



# Administrative Report

H.11., File # 25-0306

Meeting Date: 3/11/2025

**To: MAYOR AND CITY COUNCIL**

**From: ELIZABETH HAUSE, COMMUNITY SERVICES DIRECTOR**

## **TITLE**

ADOPT BY TITLE ONLY ORDINANCE NO. 3287-25 AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING CHAPTER 6 TO TITLE 6 OF THE REDONDO BEACH MUNICIPAL CODE TO REGULATE COMMERCIAL CANNABIS BUSINESSES. FOR SECOND READING AND ADOPTION

ADOPT BY TITLE ONLY ORDINANCE NO. 3288-25 AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING TITLE 10, CHAPTER 2 SECTION 10-2.1626 OF THE REDONDO BEACH MUNICIPAL CODE TO ALLOW COMMERCIAL CANNABIS ACTIVITIES INLAND ZONES OF THE CITY. FOR SECOND READING AND ADOPTION

ADOPT BY TITLE ONLY ORDINANCE NO. 3289-25 AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING TITLE 10, CHAPTER 5 SECTION 10-5.1626 OF THE REDONDO BEACH MUNICIPAL CODE TO ALLOW COMMERCIAL CANNABIS ACTIVITIES COASTAL ZONES OF THE CITY. FOR SECOND READING AND ADOPTION

## **EXECUTIVE SUMMARY**

On September 6, 2022, following recommendations from the Planning Commission, the City Council adopted cannabis regulatory ordinances for both inland and coastal areas of Redondo Beach, permitting no more than two storefront commercial cannabis retailers to operate within the City. The Inland Ordinance became effective 30 days after adoption, while the Coastal Ordinance took effect upon certification by the California Coastal Commission on March 9, 2023.

At the December 19, 2023 City Council meeting, portions of the regulatory Ordinances and the permit application process were identified as needing further review. City Council directed staff to engage Tierra West Advisors, Inc. (TWA) to review the final cannabis regulatory Ordinances, draft Commercial Retail Cannabis (CRC) permitting guidelines, and assist with application processing. TWA's recommended revisions to the City's regulatory Ordinances were presented in May and September 2024 and, since that time, staff and the City Council have worked to refine the scoring criteria for the evaluation of permit applications over the course of several subsequent meetings. On January 21, 2025, the City Council discussed the final language in the ordinances and:

- 1) Directed the Planning Commission to review the ordinances at a special meeting/public hearing to be held on February 3, 2025, and
- 2) Directed staff to schedule a public hearing before the City Council on February 11, 2025 for consideration of introduction and first reading of the ordinances.

The Planning Commission met on February 3, 2025 and deliberated over buffer area amendments. In particular, the Commission's discussion revolved around the added buffer at Dale Page Park and the possible removal of the 1000-foot buffer between business operators. Ultimately, the Commission voted to recommend that the 1000-foot buffer be kept in the Ordinances.

At the February 11 Public Hearing, the City Council considered the Planning Commission's recommendations, approved the final language in the Regulatory Ordinances, and introduced the Ordinances for first reading. At the February 18 City Council meeting, during consideration of second reading and adoption of the Ordinances, the Council voted to update the location requirements to not allow for the establishment of cannabis retail operations on Artesia Boulevard, west of Felton Lane. The Council then voted to re-introduce the Ordinances as amended. This agenda item provides for consideration of second reading and adoption of the amended Ordinances.

### **BACKGROUND**

The identification of cannabis regulations most appropriate for Redondo Beach began in 2018 with the appointment of a Cannabis Steering Committee. Following Planning Commission consideration and several City Council discussions on the topic, the current Cannabis Regulatory Ordinances were adopted on September 6, 2022. The Ordinances allow no more than two storefront commercial cannabis retailers to operate in the City. The Ordinances allow no more than two storefront commercial cannabis retailers to operate in the City. There are three ordinances that comprise the City's CRC regulatory program:

- Ordinance No. 3241-22: Amending Title 10, Chapter 2 Section 10-2.1626 of the RBMC to allow commercial cannabis activities in inland zones of the City
- Ordinance No. 3235-22: Amending Title 10, Chapter 5 Section 10-5.1626 of the RBMC to allow commercial cannabis activities in coastal zones of the City
- Ordinance No. 3240-22: Regulating commercial cannabis activities in Redondo Beach

Ordinance Nos. 3241-22 and 3235-22 provide definitions and zoning requirements for a cannabis permit program, as well as other parameters. These two Ordinances are identical in content, other than the zone to which they apply. Ordinance No. 3240-22 delves into application procedures and operating standards, and also sets the tax rate.

At the December 19, 2023 City Council meeting, portions of the regulatory Ordinances and the permit application process were identified as needing further review. At that time, the City Council provided direction to engage TWA to review the City's existing Cannabis Regulatory Ordinances and assist with development and review of the cannabis permit application process.

Since the December 19, 2023 meeting, numerous elements of the Cannabis Regulatory Ordinances have been discussed by Council, including updated buffers, final selection of permittees, and evaluation criteria.

The following list provides the dates in which the cannabis ordinances were agendized for Council 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

On January 21, 2025, the City Council provided comments/direction on the final elements of the regulatory Ordinances and, specifically, 1) directed the Planning Commission to review the ordinances at a special meeting/public hearing to be held on February 3, 2025, and 2) directed staff to schedule a public hearing before the City Council on February 11, 2025 for consideration of introduction and first reading of the Ordinances.

The Planning Commission met on February 3, 2025, with six of the seven Commissioners available to attend the Special Meeting. After a staff presentation and public comments, the Commission deliberated on the amendments and voted to recommend that Council consider keeping Section (c)(6)(d)(B) within the zoning ordinances:

Council-directed removal of Section (c)(6)(d)(B):

*No retailer shall be established or located within 1,000 feet, measured from the nearest property lines of each of the affected parcels, of any other cannabis retailer.*

At the February 11, 2025 City Council meeting, all three Ordinances were presented for introduction and first reading. In addition to the Ordinances, a resolution to forward the coastal regulations to the California Coastal Commission for certification was part of the public hearing consideration.

The City Council voted to make the following buffer changes to the Ordinances:

1. Limit cannabis retail storefront operators to one per zip code
2. To not allow any retail storefront operators on Artesia Blvd. west of Inglewood Avenue
3. To accept the Planning Commission's recommendation and keep Section (c)(6)(d)(B)
4. To include the defined term "School" within Sections (c)(6)(d)(C) and (c)(6)(d)(D)
5. To update the language in (c)(6)(d)(G) to specify locations with a history of illegal cannabis-related or drug-related activity, as recommended by the City Attorney and presented during the February 11<sup>th</sup> meeting

All three Ordinances were approved as amended for introduction and first reading and the Resolution was adopted. At the February 18 City Council meeting, Council voted to update the location requirements to not allow for the establishment of retail operations on Artesia Boulevard west of Felton Lane; this language is located in Section (c)(6)(d)(i) of Ordinance Nos. 3288-25 and 3289-25. The Council then voted to re-introduce the ordinances as amended. As such, this agenda item

provides for the adoption of Ordinance 3287-25 to amend Title 6 of the Redondo Beach Municipal Code, Ordinance 3288-25 to amend Title 10 Chapter 2 of the RBMC (inland zoning), and Ordinance 3289-25 to amend Title 10 Chapter 5 of the RBMC (coastal zoning).

In compliance with the California Environmental Quality Act (CEQA) of 1970, as amended, and State and local guidelines adopted pursuant thereto, the zoning amendments captured by the Ordinances qualify for CEQA exemption under Section 15060(c)(2); the activity will not result in direct or reasonably foreseeable physical change in the environment and Section 15060(c)(3); as the activity is not considered a project under CEQA Section 15378.

### **COORDINATION**

This agenda item was prepared by the Community Services Department in coordination with the City Attorney's Office, City Manager's Office, and the Fire, Police, Financial Services and Community Development Departments. The Ordinances were initially drafted by TWA, updated by staff, and reviewed by the City Attorney's Office.

### **FISCAL IMPACT**

It is estimated that each licensed site in Redondo Beach could provide \$225,000 to \$450,000 in additional annual General Fund cannabis business tax revenue, provided the City moves forward with the adoption of a regulatory ordinance at a tax rate of 4.5%. At this time, it is difficult to determine what impact taxing cannabis delivery will have on General Fund revenue.

The fiscal impact to the City for CRC permit application processing and management is currently unknown. A fee study to determine these costs must be completed. The application fees are expected to provide full City cost recovery for the processing of all license applications, including any related consulting services costs. Preliminary estimates indicate an application fee between \$12,000 and \$16,000 per applicant. An annual regulatory fee is anticipated to be within the same range for each CRC permittee doing business in the City. These estimates are expected to change, and will be refined, based on the final application process determined by Council and the staffing resources needed to complete the application review.

### **APPROVED BY:**

*Mike Witzansky, City Manager*

### **ATTACHMENTS**

- Ord - No. 3287-25 Regulating Commercial Cannabis Businesses
- Ord - No. 3288-25 Allowing Commercial Cannabis Activities (Inland Zones)
- Ord - No. 3289-25 Allowing Commercial Cannabis Activities (Coastal Zones)