



CITY COUNCIL
Special Meeting Agenda
Monday, November 26, 2018
100 Civic Center Plaza, Lompoc, CA

Please be advised that, pursuant to State Law, any member of the public may address the City Council concerning any Item on the Agenda, before or during Council consideration of that Item. Please be aware that Items on the Consent Calendar are considered to be routine and are normally enacted by one vote of the City Council. If you wish to speak on a Consent Calendar Item, please do so during the first Oral Communications.

"Members of the Public are Advised that all **PAGERS, CELLULAR TELEPHONES** and any **OTHER COMMUNICATION DEVICES** are to be **turned off** upon entering the City Council Chambers."

Regular City Council meetings will be videotaped and available for review on the City's website by the end of the day on the Thursday following the City Council Meeting. **The Agenda and related Staff reports are available on the City's web site: www.cityoflompoc.com the Friday before Council meetings between 9:00 a.m. and 5:00 p.m.**

Any documents produced by the City and distributed to a majority of the City Council regarding any item on this agenda will be made available the Friday before Council meetings at the City Clerk's Office at City Hall, 100 Civic Center Plaza, Monday through Friday between 9 a.m. and 5 p.m. and at the Information Desk at the Lompoc Library, 501 E. North Avenue, Lompoc, California, Monday - Thursday between 10 a.m. and 7 p.m. and Friday and Saturday between 1 p.m. and 5 p.m. The City may charge customary photocopying charges for copies of such documents.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, including review of the Agenda and related documents, please contact the City Clerk at (805) 875-8241 or *contact Jasmine McGinty at (805) 875-8226 or j_mcginty@ci.lompoc.ca.us* at least 72 hours prior to the meeting. This will allow time for the City to make reasonable arrangements to ensure accessibility to the meeting.

CLOSED SESSION

OPEN SESSION – 6:00 P.M. – Council Chamber

ROLL CALL: Mayor Bob Lingl
Mayor Pro Tempore Jenelle Osborne
Council Member James Mosby
Council Member Dirk Starbuck
Council Member Victor Vega

ORAL COMMUNICATIONS: (maximum of three minutes per speaker, limited to subject of “Closed Session”)

CLOSED SESSION – City Council Conference Room

BUSINESS ITEM:

1. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One case.

OPEN SESSION – 6:30 P.M. – Council Chamber

ROLL CALL – City Council:

Mayor Bob Lingl
Mayor Pro Tempore Jenelle Osborne
Council Member James Mosby
Council Member Dirk Starbuck
Council Member Victor Vega

PLEDGE OF ALLEGIANCE: Mayor Bob Lingl

COUNCIL REQUEST:

1. **Introduction of Ordinance No. 1661(18) Amending Lompoc Municipal Code Subdivision 9.36.120 B. to Permit Commercial Cannabis Testing in the Industrial Districts.**

City Attorney Jeff Malawy
jmalawy@awattorneys.com

Recommendation: Council introduce, through first reading by title only with further reading waived, Ordinance No. 1661(18), Amending Subdivision 9.36.120 B. of the Lompoc Municipal Code Regarding Commercial Cannabis Testing within the Industrial District; or provide other direction.

(Public Comment)

COUNCIL REQUEST: (cont'd)

2. **Discussion and Possible Action to Authorize the City Manager to Provide Letters of Authorization to Commercial Cannabis Use License Applicants.**

City Attorney Jeff Malawy
jmalawy@awattorneys.com

Recommendation: Council consider authorizing the City Manager or his designee to issue authorization letters to certain commercial cannabis use license applicants.

(Public Comment)

ADJOURNMENT:

Lompoc City Council will adjourn to a Regular Meeting at 6:30 P.M. on December 18, 2018.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 24 hours prior to the meeting. Dated this 21st day of November 2018.

Stacey Haddon
Stacey Haddon, City Clerk
By: Shannon Marrs



City Council Agenda Item

City Council Meeting Date: November 26, 2018

TO: Honorable Mayor and Council Members

FROM: Jeff Malawy, Assistant City Attorney
jmalawy@awattorneys.com

SUBJECT: Introduction of Ordinance No. 1661(18) Amending Lompoc Municipal Code Subdivision 9.36.120 B. to Permit Commercial Cannabis Testing in the Industrial Districts

Recommendation:

Staff recommends the City Council:

- 1) Introduce, through first reading by title only with further reading waived, Ordinance No. 1661(18) Amending Subdivision 9.36.120 B. of the Lompoc Municipal Code (LMC) Regarding Commercial Cannabis Testing within the Industrial District (Attachment 1), or
- 2) Provide other direction.

Background/Discussion:

At your November 20, 2018, meeting there was a majority consensus directing staff to prepare an ordinance allowing commercial cannabis testing to locate in the Industrial Districts. Proposed Ordinance No. 1661(18) would accomplish that (Attachments 1 and 2). (Attachment 2 highlights the changes to the LMC.)

Fiscal Impact:

Allowing cannabis testing within the Industrial Districts may increase the number of those businesses within the City with a resultant potential increase in business tax revenue. Cannabis testing is not subject to the newly imposed cannabis taxes, pursuant to the cannabis tax ordinance adopted by the voters at the November 6, 2018, election.

November 26, 2018

Introduction of Ordinance No. 1661(18) Amending Subdivision 9.36.120 B to Allow
Commercial Cannabis Testing within the Industrial District

Page 2 of 2

Conclusion:

The City Council is requested to introduce, for first reading with further reading waived,
Ordinance No. 1661(18).

Respectfully submitted,



Jeff Malawy, Assistant City Attorney

Attachments: 1) [Ordinance No. 1661\(18\)](#)
2) [Ordinance No. 1661\(18\) With Revisions Highlighted](#)

Ordinance No. 1661(18)

**An Ordinance of the City Council of the City of Lompoc,
County of Santa Barbara, State of California,
Amending Subdivision 9.36.120 B. of the Lompoc Municipal Code,
to Allow Commercial Cannabis Testing within the Industrial Districts**

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC DOES HEREBY
ORDAIN AS FOLLOWS:**

SECTION 1. Lompoc Municipal Code subdivision Section 9.36.120 B. is hereby amended in its entirety to read as follows:

- B. Laboratory testing shall be permitted within the City only where, pursuant to Title 17 of this Code, business park, commercial office, industrial and planned commercial development districts are established.

SECTION 2. This ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be posted in the manner required by law.

This Ordinance was introduced on November 26, 2018, and duly adopted by the City Council of the City of Lompoc at its duly noticed regular meeting on December 18, 2018, by the following electronic vote:

PASSED AND ADOPTED this ____ day of _____, 2018, by the following electronic vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):

Mayor
City of Lompoc

Attest:

Stacey Haddon, City Clerk
City of Lompoc

Ordinance No. 1661(18)

**An Ordinance of the City Council of the City of Lompoc,
County of Santa Barbara, State of California,
Amending Subdivision 9.36.120 B. of the Lompoc Municipal Code,
to Allow Commercial Cannabis Testing within the Industrial Districts**

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PASSED AND ADOPTED this ____ day of _____, 2018, by the following electronic vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):

Mayor
City of Lompoc

Attest:

Stacey Haddon, City Clerk
City of Lompoc



City Council Agenda Item

City Council Meeting Date: November 26, 2018

TO: Mayor and Members of the City Council

FROM: Jim Throop, City Manager
j_throop@ci.lompoc.ca.us

Jeff Malawy, Assistant City Attorney
jmalawy@awattorneys.com

SUBJECT: Discussion and Possible Action to Authorize the City Manager to Provide Letters of Authorization to Commercial Cannabis Use License Applicants

Recommendation:

Staff recommends the City Council:

- 1) Consider whether to authorize the City Manager, or his designee, to issue local authorization letters to certain commercial cannabis use license applicants;
- 2) Determine which currently-pending applications should receive such letters; and
- 3) Review and approve the proposed Lompoc local authorization notice/agreement and letter (Attachments 1 and 2).

Background:

State law establishes a dual licensing structure for commercial cannabis uses. In order to open for business, an applicant must obtain both local authorization and a state license. An applicant must obtain local authorization prior to applying for a state license. In Lompoc, a local license approval is required for full local authorization.

Once an applicant receives local authorization, it can take up to nine months to obtain a state license. Due to that delay, the state began issuing temporary state licenses, which are processed much more quickly. However, temporary state licenses will only be issued until January 1, 2019 (Business & Professions Code section 26050.1(a)). To receive a temporary state license by that date, some state licensing agencies have imposed a December 1, 2018, application deadline.

As of November 20, 2018, the City has received 26 applications for local commercial cannabis use licenses. While some applications have been approved, others are in various stages of the local review process (see Attachment 3.)

Most of the applications currently pending with the City will not receive a local license in time to apply for a temporary state license prior to December 1, 2018. Therefore, assuming those applicants receive their local license in the first few months of 2019, they will need to apply for a regular state license and likely will not begin operating until sometime in 2020. Whereas if they could apply to the state for a temporary license prior to December 1, 2018, then they could potentially be operating in the first or second quarter of 2019.

Some cities, such as Long Beach and Los Angeles, have begun issuing “local authorization letters” to applicants prior to their local license being approved. Those letters are intended to assist applicants to meet the December 1 deadline to apply for a state temporary license.

Local authorization letters state the applicant is eligible to apply for a state license, and list the tasks the applicant has completed in the local application process. However, the letter also expressly states it does not allow the applicant to operate, and neither does approval of a state license allow the business to operate, until the applicant obtains a local license and is in compliance with all local laws. (See Attachment 4 – Long Beach local authorization letter.)

Documentation from the City of Los Angeles indicates state agencies have agreed to accept local authorization letters for purposes of a temporary state license application. However, there is no guarantee the state will accept them.

Discussion:

Issuance of local authorization letters does come with risk. The letter essentially is intended to allow an applicant to obtain a state license prior to obtaining a local license. Being given this letter, applicants may attempt to open for operation with a state license and local authorization letter, prior to receiving an actual local license.

To prevent that from occurring, the proposed Lompoc local authorization letter (Attachments 1 and 3) contains the same caveats and disclaimers as the Long Beach letter; *i.e.* the letter does not allow the applicant to operate, and the applicant cannot operate until receiving a local cannabis license as well as all applicable land use permits, final building inspections, and a business tax certificate from the City.

As an extra precaution, the proposed Lompoc letter also requires the applicant to sign an agreement not to begin operations until receipt of a local license as well as all required planning and building permits being approved, with the penalty for doing so at \$25,000 per day in liquidated damages.

Finally, if the City Council wishes to authorize the City Manager to issue local authorization letters to pending applicants, then the City Manager needs direction regarding which currently-pending applications should receive such letters. For example, the City Council may find it appropriate to issue letters only to applications that have reached Level 3, or some other level shown on Attachment 3. Or the City Council may wish to limit letters only to applications received before a certain date. In addition to any other criteria, staff recommends letters should not be sent to applicants who have applied for locations not meeting the radius buffers from sensitive uses.

Fiscal Impact:

Issuance of local authorization letters will not have a material fiscal impact to the City or the City's General Fund. A small amount of staff time will be required for processing and issuance of the letters.

Conclusion:

Local authorization letters are intended to assist pending commercial cannabis applicants to meet the December 1, 2018, deadline to apply for, and thereby take advantage of the shorter approval process for, a temporary state license. If the state accepts those letters, then some or all of the current pending applicants in the City could potentially begin operating in the first or second quarter of 2019, assuming their local licenses are approved by then, rather than in 2020 after having to apply for a regular state license.

Respectfully submitted,

Jim Throop, City Manager



Jeff Malawy, Assistant City Attorney

- Attachments: 1) [Proposed Lompoc local authorization notice/agreement](#)
2) [Proposed Lompoc local authorization letter](#)
3) [Application tracking sheet \(as of November 20, 2018\)](#)
4) [Long Beach local authorization letter](#)



November __, 2018

[Applicant name]
[Applicant address]

NOTICE AND AGREEMENT REGARDING LOCAL AUTHORIZATION FOR STATE CANNABIS LICENSE

(Do not provide this notice/agreement to the State licensing authority)

Dear M_ : _____

The City of Lompoc (City) has determined your Application No. 2018-XX for the proposed [PROPOSED CANNABIS USE TYPE] facility, to be located at [ADDRESS & APN], is eligible to apply for a State [STATE LICENSE TYPE NUMBER AND DESCRIPTION] license pursuant to Business and Professions Code section 26000 *et seq.* and any California Code of Regulations promulgated thereunder, provided you sign the agreement at the end of this notice.

Please sign the agreement at the end of this notice, and return to the City Clerk as soon as possible by email with evidence of simultaneous overnight mailing of the signed hard copy to the City Clerk. Upon receipt and acceptance of the same, the City Clerk will email you a letter of local authorization to be submitted to the State for your proposed commercial cannabis business to apply for a State license.

At this time, your business **has not** been issued a Commercial Cannabis Use License from the City and your business **is not** permitted to operate within the City of Lompoc at this stage in the application process. Further, approval of a State license **does not** grant your proposed commercial cannabis business the right to operate within the jurisdictional boundaries of the City.

A commercial cannabis business **MAY NOT** operate in the City until:

- (1) The business has been issued all necessary and valid local permits for the proposed business location, including all applicable land use permits, final building inspections, and a business tax certificate from the City; and
- (2) The City has issued a valid City of Lompoc Commercial Cannabis Use License; and
- (3) Your proposed business has been issued a valid license from all applicable State licensing authorities.

[APPLICANT NAME]

November __, 2018

Page 2 of 3

The letter entitled "Local Authorization for State Cannabis License Application" is exclusively intended to assist your proposed commercial cannabis business in initiating an application for a license with the State to obtain the license in a timely manner.

Sincerely,

Stacey Haddon
City Clerk

**THIS AUTHORIZATION DOES NOT PERMIT YOUR PROPOSED COMMERCIAL
CANNABIS BUSINESS TO OPERATE.**

Agreement

The City and Applicant agree as follows:

The City of Lompoc (City) agrees to issue _____ (Applicant) a letter entitled "Local Authorization for State Cannabis License Application" for Commercial Cannabis Use License Application No. 2018-XX, as described in, and subject to the terms of, the above notice. In consideration for the City's issuance of that letter, Applicant hereby agrees it has not been issued a Commercial Cannabis Use License by the City and will not operate within the City until all of the following occur:

- (1) Applicant has been issued all necessary and valid local permits for the proposed business that is the subject of Application No. 2018-XX, including all applicable land use permits, final building inspections, and a business tax certificate from City; and
- (2) The City has issued a valid Commercial Cannabis Use License to Applicant for the use that is the subject of Application No. 2018-XX; and
- (3) Applicant's proposed use that is the subject of Application No. 2018-XX has been issued a valid license from all applicable State licensing authorities.

If Applicant, or any person on behalf of or affiliated with the Applicant, begins to operate prior to the occurrence of all three conditions listed above, then the Applicant shall pay the City, as liquidated damages, the amount of Twenty-five Thousand Dollars (\$25,000) for each day on which such operation occurs. Payment of such damages shall not prevent the City from pursuing injunction or abatement of the unlicensed use.

[APPLICANT NAME]

November __, 2018

Page 3 of 3

The City and Applicant recognize if the Applicant, or any person on behalf of or affiliated with the Applicant, begins to operate prior to the occurrence of all three conditions listed above, then the City and its residents will suffer damages and it is and will be impractical and extremely difficult to ascertain and determine the exact amount of those damages. Therefore, the City and Applicant agree the liquidated damages established above represent a reasonable estimate of the amount of such damages, considering all of the circumstances existing on the date of this Agreement, including the relationship of the sums to the range of harm to the City that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or impractical.

CITY OF LOMPOC

APPLICANT

By _____

James Throop, City Manager

Date: November ____, 2018

By _____

Name: _____

Date: November ____, 2018

DRAFT



November __, 2018

[Applicant name]
[Applicant address]

Re: Local Authorization for State Cannabis License Application

Dear M . _____:

The Applicant for the proposed Cannabis [TYPE] facility for [APPLICANT NAME] ("Applicant"), located at [ADDRESS & APN], is hereby eligible to apply for a State [STATE LICENSE TYPE NUMBER AND DESCRIPTION] license pursuant to Business and Professions Code section 26000 *et seq.* and any California Code of Regulations promulgated thereunder.

The City of Lompoc ("City") has determined the proposed cannabis business has completed all the following tasks set forth in Lompoc Municipal Code Chapter 9.36 as determined by the City Manager or his or her designee to be eligible for State licensure:

- (i) The Applicant has submitted the Commercial Cannabis License Application and applicable fees to the City of Lompoc;
- (ii) The City has conducted a review of the proposed commercial cannabis use location and has deemed the application to be in compliance with all applicable buffer distance requirements as set forth in the Lompoc Municipal Code; and
- (iii) The submitted commercial cannabis license application has been determined by the City to contain all items necessary to be deemed complete. [AMEND AS NECESSARY]

Approval of the State license does not grant the commercial cannabis use the right to operate within the jurisdictional boundaries of the City. The Applicant must obtain all relevant City approvals and must be issued a valid City of Lompoc commercial cannabis use license, as well as all applicable land use permits, final building inspections, and a business tax certificate from the City, and a valid license from all applicable State licensing authorities before operating.

*This authorization is granted for the sole purpose of the Applicant to obtain a State cannabis license. **This authorization does not permit the applicant for the proposed cannabis use to operate within the jurisdictional boundaries of the City.***

[APPLICANT NAME]

November __, 2018

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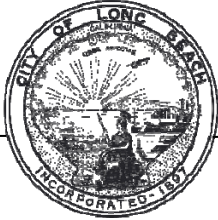
If you have any questions, please contact Stacey Haddon, Lompoc City Clerk, at (805) 875-8241 or by email at s_haddon@ci.lompoc.ca.us

Sincerely,

James Throop
City Manager

cc: Stacey Haddon, City Clerk
Chris Coulter, SCI

DRAFT



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 7th Floor • Long Beach, CA 90802 • (562) 570-5150

November 2, 2018

NORTH CORD HOLDINGS LLC
1600 DAISY AVE
LONG BEACH, CA 90813

MJ21708774

NOTICE OF LOCAL AUTHORIZATION FOR STATE CANNABIS LICENSE

Dear Applicant:

The City of Long Beach (“the City”) has determined that your application for the proposed Medical Cannabis Manufacturing facility for NORTH CORD HOLDINGS LLC located at 1600 DAISY AVE LONG BEACH CA 90813, APN 7271014009, is hereby eligible to apply for a State TYPE 6 Medical Cannabis Manufacturing license pursuant to Business and Professions Code Section 26000 et seq. and any California Code of Regulations promulgated thereunder. Included is a letter of local authorization to be submitted to the State for your proposed medical cannabis business to apply for a State license.

At this time, your business **has not** been issued a Medical Cannabis Business license and your business **is not** permitted to operate within the City of Long Beach at this stage in the application process. Further, approval of the State license **does not** grant your proposed medical cannabis business the right to operate.

A Medical Cannabis Business **MAY NOT** operate in the City of Long Beach until:

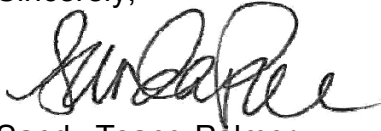
- (1) The business has been issued all necessary and valid local permits for the proposed business location:
- (2) The City has issued a valid City of Long Beach Medical Cannabis Business License; and
- (3) Your proposed business has been issued a valid license from the State licensing authority.

The letter titled “Local Authorization for State Medical Cannabis License Application” is exclusively intended to assist your proposed medical cannabis business in initiating an application for a license with the State to obtain the license in a timely manner.

THIS AUTHORIZATION DOES NOT PERMIT YOUR PROPOSED MEDICAL CANNABIS BUSINESS TO OPERATE.

If you have any questions, please contact Emily Armstrong at (562) 570-6649 or by email at emily.armstrong@longbeach.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandy Tsang-Palmer". The signature is fluid and cursive, with the first name "Sandy" being the most prominent.

Sandy Tsang-Palmer
Purchasing and Business Services Manager

Attachment



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 7th Floor • Long Beach, CA 90802 • (562) 570-5150

November 2, 2018

NORTH CORD HOLDINGS LLC
1600 DAISY AVE
LONG BEACH, CA 90813

MJ21708774

RE: Local Authorization for State Medical Cannabis License Application

Dear Sir or Madam:

The Applicant for the proposed Medical Cannabis Manufacturing facility for NORTH CORD HOLDINGS LLC located at 1600 DAISY AVE LONG BEACH CA 90813, APN 7271014009, is hereby eligible to apply for a State TYPE 6 Medical Cannabis Manufacturing license pursuant to Business and Professions Code Section 26000 et seq. and any California Code of Regulations promulgated thereunder.

The City of Long Beach (“the City”) has determined that the proposed medical cannabis business has completed all the following tasks set forth in LBMC Chapter 5.90 as determined by the City Manager or his or her designee to be eligible for State licensure:

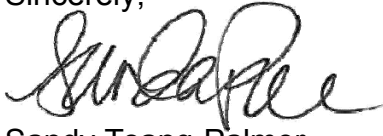
- (i) The Applicant has submitted the Medical Cannabis Business License Application, Operating Plan, Supplemental Information, and applicable fees to the City of Long Beach;
- (ii) The City’s Planning Bureau has conducted a review of the proposed business location and has deemed the application to be in compliance with all applicable buffer distance requirements as set forth in the Long Beach Municipal Code; and
- (iii) The submitted cannabis business license application has been determined by the City Manager or his or her designee to be complete.

Approval of the State license does not grant the business the right to operate. The Applicant for the medical cannabis business must obtain all relevant department approvals and must be issued a valid City of Long Beach medical cannabis business license and a valid license from the State licensing authority before operating.

*This authorization is granted for the sole purpose of the Applicant to obtain a State medical cannabis license. **This authorization does not permit the applicant for the proposed medical cannabis business to operate.***

If you have any questions, please contact Emily Armstrong at (562) 570-6649 or by email at emily.armstrong@longbeach.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sandy Tsang-Palmer', written in a cursive style.

Sandy Tsang-Palmer
Purchasing and Business Services Manager