

## Potential Amendments to Cannabis Regulations

City Council

August 9, 2021





# Summary of Issues

## Planning & Community Development Department

- There are two existing cannabis dispensaries open in the City today (Essence and Varda) and a third that has obtained a Cannabis Permit but is not yet open (Harvest).
- In addition, there are two other applicants that were independently scored and ranked and determined to be qualified to operate a dispensary within the City that cannot find a code compliant location.
- Since one of the top six applicants was disqualified, the City Manager could allow the seventh ranked applicant to seek a CUP.
- The Council may also seek to expand the number of permits and establish an equity program for any new permits.





# Background

## Planning & Community Development Department

- > In November 2016, California voters approved Proposition 64 which permits adults 21 and over to possess and grow specified amounts of cannabis for recreational use.
- > Subsequently the City of Pasadena put forth Measures CC and DD on June 5, 2018. CC allowed limited numbers of cannabis businesses to operate in the City and DD applied a business license tax on commercial cannabis activity.
- > Following approval of these measures the City undertook a qualifications based selection process and identified six top scoring applicants that were invited to apply for a Cannabis Retailer CUP.



# Background

## Planning & Community Development Department

- > On November 25, 2019 staff recommended potential amendments to the Cannabis Retailer regulations based on the fact that only three of the top six were able to secure code compliant locations. The City Council did not recommend changes at this time and directed staff to return after the three retailers were operating.
- > On April 12, 2021 the City Manager presented a report to again recommend changes to regulations that might allow the eligible applicants to secure locations. Due to legal questions raised by CM Kennedy the item was not considered and was continued to the next meeting of April 19, 2021.



# Background

## Planning & Community Development Department

- At the City Council meeting of April 19, 2021 the City Manager did not present a report to the City Council; however there was discussion about process and timing and direction to send the matter to EDTECH.
- At the EDTECH meeting of May 27, 2021 staff presented the following issues and was directed to return again with alternate distance separation requirements:
  - Potential changes to distance separation requirements; and
  - The potential for future changes to cannabis regulations to allow a social equity program.



# Background

## Planning & Community Development Department

- At its meeting of July 15, 2021 EDTECH received a second report from staff.
- Staff provided maps with varying adjustments to distance requirements including potential locations if the City amended the distance separations to be consistent with the State requirements.
- EDTECH did not want to follow the State distance requirements and agreed unanimously to recommend the following changes to the Cannabis regulations that would allow the remaining two applicants to move forward:
  - To allow up to three cannabis retailers per council district instead of one; and
  - To decrease the required distance between cannabis retailers from 1,000 feet to 450 feet



# Background: Two Top Applicants Cannot Proceed

## Planning & Community Development Department

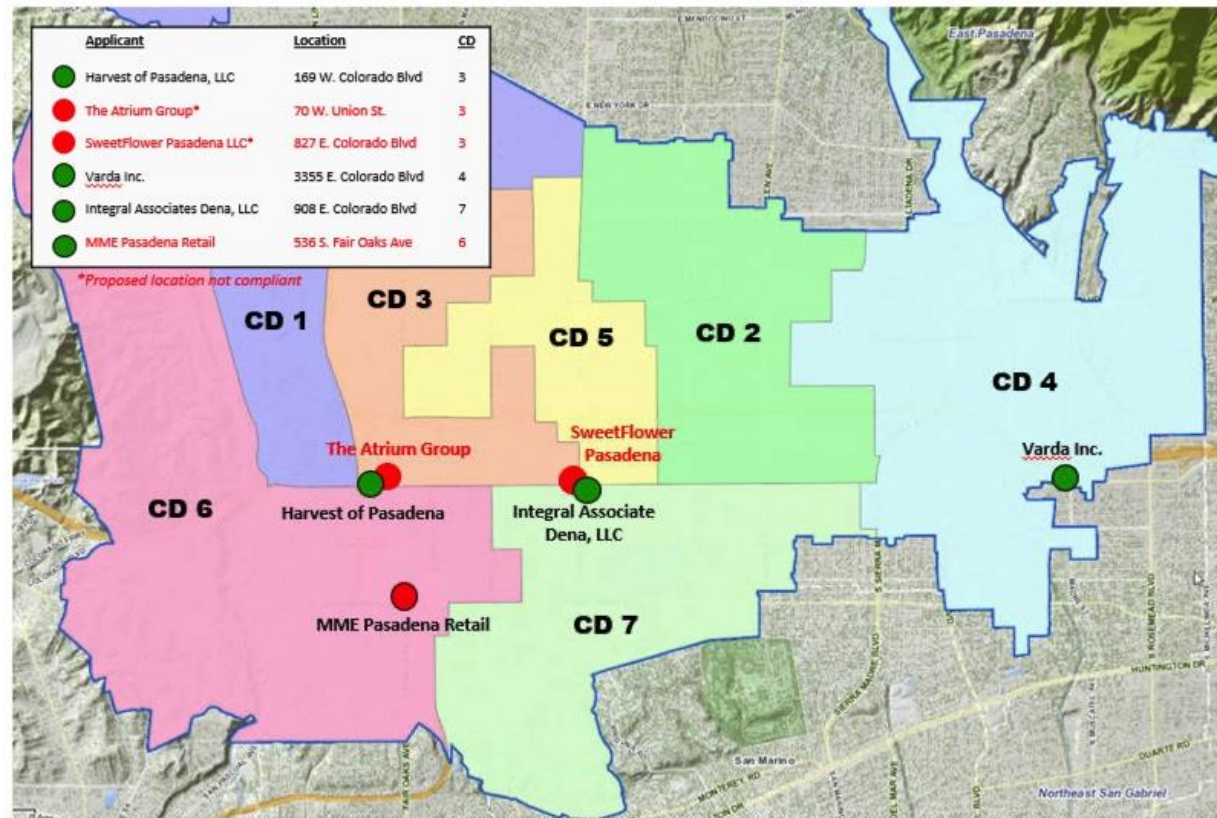
	<b><i>Applicant</i></b>	<b><i>Proposed Location</i></b>	<b><i>Council District</i></b>	<b><i>Current Status</i></b>
1.	SweetFlower Pasadena, LLC	827 E Colorado Blvd	3	CUP application complete. <b><u>Cannot be processed due to other complete applications submitted in Council District 3.</u></b>
2.	Harvest of Pasadena, LLC	169 W Colorado Blvd	3	Cannabis Permit issued – Tenant Improvement work needed prior to opening.
3.	The Atrium Group, LLC	70 W Union	3	CUP application complete. <b><u>Cannot be processed due to other complete applications submitted in Council District 3.</u></b>
4.	Varda (Tony Fong)	3355 E Colorado Blvd	4	Retail location is open.
5.	Integral Associates Dena, LLC (Essence)	908 E Colorado Blvd	7	Retail location is open doing business as Essence.
6.	MME Pasadena Retail, Inc. (MedMen)	536 S Fair Oaks Ave	6	Material changes to ownership – disqualified from process





# Two Top Applicants Cannot Proceed

Planning & Community Development Department







# Discussion

## Planning & Community Development Department

- SweetFlower Pasadena, LLC (SweetFlower) and The Atrium Group, LLC (Atrium) were selected as top 6 applicants out of a candidate pool of 128 applications but Pasadena's retail cannabis regulations are amongst the strictest in the nation.
- While the City has implemented other distance separation requirements for certain uses (e.g. alcohol, cigarettes retailers), there is no limit on the maximum number of bars or major tobacco retailers that are allowed in the City.
- Given the fact that the two cannabis businesses that are legally open in the City have operated without impact to surrounding uses, it was previously recommended that minor changes be made to reduce the distance separation requirement from **1,000** feet to **450** feet and to increase the number of dispensaries permitted within each council district from 1 to 3.
  - These changes would allow Atrium and SweetFlower to locate at their proposed locations.



# Local versus State Regulations

## Planning & Community Development Department

<b>Pasadena - Distance Separation Cannabis Retailers</b>	<b>State – Distance Separation</b>
600 feet to k-12 schools	600 feet to k-12 schools
600 feet to youth center	600 feet to youth center
600 feet to day care centers	600 feet to day care centers
600 feet to large/small family daycare	NONE REQUIRED
600 feet to churches	NONE REQUIRED
600 feet to libraries	NONE REQUIRED
600 feet to substance abuse centers	NONE REQUIRED
600 feet to parks	NONE REQUIRED
600 feet to residential zones	NONE REQUIRED
1000 feet from another cannabis retailer <b>Propose 450 feet</b>	NONE REQUIRED
1000 feet from a cannabis cultivator	NONE REQUIRED
500 feet from a cannabis testing lab	NONE REQUIRED
Not allowed within mixed use projects	NONE REQUIRED
Cap of one per Council District <b>Propose three per district</b>	NONE REQUIRED



# Alternative Distances

## Planning & Community Development Department

- There are so many uses that dispensaries must be separated from, changing the distance required from each other had little impact. Moreover, those locations that might meet the required standards may not be available for lease.
- Given that the City now has issued three Cannabis Permits and there are two cannabis dispensaries open for business and operating essentially as high-turnover retail, staff recommends that existing distance separation requirements be amended as recommended by EDTECH on July 15, 2021.



# The 7th Ranked Applicant

## Planning & Community Development Department

- The adopted regulations currently allow for up to six dispensaries. Only the top six applicants were permitted to move forward and seek a cannabis permit to operate a dispensary in the City.
- It is worth noting that, out of a possible 1,575 total points, only a single point separated applicants 6 and 7:
  - MME Pasadena Retail, Inc. (MedMen), the 6th ranked applicant (subsequently disqualified) scored 1,459 points; and,
  - The Brick & Rose, the 7th ranked applicant, scored 1,458 points.
- Since MedMen was disqualified from the process, the City Manager may allow the seventh ranked applicant to apply for a CUP. However, since existing regulations severely limit the allowable locations available to establish a dispensary, it would not be advisable to move the seventh forward without amending the distance separation requirements first.



# Potential Equity Program

## Planning & Community Development Department

The City may also seek to expand the maximum number of dispensaries beyond the six currently permitted. The table below identifies the allowed number of dispensary permits in various cities:

City	Population	Retail Cannabis Permits	Ratio of licenses to population
Pasadena	141,371	6 4 3	23,562 35,342 47,123
West Hollywood	36,854	8	4,607
Long Beach	469,450	31	15,144
San Francisco	883,305	No limit on # of permits 37 retail permits issued to-date (estimate over 100 illegal currently operating)	No limit
Los Angeles	3,990,456	No limit on # of permits 188 retailer permits issued to-date (estimated 250 illegal currently operating)	No limit
San Diego	1,425,976	36 (additional cap of 4 per Council District)	39,610
Santa Cruz	65,021	12	5,418



# Potential Equity Program

## Planning & Community Development Department

- If the Council seeks to add additional dispensaries as part of an equity program, a new scoring and application process could be developed which places an emphasis on factors other than those developed in the first round.
- Common factors considered in a social equity program include but are not limited to: local residency, existing annual income, and whether or not an applicant has been harmed by past drug policy/regulations.
- The legality of any suggested factors would have to be considered. Whatever factors are considered, it is certain that there will be many more qualified applicants than the number of permits available so, if an equity program is to be considered, the scoring factors and application process must be clear and transparent.



# Next Steps

## Planning & Community Development Department

Staff recommends the City Council amend the regulations as recommended by ECTECH on July 15, 2021 as follows:

- To allow up to three cannabis retailers per council district instead of one; and
- To decrease the required distance between cannabis retailers from 1,000 feet to 450 feet

Staff has also identified an error in the codified distances related to labs and cultivators only that will be corrected with the other changes



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# Code Clean-Up

## Planning & Community Development Department

Section 17.50.066 F 4.b contains required distance separations for Testing Labs:

- Code states a **1000'** distance is required from a Testing Lab to a Retailer or Cultivator
- This is an error and should be correct to state a **500'** distance is required from a Testing Lab to a Retailer or Cultivator.



# Alternative Distances Analyzed

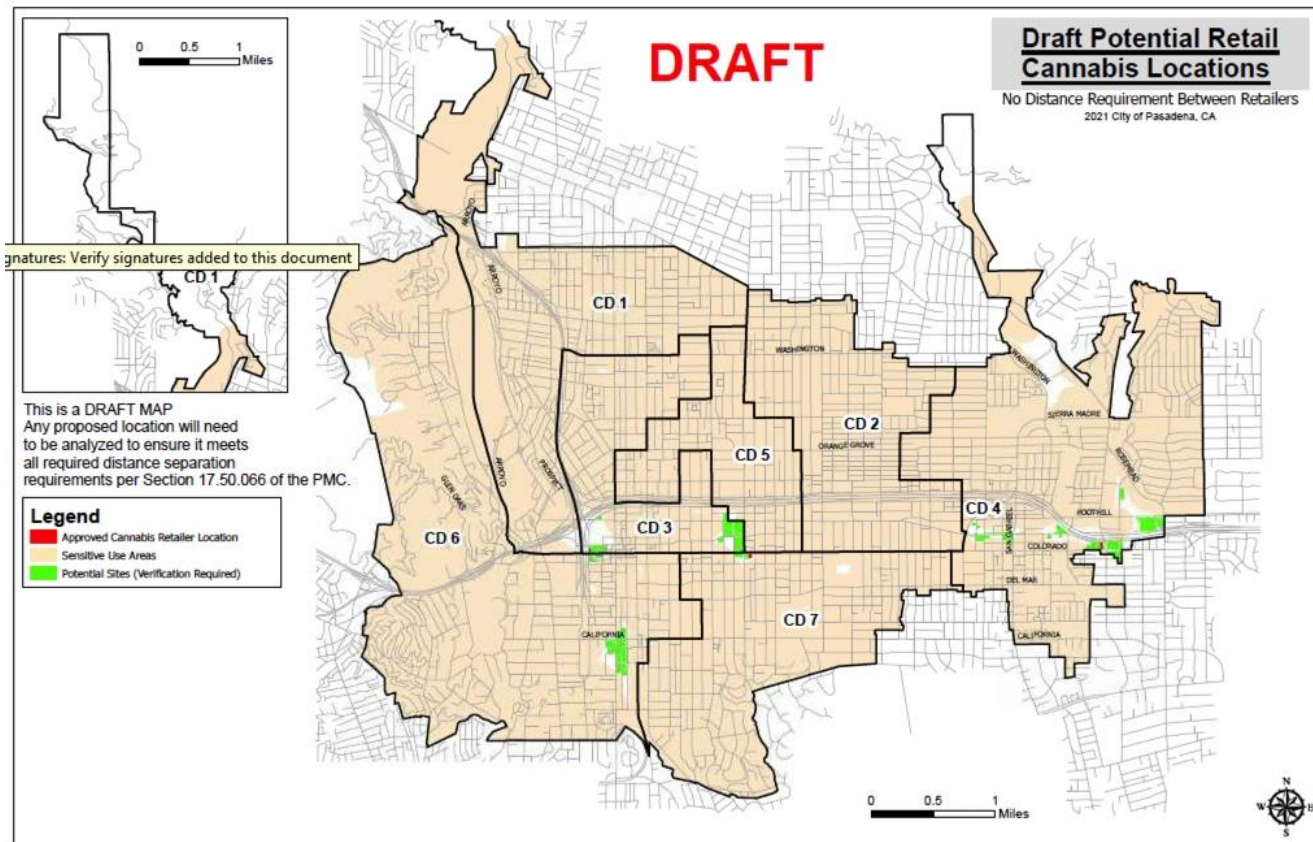
Planning & Community Development Department

- > Eliminating distance separation requirement from retailer to retailer
- > Changing distance separation from retailer to retailer from 1,000' to 500'
- > Changing distance separation from retailer to retailer from 1,000' to 400'
- > Changing distance separation from retailer to retailer from 1,000' to 300'
- > Changing distance separation from retailer to retailer from 1,000' to 200'
- > Changing distance separation from retailer to retailer from 1,000' to 500' AND eliminating religious institutions distance requirement
- > Changing distance separation from retailer to retailer from 1,000' to 400' AND eliminating religious institutions distance requirement
- > Only State's Distance Requirement



# No Distance Required Between Retailers

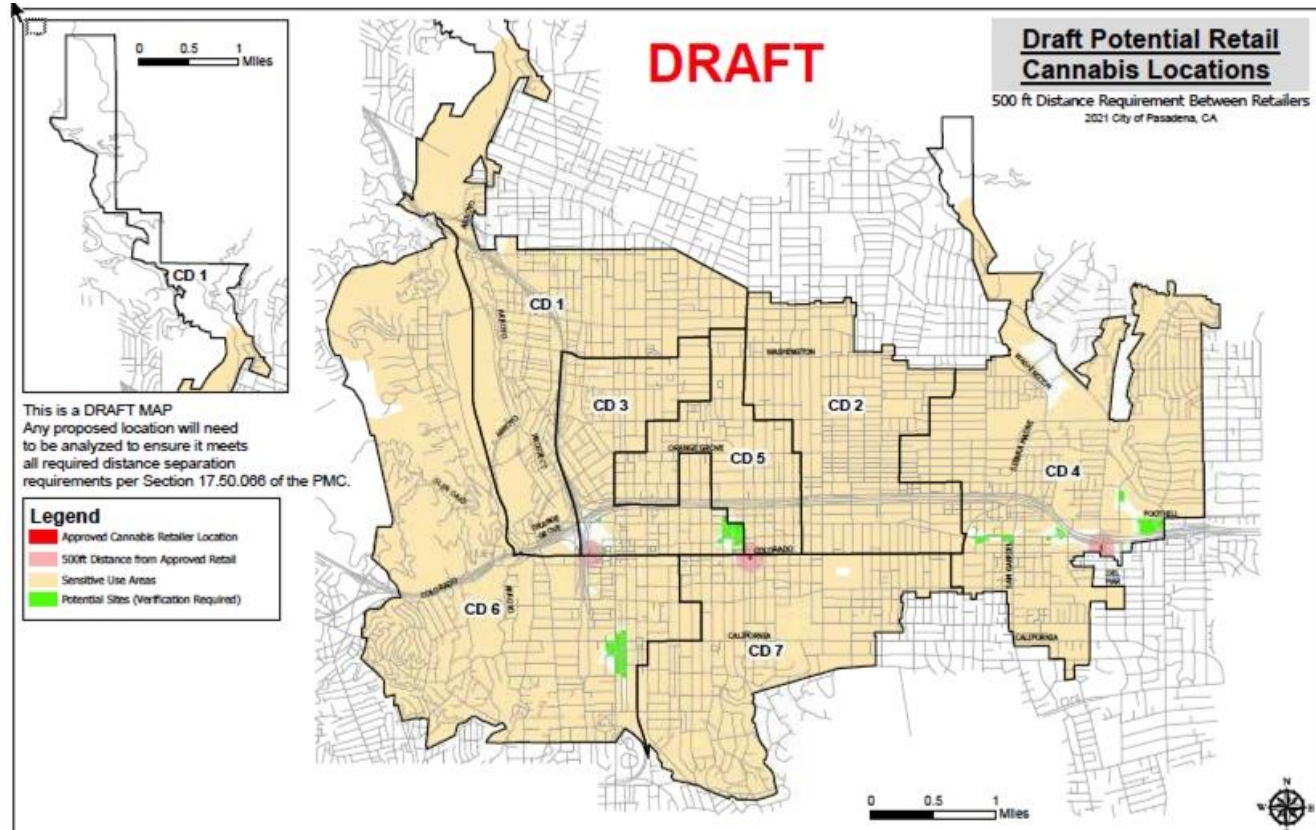
## Planning & Community Development Department





# 500' Between Retailers

Planning & Community Development Department

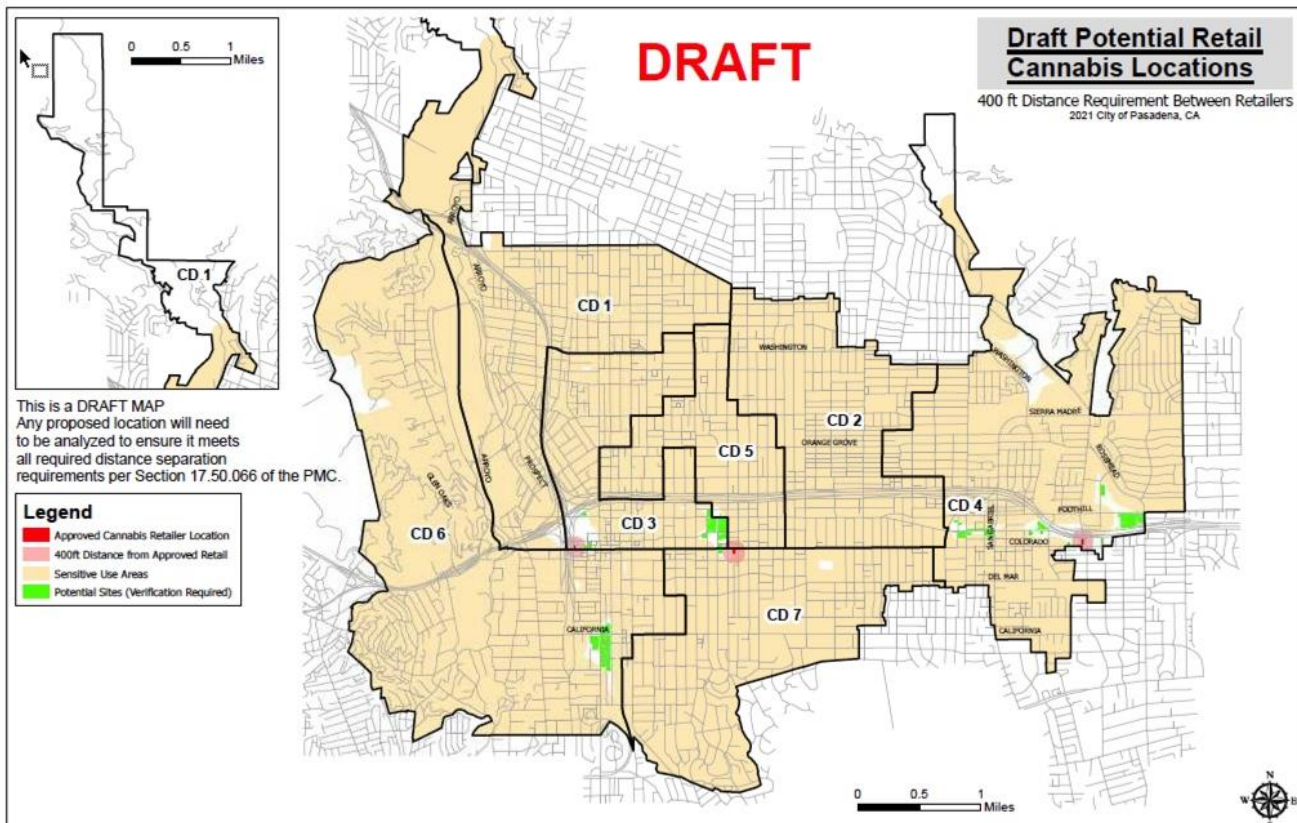






# 400' Between Retailers

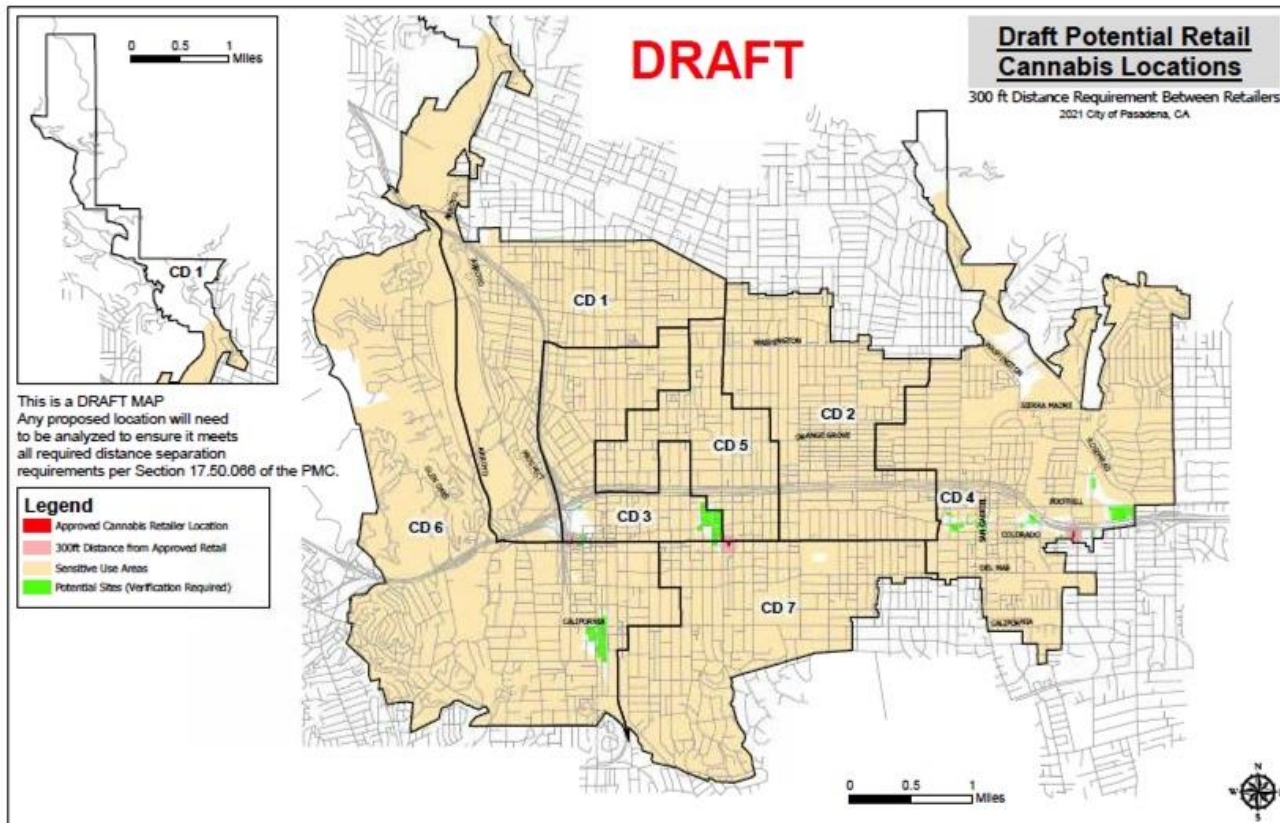
Planning & Community Development Department





# 300' Between Retailers

Planning & Community Development Department

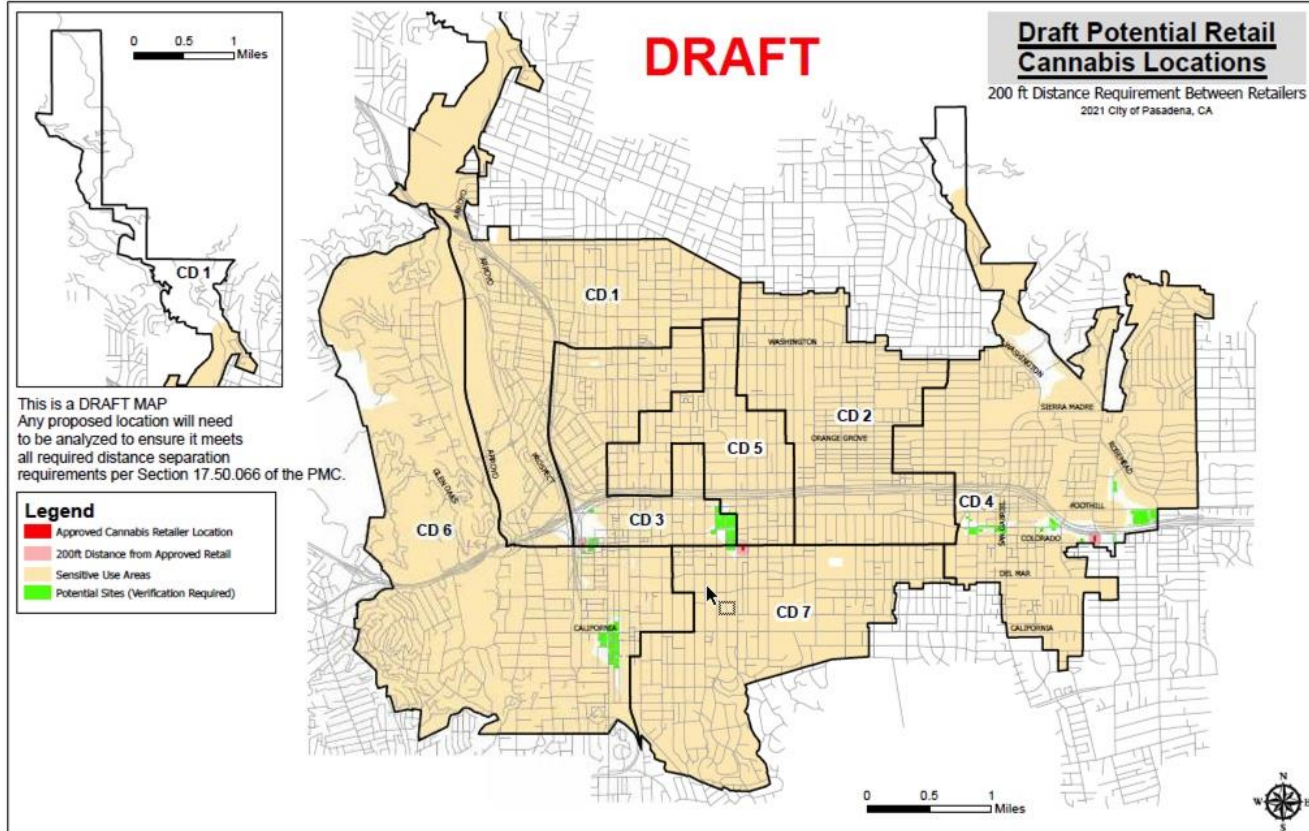






# 200' Between Retailers

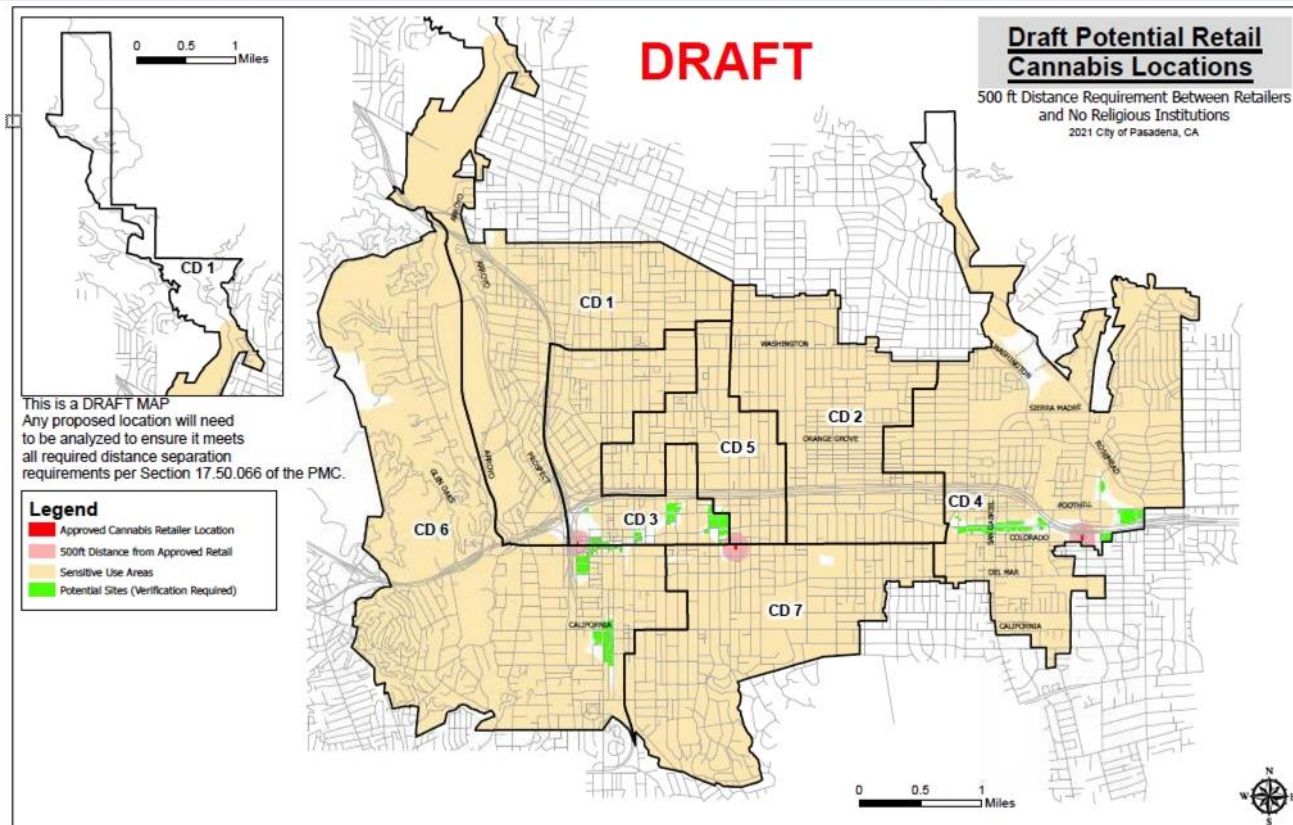
Planning & Community Development Department





# 500' Between Retailers (No Religious Institutions)

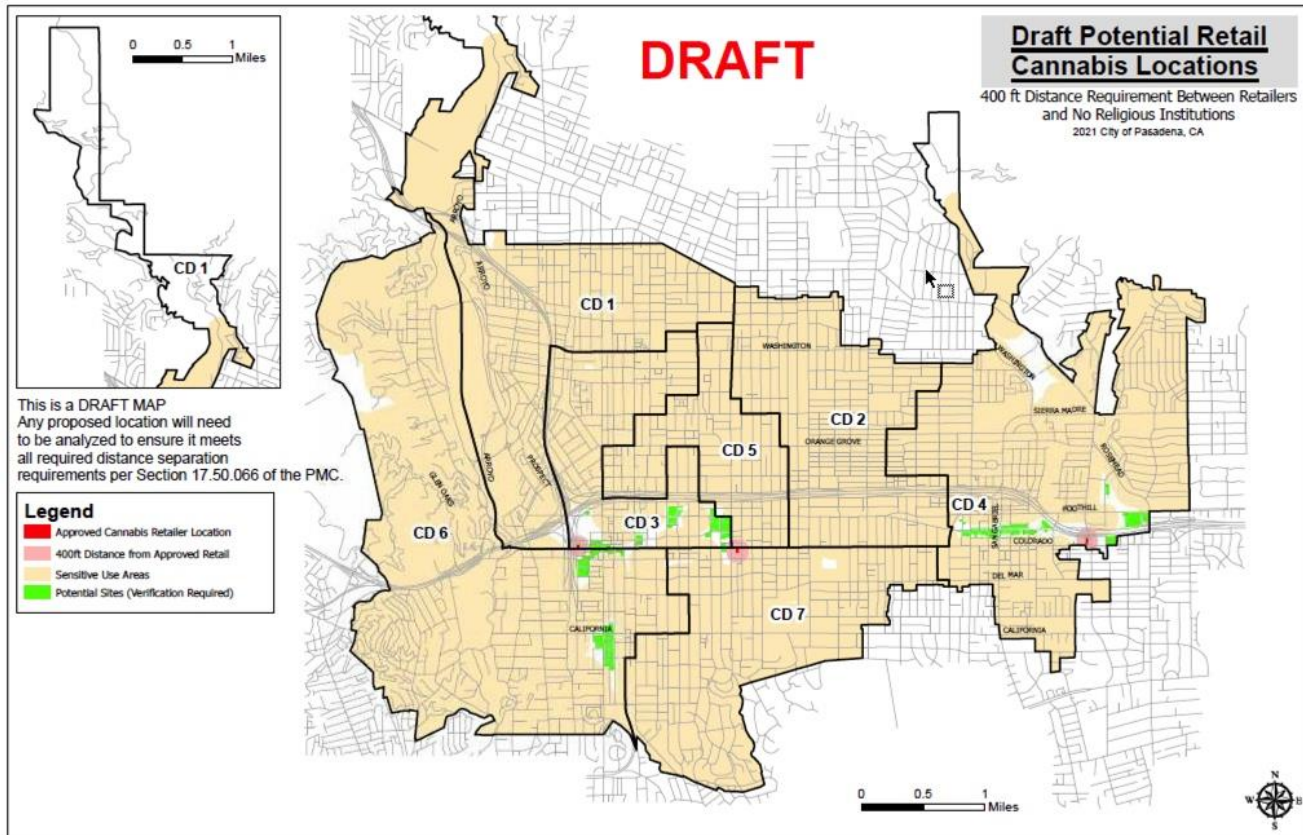
## Planning & Community Development Department





# 400' Between Retailers (No Religious Institutions)

Planning & Community Development Department

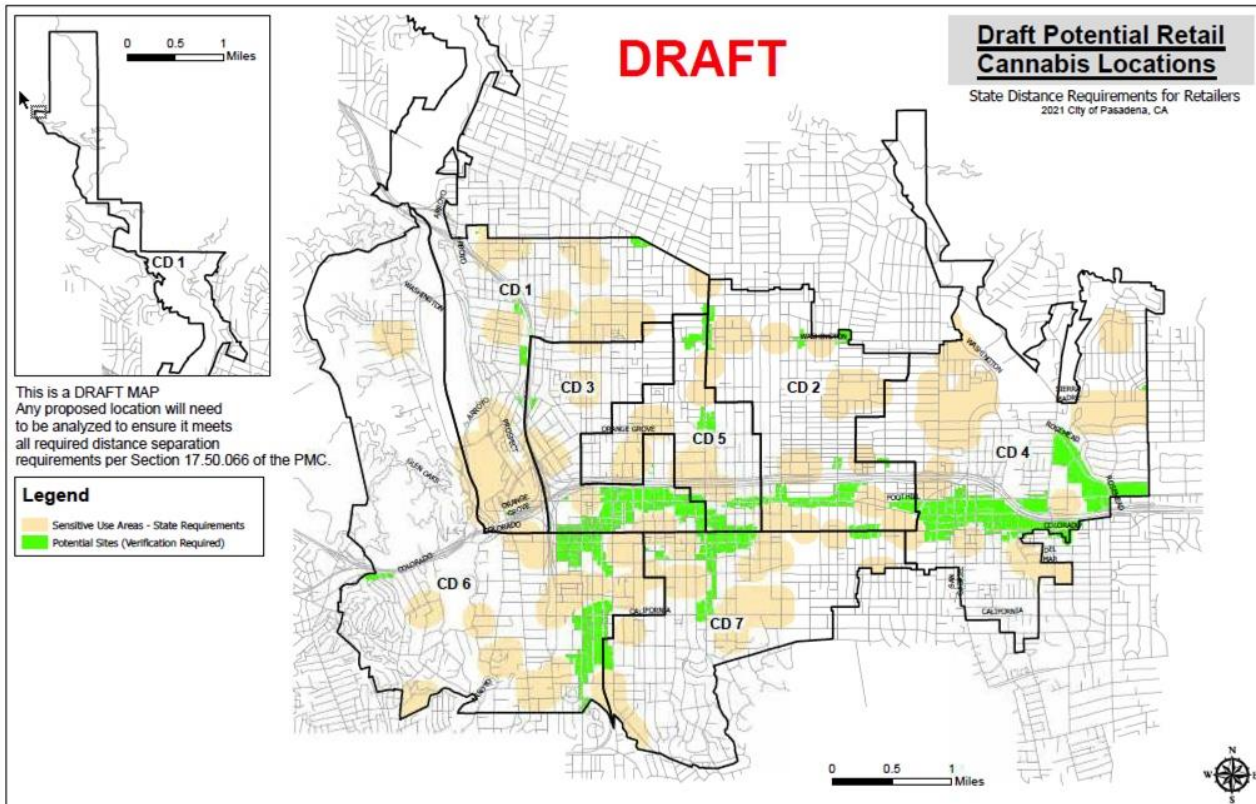


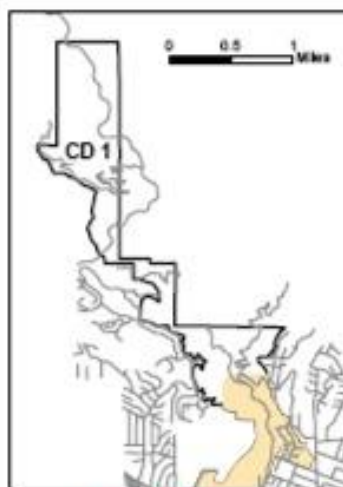




# Only State Distance Requirements

## Planning & Community Development Department





# DRAFT

## Draft Potential Retail Cannabis Locations

2018 City of Pasadena, CA

This is a **DRAFT MAP**.  
Any proposed location will need to be analyzed to ensure it meets all required distance separation requirements per Section 17.50.066 of the PMC.

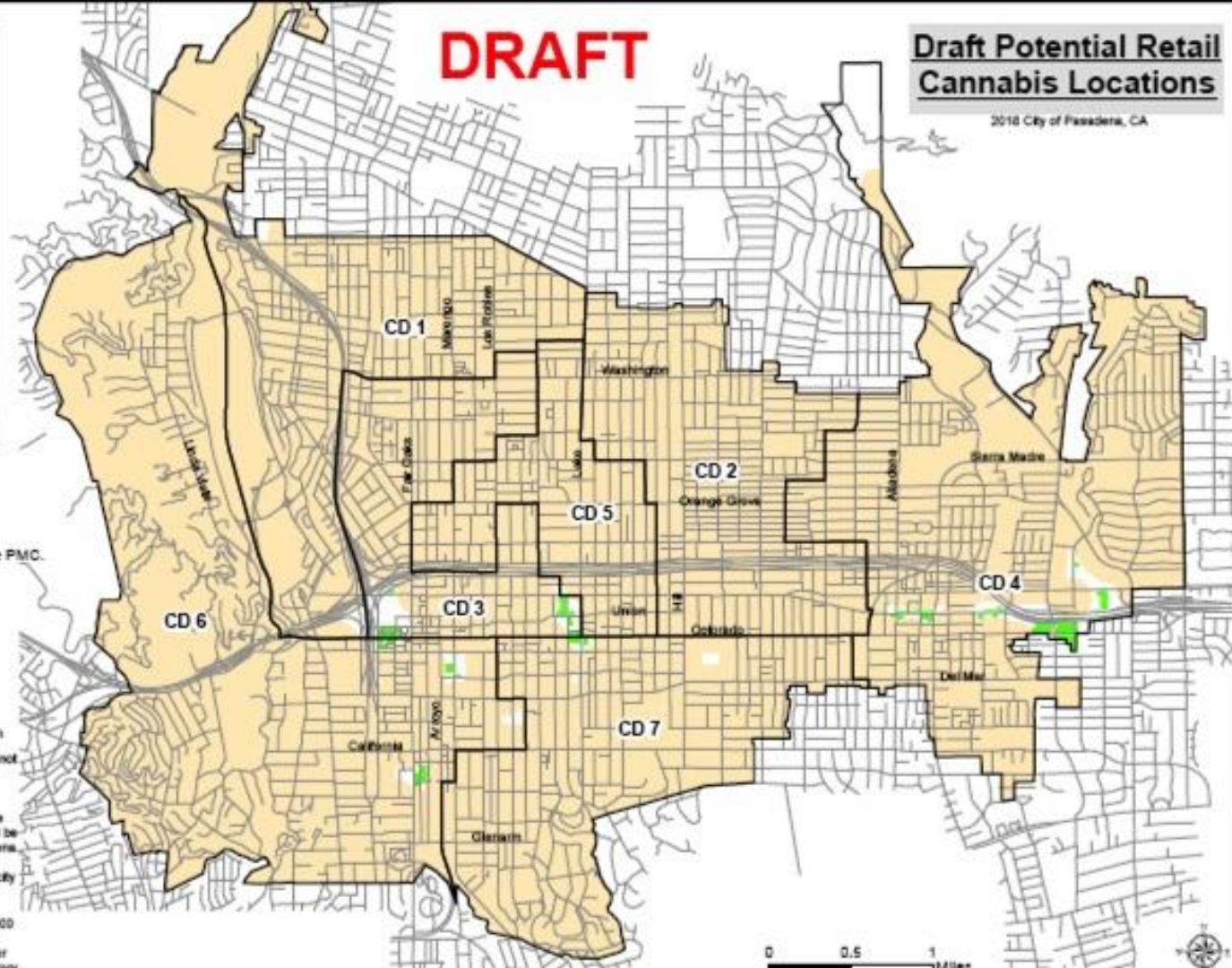
### Legend

- Potential Sites (Verification required)  
**Orange-Pasadena-Per-Potential**
- Sensitive Use Areas

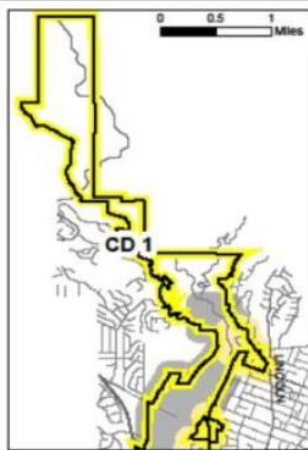
\* This map DOES NOT include mixed-use parcels with residential uses or youth-oriented facilities.  
\* The data used to create this map is limited and may not be comprehensive.

#### Violations on locations and the number of retailers:

1. No more than six (6) retailers may operate within the City at any time and no more than six (6) permits shall be issued for retailers to operate within the City of Pasadena.
2. No more than one (1) retailer may operate within a city council district at one time.
3. 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 or cultivation site, or within 500 feet of a school, laboratory, or other facility.







# Draft Potential Cannabis Locations

This is a **DRAFT MAP**  
Any proposed location will need to be analyzed to ensure it meets all required distance separation requirements.

**Allowed Zoning Districts: Retail Sales**

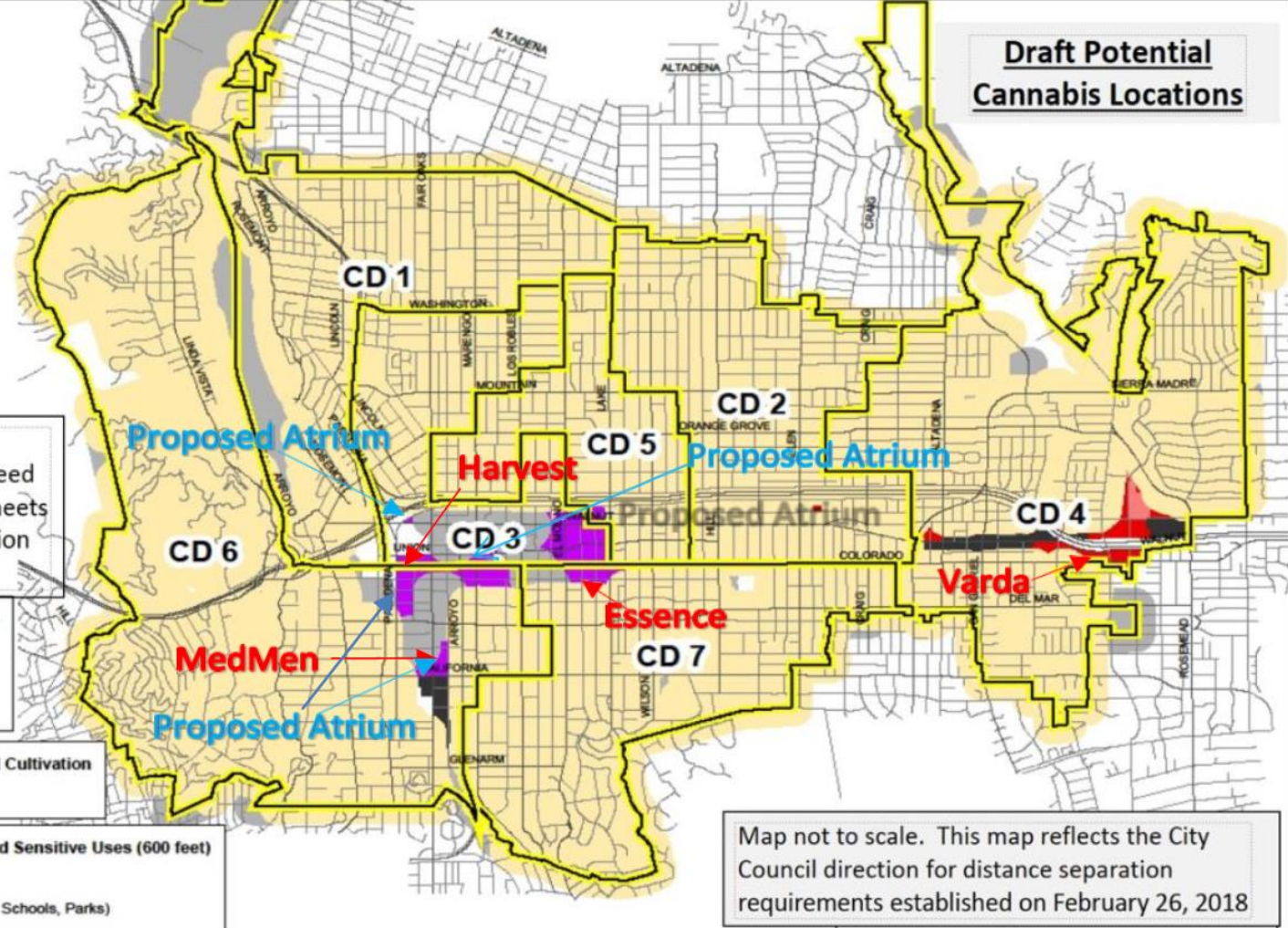
CO Zones	IG Zones
CL Zones	CD Zones
CG Zones	

**Allowed Zoning Districts: Commercial Cultivation**

CG Zones	IG Zones
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**Separation from Residential Zones and Sensitive Uses (600 feet)**

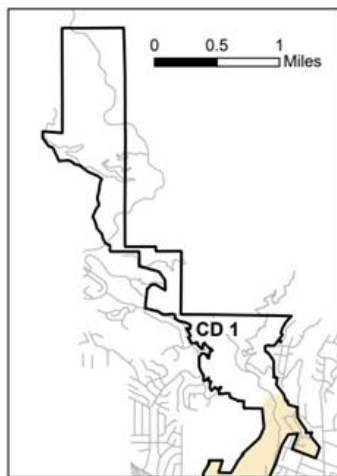
Residential Zones
Sensitive Uses (Libraries, Churches, Schools, Parks)



Map not to scale. This map reflects the City Council direction for distance separation requirements established on February 26, 2018



Pla



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all required distance separation  
requirements per Section 17.50.066 of the PMC.

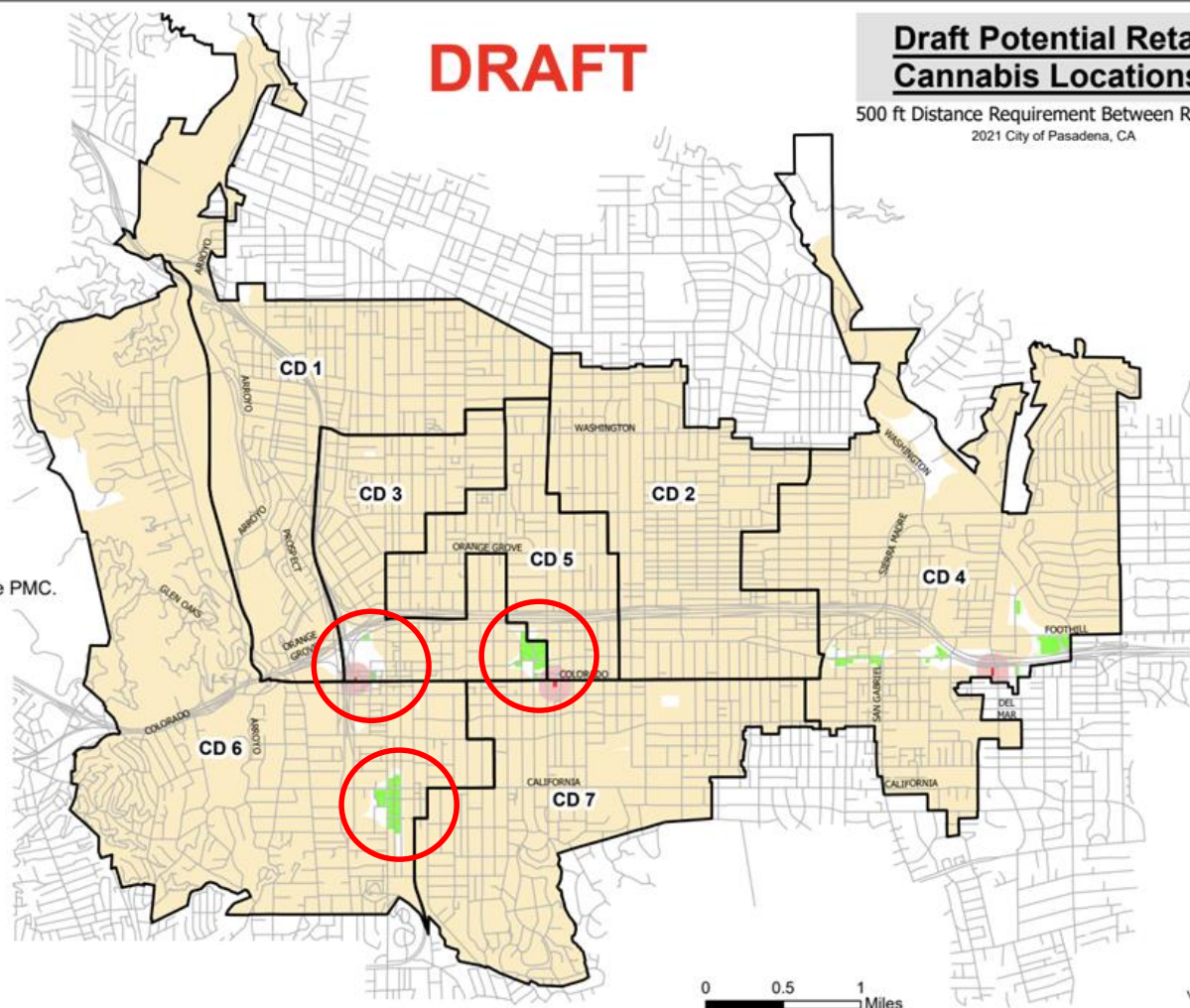
### Legend

- Approved Cannabis Retailer Location
- 500ft Distance from Approved Retail
- Sensitive Use Areas
- Potential Sites (Verification Required)

# DRAFT

## Draft Potential Retail Cannabis Locations

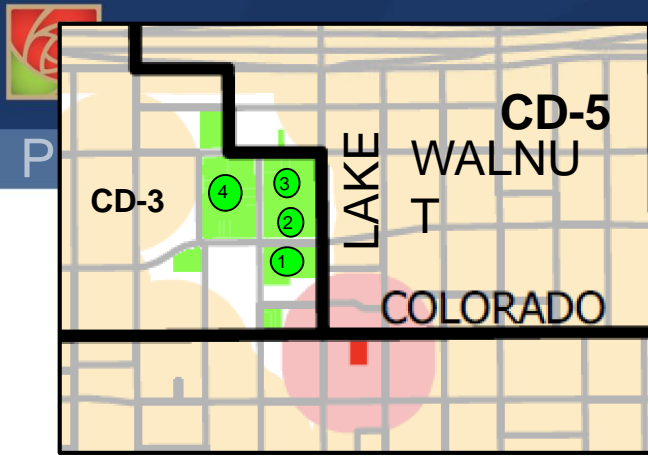
500 ft Distance Requirement Between Retailers  
2021 City of Pasadena, CA



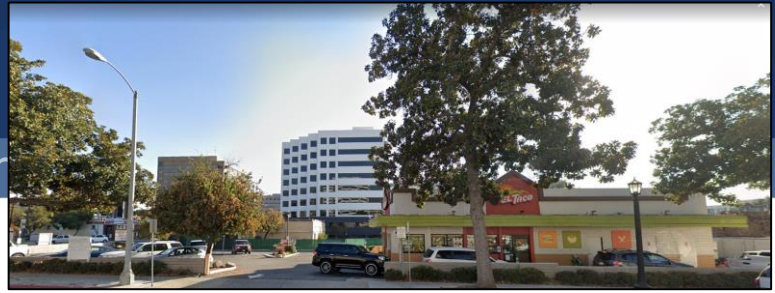
0 0.5 1  
Miles







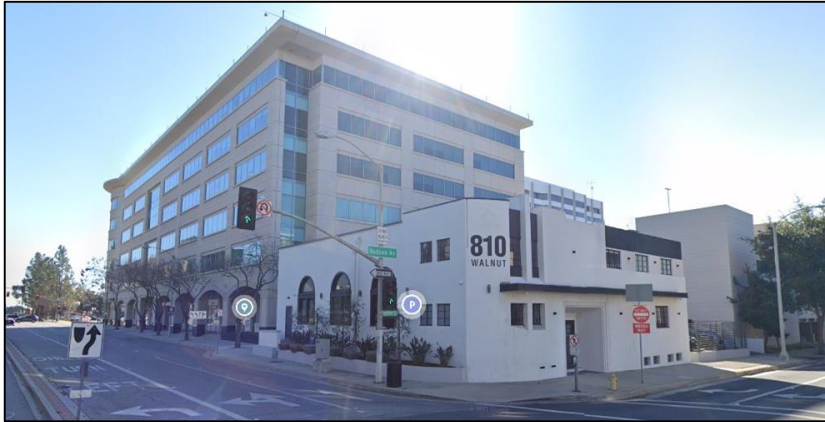
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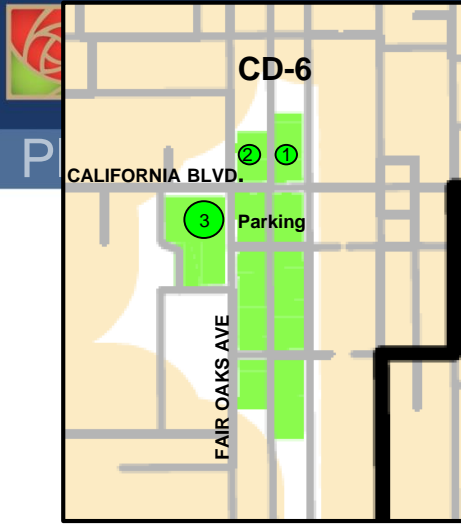


3.



4.





1.

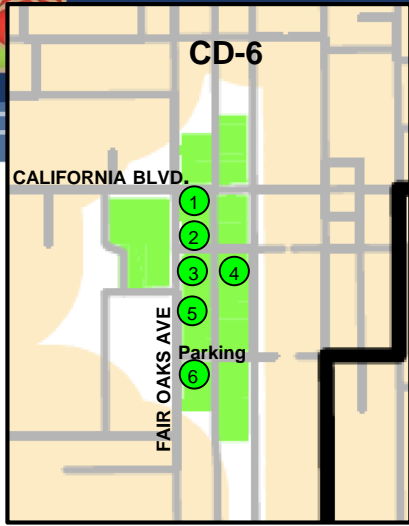


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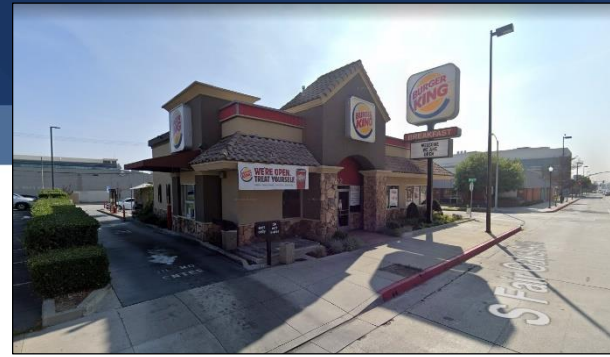




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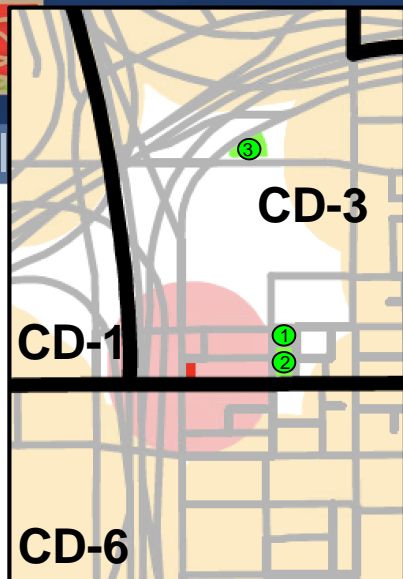
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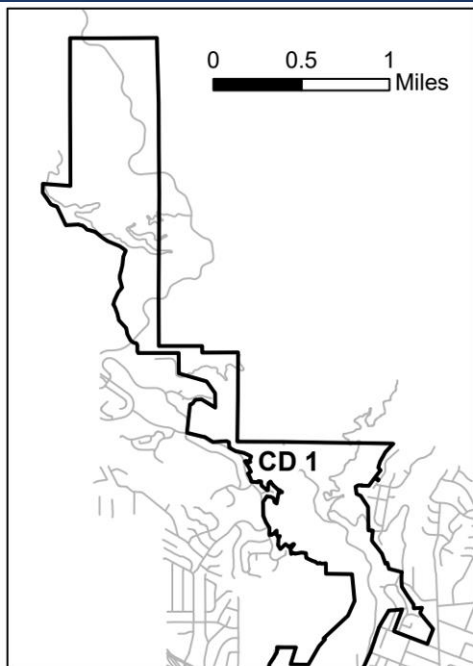


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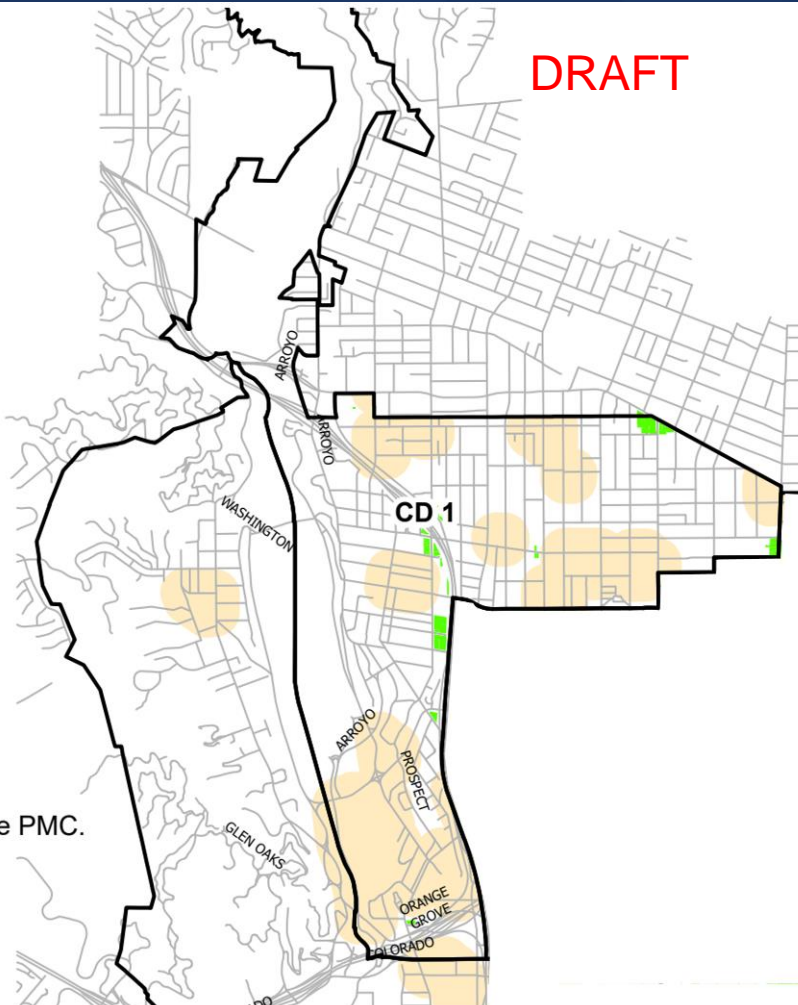


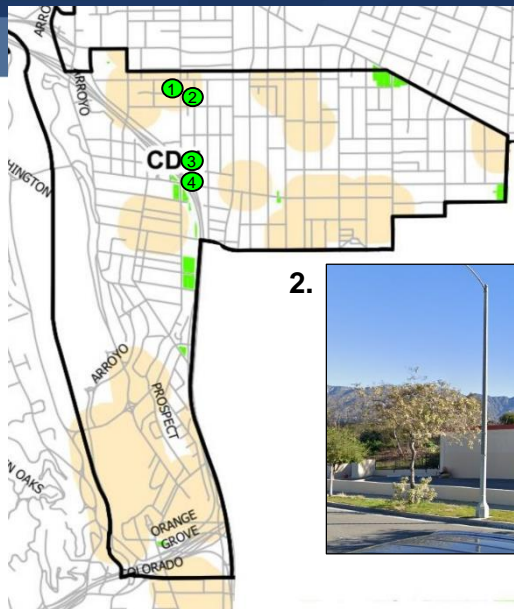


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Any proposed location will need  
to be analyzed to ensure it meets  
all required distance separation  
requirements per Section 17.50.066 of the PMC.

### Legend

-  Sensitive Use Areas - State Requirements
-  Potential Sites (Verification Required)





1.



2.



3.



4.





