

RESOLUTION NO. 2018-R_015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA ESTABLISHING THE MAXIMUM NUMBER OF PERMITS AND THE PROCEDURES FOR THE APPLICATION AND SELECTION PROCESS FOR COMMERCIAL CANNABIS CULTIVATION, MANUFACTURING, DISTRIBUTION, DELIVERY-ONLY RETAIL, AND TESTING BUSINESSES

WHEREAS, pursuant to the provisions of the 2017 California Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA"), the City of Culver City is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial medicinal and adult-use cannabis activity; and

WHEREAS, on November 27, 2017 the City introduced an ordinance amending Title 11, "Business Regulations", of the Culver City Municipal Code to add a new Chapter 11.17 "Commercial Cannabis Businesses", also referred to as the Culver City Commercial Cannabis Regulation and Safety Ordinance ("Commercial Cannabis Ordinance"), which was adopted on December 11, 2017 with an effective date of January 10, 2018; and

WHEREAS, Section 11.17.105 of the Commercial Cannabis Ordinance provides that the maximum number of each type of commercial cannabis business that will be permitted to operate in the City shall be established by Resolution of the City Council; and

WHEREAS, Section 11.17.110 of the Commercial Cannabis Ordinance provides that the procedures to govern the application process for issuance of Commercial Cannabis Business Permits shall be adopted by Resolution of the City Council, and that the Resolution shall authorize the City Manager to prepare the necessary forms, and adopt any necessary rules, regulations, and processes concerning the applications and the application process; and

1 WHEREAS, Section 11.17.115.B of the Commercial Cannabis Ordinance
2 provides that the procedures that govern the selection process for the issuance of
3 Commercial Cannabis Business Permits for manufacturing, cultivation, distribution,
4 testing and delivery-only retailers commercial cannabis businesses shall be adopted
5 by Resolution of the City Council, and that the Commercial Cannabis Business
6 Permits for these categories of businesses shall be issued by the Permit
7 Administrator; and

8 WHEREAS, Section 11.17.185 of the Commercial Cannabis Ordinance
9 authorizes the City Manager to establish any additional rules, regulations and
10 standards related to the issuance, denial, or renewal of Commercial Cannabis
11 Business Permits, the ongoing operation and City's oversight of commercial
12 cannabis businesses, or any other subject determined to be necessary to carry out
13 the purposes of the Ordinance; and

14 WHEREAS, Section 11.17.200 of the Commercial Cannabis Ordinance
15 provides that the hours of operation for a commercial cannabis business will be
16 established by Resolution of the City Council.

17 NOW, THEREFORE, the City Council of the City of Culver City, California,
18 DOES HEREBY RESOLVE:

19 SECTION 1. Any terms used in this Resolution shall have the same
20 meaning as defined in the Commercial Cannabis Ordinance.

21 SECTION 2. The maximum number of commercial cannabis
22 manufacturing, cultivation, distribution, testing and delivery-only retail businesses
23 operating in the City at any one given time shall be as set forth in Exhibit A.

24 SECTION 3. The application process for a Commercial Cannabis
25 Business Permit for manufacturing, cultivation, distribution, testing and delivery-only
26 retail businesses is attached hereto as Exhibit B. The City Manager is authorized to
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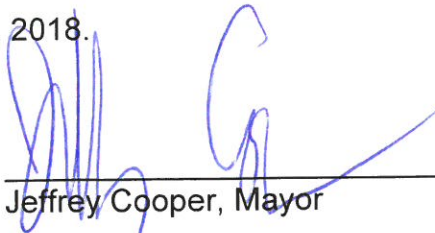
1 prepare the necessary forms, and adopt any necessary rules, regulations and
2 processes concerning the applications and the application process.

3 SECTION 4. Applicants for manufacturing, distribution, cultivation, testing
4 and delivery-only retail Commercial Cannabis Business Permits shall submit all
5 required application materials, meet all requirements of Section 11.17.110, and
6 demonstrate compliance with all requirements of the Commercial Cannabis
7 Ordinance. Applicants who meet all requirements will be issued a permit, up to the
8 maximum number of allowable permits. Subject to the exceptions noted in Exhibit
9 A, should more qualified applicants apply for a commercial cannabis business
10 permit than the maximum number of permits allowed for manufacturing, distribution,
11 cultivation, testing, and delivery-only retail, the City Manager will implement a lottery
12 or another approach (not first-come-first-served) to determine which applicants
13 receive a permit.

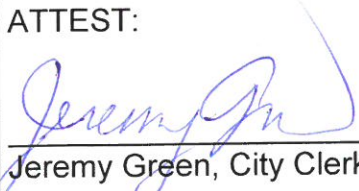
14 SECTION 5. There are not specific hours of operation at this time for
15 manufacturing, distribution, cultivation or testing permittees, subject to any other
16 requirement of the State of California, the County of Los Angeles, the Culver City
17 Municipal Code, or any other local regulation.

18 SECTION 6. Deliveries may be made by commercial cannabis delivery-
19 only retail permittees between the hours of 8:00 a.m. to 10:00 p.m.

20 This Resolution shall take effect as of the date of its adoption. Approved
21 and adopted this 12 day of February, 2018.

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Jeffrey Cooper, Mayor

25 ATTEST:

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28 Jeremy Green, City Clerk

APPROVED AS TO FORM:

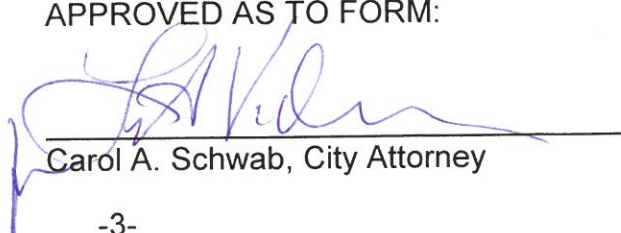
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28 Carol A. Schwab, City Attorney

Exhibit A:

Maximum Number of Cannabis Business Locations by Business Type in Culver City (Non-storefront retail)

The City of Culver City will issue up to the maximum number of permits by permit type as follows:

Permit Type	Maximum Number of Permits
Delivery-only Retail	5 ^{A,B}
Manufacturing	6
Distribution	6 ^B
Cultivation (Indoors)	3
Testing Laboratory	4

During the initial application period, should more qualified applicants apply for a commercial cannabis business permit than the maximum number of permits allowed for Manufacturing, Distribution, Cultivation, Delivery-only Retail, or Testing (subject to comments A and B, below), the City Manager will implement a lottery or another approach (not first-come-first-served) to determine which applicants receive a permit.

^ADelivery permits issued to a storefront retail cannabis business will not count towards this maximum number of delivery-only permits.

^BDistribution and/or delivery permits issued to a manufacturing permit holder (pertaining to its manufacturing business and on the same property) will not count towards the maximum number of distribution or delivery-only permits allowed.

Exhibit B: Culver City Cannabis Business Permit Application Process: Non-storefront

Step 1

1. All responsible persons (owners and managers) of applicant submit Live Scan background checks to the California Department of Justice and FBI.
2. Applicant receives Zoning Verification from City, including verification of compliance with zoning and distancing from sensitive receptors.
3. Applicant submits Cannabis Business Application: Part, which will require a Business Plan, including detailed financial information, a Security Plan, and a Safety Plan, among other requirements, and Step 1 Fees to City.
4. Staff reviews and approves Application: Part 1.
5. Culver City Police Department (CCPD) receives, reviews, and approves background checks from California Department of Justice and FBI.
6. If CCPD has approved background checks for the applicant, and the applicant has submitted all required application materials, meets all requirements of Section 11.17.110 of the Culver City Municipal Code (CCMC), and has demonstrated that it will meet all requirements of CCMC 11.17, then the City will issue a "Step 2 Approval Letter" to applicant.
7. In the event more applicants qualify under Step 1 than the maximum number of permits available, the City Manager will use a lottery or another approach (not first-come-first-served) to determine which applicants receive a permit.

Step 2

1. Applicant applies for Culver City Business Tax Certificate.
2. Applicant applies for Los Angeles County permits, including a Public Health Permit from the Los Angeles County Department of Public Health (LACDPH).
3. Applicant applies for all regularly required City permits (building permits, sign permits, etc.)
4. Applicant submits Cannabis Business Application: Part 2 and Step 2 Fees to City.
5. Staff reviews and approves Application: Part 2.
6. Through regular development process, staff approves moving forward with build-out.
6. LACDPH notifies City that applicant is approved to move forward with build-out.
7. City issues "Step 3 Approval Letter" to applicant.

Step 3

1. Applicant pays any regularly required building permit fees.
2. Applicant initiates and completes buildout, including any regularly required City inspections, and any County inspections.
3. LACDPH completes final site inspection.

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4. Applicant submits Step 3 Fees.

5. Staff performs cannabis site inspection to ensure compliance with the cannabis business operating requirements in the CCMC. Successful completion of an inspection checklist will allow applicant to proceed to Step 4.

Step 4

1. Applicant submits Annual Cannabis Business Permit fee.

2. City issues Cannabis Business Permit.

2. City issues Business Tax Certificate.

3. Applicant notifies LACDPH and receives its Public Health Permit, and any other required County permits.

4. Applicant may not operate in the City until its State Cannabis license is approved and received.

5. Applicant may open for business.

Additional Procedures for Cannabis Testing Laboratory Applications

Testing Laboratories must be accredited by a body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement. Testing methods must conform to ISO/EIC 17025 (11.17.230). Proof of ISO 17025 accreditation will be required in order to receive a final Cannabis Testing Laboratory Permit. ISO accreditation must be provided by a third-party accreditation body that has been shown to operate in conformance with ISO 17011 standards. ISO accreditation is required for each test that the Laboratory will perform on cannabis products.

Recognizing that a Laboratory must obtain cannabis materials in order to validate test methods prior to receiving full ISO accreditation, the City will allow applicants to possess cannabis at the proposed facility for the sole purpose of obtaining ISO accreditation during the business license application process. The City will grant a temporary, provisional authority to possess and test cannabis only to those laboratories who have completed Steps 1 - 4 of the application process.

Once Steps 1 – 4 have been completed, the City will issue a temporary, provisional permit allowing the business to obtain, possess, and test cannabis for the limited purpose of completing ISO accreditation. The provisional license will expire after six months, but may be extended at the request of the applicant. The Finance Director will review and approve or deny all extension requests. The Testing Laboratory may not perform tests on behalf of other cannabis businesses, patients, or caregivers until ISO Accreditation is obtained, and a final cannabis business license is issued by the City. Testing Laboratories licensed by the City will have six (6) months to obtain a State Testing Laboratory license, but this time period may be extended at the request of the applicant. The Finance Director will review and approve or deny all extension requests. Failure to obtain a state Testing Laboratory license within the six month window may result in revocation by the City of the local Testing Laboratory business license. Denial of a state testing laboratory license will result in the immediate revocation by the City of the local Testing Laboratory business license.