

1 ORDINANCE NO. ORD-21-0023  
2

3 AN ORDINANCE OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH AMENDING THE LONG BEACH  
5 MUNICIPAL CODE BY AMENDING SECTION 5.92.030,  
6 SUBSECTION 5.92.455 D.4, SECTION 5.92.860, SECTION  
7 5.92.870, SECTION 5.92.1610, SUBSECTION 5.92.1620,  
8 SECTION 5.92.1630, SECTION 5.92.1640, AND BY  
9 RENUMBERING DIVISIONS VIII THROUGH XI; BY  
10 ADDING DIVISION VII; AND BY DELETING SECTION  
11 5.92.880; ALL RELATING TO SHARED-USE CANNABIS  
12 MANUFACTURING IN THE CITY OF LONG BEACH  
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14 WHEREAS, on July 7, 2020, City Council requested staff to explore ways  
15 to further strengthen the cannabis equity program to expand equitable business  
16 ownership opportunities in the City of Long Beach; and

17 WHEREAS, on July 31, 2020, a feasibility analysis on shared-use  
18 manufacturing was presented to the City Council; and

19 WHEREAS, the shared-use manufacturing license will allow for multiple  
20 cannabis manufacturers to operate out of a single space thus allowing small start-up  
21 businesses the opportunity to manufacture products without having to invest significant  
22 up-front capital to construct a facility;

23 NOW, THEREFORE, the City Council of the City of Long Beach ordains as  
24 follows:  
25

26 Section 1. Section 5.92.030 of the Long Beach Municipal Code is hereby  
27 amended to include additional definitions to read as follows:

28 "Common-Use Area" means any area of a cannabis manufacturer's

1 licensed shared-use facility, including equipment that is available for use by more than  
2 one licensee, provided that the use of a common-use area is limited to one licensee at a  
3 time.

4 “Designated Area” means the area of a cannabis manufacturer’s licensed  
5 shared-use facility that is designated principal licensee for the sole and exclusive use of a  
6 shared use manufacturing Operator Licensee, including storage of the shared use  
7 manufacturing Operator Licensee’s cannabis, cannabis concentrates, and cannabis  
8 products.

9 “Principal Licensee” means the licensed cannabis manufacturer that has  
10 been approved by the City of Long Beach to operate its licensed premises as a Shared-  
11 use Manufacturing Facility.

12 “Shared-Use Manufacturing Facility” or “Shared-Use Facility” means a  
13 manufacturing premises operated by a Principal Licensee in which Shared Use  
14 Manufacturing Operator Licensees are authorized to conduct manufacturing operations.

15 “Shared Use Manufacturing Operator Licensee” or “Operator Licensee”  
16 means any person, entity, or operation, in whole or in part, whether operating for-profit or  
17 not-for-profit, and all associated owners, employees, managers, or agents that engages  
18 in manufacturing activities limited to infusions, packaging/labeling of cannabis products,  
19 and extractions with butter or food grade oils in common-use areas of a licensed Shared-  
20 Use Manufacturing Facility, pursuant to California Department of Public Health Code  
21 Section 40191.

22  
23 Section 2. Section 5.92.030 of the Long Beach Municipal Code is hereby  
24 amended by deleting the definition of Sublet.

25  
26 Section 3. Subsection 5.92.455.D.4 of the Long Beach Municipal Code is  
27 hereby amended to read as follows:

28 D. Denial of applications or renewals. The City Health Officer

1 may deny an application or renewal application for a cannabis public health  
2 permit for any reason enumerated in Section 5.92.1540 of this Chapter.

3

4 Section 4. Section 5.92.860 of the Long Beach Municipal Code is hereby  
5 amended to read as follows:

6 5.92.860 Outdoor storage of cannabis good prohibited

7 No outdoor storage of cannabis goods is permitted at any time.

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9 Section 5. Section 5.92.870 of the Long Beach Municipal Code is hereby  
10 amended to read as follows:

11 5.92.870 Drive-through services prohibited.

12 Drive-through services or walk-up window services where cannabis  
13 goods are sold, or made available to any person, that are operated in  
14 conjunction with any Adult-Use Cannabis Business are prohibited.

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16 Section 6. Section 5.92.880 of the Long Beach Municipal Code is hereby  
17 deleted.

18

19 Section 7. Section 5.92.1610 of the Long Beach Municipal Code is  
20 hereby amended to read as follows:

21 5.92.1610 Definitions.

22 A. "Equity Applicant" means an individual who meets the criteria  
23 in Section 5.92.1620.A.

24 B. "Equity Employee" means an individual who meets the criteria  
25 in subsections (1) through (3) in Section 5.92.1620.A.

26 C. "Equity Business Owner" means an Adult-Use Cannabis  
27 Business where fifty-one percent (51%) or more of the entity holding, and  
28 applying for, an Adult-Use Cannabis Business Permit is owned by an

1 individual that meets the criteria of subsections (A) and (B) of Section  
2 5.92.1620.

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4 Section 8. Section 5.92.1620 of the Long Beach Municipal Code is  
5 hereby amended to read as follows:

6 5.92.1620 Eligibility for Equity Assistance Program.

7 A. To be eligible for the Equity Assistance Program as an equity  
8 employee, an individual shall satisfy the following criteria:

9 1. Be a natural person; and

10 2. In the last year, have had an annual family income at or  
11 below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los  
12 Angeles County) Area Median Income (AMI) adjusted for family size, and a  
13 net worth below Two Hundred Fifty Thousand Dollars (\$250,000); and

14 3. The individual satisfies at least one of the following  
15 criteria:

16 a. Has lived in a Long Beach census tract for a  
17 minimum of three (3) years where at least fifty-one percent (51%) of current  
18 residents have a household income at or below eighty percent (80%) of the  
19 Los Angeles County Area Median Income; or

20 b. Was arrested or convicted for a crime relating to  
21 the sale, possession, use, or cultivation of cannabis in the City of Long  
22 Beach prior to November 8, 2016 that could have been prosecuted as a  
23 misdemeanor or citation under current California law; or

24 c. Is a Long Beach resident currently receiving  
25 unemployment benefits.

26 B. To be eligible for the Equity Assistance Program as an equity  
27 applicant, an individual shall satisfy the following criteria:

28 1. Be a natural person; and

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2. In the last year, have had an annual family income at or below eighty percent (80%) Los Angeles – Long Beach – Glendale (Los Angeles County) Area Median Income (AMI) adjusted for family size, and a net worth below Two Hundred Fifty Thousand Dollars (\$250,000); and

3. The individual satisfies at least one of the following criteria:

a. Has lived in a Long Beach census tract for a minimum of three (3) years where at least fifty-one percent (51%) of current residents have a household income at or below eighty percent (80%) of the Los Angeles County Area Median Income; or

b. Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under current California law.

C. To be eligible for the Equity Assistance Program as an Equity Business, an individual shall satisfy the criteria in subsection (B) above and the individual shall also have a minimum of fifty-one percent (51%) ownership of the entity applying for an Adult-Use Cannabis Business Permit.

D. Review of eligibility criteria.

1. Proof of income shall be supported with federal tax returns and at least one (1) of the following documents: wage and tax statement, two (2) months of pay stubs, or proof of current eligibility for General Assistance, Food Stamps, Medical/CALWORKs, or Supplemental Security Income or Social Security Disability (SSI/SSDI).

2. Residency shall include proof of residency in any combination of qualifying Long Beach census tracts pursuant to Section 5.92.15620.A.3 for a minimum of three (3) years. A minimum of two (2) of

1 the documents listed below, evidencing a minimum of three (3) years of  
2 residency, shall be considered acceptable proof of residency. All residency  
3 documents must list the first and last name of the equity business owner  
4 applicant or the equity employee applicant, and the Long Beach residence  
5 address in a qualifying Long Beach census tract pursuant to Section  
6 5.92.1620.A.3:

- 7 a. California Driver's record or Driver's License; or
- 8 b. California identification card record; or
- 9 c. Property tax billing and payments; or
- 10 d. Verified copies of State or federal income tax

11 returns where a Long Beach address within a qualifying Long Beach  
12 census tracts pursuant to Section 5.92.1620.A.3 is listed as a primary  
13 address; or

- 14 e. School records; or
- 15 f. Medical records; or
- 16 g. Banking records; or
- 17 h. Long Beach Housing Authority records; or
- 18 i. Utility, cable, or internet company billing and

19 payment covering any month in each of the three (3) years.

20 3. Proof of conviction should be demonstrated through  
21 federal or State court records indicating the disposition of the criminal  
22 matter.

23  
24 Section 9. Section 5.92.1630 of the Long Beach Municipal Code is  
25 hereby amended to read as follows:

26 5.92.1630 Assistance available to equity businesses.

27 Individuals applying for an Adult-Use Cannabis Business Permit as  
28 an equity business applicant, shall be eligible to receive the following

1 assistance during the application process: expedited Adult-Use Cannabis  
2 Business Permit application review; Adult-Use Cannabis Business Permit  
3 application and compliance assistance; cultivation business license tax  
4 deferrals during the first year; expedited building plan check review; and  
5 waivers of City permitting fees.

6  
7 Section 10. Section 5.92.1640 of the Long Beach Municipal Code is  
8 hereby amended to read as follows:

9 5.92.1640 Requirements for all Adult-Use Cannabis Businesses.

10 Adult-Use Cannabis Businesses that do not qualify for the Equity  
11 Assistance Program shall comply with the following requirements:

12 A. Employment.

13 1. Adult-Use Cannabis Businesses that do not qualify for  
14 the Equity Assistance Program shall employ equity employees for a  
15 minimum of forty percent (40%) of total annual work hours performed at the  
16 business. Upon a showing of good cause by an Adult-Use Cannabis  
17 Business, the City Manager may waive the employment requirement.

18 2. Compliance. To ensure compliance with this  
19 requirement, Adult-Use Cannabis Businesses shall submit certified payroll  
20 records to the City Manager at such frequency as determined by the City  
21 Manager. Adult-Use Cannabis Businesses that fail to meet this requirement  
22 may be subject to penalties pursuant to this Chapter, including but not  
23 limited to, suspension or revocation of the Adult-Use Cannabis Business  
24 Permit pursuant to Section 5.92.1540. To avoid penalties for  
25 noncompliance, a business may demonstrate that it utilized its best efforts  
26 to hire and employ individuals that meet the criteria in Section 5.92.1620.A  
27 by detailing all efforts made and affixing documents to support such efforts.

28 B. Support for equity businesses. Adult-Use Cannabis Business

1 shall submit a Community Reinvestment and Small Business Incubation  
2 Plan to the City describing how they intend to support equity businesses,  
3 adjacent neighborhoods, and communities within the eligible social equity  
4 program census tracts. Support for equity businesses may include, but shall  
5 not be limited to, business plan guidance at the time of application,  
6 business operations consulting, and industry specific technical assistance,  
7 shelf space for cannabis goods cultivated or manufactured by equity  
8 businesses, or any other form of support by an Adult-Use Cannabis  
9 Business consistent with the intent and spirit of this Division.

10 C. Labor peace agreement. Any Adult-Use Cannabis Business  
11 with two (2) or more employees (as defined by California Business and  
12 Professions Code 26051.5(a)(5)) shall provide a statement at the time of  
13 application that the applicant will enter into, or demonstrate that it has  
14 already entered into, and abide by the terms of a labor peace agreement.

15  
16 Section 11. Division VII in Chapter 5.92 of the Long Beach Municipal  
17 Code is hereby renumbered to read as Division VIII. All Sections and Subsections to be  
18 renumbered accordingly.

19  
20 Section 12. Division VIII in Chapter 5.92 of the Long Beach Municipal  
21 Code is hereby renumbered to read as Division IX. All Sections and Subsections to be  
22 renumbered accordingly.

23  
24 Section 13. Division IX in Chapter 5.92 of the Long Beach Municipal Code  
25 is hereby renumbered to read as Division X. All Sections and Subsections to be  
26 renumbered accordingly.

27  
28 Section 14. Division X in Chapter 5.92 of the Long Beach Municipal Code



1 is hereby renumbered to read as Division XI. All Sections and Subsections to be  
2 renumbered accordingly.

3

4 Section 15. Division VII in Chapter 5.92 is hereby added to the Long  
5 Beach Municipal Code to read as follows:

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7 DIVISION VII – SHARED USE MANUFACTURING OPERATING CONDITIONS

8 Manufacturing facilities may be shared, containing multiple licensed permit  
9 holders for a single premises. In addition to the general operating requirements set forth  
10 in Division III and the manufacturing operating requirements set forth in Division VI of this  
11 Chapter, this Division provides additional requirements for Shared Use Manufacturing.

12 5.92.1210 Compliance.

13 A. The manufacture of cannabis products in shared-use facilities  
14 shall comply with the standards set by State and local law, including but not  
15 limited to those related to volatile and nonvolatile extractions; labeling,  
16 packaging, repackaging, and relabeling; infusions; safety; discharges;  
17 waste disposal; processing, handling, and storage of solvents or gases; and  
18 food handling.

19 B. Manufacturers shall only be allowed to engage in the  
20 manufacture of cannabis authorized by State law and in the Adult-Use  
21 Cannabis Business Permit issued for the premises. No additional  
22 manufacturing activities may be conducted without applying for, and  
23 receiving written permission, from the City for said additional activity.

24 C. The manufacture of cannabis products shall be conducted in a  
25 manner to ensure the operation does not pose a significant threat to the  
26 health, safety, and welfare of the public or to neighboring properties.

27 5.92.1215 Equity licenses prioritized.

28 A. The City shall accept applications for Shared Use

1 Manufacturing Operator Licenses from Verified Equity Businesses only for a  
2 period of one (1) year, or until fifteen (15) Operator licenses have been  
3 issued, whichever occurs sooner. The one-year period shall not start until  
4 the date the City begins accepting applications for Shared Use  
5 Manufacturing Operator Licenses. The City Council, in its sole discretion,  
6 may extend the timeframe for accepting equity applications beyond the one-  
7 year period.

8 B. After the one-year period has concluded, the City shall begin  
9 accepting applications from all qualifying applicants for the Shared Use  
10 Manufacturing Operator license pursuant to this Chapter.

11 5.92.1220 Principal Licensees.

12 A. Shared-use manufacturing facilities are required to have a  
13 Principal Licensee, who is responsible for the facility.

14 B. The principal licensee shall operate the shared-use facility in  
15 accordance with the conditions of operation specified in this Chapter.

16 C. The shared-use manufacturing principal licensee shall be  
17 responsible for ensuring the facility meets all applicable requirements of this  
18 Chapter.

19 D. No cannabis manufacturer shall operate as a shared-use  
20 manufacturing facility without prior approval of the City.

21 E. Licensed cannabis manufacturers in good standing may  
22 request to operate as a shared-use manufacturing facility on a form  
23 prescribed by the Director of Financial Management.

24 5.92.1225 Operator Licensees.

25 A. Operator licenses will only be issued to businesses that have  
26 received written authorization to operate in a licensed shared-use  
27 manufacturing facility.

28 B. Operator Licensees may only conduct the following

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operational activities:

1. Infusions, as defined by this Chapter;
2. Packaging and labeling of cannabis products; and,
3. Extractions with butter or food-grade oils, provided that

the resulting extract or concentrate shall be used solely in the manufacture of the Operator Licensee's infused product and shall not be sold to any other licensee.

C. Operator licensees shall have a separate license for each shared-use manufacturing facility where they are conducting manufacturing operations.

D. Operator Licensees may only operate at the facility identified by their license and during the hours set forth in the occupancy schedule.

5.92.1230 Exemptions.

A. Operator Licensees are exempt from the following provisions of this Chapter:

1. 5.92.215.3.d (Proof that the applicant has the legal right to occupy and use the premises for commercial cannabis activity)
2. 5.92.250 (One applicant per address)
3. 5.92.425 (Noncompliant locations)
4. 5.92.435 (Premises Requirements)

5.92.1235 Use agreements.

A. The Principal licensee and the Operator Licensee(s) may take part in a use agreement which may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, such agreement is not binding on the City and the City may take enforcement action against either the principal licensee or the Operator Licensee(s), regardless of the allocation of

1 responsibility in the use agreement.

2 5.92.1240 Designated areas.

3 A. The Principal licensee will identify and assign each Operator  
4 Licensee a “designated area” that, at a minimum:

- 5 1. Is for exclusive use by the Operator Licensee; and,  
6 2. Provides an area for storage that is secure, fixed in  
7 place, locked with a commercial-grade lock, and accessible only to the  
8 Operator Licensee for storage of that Operator Licensee’s cannabis,  
9 cannabis concentrates, and cannabis products.

10 B. The designated area for an Operator Licensee shall not be  
11 altered without prior notification to the City. Prior to making any changes to  
12 the designated area, written notification shall be submitted to the City that  
13 includes the intended changes. The City shall approve all changes prior to  
14 the designated area being altered.

15 5.92.1245 Common-use areas.

16 A. The Principal licensee will identify and assign common-use  
17 area(s) authorized for use by the Operator Licensee.

18 B. Any part of the premises used for manufacturing activities that  
19 is a common-use area shall be occupied by only one licensee at a time by  
20 restricting the time period that each licensee may use the common-use  
21 area. During the assigned time period, one licensee shall have sole and  
22 exclusive occupancy of the common-use area.

23 C. The principal licensee may conduct manufacturing activities  
24 as permitted under its medical or adult-use manufacturing license and may  
25 use the common-use area during its scheduled time period.

26 5.92.1250 Occupancy schedules.

27 A. The Principal licensee is responsible for providing an  
28 occupancy schedule that identifies the days and/or times each Operator

1 Licensee is authorized to use the common-use area(s).

2 B. The occupancy schedule shall be prominently posted near the  
3 entrance to the licensed shared-use facility.

4 C. The occupancy schedule shall not be altered without prior  
5 notification to the City. Prior to making any changes to the occupancy  
6 schedule, written notification shall be submitted to the City that includes the  
7 intended changes.

8 5.92.1255 Facility restrictions.

9 The use of the shared use facility shall be restricted to the principal  
10 licensee and Operator Licensees authorized by the City to use the shared-  
11 use facility.

12 5.92.1260 Facility modifications.

13 The use of the shared use facility shall be restricted to the principal  
14 licensee and Operator Licensee(s) authorized by the City to use the shared-  
15 use facility.

16 5.92.1265 Cannabis waste.

17 Any cannabis product or other materials remaining after an Operator  
18 Licensee ceases operation and discontinues use of its designated area shall  
19 be considered cannabis waste and disposed of by the principal licensee  
20 consistent with the requirements of this Chapter.

21 5.92.1270 Product recalls or embargoes.

22 In the event of a recall or embargo of a cannabis product produced at  
23 a shared-use facility, the City, in its sole discretion, may include any or all  
24 cannabis products produced at the shared-use facility.

25 5.92.1275 Discontinuing operations.

26 A Principal Licensee that wishes to discontinue operation as a  
27 shared-use facility may do so by providing written notice to the City and  
28 each Operator Licensee authorized to use the shared-use facility at least

1 thirty (30) calendar days prior to the effective date of the cancellation.

2 5.92.1280 Violations.

3 A Principal licensee or an Operator Licensee is liable for any violation  
4 found at the shared-use facility during that licensee's scheduled occupancy  
5 or within that licensee's designated area. However, a violation of any  
6 provision of the Chapter may be deemed a violation for which each  
7 Operator Licensee and the principal licensee are responsible. In the event  
8 of a recall or embargo of a cannabis product produced at a shared-use  
9 facility, the City, in its sole discretion, may include any or all cannabis  
10 products produced at the shared-use facility.

11  
12 Section 16. The City Clerk shall certify to the passage of this ordinance by  
13 the City Council and cause it to be posted in three (3) conspicuous places in the City of  
14 Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the  
15 Mayor.

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OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Lona Beach, CA 90802-4664

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I hereby certify that the foregoing Ordinance was adopted by the City Council of the City of Long Beach at its meeting of July 13, 2021, by the following vote:

Ayes: Councilmembers: Zendejas, Allen, Price, Supernaw,  
Mungo, Saro, Uranga, Richardson.

Noes: Councilmembers: None.

Absent: Councilmembers: Austin.

Recusal(s): Councilmembers None.

  
\_\_\_\_\_  
City Clerk

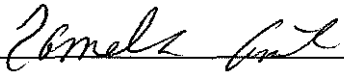
Approved: 7/15/21  
(Date)

  
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Mayor

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA        ) ss  
COUNTY OF LOS ANGELES    )  
CITY OF LONG BEACH         )

Tamela Austin being duly sworn says: That I am employed in the Office of the City Clerk of the City of Long Beach; that on the 15<sup>th</sup> day of July, 2021, I posted three true and correct copies of ORD-21-0023 in three conspicuous places in the City of Long Beach, to wit: One of said copies in the lobby of Civic Chambers; one of said copies in the Main Library; and one of said copies on the front counter of the Office of the City Clerk.

  
\_\_\_\_\_

Subscribed and sworn to before me  
This 15<sup>th</sup> day of July 2021.

  
\_\_\_\_\_  
CITY CLERK