

# HdL



Image Credit: Fortuna Chamber of Commerce

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HdL Companies

*City of Fortuna*  
Cannabis Policy Study Session

# About HdL

- Municipal finance consulting firm providing revenue and economic insights to local governments
- HdL Serves:
  - 303 cities
  - 48 counties
  - 108 transaction districts
- We provide sales tax, property tax, business licensing, economic development, and cannabis management
- HdL has provided consulting services to over 175 local agencies to help develop cannabis policies
- Team includes former policymakers, law enforcement and cannabis regulators with State, county and local level experience



## Objectives of Discussion

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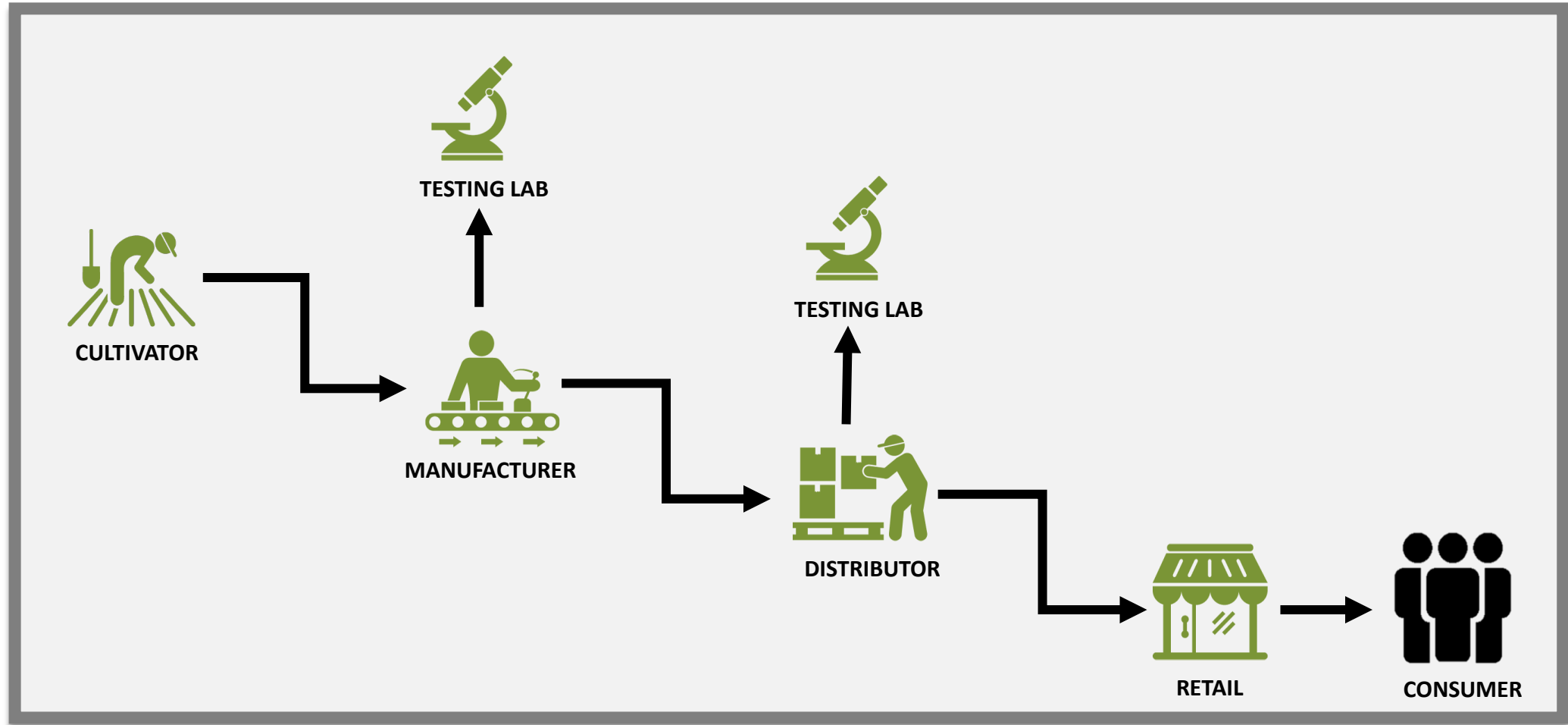
- Provide brief overview of cannabis policy in California, the Fortuna area and Humboldt County
- Take comments and input from the public
- Discuss and ask questions
- Consider key policy questions before providing direction to staff

# Business Types





# Cannabis Business Types



# State/Regional Environment








# CA CANNABIS LICENSES AS OF AUGUST 2025

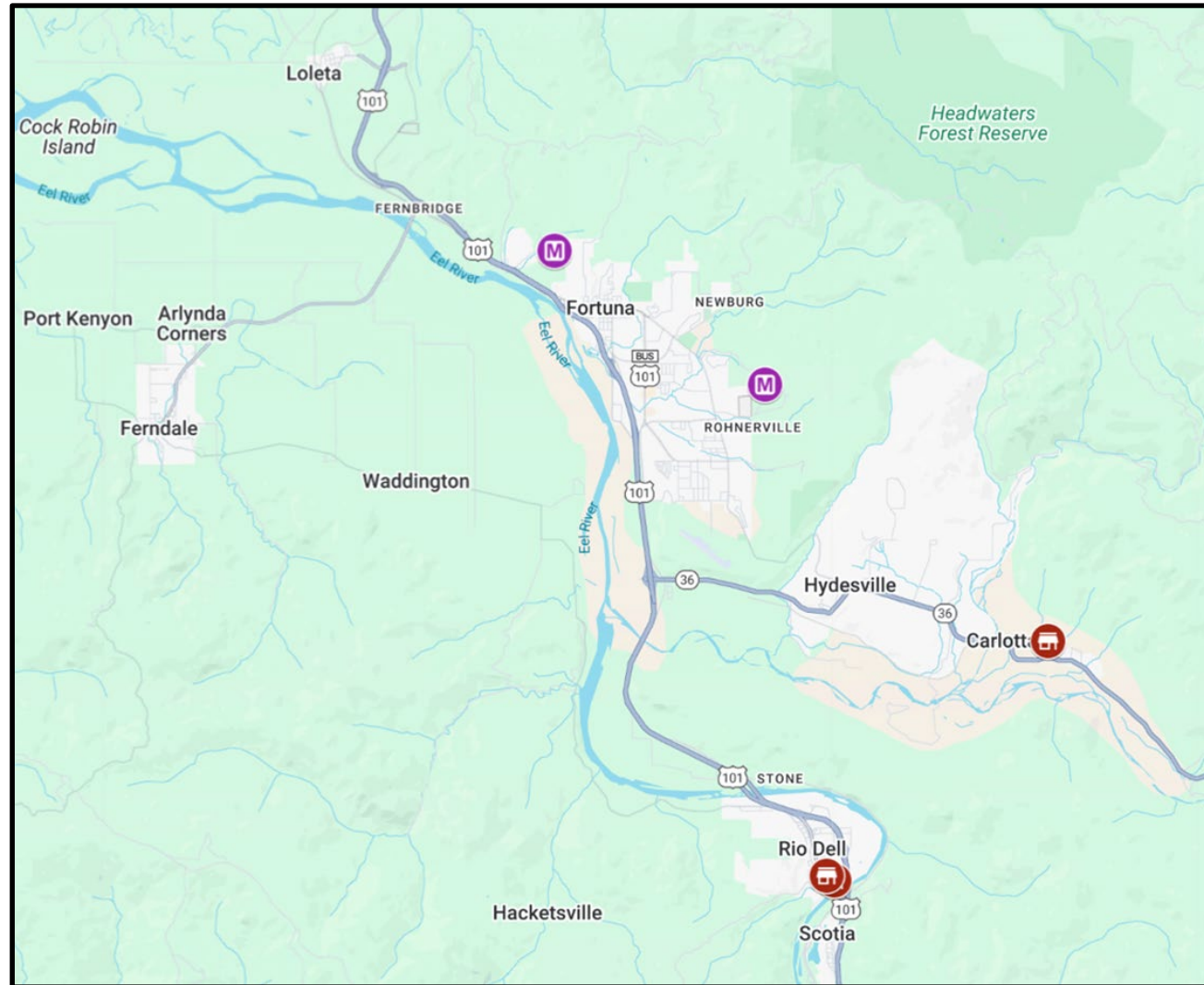
4,775	Cultivation
537	Manufacturer
1,199	Retailers
260	Retailers Non-Storefront
877	Distributors
125	Distributor Transport Only
402	Microbusinesses
22	Testing Labs
46	Cannabis Event Organizers
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<b>8,162</b>	<b>Total</b>








# CANNABIS RETAILERS IN THE FORTUNA AREA

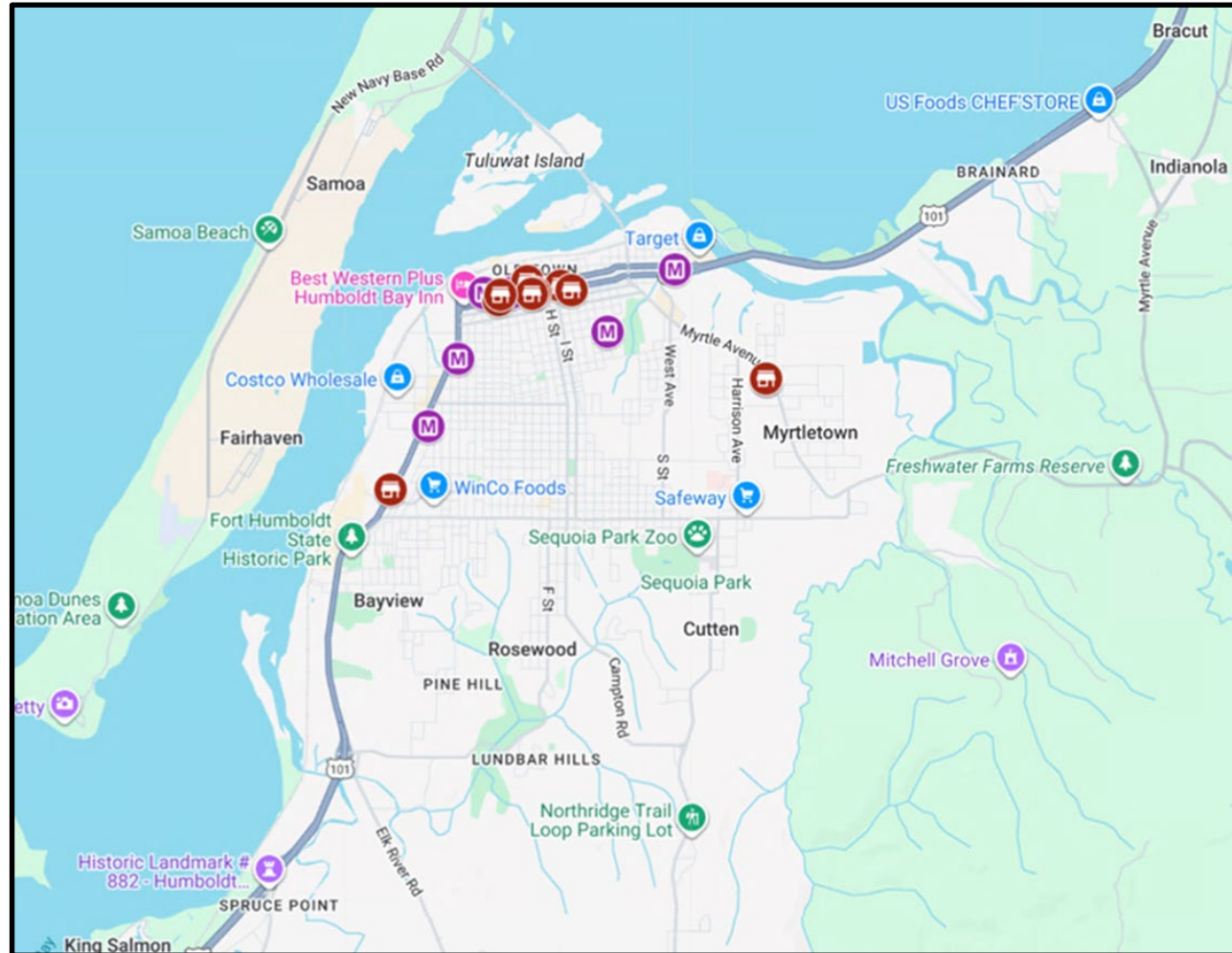
-  Retailer - Storefront
-  Retailer - Non-Storefront
-  Microbusiness








# CANNABIS RETAILERS IN THE EUREKA AREA

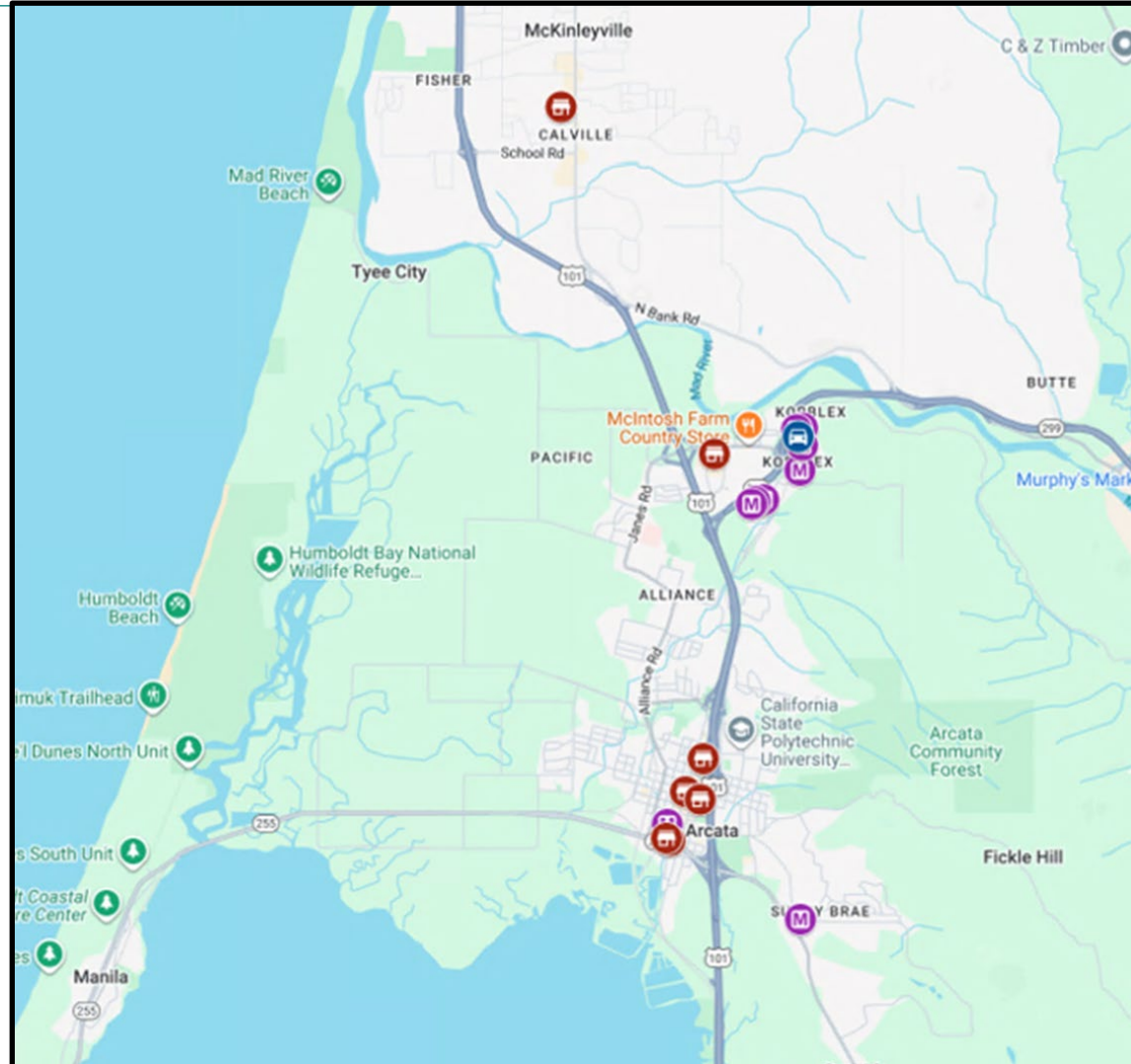
-  Retailer - Storefront
-  Retailer - Non-Storefront
-  Microbusiness





# RETAILERS IN THE ARCATA/McKINLEYVILLE AREA

-  Retailer - Storefront
-  Retailer - Non-Storefront
-  Microbusiness





# Cannabis Business Types Allowed

Cannabis Business Types Allowed by Jurisdiction				
City/County	Cultivation	Retail	Wholesale	Testing
Humboldt County	Y	Y	Y	Y
Eureka	Y	Y	Y	Y
Arcata	Y	Y	Y	Y
Fortuna	N	N	N	N
Rio Dell	Y	Y	Y	Y
Ferndale	N	N	N	N
Blue Lake	N	N	N	N
Trinidad	N	N	N	N



# Cannabis Taxes and Rates

Cannabis Business Tax Rates by Jurisdiction				
City/County	Cultivation	Retail	Wholesale	Testing
Humboldt County	10¢/20¢/30¢	-	-	-
Eureka	-	-	-	-
Arcata	-	-	-	-
Fortuna	-	-	-	-
Rio Dell	\$2/SF	2.0%	2.0%	2.0%
Ferndale	-	-	-	-
Blue Lake	-	-	-	-
Trinidad	-	-	-	-

# POLICY DISCUSSION



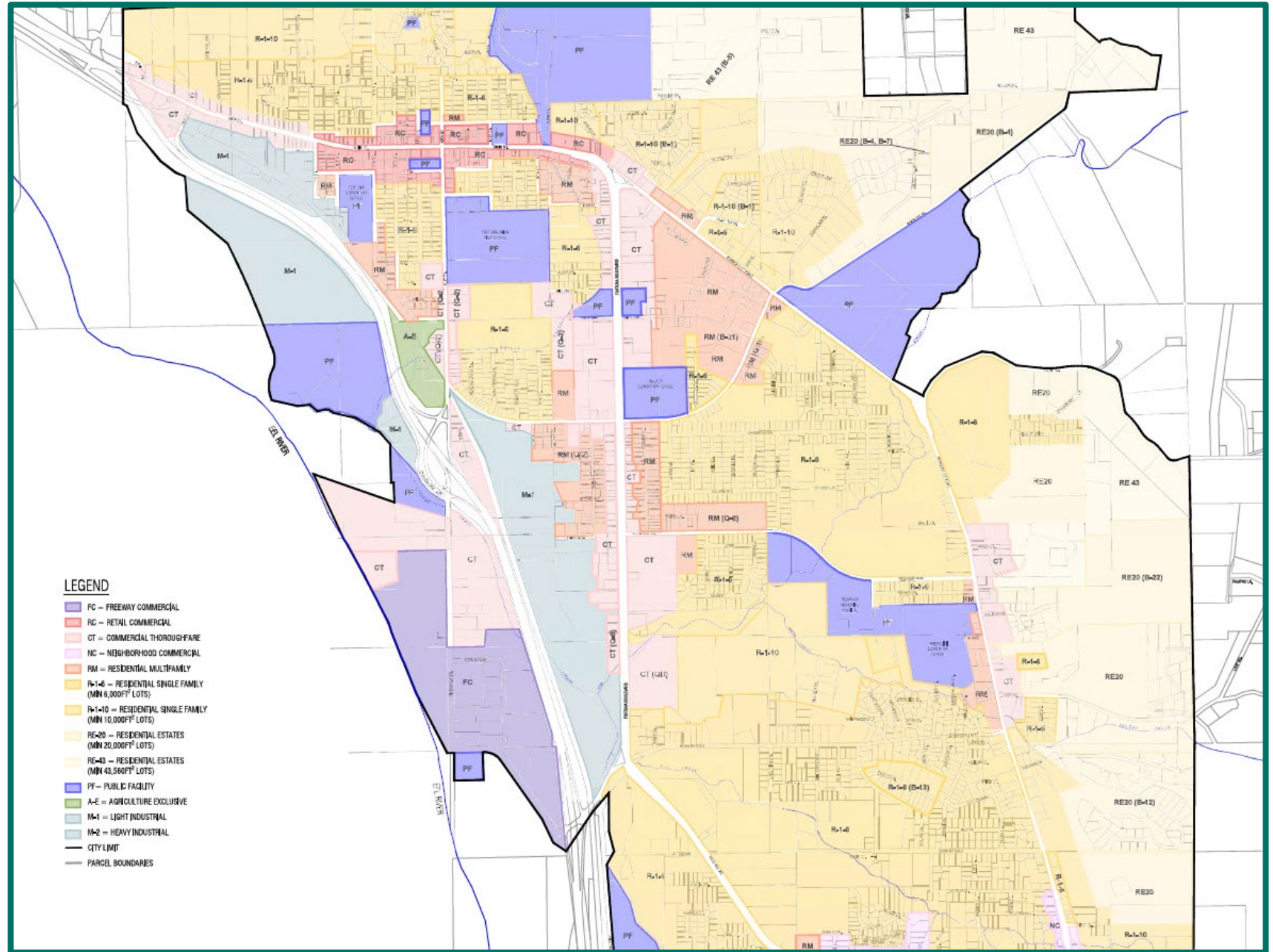


## A REGULATORY SYSTEM CAN:

- ✓ Give the local agency authority and control over licensing decisions
- ✓ Establish facility design and location requirements
- ✓ Impose operating restrictions that are more stringent than the State
- ✓ Enhance accountability for security and product safety

# ZONING AND LOCATION REQUIREMENTS

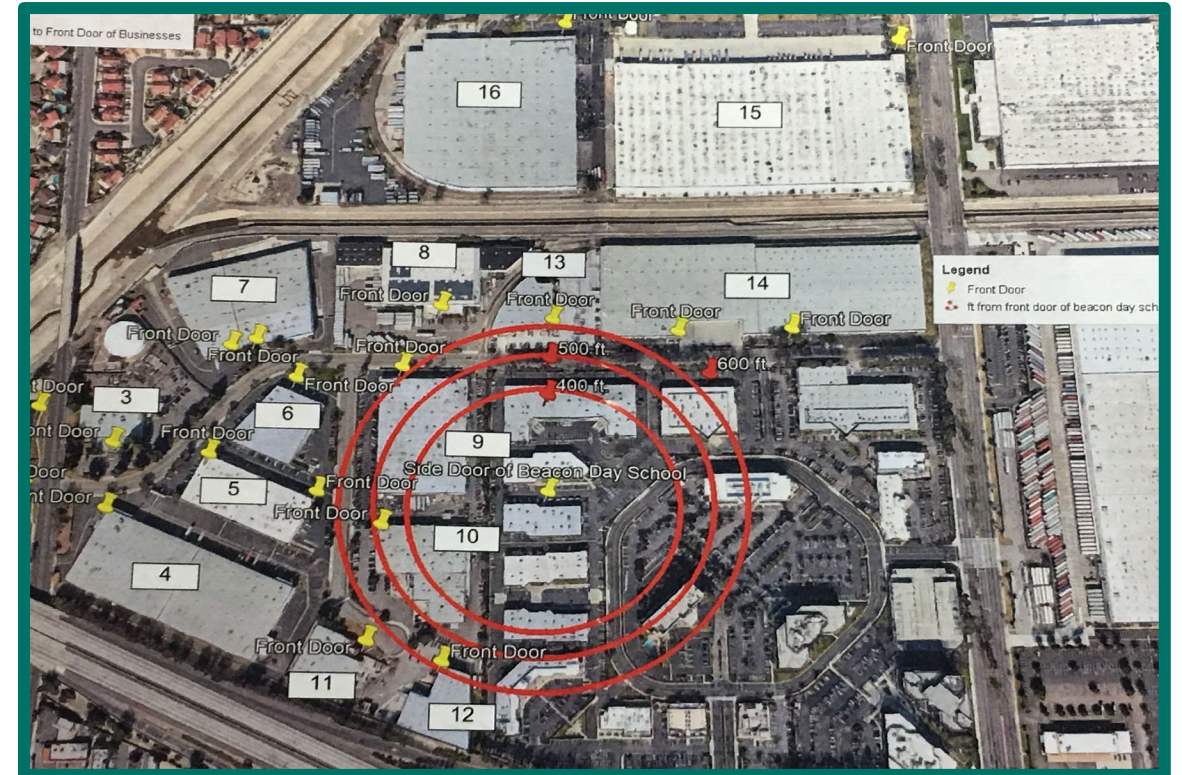
- City can determine allowable zones for each business type
- City can apply other restrictions such as setbacks from schools, parks or other sensitive uses





# STATE-MANDATED BUFFER ZONES

- Cannabis businesses cannot be located within 600 feet of a “sensitive use,” defined as a school, day care center, or youth center.
- Local jurisdictions have the authority to increase/decrease buffer distances, and/or expand the definition of “sensitive use.”





# COMMUNITY PRIORITIES



Public Safety



Public Health



Neighborhood  
and Land Use  
Protection



Preventing  
Youth Access



# PUBLIC SAFETY

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- **Existing State Law:**

- Security personnel on-site during all hours of operation
- 24-hour video surveillance
- Alarm systems monitored by third-party
- Limited access areas
- Sign-in/sign-out procedures
- Employee badge requirement
- Criminal background checks of owners

- **City Regulatory Authority:**

- Motion sensor lighting
- On-site safe/vault
- Security patrol or presence when closed
- Annual compliance inspections/financial audits
- Criminal background checks of employees
- Limitations on amount of cannabis goods in retail space



# PUBLIC HEALTH

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- **Existing State Law:**

- Third-party testing for mold, pesticides, and other contaminants
- Product labeling / dosing
- THC concentration limits
- Daily purchase limits for customers
- No public consumption
- Dedicated public health program funding through cannabis tax revenue

- **City Regulatory Authority:**

- Warning signage inside facility
- Display of CDPH health pamphlets
- Visibility restrictions
- Budtender training program
- Annual public health fee
- Allocation of tax revenues to fund local public health programs



# LAND USE PROTECTION

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- **Existing State Law:**

- Sensitive use buffer requirements
- Cannabis waste disposal requirements
- Cannabis goods display only in retail area
- Opaque exit packaging requirement
- Shipment of cannabis goods may only be accepted during business hours
- Mandatory 10PM closure

- **City Regulatory Authority:**

- Exterior lighting + landscaping
- Stringent facility design standards
- Strict enforcement of odor control
- Exterior waste receptacles and scheduled cleaning
- Designated community liaison
- Prohibition on queue outside facility
- Further restrictions on hours of operation (e.g. 9PM closure)



# PREVENTING YOUTH ACCESS

## • Existing State Law:

- Retailers cannot sell cannabis to persons under 21 (or 18 with a valid doctor's recommendation)
- ID verification prior to entry
- Employee presence at all times
- Track and trace of cannabis goods
- Tamper-evident child-resistant packages
- Product warning labels
- Universal cannabis symbol:



## • City Regulatory Authority:

- Underage decoy program
- Routine inspections
- Funding of youth prevention services using cannabis tax revenues
- Annual license renewals with automatic revocation for underage sales
- Prohibition on temporary signage



# REVENUE GENERATING STRATEGIES



Standard fee to  
recover City  
administrative  
costs



General tax to be  
considered by the  
voters



Operational /  
Community  
Benefit  
Agreement

# CANNABIS RETAIL TAX REVENUE

## Annual Retail Cannabis Tax Revenue

- ⦿ Potential cannabis retail sales:
  - ⦿ \$3.5 million to \$5.5 million
- ⦿ Potential cannabis tax revenue:
  - ⦿ \$180,000 to \$320,000
  - ⦿ Depending upon tax rate
  - ⦿ Plus \$45,000 in sales tax



# Key Policy Decision

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Does the City want to maintain the current prohibition  
on commercial cannabis businesses

or

Does the City want to develop a program to permit  
and regulate commercial cannabis businesses?



# Key Policy Decisions

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- Which business types to allow?
  - Storefront retail? Delivery? Cultivation?
- Does the City want to limit the number of businesses?
- Where would each business type be located?
- What kinds of buffers, setbacks and other restrictions?
- What kinds of security measures?
- Does the City want to impose a revenue measure?
  - Voter approved Tax? Operating agreements?

A stylized globe in shades of teal and green, showing continents and oceans, positioned on the right side of the slide. The globe is semi-transparent and serves as a background element.

Questions?