



City of Cambridge

Executive Department

LOUIS A. DePASQUALE
City Manager

LISA C. PETERSON
Deputy City Manager

December 17, 2018

To the Honorable, the City Council:

In response to Policy Order No. O-6 of 10/15/18, which contains questions raised by the Council's Economic and University Relations Committee at its meeting on October 4, 2018 regarding the establishment of a local Cannabis Social Equity Program, Assistant City Manager for Community Development Iram Farooq and City Solicitor Nancy E. Glowa provide the following response.

The questions in the above referenced Policy Order relate to how the City can impose conditions on adult use cannabis retail business applicants that create various preferences for what are referred to in the Order as "social equity applicants." The Order recognizes that pursuant to GL c. 94G and 935 CMR 500.000, applicants already need to meet rigorous State requirements and will have to sign a Host Community Agreement with the City, in addition to obtaining a Planning Board special permit (assuming the proposed local zoning ordinance amendment is enacted by the Council). In addition, pursuant to GL c. 94G and 935 CMR 500.000, adult use retail cannabis business applicants would first have to obtain any required local business permit. The Order provides that any additional local social equity requirements should "support an efficient and effective City licensing and application process."

City staff suggest that the Council consider passage of an ordinance that could be included in Title 5 of the Cambridge City Code entitled "Business Licenses and Regulations," a new Chapter 5.50, entitled "Cannabis Business Permitting" (the "Cannabis Business Permitting Ordinance"). This Ordinance would create preferences for social equity applicants and operators of registered marijuana dispensaries so that applicants who meet the required prioritized criteria specified in the Ordinance would be entitled to an adult use "Cannabis Business Permit" from the City. Only Cannabis Business permittees would be allowed to operate adult use retail cannabis establishments in the City. This requirement would be in addition to the other State and local requirements for operation, including obtaining a special permit. An annual renewal requirement could be specified so that the permittee would have to annually re-certify compliance with the required criteria. Initially, a local application form would have to be completed, with required certifications. The Ordinance could provide that issuance of the permit would not be subject to a public hearing and approval process by a permit granting authority. A permit would issue if the City's requirements as stated in the Ordinance were met, as indicated by completion and execution of the application form, if that were the model used. The Ordinance could specify that no additional discretionary permit conditions could be imposed. This would mean that the application process and permit issuance would be administered by City staff instead of pursuant to a permit being issued by a permit granting authority following a public hearing and that the public hearing process required for a Planning Board special permit would be the only such public hearing process required for adult use retail cannabis businesses.



Similarly to what the City of Somerville has done in its local adult use retail cannabis licensing ordinance, the Cambridge Cannabis Business Permitting Ordinance could create categories of “Priority Applicants.” For adult use retail cannabis business permits, there could be two groups of priority applicants that are known as Group A and Group B based on meeting at least one of the criteria below.

Group A:

- An Economic Empowerment or Social Equity Program Applicant certified by the Commonwealth of Massachusetts Cannabis Control Commission (CCC);
- A Women or Minority Owned business as certified by the State (<https://www.mass.gov/how-to/apply-for-diversity-certification-as-a-massachusetts-based-business>);

Group B:

- A Registered Marijuana Dispensary (RMD) currently operating within the City of Cambridge that will continue selling medicinal products in addition to adult use retail cannabis products.

After categorizing potential adult use cannabis retailers as priority or non-priority applicants, a process for issuing permits could be established in the Ordinance, also similar to what is in the Somerville ordinance.

Within two years from the date of passage of the Ordinance:

- The Cambridge permit issuing authority would only issue permits to Group A or B Priority Applicants, unless an applicant is seeking a non-adult use retail cannabis business permit (such as for a new RMD, or for a cannabis cultivator, testing laboratory, transporter or manufacturer, for example.)
- The permit issuing authority would only issue a permit to an applicant in Group B if, after issuance, there will be an equal or greater number of currently active adult use retail cannabis permits held by entities that were permitted as applicants from Group A.

After two years from the date of passage of the Ordinance:

- The Ordinance could contain provisions that would continue to prioritize Priority Applicants while also issuing permits to non-priority applicants.

The Ordinance could impose requirements such as compliance with employee pay standards set out in the Living Wage Ordinance, local hiring requirements, and minority, women and veteran hiring requirements, for example.

If the City Council would like to proceed in this manner, City staff will draft a proposed ordinance as discussed above and submit it to the Council for its consideration.

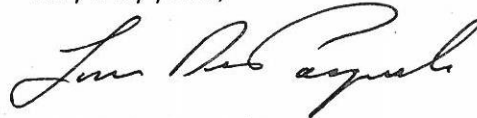
As you know, the City through the City Manager is authorized by the provisions of GL c. 94G, §3(d) to enter into a Host Community Agreement (“HCA”) with cannabis establishments, which HCAs could impose a community impact fee of up to 3% if the statutory criteria are met by the City.

In addition, I expect to submit a request in January for the City Council to accept the provisions of GL c. 64N, §3, which is the statute that allow for the imposition of a local excise tax of up to 3% on adult use retail cannabis business sales.

Finally, please find attached find proposed amendments to the Cannabis Zoning Amendment, including changes recommended by the Ordinance Committee on November 15, 2018, as well as suggested language for an effective date for the Cannabis Zoning Amendment that would allow for time for the Council to consider a proposed Cannabis Business Permitting Ordinance and implementation of such an Ordinance prior to the effective date of the Cannabis Zoning Amendment. Both a redlined track change version and a clean version of the Cannabis Zoning Amendment with these new proposed changes are attached for your convenience.

I would be pleased to answer any questions the Council may have.

Very truly yours,

A handwritten signature in black ink, appearing to read "Louis A. DePasquale", written in a cursive style.

Louis A. DePasquale
City Manager

Attachments