delivery Vehicle Video Surveillance	Required; Dual facing video camera system	Not Required	Not Aligned

Comparison of Operating Fees or Permits

	Number of Businesses or Permits	Annual Operating Fee
San José	16 Businesses (plus up to 10 equity allowed)	Per Business \$139,406
Mountain View	1 Business (maximum of 3 allowed)	Per Business \$139,619
Oakland	266 Businesses (including 106 equity)	Per Permit ranging from \$509.75 to \$17,618*
Sacramento	291 Permits (including 41 equity)	21 Permit Types ranging from \$2,590 to \$36,800 each*
San Francisco	108 Permits (including 40 equity)	Per Activity \$5,000*

* one business may hold multiple permits or have multiple activities; the fee paid by each business varies based on the number of permits/activities

Cannabis Regulation Annual Operating Fee

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Police	3.94	3.38	4.89	5.17	5.11	5.11	5.07	5.02
Finance	1.75	1.69	1.69	1.54	1.34	1.19	0.98	0.98
CMO	0.14	0.10	0.22	-	-	-	-	-
CAO	3.50	2.70	2.27	1.15	1.15	1.04	1.04	0.74
PBCE	2.00	1.91	0.94	1.09	0.81	0.81	0.33	0.51
Total FTE	11.33	9.78	10.01	8.95	8.41	8.15	7.42	7.25
Annual Fee*	\$149,132	\$131,846	\$150,610	\$138,148	\$143,333	\$147,645	\$130,345	\$139,406

* Intended to be 100% cost recovery

Resources: San Jose – Police Department

ILLEGAL SALES OF CANNABIS, MUSHROOMS, FENTANYL, AND OTHER ILLEGAL SUBSTANCES

- If you witness drug dealing, call 9-1-1 or 408-277-8911.
- If you suspect (but don't see) drug dealing, call (408) 277-8900 or submit a tip online: <https://www.sjpd.org/services/automated-services/contact-form?strtopic=drugs>
 - Under the “Topic” dropdown, please select “Drug Enforcement/Narcotics”

COMPLAINTS ABOUT REGISTERED CANNABIS BUSINESSES

- Contact the Division of Cannabis Regulation
- <https://sjpd.org/exo/dcr>
- Email: DCR@sanjoseca.gov
- Phone: 408-537-1420

Resources: San Jose – PBCE

CODE ENFORCEMENT

- Respond to municipal code violations on private property such as zoning, building, and blight violations.
- Address unregistered cannabis businesses, cannabis cultivated for personal use, or cannabis odor.
- Service requests
 - <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/code-enforcement/request-service-check-status/code-service-request-form>
 - Email: CodeComplaints@sanjoseca.gov
 - Phone: 408-535-7770

Resources: State of California

DEPARTMENT OF CANNABIS CONTROL (DCC)

- Investigates complaints of unlicensed or illegal cannabis activity
- Stops the sale of cannabis to minors
- Prevents unsafe products from entering the cannabis market
- To file a complaint with the State: <https://cannabis.ca.gov/resources/file-complaint/>

OFFICE OF YOUTH TOBACCO ENFORCEMENT (OYTE)

- Investigates flavored tobacco and sales to minors
- <https://www.cdph.ca.gov/Programs/CEH/DFDCS/Pages/OfficeofYouthTobaccoEnforcement.aspx>
- Email: OYTE@cdph.gov
- Phone: 1-800-5-ASK-4-ID (800-527-5443)

Future Cannabis Regulatory Program Review

- Staff is scheduled to review and discuss the possibility of expanding the San José Police Department Division of Cannabis Regulation's responsibilities to include regulating licensed tobacco retailers at the Public Safety, Finance, and Strategic Support Committee meeting on April 18, 2024.

Staff Recommendation

- Accept the report on how San José's cannabis regulations compare to State of California regulations and how San José's cannabis business annual operating fee compares to other jurisdictions.

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