



Staff Report

File #: 23-0097

REQUEST FOR CITY COUNCIL ACTION

DATE: 02/01/2023

TO: Honorable Mayor and City Council Members

FROM: Legal and Risk Management Department

SUBJECT:

Resolution amending Section VI(A)(3) of the rules and regulations for permitting commercial cannabis businesses.

EXECUTIVE SUMMARY:

This staff report asks the City Council to adopt a Resolution amending the rules and regulations 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 ("CMC") Chapter 5.36 ("Cannabis Rules & Regs"), requires commercial cannabis permit applicants to obtain all building, fire, and occupancy permits within 180 days of the date that the applicant obtains all required State licenses and authorizes the City Manager to extend this deadline by 60 days. City staff mistakenly advised certain storefront retail applicants that the City Manager could extend the deadline by 180 days. City staff is recommending updates to the Cannabis Rules and Regs to permit extensions for storefront retail applicants impacted by this inaccuracy and to authorize the City Manager to extend the deadline for all other non-storefront applicants.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2023-005, amending Section VI(A)(3) of the Rules and Regs for permitting commercial cannabis businesses.

BACKGROUND & HISTORY:

On October 20, 2020, the City Council adopted Ordinance No. 3321 amending 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 Cannabis Rules & Regs pursuant to Resolution No. 2021-022.

Section VI(A)(3) of the Cannabis Rules & Regs requires all commercial cannabis permit applicants to obtain all building, fire and occupancy permits within 180 days of the date that the applicant obtains all required State licenses. It also permits the City Manager to extend this deadline by 60 days.

As a result of the merit review process outlined in the Cannabis Rules & Regs, all storefront retail applicants were ranked. Those storefront retail applicants ranked within the authorized number of City permits are currently in varying stages of obtaining their state licenses, submitting plans for tenant improvements, and obtaining building permits, with one storefront retail applicant open for business. In mid to late June of 2022, when City staff notified such applicants that their applications had been provisionally approved pursuant to Section V(A)(5) of the Cannabis Rules & Regs, they were also advised of the requirement to obtain all building, fire, and occupancy permits within 180 days of the date that the applicant obtains all required State licenses. This notification also mistakenly indicated that the City Manager could extend this deadline by 180 days, which was an error because the Cannabis Rules & Regs authorize only a 60-day extension.

When City staff was alerted to the mistake, a correction notice was sent to all applicants on November 23, 2022, approximately 5 months after the applicants were erroneously advised that the deadline could be extended by 180 days.

Certain of these storefront retailer applicants had obtained their state license after their application was provisionally approved but prior to receipt of the City's November 23, 2022 correction notification. These applicants may have detrimentally relied upon the erroneous statement in the provisional approval letters sent in June 2022 and thought they had an additional 180 days to obtain building, fire, and occupancy permits, rather than 60 days.

ANALYSIS:

To account for the inaccurate information provided concerning the deadline, City staff is proposing that the Cannabis Rules & Regs be amended to permit an extension in the deadline for obtaining all building, fire, and occupancy permits for those storefront retailer applicants who obtained their state licenses prior to the date of the City's correction notice (i.e., November 23, 2022) by the same time period between their June 2022 provisional approval letter and the November 23, 2022 correction notice. By way of example, if such an amendment to the Cannabis Rules & Regs is approved, it would permit the deadline to be extended for an applicant whose application was provisionally approved on June 15, 2022 and who obtained a state license on June 26, 2022 by 162 days (i.e., the time period between June 15, 2022 and November 23, 2022).

City staff is also proposing that the Cannabis Rules & Regs be amended to authorize the City Manager, in his discretion, to extend the deadline to obtain building, fire, and occupancy permits for all other applicants (i.e., non-storefront retailers, distributors, testing laboratories, and microbusinesses other than storefront retail microbusinesses), so long as they have proceeded with due diligence to obtain such permits. The rationale is that, unlike storefront retail applicants, there is no limit on the number of permits that can be issued to all other applicants.

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

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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. 2023-005 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. 2023-005
2. Exhibit 2 - Resolution No. 2023-005 Redline