



CC Regular Meeting

AGENDA ITEM REPORT

Meeting: CC Regular Meeting - Apr 19 2022
Title: Evaluation of Establishment of Local Cannabis Program
Presented By: City Council Ad-Hoc Committee on Cannabis Topics
Recommendation: That the City Council discuss the work completed by the Ad-Hoc Committee and provide further direction.

EXECUTIVE SUMMARY / BACKGROUND:

In November 2016, California voters approved Proposition 64 by a 57% majority, which outlines the adult use of cannabis including regulations related to cultivation, manufacturing, testing and retail sales. As a part of these regulations, cities maintain the ability to regulate local businesses, enforce zoning rules, impose taxes and penalize unpermitted uses. State law further requires businesses in this industry to obtain a local permit prior to obtaining a State license.

Cannabis activities are prohibited within Covina (Covina Municipal Code section 17.84.030), with the exception of cannabis that is cultivated at private residences for individual consumption, in compliance with State law. Despite this, various cannabis businesses have continued to express interest in opening up businesses in the City.

In summer 2020, the City Council requested an update on statewide regulations related to cannabis. This request was prompted by ongoing changes in the regulatory environment, coupled with the observation that a growing number of local agencies have decided to implement local programs. Following its discussion, the Council requested the creation of an Ad-Hoc Committee comprised of two Councilmembers and staff from the City Manager's Office, City Attorney's Office, Police Department and Community Development Department to study the issue further.

In fall 2020, at the recommendation of the Ad-Hoc Committee, the Council approved the completion of a community survey on several topics (including cannabis) to better gauge public feedback on various community issues. Findings were presented to the Council in February 2021 and following its review, the Council provided direction to further evaluate five (5) focus areas related to cannabis programs. A detailed summary of the Ad-Hoc Committee's evaluation and findings is included in Attachment A.

DISCUSSION:

Since fall 2020, the City Council Ad-Hoc Committee ("Committee") has worked to study the cannabis industry and learn how other communities have developed local regulatory programs. This work included a robust public engagement process including a public opinion survey, four (4) general outreach workshops and four (4) presentations at City Advisory Commission meetings. The Committee also completed a comprehensive review of local cannabis programs developed in six (6) local agencies, including the cities of Desert Hot Springs, Lake Elsinore, Palm Desert, Pasadena, Port Hueneme and Turlock.

Public safety has been at forefront of the Committee's review of this topic, including learning about how cannabis businesses integrate with existing businesses, the measures that are used to prevent youth consumption, the measures that are used to address impaired driving and learning about any unintended consequences that have resulted from local programs. Based on its research, the Committee has compiled a list of measures that have

been used in other communities to protect public health/safety. Some of these include regular facility inspections, requiring identification cards and background checks for employees, prohibiting onsite consumption, prohibiting gatherings before/after operations, requiring onsite security and surveillance systems, implementing a strict enforcement system to address City code violations, and utilizing public benefit funds to facilitate community health and youth programs, among others.

Additionally, there are several other items for the City Council to consider should it decide to move forward with the development of a local program. Among them include, distance buffers from existing sensitive uses, caps on the number of businesses that would be allowed to operate, the types of businesses that would be allowed to operate, zoning, entitlement processes and fees, and a selection process. The Committee has outlined recommendations related to these items should the Council desire to move forward. Alternatively, the Council may decide to pursue another option or take no further action on the issue. Several options are included below for the Council's further consideration and discussion.

Option 1 – Continue Existing Prohibition on Commercial Cannabis Activities

- Receive and file the Ad-Hoc Committee's findings and take no further action.

Option 2 – Move Forward with the Development of a Local Program

- Consider recommendations developed by Ad-Hoc Committee and provide direction including:
- Authorize City Manager to seek proposals for specialized assistance to complete environmental assessment, management of application/selection process and development of local regulatory program;
- Provide direction related to (1) types of cannabis businesses that should be considered for operation in the City, and (2) identify zones where these businesses may be conditionally allowed to operate;
- Planning Commission reviews draft ordinance (for local regulatory program and zoning amendments) at future Planning Commission meeting;
- Introduction (first reading) and adoption (second reading) of draft ordinance at City Council meetings; and
- Provide direction and adopt a resolution related to the application/selection process (*i.e.*, RFP/qualification-based selection process, composition of selection committee, criteria used to evaluate applications, etc.) at future City Council meeting.

These steps would be considered at several future meetings

Option 3 – Complete Additional Research

- Identify other topics to be reviewed and studied further.

Option 4 – Table Discussion to a Later Date

- Receive and file the Ad-Hoc Committee's findings and revisit at a later date.

FISCAL IMPACT:

There is no financial impact associated with the review of this report. Depending on the direction provided related to this topic, additional appropriations may be necessary to complete work on environmental analyses, oversight of an application/selection process and development of a local regulatory framework. It is anticipated that some of these costs could be offset by applicant fees.

ATTACHMENTS:

[Attachment A - Report - 4-19-22](#)

Study of Cannabis Regulations

Formation of a City Council Ad-Hoc Committee

In August 2020, members of the City Council requested an update on cannabis regulations at the State and Federal level and local regulations that have been developed in other communities to permit cannabis businesses. Following discussion, the City Council requested the creation of an Ad-Hoc Committee (“Committee”) comprised of two Councilmembers and staff from the City Manager’s Office, City Attorney’s Office, Police Department and Community Development Department. The Ad-Hoc Committee was charged with studying the industry, local programs and providing periodic updates to the City Council.

The Committee met in September and October 2020, and reviewed a range of topics related to cannabis, including federal regulations, state regulations, cannabis business license categories, case studies from other localities in California that have implemented cannabis programs, zoning considerations, public health/safety considerations, business operating regulations and outreach/public engagement strategies to obtain community feedback on the issue.

Public Opinion Community Survey

In October 2020, the Committee returned to the City Council with a recommendation to complete a public opinion community survey on cannabis-related issues and general community topics. The City Council approved this recommendation and awarded a contract to a specialized survey consultant, FM 3 Research Inc. (FM3), to further study and analyze public feedback on these issues. FM3 worked with the Ad-Hoc Committee to develop survey questions on a range of issues, including cannabis topics, general government operations, local infrastructure needs, quality of life topics and response activities to the Covid-19 Pandemic.

Survey work was completed in December 2020 and included a random sample of 438 voters in Covina, with a margin of error of +/- 4.9% for the entire sample. The survey also included tracking questions from a previous survey completed by FM3 in 2018 to evaluate how community perspectives have changed on local issues. The survey results were reviewed by the City Council in February 2021 and a summary of questions related to cannabis are included below. (The full survey and analysis are included in Attachment A.)

General Cannabis Perceptions

Participants were asked whether they strongly support, somewhat support, somewhat oppose or strongly oppose permitting local cannabis businesses, a repeal of the existing ban on cannabis uses and the adoption of more stringent requirements than the State’s guidelines for cannabis businesses. Additionally, participants were asked whether they strongly agree, somewhat agree, somewhat disagree or strongly disagree that cannabis business will create jobs and help the local economy.

Topic	Feedback
Support or Oppose a Proposal to Permit Cannabis Businesses to Operate in City Limits?	55% Support 40% Oppose
Support or Oppose a Repeal of the City’s Existing Ban on Adult-Use Cannabis Businesses?	53% Support 39% Oppose
Support or Oppose Adopting More Stringent Requirements than the State’s Requirements?	57% Support 35% Oppose
Agree or Disagree that Allowing Cannabis Businesses to Operate in Covina will Create Jobs and Help our Economy?	60% Agree 35% Disagree

Cannabis Zoning/Locations

Participants were asked whether they strongly support, somewhat support, somewhat oppose or strongly oppose various zoning constraints for cannabis businesses.

Topic	Feedback
1 Business Location Per 25K Residents	64% Support 30% Oppose
600’ Distance from Schools/Parks	85% Support 11% Oppose
1,000’ Distance from Schools/Parks	72% Support 22% Oppose
Allowing in Commercial/Industrial Areas	71% Support 22% Oppose
Allowing in Downtown Area	44% Support 51% Oppose
Distance of 600’ Between Businesses	63% Support 27% Oppose

Cannabis Uses

Participants were asked whether they strongly support, somewhat support, somewhat oppose or strongly oppose allowing different types of cannabis uses that are permitted in the State.

Topic	Feedback
Manufacturing	53% Support 38% Oppose
Commercial Cultivation for Recreational Use	47% Support 45% Oppose
Commercial Cultivation for Medical Use	53% Support 42% Oppose
Delivery	55% Support 41% Oppose
Business to Business Transport	59% Support 33% Oppose
General Retail	56% Support 40% Oppose
Medical Retail	63% Support 34% Oppose
Prohibit Consumption Onsite	62% Support 36% Oppose
Lab Testing	66% Support 27% Oppose

City Council Direction – February 2021

Following its review of the FM3 survey results, the City Council provided direction to further evaluate five (5) recommendations developed by the Committee, including:

1. Conduct additional community outreach to gain feedback on cannabis programs;
2. Review the processes that were used in other communities to establish local cannabis program guidelines and zoning;
3. Engage with public safety representatives in other communities where cannabis programs have been established;
4. Evaluate potential federal legislative efforts related to cannabis;
5. Engage the City’s Planning Commission to further evaluate cannabis programs.

Since this Council direction, the Committee has worked to complete the following tasks:

1. Community Outreach

Public engagement has included four (4) outreach meetings, including three (3) online forums (due to public health restrictions) and one in-person meeting. Approximately eighteen (18) individuals provided feedback at these meetings. Additionally, the Committee provided in-person presentations on the topic of cannabis programs at four (4) City Commission meetings. Each of these Commission meetings were accessible to the general public. A summary of these meetings is included below and a list of comments is included in Attachment B.

Action Item	Description
1) Outreach Meeting	A zoom outreach forum was held with the community on March 22, 2021. Ten (10) participants provided public comments (Attachment B).
2) Outreach Meeting	A zoom outreach forum was held with the community on March 30, 2021. No public comments were provided.
3) Outreach Meeting	A zoom outreach forum was held with the community on April 15, 2021. No public comments were provided.
4) Outreach Meeting	An in-person outreach forum was held with the community on September 27, 2021 at the Covina City Council Chambers. Eight (8) participants provided public comments (Attachment B).
5) Outreach to City Advisory Commissions	Presentations were coordinated with each of the City’s Advisory Commissions and are further detailed in Item 5.

2. Evaluation of Regulations Used in Other Community Local Cannabis Programs

As of the end of 2020, it is estimated that roughly two hundred (200) local jurisdictions in California have developed local cannabis programs. The Committee selected six (6) programs to further study, including a review of zoning/permitting requirements, local health/safety requirements, operating requirements, sensitive use buffers and entitlement processes, among other considerations. These included the cities of Desert Hot Springs, Lake Elsinore, Palm Desert, Pasadena, Port Hueneme and Turlock. A summary of these programs has been compiled in the table below.

Additionally, while researching these programs, the Committee learned of voter initiatives/referendums that have been circulated in other Southern California communities, including Jurupa Valley, Pasadena and the South Bay communities of Hermosa Beach, Manhattan Beach and Redondo Beach. Each of these initiatives were introduced by cannabis industry proponents, seeking to overturn local bans of cannabis activities. Proponents argue that voters in these communities approved the statewide cannabis framework included in Proposition 64, yet local agencies have not moved forward to implement local programs.

- Jurupa Valley: Here, a citizen initiative titled Measure L, passed in November 2018 with support from roughly 54% of registered voters. The Measure was opposed unanimously by the Jurupa Valley City Council. Since approval, the Measure has encountered legal troubles, due to its creation of two applicant categories – priority and non-priority – which some argued helped to create a preferential process for applicants. In 2020, the applicant category system was overturned by a Riverside County judge and the remainder of the Measure was held in tact. In 2020, a City Council-approved measure (Measure U) sought to strengthen cannabis regulations, increase the number of allowed retailers and increase tax revenue for the City. Measure U was not approved by voters, with roughly 51.5% voting against it.
- Pasadena: Here, a referendum was initiated in 2017 and the City Council moved to adopt a local program in advance of the initiative going to the ballot. After adopting the local program ordinance, the Pasadena City Council approved filing an initiative to tax local cannabis uses that was placed on the ballot and approved by voters in 2018.
- South Bay: In the cities of Hermosa Beach and Manhattan Beach, residents filed petitions in late 2021 to circulate an initiative that would permit cannabis uses. Petitioners have one hundred eighty (180) days to secure signatures from 10% of registered voters in each City in order to qualify for an upcoming election. In response, these cities have formed advisory groups to study the issue further during the signature gathering phase. In early February 2022, the Redondo Beach City Council decided to place an initiative on the March 2023 ballot that will ask voters whether a local cannabis program should be implemented.

Research City	Information
1) City of Desert Hot Springs	<ul style="list-style-type: none"> • City Council adopted a local program in 2014 and voters approved a local tax measure for cannabis uses in 2014. • <u>Zoning</u>: Storefront and non-storefront retail, entertainment, cultivation, manufacturing, testing, distribution and hotel uses in commercial, industrial, and mixed-use corridor districts. • Applicants must obtain a State-required permit, City regulatory permit, City business license, City conditional use permit and comply with local codes. • <u>Local Regulations</u>: City approval of operating plan, site plan, names of officers/employees with background check, approval from property owner, security plan, fire protection plan, odor control plan, the prohibition of minors in facilities, names of other cannabis facilities operated by applicant(s) and sign permits • <u>Buffer from sensitive uses</u>: State guidelines • <u>Separation buffer</u>: None • <u>Cap on Projects</u>: None • 11 facilities are currently open for business (Chapters 3.33, 3.34, 5.50, 17.180 of DHS MC)
2) City of Lake Elsinore	<ul style="list-style-type: none"> • City Council adopted a local program in 2017 and utilizes a development agreement framework for cannabis projects. • <u>Zoning</u>: Up to 220,000 square feet of storefront retail (only as an accessory use to either cannabis cultivation or manufacturing uses), distribution, cultivation, manufacturing and testing uses in Limited Manufacturing (M-1) and General Manufacturing (M-2) districts. • Applicants must obtain a State-required permit, City regulatory permit, City business license, City conditional use permit and comply with local codes. • <u>Local Regulations</u>: City approval of operating plan, site plan, names of officers/employees with background check, approval from property owner, security plan, fire protection plan, odor control plan, the prohibition of minors in facilities, the prohibition of consumption on site, names of other cannabis facilities operated by applicant(s) and sign permits. • <u>Buffer from sensitive uses</u>: 1,000 feet from any school, community center, park (for cultivation) • <u>Separation buffer</u>: None • <u>Cap on Projects</u>: Up to 220,000 square feet • 16 facilities are currently open for business. City is no longer accepting any additional applications. (Chapter 17.156 LEMC)

<p>3) City of Palm Desert</p>	<ul style="list-style-type: none"> • City Council adopted a local program in 2017 and voters approved a local tax measure for cannabis uses in 2018. • <u>Zoning</u> Storefront retail, testing, distribution, manufacturing in planned commercial, downtown, office/professional and service industrial districts. • Applicants must obtain a State-required permit, City regulatory permit, City business license, City conditional use permit and comply with local codes. • <u>Local Regulations:</u> City approval of operating plan, site plan, names of officers/employees with background check, approval from property owner, security plan, fire protection plan, odor control plan, the prohibition of minors in facilities, the prohibition of consumption on site, names of other cannabis facilities operated by applicant(s) and sign permits. • <u>Buffer from sensitive uses:</u> 1,000 feet from schools, daycares or youth centers • <u>Separation buffer:</u> 1,500 feet between businesses; no more than 3 on a street; may not abut public parks or private residences; no more than 1 on El Paseo (east of Larkspur Lane) • <u>Cap on Projects:</u> Up to 6 storefront retail businesses • 11 facilities are currently open for business (Chapters 5.101, 25.34 PDMC)
<p>4) City of Pasadena</p>	<ul style="list-style-type: none"> • City Council adopted local program in response to a referendum in 2017 and voters approved a local tax measure for cannabis uses in 2018. • <u>Zoning:</u> Storefront retail, cultivation and testing laboratories in CO (Commercial, Office), CL (Commercial Limited), CG (Commercial, General), CD (Central District) and IG (Industry, General) districts. • Applicants must obtain a State-required permit, City Commercial Cannabis Permit, City business license, City Health Department Permit, City conditional use permit and comply with local codes. • <u>Local Regulations:</u> City approval of operating plan, site plan, names of officers/employees with background check, approval from property owner, security plan, fire protection plan, odor control plan, the prohibition of minors in facilities, the prohibition of consumption on site, sign permits with the prohibition of cannabis or cannabis products. • <u>Buffer from sensitive uses:</u> 1,000 feet from residential zones; 600 feet from childcare centers, in-home daycare facilities, youth-oriented facilities, churches or substance abuse centers; 600 feet from parks, libraries or K-12 schools, not allowed in mixed use zones with residential use • <u>Separation buffer:</u> Storefront Retail - 1,000 feet from any other retailers or cultivation site; 500 feet from testing laboratories; Cultivation – 1,000 feet from other cultivation site or 500 feet from testing laboratories; Testing Laboratories – 500 feet from other laboratories; 1,000 feet from any cultivation site or storefront retail • <u>Cap on Projects:</u> Up to six (6) storefront retail businesses, no more than one (1) per Council district and maximum square footage of 15,000 square feet; Up to four (4) cultivation sites, no more than one (1) per Council

<p>City of Pasadena (continued)</p>	<p>district and maximum square footage of 30,000 square feet; Up to four (4) testing laboratories, no more than one (1) per Council district</p> <ul style="list-style-type: none"> Proposed changes to these local regulations were under review as of fall 2021 to increase number of retailers and reduce buffer distances. 2 cannabis retailers are currently open for business with 1 pending to open (Chapters 5.78, 8.10, 8.11, 8.77, 8.88, 17.50 PMC)
<p>5) City of Port Hueneme</p>	<ul style="list-style-type: none"> City Council adopted local program in 2017 and utilizes a development agreement framework for cannabis projects. <u>Zoning:</u> Storefront Retail, cultivation, testing, manufacturing, delivery in C-1 (General Commercial), M-1 (Light Industrial) and R-4 (Mixed Use Residential) zones Applicants must obtain a State-required permit, City regulatory permit, City business license, City conditional use permit and comply with local codes. <u>Local Regulations:</u> City approval of operating plan, site plan, names of officers/employees with background check, approval from property owner, security plan, fire protection plan, odor control plan, the prohibition of minors in facilities, the prohibition of consumption on site, and sign permits. <u>Buffer from sensitive uses:</u> 600 feet from schools <u>Separation buffer:</u> None <u>Cap on Projects:</u> 12 retail cannabis dispensaries; 6 delivery only cannabis businesses and, in no event, more than 18 total delivery businesses; 10 manufacturing businesses; 8 distribution businesses 20 facilities are currently open for business (Article 3, Chapter 12 PHMC)
<p>6) City of Turlock</p>	<ul style="list-style-type: none"> City Council adopted local program and development agreement framework in 2019. <u>Zoning:</u> Storefront Retail, cultivation, distribution, manufacturing, testing laboratories in heavy commercial/light industrial (C-H), general industrial (I), community commercial (C-C), commercial office (C-O) and Westside Industrial Specific Plan (WISP) districts. Storefront Retail only in Downtown Overlay District. Applicants must obtain a State-required permit, City business license, City conditional use permit and comply with local codes. <u>Local Regulations:</u> City approval of operating plan, site plan, names of officers/employees with background check, approval from property owner, security plan, fire protection plan, odor control plan, the prohibition of minors in facilities and sign permits. <u>Buffer from sensitive uses:</u> 600 feet from schools, daycare centers and youth facilities. Other nearby uses such as churches and residential properties which could be impacted shall be evaluated on a case by case basis. <u>Separation buffer:</u> None <u>Cap on Projects:</u> Up to four (4) storefront retail businesses 3 facilities are currently open for business (Chapters 5-21 TMC)

3. Engagement with Public Safety Representatives

The Committee communicated with public safety representatives from the cities of Desert Hot Springs, Lake Elsinore, Pasadena and Pomona to better understand challenges that they have faced with the implementation of local cannabis programs. The following items were identified as important in helping to ensure the health/safety of the community:

- Regular inspections of facilities, including an audit and annual inspection process that is required with the renewal of a local permit that ensures compliance with CUP requirements.
- Continue social host ordinances to prevent the use of cannabis by minors in private residential dwellings.
- Utilize public benefit funds to enhance youth programs and community health programs.
- Require an identification card program for cannabis business employees, including the completion of background checks prior to beginning employment. Require employees to wear identifiable uniforms to distinguish them from the public.
- Include a list of disqualifying offenses that prohibit employment in a cannabis business. State guidelines include certain violent felonies, serious felonies, drug-related felonies, gang felonies and financial-related felonies (fraud, embezzlement, deceit).
- Prohibit the use of alcohol/cannabis products while on premises of a cannabis business.
- Prohibit after-hours gatherings before/after the close of regular business operations.
- Security: Require twenty-four (24) hour/ 7 (seven) day per week onsite security at each business location, including that security must be licensed through appropriate licensing agencies, wear an identifiable uniform and receive approval from the local police department.
- Security Video Surveillance: Require twenty-four (24) hour/ 7 (seven) day per week high definition video security systems with remote access by local police department at all times. Also require that the previous five (5) days of digital recording of surveillance be maintained.
- Require a product and inventory tracking/accounting software in line with accepted industry business practices.
- Require that violations of operating requirements be promptly corrected (i.e. within 24 hours). Examples could include odor issues, alarm systems, waste disposal and other nuisances that could cause harm to the public.
- Require that each business create a community relations plan to address any adverse impact that the business may have. Also, designate a community relations representative that is responsible for communication with the surrounding community, neighborhood and businesses.
- Require shatter-proof storefront systems.
- Prohibit loitering and/or soliciting in nearby areas and parking lots.
- Require that business officers/employees complete a Responsible Business Operator certification course prior to beginning employment.
- Require that each business provide an emergency representative that will be on-call twenty-four (24) hours a day.

4. Evaluate Federal Legislative Efforts Related to Cannabis

Action Item	Description
1) Discussions with Office of Congresswoman Napolitano	Discussed potential federal cannabis legislation with staff from the Office of Representative Grace Napolitano.
2) Secure and Fair Enforcement (SAFE) Banking Act	Introduced and approved by U.S. House of Representatives. Bill would allow cannabis businesses in the thirty-six (36) states with retail dispensaries to pay taxes with a check and secure loans and allow customers to use debit cards.
3) The Marijuana Opportunity Reinvestment and Expungement Act (“MORE”)	Passed in the House in December 2020. Aimed at ending criminalization of cannabis by removing it from the list of controlled substance, eliminating past criminal penalties/convictions related to cannabis and providing criminal justice reform. Would also tax cannabis products to fund social reform projects and make Small Business Administration loans available to cannabis businesses.
4) The Cannabis Administrative and Opportunity Act	Introduced in the Senate in July 2021. Aimed at implementing a comprehensive Federal framework for cannabis including decriminalization; transferring oversight to Federal Agencies with the intent of regulating similar to alcohol and tobacco; mandating research regarding the impacts of cannabis; permit movement of products through interstate commerce and imposing a federal excise tax on products.
5) The States Reform Act	Introduced in the House in November 2021. Aimed at decriminalizing cannabis offenses and vests the authority of reforms to individual states. Legislation would also aim to regulate cannabis like alcohol and establish a single tax rate of 3% to support cannabis programs.

5. Engage the City’s Planning Commission and Other Advisory Commissions

The Committee provided in-person presentations on the topic of cannabis programs at four (4) City Commission meetings. Each of these Commission meetings were accessible to the general public. A summary of these meetings is included below and a list of comments is included in Attachment B.

Action Item	Description
1) Library Trustees	A presentation was provided to the Commission on July 13, 2021. A list of comments from this meeting is included in Attachment B.
2) Finance Commission	A presentation was provided to the Commission on July 14, 2021. A list of comments from this meeting is included in Attachment B.
3) Planning Commission	A presentation was provided to the Commission on July 27, 2021. A list of comments from this meeting is included in Attachment B.
4) Parks/Recreation Commission	A presentation was provided to the Commission on July 28, 2021. A list of comments from this meeting is included in Attachment B.

Ad-Hoc Committee Findings

The Committee has worked since fall 2020, evaluating the cannabis industry and learning how other communities have developed local regulatory programs. In conjunction with this review, the Committee has completed an extensive public engagement process, including a public opinion community survey, hosting four (4) general outreach workshops and engaging the City's citizen advisory commissions at four (4) public meetings. Throughout this process, the Committee has continued to emphasize that using a community-based approach will help to better shape policies and decision making within Covina.

Site Visits

The Committee and staff completed two site visits in the City of Lake Elsinore and Coachella Valley to meet with local public agencies that have implemented local programs. This process was important to better understand how processes were implemented; what steps could have been undertaken to better suit the community and city; how local programs are managed; and how businesses in operation currently integrate with surrounding neighborhoods/businesses.

In Lake Elsinore, City representatives explained that a local cannabis program was first discussed in 2016 and then reviewed in greater detail during 2017. Following discussion, the City completed an application process to permit operations within its light manufacturing industrial zones. The City established a cap of approximately two hundred twenty thousand (220,000) square feet of space for these areas/uses, with a focus on micro-businesses and the vertical integration of cultivation, manufacturing, testing and retail sales. Ten prospective operators were initially approved to move concurrently through the development agreement process and of this group, two operators opened to the public.

Lake Elsinore City representatives discussed the importance of spatial distancing between businesses and other sensitive uses, implementing strong security protocols for businesses, enacting strict signage requirements, adopting caps on the number of businesses allowed to operate, developing cost recovery frameworks for the application process and long-term program management, and including language in development agreements to help address the potential assignment of businesses in the future.

Coachella Valley city representatives explained that the local cannabis market has evolved rapidly over the last decade and in doing so, has become a regional driver of economic growth. In Desert Hot Springs, a local program was approved by the City Council and a tax measure was later approved by voters in 2014. This program has spurred new development and in 2020, contributed over \$4 million in general fund revenues to the City. With this growth, the City has moved to adopt a specific plan for cannabis uses and is exploring the concept of cannabis-tourism related activities that could include themed hotels and event venues. City representatives emphasized the importance of a strong local compliance program that includes a registration and screening process for industry employees, a proactive site inspection program, and security/video surveillance programs that integrate with City compliance staff.

Recommendations to the City Council

Based on its evaluation and community feedback, the Committee determined that a policy decision to develop a local cannabis program should be made after discussion and vetting by the entire City Council. If a local program is created, the Committee further recommends taking a measured implementation approach that could include the following elements:

- Distance Buffers: Utilize a conservative approach to buffering uses from other existing sensitive uses in the community. This could be achieved by expanding the types of sensitive uses that have been adopted by the State to include all public parks as sensitive uses. Further, the City Council could decide to increase the distance buffer from the State's six hundred (600) feet distance threshold to a greater distance, if desired. The City Council could also establish a distance buffer between cannabis businesses. Sample buffers are illustrated in Attachment C.
- Cap on Businesses: Implement a hard cap on the number of businesses that are permitted to operate in the City. This could be achieved by placing a limit to no more than one (1) cannabis establishment/permit for every fifteen thousand (15,000) residents in the City. Based on this cap and the City's current population, no more than three (3) businesses would be allowed to operate within the City's boundaries.
- Business Categories/Zoning: Limit business activities to include only storefront retail operations and/or microbusiness enterprises. Further, allow these types of business activities only in Commercial and Light Manufacturing zoning districts in the City.
- Entitlement Process: Require that businesses obtain a City regulatory permit, City business license, City conditional use permit, comply with City, State and County codes and enter into a development agreement prior to opening for business. If necessary, require that business applicants proceed with any necessary environmental reviews prior to beginning operations.
- Labor Relations: Consider including mechanisms to establish competitive wages/benefits for employees.
- Solicitation/Evaluation/Selection Process: Establish an objective process that would include a qualifications-based review of cannabis business applicants. This would include utilizing an outside consultant to assist with managing the solicitation/application process and evaluate applications. Consider some or all of the following elements in the evaluation process:
 - Location/Community Compatibility
 - Does the applicant own/lease the land? Do CCRs permit the use?
 - Is the location 600 feet away from sensitive uses?
 - Community Involvement
 - Has the applicant provided a detailed description of how the premises and exterior building areas will be managed so as to avoid nuisance, loitering and other negative impacts on the surrounding area?
 - Does the applicant identify appropriate odor control measures?
 - Is the operation plan prepared according to City guidelines?

- Is the proposed use located in an appropriate zoning designation?
- Safety/Security Plan
 - Is a detailed security plan provided that includes descriptions for effective fire prevention, suppression, HVAC and alarm systems?
 - Does the security plan identify all required elements contained in the City guidelines and adequately address security for the particular site?
- Experience/Qualifications
 - Does the applicant provide a viable business plan in accordance with City guidelines?
 - Does the applicant provide information demonstrating successful previous business experience?
 - Do the principals of the business have successful business experience?
 - Do the principals of the business have business experience specific to the cannabis industry for which they are applying?
- Building Façade/Interior Improvements
 - Does the applicant provide a detailed tenant improvement plan that identifies all interior improvements?
 - Are the interior improvements attractive in keeping with traditional retail and/or industry standards?
 - Are the exterior façade improvements attractive, suitable for the City's image and enhance surrounding areas?
 - Does the applicant provide a detailed architectural plan for building façade improvements?
- Business Plan/Financial Strength/Community Benefits
 - Does the applicant have sufficient cash reserves to ensure its ability to successfully open and operate a business?
 - Describe applicant's ability to sustain business operations and provide any examples of previous experience/tenure operating in other communities.
 - Does the applicant provide an effective community outreach plan for nearby and adjacent land uses?
 - Does the applicant describe credible benefits to the overall community, local economy and any community or non-profit contributions or affiliations?
 - Does the applicant provide any additional community benefits described in either their business plan or other documentation submitted as part of the CUP?
- Labor/Employment
 - Describe mechanisms that the applicant will use to establish competitive wages/benefits for employees.
- Local Enterprise
 - Does the applicant/team have a connection to the City? Describe any aspects of community involvement (non-profits, service organizations, etc.), business experience or other relevant experience related to applicant's connection with Covina.