

## **R-36**

July 6, 2021

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Declare an Ordinance amending Long Beach Municipal Code Chapter 5.92 relating to the regulation of shared-use cannabis manufacturing, read the first time and laid over to the next regular meeting of the City Council for final reading; and,

Increase appropriations in the General Fund Group in the City Manager's Department by \$25,000, offset by drawing down funds available or reserves, to update the City's licensing system to accommodate the shared-use manufacturing license type and equity verification processes. (Citywide)

### DISCUSSION

On January 5, 2021, the City Council directed staff to prepare an Ordinance to allow shared-use cannabis manufacturing in Long Beach and include a priority licensing process for verified equity applicants. In addition to the shared-use manufacturing Ordinance, the City Council requested staff remove "is a Long Beach resident currently receiving unemployment benefits" from the Cannabis Social Equity Program's eligibility criteria. Using recommendations from the City Manager's Office and City departments, the City Attorney's Office has prepared an Ordinance with the requested changes.

In 2018, the California Department of Public Health (CDPH) issued regulations for a shared-use manufacturing license, which allows license holders to conduct manufacturing operations out of a shared-use facility. Shared-use cannabis manufacturing operators are limited to the following activities:

- Infusing cannabis concentrates directly into a product;
- Packaging and labeling of cannabis products; and,
- Extracting the essential oils from the cannabis plant, using butter or food-grade oil.

Under State law, shared-use manufacturing facilities have a primary cannabis manufacturer licensee (Principal Licensee) and shared-use manufacturing operator licensee(s) (Operator Licensees) at the facility. The Principal Licensee is a medical and/or adult use cannabis manufacturer that has been approved to operate their licensed manufacturing premises as a shared-use facility. Operator Licensees are manufacturers that rent out or use the Principal Licensee's facility to conduct manufacturing operations.

The Long Beach Municipal Code (LBMC) currently allows for the licensing and regulation of cannabis manufacturing facilities; however, each licensed location is limited to one operator conducting manufacturing activities at the licensed premises. The shared-use manufacturing license will allow for multiple cannabis manufacturers to operate out of a single space, similar to a shared-commercial kitchen, whereby multiple businesses can rent a single facility, at separate times, to prepare their products for consumers. The advantage of this license type is that it provides small start-up businesses the opportunity to manufacture products, without having to invest significant up-front capital to construct a facility. In addition, due to the low-intensity nature of shared-use activities, these operations do not have any land use impacts beyond the existing manufacturing license types already permitted in eligible zones.

The addition of this license type helps to expand the goals of the City's Cannabis Social Equity Program (Equity Program). The program was developed to help provide communities impacted by federal cannabis drug enforcement policies (also known as the War on Drugs), an opportunity to benefit from the growth of the newly legalized cannabis industry through employment and ownership opportunities. To qualify for the Equity Program as an equity business owner, an individual must meet the criteria to qualify as an equity applicant as outlined in LBMC Chapter 5.92.1520 and hold at least 51 percent ownership in a cannabis business.

For equity applicants, the shared-use manufacturing license type provides a viable pathway to licensure with a much lower barrier to entry than other cannabis license types currently available in Long Beach. In addition, this license type allows existing cannabis manufacturing facilities in the city to rent their space out to other small businesses, including equity applicants.

As directed by the City Council, the proposed Ordinance includes a priority licensing process for verified Equity Program applicants. This licensing process will require updates to the City's licensing system to accommodate the shared-use manufacturing license type and equity verification processes. The following discussion identifies some of the key provisions that are included in the proposed Ordinance for shared-use manufacturing:

**Existing State regulations.** The proposed Ordinance reaffirms existing State laws and regulations for shared-use cannabis manufacturing facilities and operators. In addition to State regulations specific to shared-use manufacturing, shared-use manufacturing operators must also comply with regulations for any cannabis manufacturing activities. The inclusion of State requirements in the proposed Ordinance will strengthen the City's ability to enforce statewide standards for shared-use manufacturing activities. The Ordinance includes regulations for operating conditions, cannabis waste disposal, product recalls, facility modifications, and occupancy schedules.

**Priority Licensing for Equity applicants.** The proposed Ordinance prioritizes equity applicants in the shared-use manufacturing application process. Applications for shared-use manufacturing operator licenses will only be accepted from verified Equity Program applicants for a period of 1 year, or until 15 licenses have been issued, whichever occurs

sooner. In their sole discretion, the City Council may extend the timeframe for accepting Equity Program applications. The one-year period will start on the date the City begins accepting applications for shared-use manufacturing operator licenses. After the deadline for Equity Program licensing has passed, the application process will be opened to all qualified equity and non-equity applicants.

This priority licensing process lowers the barriers to the shared-use manufacturing market for Equity Program applicants by lowering competition in the cannabis manufacturing space in Long Beach. The priority licensing process also reduces the risk for predatory practices against Equity Program applicants by not placing a cap on the number of available licenses. Placing a temporary or permanent cap on the number of available licenses without a defined sunset date could increase predatory agreements and unfair business practices by individuals seeking to partner with Equity Program applicants, who would otherwise not qualify for a business license without that partnership. To reduce these risks, licenses should be made available to all applicants, regardless of equity status, similar to other non-retail cannabis licenses in the city.

**Designated and common use areas.** The proposed Ordinance reaffirms State regulations that each shared-use facility has designated areas for Operator Licensees that are exclusive to the Operator Licensee and common-use areas that can be used by all licensees in the facility separately during their designated time. Principal Licensees may conduct manufacturing activities as permitted by their medical and/or adult-use manufacturing licenses and may use the common use area during their scheduled time period.

**Enforcement.** The proposed Ordinance outlines the responsibility of the Principal Licensee and Operator Licensee(s) for violations found at the facility. The Principal Licensee and/or Operator Licensee (s) may be deemed responsible for a violation of any provision in the Ordinance at the facility. Pursuant to the Ordinance, the City can pursue various administrative, civil, and criminal remedies for noncompliance with the LBMC.

### **Removal of Eligibility Criteria for Cannabis Social Equity Program**

In addition to the proposed Ordinance, the removal of unemployment benefits as an eligibility criterion for the Equity Program has been removed to qualify as an equity business owner but will continue to remain in effect for an equity applicant to qualify as an equity employee, as defined by LBMC Chapter 5.92.1520. If this criterion were to be removed to qualify for equity employment, the pool of available equity employees would significantly decrease, which would impact the requirement for all adult-use cannabis businesses to have equity employees performing 40 percent of the work hours at the business.

This matter was reviewed by Deputy City Attorney Arturo Sanchez on June 17, 2021, and by Budget Manager Grace H. Yoon on June 18, 2021.

TIMING CONSIDERATIONS

City Council action is requested on July 6, 2021, to ensure timely amendment to the LBMC. Implementation of the proposed Ordinance is anticipated to take three months, given the technology upgrades that are necessary to the City's licensing system. Changes to the City's administrative application and permitting process are also necessary to administer a licensing process that prioritizes Equity Program applicants.

FISCAL IMPACT

The recommendation will result in a one-time cost of \$25,000 to update the City's licensing system to accommodate the shared-use manufacturing license type and equity verification processes. An appropriation increase of \$25,000 is requested in the General Fund Group, offset by funds available, if available at the end of the year, or more likely from a drawdown of the operating and/or emergency reserve. The Adopted FY 21 Budget already anticipated the need to draw down on reserves to balance the budget and fully fund both structural and one-time costs, inclusive of Measure MA revenues. Any additional expenditures added during the year that are not offset will be adding to the shortfall and the need to use reserves. This cost cannot be funded with cannabis equity revenues, which are generated from adult-use businesses being charged a fee for the Equity Hire Program and Community Reinvestment Program and must provide a service to adult-use businesses to meet the requirements of the Cannabis Social Equity Program.

It is anticipated that this new license type will result in additional costs for implementation, which will be offset from an increase in business license tax revenues from shared-use manufacturing operators. However, it is unclear how much revenue will be collected from these operators. Shared-use manufacturing operators will be charged the same tax rate of 1 percent of gross receipts, similar to other medical- and adult-use cannabis manufacturing facilities. Revenues from this new license type will not be realized until businesses are licensed and operating, likely beginning in FY 22. Staff will monitor these additional revenues and anticipated costs and factor that into future projections. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The number of additional local jobs associated with this recommendation is unknown.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



THOMAS B. MODICA  
CITY MANAGER



1 licensed shared-use facility, including equipment that is available for use by more than  
2 one licensee, provided that the use of a common-use area is limited to one licensee at a  
3 time.

4 “Designated Area” means the area of a cannabis manufacturer’s licensed  
5 shared-use facility that is designated principal licensee for the sole and exclusive use of a  
6 shared use manufacturing Operator Licensee, including storage of the shared use  
7 manufacturing Operator Licensee’s cannabis, cannabis concentrates, and cannabis  
8 products.

9 “Principal Licensee” means the licensed cannabis manufacturer that has  
10 been approved by the City of Long Beach to operate its licensed premises as a Shared-  
11 use Manufacturing Facility.

12 “Shared-Use Manufacturing Facility” or “Shared-Use Facility” means a  
13 manufacturing premises operated by a Principal Licensee in which Shared Use  
14 Manufacturing Operator Licensees are authorized to conduct manufacturing operations.

15 “Shared Use Manufacturing Operator Licensee” or “Operator Licensee”  
16 means any person, entity, or operation, in whole or in part, whether operating for-profit or  
17 not-for-profit, and all associated owners, employees, managers, or agents that engages  
18 in manufacturing activities limited to infusions, packaging/labeling of cannabis products,  
19 and extractions with butter or food grade oils in common-use areas of a licensed Shared-  
20 Use Manufacturing Facility, pursuant to California Department of Public Health Code  
21 Section 40191.

22  
23 Section 2. Section 5.92.030 of the Long Beach Municipal Code is hereby  
24 amended by deleting the definition of Sublet.

25  
26 Section 3. Subsection 5.92.455.D.4 of the Long Beach Municipal Code is  
27 hereby amended to read as follows:

28 D. Denial of applications or renewals. The City Health Officer

1 may deny an application or renewal application for a cannabis public health  
2 permit for any reason enumerated in Section 5.92.1540 of this Chapter.

3

4 Section 4. Section 5.92.860 of the Long Beach Municipal Code is hereby  
5 amended to read as follows:

6 5.92.860 Outdoor storage of cannabis good prohibited  
7 No outdoor storage of cannabis goods is permitted at any time.

8

9 Section 5. Section 5.92.870 of the Long Beach Municipal Code is hereby  
10 amended to read as follows:

11 5.92.870 Drive-through services prohibited.  
12 Drive-through services or walk-up window services where cannabis  
13 goods are sold, or made available to any person, that are operated in  
14 conjunction with any Adult-Use Cannabis Business are prohibited.

15

16 Section 6. Section 5.92.880 of the Long Beach Municipal Code is hereby  
17 deleted.

18

19 Section 7. Section 5.92.1610 of the Long Beach Municipal Code is  
20 hereby amended to read as follows:

21 5.92.1610 Definitions.  
22 A. "Equity Applicant" means an individual who meets the criteria  
23 in Section 5.92.1620.A.  
24 B. "Equity Employee" means an individual who meets the criteria  
25 in subsections (1) through (3) in Section 5.92.1620.A.  
26 C. "Equity Business Owner" means an Adult-Use Cannabis  
27 Business where fifty-one percent (51%) or more of the entity holding, and  
28 applying for, an Adult-Use Cannabis Business Permit is owned by an

1 individual that meets the criteria of subsections (A) and (B) of Section  
2 5.92.1620.

3

4 Section 8. Section 5.92.1620 of the Long Beach Municipal Code is  
5 hereby amended to read as follows:

6 5.92.1620 Eligibility for Equity Assistance Program.

7 A. To be eligible for the Equity Assistance Program as an equity  
8 employee, an individual shall satisfy the following criteria:

9 1. Be a natural person; and

10 2. In the last year, have had an annual family income at or  
11 below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los  
12 Angeles County) Area Median Income (AMI) adjusted for family size, and a  
13 net worth below Two Hundred Fifty Thousand Dollars (\$250,000); and

14 3. The individual satisfies at least one of the following  
15 criteria:

16 a. Has lived in a Long Beach census tract for a  
17 minimum of three (3) years where at least fifty-one percent (51%) of current  
18 residents have a household income at or below eighty percent (80%) of the  
19 Los Angeles County Area Median Income; or

20 b. Was arrested or convicted for a crime relating to  
21 the sale, possession, use, or cultivation of cannabis in the City of Long  
22 Beach prior to November 8, 2016 that could have been prosecuted as a  
23 misdemeanor or citation under current California law; or

24 c. Is a Long Beach resident currently receiving  
25 unemployment benefits.

26 B. To be eligible for the Equity Assistance Program as an equity  
27 applicant, an individual shall satisfy the following criteria:

28 1. Be a natural person; and



1                   2.       In the last year, have had an annual family income at or  
2 below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los  
3 Angeles County) Area Median Income (AMI) adjusted for family size, and a  
4 net worth below Two Hundred Fifty Thousand Dollars (\$250,000); and

5                   3.       The individual satisfies at least one of the following  
6 criteria:

7                   a.       Has lived in a Long Beach census tract for a  
8 minimum of three (3) years where at least fifty-one percent (51%) of current  
9 residents have a household income at or below eighty percent (80%) of the  
10 Los Angeles County Area Median Income; or

11                   b.       Was arrested or convicted for a crime relating to  
12 the sale, possession, use, or cultivation of cannabis in the City of Long  
13 Beach prior to November 8, 2016 that could have been prosecuted as a  
14 misdemeanor or citation under current California law.

15                   C.       To be eligible for the Equity Assistance Program as an Equity  
16 Business, an individual shall satisfy the criteria in subsection (B) above and  
17 the individual shall also have a minimum of fifty-one percent (51%)  
18 ownership of the entity applying for an Adult-Use Cannabis Business  
19 Permit.

20                   D.       Review of eligibility criteria.

21                   1.       Proof of income shall be supported with federal tax  
22 returns and at least one (1) of the following documents: wage and tax  
23 statement, two (2) months of pay stubs, or proof of current eligibility for  
24 General Assistance, Food Stamps, Medical/CALWORKs, or Supplemental  
25 Security Income or Social Security Disability (SSI/SSDI).

26                   2.       Residency shall include proof of residency in any  
27 combination of qualifying Long Beach census tracts pursuant to Section  
28 5.92.15620.A.3 for a minimum of three (3) years. A minimum of two (2) of

1 the documents listed below, evidencing a minimum of three (3) years of  
2 residency, shall be considered acceptable proof of residency. All residency  
3 documents must list the first and last name of the equity business owner  
4 applicant or the equity employee applicant, and the Long Beach residence  
5 address in a qualifying Long Beach census tract pursuant to Section  
6 5.92.1620.A.3:

- 7 a. California Driver's record or Driver's License; or
- 8 b. California identification card record; or
- 9 c. Property tax billing and payments; or
- 10 d. Verified copies of State or federal income tax

11 returns where a Long Beach address within a qualifying Long Beach  
12 census tracts pursuant to Section 5.92.1620.A.3 is listed as a primary  
13 address; or

- 14 e. School records; or
- 15 f. Medical records; or
- 16 g. Banking records; or
- 17 h. Long Beach Housing Authority records; or
- 18 i. Utility, cable, or internet company billing and

19 payment covering any month in each of the three (3) years.

20 3. Proof of conviction should be demonstrated through  
21 federal or State court records indicating the disposition of the criminal  
22 matter.

23  
24 Section 9. Section 5.92.1630 of the Long Beach Municipal Code is  
25 hereby amended to read as follows:

26 5.92.1630 Assistance available to equity businesses.

27 Individuals applying for an Adult-Use Cannabis Business Permit as  
28 an equity business applicant, shall be eligible to receive the following

1 assistance during the application process: expedited Adult-Use Cannabis  
2 Business Permit application review; Adult-Use Cannabis Business Permit  
3 application and compliance assistance; cultivation business license tax  
4 deferrals during the first year; expedited building plan check review; and  
5 waivers of City permitting fees.

6  
7 Section 10. Section 5.92.1640 of the Long Beach Municipal Code is  
8 hereby amended to read as follows:

9 5.92.1640 Requirements for all Adult-Use Cannabis Businesses.

10 Adult-Use Cannabis Businesses that do not qualify for the Equity  
11 Assistance Program shall comply with the following requirements:

12 A. Employment.

13 1. Adult-Use Cannabis Businesses that do not qualify for  
14 the Equity Assistance Program shall employ equity employees for a  
15 minimum of forty percent (40%) of total annual work hours performed at the  
16 business. Upon a showing of good cause by an Adult-Use Cannabis  
17 Business, the City Manager may waive the employment requirement.

18 2. Compliance. To ensure compliance with this  
19 requirement, Adult-Use Cannabis Businesses shall submit certified payroll  
20 records to the City Manager at such frequency as determined by the City  
21 Manager. Adult-Use Cannabis Businesses that fail to meet this requirement  
22 may be subject to penalties pursuant to this Chapter, including but not  
23 limited to, suspension or revocation of the Adult-Use Cannabis Business  
24 Permit pursuant to Section 5.92.1540. To avoid penalties for  
25 noncompliance, a business may demonstrate that it utilized its best efforts  
26 to hire and employ individuals that meet the criteria in Section 5.92.1620.A  
27 by detailing all efforts made and affixing documents to support such efforts.

28 B. Support for equity businesses. Adult-Use Cannabis Business

1 shall submit a Community Reinvestment and Small Business Incubation  
2 Plan to the City describing how they intend to support equity businesses,  
3 adjacent neighborhoods, and communities within the eligible social equity  
4 program census tracts. Support for equity businesses may include, but shall  
5 not be limited to, business plan guidance at the time of application,  
6 business operations consulting, and industry specific technical assistance,  
7 shelf space for cannabis goods cultivated or manufactured by equity  
8 businesses, or any other form of support by an Adult-Use Cannabis  
9 Business consistent with the intent and spirit of this Division.

10 C. Labor peace agreement. Any Adult-Use Cannabis Business  
11 with two (2) or more employees (as defined by California Business and  
12 Professions Code 26051.5(a)(5)) shall provide a statement at the time of  
13 application that the applicant will enter into, or demonstrate that it has  
14 already entered into, and abide by the terms of a labor peace agreement.

15  
16 Section 11. Division VII in Chapter 5.92 of the Long Beach Municipal  
17 Code is hereby renumbered to read as Division VIII. All Sections and Subsections to be  
18 renumbered accordingly.

19  
20 Section 12. Division VIII in Chapter 5.92 of the Long Beach Municipal  
21 Code is hereby renumbered to read as Division IX. All Sections and Subsections to be  
22 renumbered accordingly.

23  
24 Section 13. Division IX in Chapter 5.92 of the Long Beach Municipal Code  
25 is hereby renumbered to read as Division X. All Sections and Subsections to be  
26 renumbered accordingly.

27  
28 Section 14. Division X in Chapter 5.92 of the Long Beach Municipal Code

1 is hereby renumbered to read as Division XI. All Sections and Subsections to be  
2 renumbered accordingly.

3

4 Section 15. Division VII in Chapter 5.92 is hereby added to the Long  
5 Beach Municipal Code to read as follows:

6

7 DIVISION VII – SHARED USE MANUFACTURING OPERATING CONDITIONS

8 Manufacturing facilities may be shared, containing multiple licensed permit  
9 holders for a single premises. In addition to the general operating requirements set forth  
10 in Division III and the manufacturing operating requirements set forth in Division VI of this  
11 Chapter, this Division provides additional requirements for Shared Use Manufacturing.

12 5.92.1210 Compliance.

13 A. The manufacture of cannabis products in shared-use facilities  
14 shall comply with the standards set by State and local law, including but not  
15 limited to those related to volatile and nonvolatile extractions; labeling,  
16 packaging, repackaging, and relabeling; infusions; safety; discharges;  
17 waste disposal; processing, handling, and storage of solvents or gases; and  
18 food handling.

19 B. Manufacturers shall only be allowed to engage in the  
20 manufacture of cannabis authorized by State law and in the Adult-Use  
21 Cannabis Business Permit issued for the premises. No additional  
22 manufacturing activities may be conducted without applying for, and  
23 receiving written permission, from the City for said additional activity.

24 C. The manufacture of cannabis products shall be conducted in a  
25 manner to ensure the operation does not pose a significant threat to the  
26 health, safety, and welfare of the public or to neighboring properties.

27 5.92.1215 Equity licenses prioritized.

28 A. The City shall accept applications for Shared Use

1 Manufacturing Operator Licenses from Verified Equity Businesses only for a  
2 period of one (1) year, or until fifteen (15) Operator licenses have been  
3 issued, whichever occurs sooner. The one-year period shall not start until  
4 the date the City begins accepting applications for Shared Use  
5 Manufacturing Operator Licenses. The City Council, in its sole discretion,  
6 may extend the timeframe for accepting equity applications beyond the one-  
7 year period.

8 B. After the one-year period has concluded, the City shall begin  
9 accepting applications from all qualifying applicants for the Shared Use  
10 Manufacturing Operator license pursuant to this Chapter.

11 5.92.1220 Principal Licensees.

12 A. Shared-use manufacturing facilities are required to have a  
13 Principal Licensee, who is responsible for the facility.

14 B. The principal licensee shall operate the shared-use facility in  
15 accordance with the conditions of operation specified in this Chapter.

16 C. The shared-use manufacturing principal licensee shall be  
17 responsible for ensuring the facility meets all applicable requirements of this  
18 Chapter.

19 D. No cannabis manufacturer shall operate as a shared-use  
20 manufacturing facility without prior approval of the City.

21 E. Licensed cannabis manufacturers in good standing may  
22 request to operate as a shared-use manufacturing facility on a form  
23 prescribed by the Director of Financial Management.

24 5.92.1225 Operator Licensees.

25 A. Operator licenses will only be issued to businesses that have  
26 received written authorization to operate in a licensed shared-use  
27 manufacturing facility.

28 B. Operator Licensees may only conduct the following

1 operational activities:

- 2 1. Infusions, as defined by this Chapter;  
3 2. Packaging and labeling of cannabis products; and,  
4 3. Extractions with butter or food-grade oils, provided that

5 the resulting extract or concentrate shall be used solely in the manufacture  
6 of the Operator Licensee's infused product and shall not be sold to any  
7 other licensee.

8 C. Operator licensees shall have a separate license for each  
9 shared-use manufacturing facility where they are conducting manufacturing  
10 operations.

11 D. Operator Licensees may only operate at the facility identified  
12 by their license and during the hours set forth in the occupancy schedule.

13 5.92.1230 Exemptions.

14 A. Operator Licensees are exempt from the following provisions  
15 of this Chapter:

- 16 1. 5.92.215.3.d (Proof that the applicant has the legal  
17 right to occupy and use the premises for commercial cannabis activity)  
18 2. 5.92.250 (One applicant per address)  
19 3. 5.92.425 (Noncompliant locations)  
20 4. 5.92.435 (Premises Requirements)

21 5.92.1235 Use agreements.

22 A. The Principal licensee and the Operator Licensee(s) may take  
23 part in a use agreement which may allocate responsibility for providing and  
24 maintaining commonly used equipment and services, including, but not  
25 limited to, security systems, fire monitoring and protection services, and  
26 waste disposal services. However, such agreement is not binding on the  
27 City and the City may take enforcement action against either the principal  
28 licensee or the Operator Licensee(s), regardless of the allocation of

1 responsibility in the use agreement.

2 5.92.1240 Designated areas.

3 A. The Principal licensee will identify and assign each Operator  
4 Licensee a “designated area” that, at a minimum:

- 5 1. Is for exclusive use by the Operator Licensee; and,  
6 2. Provides an area for storage that is secure, fixed in  
7 place, locked with a commercial-grade lock, and accessible only to the  
8 Operator Licensee for storage of that Operator Licensee’s cannabis,  
9 cannabis concentrates, and cannabis products.

10 B. The designated area for an Operator Licensee shall not be  
11 altered without prior notification to the City. Prior to making any changes to  
12 the designated area, written notification shall be submitted to the City that  
13 includes the intended changes. The City shall approve all changes prior to  
14 the designated area being altered.

15 5.92.1245 Common-use areas.

16 A. The Principal licensee will identify and assign common-use  
17 area(s) authorized for use by the Operator Licensee.

18 B. Any part of the premises used for manufacturing activities that  
19 is a common-use area shall be occupied by only one licensee at a time by  
20 restricting the time period that each licensee may use the common-use  
21 area. During the assigned time period, one licensee shall have sole and  
22 exclusive occupancy of the common-use area.

23 C. The principal licensee may conduct manufacturing activities  
24 as permitted under its medical or adult-use manufacturing license and may  
25 use the common-use area during its scheduled time period.

26 5.92.1250 Occupancy schedules.

27 A. The Principal licensee is responsible for providing an  
28 occupancy schedule that identifies the days and/or times each Operator



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Licensee is authorized to use the common-use area(s).

B. The occupancy schedule shall be prominently posted near the entrance to the licensed shared-use facility.

C. The occupancy schedule shall not be altered without prior notification to the City. Prior to making any changes to the occupancy schedule, written notification shall be submitted to the City that includes the intended changes.

5.92.1255 Facility restrictions.

The use of the shared use facility shall be restricted to the principal licensee and Operator Licensees authorized by the City to use the shared-use facility.

5.92.1260 Facility modifications.

The use of the shared use facility shall be restricted to the principal licensee and Operator Licensee(s) authorized by the City to use the shared-use facility.

5.92.1265 Cannabis waste.

Any cannabis product or other materials remaining after an Operator Licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the principal licensee consistent with the requirements of this Chapter.

5.92.1270 Product recalls or embargoes.

In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the City, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

5.92.1275 Discontinuing operations.

A Principal Licensee that wishes to discontinue operation as a shared-use facility may do so by providing written notice to the City and each Operator Licensee authorized to use the shared-use facility at least



OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Long Beach, CA 90802-4664

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I hereby certify that the foregoing Ordinance was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2021, by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Recusal(s): Councilmembers \_\_\_\_\_

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City Clerk

Approved: \_\_\_\_\_  
(Date)

\_\_\_\_\_

Mayor

## Chapter 5.92

### ADULT-USE CANNABIS BUSINESSES AND ACTIVITIES

#### 5.92.030 - Definitions.

“Common-Use Area” means any area of a cannabis manufacturer’s licensed shared-use facility, including equipment that is available for use by more than one licensee, provided that the use of a common-use area is limited to one licensee at a time.

“Designated Area” means the area of a cannabis manufacturer’s licensed shared-use facility that is designated by the principal licensee for the sole and exclusive use of a shared use manufacturing Operator Licensee, including storage of the shared use manufacturing Operator Licensee’s cannabis, cannabis concentrates, and cannabis products.

“Principal Licensee” means the licensed cannabis manufacturer that has been approved by the City of Long Beach to operate its licensed premises as a Shared-use Manufacturing Facility.

“Shared-Use Manufacturing Facility” or “Shared-Use Facility” means a manufacturing premises operated by a Principal Licensee in which Shared Use Manufacturing Operator Licensees are authorized to conduct manufacturing operations.

“Shared Use Manufacturing Operator Licensee” or “Operator Licensee” means any person, entity, or operation, in whole or in part, whether operating for-profit or not-for-profit, and all associated owners, employees, managers, or agents that engages in manufacturing activities limited to infusions, packaging/labeling of cannabis products, and extractions with butter or food grade oils in common-use areas of a licensed Shared-Use Manufacturing Facility, pursuant to California Department of Public Health Code Section 40191.

“Sublet” means to lease or rent all or part of a leased or rented property.

5.92.455 - Cannabis public health permit.

D. Permit renewals.

4. Denial of applications or renewals. The City Health Officer may deny an application or renewal application for a cannabis public health permit for any reason enumerated in Section 5.92.15440 of this Chapter.

~~5.92.860 – Subletting prohibited.~~

~~Adult-Use Cannabis Businesses shall not sublet any portion of a permitted premises for any purpose, except for shared-use facilities and Type S licenses as otherwise allowed by this chapter.~~

5.92.8670 - Outdoor storage of cannabis goods prohibited.

No outdoor storage of cannabis goods is permitted at any time.

5.92.8870 - Drive-through services prohibited.

Drive-through services or walk-up window services where cannabis goods are sold, or made available to any person, that are operated in conjunction with any Adult-Use Cannabis Business are prohibited.

DIVISION VII – SHARED USE MANUFACTURING OPERATING CONDITIONS

Manufacturing facilities may be shared, containing multiple licensed permit holders for a single premises. In addition to the general operating requirements set forth in Division III and the manufacturing operating requirements set forth in Division VI of this Chapter, this Division provides additional requirements for Shared Use Manufacturing.

5.92.1210 – Compliance

A. The manufacture of cannabis products in shared-use facilities shall comply with the standards set by State and local law, including but not limited to those related to volatile and nonvolatile extractions; labeling, packaging, repackaging, and relabeling; infusions; safety; discharges; waste disposal; processing, handling, and storage of solvents or gases; and food handling.

B. Manufacturers shall only be allowed to engage in the manufacture of cannabis authorized by State law and in the Adult-Use Cannabis Business Permit issued for the premises. No additional manufacturing activities may be conducted without applying for, and receiving written permission, from the City for said additional activity.

C. The manufacture of cannabis products shall be conducted in a manner to ensure the operation does not pose a significant threat to the health, safety, and welfare of the public or to neighboring properties.

#### 5.92.1215 – Equity licenses prioritized

A. The City shall accept applications for Shared Use Manufacturing Operator Licenses from Verified Equity Businesses only for a period of one (1) year, or until fifteen (15) Operator licenses have been issued, whichever occurs sooner. The one-year period shall not start until the date the City begins accepting applications for Shared Use Manufacturing Operator Licenses. The City Council, in its sole discretion, may extend the timeframe for accepting equity applications beyond the one-year period.

B. After the one-year period has concluded, the City shall begin accepting applications from all qualifying applicants for the Shared Use Manufacturing Operator license pursuant to this chapter.

#### 5.92.1220 – Principal Licensees

A. Shared-use manufacturing facilities are required to have a Principal Licensee, who is responsible for the facility.

B. The principal licensee shall operate the shared-use facility in accordance with the conditions of operation specified in this Chapter.

C. The shared-use manufacturing principal licensee shall be responsible for ensuring the facility meets all applicable requirements of this Chapter.

D. No cannabis manufacturer shall operate as a shared-use manufacturing facility without prior approval of the City.

E. Licensed cannabis manufacturers in good standing may request to operate as a shared-use manufacturing facility on a form prescribed by the Director of Financial Management.

#### 5.92.1225 – Operator Licensees

A. Operator licenses will only be issued to businesses that have received written authorization to operate in a licensed shared-use manufacturing facility.

B. Operator Licensees may only conduct the following operational activities:

1. Infusions, as defined by this Chapter;
2. Packaging and labeling of cannabis products; and,
3. Extractions with butter or food-grade oils, provided that the resulting extract or concentrate shall be used solely in the manufacture of the Operator Licensee's infused product and shall not be sold to any other licensee.

C. Operator licensees shall have a separate license for each shared-use manufacturing facility where they are conducting manufacturing operations.

D. Operator Licensees may only operate at the facility identified by their license and during the hours set forth in the occupancy schedule.

#### 5.92.1230 – Exemptions

A. Operator Licensees are exempt from the following provisions of this Chapter:

1. 5.92.215.3.d (Proof that the applicant has the legal right to occupy and use the premises for commercial cannabis activity)
2. 5.92.250 (One applicant per address)
3. 5.92.425 (Noncompliant locations)
4. 5.92.435 (Premises Requirements)
- ~~5.92.860 (Subletting prohibited)~~

#### 5.92.1235 – Use agreements

A. The Principal licensee and the Operator Licensee(s) may take part in a use agreement which may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, such agreement is not binding on the City and the City may take enforcement action against either the principal licensee or the Operator Licensee(s), regardless of the allocation of responsibility in the use agreement.

#### 5.92.1240 – Designated areas

A. The Principal licensee will identify and assign each Operator Licensee a “designated area” that, at a minimum:

1. Is for exclusive use by the Operator Licensee; and,
2. Provides an area for storage that is secure, fixed in place, locked with a commercial-grade lock, and accessible only to the Operator Licensee for storage of that Operator Licensee’s cannabis, cannabis concentrates, and cannabis products.

B. The designated area for an Operator Licensee shall not be altered without prior notification to the City. Prior to making any changes to the designated area, written notification shall be submitted to the City that includes the intended changes. The City shall approve all changes prior to the designated area being altered.

#### 5.92.1245 – Common-use areas

A. The Principal licensee will identify and assign common-use area(s) authorized for use by the Operator Licensee.

B. Any part of the premises used for manufacturing activities that is a common-use area shall be occupied by only one licensee at a time by restricting the time period that each licensee may use the common-use area. During the assigned time period, one licensee shall have sole and exclusive occupancy of the common-use area.



C. The principal licensee may conduct manufacturing activities as permitted under its medical or adult-use manufacturing license and may use the common-use area during its scheduled time period.

#### 5.92.1250 – Occupancy schedules

A. The Principal licensee is responsible for providing an occupancy schedule that identifies the days and/or times each Operator Licensee is authorized to use the common-use area(s).

B. The occupancy schedule shall be prominently posted near the entrance to the licensed shared-use facility.

C. The occupancy schedule shall not be altered without prior notification to the City. Prior to making any changes to the occupancy schedule, written notification shall be submitted to the City that includes the intended changes.

#### 5.92.1255 – Facility restrictions

The use of the shared use facility shall be restricted to the principal licensee and Operator Licensees authorized by the City to use the shared-use facility.

#### 5.92.1260 – Facility modifications

The use of the shared use facility shall be restricted to the principal licensee and Operator Licensee(s) authorized by the City to use the shared-use facility.

#### 5.92.1265 – Cannabis waste

Any cannabis product or other materials remaining after an Operator Licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the principal licensee consistent with the requirements of this Chapter.

#### 5.92.1270 – Product recalls or embargoes

In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the City, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

#### 5.92.1275 – Discontinuing operations

A Principal Licensee that wishes to discontinue operation as a shared-use facility may do so by providing written notice to the City and each Operator Licensee authorized to use the shared-use facility at least thirty (30) calendar days prior to the effective date of the cancellation.

#### 5.92.1280 – Violations

A Principal licensee or an Operator Licensee is liable for any violation found at the shared-use facility during that licensee’s scheduled occupancy or within that licensee’s designated area. However, a violation of any provision of the Chapter may be deemed a violation for which each Operator Licensee and the principal licensee are responsible. In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the City, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

### DIVISION VIII - DISTRIBUTION OPERATING CONDITIONS

In addition to the general operating requirements set forth in Division III of this Chapter, this Division provides additional requirements for Distributors.

#### 5.92.4240-1310 - Compliance.

A.D. A Distributor and the premises shall meet all health protection operating criteria for the distribution of cannabis goods as required by State law and regulations implemented and enforced by the Bureau of Cannabis Control.

B.E. Distributors shall transfer cannabis goods only between State licensees.

#### 5.92.4245-1315 - Transport Only Distributor.

A. Transport Only Distributor may transport cannabis goods between State licensees if the transport, and the type of cannabis goods transported, is authorized by State and local law.

- B. A Transport Only Distributor shall comply with all provisions required by this Code and State law for Distributors, except for those related to quality assurance and testing.
- C. A Transport Only Distributor shall not hold title to any cannabis goods unless said Transport Only Distributor also holds a State-issued Cultivation, Manufacturing, Retailer, or Microbusiness license.
- D. Transport Only Distributors shall not be authorized to:
  - 1. Engage in the delivery of cannabis goods to a customer; or
  - 2. Engage in the wholesale, destruction, packaging, labeling, or storing of cannabis goods; or
  - 3. Arrange for the testing of cannabis goods by a Testing Laboratory.

5.92.~~4220-1320~~ - Storage.

- A. Separate and distinct. Distributors shall ensure that each batch is stored separately and distinctly from every other batch on the Distributor's premises.
- B. Labels required for batch storage containers. Distributors shall ensure a label with the following information is physically attached to each container of each batch: the Manufacturer or Cultivator's name and State license number; the date of entry into the Distributor's storage area; the unique identifiers and batch number associated with the batch; a description of the cannabis goods with enough detail to easily identify the batch; and the weight of or quantity of units in the batch.
- C. A Distributor shall store cannabis goods in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which cannabis goods are stored shall be vermin proof and shall not be exposed to direct sunlight. Distributors shall not store cannabis goods outdoors.

- D. Storage-only services. Distributors may provide cannabis or cannabis product storage-only services to a Cultivator, Manufacturer, or other Distributor, which are unrelated to the quality assurance and laboratory testing processes required of the Distributor.

5.92.~~4225-1325~~ - Quality assurance.

- A. Distributors shall ensure compliance with any requirements for packaging and labeling cannabis goods pursuant to State and local law and regulations.
- B. After taking physical possession of a cannabis batch, the Distributor shall meet all testing requirements and procedures as required by local and State law and regulations. Upon the request of the City Manager, the Distributor shall immediately make available the results of all tests performed on each cannabis batch by a certified State licensed Laboratory.
- C. A Distributor shall only procure, sell, or transport cannabis goods that are packaged and sealed in tamper-evident packaging that use a unique identifier, such as a batch and lot number or bar code, to identify and track the cannabis goods.

5.92.~~4230-1330~~ - Transport.

- A. Documentation during transport. Transporters shall carry a physical or electronic copy of the shipping manifest for the transport of cannabis goods, a copy of the Distributor's current permits and/or licenses required by the State and City, the Transporter's government-issued identification, and an identification badge provided by the Distributor. All documentation shall be made available upon request to the City Manager or Chief of Police.
- B. Transporters shall be at least twenty-one (21) years of age and shall have a valid California Driver's License.

- C. Vehicle standards. A Distributor shall only allow transport of cannabis goods in a vehicle:
1. That is capable of securing (locking) the cannabis goods during transportation.
  2. That is capable of being time and/or temperature controlled if perishable cannabis goods are being transported.
  3. That does not display advertising or symbols visible from the exterior of the vehicle that suggest the vehicle is used for cannabis transport or affiliated with a Commercial Cannabis Business.
- D. Inspections. Any motor vehicle used by a Distributor to transport cannabis goods is subject to inspection by the City Manager or Chief of Police and may be stopped during transport, delivery, or pick-up of cannabis goods for inspection.

5.92.~~4235~~-1335 - Accurate weights and measures.

- A. Distributors shall maintain all weighing devices in good working order, approved, tested, sealed, and registered with the Los Angeles County Agricultural Commissioner/Weights and Measures in compliance Division 5 (“Weights and Measures”) of the California Business and Professions Code, any applicable State laws and regulations implemented by the State or its departments or divisions, and all other applicable local, State, and Federal laws.
- B. Distributors are prohibited from using scales, weights, or measures that do not accurately conform to the standard of weights and measures of the State and county.

5.92.~~4240~~-1340 - Records.

- A. In addition to records generally required of all Adult-Use Cannabis Businesses, every Distributor shall maintain records specific to the operation, including but not limited to: records relating to branding, packaging and labeling; inventory logs and

records; transportation bills of lading and shipping manifests for completed transports and for cannabis goods in transit; vehicle and trailer ownership records; quality-assurance records; records relating to destruction of cannabis goods; laboratory-testing records; warehouse receipts; records relating to tax payments collected and paid. The Distributor shall make all records available to the City upon request.

- B. Storage records. A Distributor shall maintain a written contract with other State licensees storing cannabis goods on the Distributor's premises. A Distributor shall maintain a separate storage inventory log for every State licensee storing cannabis goods on the Distributor's premises. The Distributor's storage inventory logs and written contracts shall be provided to the City Manager upon request. All inventory documents shall contain the identity and State license number of all contracting parties.
- C. A Distributor shall maintain a database, and provide to the City upon request, a list of the individuals and vehicles authorized to conduct transportation on behalf of the Distributor.

## DIVISION ~~VIII~~ - TESTING LABORATORY OPERATING CONDITIONS

In addition to the general operating requirements set forth in Division III of this Chapter, this Division provides additional requirements for Testing Laboratories.

### 5.92.~~1310~~ 1410 - Compliance.

All laboratory testing of cannabis goods shall be performed in accordance with this Chapter, this Code, and any applicable State law and regulations, implemented and enforced by the State and its divisions and departments.

### 5.92.~~1315~~ 1415 - No other employment or interest.

No owner or employee of a Laboratory may be employed by, or have any ownership or financial interest, in any other type of commercial cannabis activity.

5.92.~~1320~~1420 - Laboratory employee requirements.

Laboratory employees shall meet the experience, education, and training requirements specified and required by the State or any of its departments and divisions.

5.92.~~1325~~1425 - Certificate of accreditation required.

Every Laboratory shall hold a valid certificate of ISO/IEC 17025 accreditation, issued by an accreditation body that attests to the Laboratory's competence to perform testing of the cannabis goods for compounds and contaminants, in compliance with State laws and regulations for cannabis testing. Said accreditation body shall be a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement for testing. The certificate of accreditation shall be kept at the premises.

5.92.~~1330~~1430 - Standard operating procedures.

A Laboratory shall adopt a standard operating procedure using methods consistent with general requirements established by the International Organization for Standardization, specifically ISO/IEC 17025, to test cannabis goods, and shall operate in compliance with State law at all times.

5.92.~~1335~~1435 - Chain of custody controls.

A Laboratory shall establish standard operating procedures that provide for adequate chain of custody controls for samples transferred to the Laboratory for testing.

5.92.~~1340~~1440 - Certificate of Analysis.

A Laboratory shall generate a Certificate of Analysis (COA) for all representative samples analyzed by the Laboratory in compliance with State law and any regulations implemented and enforced by the Bureau of Cannabis Control.

5.92.~~1345~~-1445 - Annual audit.

A Laboratory shall conduct an internal audit at least once per year or according to the ISO Accrediting Body and the State's requirements, whichever is more frequent.

5.92.~~1350~~-1450 - Transportation and storage of testing samples.

Every Laboratory shall ensure samples are transferred, transported, and securely stored in a manner that prevents degradation, contamination, and tampering, and in compliance with labeling on the cannabis product pursuant to a specified chain of custody protocol.

5.92.~~1355~~-1455 - Destruction of samples.

A Laboratory shall destroy the remains of samples of any cannabis goods upon completion of analyses, and after the expiration of any post-testing sample retention period, in compliance with State law and any regulations implemented and enforced by the Bureau of Cannabis Control.

5.92.~~1360~~-1460 - Additional ventilation requirements.

In addition to the general odor control and ventilation requirements in Section 5.92.540, the Laboratory shall implement adequate ventilation or control equipment to minimize dust, odors, and vapors (including steam and noxious fumes) in areas where they may cause allergen cross-contact or contamination of cannabis products. Fans and other air-blowing equipment used at a Laboratory premises shall be used in a manner that minimizes the potential for allergen cross-contact and contamination of cannabis goods.

5.92.~~1365~~-1465 - Hazardous material requirements.

Laboratories that use and generate hazardous materials or hazardous waste shall comply with all applicable hazardous material regulations for hazardous waste generators, and hazardous materials handling requirements and shall maintain any applicable permits for these programs from the Certified Unified Program Agency (CUPA) of Long Beach.



5.92.~~1370~~-1470 - Records.

A Laboratory shall ensure the transport, handling, storage, and destruction of samples are accurately documented. All documentation and the results of all testing shall be maintained as a part of the required records of the Laboratory.

DIVISION ~~IX~~ - ENFORCEMENT AND PENALTIES

5.92.~~1410~~-1510 - Violations generally.

- A. It is unlawful for any person to violate any provision, or to fail to comply with any of the conditions or requirements of this Chapter, or any regulation adopted pursuant to it.
- B. Separate violation. Every day, during any portion of which, any violation of this Chapter is committed, continued, or allowed to continue is a separate offense and is subject to all remedies and enforcement measures authorized by this Code.
- C. Every cannabis plant, including both immature and mature plants, cultivated in violation of this Chapter by an illegal cannabis operation constitutes a separate violation subject to the penalties of this Chapter.
- D. Paying a fine or serving a jail sentence does not relieve any person from responsibility for correcting any condition that violates any provision of this Chapter.
- E. Whenever in this Chapter any act or omission is made unlawful, it shall include causing, permitting, aiding, abetting, suffering, or concealing the fact of such act or omission.
- F. Violation of any provision of this Chapter shall be considered a strict liability; accordingly, the City shall not be required to prove knowledge, criminal intent, or any other mental state to establish a violation of this Chapter.

5.92.~~1415~~-1515 - Remedies cumulative.

- A. The remedies provided for in this Chapter are not mutually exclusive. Pursuit of any one remedy does not preclude the City from availing itself of any or all available administrative, civil, or criminal remedies, at law or equity. The remedies provided by this Chapter are cumulative and in addition to any other remedies available at law or in equity.
- B. This Chapter does not limit the City's additional remedies for recovering taxes or damages in accordance with any applicable law including, without limitation, cannabis business taxes owed by an unlawful Commercial Cannabis Business pursuant to Chapter 3.80 of this Code.

5.92.~~4420~~-1520 - Declaration of public nuisance.

- A. Any violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance.
- B. As a nuisance per se, any violation of this Chapter is subject to any of the following remedies, including, without limitation: injunctive relief, revocation of applicable permits or licenses, revocation of the certificate of occupancy for the real property where the violation occurred, disgorgement and payment to the City of all monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or equity.
- C. For purposes of notification of nuisance and abatement pursuant to Section 9.37.100 of this Code, a reasonable time limit for a property owner or person to correct or abate the nuisance of an illegal cannabis operation is no less than five (5) calendar days.

5.92.~~4425~~-1525 - Liability of employees and agents.

Liability of employees and agents. In construing and enforcing the provisions of this Chapter, the act, omission, or failure of an agent, officer, representative, or other person

acting for or employed by an Adult-Use Cannabis Business, within the scope of his or her employment or office, will be in every case be deemed the act, omission, or failure of the Adult-Use Cannabis Business.

5.92.~~1430~~ 1530 - Liability of property owners.

- A. No property owner in charge of, or in possession of, any real property within the City shall cause, permit, maintain, conduct, or otherwise suffer or allow a public nuisance as defined in this Chapter to exist.
- B. It is the duty of every property owner, and person that controls any real property or interest therein, within the City to remove, abate, and prevent the reoccurrence of the public nuisance upon such real property. Such duty of the property owner exists regardless of whether the property owner is in actual possession of his or her real property, and includes an obligation to act to evict or otherwise remove an illegal cannabis operation who illegally exists or creates a public nuisance upon the property owner's real property.
- C. In addition to any abatement costs incurred by the City for closing or removing an illegal cannabis operation from private real property, failure of a property owner to voluntarily abate an illegal cannabis operation after notification by the City shall result in the penalties set forth in this Chapter.

5.92.~~1435~~ 1535 - Liability of costs, fines, and fees.

- A. Liability of costs. In any enforcement action brought pursuant to this Chapter, whether by administrative proceedings, judicial proceedings, or summary abatement, every person who causes, suffers, maintains, or permits any illegal cannabis operation and/or operation to exist, or remain in violation of this Chapter, is liable for all actual costs incurred by the City, including, but not limited to: all actual costs for inspection, enforcement, revocation, suspension, abatement, or any other

actual costs incurred to undertake, or to cause or compel any responsible party to undertake, any abatement action in compliance with the requirements of this Chapter, including costs of litigation and reasonable attorney's fees, whether those costs are incurred prior to, during, or following enactment of this Chapter.

- B. Any person may abate an illegal cannabis operation or cause it to be abated at any time prior to commencement of abatement by, or at the direction of, the City Manager. Abatement prior to the hearing does not absolve any person from paying costs, fees, and administrative penalties that accrued up to the date of abatement. Proof of Abatement shall be provided to the Hearing Officer(s) at the time of hearing.
- C. Liability for cost of destruction. If required by State law, regulation, or court order to destroy any cannabis goods associated with a violation of this Chapter, a violator is responsible for the cost of the destruction of cannabis goods associated with said violation.
- D. Failure to pay fines and fees. Failure to pay a fine or penalty within thirty (30) calendar days of the date of assessment may result in penalties, suspension, or revocation of the permit, unless the citation is being appealed. The full amount of any assessed fine or penalty may be added to the fee for renewal of the permit.

5.92.~~1440~~1540 - Permit suspension, revocation, or denials.

- A. Noncompliance. Failure to comply with any of the provisions of this Chapter will constitute grounds for suspension, denial, or revocation of the permit. The noticing and hearing requirements for suspension or revocation of the permit shall be governed by the provisions of Chapter 5.06 of this Code.
- B. Cease activity. No person may conduct any business or activity regulated by this Chapter while an application for a permit is pending, at any time after a permit denial or revocation, or while a permit is suspended.

- C. Grounds for denial, revocation, or suspension of permit. In addition to the provisions of Chapter 5.06 of this Code, the Director of Financial Management may deny any application for a permit, or revoke or suspend any permit, on the following grounds:
1. A permit application does not satisfy the minimum qualifications or fails to comply with the applicable requirements of this Chapter.
  2. Failure to comply with any of the terms and conditions attached to the permit at the time of approval.
  3. Any act or omission that violates the requirements of this Code, including any rule, regulation, condition, or standard adopted pursuant to this Chapter, or any other applicable State or local rule, law, or regulation.
  4. Any act or omission that results in the denial, revocation, or suspension of the permittee's State license.
  5. Failure to renew the permittee's State license.
  6. The permit was granted, in whole or in part, based on any written or oral misrepresentation or omission of a material statement in the permit application.
  7. Conducting a commercial cannabis activity in a manner that constitutes a nuisance, where the permittee has failed to comply with reasonable conditions to abate the nuisance.
  8. Conviction for any controlled substance felony by an owner after a permit has been issued.
  9. A person has been, or is, prohibited from having an ownership interest in an Adult-Use Cannabis Business pursuant to Section 5.92.265.
  10. A person has committed a deliberate or willful violation of an applicable law, or applicable rule and regulation related to commercial cannabis activity.

5.92.~~4445~~1545 - Appeal of permit denial.

- A. Any applicant pursuant to this Chapter whose application for an Adult-Use Cannabis Business Permit, whose application for such permit has been denied, shall be notified in writing of the denial and their right to file an appeal, pursuant to Section 5.06.030 of this Code, within ten (10) calendar days after the date of mailing of the Notice of such denial.
- B. Any written request for an appeal of a permit denial pursuant to this Chapter shall include details regarding the denial and the specific ground(s) on which the dispute of the denial is based. At the time of filing the notice of appeal, the applicant shall pay to the Director of Financial Management the fee set by resolution of the City Council for appeals hereunder.
- C. If the written request is filed within the time period specified, within thirty (30) days following the filing of said written request, the City shall set a hearing to be held not less than ten (10) days nor not more than thirty (30) days thereafter, and such hearing may for good cause be continued by the City.
- D. The hearing shall be held in accordance with Chapter 2.93 of this Code, except that the matter shall be automatically referred to the City Clerk for selection of a Hearing Officer, without the City Council's referral, in accordance with Subsection 2.93.050.B of this Code.
- E. Failure to file the written request within the time period specified shall result in waiver of any right to dispute the denial of an application for an Adult-Use Cannabis Business Permit pursuant to this Chapter. Failure of an appellant or their authorized representative to appear at any noticed hearing shall constitute an abandonment of the hearing appeal and shall constitute a failure to exhaust administrative remedies.
- F. Right to recover costs. In the event a civil action is initiated by the City to enforce any decision under this Section, and a judgment is entered to enforce said decision, any person against whom the order of enforcement has been entered shall be liable to pay the City's total costs of enforcement, including reasonable attorney fees.

5.92.~~4450~~1550 - Factors for suspension or revocation.

- A. The City Manager may consider the following factors in deciding whether a permit should be suspended or revoked in accordance with this Chapter, as applicable:
1. The nature and severity of the acts, offense, or crimes under consideration.
  2. Any corrective action taken by the permittee.
  3. Prior violations at the permitted premises by the permittee and the effectiveness of prior corrective action.
  4. Previous sanctions imposed against the permittee.
  5. The number and/or variety of current violations.
  6. The likelihood of recurrence.
  7. All circumstances surrounding the violation.
  8. Whether the violation was willful.
  9. Any actual or potential harm to the public.
  10. The length of time the permit has been held by the permittee.
  11. Evidence of expungement proceedings under Penal Code Section 1203.4.
  12. Any other factor that makes the situation unique or the violation of greater concern, with respect to the permittee or the permitted premises.

5.92.~~4455~~1555 – Permit reapplications.

- A. Whenever an application for a permit is denied, no other application by such permittee will be considered for a period of one (1) year from the date of the denial of an application, with an exception granted to any applicant whose Adult-Use Business License Application was denied solely because the applicant's proposed premises does not comply with the sensitive use buffers in subsection (1) through (4) of Section 5.92.420.A.

- B. Whenever a permit has been revoked, no other similar application by such permittee for an Adult-Use Cannabis Business Permit shall be considered for a period of five (5) years from either the date the notice of the permit revocation was mailed or the date of the final decision of the City Council to revoke the permit, whichever is later.
- C. The provisions of subsections (A) and (B), above, apply to all of the following:
1. Any individual whose permit was revoked or whose application was denied who later becomes a director or officer of a corporation, profit or nonprofit, or a member of a partnership or a person owning or possessing any portion of the shares of a corporation seeking to obtain a new permit.
  2. A corporation, profit or nonprofit, whose permit was revoked or application was denied, to any of its directors or officers or to any person who owned any portion of its shares, who attempts by way of a new corporation or using their individual names or becoming a member of a partnership or a director or officer or a person owning or possessing any portion of the shares in another corporation seeking to obtain a new permit.
- D. Effect of suspension, revocation, or denial on Co-Located Cannabis Business Permits.
1. Suspension of a permittee's co-located Adult-Use Cannabis Business Permit or Medical Marijuana Business Permit, shall immediately suspend the permittee's other co-located permit for the same premises and permittee's ability to operate a Commercial Cannabis Business within the City, until the City reinstates or reissues permittee's Adult-Use Cannabis Business Permit and Medical Marijuana Business Permit.
  2. Revocation or termination of a permittee's co-located Adult-Use Cannabis Business Permit or Medical Marijuana Business Permit, shall also immediately revoke, terminate, or surrender permittee's co-located permit for the same



premises, and permittee's ability to operate a Commercial Cannabis Business from that premises.

3. Surrender of the permittee's co-located Medical Marijuana Dispensary permit shall also immediately revoke, terminate, or surrender the permittee's co-located Adult-Use Cannabis Dispensary Permit for the same premises, and permittee's ability to operate a Commercial Cannabis Business from that premises.

E. Effect of suspension, revocation, or denial on State licenses.

1. Suspension of a permittee's State license shall immediately suspend the permittee's Adult-Use Cannabis Business Permit, any co-located Medical Marijuana Business Permits for the same premises, and permittee's ability to operate a Commercial Cannabis Business within the City, until the State, or its respective department or division, reinstates or reissues permittee's State license.
2. Revocation, termination, or surrender of a permittee's State license shall immediately suspend the permittee's Adult-Use Cannabis Business Permit, any co-located Medical Marijuana Business Permits for the same premises, and permittee's ability to operate a Commercial Cannabis Business within the City.

5.92.~~4460~~-1560 - Criminal penalty.

Any person who violates any provision of this Chapter is guilty of a misdemeanor, and upon conviction thereof, may be punished by a fine of not more than one thousand dollars (\$1,000.00), or by imprisonment in the City or county jail for a period not exceeding six (6) months, or by both such fine and imprisonment.

5.92.~~4465~~-1565 - Administrative civil penalties.

- A. Administrative citations. In addition to all other legal remedies at law, violations of this Chapter and building, health, and safety violations caused as a result of a violation of this Chapter are enforceable using the administrative citation procedures set forth in Chapter 9.65 of this Code.
1. Administrative citations for violations of this Chapter shall be set by resolution of the City Council pursuant to Chapter 9.65 of this Code for any violation of the Long Beach Municipal Code that could potentially be criminally cited as an infraction.
  2. Fines for illegal cannabis operations shall be set by resolution of the City Council pursuant to Chapter 9.65 of this Code.
- B. Administrative penalties imposed pursuant to this Section also constitute a personal obligation on each person who causes, permits, maintains, conducts, or otherwise suffers or allows the nuisance to exist. In the event administrative penalties are imposed pursuant to this Section on two (2) or more persons for the same violation, all such persons are jointly and severally liable for the full amount of the penalties imposed.
- C. In addition to any other remedy, the City may prosecute a civil action through the City Attorney to collect any administrative penalty imposed pursuant to this Chapter.

5.92.~~4470~~1570 - Actions for injunctive relief and civil penalties.

- A. As an alternative, or in addition to any other remedy, the City Attorney may enforce the provisions of this Chapter against any illegal cannabis operation and/or property owner in any court of competent jurisdiction. The City Attorney may apply to such court for an order seeking injunctive relief to abate or remove any nuisance caused, maintained, or permitted by an illegal cannabis operation and/or property owner, to restrain any illegal cannabis operation and/or property owner from taking any action contrary to the provisions of this Chapter or other applicable law; and/or to require

any illegal cannabis operation and/or property owner to take any action to comply with this Chapter or other applicable law.

B. In any civil court action brought by the City Attorney pursuant to this Section in which the City succeeds in obtaining an order from the court, the City shall be entitled to recover from an illegal cannabis operation and/or property owner all of the City's costs of investigation, enforcement, abatement, destruction, and litigation, including but not limited to attorneys' fees.

C. Civil penalties.

1. The City is entitled to recover civil penalties against an illegal cannabis operation and/or property owner a maximum amount of five thousand dollars (\$5,000.00) per violation for each day an illegal cannabis operation is operated, permitted, or maintained on the subject property, and the court may order the destruction of cannabis associated with that violation in accordance with California Health and Safety Code Section 11479.
2. In assessing the amount of a civil penalty, the court shall consider any one or more of the relevant circumstances presented by any of the parties to the case, including, but not limited to, the following:
  - a. The nature and seriousness of the violation;
  - b. Any economic benefit gained through the violation;
  - c. The number of violations;
  - d. The length of time over which the violation occurred;
  - e. The willfulness of the defendant's violation; and
  - f. The defendant's assets, liabilities, and net worth.

D. The City Attorney is authorized, without further direction from the City Council, to institute any civil actions permitted pursuant to this Section.

5.92.~~4475~~-1575 - Liens and special assessments.

- A. Notwithstanding any other provision of this Chapter to the contrary, the costs incurred by the City in the abatement of a violation or nuisance may be placed against any privately owned and affected property as either a nuisance abatement lien or a special assessment lien pursuant to California Government Code Section 38771 et seq., as amended from time-to-time, or a lien pursuant to California Government Code Section 54988, as amended from time to time.
- B. Liens. All actual costs required by this Section constitute a lien upon the property upon which the Adult-Use Cannabis Business is situated. The lien for any inspection, enforcement, or abatement costs may attach thirty (30) days after the responsible parties are notified of the costs, and will remain until the costs are paid or the premises is sold in payment thereof.
- C. Lien enforcement. The City may enforce a lien under this Chapter in any manner permitted by law, including filing a civil action either to foreclose on its liens or to obtain a money judgment or both, or pursuing non-judicial foreclosure.
- D. Conversion of liens. The City may elect, upon thirty (30) calendar days written notice to all known and record owners of the privately owned and affected property, to convert any nuisance abatement lien authorized by this Chapter to a special assessment lien, or vice versa. Costs recoverable under this Chapter may include those categories of costs and fees set forth in Civil Code Section 3496, regardless of the type of nuisance involved.
- E. Special Assessment. If the property is specially assessed, said assessment may be collected at the same time and in the same manner as ordinary real property taxes are collected and will be subject to the same penalties and the same procedure and sale in case of delinquency as provided for ordinary real property taxes. All laws applicable to the levy, collection, and enforcement of real property taxes are applicable to the special assessment.

5.92.~~1480~~1580 - Prohibited premises sites due to prior illegal cannabis operations.

- A. The City may, in its sole discretion, take any action as specified in this subsection.
- B. If the City discovers an illegal cannabis operation is currently and/or was operating within the previous sixty (60) days at or on a property, or any portion thereof, without valid State or City permits or licenses the City may take action as specified herein. The City shall notify the property owner in writing of their right to file, within fifteen (15) days after the date of mailing of the Notice, written request of a hearing to the City disputing the alleged illegal cannabis operation. Such written request shall set forth the specific ground(s) on which the dispute is based and the property owner shall pay to the City at the time of filing said written request a filing fee in an amount to be set by resolution of the City Council.
- C. Failure to file the written request within the time period specified shall result in waiver of any right to dispute the allegation of operation of an illegal cannabis operation at the subject property. In the event of such waiver, no Commercial Cannabis Business, whether licensed or non-licensed, shall be permitted to operate at the subject property for a period of one (1) year from the 16th day after the date of mailing of the Notice.
- D. The illegal cannabis operation and/or property owner shall have the right of appeal as set forth in Section 5.92.1445.
- E. Whenever it has been determined that an illegal cannabis operation was and/or is in operation, no Commercial Cannabis Business, whether licensed or non-licensed, shall be permitted to operate at the subject property for a period of one (1) year from the effective date of such determination.
- F. The prohibitions contained in this Section are sufficient grounds to deny any application for operation of a Commercial Cannabis Business or cannabis operation at the subject property received within the one (1) year time.

G. In the event the City revokes a Property Owner's Non-Residential Rental Business License for violating this Chapter, no Commercial Cannabis Business or cannabis operation, whether licensed or non-licensed, is permitted to operate at the subject property for a period of five (5) years from the effective date of revocation of the Non-Residential Rental Business License. Such revocation is sufficient grounds to deny any application for operation of a Commercial Cannabis Business or cannabis operation at the subject property received within the five (5) year period. This prohibition shall also remain in effect in the event a property owner (or an entity owned by or affiliated with such property owner) obtains another Non-Residential Rental Business License anytime within the five (5) year period for the subject property.

5.92.~~4485-1585~~ - Disconnection of utilities.

- A. To the maximum extent permitted by law, and in accordance with the processes thereof, the City may discontinue utility services to any premises upon which an illegal cannabis operation is operating.
- B. Prior to the disconnection of utility services, the City must notify, wherever possible, the property owner and occupant of the building, structure, or premises upon which the illegal cannabis operation is operating, of the decision to disconnect the utility service(s) and the reason(s) for service suspension at least seven (7) calendar days before taking such action, unless a different period of notification is mandated by law; provided that the City's Building Official may dispense with any attempt at prior notification if, in the sole discretion of the Building Official, the nature or severity of any apparent dangerous hazard justifies such disconnection in accordance with other provisions of this Code.

- C. In the event utilities are disconnected, the Building Official must notify the owner or occupant of the building, structure, or premises in writing of the disconnection as soon as practical thereafter.
- D. Disconnected utilities shall not be re-established until an inspection has been made by the City's Building Official and the Building Official has determined that the unlawful illegal cannabis operation has ceased operations; that any imminent hazard has been abated or eliminated (if applicable); that the building complies with applicable law; and that any applicable fees for disconnection, reconnection, penalties, and/or other related services have been paid.
- E. Removing or defacing a notice posted in relation to this provision shall constitute a separate and distinct violation of this Chapter.

5.92.~~1490~~-1590 - Medical Marijuana Task Force.

The authority, powers, and duties of the Medical Marijuana Task Force, established pursuant to Section 5.90.260 of this Code, are limited exclusively to the provisions in Chapter 5.90 and shall not extend to any applicant, permittee, Adult-Use Cannabis Business, and/or Medical Marijuana Business electing to engage in commercial cannabis activity pursuant to this Chapter.

5.92.~~1495~~-1595 - Severability.

In the event, any provision in this Chapter is deemed invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision is ineffective only to the extent of such invalidity, illegality, or unenforceability.

DIVISION XI - EQUITY ASSISTANCE PROGRAM

5.92.~~1510~~-1610 - Definitions.

A. “Equity Applicant” means an individual who meets the criteria in Section 5.92.1620.B.

A.B. ~~2~~ “Equity Employee” means an individual who meets the criteria in ~~subsections (1) through (3) in~~ Section 5.92.16520.A.A.

B.C. “Equity Business ~~Owner~~” means an Adult-Use Cannabis Business where fifty-one percent (51%) or more of the entity holding, and applying for, an Adult-Use Cannabis Business Permit is owned by an individual that meets the criteria of subsections (A) and (B) of Section 5.92.16520.

5.92.1520-1620 –Eligibility for Equity Assistance Program.

A. To be eligible for the Equity Assistance Program as an equity employee, an individual shall satisfy the following criteria:

1. Be a natural person; and
2. In the last year, have had an annual family income at or below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los Angeles County) Area Median Income (AMI) adjusted for family size, and a net worth below \$250,000; and
3. The individual satisfies at least one of the following criteria:
  - a. Has lived in a Long Beach census tract for a minimum of three (3) years where at least fifty-one percent (51%) of current residents have a household income at or below eighty percent (80%) of the Los Angeles County Area Median Income; or
  - b. Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under current California law; or



c. Is a Long Beach resident currently receiving unemployment benefits.

B. To be eligible for the Equity Assistance Program as an equity applicant, an individual shall satisfy the following criteria:

1. Be a natural person; and

2. In the last year, have had an annual family income at or below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los Angeles County) Area Median Income (AMI) adjusted for family size, and a net worth below \$250,000; and

3. The individual satisfies at least one of the following criteria:

a. Has lived in a Long Beach census tract for a minimum of three (3) years where at least fifty-one percent (51%) of current residents have a household income at or below eighty percent (80%) of the Los Angeles County Area Median Income; or

b. Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under current California law.

B-C. To be eligible for the Equity Assistance Program as an Eequity ~~b~~Business-~~owner~~, an individual shall satisfy the criteria in subsection (BA) above and the individual shall also have a minimum of fifty-one percent (51%) ownership of the entity applying for an Adult-Use Cannabis Business Permit.

C-D. Review of eligibility criteria.

4.4. Proof of income shall be supported with federal tax returns and at least one (1) of the following documents: wage and tax statement, two (2) months of pay stubs, ~~current profit and loss statement, balance sheet~~, or proof of current eligibility for General Assistance, Food Stamps, Medical/CALWORKs, or Supplemental Security Income or Social Security Disability (SSI/SSDI).

2.5. Residency shall include proof of residency in any combination of qualifying Long Beach census tracts pursuant to Section 5.92.15620.A.3 for a minimum of three (3) years. A minimum of two (2) of the documents listed below, evidencing a minimum of three (3) years of residency, shall be considered acceptable proof of residency. All residency documents must list the first and last name of the equity business owner applicant or the equity employee applicant, and the Long Beach residence address in a qualifying Long Beach census tract pursuant to Section 5.92.16~~5~~20.A.3:

- a. California Driver's record or Driver's License; or
- b. California identification card record; or
- c. Property tax billing and payments; or
- d. Verified copies of State or federal income tax returns where a Long Beach address within a qualifying Long Beach census tracts pursuant to Section 5.92.1620.A.3 is listed as a primary address; or
- e. School records; or
- f. Medical records; or
- g. Banking records; or
- h. Long Beach Housing Authority records; or
- i. Utility, cable, or internet company billing and payment covering any month in each of the three (3) years.

~~3-6.~~ Proof of conviction should be demonstrated through federal or State court records indicating the disposition of the criminal matter.

5.92.~~1530-1630~~ - Assistance available to equity business ~~es-owners~~.

Individuals applying for an Adult-Use Cannabis Business Permit as an equity business ~~owner~~ applicant, shall be eligible to receive the following assistance during the application process: expedited Adult-Use Cannabis Business Permit application review; Adult-Use Cannabis Business Permit application and compliance assistance; cultivation business license tax deferrals during the first year; expedited building plan check review; and waivers of City permitting fees.

5.92.~~1540-1640~~ - Requirements for all Adult-Use Cannabis Businesses.

Adult-Use Cannabis Businesses that do not qualify for the Equity Assistance Program shall comply with the following requirements:

A. Employment.

1. Adult-Use Cannabis Businesses that do not qualify for the Equity Assistance Program shall employ equity employees ~~individuals that meet the criteria in Section 5.92.1520.A~~ for a minimum of forty percent (40%) of total annual work hours performed at the business. Upon a showing of good cause by an Adult-Use Cannabis Business, the City Manager may waive the employment requirement.
2. Compliance. To ensure compliance with this requirement, Adult-Use Cannabis Businesses shall submit certified payroll records to the City Manager at such frequency as determined by the City Manager. Adult-Use Cannabis Businesses that fail to meet this requirement may be subject to penalties pursuant to this Chapter, including but not limited to, suspension or revocation of the Adult-Use Cannabis Business Permit pursuant to Section 5.92.15440. To avoid penalties for noncompliance, a business may demonstrate that it utilized its best efforts to

hire and employ individuals that meet the criteria in Section 5.92.16520.A by detailing all efforts made and affixing documents to support such efforts.

- B. Support for equity business es-owners. Adult-Use Cannabis Business shall submit a Community Reinvestment and Small Business Incubation Plan to the City describing how they intend to support equity business es-owners, adjacent neighborhoods, and communities within the eligible social equity program census tracts. Support for equity business es-owners may include, but shall not be limited to, business plan guidance at the time of application, business operations consulting, and industry specific technical assistance, shelf space for cannabis goods cultivated or manufactured by equity business es-owners, or any other form of support by an Adult-Use Cannabis Business consistent with the intent and spirit of this Division.
- C. Labor peace agreement. Any Adult-Use Cannabis Business with two (2) or more employees (as defined by California Business and Professions Code 26051.5(a)(5)) shall provide a statement at the time of application that the applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement.

5.92. ~~1550~~ 1650 - Authority to develop and implement Equity Assistance Program.

The City Manager is authorized to make reasonable rules, policies, and procedures to consistent with the intent and spirit of this Division to develop and implement and administrative program for this Equity Assistance Program. Regulations promulgated by the City Manager become effective upon date of publication, unless specified otherwise.