



Legislation Text

File #: 16-0587, **Version:** 1

Recommendation to request City Attorney to prepare and return to the City Council for its consideration, a sensible, financially sustainable, fiscally prudent, Medical Marijuana regulatory ordinance for possible placement on the November 8, 2016 General Election ballot. Such Council initiated ordinance would be placed on the ballot only in the event a proposed Initiative Petition regarding the same subject matter qualifies for placement on the November 2016 ballot. The ordinance prepared by the City Attorney for Council consideration and placement shall be modeled upon an ordinance considered by the City Council on February 2, 2016, which contained a phased in regulatory approach to Medical Marijuana in Long Beach.

On February 18, 2016, the proponents of an initiative petition filed a notice of intent with the City Clerk to circulate a petition aimed at regulating commercial cannabis activities and marijuana businesses in the City. The petition proponents fulfilled the City and State requirements to circulate the petition and it was circulated for signature between March 11, 2016 and June 1, 2016. The City Clerk is currently undertaking the process to determine if the proponents obtained a sufficient number of valid signatures to have the item placed on the ballot for the November 8, 2016 general election. It is anticipated that the City Clerk will complete the signature validation process no later than June 27, 2016.

If it so chooses, the City Council has the ability to place a competing ballot measure on the November ballot in order for the City's voters to have options when considering the best method to regulate medical marijuana businesses in the City. In 2013, the City of Los Angeles used this approach to offer a range of alternatives for its citizens.

The initiative ordinance that was recently circulated for signatures contains the following significant provisions: It completely repeals a tax on the recreational use of marijuana that was passed by the Long Beach voters in 2010. It also limits the sales tax on medical marijuana to six percent (6%), even though the voters passed an initiative in 2014 that established a maximum sales tax of ten percent (10%). It classifies a medical marijuana retail sales establishment as a "personal services business" that requires a business license to operate, but not a conditional use permit. It also limits the business license tax to no more than one hundred and fifty percent (150%) of the average business license tax charged to non-medical marijuana businesses in the City. The initiative would allow from twenty six (26) to thirty two (32) retail dispensaries to operate in the City, with no limit on the number of dispensaries that could open in any particular Council District. The dispensaries would be permitted to engage in both retail sales and delivery services and the City would be required to grant priority operating permits to those businesses that were successful in the 2010 lottery under the City's regulatory ordinance that was in effect at that time.

We are suggesting that the City place a competing initiative measure on the November ballot if the above described initiative petition does qualify for placement. The competing measure would be modeled on the phased in regulatory approach that was considered by the City Council in February 2016. Under this phased in approach, the City would initially permit up to four (4) businesses to provide medical marijuana delivery services. After six months of operation, the Council would be required to evaluate the tax revenue generated by the businesses, and the fiscal impact to the City in terms of enforcement costs, and any public safety issues that might have arisen during the initial "delivery" only operating period. If the delivery establishments proved beneficial to the City and our residents, Council would then be required to consider allowing the establishments to add storefront retail sales to their operations. Under this phased in approach the City could have as many as seven (7) establishments offering both retail sales and delivery services, with no more than one establishment in anyone Council District. All medical marijuana businesses would be required to obtain a business license and conditional use permit to further insure best practices and the health and safety of our residents, other businesses, and our neighborhoods.

The competing measure would also require operators to have a "labor peace" agreement in place prior to commencing operations, and would be structured in such a way that operators would be required to comply with the relevant provisions of the new State medical marijuana laws adopted by the Legislature in late 2015. The competing measure would also impose reasonable operational standards such as limits on the hours of operation, the requirement for a "Neighborhood Safety and Responsibility Plan", the presence of security officers during hours of operation, limits on the size of storefront facilities, a requirement for worker's compensation and public liability insurance, and the laboratory testing of products to insure the safety of the public. The tax structure already approved by our voters in 2010 and 2014 would remain in place.

The timing of this item is critical. Because the City does not normally conduct a general municipal election in November, it will be necessary for the City Council to pass a resolution calling for a November election and consolidating this election with the County election processes. The City Clerk has determined that the last day to request election consolidation with the County is August 12th. In order to provide the City Attorney sufficient time to prepare a competing ordinance and supporting resolution should it be necessary to do so, it is requested that the City Council take action on this item tonight so that the City Attorney can present the necessary ordinance and resolution for the Council's consideration on July 19th. If sufficient signatures are validated by the City Clerk to consider placing the initiative petition ordinance on the November ballot, that matter would also be brought to the Council on July 19th for the Council's consideration and action.

[Timing Considerations]

[Fiscal Impact]

Approve recommendation.

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