



Date: February 17, 2015
To: Mayor and Members of the City Council
From: Pat West, City Manager *T.M.*
Subject: City Council Requests for Additional Information Re: Potential Medical Marijuana Ordinance

On February 10, 2015, the City Council directed staff to provide additional information pertaining to the draft medical marijuana ordinance. The subject matter and issues requested for research and analysis from a review of the City Council's questions are covered below. By March 24, 2015, staff will present the outcomes and recommendations of this research and analysis to the City Council in a memo. As the list below is extensive and will require substantial research, staff will provide a timeline for completion of remaining information requests if the information is not available by March 24.

Enforcement and Regulation

- Distinguish between sanctioned and unsanctioned businesses as it relates to enforcement.
- Discuss the desirability and feasibility of creating a Police Department medical marijuana detail to specifically handle any investigations and issues arising from medical marijuana businesses.
- Discuss the feasibility of tracking police and criminal activity associated with medical marijuana operations.
- Provide information regarding the City Prosecutor's role in prosecution of unsanctioned businesses.
- Provide additional information regarding the security requirements for medical marijuana businesses.
- Research methods of tracking and monitoring the yield of medical marijuana from cultivation to sale to ensure that all medical marijuana sold within Long Beach is grown within Long Beach.
- Provide information on specific point-of-sale software to track sales and auditing methods to ensure that medical marijuana businesses do not underreport sales.
- Provide relevant financial penalties and penalties impacting permit renewals for businesses that underreport sales.
- Provide information on how the City intends to test medical marijuana for organic content levels and provide information to the public regarding the safety of medical marijuana establishments.
- Research the possibility of developing a visible grading system to inform patients of the health and safety standards of medical marijuana facilities and their products.

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- Research a marijuana equivalent intoxication level and relevant penalties for residents operating vehicles under the influence of marijuana.
- Research the requirement of posting the photos of fraudulent medical marijuana ID holders to medical marijuana businesses.

Legal Issues

- Review the possibility of including a local hire requirement or incentive for medical marijuana businesses.
- Identify the legal issues associated with restricting or not restricting the sale of medical marijuana to City residents only.
- Provide justification of why the proposed ordinance is more restrictive than the previous ordinance adopted by the City Council in 2010.

Permitting and Zoning

- Review the local cultivation requirement and research if other cities have enacted such requirements.
- Examine the requirement of both cultivation and dispensary sites being leased at the time of application and provide a recommended direction to the City Council.
- Review the square footage limits of cultivation sites and dispensaries and provide recommended sizes based on the experience of other cities.
- With regards to permit scoring and renewals, consider additional bonus points for previously vetted and successful lottery applicants and additional penalty points for those that did not close in a timely fashion.
- With regards to renewals, consider the impact of allowing law-abiding operators to expand their businesses during the permit renewal process.
- Provide justification of the five year time period for the permit.
- Provide updated maps, depicting new buffer zones for libraries and commercially licensed early child care facilities.

Revenue Management

- Provide information on payment receipt and management issues.
- Research methods of accepting payments from medical marijuana businesses.
- Identify any additional security measures required.
- Describe how payments accepted from medical marijuana businesses will be received by the City's bank.
- Describe the appropriate methods of tracking and auditing the sales of medical marijuana businesses to ensure full tax payments.

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Fiscal Impact Analysis and Staffing Impacts

- Prepare a fiscal impact analysis of medical marijuana on City revenues and operations.
- Provide projections based on the allowable tax rates within the Long Beach Municipal Code.
- Consult with cities with legal collectives and the California State Board of Equalization to help calculate revenue projections.
- Project estimated costs associated with administering services related to sanctioned medical marijuana businesses and enforcement operations for expected unsanctioned businesses. These projections will include estimates for additional staff, support services, and relevant materials costs for the Police Department, Fire Department, City Prosecutor, City Attorney, Department of Development Services, and Department of Financial Management. If projections indicate a deficit in the medical marijuana budget, staff will provide an estimate of any General Fund subsidy needed to sustain City services to ensure public safety and efficient regulation. If projections indicate a surplus in the medical marijuana budget, staff will provide an estimate of any surplus that could be allocated to public safety departments or other departments, at the City Council's discretion.
- Investigate how other cities that permit medical marijuana manage both surpluses and deficits and provide the City Council with the results of their investigation.
- Provide a fiscal impact analysis, broken down department by department, estimating the costs of enforcing the City's existing medical marijuana ban.
- Provide time estimates based on the current resources available for the City's implementation of a potential medical marijuana ordinance.

Next Steps

City staff welcomes additional input from the City Council on these issues and will begin conducting and compiling this research and analysis for presentation to the City Council.

CC: Charles Parkin, City Attorney
Laura Doud, City Auditor
Doug Haubert, City Prosecutor
Tom Modica, Assistant City Manager
Arturo Sanchez, Deputy City Manager
City Manager Department Heads
Jyl Marden, Assistant to the City Manager