

**Referendum Against a Resolution Passed by the City Council**  
**RESOLUTION NO. 2022-\_\_ (dated December 6, 2022) - Resolution of the City Council of the City of National City, California Approving the Cannabis Business Development Agreements with Shryne National City, OTC NC, and Sessions Ventures.**

**OVERVIEW:** The proposed referendum measure would refer to the voters Resolution No. 2022-\_\_ (dated December 6, 2022) titled "Resolution of the City Council of the City of National City, California, Approving the Cannabis Development Agreements with Shryne Group, Off the Charts, and Sessions by the Bay" ("Resolution"), adopted by the City Council of National City, which approves Commercial Cannabis Business License Development Agreements approved by the Resolution ("Development Agreements") with three commercial cannabis businesses ("Licensees"), namely storefront retail businesses Shryne National City and OTC NC and consumption lounge Sessions Ventures. A majority "No" vote on this proposed measure will reject the Resolution and its approval of the Development Agreements.

**BACKGROUND:** Section 9.60.100 of the City of National City Municipal Code requires that prior to operating in the City of National City and as a condition of issuance of a regulatory permit, the operator of any cannabis facility must enter into a development agreement with the City that includes community benefits and other terms and conditions that will protect and promote the public health, safety and welfare. The City's issuance of permits to the applicants is contingent on each entering into a development agreement with the City.

**DEVELOPMENT AGREEMENTS:** Each of the Commercial Cannabis Business License Development Agreements reflects a negotiated agreement between the City of National City, on the one hand, and a commercial cannabis business licensee, on the other. The Development Agreements each recite that on December 6, 2022, the City awarded a Commercial Cannabis Permit to the Licensees: to Sessions Ventures dba Sessions by the Bay, to operate a retail and consumption lounge, cannabis business which will be located at 700 Bay Marina Drive; to Shryne National City dba Stiizy National City, to operate a retail and distribution, cannabis business which will be located at 3239 Hoover Ave & 221 W 33rd St.; and to OTC NC dba Off The Charts, to operate a retail and distribution, cannabis business which will be located at 900 Civic Center Drive.

Each of the three approved Development Agreements imposes certain "Operating Requirements" on the Licensees, including provisions regarding "the opening and closing of the Business, customer check-in, product delivery, use of specific point-of-sale software, inventory control, diversion prevention, product distribution, transportation procedures, odor control, and quality control." Each Development Agreement also requires the Licensee to follow a "Security Plan," which "identifies access control requirements, perimeter security standards, inventory control measures, cash handling procedures, information/records security, lighting and surveillance requirements, theft and diversion prevention strategies, and employee training policies...." Each of the three Development Agreements also requires the Licensees to comply with a "Safety Plan" that includes "fire prevention and suppression measures, accident and reporting procedures, medical emergency response procedures, and waste management procedures...."

The approved Sessions Ventures Development Agreement allows the consumption lounge to continue selling cannabis until 10:00 p.m. and remain open for cannabis consumption until 2:00

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a.m. The approved Shryne National City and OTC NC Development Agreements provide that those cannabis businesses may be open until 9:00 p.m.

In the Development Agreements approved by the City Council, each commercial cannabis business Licensee agreed to donate an amount equal to the greater of: i) Fifty-Thousand Dollars (\$50,000) or ii) 1% of Net Profits to nonprofit community organizations located and doing business within National City and 5% of gross revenues to the City. The Development Agreements also provide that Licensees will host one community clean-up event per calendar year, participate in two free drug prevention seminars hosted collectively by all cannabis businesses operating in the City, and try to ensure that at least thirty percent (30%) of the employees of the Business are residents of the City of National City and at least twenty percent (20%) of the employees are individuals previously convicted of certain misdemeanor offenses related to cannabis.

**A REFERENDUM ON THE DECEMBER 6, 2022 RESOLUTION:** The proposed referendum measure applies to Resolution 2022-\_\_ (December 6, 2022), which approved the adoption of three Commercial Cannabis Business License Development Agreements between the City of National City and licensees Shryne National City, OTC NC, and Sessions Ventures, which establish terms and conditions pursuant to which these Licensees may operate in the City. The full text of the Resolution and the three Development Agreements approved by the Resolution can be found at the following City website hyperlinks:

Resolution Text: <https://pub-nationalcity.escribemeetings.com/filestream.ashx?DocumentId=2750>

Agreement 1: <https://pub-nationalcity.escribemeetings.com/filestream.ashx?DocumentId=2747>

Agreement 2: <https://pub-nationalcity.escribemeetings.com/filestream.ashx?DocumentId=2748>

Agreement 3: <https://pub-nationalcity.escribemeetings.com/filestream.ashx?DocumentId=2749>

A majority "No" vote on this proposed measure will reject the Resolution and its approval of the Development Agreements.