

Commercial Cannabis Ordinance Review

CITY OF REDONDO BEACH
CITY COUNCIL MEETING

John Yonai, Principal
Jason Chiang, Sr. Associate
Jane McFarren, Analyst
May 14th, 2024



MEET THE TEAM



Principal
John Yonai



Sr. Associate
Jason Chiang



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Finalizing a Retail Cannabis Regulatory Ordinance is one of the most critical tasks in the regulated commercial cannabis businesses implementation process.

Tierra West partners with City staff, City elected officials, and the community to understand the goals and priorities of local cannabis policies, presenting options and recommendations for refining the ordinance.

In addition to establishing the application process and operating criteria, the regulations must ensure compliance with all State regulations, reflect local preferences, be flexible enough to adapt to this dynamic industry, and lay the foundation for monitoring and compliance activities.



The Consultant team and Staff seek Council direction on the following sections in order to finalize the City's Cannabis Regulatory Ordinances and CCB application criteria.

The Council also has this opportunity to discuss or suggest amendments to any additional areas of the City's Cannabis Regulatory Ordinances and CCB application criteria.



DISCUSSION AGENDA

1. Final direction on the type of cannabis businesses included/allowed in the Ordinance
2. Direction on the process to consider allowing permittees to relocate business operations following permit issuance
3. Direction on how the final selection of the permittees occurs and, by extension, how appeals are managed
4. Direction on the length of the CCB permit term
5. Direction on whether a Community Benefit Plan should be included/scored in the application process
6. Direction on setting the retail cannabis sales tax rate
7. Direction on whether to include site selection and the attainment of property as part of the CCB application criteria
8. Direction on any other sections of the regulatory ordinances or CCB application process criteria the Council wishes to add, affirm, or remove



1.FINAL DIRECTION ON THE CANNABIS BUSINESS TYPES INCLUDED (ALLOWED) IN THE ORDINANCE

- Current Language Requirements: “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, transportation, distribution, delivery or sale of cannabis and cannabis products.
- Options available to Council:
 - i. Keep current language; or
 - ii. Craft the Ordinance to only allow retail storefront and retail delivery, specifically excluding all other types of cannabis businesses
- TWA Recommendation: ii. craft the Ordinance to only allow retail storefront and retail delivery, specifically excluding all other types of cannabis business



2. DIRECTION ON THE PROCESS TO CONSIDER ALLOWING PERMITTEES TO RELOCATE BUSINESS OPERATIONS FOLLOWING PERMIT ISSUANCE

- Current Language Requirements: A Permittee shall not relocate, move, or otherwise alter the location of its operations from the specific area so identified without obtaining prior approval from the City; regardless of any possessory interest or right to possession to such additional areas, thereby altering the initially approved premises, without prior approval of the City Council.
- Options available to Council:
 - i. Keep current language; or
 - ii. Expand and better define how approval for relocation is attained, and have approval of the new location to be at the discretion of the Permit Administrator, given compliance with location and zoning requirements; or
 - iii. Expand and better define how approval for relocation is attained, and have approval of the new location to be at the discretion of the City Council, given compliance with location and zoning requirements
- TWA Recommendation: ii. Expand and better define how approval for relocation is attained, and have approval of the new location to be at the discretion of the Permit Administrator, given compliance with location and zoning requirements



3.DIRECTION ON HOW THE FINAL SELECTION OF THE PERMITTEES OCCURS AND, BY EXTENSION, HOW APPEALS ARE MANAGED

- Current Language Requirements: In the fourth (4th) phase, the City Manager or designee present to the City Council the top Applicants (no set number of applicants that will be presented). Council then interviews all the top applicants and makes the final determination on who receives the permit (s).
- Options available to Council:
 - i. Keep current language and process; or
 - ii. Shift final permittee selection to the Permit Administrator (City Manager or designee), or
 - iii. Update current process to limit the top Applicants to only five (5) applicants, with Council interviewing and selecting the Permittee(s).
- TWA Recommendation: iii. Update current process to limit the top applicants to only five (5), with Council interviewing and selecting the Permittee(s).



4.DIRECTION ON THE LENGTH OF THE CCB PERMIT TERM

- Current Language Requirements: Not defined.
- Options available to Council:
 - i. 5-year term with option to renew; or
 - ii. Any other term length
- TWA Recommendation: i. 5-year term with option to renew for an additional two 2-year terms (done by the Permit Administrator); permits that are extended twice administratively may request an extension of up to five (5) years by application to the City Council

5. DIRECTION ON WHETHER A COMMUNITY BENEFIT PLAN SHOULD BE INCLUDED/SCORED IN THE APPLICATION PROCESS

- Current Language Requirements: Guidelines require a Community Benefits and Investments Plan, scored at 300 Points out of 1600 points in Phase Three (3) of the Evaluation. It requires the applicants describe benefits the cannabis permit applicant intends to provide the local community, any non-profit partnerships they plan on having, description of intended minimum wage, and plan for local sourcing. No minimum amount is required in this section.
- Options available to Council:
 - i. Keep current language; or
 - ii. Include it in the scoring rubric with the purpose of capturing intent of the applicant to contribute to the community, while also including a percentage or minimum contribution amount atop the sales tax, or
 - iii. Eliminate this item from the scoring rubric altogether and fold the percentage into the tax rate (i.e. instead of 7% sales tax rate plus 1% or \$XX it would just be an 8% sales tax rate)
- TWA Recommendation: iii. Eliminate this item from the scoring rubric altogether and fold the percentage into the tax rate



6.DIRECTION ON SETTING THE RETAIL CANNABIS SALES TAX RATE

- Current Rate: None yet selected, though Council has ability to choose from range of 3% -9%
- Options available to Council:
 - i. Any tax rate between 3-9%, or
 - ii. A sales tax rate that incorporates the community benefit aspect of the cannabis business program
- TWA Recommendation: ii. A sales tax rate that incorporates the community benefit aspect of the cannabis business program; TWA recommends a sales tax rate of 8% (7% accounts for the sales tax, 1% would be dedicated to a City-managed Community Benefit Fund)



7. DIRECTION ON WHETHER TO INCLUDE SITE SELECTION AND THE ATTAINMENT OF PROPERTY AS PART OF THE CCB APPLICATION CRITERIA

- Current Language/Requirements: “17) Whether or not Applicants have obtained a property for the purposes of their commercial cannabis business prior to their selection, shall have no bearing on their selection.”
- Options available to Council:
 - i. Maintain current language, with property attainment NOT required, or
 - ii. Require a property be attained as part of the permit application process
- TWA Recommendation: ii. Require a property be attained as part of the permit application process



8. DIRECTION ON ANY OTHER SECTIONS OF
THE REGULATORY ORDINANCES OR CCB
APPLICATION PROCESS CRITERIA THAT THE
COUNCIL WISHES TO ADD, AFFIRM, OR
REMOVE

Thank you!

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