



Legislation Text

File #: 21-0017, **Version:** 1

Recommendation to receive and file a report on the Cannabis Equity Program; direct City Attorney to prepare an ordinance to allow shared-use cannabis manufacturing in Long Beach; and, direct staff from the City Manager Department to prepare a feasibility analysis on licensing and regulating non-storefront (delivery-only) cannabis retail facilities in Long Beach. (Citywide)

On July 7, 2020, the 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 (City). In response to this request, on August 5, 2020, staff released a memorandum to the City Council, which identified policy options for the City Council to consider for improving cannabis ownership opportunities locally (Attachment A).

On December 1, 2020, the Economic Development and Finance (ED&F) Committee received a presentation from staff regarding the cannabis equity program. Following this presentation, the ED&F Committee referred the following recommendations to the City Council:

1. Direct the City Manager to work with the City Attorney to prepare an Ordinance to allow shared-use manufacturing in the City of Long Beach; and,
2. Direct the City Manager to prepare a feasibility analysis for the licensing and regulating of non-storefront (delivery-only) cannabis retail facilities in the City of Long Beach.

The ED&F Committee also requested staff to return to the committee for future discussion on the possibility of creating additional adult-use cannabis storefront retail licenses in Long Beach for equity applicants. City Council action on adult-use cannabis storefront retail is not recommended at this time, pending further consideration by the ED&F Committee.

Additional information on the ED&F Committee recommendations regarding shared-use manufacturing and non-storefront (delivery-only) cannabis retail is provided in Attachment A to this letter.

In addition, staff released a feasibility analysis on shared-use manufacturing to the City Council on July 31, 2020 (Attachment B). The feasibility analysis provides a review of the potential impacts of allowing shared-use manufacturing and is intended to assist the City Council in determining whether to allow this license type in Long Beach. Should the City Council wish to proceed, the next step in the process would be to direct the City Attorney to prepare an Ordinance to allow cannabis shared-use manufacturing in the City.

A similar analysis has not yet been prepared for non-storefront (delivery-only) retail. As a

result, the Chair of the ED&F Committee has referred a recommendation to the City Council for staff to prepare a feasibility analysis on delivery-only retail, prior to the City Council making a formal recommendation on whether to allow this license type. Due to the workload involved in preparing a feasibility analysis for non-storefront (delivery-only) retail, City Council support for initiating the study is necessary to ensure that staff resources are properly prioritized for this purpose.

This matter was reviewed by Deputy City Attorney Arturo Sanchez and Budget Manager Grace H. Yoon on December 16, 2020.

City Council action is requested on January 5, 2021.

This recommendation requests the City Manager to work with the City Attorney to prepare an Ordinance to allow shared-use manufacturing in Long Beach. As part of the shared-use manufacturing feasibility analysis, staff determined that implementation of a shared-use manufacturing program is feasible under existing staffing levels, with some minor modifications to the application process. The revenue impact of allowing for shared-use manufacturing is unclear, due to uncertainty around the number of shared-use facilities that may seek to open within the City. However, based upon FY 20 revenues collected from existing cannabis manufacturing facilities in Long Beach, staff estimate that on average, every new licensed manufacturing facility may generate an additional \$6,638 in annual General Fund tax revenues for the City. Implementing this portion of the recommendation is anticipated to result in a minimal impact to staff hours beyond normal budgeted scope of duties and a minimal impact on existing City Council priorities.

This recommendation also requests the City Manager to prepare a feasibility analysis for the licensing and regulating of non-storefront (delivery-only) cannabis retail facilities in Long Beach. Should the City Council choose to allow for non-storefront (delivery-only) cannabis retail in Long Beach, the fiscal impact would depend on various policies yet to be determined by the City Council, including whether to set a cap on the number of available licenses, where the facilities may locate, hours of operation, and other key considerations. Implementing this portion of the recommendation is anticipated to result in a moderate impact to staff hours beyond normal budgeted scope of duties and a minimal impact on existing City Council priorities.

Approve recommendation.

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THOMAS B. MODICA
CITY MANAGER