



City of Culver City

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Staff Report

File #: 18-0954, **Version:** 1

Item #: A-5.

CC - (1) Introduction of an Ordinance Amending Culver City Municipal Code Chapter 11.17 "Commercial Cannabis Businesses", and amending Section 11.01.075 "Unlawful Businesses Prohibited" of Chapter 11.01; and (2) Review of Administrative Guidelines for Review of Criminal Background Checks for Commercial Cannabis Permit Applicants.

Meeting Date: March 12, 2018

Contact Person/Dept: Jesse Mays, City Manager's Office (310) 253-6000
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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 (03/06/18); GovDelivery e-mail lists: Marijuana (03/07/18)

Department Approval: John Nachbar, City Manager (03/05/18)

RECOMMENDATION

Staff recommends the City Council

(1) Introduce an Ordinance Amending Culver City Municipal Code Chapter 11.17 "Commercial Cannabis Businesses", and amend Section 11.01.075 "Unlawful Businesses Prohibited" of Chapter 11.01; and

(2) Review Administrative Guidelines for Review of Criminal Background Checks for Commercial Cannabis Permit Applicants.

BACKGROUND/DISCUSSION

Amendments to Commercial Cannabis Ordinance

On December 11, 2017, the City Council adopted new Chapter 11.17 “Commercial Cannabis Businesses”, providing for a comprehensive application, selection and regulation program for commercial cannabis businesses that wish to locate in the City. Since that time, City Council and the City Council cannabis subcommittee (consisting of Mayor Jeff Cooper and Council Member Meghan Sahli-Wells) has had several discussions to further refine the City’s regulations, with specific emphasis on the regulations pertaining to the location of storefront cannabis retailers.

At the February 12, 2018 City Council meeting, during a discussion of storefront retail cannabis businesses, staff was directed to bring back amendments to the Culver City Municipal Code (CCMC) that included a 1,000 foot buffer between storefront retailers, and a further requirement prohibiting a storefront retailer on a corner property if the corner property was in close proximity to a residential zoning district, unless there was a parking lot or other buffer on the property where the storefront retailer wanted to locate, that acted as a buffer between the retail Premises and the residential zoning district.

The proposed amendments brought to City Council includes several substantive changes, such as the proposed buffers mentioned above, as well as non-substantive clerical and “clean-up” changes to the ordinance.

Changes to the commercial cannabis ordinance that were made at the direction of the City Council, or at the direction of the subcommittee, are as follows:

Section 11.17.117 Permittee Selection Process-Storefront retailers

- The requirements for noticing property owners and occupants were changed from 1,000 feet to 2,500 feet;
- Distancing requirements were added to the selection process, in addition to the 600 foot distance from sensitive receptors (which was in the original ordinance under Section 11.17.205, pertaining to operating requirements for Storefront Retailers). The new distancing requirements, as directed by City Council are: (1) a 1000 foot buffer between retailers, and (2) a restriction that storefront retailers may not locate on a corner property that is at the end of a residential zoning district, unless certain buffer requirements are met. Staff reviewed a number of corner lots that may be affected, and found that requiring a minimum distance of 45 feet between the storefront retail premises (the exterior wall of the onsite building) and a residential zone parcel boundary (the property line) will achieve the intended effect of the City Council direction.
- Enumerated felony convictions are now listed as a ground for denial of an application. (Previously, the ordinance stated that an application “may” be rejected if the Applicant, Owner, Manager or Responsible person had a felony. New the ordinance states that the application “shall” be rejected.) This change is consistent with the Administrative Guidelines for Review of Criminal Background Checks, recommended by the Subcommittee, and discussed below. Additionally, the list of enumerated felonies was previously in Section 11.17.125, pertaining to revocation of permits. Now, the revocation section refers to the initial application section, instead of the other way around.

Section 11.17.150 Change in Location of a Commercial Cannabis Business

- The notice requirement for storefront retailers proposing to change location has been changed from 1,000 feet to 2,500 feet.

Section 11.17.200 Operating Requirement Applicable to all Commercial Cannabis Businesses.

- A provision was added where an odor control device may be used if it is approved by the County of Los Angeles Department of Public Health.

Section 11.17.205 Operating Requirements for Storefront Retail Facilities

- The 600 foot buffer from sensitive receptors was moved to Section 11.17.117 (Selection Process)
- A restriction was added that shipments of cannabis or cannabis products shall not be made through the same entrance as that used by the general public during business hours.

Section 11.17.210 Operating Requirements for Delivery-Only Retailers

- A requirement was added that deliveries must be made to a physical address and no deliveries are permitted in the public right of way.

Section 11.01.075 Unlawful Businesses Prohibited

- A sentence was added that allows business tax certificates to be issued to commercial cannabis delivery-only retailers that hold a valid cannabis operating permit from another jurisdiction and a valid cannabis license to operate issued by the state.

Other non-substantive changes were made to the ordinance, to clarify or correct terminology, so that the ordinance is internally consistent. The ordinance was reviewed for the use of the terms "Applicant" and "Permittee" to ensure clarity. In addition, some sentences in the ordinance were rewritten to avoid confusion. (For example, Section 11.17.200.K contained a requirement that persons under the age of 21 are not permitted on the Premises of a commercial cannabis business, and those under 21 persons may not serve as a driver for a mobile delivery service. The exception for 18 year olds who may be permitted on the premises of a retailer selling medicinal cannabis was not worded clearly).

Administrative Guidelines for Review of Criminal Background Checks

Live Scan criminal background checks through the California Department of Justice and the FBI will be performed on each Responsible Person (owner, manager, etc.) associated with a cannabis business permit application. As stated in CCMC Section 11.17.110(E): "No Applicant shall be issued a Commercial Cannabis Business Permit unless the Applicant, Owner, Manager and Responsible Person have first cleared the background check, as determined by the Chief of Police."

Furthermore, as stated in the CCMC Section 11.17.115(C)(2), "the City reserves the right to reject any or all applications if it determines it would be in the best interest of the City, taking into account the public health, safety and welfare."

The attached administrative guidelines have been developed in consultation with the Culver City Police Department and the City Council Cannabis Subcommittee. They will be used by the Culver City Police Department when determining if a Responsible Person is qualified for receipt of a

commercial cannabis business permit based on his or her criminal background and the interest of public health, safety and welfare. All Responsible Persons associated with an application must be qualified for the permit to be approved. The guidelines are provided for City Council's information and comment.

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 on March 12, 2018, prior to the release of any applications or permits.

ATTACHMENTS

1. 2018-03-12 - ATT Proposed Revised Commercial Cannabis Business Ordinance
2. 2018-03-12 - ATT Criminal Background Check Guidelines

MOTION

That the City Council:

- (1) Introduce an Ordinance Amending Culver City Municipal Code Chapter 11.17 "Commercial Cannabis Businesses", and amending Section 11.01.075 "Unlawful Businesses Prohibited" of Chapter 11.01; and
- (2) Review the Administrative Guidelines for Review of Criminal Background Checks for Commercial Cannabis Permit Applicants and provide any comments.