

Date: September 14, 2020

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Medical Cannabis Dispensary Deadline Extension**

On November 8, 2016, Long Beach voters approved Measure MM, which established Chapter 5.90 of the Long Beach Municipal Code (LBMC) and created a regulatory program for medical cannabis businesses to operate locally. Pursuant to Measure MM, the City of Long Beach (City) is authorized to issue a maximum of 32 medical cannabis dispensary business licenses. Measure MM established a process for ranking dispensary applications, and mandated that a Public Lottery be held to determine which businesses and locations would be eligible to receive one of the 32 dispensary business licenses (Priority System). Once selected through the Priority System, businesses must complete the plan check, construction and inspection phase of the application process to be issued a business license.

Chapter 5.90 of the LBMC is silent with respect to a deadline for dispensary applicants to obtain a business license. However, pursuant to Chapter 5.90.270 of the LBMC, the City Manager has the authority to issue reasonable rules and regulations to implement the requirements of the Medical Cannabis Ordinance. On January 22, 2019, the City Manager's Office used this authority to establish a deadline of October 1, 2020 for medical cannabis dispensary applicants to obtain a business license. Any medical cannabis dispensary application selected through the Priority System that has not obtained a business license by the deadline will be deemed null and void.

The Public Lottery concluded on September 28, 2017. Since that time, a total of 28 medical cannabis dispensaries have been issued a business license. The remaining 4 medical cannabis dispensaries are currently under construction. It is unclear whether these businesses will meet the deadline to obtain a license.

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At the time that the dispensary expiration regulation was adopted, the October 1, 2020 deadline provided a reasonable timeframe for businesses to build a cannabis retail facility in Long Beach. However, on March 4, 2020, the City declared a local health and city emergency in response to the COVID-19 pandemic. This measure was followed with an Order by the City's Health Officer on March 16, 2020, which enacted protective measures to slow the spread of COVID-19. While these actions helped to save lives, they also created economic challenges for local businesses, including those moving through the business license application process.

On June 9, 2020, the City Council adopted a Resolution authorizing time-limited COVID-relief proposals for businesses and property owners. The proposed COVID-19 relief proposals included the extension of time for entitlements and plan review periods, to recognize the negative impact that the COVID-19 pandemic has had on development in Long Beach.

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Specifically, the City Council recommended the following changes to the plan review and entitlement process:

- Development Services: Building and Safety – For all plans submitted or plans to be submitted on or before December 31, 2020, extend the plan review period from 12 months to 18 months. Extend all building permits already issued or to be issued through December 31, 2020, from a 24-month expiration to a 36-month expiration period.
- Development Services: Planning – Extend the expiration period of existing entitlement approvals by 24 months, all approvals not expired on January 1, 2020 will now expire 24 months beyond their original expiration date. Extend the entitlement expiration period for new project approvals issued on or after June 4, 2020, to 36 months.
- Fire Department: Fire Prevention – For all plans submitted for Fire plan check on or after January 1, 2020 through December 31, 2020, extend the plan review period from 12 months to 18 months. Extend all Fire construction permits issued on or after January 1, 2020 through December 31, 2020, from a 24-month expiration to a 36-month expiration period.

Consistent with this City Council action, the City Manager's Office proposes to extend the deadline for medical cannabis dispensaries to obtain a business license by six months, to April 1, 2021. Should any of the medical cannabis dispensary applications selected through the Priority System fail to receive a business license by this deadline, the City will refer to the Public Lottery Pending/Ineligible list to determine which replacement applications will be permitted to proceed through the medical dispensary licensing process. The Pending/Ineligible list was created during the Public Lottery, where additional eligible applications were drawn at random after the maximum 32 medical cannabis dispensaries had already been selected. This list was created to add additional opportunities for those who originally applied, and to prevent the City from having to do another Public Lottery, should one of the lottery winners not make it to the license issuance phase. Replacement applications will be selected based upon the order of locations on the Pending/Ineligible list and review of the 1,000-foot dispensary buffer requirement.

If you have questions, please contact Kevin Jackson, Deputy City Manager, at (562) 570-5028 or via email at Kevin.Jackson@longbeach.gov.

KJ/AK

CC: CHARLES PARKIN, CITY ATTORNEY
DOUGLAS P. HAUBERT, CITY PROSECUTOR
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK
AJAY KOLLURI, ASSISTANT TO THE CITY MANAGER
DEPARTMENT HEADS