



Staff Report

File #: 23-0537

REQUEST FOR CITY COUNCIL ACTION

DATE: 06/21/2023

TO: Honorable Mayor and City Council Members

FROM: Legal and Risk Management Department

SUBJECT:

RESOLUTION AMENDING SECTION VI(A)(2) AND ADDING SECTION VI(A)(4) TO THE RULES AND REGULATIONS FOR PERMITTING COMMERCIAL CANNABIS BUSINESSES

EXECUTIVE SUMMARY:

This staff report asks the City Council to adopt Resolution No. 2023-054 which amends Section VI(A)(2) and adds Section VI(A)(4) to the Rules and Regs for permitting commercial cannabis businesses. Resolution No. 2021-022, which established the rules and regulations for permitting commercial cannabis businesses pursuant to Corona Municipal Code Chapter 5.36, requires commercial cannabis permit applicants to obtain a City business license within 5 business days of the date the applicant obtains all required State licenses and authorizes the City Manager to extend this deadline by 5 days. City staff has discovered that this 5-day deadline is not consistent with the process and timeline for obtaining a City business license because an applicant is required to disclose their intended date for commencement of operations in order to obtain a business license and an applicant will not typically have this information within 5 days of obtaining all State licenses. City staff is recommending updates to the rules and regulations to require that an applicant obtain a City business license within the same time period that the applicant is required to obtain all building, fire and occupancy permits and to authorize the City Manager to extend the deadlines set forth in Section VI(A) for an additional period of time, provided that the applicant has proceeded with due diligence to meet such deadlines and any delays are beyond the applicant's reasonable control.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2023-054 amending Section VI(A)(2) and adding Section VI(A)(4) to the Rules and Regs for permitting commercial cannabis businesses.

BACKGROUND & HISTORY:

On October 20, 2020, the City Council adopted Ordinance No. 3321 amending Corona Municipal Code ("CMC") [Chapter 5.36](#) of the CMC to establish development standards and permit certain types of commercial cannabis businesses in the City's manufacturing/industrial zones. On April 21, 2021, the

City Council also adopted the most recent rules and regulations for permitting commercial cannabis businesses ("Cannabis Rules & Regs") pursuant to Resolution No. 2021-022.

Section VI(A)(2) of the Cannabis Rules & Regs requires commercial cannabis permit applicants to obtain a City business license within 5 business days of the date the applicant obtains all required State licenses. It also permits the City Manager to extend this deadline by 5 days. Section VI(A)(3) of the Cannabis Rules and Regs gives an applicant at least 180 days from the date the applicant obtains all required State licenses to complete construction and tenant improvements and obtain all building, fire and occupancy permits. This means that an applicant is required to obtain a City business license long before they have obtain all building, fire and occupancy permits.

The City's business license program is administered by Hinderliter, DeLlomas & Associates ("HdL"). HdL requires an applicant for a business license to specify the date that the business will commence operations and said date must be within 90 days of the date the applicant applies for a business license. This creates a potential conflict between the deadline established in the Cannabis Rules & Regs and HdL's requirements for a business license application because an applicant is required to obtain a business license well in advance of completing construction on the business and an applicant would not typically know the date that the business will commence operations at the point in time when the applicant is required to obtain a business license.

ANALYSIS:

To address the conflict between the Cannabis Rules & Regs and HdL's business license application process, City staff is proposing that the Cannabis Rules & Regs be amended to require that an applicant obtain a City business license within the same time period that the applicant is required to obtain all building, fire and occupancy permits (i.e., 180 days from the date the applicant obtains all required State licenses). By making the City business license deadline the same as the deadline for obtaining all building, fire and occupancy permits, the applicant will know the intended date for the commencement of operations, which is needed in order to apply for a business license.

City staff believes that amending the deadline to obtain a City business license to be coterminous with the date that all building, fire and occupancy permits must be obtained is consistent with the City's original intent when it established these deadlines. The City's intent in establishing the various deadlines set forth in the Cannabis Rules and Regs was to ensure that applicants, in particular those applying for a retail commercial cannabis permit, which are limited to 12 permits, diligently pursue all actions necessary to obtain final approval for the permit in a timely fashion. A City business license is not needed until such time that the proposed cannabis business is prepared to open for business and a business cannot open for business until all building fire, and occupancy permits are obtained. Therefore, making the deadline to obtain a City business license coterminous with the deadline for obtaining all building, fire and occupancy permits would not affect or otherwise delay an applicant's obligation to proceed with due diligence to obtain final approval for the permit.

City staff is also proposing that the Cannabis Rules & Regs be amended to authorize the City Manager, in his discretion, to extend any other deadlines set forth in Section VI(A) of the Cannabis Rules & Regs (Phase III of Application Review - Final Approval) for an additional period of time that the City Manager deems necessary, provided that the applicant has proceeded with due diligence to

meet such deadlines and any delays are beyond the applicant's reasonable control. Such an amendment would be consistent with the City's intent in establishing the deadlines in Section VI(A) because the deadlines can only be extended if the applicant demonstrates that they have diligently pursued all actions necessary to obtain final approval.

FINANCIAL IMPACT:

There is no financial impact associated with the recommended action.

ENVIRONMENTAL ANALYSIS:

On October 20, 2020, in connection with the adoption of Ordinance No. 3321, the ordinance adding CMC Chapter 5.36, and Resolution No. 2020-126, the City Council approved a Negative Declaration, which was prepared pursuant to California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA"), the State CEQA Guidelines and the City of Corona Local CEQA Guidelines and which indicated that all potential environmental impacts from the adoption of Ordinance No. 3321 and Resolution No. 2020-126 were less than significant. The approval of Resolution No. 2023-054 is consistent with and in furtherance of the Negative Declaration adopted for Ordinance No. 3321 and Resolution No. 2020-126 in that it consists of minor amendments to the permitting process that would not have a significant effect on the environment. Therefore, no further environmental analysis is required.

PREPARED BY: JAMIE L. RAYMOND, CHIEF DEPUTY CITY ATTORNEY

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY/LRM DIRECTOR

Attachments:

1. Exhibit 1 - Resolution No. 2023-054 (Redline)
2. Exhibit 2 - Resolution No. 2023-054 (Final)