



**Cannabis**   
**Community**  
**Forum**

# **Cannabis Regulatory Framework**

June 9, 2022

Civic Center, B7/B8

## ***Background – City of Huntington Beach***

- The City prohibits medicinal and recreational cannabis activities in the City.
  - Exception: allowing/regulating non-medical marijuana cultivation per a private residence up to six plants
- Two private parties have filed separate cannabis petitions requesting that the City prepare documents allowing their proposed regulations to be placed before the voters of Huntington Beach for consideration.
  - November 3 – *Huntington Beach Cannabis Taxation and Regulation Act*
  - December 2 – *Huntington Beach Cannabis Regulation & Land Use Measure*
- These initiative measures were created without City Council, staff, or public input.



## ***Background – City of Huntington Beach***

On December 21, 2021 Study Session, the City Council formed an ad-hoc subcommittee, consisting of Councilmembers Bolton, Kalmick and Peterson, to further assess, research and present a balanced cannabis regulatory framework for the Council's consideration.

On February 15, 2022 Study Session, the Subcommittee presented the preliminary framework to the City Council.

On March 1, 2022, the City Council voted to place a measure on the 2022 Primary Election ballot, Measure A: Cannabis Business Tax Measure, asking voters whether to adopt a special tax levied on cannabis retail and non-retail businesses if they were to be permitted.



## ***Background – City of Huntington Beach***

The City Council directed staff and the Subcommittee members to discuss the implications of various unresolved policy and regulatory matters associated with cannabis and report back to the City Council.

The City plans to present the draft ordinance and zoning text amendments on the June 21 Council meeting to receive the City Council's further direction.

The City wishes to solicit input from residents, businesses, and community stakeholders on the proposed regulatory framework through this Community Forum as well as via email and the City website until June 13, 2022, 5 p.m.

- [Email: \*cannabis@surfcity-hb.org\*](mailto:cannabis@surfcity-hb.org)
- [Website: \*www.huntingtonbeachca.gov/cannabis\*](http://www.huntingtonbeachca.gov/cannabis)

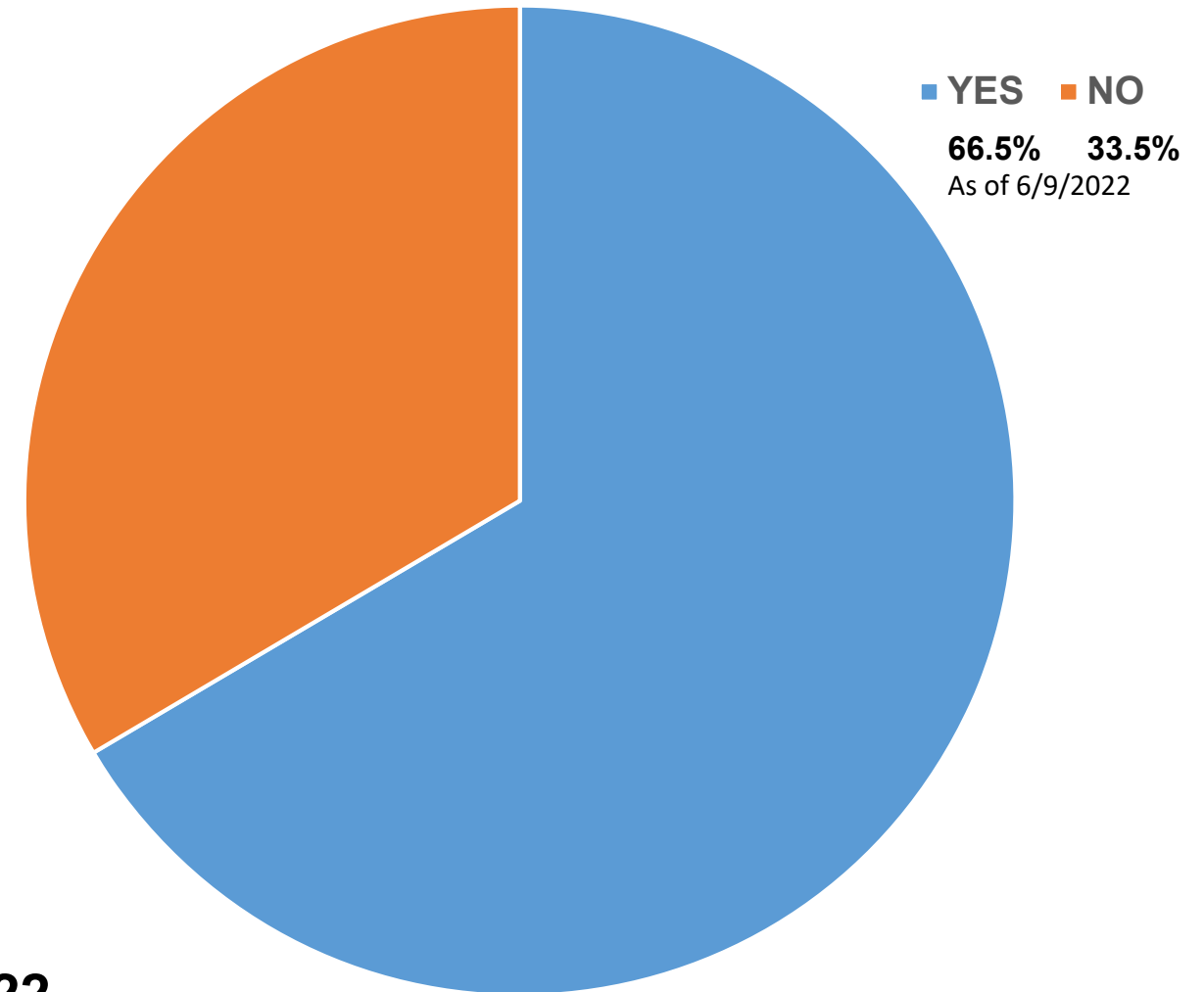


## ***Background – City of Huntington Beach***

### **MEASURE A:**

#### **Cannabis Business Tax**

- Retail tax: up to 6%
- Non-retail tax: up to 1%
- Revenues restricted to Police and Homeless & Behavioral Services
- 100% cost recovery on city expenses through fees, approved by the City Council via resolution.



**June 7, 2022**

**Statewide Primary Election – HB Voters**

# Summary of Cannabis Regulatory Framework

**\*\*IMPORTANT: These key features of working draft are based on the Subcommittee's recommendations and subject to change\*\***

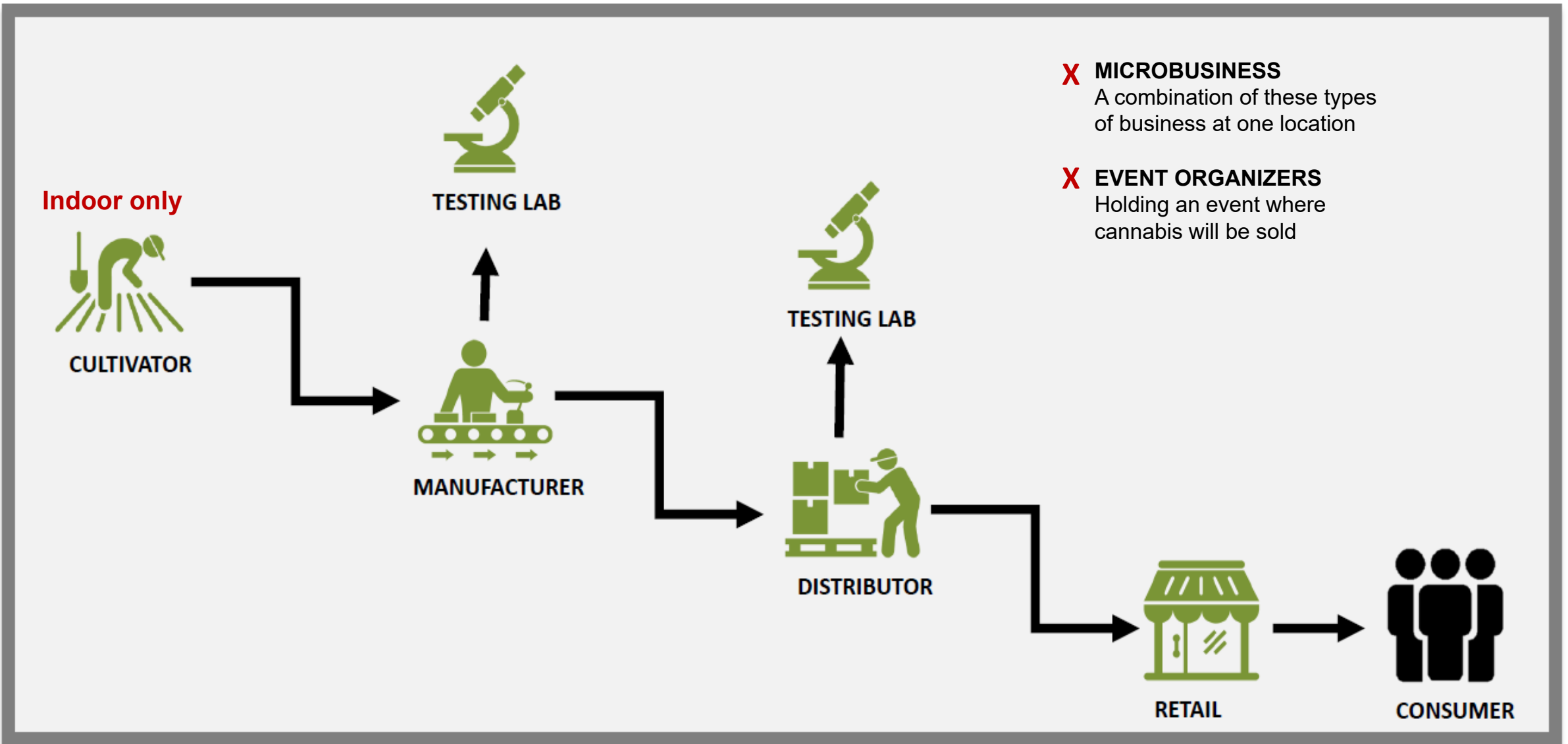
## **Cannabis Industry Types:**

- Retailers (both storefront dispensaries and delivery-only facilities)
  - To be located at a permanent structure/building (e.g. vehicle, mobile stores, kiosk, or temporary structures are not permitted)
- Non-Retailers:
  - Indoor Cultivation
  - Manufacturing
  - Testing Lab
  - Distribution
- Outside cultivation and microbusinesses – prohibited.
- Cannabis events/event organizers (and public consumption) – prohibited.
- Sale of cannabis/cannabis products by vending machine – prohibited.



# Summary of Cannabis Regulatory Framework

## Cannabis Industry Types:



# ***Summary of Cannabis Regulatory framework***

## **Number of Permits:**

- Retailers up to 10 permits
  - Non-retailers controlled by zoning restrictions without a cap
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- A separate permit is required for each type of commercial cannabis activity.
  - Limit 1 license type per owner (e.g. 1 owner can apply for 1 retailer and 1 manufacturer permit)
  - A permit is valid for 1 year from the date of issuance and expires unless renewed annually.
  - A no-warehousing provision, requiring that permittee must begin operation within 1 year after permit is granted, otherwise the license is revoked.
  - Non-transferable to others in 3 years but transferees must submit the same permit application information to the City and pay applicable fees.





# Summary of Cannabis Regulatory Framework

## Zones & Buffer Restrictions

- Retailers
  - Allowed in the Commercial, Specific Plan Areas, & Industrial Zone with buffer restrictions
    - Exclude Downtown (SP5) and the Sunset Beach Specific Plan (SP13)
    - Exclude Coastal Overlay Zone
    - Non-storefront/delivery-only retailers can locate in the Industrial Zone
  - Permitted in multistore front buildings
  - No buffer requirement between shops
  - Established businesses will be grandfathered to continue operation even if a new sensitive receptor opens within existing buffers
  - **Buffer Distance:** 1,000 ft. from high and middle schools (6-12 grades) and 600 ft. from K-5, parks, licensed commercial daycare centers, and youth centers.



# Summary of Cannabis Regulatory Framework

## **Zones & Buffer Restrictions**

- Non-Retailers
  - Allowed in the Industrial Zone with buffer restrictions that are same as retailers.
    - 1,000 ft. from high and middle schools and 600 ft. from K-5, parks, licensed commercial daycare centers, and youth centers.



# Summary of Cannabis Regulatory Framework

- The City's Commercial Cannabis Regulations, either adopted by the Council resolution or the City Manager, will govern:
  - ❑ Commercial Cannabis Permit application and renewal procedure
  - ❑ Pre-operational requirements and operational standards for all permitted cannabis facilities including security, fire safety, and code enforcement related operating requirements.
  - ❑ Any other administrative procedures necessary to carry out the purpose of the regulatory ordinance and zoning code.



# Summary of Cannabis Regulatory Framework

## **Permit Application and Selection Process:**

➤ *Merit-based (RFQ/RFA) application process to identify highest quality operators.*

### **1. First Step to screen applicants for the Eligibility List:**

- Complete application with applicable fees paid to the City on time
- Sworn affidavit that the proposed location meets the zoning criteria
- Proof of ownership or control of the site upon which the cannabis business is to operate
- Proof of having at least 4 current permits or licenses in CA, one of which must be retail if applying for retail permits
- Refundable security deposit of a fixed amount set by the Council (e.g. \$250K)
- Proof of having an identified local philanthropy partner that benefits the City
- No past violations



# Summary of Cannabis Regulatory Framework

## **Application and Selection Process:**

### **2. Second step to evaluate applications on the Eligibility List based on a set of evaluation criteria including:**

- Ownership structure
- Owner qualifications including prior successful experience
- Capitalization plan
- Business and Operation plan that may include employee training, standard operating procedures, ordering systems, etc.
- Traffic/Circulation/Parking Plan
- Safety and Security plan for the Commercial Cannabis Facility
- Labor Peace Agreement
- Community Benefit Plan
- Local Hire/Sourcing programs
- Other criteria established by the City's Commercial Cannabis Regulations.



# *Requirements for a Cannabis Business to open in HB*

1. California State License issued by CA Dept. of Cannabis Control(DCC)
2. Huntington Beach Cannabis Business Permit
  - ☐ Application & Application Fee
  - ☐ Ownership or control of the site upon which the business is to operate
  - ☐ Business and Operation Plan
  - ☐ Community Benefits Plan/Package
  - ☐ Labor Peace Agreement
  - ☐ Storage/Delivery Plan
  - ☐ Traffic/Circulation Plan
  - ☐ Parking/Curb Side Pick up Plan
  - ☐ Security Plan – *Evaluated and Approved by HBPD*
  - ☐ Fire Safety Plan – *Evaluated and Approved by HBFD*
  - ☐ Land use entitlements and approvals
3. Huntington Beach Business License
4. Commercial Cannabis Operating Agreement with the City





# ***Summary of Cannabis Regulatory Framework***

## **SECURITY MEASURE REQUIREMENTS**

- Security personnel must be on-site 24 hours a day unless alternative security is authorized by the City Manager or his/her designee.
- Conditionally allows armed security, pursuant to criteria established by Chief of Police.
- 24-hour security surveillance cameras of at least HD-quality all entrances, exits, and all interior spaces.
- Video recordings shall be maintained for at least 90 days.
- Limited access areas accessible only to authorized personnel.
- All cannabis products to be stored in a secured and locked room.



# ***Summary of Cannabis Regulatory Framework***

## **SECURITY MEASURE REQUIREMENTS**

- Maintain a map of the camera locations, the direction of camera coverage, and assigned camera numbers at the premises.
- Copies of video must be made available to the HBPD within 48 hours of request without a search warrant, court order or subpoena.
- Must install sensors for entry/exit, panic buttons, and alarm system.
- Must have the capability to remain secure during a power outage.
- Application shall include a storage and transportation plan.
- The City, County or any investigating official shall have the right to enter the premises of dispensary establishments during regular business hours to inspect/enforce compliance.
- Notification to the City within 24 hours after discovering any breach of security or large discrepancy in the inventory.



# ***Summary of Cannabis Regulatory Framework***

## **FIRE SAFETY REQUIREMENTS**

- Fire Dept. inspection required prior to occupancy requirement.
- Commercial cannabis facilities must submit plans demonstrating compliance with CA Fire Code, identify any hazardous processes, and fire protection systems.
- Commercial cannabis facilities are subject to routine fire and life safety inspections at the frequency identified in the HBFD's Community Risk Assessment.



# ***Summary of Cannabis Regulatory Framework***

## **CODE ENFORCEMENT**

- All owners/operators must remedy any expired building permits for the subject tenant space before being in operation.
- Permittees must carry and display a copy of the issued permits for public view (at a fixed place of business, business vehicles, and employees transacting/carrying on businesses).
- Refrain from displaying cannabis products or graphics to be visible from the exterior.
- The City shall board any doors and windows associated with illegal cannabis businesses.
- The City may shut off the electric or water service to businesses in violation, in addition to criminal and administrative penalties.



## ***Next Steps & Tentative Timeline: Scenario 1***

### **If Council wishes to adopt ordinances**

<b>Timeline</b>	<b>Key Milestone Activities</b>
June 13, 2022, 5pm	Deadline to receive community feedback on draft ordinances
June 21, 2022, 6pm	City Council meeting to deliberate policy
July 12, 2022, 6pm	Planning Commission Study Session on the proposed Zoning Text Amendment
July 26, 2022, 6pm	Planning Commission Public Hearing
August – Sept, 2022	City Council meeting to introduce regulatory ordinance City staff develop Commercial Cannabis Regulations

## ***Next Steps & Tentative Timeline: Scenario 2***

**If Council wishes to put on the November General Election ballot**

<b>Timeline</b>	<b>Key Milestone Activities</b>
June 13, 2022, 5pm	Deadline to receive community feedback on draft ordinances
June 21, 2022, 6pm	City Council meeting to deliberate policy
August 2, 2022, 6pm	City Council meeting to adopt a resolution of placing an ordinance on the November 8, 2022 ballot
August 12, 2022	Deadline to submit documents (e.g. direct arguments) to OC Registrar of Voters
November 8, 2022	General Election



## ***Questions or comments?***

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