

OFFICE OF THE CITY ATTORNEY
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ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE LONG BEACH MUNICIPAL CODE BY AMENDING SECTION 5.92.030, SUBSECTION 5.92.455 D.4, SECTION 5.92.860, SECTION 5.92.870, SECTION 5.92.1610, SUBSECTION 5.92.1620, SECTION 5.92.1630, SECTION 5.92.1640, AND BY RENUMBERING DIVISIONS VIII THROUGH XI; BY ADDING DIVISION VII; AND BY DELETING SECTION 5.92.880; ALL RELATING TO SHARED-USE CANNABIS MANUFACTURING IN THE CITY OF LONG BEACH

WHEREAS, on July 7, 2020, City Council requested staff to explore ways to further strengthen the cannabis equity program to expand equitable business ownership opportunities in the City of Long Beach; and

WHEREAS, on July 31, 2020, a feasibility analysis on shared-use manufacturing was presented to the City Council; and

WHEREAS, the shared-use manufacturing license will allow for multiple cannabis manufacturers to operate out of a single space thus allowing small start-up businesses the opportunity to manufacture products without having to invest significant up-front capital to construct a facility;

NOW, THEREFORE, the City Council of the City of Long Beach ordains as follows:

Section 1. Section 5.92.030 of the Long Beach Municipal Code is hereby amended to include additional definitions to read as follows:

“Common-Use Area” means any area of a cannabis manufacturer’s

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.

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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

1 thirty (30) calendar days prior to the effective date of the cancellation.

2 5.92.1280 Violations.

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

11

12 Section 16. The City Clerk shall certify to the passage of this ordinance by
13 the City Council and cause it to be posted in three (3) conspicuous places in the City of
14 Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the
15 Mayor.

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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 _____

City Clerk

Approved: _____
(Date)

Mayor