

STAFF REPORT

Date: June 12, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Approval of Privileged Business License - Adult-Use Cannabis Retail Store (Change of Ownership) - Silver State Relief, Sonny Newman, 12240 Old Virginia Road.

From: Lance Ferrato, Director of Business Licensing

Department: Business Licensing

Summary:

This is an application (R162714Q-APP-2024) to change ownership of an existing adult-use cannabis retail store. Pursuant to Reno Municipal Code (RMC) Sec. 5.22.017, “Any change in ownership of a medical or adult-use cannabis establishment, conditional or otherwise, must be approved pursuant to Nevada Revised Statutes (NRS) Title 56 and the regulations. All board-approved changes shall be reported to the license division within 30 days of the change and shall be accompanied by written approval from the board and the appropriate city license change application.” Nevada Cannabis Compliance Board approval of the transfer was reported timely and is attached (Exhibit A).

Zoning/Planning Review: Mixed-Use Suburban (MS). Adult-Use Cannabis Retail Store is an allowed use and Zoning Verification Letter RME19-00020 (Exhibit B) remains valid. Hours of operation are allowed from 8:00 a.m. to 12:00 a.m.

Attachments:

Vicinity Map - Silver State Relief
Exhibit A - Nevada Cannabis Compliance Board Approval
Exhibit B - Zoning Verification Letter - RME19-00020

Approval of Privileged Business License

Recommendation:

Staff recommends Council approve the privileged license application, subject to the police department background investigation, other required recommendations, and City licensing office approval.

Proposed Motion:

I move to approve the staff recommendation.

Background:

Council approval of privileged license applications is required for the licenses to be issued. RMC 5.05.008(k) states that license applications for gaming, liquor, medical cannabis establishments, adult-use cannabis establishments, pawnbrokers, secondhand merchandise, and escort services must be approved by Council, as well as other relevant reviewing bodies. Applications must also meet the initial requirements set forth by Reno City Council in RMC Titles 4 and 5.

Discussion:

Applications have been processed by the Business Licensing Department and approved by Development Services. Council has requested that its review not delay the licensing process, even if not all other relevant reviews have been completed. These reviews may occur concurrently, or consecutively based on the completion of applicable inspections. Accordingly, some relevant reviews may not have been completed at this time, and even if Council approves a license, it may still be denied by the City Business Licensing Department. Such additional reviewing bodies may include, but are not limited to, building, fire, police, and relevant district, county, and state agencies. All required fees have been submitted with the applications.

Police background checks are often lengthy. Once all other relevant reviews have been completed, an interim license may be issued before the completion of the police background check. However, an interim license is subject to summary revocation if the background check reveals grounds for denial.

Individual business license information can be found under their specifically named agenda items.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law. RMC 5.05.008(k) provides that Council approval is required for gaming, liquor, medical cannabis establishments, adult-use cannabis establishments, pawnbrokers, secondhand merchandise, and escort service licenses. Council may deny a license for good cause, which is defined in RMC 5.05.008(j), to include but not be limited to:

- (1) The application is incomplete or contains false, misleading, or fraudulent statements.
- (2) The applicant fails to satisfy any qualification or requirement imposed by this title, local, state, or federal law, regulation, or administrative policy pertaining to such activities.

(3) The applicant has been subject, in any jurisdiction, to administrative action of any kind imposing fines or other discipline relating to the operation of a business licensed in the jurisdiction, or denied a license or work card, due to suitability issues.

(4) The applicant has engaged in deceptive practices upon the public.

(5) The applicant has, within the five years immediately preceding the date of the application, been convicted of any of the following criminal offenses, regardless of the jurisdiction of the conviction:

- a. A felony or any crime which, under the laws of this state, would amount to a felony;
- b. Any crime of which theft, fraud, or intent to defraud is an element;
- c. Unlawfully possessing or distributing a controlled substance;
- d. Solicitation, prostitution, or pandering;
- e. Any sex offense requiring the applicant to register under NRS 179D.441 to 179D.470, if the applicant has been classified by the state as a Tier 1 or below; or

(6) A person who, within the ten years immediately preceding the date of the application, has been convicted of any sex offense requiring the applicant to register under NRS 179D.441 to 179D.470, if the applicant has been classified by the state as a Tier 2 or Tier 3 offender.

(7) Any cause reasonably related to the furtherance of the public welfare.

In addition, under RMC Sec. 5.22.013, Council may, at its discretion, approve, deny, condition, limit, or take such other action with respect to the applications for medical cannabis establishment and adult-use cannabis establishment licenses as it considers appropriate to protect the public health, safety, and general welfare of the citizens of the city and to regulate the use of buildings, structures, land use, business, and other purposes.

Cases generally construe "good cause" as having two components: 1) the reason for denial must be reasonably related to the public welfare, and 2) the decision must be supported by substantial evidence and not be arbitrary or capricious. Substantial evidence requires more than the mere statements of interested parties and their counsel and the opinions of Council Members. *City Council, Reno v. Travelers Hotel*, 100 Nev. 436 (1984). Accordingly, a sufficient factual record should be developed before a privileged license is denied for "good cause." A delay (continuance) to gather more information or evidence is permissible provided the delay is not unreasonable in duration or purpose.

Council has asked to conduct its review promptly, even if not all other reviews have been completed. This practice is customer-friendly, but it could result in possibly relevant information not being presented to Council in its consideration of "good cause."

Other grounds for denial appear in the RMC chapters governing specific privileged licenses. Most notably, RMC 5.07.040 provides:

No new on-premises wine and beer licenses, on-premises alcoholic beverage licenses, or cabaret licenses shall be issued authorizing the sale of any alcoholic beverage for consumption on the premises for any location or premises that Council deems unfavorable or undesirable due to its proximity to any schoolhouse or schoolroom used by any public or common school, or church, or its location in an area that is predominantly residential or, because of the specifics of the proposed use, either detrimental to the surrounding properties or burdensome for police monitoring purposes.

Any denial of a license must be consistent with equal protection limitations. Applicants in similar situations must be treated substantially the same. However, factual differences that rationally support different treatment to further a governmental interest should be upheld.