

# STAFF REPORT

## *Council Study Session*

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**DATE:** September 2, 2025

**TO:** Honorable Mayor and Council Members

**FROM:** Amy Nilsen, City Manager

**SUBJECT: Overview of Cannabis Regulatory Environment in the State of California from HdL Companies**

### **STAFF RECOMMENDATION:**

Receive and file the presentation from HdL Companies regarding cannabis regulations and consider whether to maintain the current prohibition on commercial cannabis or to develop a program that permits and regulates commercial cannabis businesses.

### **BACKGROUND:**

- **February 3, 2025** – Under *Future Agenda Items*, the City Council requested a discussion on a cannabis ordinance.
- **February 18, 2025** – City staff presented on prioritizing ordinance development and long-range planning activities. The City Council directed staff to prioritize development of a cannabis ordinance.
- **April 21, 2025** – City staff initiated a discussion on the City’s budget outlook and potential revenue generation options. Retail cannabis was identified as one possible source of additional general fund revenue.
- **May 5, 2025** – City staff requested a supplemental budget of \$49,750 to prepare a commercial cannabis program and ordinance. The City Council did not approve the request. Staff then proposed a more cost-effective educational approach at \$9,600, which did not require a supplemental budget.
- **August 25, 2025** – Today’s presentation by HdL Companies marks the first step in a study session aimed at informing the discussion and development of a potential cannabis ordinance and regulatory program.

HdL Companies operates a dedicated Cannabis Division that has served hundreds of cities across California. This division assists municipalities in navigating the regulatory landscape and is recognized as a leading authority in cannabis policy development. Mark Lovelace, Senior Policy Advisor, will provide an overview of the cannabis industry and will be available to answer questions.

### **RECOMMENDED COUNCIL ACTION:**

Receive and file the presentation from HdL Companies regarding cannabis regulations and consider whether to maintain the current prohibition on commercial cannabis or to develop a program that permits and regulates commercial cannabis businesses.

**ATTACHMENTS:**

- Cannabis Policy Study Session Presentation