



City Council Meeting

August 14, 2017

Agenda Item 12-A

Permitting and Regulating Cannabis
Related Businesses

Recommendations for consideration

- The State is not issuing any cannabis permits before late 2018
- This item is before you because the City can only generate tax revenue in 2018 if the City issues Cannabis permits this year
- Staff is recommending that the City only issue permits for *Medical Cannabis Use*
- To do so, the City Council must take the following actions:
 - Introduce Ordinance No. 1323
 - Adopt Resolution No. 17-44
 - Set a public hearing for August 28, 2017 to adopt Ordinance No. 1323 and a Resolution establishing a cannabis business permit application fee (Reminder: the Cannabis tax is already in place).

Staff is seeking direction for the following

- Total number of permits issued. The proposed number is 12
- Number of Specific use permits (medical or recreational)
(Cannabis cultivation, Cannabis dispensary, Cannabis manufacturing)
- Long Term Property Interest Requirements (currently identified as ownership or 10 year LT lease)
- Allow Medical Cannabis Permits to later convert to Recreation Cannabis Uses
- Reviewing Distance Requirements between facilities
- Setting a date to begin accepting applications

Number of permits

Maximum Permits. Pursuant to BMC § 14.08.030(A), the City Council authorizes a total of _____ *Medical* Cannabis business permits be issued as follows:

- Cannabis Cultivation (including a nursery component): ____;
- Cannabis Dispensary (including the incidental retail sale of cannabis accessories and cannabis delivery): ____; and
- Cannabis Manufacturing: _____.
- Cannabis Distribution: _____

Property Interest from Resolution 17-44

“Section 4: Minimum Qualifications

As to the real property upon which the cannabis related business is proposed, the applicant must either:

- Own the real property in fee; or
- Be a long-term lessee with a possessory interest in the real property. For purposes of this Resolution, a “long term” lessee means the applicant must have a lease with a term of at least 10 years to use the real property for a cannabis related business.”

Policy: Is the Council comfortable adopting the requirements stated above

Transferring of Permits

Ordinance No. 1323

Chapter 14.08

Cannabis Business Permits

14.08.070 Prohibition on Transfer of Cannabis Business Permits;
Exception for Conversions.

“C. Notwithstanding any other provision of this Section, a permittee holding a cannabis business permit for medical cannabis may seek to convert that permit to a different cannabis related use by following the application and approval procedures established by this Title.”

Policy: Is the Council comfortable adopting the requirements stated above?

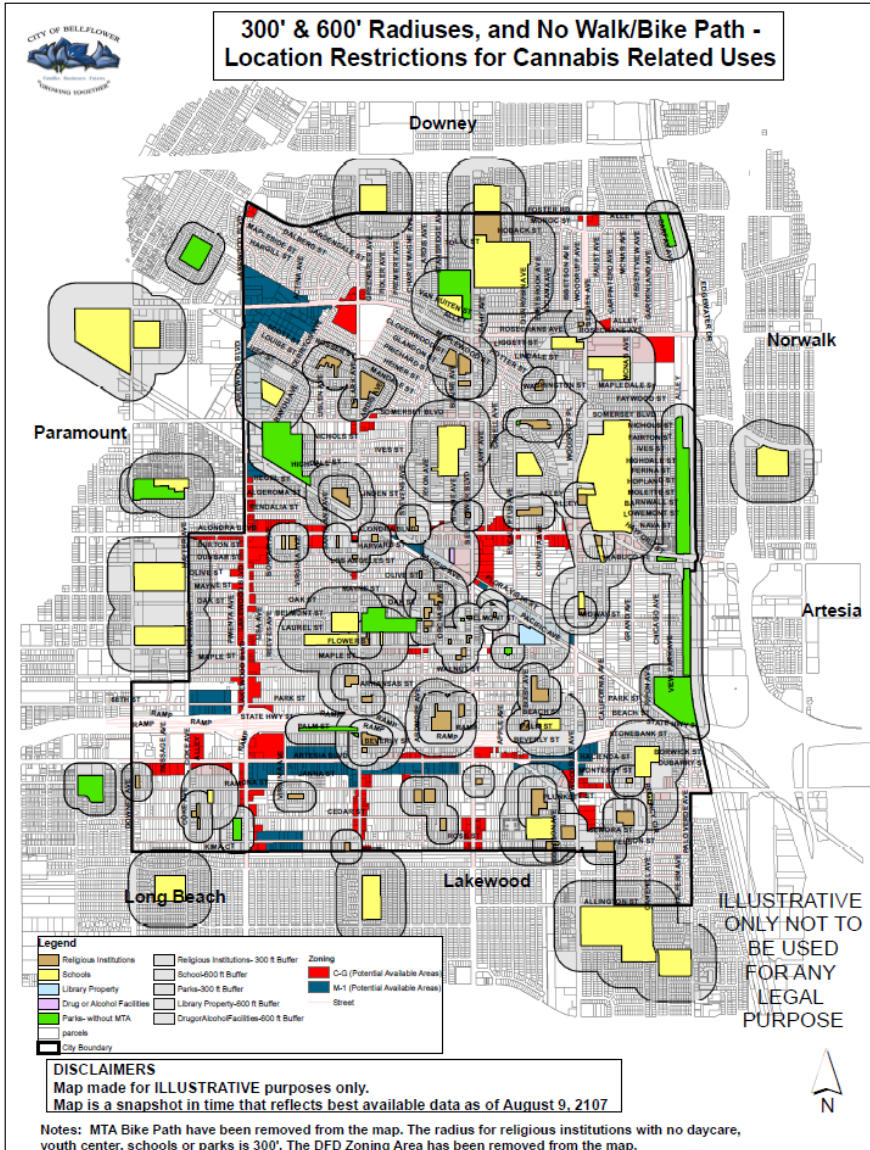
Location Restrictions on Ordinance 1323

“14.08.020 Location Restrictions

- It is unlawful for a cannabis business permit to be issued for a cannabis-related business located on a parcel that is:
 - Within 600 feet of any other parcel containing a school. For purposes of this section, “school” includes a pre-school, transitional kindergarten, K-12 school, whether public or private.
 - Within 300 feet of any other parcel containing a religious facility; park (except those designated as primarily a pedestrian walkway rather than for recreational purposes); state- or county-licensed child daycare facility; youth center; or licensed drug or alcohol rehabilitation facility.
 - Within 1000 feet of any other parcel upon which a cannabis business is operating.”

Policy: Is the Council comfortable adopting the requirements stated above?

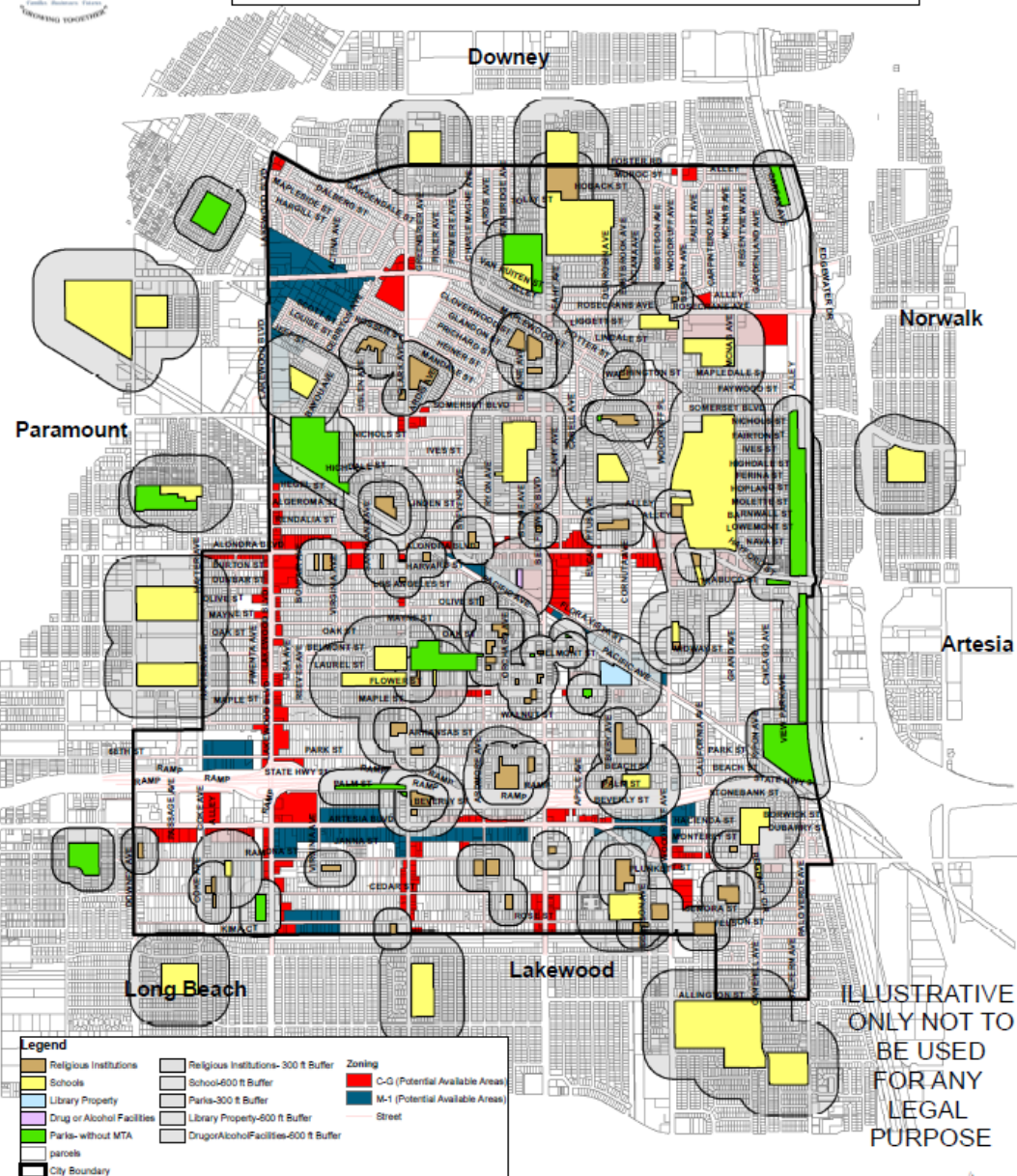
Potential parcels for cannabis related businesses in Bellflower



	<u>Number of Parcels outside the buffers</u>	
	Number of parcels outside 600' buffer per draft ordinance	Number of parcels - 300' buffer from religious facilities, parks and no buffer from bike path
Total Parcels CG and M1	370	479
Total Parcels CG	233	299
Parcels 15,000 sq.ft. or greater	52	81
Parcels less than 15,000 sq.ft.	181	218
Total Parcels M1	137	180
Parcels 15,000 sq.ft. or more	82	108
Parcels less than 15,000 sq.ft.	55	72
		Revised: 8/10/17



300' & 600' Radiuses, and No Walk/Bike Path - Location Restrictions for Cannabis Related Uses



Cannabis Business Permit

- Draft resolution has the cost of a permit at \$25,000.00 each
- This is aimed at recovering the costs incurred as a result of processing applications and administering permits throughout the year

“FISCAL IMPACT

Proposed permit fee of \$25,000 (or such amount as determined by the City Council based upon estimated costs). The permit fee would be automatically annually adjusted based upon CPI.”

Cost Recovery Estimates from Fiscal Impact Report

Cannabis Application Process Cost Recovery

Staff time cost recovery:
 $\$9,330 \times 12 = \$111,960$

Meridian Consultants:
\$142,715

Total:
\$254,135

Recovery per application (based on 12)
 $\$254,135 / 12 = \$21,177.91$

POSITIONS	RATE	HOURS	TOTAL
City Manager	\$ 201.37	4.00	\$ 805.48
Executive Assistant II	\$ 99.21	1.00	\$ 99.21
Director of Public Safety	\$ 210.62	3.00	\$ 631.86
City Attorney	\$ 250.00	7.00	\$ 1,750.00
Director of Finance	\$ 206.65	3.00	\$ 619.95
Director of Planning	\$ 192.24	11.00	\$ 2,114.64
Planning Manager / Senior Planner	\$ 145.13	8.00	\$ 1,161.04
Building Official / Inspector / Staff	\$ 73.93	3.00	\$ 221.79
Director of Economic Development	\$ 232.48	3.00	\$ 697.44
Assistant Planners	\$ 81.67	8.00	\$ 653.36
Assistant to the City Manager	\$ 70.18	1.00	\$ 70.18
Executive Assistant to the City Manager	\$ 71.40	1.00	\$ 71.40
Sheriff License Investigator	\$ 115.70	3.75	\$ 433.88
		56.75	\$ 9,330.00

Policy: Is the Council comfortable with a \$25,000 application fee?

Proposed language for Education Requirements from applicants

Section 3. Form and Content of Application. In addition to the requirements set forth in BMC § 14.08.040, applications for a Permit must:

“(I) A donation of \$_____ to a Drug Rehabilitation Program to be specified by a City Council Resolution at a later date .”

Policy: Does the Council want to add this language into the Application?

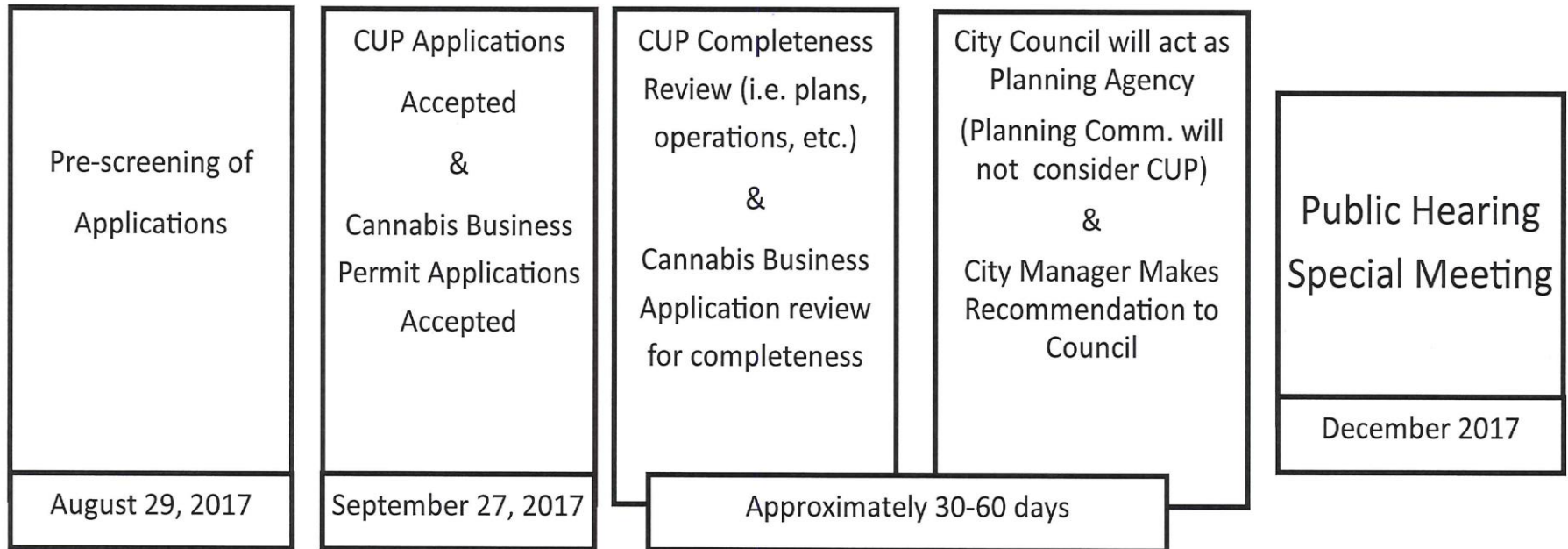
Moving Forward

- Following a public hearing, the second reading of Ordinance No. 1323 would occur on Monday, August 28, 2017.
- Resolution No. 17-44 authorizes the City Manager to consider pre-screening applications. That is proposed to begin on August 29, 2017. Staff will process both CUP and Business Permits for Medical Cannabis Related Uses at the same time.
- 30 days following the second reading, September 27, 2017, the official application acceptance process will begin, on a first-come-first-serve basis.

Proposed

Cannabis Business—Permit Process

Conditional Use Permit/ Business Permit Process



Corrections made on the original draft Ordinance

- In Ordinance No. 1323

Chapter 14.08, Section 14.08.030 (B)

Remove “4. Dispensary”

“14.08.030 Number and Types of Authorized Cannabis Businesses Permitted.

- A. By resolution, the city council can establish the number, and types, of cannabis businesses that can be permitted to operate in the City at any given time. Each physical location of a cannabis-related business requires a separate cannabis business permit.
- B. The following types of cannabis-related business activities can be authorized by a cannabis business permit:
 - 1. Cannabis Cultivation (including a nursery component);
 - 2. Cannabis Dispensary (including the incidental retail sale of cannabis accessories and cannabis delivery);
 - 3. Cannabis Manufacturing; and

~~4 — Cannabis Dispensary.”~~

- In Resolution No. 17-44

— Section (4) E (2)

- Update the referenced section from “3(A) (1-3)” to “4(A)(1-3)”

A. The applicant must demonstrate that the proposed funding of the cannabis related business is

- 1. Adequate for the nature of the proposed operation; and
- 2. From a suitable source. The suitability of the source of funds is determined by the criteria set forth in Section ~~3(A)(1-3)~~, 4(A)(1-3), above.

Questions?