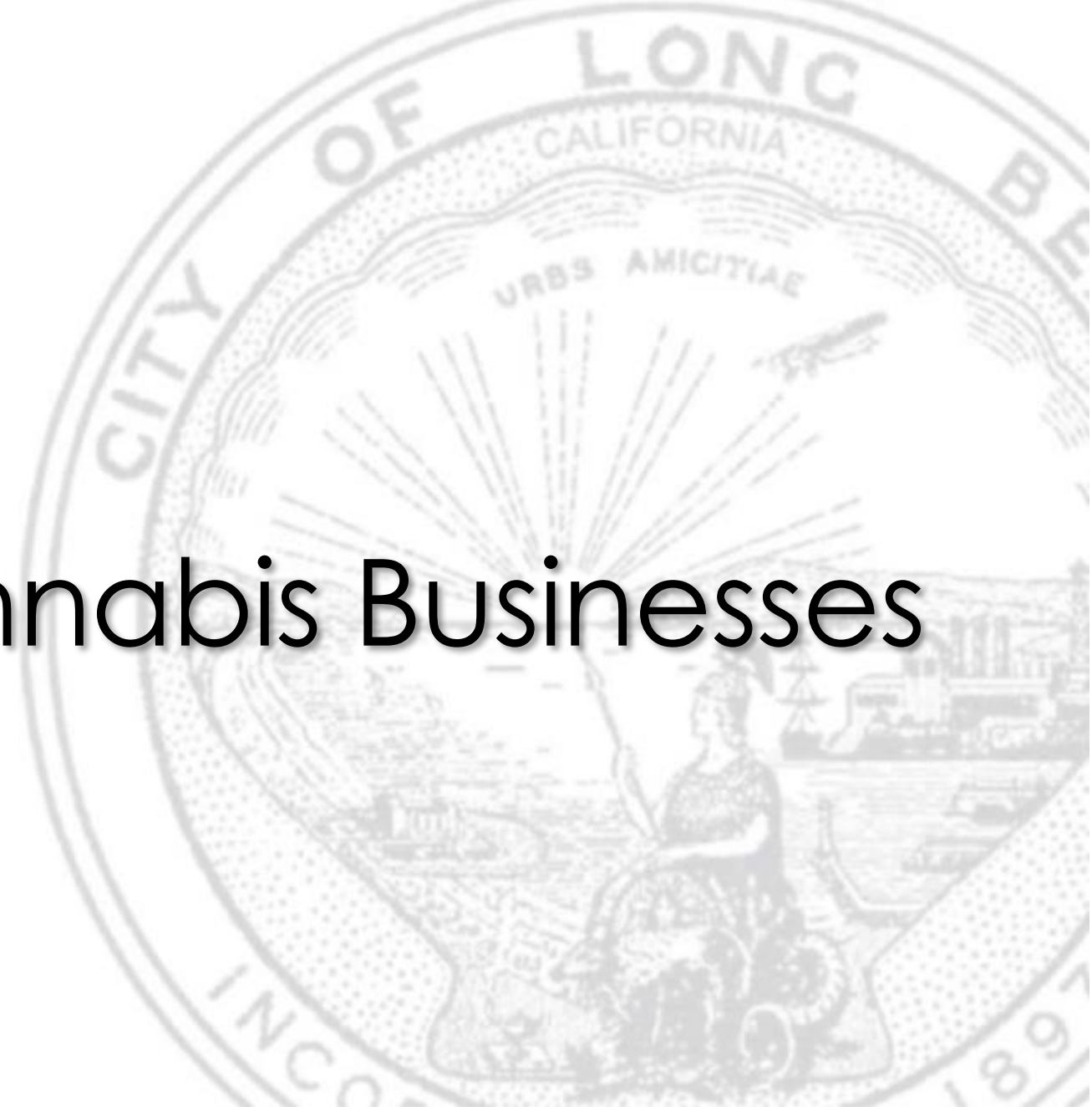


Adult-Use Cannabis Businesses

Presented to the City Council
Tuesday, June 19, 2018



Medical Cannabis Update

Commercial Medical Cannabis Market <i>(as of June 6, 2018)</i>		
Business Type	Licensed	Pending
Dispensary	9	23
Cultivator	1	73
Manufacturer	1	85
Distribution	0	73
Laboratory Testing	1	5
Total	12	259

Recent History of Cannabis in California

- **(2015)** – Commercial Medical Cannabis
 - AB 266, AB 243, SB 643
- **(2016)** – Commercial Adult-Use Cannabis
 - Proposition 64
- **(2017)** – Medicinal and Adult-Use Regulation and Safety Act (MAUCRSA)
 - SB 94
 - Cities retain local control

Recent History of Cannabis in Long Beach

- **(2016)** –Medical Cannabis Initiative
 - Measure MM/LBMC Chapter 5.90
- **(2017)** –Request for Adult-Use Ordinance, Social Equity Policy & Temporary 180-Day Ban
- **(2018)** – Draft Commercial Adult-Use Cannabis Ordinance for City Council Consideration
 - LBMC Chapter 5.92

Process for Drafting Ordinance

- Prior experience with medical cannabis businesses
- Ordinances approved by other cities
 - California (Los Angeles, San Jose, San Francisco, etc.)
 - Other states (Oregon, Colorado, Washington, etc.)
- Neighborhood and industry group meetings
- Long Beach Cannabis Hotline/Email

Co-Location

- Required for dispensaries
- Optional for non-dispensaries
 - Cultivators, Manufacturers, Testing Laboratories, Distributors
 - May apply as medical only, adult-use only, or co-located business
- Subject to requirements of adult-use ordinance (LBMC 5.92)

Location Requirements

- Same buffers as medical businesses
 - Schools, beaches, parks, libraries, daycare centers
- Title 21 of the LBMC
 - Industrial Zones – Dispensaries, Testing Laboratories, Cultivators, Manufacturers, Distributors
 - Commercial Zones – Dispensaries & Testing Laboratories only
 - Same zoning requirements as other similar use types
- 180-day exemption for existing medical applicants

Public Health

- Health permits
 - Quality assurance testing
 - Packaging/labeling
 - Product storage
 - Employee health
 - Basic sanitation standards & facilities
- Responsible Cannabis Vendor Program

Security

- Digital surveillance systems
- Security alarms
- Security personnel
- Electronic age verification devices
- Identification Badges

Enforcement

- Administrative Citations
- Civil Penalties
- Criminal Violations
- Access to Video Camera Recordings
- Appeals referred to Hearing Officer

Proposed Fees

➤ Annual Fees

- Regulatory Fee
- Fire Permit Fees
- Health Permit Fees
- Tax Audit Fee

➤ One-Time Fees

- Application Fee
- Criminal Background Investigation Fee

FY 19 Revenue Impact

PROJECTED REVENUES (MEDICAL ONLY)		FY 2019
Business Type	Tax	Revenue
Cultivation	Square Footage Tax	\$ 1,472,748
Dispensary	Gross Receipt Tax	\$ 1,550,000
Manufacturing	Gross Receipt Tax	\$ 1,215,000
Laboratory Testing	Gross Receipt Tax	\$ 150,000
Distribution	Gross Receipt Tax	\$ 90,000
SUBTOTAL		\$4,477,748

Social Equity

- City Council request to include social equity in the adult-use ordinance
- Cannabis Equity Team
 - Office of Cannabis Oversight
 - Office of Equity
 - Pacific Gateway Workforce Innovation Network

Equity Programs in Other Cities

- Los Angeles, San Francisco, Sacramento, Oakland
- Florida, Ohio, Pennsylvania, Massachusetts
- California Senate
 - SB 1294
- Equity Framework
 - Eligibility criteria, program benefits, equity incubators

What is Cannabis Social Equity?

- Impact of Federal and State cannabis policies on low-income communities
 - Loss of property, disqualification from employment opportunities, reduced earnings potential, exclusion from public benefits, and other negative impacts
- Cannabis decriminalization
- Cannabis social equity

Long Beach – Eligibility Criteria

- Annual family income below 80% AMI
- At least one of the following:
 - Arrested or convicted for a cannabis related crime in Long Beach that could have been prosecuted as a misdemeanor or citation under current California law; or
 - Lived in a low to moderate-income census tract in Long Beach for a minimum of 3 years
- Applicants with serious convictions will not be eligible

Business Assistance

- Fee waivers
- Expedited application review
- Expedited plan checks
- Business License tax deferrals
- Application workshops
- Fresh Start clinics
- Incubator support

Employment Opportunities

- 25% equity hire requirement
 - Good faith effort to hire equity employees
- Pacific Gateway Workforce Innovation Network
 - Public outreach, employee registry and eligibility verification
 - Connecting employees with businesses
 - Monitoring and compliance
- Labor peace agreement

Cannabis Equity Program Costs

- One-time General Fund costs
 - \$200,000 – Pacific Gateway 25% hire program
 - \$50,000 – Expedited plan-check review
 - \$16,000 – Expungement clinics
 - Offset by current year savings in excess of FY 18 Department General Fund savings targets.
- Ongoing costs
 - Offset through Equity Hire fee charged to cannabis businesses
 - Estimated at \$2,000 per business annually

Next Steps

- Temporary moratorium has expired
- Long Beach will maintain an implicit ban on commercial adult-use cannabis activities
 - Ban may only be lifted with approval from the City Council
- **August 2018**
 - Earliest that adult-use cannabis sales could begin