



Administrative Report

N.1., File # 25-0861

Meeting Date: 7/1/2025

To: MAYOR AND CITY COUNCIL
From: JANE CHUNG, ASSISTANT TO THE CITY MANAGER

TITLE

DISCUSSION AND POSSIBLE ACTION ON INITIATION OF THE CITY'S COMMERCIAL RETAIL CANNABIS PERMIT APPLICATION PROCESS

AUTHORIZE RELEASE OF THE CITY'S REQUEST FOR COMMERCIAL RETAIL CANNABIS PERMIT APPLICATION PROCESS AND DIRECT STAFF TO PREPARE RESOLUTIONS IMPLEMENTING THE CITY'S PROCESS INTEGRITY GUIDELINES POLICY AND SETTING THE CITY'S CANNABIS APPLICATION/PROCESSING FEES

EXECUTIVE SUMMARY

On March 11, 2025, the City Council adopted the final ordinances pertaining to the City's commercial cannabis program. At the conclusion of the meeting, the Council made a referral to staff to return with an item to discuss initiating the cannabis permit application process. This item provides a brief historical overview of the City's efforts to establish a Commercial Retail Cannabis (CRC) Regulatory Program and outlines key elements of the proposed Request for Commercial Retail Cannabis Permit Application Process (RFA).

Should the City Council direct staff to proceed with the release of the RFA, staff will issue either the attached draft, or a revised version reflecting the City Council's feedback, in early August. Additionally, staff will return with an item to consider approval of Resolutions regarding the City's Process Integrity Guidelines and the fees for cannabis application processing.

BACKGROUND

In March, the City Council adopted three ordinances to codify the CRC Regulatory Program in the Redondo Beach Municipal Code (RBMC). The three ordinances are:

1. Ordinance No. 3287-25 (amend Ordinance No. 3240-22): amending Title 6, Chapter 6 to enhance the application process, refine selection criteria, update operational standards, and establish a tax rate for commercial cannabis activities;
2. Ordinance No. 3288-25 (amend Ordinance No. 3241-22): amending Title 10, Chapter 2, Section 10-2.1626 to allow commercial cannabis activities in inland zones of the City; and
3. Ordinance No. 3289-25 (amend Ordinance No. 3235-22): amending Title 10, Chapter 5, Section 10-5.1626 to allow commercial cannabis activities in coastal zones of the City.

Efforts to update the CRC Regulatory Program spanned over a year-and-a-half, beginning in

December 2023 when the City Council directed staff to engage a third-party consultant to review the final regulatory Ordinances and draft CRC permitting guidelines. Since that time, many elements of the CRC Regulatory Program and the associated amendment ordinances were discussed, including updated buffers, final selection of permittees, and evaluation criteria.

The following is a list of dates on which cannabis ordinances were scheduled for City Council discussion and review:

- December 19, 2023
- March 5, 2024
- April 23, 2024
- May 14, 2024
- September 17, 2024
- October 8, 2024
- October 15, 2024
- November 12, 2024
- December 17, 2024
- January 21, 2025
- February 11, 2025
- February 18, 2025

In January 2025, the City Council provided final direction on the amendment ordinances by directing the Planning Commission to review and for staff to schedule the introduction and first reading of the Ordinances on February 11, 2025. At the first reading, the City Council adopted a resolution to forward the coastal ordinance (Ordinance No. 3289-25) to the California Coastal Commission, and approved the following amendments:

1. Limit cannabis retail storefront operators to one per zip code
2. Prohibit any retail storefront operators on Artesia Boulevard west of Inglewood Avenue
3. Retain the 1,000-foot buffer requirements per Section (c)(6)(d)(B)
4. Define "School" in Sections (c)(6)(d)(C) and (c)(6)(d)(D)
5. Revise Section (c)(6)(d)(G) to include locations with a history of illegal cannabis-related or drug-related activity, per the City Attorney's recommendation

At the February 18, 2025, meeting, the City Council further amended the ordinances to prohibit any retail storefront operators on Artesia Boulevard west of Felton Lane, per Section (c)(6)(d)(i) of Ordinance Nos. 3288-25 and 3289-25. The City Council then reintroduced the amended ordinances for final reading and adoption on March 11, 2025.

The City of Redondo Beach has complete discretion in deciding whether to invite applications for commercial retail cannabis permits. Prospective applicants are required to comply with the provisions established in these ordinances. The following sections provide a summary of these requirements as they pertain to a prospective RFA.

1. Application Process

A permit is required before a retail cannabis site or delivery service can operate in the City,

with additional terms set by the City Council, such as public outreach, security measures, operating standards, and financial obligations. A separate conditional use permit must also be obtained from either the Planning Commission or the City Council.

The City is not obligated to approve any permit applications, and applications are accepted during specified periods. The Permit Administrator manages the intake of applications and sets rules for submissions. The applications close 60 days after the required forms and rules are made available. Applicants must meet certain criteria, including paying a non-refundable fee, providing proof of legal right to use the property, complying with zoning laws, demonstrating financial resources exceeding \$1 million in liquid assets, and securing a tax compliance bond covering one year of projected annual tax payments.

2. Selection Criteria

The application scoring criteria involve two phases: an initial review of the submitted application, followed by an interview-based assessment. An evaluation committee, appointed by the Permit Administrator, will evaluate applications based on the scoring matrix outlined in Ordinance No. 3287-25.

The table below outlines the point distribution for each section of the scoring matrix.

Criteria Section	Points
Section 1: Qualifications of the Applicant's Owner and Manager	80
Section 2: Plans, Renderings, and Overall Location	70
Section 3: Business and Operations Plan	100
Section 4: Security Plan	95
Section 5: Safety Plan	35
Section 6: Neighborhood Compatibility Plan	55
Section 7: Labor and Employment Plan	20
Total	455

The interview assessment focuses on three key areas:

1. Qualification of Owners (150 points): evaluates the owner's experience in managing legally licensed cannabis retailers, industry knowledge, and involvement in daily operations
2. Neighborhood Compatibility (200 points): examines how the business will prevent negative community impacts, enforce policies to prevent youth access, engage with the local community, and minimize environmental effects
3. Proposed Plan Site (150 points): assess details on the existing and proposed site, including location, current and planned usage, exterior improvements, ventilation systems, and impact on public safety and health.

3. Fees and Charges

Applicants must pay an application fee and a processing fee. Additional fees may apply, such as a conditional use permit, building permits, plan checks, and other necessary approvals. All

fees must be paid in full at the time of application submission. The amount of each fee is established by resolution of the City Council.

4. Location and Buffer Zones

Applicants are required to provide proof of lawful possession of the premises when applying for a permit, such as deeds, leases, or licenses. Retail cannabis activities must be confined to the approved area specified in the permit or conditional use permit. If the location is leased, the applicant is required to submit a notarized statement from the property owner and lien holders, confirming their acknowledgment and consent for cannabis business operations on the site.

The City Council also updated the commercial cannabis retail location requirements and associated buffer zones. A finalized map reflecting these updates was approved on February 6, 2025, and is attached. A detailed GIS map of the buffer zones will be included as a link in the final RFA document, allowing potential bidders to verify eligible locations. (Tentative map link: [Cannabis Retail Location Lookup <https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Ffredondobeachgis.maps.arcgis.com%2Fapps%2Finstant%2Flookup%2F>](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Ffredondobeachgis.maps.arcgis.com%2Fapps%2Finstant%2Flookup%2F)).

5. Permit Term

Commercial Retail Cannabis Permits are issued for five years. The Permit Administrator may grant up to two additional two-year extensions. Permits are subject to an annual performance review, for which the applicant is required to pay a non-refundable fee, as set by the City Council.

Application Timeline

Staff has prepared a draft RFA for the City Council's consideration. Should the City Council provide direction to proceed, staff will release either the attached draft or a revised version reflecting the City Council's feedback.

Below is a tentative timeline for the RFA:

RFA Available	August 4, 2025
Pre-Proposal Conference	August 11 - 22, 2025
Deadline for Submission of Questions	August 29, 2025
Final Addenda and Answers Issued	September 5, 2025
Proposals Due (60 days per Ordinance)	October 6, 2025
Evaluation and Interview Period	October 7 - 24, 2025
City Council Considers Agreement Approval	November 4, 2025

Process Integrity Guidelines and Fee Schedule Resolutions

If the City Council directs staff to release the RFA, staff will prepare a Process Integrity Guidelines Resolution that will govern all interactions/contact between proposers, the City, and all City-appointed and elected officials during the proposal process. Staff will also propose a fee schedule resolution to ensure full recovery of all administrative costs associated with processing applications and permits. Staff will present the Resolutions to the City Council for review and approval prior to releasing the

RFA. The timeline above accounts for these additional items.

COORDINATION

This report was prepared by the City Manager's Office.

FISCAL IMPACT

There is no fiscal impact associated with this item.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Buffer Map (as of February 6, 2025)
- Draft Request for Commercial Retail Cannabis Permit Application Process (RFA)