



City of Culver City

Staff Report

File #: 18-0602, Version: 1

Item #: A-1.

CC - Adoption of an Urgency Ordinance Amending Title 11, "Business Regulations," of the Culver City Municipal Code to (1) Add a New Chapter 11.17 "Commercial Cannabis Business;" and (2) Amend Section 11.01.075 "Unlawful Businesses Prohibited" of Chapter 11.01 (Four-Fifths Vote Requirement)

Meeting Date: December 11, 2017

Contact Person/Dept: Jesse Mays, City Manager's Office
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Fiscal Impact: Yes No

General Fund: Yes No

Public Hearing: **Action Item:** **Attachments:**

Commission Action Required: Yes No **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (12/06/17); GovDelivery e-mail lists: Marijuana, Chamber of Commerce, Press (12/06/17)

Department Approval: John Nachbar, City Manager (12/06/17)

RECOMMENDATION

Staff recommends the City Council adopt an Urgency Ordinance amending Title 11, "Business Regulations," of the Culver City Municipal Code to (1) add a new Chapter 11.17 "Commercial Cannabis Business; and (2) amend Section 11.01.075 "Unlawful Businesses Prohibited" of Chapter 11.01.

BACKGROUND

In 1996, California voters approved Proposition 215, also known as the Compassionate Use Act (CUA), allowing medical marijuana use by qualified patients within the state, and providing qualified

immunity against criminal prosecution in certain circumstances. In 2015, the California state legislature adopted the Medical Cannabis Regulation and Safety Act in 2015 (MCRSA), which provides comprehensive regulations for the operation of medical marijuana businesses. In November 2016, California voters approved Proposition 64, known as the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), legalizing adult-use (recreational) marijuana within the state; and providing a regulatory scheme for adult-use marijuana businesses.

On June 27, 2017, the Governor signed Senate Bill 94, which repealed MCRSA and included provisions from MCRSA regarding medical marijuana in the AUMA, so that the regulations governing both medical and non-medical marijuana were contained under one regulatory structure. Senate Bill 94 renamed the AUMA as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"). In addition to consolidating state laws regarding medical marijuana and adult-use marijuana, Senate Bill 94 introduced more uniform terminology. Senate Bill 94 revised references in existing law to "marijuana" or "medical marijuana" to instead refer to "cannabis" or "medicinal cannabis", and revised references to "nonmedical" to "adult-use." The state anticipates accepting applications and issuing temporary licenses to cannabis businesses as early as January 2, 2018.

MAUCRSA expressly preserves a local jurisdiction's ability to adopt and enforce local ordinances to regulate medicinal and adult-use cannabis businesses. The City of Culver City does not currently permit cannabis businesses, relying on its permissive zoning code, which does not permit marijuana (now referred to as cannabis) businesses in any zone in the City. Throughout 2017, the City worked toward enacting a comprehensive regulatory scheme that will permit the operation of cannabis businesses. However, due to the many complexities of regulating the cannabis industry, and the evolving state laws and regulations, the City will not have a regulatory ordinance in effect on January 1, 2018 when the new state licensing scheme goes into effect.

DISCUSSION

Pursuant to Government Code Section 36937(b) and Culver City Charter Section 614, the City may introduce and adopt an urgency ordinance by a four-fifths vote on the same date, to preserve the public peace, health or safety, if the ordinance contains a statement of the reasons for the urgency.

In this instance, there are sufficient circumstances to support the adoption of the proposed urgency ordinance this evening. On November 27, 2017, City Council considered two ordinances related to cannabis: a zoning code amendment and a business regulatory ordinance. Additional background and information regarding the two ordinances is available in the November 27 staff report (attached for the convenience of City Council and the public). After listening to the staff report, considering public input, and lengthy discussion, City Council introduced the two ordinances by a vote of 4-1. City Council also adopted Negative Declaration P2017-0149-ZCA "Amendments to the City's Municipal Code Regarding Cannabis Activities". The two ordinances, which are on the agenda to be adopted this evening, will be effective 30 days after adoption, January 10, 2018. This would leave a short gap in time during which the state may issue licenses to commercial marijuana businesses without an effective local regulatory ordinance. The City's proposed business regulatory ordinance for marijuana businesses reflects a very careful balancing of competing interests following a lengthy drafting process and substantial public input. If a marijuana business were able to obtain even a temporary license from the state during the short gap period referenced above, it would potentially upset the careful balance that the City has sought to achieve.

To protect the public health, safety and welfare and the City's rights to regulate cannabis businesses, and to promote the orderly development of any marijuana businesses in the City, the City desires to have a regulatory ordinance in effect prior to the state of California accepting applications and issuing licenses to cannabis businesses, which may occur as early as January 2, 2018. The urgency ordinance makes it clear that a cannabis business must go through a City application and selection process and obtain a City commercial cannabis business permit prior to operating in the City. Thus, staff recommends that the City adopt this urgency measure this evening.

FISCAL ANALYSIS

There is no fiscal impact associated with this item. Permitting and regulatory activities will be cost recoverable through application and permit fees. Fees are in the process of being established to compensate the City for the resources expended to investigate and process the initial applications, renewal applications, etc. A fee resolution setting forth the proposed new fees will be brought forth to City Council prior to the release of any applications or permits.

ATTACHMENTS

1. 2017-12-11 - ATT Proposed Urgency Ordinance for Commercial Cannabis Regulation

MOTION

That the City Council:

Adopt an Urgency Ordinance amending Title 11, "Business Regulations," of the Culver City Municipal Code to (1) add a new Chapter 11.17 "Commercial Cannabis Business"; and (2) amend Section 11.01.075 "Unlawful Businesses Prohibited" of Chapter 11.01 **(Four-Fifths Vote Required)**.