



Administrative Report

H.13., File # 24-0088

Meeting Date: 1/23/2024

To: MAYOR AND CITY COUNCIL

From: ELIZABETH HAUSE, ASSISTANT TO THE CITY MANAGER

TITLE

APPROVE AN AGREEMENT WITH TIERRA WEST ADVISORS, INC. FOR CONSULTING SERVICES TO ASSIST WITH REVIEW OF THE CITY'S CANNABIS REGULATORY ORDINANCES AND DEVELOPMENT OF THE PERMIT SELECTION PROCESS FOR AN AMOUNT NOT TO EXCEED \$58,000 FOR THE TERM JANUARY 23, 2024 TO JANUARY 22, 2025

EXECUTIVE SUMMARY

On September 6, 2022, the City Council adopted cannabis regulatory Ordinances for both inland and coastal areas of Redondo Beach, allowing no more than two storefront commercial cannabis retailers to operate in the City. The inland Ordinance became effective 30 days after adoption, and the coastal ordinance became effective when it was certified by the California Coastal Commission on March 9, 2023.

At the December 19, 2023 meeting, the City Council directed staff to enter into a contract with Tierra West Advisors, Inc. (Tierra West) for review of the City's final cannabis regulatory ordinances and permit application guidelines, along with providing assistance with application processing. Tierra West is a consulting firm that provides a comprehensive suite of services to municipalities implementing cannabis-related programs. The attached Agreement addresses only the review of the regulatory ordinances and application guidelines at this time. The City must first finalize its permit fee schedule to determine the appropriate cost for application processing assistance. Once a fee schedule is approved by Council, an amendment to the Agreement will be drafted to include application processing services.

BACKGROUND

The analysis and identification of cannabis regulations most appropriate for Redondo Beach began in 2018 with the appointment of a Cannabis Steering Committee. Since that time, the City Council has provided direction, with review and recommendations from the Planning Commission, on regulatory measures for cannabis business within Redondo Beach. The City Council adopted the Cannabis Regulatory Ordinances on September 6, 2022, which allowed for no more than two storefront commercial cannabis retailers to operate in the City.

The City Council approved an agreement with HdL to review the City's draft cannabis regulatory ordinances and other cannabis-related procedural tasks, including assistance with the development of an application process for future cannabis permits. This effort included extensive research into processes other cities have established, and consideration of the regulations set forth by the City's

Ordinances. On May 16, September 5, and December 19, 2023, the City Council discussed the draft Guidelines and provided direction to staff on proposed revisions and requested further research be conducted.

At the December 19, 2023 meeting, portions of the regulatory ordinance and the permit application process were identified as needing further review. The City contract with HdL expired on June 20, 2023. Given the need for additional ordinance and application analysis, staff proposed entering into an agreement with Tierra West, a consulting firm that works exclusively with municipalities and has been employed by numerous other cities to develop cannabis regulations and processes. The firm comes highly recommended to City staff and, after outreach to other firms and companies, was determined to meet the City's needs most comprehensively in both ordinance/application review and application processing. City Council provided direction to engage Tierra West on their proposed scope of work to include the following:

Phase 1: Cannabis Ordinance and Application Process Review Services

- Objective 1: Review the City's Draft Cannabis Regulatory Ordinance
- Objective 2: Application Process Review
- Objective 3: Cost Recovery Fee Analysis
- Objective 4: Attendance, Support or Presentations at Meetings or Workshops
- Objective 5: Technical Assistance and Subject Matter Expertise
- Objective 6: Drafts and Final Work Products

Phase 2: Cannabis Application Processing Services

- Objective 1: Application Reviews and Merit-Based Scoring
- Objective 2: Applicant Interviews
- Objective 3: Preparation of Final Report
- Objective 4: Technical Assistance and Subject Matter Expertise

Given that the City's permit application fee schedule has yet to be finalized, the cost for Phase 2 can not yet be determined. These costs will be recuperated in full through permit application fees, and this scope of work will be recommended as an amendment to the Tierra West agreement at a later date once those fees have been approved. The proposed agreement addresses only Phase 1 of the scope outlined above at this time.

COORDINATION

Agreement preparation was coordinated with the City Attorney's Office and the Community Development Department.

FISCAL IMPACT

Funding for the \$58,000 of proposed consulting services is immediately available in the Community Development Department's annual operating budget for contracts and professional services. It is anticipated that a majority of the expenses will be recuperated through future cannabis permit processing fees.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Tierra West Advisors, Inc.