



# Agenda Report

May 23, 2022

**TO:** Honorable Mayor and City Council  
**FROM:** Planning & Community Development Department  
**SUBJECT:** TEXT AMENDMENT TO TITLE 5 INCREASE THE TIME TO OBTAIN A CANNABIS PERMIT

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the Text Amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), common sense exemption, and there are no features that distinguish this project from others in the exempt class; therefore, there are no unusual circumstances;
2. Conduct first reading of an ordinance amending Title 5 (Business Licenses and Regulations) to increase the time allowed for cannabis applicants to secure permits

## **BACKGROUND:**

The City's Commercial Cannabis regulations require that all of the top ranking candidates must secure a permit within a specified time period. On August 9, 2021, the City Council approved changes to the City's cannabis regulations to reduce the distance separation requirements and increase the number of permits allowed in each Council District. The Council also extended the date by which a cannabis permit must be secured to June 5, 2022.

Specifically, Pasadena Municipal Code Section 5.78.080 H states that:

*If any of the top ranking applicants in each permit category has not secured a cannabis permit from the city within 36 months of the city notifying them they were one of the top ranking applicants, their ability to obtain a cannabis permit shall terminate.*

On June 5, 2019, the six top-ranking applicants were notified (although there were originally six top-scoring applicants, MedMen was disqualified from the process, leaving five).

## **ANALYSIS:**

To date, four of the five top cannabis retailers have opened dispensaries:

1. Varda at 3341 East Colorado Boulevard;
2. Essence at 908 East Colorado Boulevard;
3. Harvest at 169 West Colorado Boulevard; and
4. Sweet Flower at 827 Colorado Boulevard

The Council recognized that in order to achieve the possibility of having 6 dispensaries the original regulations regarding distance separation requirements and number of dispensaries per Council District would need to be relaxed. The Council's action to change the rules became effective in December of 2021, a little more than 5 months ago. Sweetflower was able to obtain a permit within this time period, because they already had a property under lease that was compliant with the new provisions.

This was not the case for the fifth applicant Atrium, which has yet to submit an application for a Conditional Use Permit, but is actively seeking to secure a site that is code compliant under the new rules. Due to circumstances beyond their control, they have experienced difficulties finding an eligible site. These issues range from landlords of compliant sites being unwilling to lease their building for cannabis uses to sites with willing landlords but are just several feet shy of being compliant. Extending the time period to obtain a cannabis permit will afford Atrium an opportunity to find a location that is code compliant under the new rules, submit the appropriate applications to the City and secure the requisite Cannabis Permit.

It should also be noted that this extension of time will apply to other categories of cannabis applicants, namely laboratories and cultivators. The top-scoring applicants for the testing laboratory and cultivator categories were notified on April 15, 2021 about their status and next steps. As of May 18, 2022, none have submitted a complete conditional use permit application. If the time extension amendment is approved, these cannabis laboratory and cultivator applicants will have until April 15, 2025 to obtain a cannabis permit.

## **ENVIRONMENTAL ANALYSIS:**

State CEQA Guidelines Section 15061(b)(3) states that a project is exempt from environmental review if it is covered by the "common sense exemption" that CEQA applies only to projects which have the potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that the time extension proposed herein may have a significant effect on the environment, therefore it is not subject to CEQA. Appropriate CEQA review will be conducted if and when applicants move forward in the process with their particular application.

**CONCLUSION AND RECOMMENDATION:**

It is recommended that Council amend the Municipal Code to extend the time in which to obtain a Cannabis Permit an additional 12 months, for a total of 48 months. This will extend the deadline to June 5, 2023 for Atrium to secure their Cannabis Permit. It should be noted that, due to the upcoming Council meeting schedule at which second reading of the ordinance will take place, this ordinance will not take effect until after June 5, 2022, but nonetheless it is intended that the effect of this ordinance would be to preserve the rights of Atrium so that they do not expire.

**FISCAL IMPACT:**

This action will likely result in an additional cannabis dispensary and hundreds of thousands of dollars from Tax Measure DD.

Respectfully submitted,

  
\_\_\_\_\_  
DAVID M. REYES  
Director of Planning & Community  
Development Department

Approved by:

  
CYNTHIA KURTZ  
Interim City Manager