

## **ORDINANCE NO. 673**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CUDAHY AMENDING TITLE 5 (BUSINESS LICENSES AND REGULATIONS) AND TITLE 20 (ZONING) OF THE CUDAHY MUNICIPAL CODE TO PROHIBIT CANNABIS RETAILERS/DISPENSARIES CITYWIDE AND TO ESTABLISH REGULATIONS AND A DISCRETIONARY REVIEW PROCESS FOR THE ALLOWANCE OF MEDICINAL-ONLY COMMERCIAL CANNABIS ACTIVITIES (CULTIVATION, DISTRIBUTION, MANUFACTURING, DELIVERIES, MICROBUSINESS, AND LABORATORY TESTING) IN A SPECIFIED OVERLAY ZONE THROUGH A DEVELOPMENT AGREEMENT**

WHEREAS, in 1996, the California Legislature approved Proposition 215, also known as the Compassionate Use Act (the "CUA"), which was codified under Health and Safety Code Section 11262.5 et seq. and was intended to enable persons in need of medical marijuana for specified medical purposes, such as cancer, anorexia, AIDS, chronic pain, glaucoma and arthritis, to obtain and use marijuana under limited circumstances and where recommended by a physician. The CUA provides that "nothing in this section shall be construed or supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes.";

WHEREAS, in 2004, the California Legislature enacted the Medical Marijuana Program Act (Health & Saf. Code, § 11362.7 et seq.)(the "MMP"), which clarified the scope of the CUA, created a state-approved voluntary medical marijuana identification card program, and authorized cities to adopt and enforce rules and regulations consistent with the MMP. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to "[a]dopt local ordinances that regulate the location, operation, or establishment of a medical marijuana cooperative or collective" and to civilly and criminally enforce such ordinances;

WHEREAS, the Federal Controlled Substances Act (21 U.S. C., § 801 et seq.) makes it unlawful under federal law for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute, or dispense marijuana. Despite such federal prohibition, on August 29, 2013, the United States Department of Justice issued a memorandum (the "Cole Memo") stating that, notwithstanding the federal classification of marijuana as a schedule 1 controlled substance, jurisdictions that have legalized marijuana in some form are less likely to be subject to federal enforcement under the Controlled Substances Act if they have implemented strong and effective regulatory and enforcement systems to follow eight guiding principles: (1) preventing the distribution of marijuana to minors; (2) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (3) preventing the

diversion of marijuana from states where it is legal under state law in some form to other states; (4) preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (5) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (6) preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; (7) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and (8) preventing marijuana possession or use on federal property;

WHEREAS, in September 2015, the California State Legislature enacted, and Governor Brown signed into law three bills – Assembly Bill 243, Assembly Bill 266, and Senate Bill 643 – which together comprise the Medical Marijuana Regulation and Safety Act (the “MMRSA”). The MMRSA created a comprehensive dual state licensing system for the cultivation, manufacture, retail, sale, transport, distribution, delivery, and testing of medical cannabis;

WHEREAS, on August 22, 2016, the City Council of the City of Cudahy (the “City Council” of the “City”) adopted Interim Urgency Ordinance No. 656U to establish a temporary moratorium on medical “commercial cannabis activities,” as defined under the MMRSA, for a period of 45 days and extended such moratorium for an additional period of 22 months and 15 days under Interim Urgency Ordinance No. 661, on September 26, 2016;

WHEREAS, the MMRSA was renamed the Medical Cannabis Regulation and Safety Act (the “MCRSA”) under Senate Bill 837 in June 2016, which also made substantive changes to the applicable state laws, which affect the various state agencies involved in regulating cannabis businesses as well as potential licensees;

WHEREAS, on November 8, 2016, the Control, Regulate, and Tax Adult Use of Marijuana Act (“AUMA”) was approved California voters as Proposition 64 and became effective on November 9, 2016, pursuant to the California Constitution (Cal. Const., art. II, § 10(a).). Proposition 64 legalized the nonmedical use of cannabis by persons 21 years of age and over, and the personal cultivation of up to six (6) cannabis plants. On November 14, 2016, the City Council adopted Urgency Ordinance No. 663 to prohibit outdoor personal marijuana cultivation and establish regulations and a permitting process for indoor personal marijuana cultivation;

WHEREAS, AUMA also created a state regulatory and licensing system governing the commercial cultivation, testing, and distribution of nonmedical cannabis, and the manufacturing of nonmedical cannabis products. On January 9, 2017, Interim Urgency Ordinance No. 666 was adopted by the City Council to establish a temporary moratorium on nonmedical “commercial cannabis activities” for a period of 45 days and extended such moratorium for an additional period of 22 months and 15 days under Interim Urgency Ordinance No. 667, on February 27, 2017;

WHEREAS, on June 27, 2017, Governor Brown signed the Legislature-approved Senate Bill 94. SB 94 combined elements of the MCRSA and AUMA to establish a streamlined singular regulatory and licensing structure for both medical and nonmedical cannabis activities given that there were discrepancies between the MCRSA and AUMA. The new consolidated provisions under SB 94 is now known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") to be governed by the California Bureau of Cannabis Control. MAUCRSA refers to medical cannabis as "medicinal cannabis" and nonmedical/recreational cannabis as "adult-use cannabis";

WHEREAS, on June 27, 2017, the as part of an Economic Development Ad Hoc Committee presentation on revenue-generating opportunities, commercial cannabis regulations and strategies were offered to and discussed by the City Council;

WHEREAS, the City seeks to establish an overlay zone in the City in which certain medicinal-only commercial cannabis activities can be conducted in accordance with MAUCRSA and the City's police power under Section 7 of Article XI of the California Constitution;

WHEREAS, it is the purpose and intent of the City to regulate medicinal cannabis in a manner that is consistent with the Cole Memo and promotes the health, safety, and general welfare of the residents and businesses within the City, while limiting any negative impacts;

WHEREAS, the City intends to be on the forefront of groundbreaking research, science, innovation, and development of treatment for symptoms and cures in the field of medicinal cannabis, as scientific research, studies, and data have established that medicinal cannabis can help patients with a vast array of medical conditions;

WHEREAS, the City desires to reduce the illegal market for cannabis while minimizing the chances of social harm and creating jobs and revenue for the City; and

WHEREAS, nothing in this Ordinance shall be construed to allow persons to engage in conduct that violates the law, endangers others, causes a public nuisance, allows the illegal use or diversion of cannabis, or allows any activity relating to cannabis that is otherwise illegal under California state law, as amended.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CUDAHY DOES ORDAIN AS FOLLOWS:

**SECTION 1.** The above recitals are true and correct and are incorporated herein.

**SECTION 2.** Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended by the addition of a new Chapter 20.120 (Commercial Cannabis Overlay Zone), which shall read as follows:

**Chapter 20.120 – Commercial Cannabis Overlay Zone.**

## **20.120.010 Definitions**

For purposes of this Chapter 20.120, the following definitions shall apply:

"Commercial cannabis activities" mean the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products.

"Cannabis" means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" also means marijuana as defined by Section 11018 of the California Health and Safety Code as enacted by Chapter 14017 of the Statutes of 1972. Cannabis does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, cannabis does not mean industrial hemp as that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

"Cannabis product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, or other cannabis derivative, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

"Day care center" means any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and schoolage child care centers.

"Overlay Zone" means the commercial cannabis overlay zone, whose area and boundaries are attached to City Council Ordinance No. 673 as Exhibit "A."

"MAUCRSA" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, as may hereinafter be amended.

"Youth center" means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.



#### **20.120.020 Prohibitions.**

Adult-use commercial cannabis activities and medicinal commercial cannabis activities, as both are described in state law, including, but not limited to MAUCRSA, are hereby prohibited unless otherwise allowed in this Chapter.

#### **20.120.030 Overlay zone.**

Medicinal commercial cannabis activities, except retail dispensaries that are open to the public for point-of-sale purchases, shall be allowed within the Overlay Zone pursuant to a development agreement adopted in accordance with the Development Agreement Law (Gov. Code, § 65864 et seq.) and Cudahy Municipal Code Chapter 20.28 (Development Agreements). No such activities shall be permitted without a development agreement within or outside of the boundaries of the Overlay Zone. The City may approve or deny such a development agreement in its sole and absolute discretion.

#### **20.120.040 Particular restrictions for Atlantic Avenue.**

Section 20.120.030 notwithstanding, no cannabis-related business shall be located within the Overlay Zone and on Atlantic Avenue with a storefront facing Atlantic Boulevard unless such business employs and effectuates a business model with a primary entertainment purpose.

#### **20.120.050 Indoor Horticulture.**

Indoor horticulture, excluding cannabis horticulture shall be permitted by-right within the Overlay Zone.

#### **20.120.060 Prohibition on new schools, day cares, and youth centers in overlay zone.**

The establishment of public or private schools providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center is prohibited within the Overlay Zone, or within 600 feet of the boundaries of the Overlay Zone, is hereby prohibited, unless otherwise mandated under state or federal law. An existing public or private school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center located within the Overlay Zone, or within 600 feet of the boundaries of the Overlay Zone shall be considered legal nonconforming, in accordance with Chapter 20.24 (Legal Nonconforming) of Title 20 (Zoning) of the Cudahy Municipal Code.

#### **20.120.070 Temporary permits for local events – rights reserved.**

The City reserves the right to issue temporary permits for onsite cannabis sales to, and consumption by, persons 21 years of age or older at a county fair, district agricultural association event, or other similar event authorized under state law, which is located within the Overlay Zone, pursuant to the provisions of Subdivision (e) of Business and Professions Code Section 26200.

**SECTION 3.** Subsection (3)(p) of Section 20.64.090 (Uses Permitted in Residential Zones by Conditional Use Permit) of Chapter 20.64 (Residential Districts) of Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended to read as follows:

- (p) Schools, public and private, excluding schools providing instruction in kindergarten or any grades 1 through 12 located within 600 feet of a residential zone located within the Commercial Cannabis Overlay Zone illustrated in Exhibit "A" to City Council Ordinance No. 673, unless otherwise mandated under state or federal law.

**SECTION 4.** Subsection (24) of Section 20.68.100 (Uses Permitted in Residential Zones by Conditional Use Permit) of Chapter 20.68 (Commercial and Professional Districts) of Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended to read as follows:

- (24) Day care centers, excluding those occupying any portion of the CC zone located within 600 feet of the Commercial Cannabis Overlay Zone illustrated in Exhibit "A" to City Council Ordinance No. 673, unless otherwise mandated under state or federal law.

**SECTION 5.** Subsection (49) of Section 20.68.100 (Uses Permitted in Residential Zones by Conditional Use Permit) of Chapter 20.68 (Commercial and Professional Districts) of Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended to read as follows:

- (49) Schools, colleges, and universities, accredited, including appurtenant facilities that offer instruction required to be taught by the Education Code of the state of California and in which no pupil is physically restrained, excluding schools which provide instruction in kindergarten or any grades 1 through 12 that occupy any portion the CC zone located within 600 feet of the Commercial Cannabis Overlay Zone illustrated in Exhibit "A" to City Council Ordinance No. 673, unless otherwise mandated under state or federal law.

**SECTION 6.** Subsection (50) of Section 20.68.100 (Uses Permitted in Residential Zones by Conditional Use Permit) of Chapter 20.68 (Commercial and Professional Districts) of Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended to read as follows:

- (50) Schools, business and professional, including art, barber, beauty, dance, drama, music, and swimming, excluding schools which provide instruction in kindergarten or any grades 1 through 12 that occupy any portion the CC zone located within 600 feet of the Commercial Cannabis Overlay Zone illustrated in Exhibit "A" to City Council Ordinance No. 673, unless otherwise mandated under state or federal law.

**SECTION 7.** Subsection (46) of Section 20.68.150 (Uses by conditional use permit in C-M Zone) of Chapter 20.68 (Commercial and Professional Districts) of Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended to read as follows:

- (46) Schools, colleges, and universities, accredited, including appurtenant facilities which offer instruction required to be taught by the Education Code of the state and in which no pupil is physically restrained, excluding schools which provide instruction in kindergarten or any grades 1 through 12 that occupy any portion the C-M zone located within 600 feet of the Commercial Cannabis Overlay Zone illustrated in Exhibit "A" to City Council Ordinance No. 673, unless otherwise

mandated under state or federal law.

**SECTION 8.** Subsection (47) of Section 20.68.150 (Uses by conditional use permit in C-M Zone) of Chapter 20.68 (Commercial and Professional Districts) of Title 20 (Zoning) of the Cudahy Municipal Code is hereby amended to read as follows:

- (47) Schools, business and professional, including art, barber, beauty, dance, drama, music, and swimming, excluding schools which provide instruction in kindergarten or any grades 1 through 12 that occupy any portion the C-M zone located within 600 feet of the Commercial Cannabis Overlay Zone illustrated in Exhibit "A" to City Council Ordinance No. 673, unless otherwise mandated under state or federal law.

**SECTION 9.** Title 5 (Business License and Regulations) of the Cudahy Municipal Code is hereby amended by the addition of a new Chapter 5.20 (Cannabis Permitting and Regulation), which shall read as follows:

#### **Chapter 5.20 – Cannabis Permitting and Regulation.**

##### **5.20.010 Section Intent and Purposes.**

The intent and purpose of this Chapter is to regulate Commercial Cannabis Activity (as defined below) in accordance with State Law (as defined below) to promote the health, safety, morals, and general welfare of the residents and businesses within the City. The City is authorized to regulate this activity pursuant to State Law, including, but not limited to, MAUCRSA. The goals of this regulation for Commercial Cannabis Activity include:

- (a) To comply with the goals and guidance set forth in the Cole Memo.
- (b) To minimize the size of the illegal market for Cannabis in the City and the surrounding regions.
- (c) To create jobs, revenue, and economic growth for the City and its residents.
- (d) To enable law enforcement and regulators to have sufficient rights to inspect and audit Cannabis Permittees and take expeditious action against Cannabis Permittees who violate the requirements of this Chapter.
- (e) To minimize social harms which may arise from Cannabis including youth consumption or intoxicated driving.
- (f) To regulate the manner of advertising and location of Cannabis Permittees such that public nuisance is minimized.

##### **5.20.020 Definitions.**

For purposes of this Chapter, the following definitions shall apply, unless the context clearly indicates otherwise:

- (a) **"Applicant"** means an Owner seeking a Cannabis Permit pursuant to this Chapter.
- (b) **"Cannabis"** means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every

compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. Cannabis also means the separated resin, whether crude or purified, obtained from cannabis. Cannabis also means marijuana as defined by Section 11018 of the California Health and Safety Code as enacted by Chapter 14017 of the Statutes of 1972. Cannabis does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter 5.18, Cannabis does not mean industrial hemp as that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

(c) **“Cannabis Permit”** means a permit issued by the City to conduct a Commercial Cannabis Activity, including, but not limited to a Cultivation Permit, Distribution Permit, Manufacturing Permit, Microbusiness Permit, Retail Delivery Permit, or Testing.

(d) **“Cannabis Permittee”** means a Person who holds a Cannabis Permit.

(e) **“Cannabis Product”** means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, or other cannabis derivative, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(f) **“City”** shall mean the City of Cudahy.

(g) **“City Code”** means the City of Cudahy Municipal Code.

(h) **“City Manager”** means the City Manager of the City of Cudahy.

(i) **“Cole Memo”** means the August 29, 2013 United States Department of Justice memorandum offering guidance on federal enforcement priorities regarding Cannabis.

(j) **“Commercial Cannabis Activity(ies)”** means the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of Cannabis and/or Cannabis Products.

(k) **“Cultivation”** means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of Cannabis.

(l) **“Cultivation Permit”** means a Cannabis Permit for the Indoor Cultivation of Cannabis in accordance with the terms and conditions of this Chapter and the Development Agreement for the applicable Cannabis Permit issued to the particular Cultivation Permittee.

(m) **“Cultivation Permittee”** means an applicant who has applied for and has been issued a Cultivation Permit by the City pursuant to the terms and conditions of this Chapter.

(n) **"Day Care Center"** means any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and schoolage child care centers.

(o) **"Development Agreement"** means an agreement adopted pursuant to the Development Agreement Law (Gov. Code, § 65864 et seq.) and Cudahy Municipal Code Chapter 20.28 (Development Agreements), which provides agreed upon community benefits to the City.

(p) **"Distribution"** means the procurement, sale, and transport of cannabis and cannabis products between persons authorized to engage in permitted commercial cannabis activities pursuant to this Chapter.

(q) **"Distribution Permit"** means, with respect to a Distribution Permittee, a Cannabis Permit for Distribution in accordance with the terms and conditions of this Chapter and the Development Agreement for the applicable Cannabis Permit issued to such Distribution Permittee.

(r) **"Distribution Permittee"** means a Person that has been issued a Distribution Permit by the City pursuant to the terms and conditions of this Chapter.

(s) **"Fully Enclosed and Secure Structure"** means a space within a building or other structure which has a complete roof enclosure supported by connecting walls extending from the ground to the roof, which is reasonably secure against unauthorized entry, provides complete visual screening or is behind fencing or other features providing complete visual screening, and which is accessible only through one or more lockable doors and is inaccessible to minors.

(t) **"Good Cause"** for purposes of refusing or denying a Cannabis Permit, for revoking a Cannabis Permit, or for refusing or denying a Cannabis Permit renewal or reinstatement means: (i) the Applicant has not obtained approval by the City Council of a Development Agreement setting forth the general terms for the operation of commercial cannabis activity or breaches a term or terms of a Development Agreement approved by the City Council pursuant to this Chapter; (ii) The Applicant or Cannabis Permittee has violated the terms, conditions, or provisions of this Chapter, of state law, of any regulations or rules promulgated pursuant to state law or this Chapter, any applicable local rules, regulations, or conditions placed upon its state license or Cannabis Permit; (iii) the licensed Premises have been operated in a manner that adversely affects the public health, safety, or welfare or the safety of the immediate neighborhood in which the Commercial Cannabis Activity is being conducted; (iv) the Applicant or Cannabis Permittee has knowingly made false statements, misrepresentations, or material omissions on an application form, renewal form, or other document submitted to the City; (v) the Applicant or Cannabis Permittee's criminal history does not indicate that the Applicant or Cannabis Permittee is of Good Moral Character or the Applicant or Cannabis Permittee has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the Applicant or Cannabis Permittee. However, if the City has issued a Cannabis Permit to the Applicant or Cannabis Permittee, the City shall not consider any

criminal history of the Applicant or Cannabis Permittee that was disclosed to or discovered by the City prior to issuance of the Cannabis Permit and is confirmed by the Applicant or Cannabis Permittee. For any criminal history that was not disclosed to or discovered by the City prior to issuance of a Cannabis Permit, or that arose after the issuance of the Cannabis Permit, the City shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the Applicant or Cannabis Permittee, and shall evaluate the suitability of the Applicant or Cannabis Permittee based upon such review. In determining which offenses are substantially related to the qualifications, functions, or duties of the Applicant or Cannabis Permittee, the City shall consider factors set forth in Business and Professions Code Section 26057; (vi) the Applicant or Cannabis Permittee is employing or allowing to volunteer any person whose criminal history indicates that such person is not of Good Moral Character; (vii) the Applicant or Cannabis Permittee fails to allow inspection by City officials of the security recordings, activity logs, business records, or other accessible records pertaining to the activities conducted on the applicable Premises; or (viii) the Applicant or Cannabis Permittee allows for Physician Services to be conducted on the applicable Premises.

(u) **“Good Moral Character”** means having a personal history that demonstrates the propensity to serve the public in a manner that reflects openness, honest, fairness, and respect for the law and rights and well-being of others. In determining Good Moral Character, the following standards shall apply: (i) a judgment of guilt in a criminal prosecution or a judgment in a civil action shall not be used, in and of itself, as proof of an individual’s lack of Good Moral Character. Such judgment, however, may be used as evidence in the determination and when so used, the individual shall be notified and shall be permitted to rebut the evidence by showing that, at the current time, he or she has the ability to, and is likely to serve the public, in a fair, honest, and open matter, that he or she is rehabilitated, and/or that the substance of the former offense is not substantially related to the applicable Commercial Cannabis Activity; and (ii) a prior conviction where the sentence, including any term of probation incarceration, or supervised release is completed for the possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance, is not considered substantially related, and shall not be the sole ground for denial of a Cannabis Permit, except that any of the convictions set forth in Business and Professions Code Section 26057(b)(4), as may be amended, shall be deemed substantially related to applicable Commercial Cannabis Activity.

(v) **“Health and Safety Code”** means the California Health and Safety Code, as amended from time to time.

(w) **“Indoor”** means within a Fully Enclosed and Secure Structure.

(x) **“Manufacture” or “Manufacturing”** means to compound, blend, extract, infuse, or otherwise make or prepare a Cannabis Product from such blends, extractions, or infusions.



(y) **"Manufacturing Permit"** means a Cannabis Permit to Manufacture in accordance with the terms and conditions of this Chapter and the conditions of approval for the applicable Cannabis Permit issued to the particular Manufacturing Permittee.

(z) **"Manufacturing Permittee"** means a Person that has been issued a Manufacturing Permit by the City pursuant to the terms and conditions of this Chapter.

(aa) **"Medicinal Permittee"** means a Person who is issued a Cannabis Permit to engage in Commercial Cannabis Activity with respect to medicinal Cannabis in accordance with applicable City law and State Law, including MAUCRSA.

(bb) **"Microbusiness"** means a commercial medicinal cannabis business facility of cultivation of medicinal cannabis on areas less than 10,000 square feet and also acts as a licensed distributor, manufacturer, and Delivery-only retailer, pursuant to State Law, including MAUCRSA. Microbusinesses shall not be open to the public for point-of-sale retail Cannabis sales.

(cc) **"Microbusiness Permit"** means a Cannabis Permit to establish and conduct a Microbusiness in accordance with the terms and conditions of this Chapter and the conditions of the Development Agreement for the applicable Cannabis Permit issued to the particular Microbusiness Permittee.

(dd) **"Microbusiness Permittee"** means a Person who has been issued a Microbusiness Permit by the City pursuant to the terms and conditions of this Chapter.

(ee) **"Outdoors"** means any location within the City that is not within a Fully Enclosed and Secure Structure.

(ff) **"Owner"** means any of the following: (i) a Person with an aggregate ownership interest of 20% or more in the Person applying for a Cannabis Permit, unless the interest is solely a security, lien, or encumbrance; (ii) the chief executive officer of a nonprofit or other entity; a member of the boards of directors of a nonprofit; (iv) an individual who will be participating in the direction, control, or management of the person applying for a Cannabis Permit.

(gg) **"Permit Zone"** means, with respect to a Person holding a Cannabis Permit, the overlay zone described in Cudahy Municipal Code Chapter 20.120 where such Cannabis Permit type is permitted to operate pursuant to a Development Agreement with the City.

(hh) **"Person"** includes any individual, entity, firm, co-partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

(ii) **"Physician Services"** means the consultation by a State-licensed physician of a patient with the possible recommendation by such physician of medicinal Cannabis for such patient.

(jj) **"Premises"** means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the Cannabis Permittee applicant or Cannabis Permittee where the Commercial Cannabis Activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one Cannabis Permittee.

(kk) **"Retail Delivery"** means the commercial transfer or delivery of Cannabis or Cannabis Products to a customer, patient, primary caregiver or Cannabis Permittee.

(ll) **"Retail Delivery Establishment"** means a location where Cannabis or Cannabis Products are, either individually or in any combination, Delivered pursuant to State Law, including MAUCRSA. Retail Delivery Establishments shall not be open to the public for point-of-sale retail sales.

(mm) **"Retail Delivery Permit"** means a Cannabis Permit to Deliver Cannabis and Cannabis Products to customers, patients, and primary caregivers in accordance with the terms and conditions of this Chapter and the conditions of the Development Agreement for the applicable Cannabis Permit issued to the particular Retail Delivery Permittee.

(nn) **"Retail Delivery Permittee"** means a Person that has been issued a Retail Delivery Permit by the City pursuant to the terms and conditions of this Chapter.

(oo) **"State"** means the State of California.

(pp) **"State Law"** means all laws of the State of California, including, but not limited to, all rules and regulations adopted by State agencies and State regulatory entities, including subsequent amendments to such laws, rules, and regulations.

(qq) **"State Medicinal License"** means a State license for medicinal Commercial Cannabis Activities issued pursuant to State Law.

(rr) **"Testing"** means the activities conducted by a Testing Laboratory.

(ss) **"Testing Laboratory"** means an accredited laboratory, facility, or entity in the City that offers or performs tests of medicinal cannabis or medicinal cannabis products in accordance with State Law and City law:

(tt) **"Testing Permit"** means a Cannabis Permit for Testing the quality and makeup of Cannabis and Cannabis Products pursuant to the terms and conditions of this Chapter and the conditions of the Development Agreement for the applicable Cannabis Permit issued to the particular Testing Permittee.

(uu) **"Testing Permittee"** means a Person who has been issued a Testing Permit by the City pursuant to the terms and conditions of this Chapter.

(vv) **"Volatile Solvent"** means a Class I Flammable liquid as defined by the National Fire Protection Association, including butane and propane.

(ww) **"Youth Center"** means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to,

private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

#### **5.20.030 Commercial Cannabis Activity Prohibited.**

All Commercial Cannabis Activity within the City is prohibited except as permitted by this Chapter.

**5.20.040 Certain Commercial Cannabis Activity Permitted.** Medicinal Commercial Cannabis Activities, except retail dispensaries that are open to the public for point-of-sale purchases, shall be allowed within the area set forth in the overlay zone/Permit Area illustrated in Exhibit "A" to City Council Ordinance No. 673 pursuant to a development agreement adopted in accordance with the Development Agreement Law (Gov. Code, § 65864 et seq.) and Cudahy Municipal Code Chapter 20.28 (Development Agreements). No such activities shall be permitted without a Development Agreement within or outside of the boundaries of such overlay zone. The City may approve or deny such a Development Agreement in its sole and absolute discretion. The City Manager is authorized to develop and promulgate policies and procedures consistent with the intent and spirit of this Chapter concerning the applications, application process, including, but not limited to, the information required of Applicants, and application review procedures, which shall inform the administration and protocols to be used and followed by the City in the application and hearing processes.

#### **5.20.050 Business standards.**

Commercial Cannabis Activity within the City shall be in conformance with the standards set forth in this Section, in addition to those additional standards that may be imposed through negotiated Development Agreement. The City Manager is hereby authorized to formulate and impose additional Business Requirements applicable to Cannabis Permittees in furtherance of the public health, safety, and/or welfare.

(a) Commercial Cannabis Activity shall only be allowed upon application and issuance of a Cannabis Permit and a Development Agreement by the City in accordance with the criteria and process set forth in this Chapter and City Code.

(b) Zoning and Land Use.

- (1) Operation Near Schools, Day Cares, and Youth Centers. Following the enactment of this Chapter, no new Premises shall be established, developed, or operated within 600 feet of a Day Care Center, Youth Center, or public or private school providing instruction in kindergarten or any grades 1 through 12 that is in existence at the time the Cannabis Permit is issued. All distances shall be measured in a straight line, without regard to intervening structures, from the nearest point of the building or structure in which the Premises are, or will be, located to the nearest property line of those uses describe in this Subsection. The restrictions set forth in this Subsection shall not apply to Premises which operate within 600 feet of any Day Care Center, Youth Center, or public or private school

providing instruction in kindergarten or any grades 1 through 12, if such Premises existed prior to the establishment of the applicable Day Care Center, Youth Center, or school that is located within 600 feet of such Premises.

(2) Co-Location. All Commercial Cannabis Activity shall fully comply with all mandates set forth in State Law. To the extent not prohibited under State Law, a Cannabis Permittee may be located within the same unit of the same Premises or building, facility or real property parcel as another Cannabis Permittee.

(3) Development Agreement.

a) Prior to commencing operations, all Cannabis Permittees shall enter into a Development Agreement with the City.

b) All Premises shall be operated in accordance with the terms of the applicable Development Agreement for the specified parcel of real property (or sub-portion thereof) upon which the Premises is located.

c) Except as specified, Commercial Cannabis Activities shall not exceed the square footage authorized pursuant to the applicable Development Agreement.

d) All Premises shall be located in the Permit Zone pursuant to the applicable Development Agreement.

(c) Commercial Cannabis Activity is allowed only within Fully Enclosed and Secure Structures that are inaccessible to minors.

(d) Signage for any business must be applied for through the City's Planning Division, which shall require review and approval prior to installation. Business identification signage shall be limited to that needed for identification only, and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No Cannabis Permittee shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the Premises of the Cannabis Permittee or elsewhere including, but not limited to, the public right-of-way.

(e) From any public right-of-way, there shall be no visible evidence of the consumption of any Cannabis Products. Commercial Cannabis Activity shall not adversely affect the health or safety of the nearby residents by creating dust, glare, heat, noise, smoke, traffic, vibration, odor or other impacts, and shall not be hazardous due to use or storage of materials, processes, products, or wastes.

(f) Hours of operation limits, if any, shall be specified in terms mutually agreed upon in a Development Agreement.

(g) All Cannabis and Cannabis Products shall be kept in a secured manner during all business and nonbusiness hours.

(h) All Commercial Cannabis Activities shall operate within Premises that are compliant with all applicable State Laws and local laws.

(i) Cannabis Permittees must pay all applicable taxes pursuant to all federal, State, and local laws, including, but not limited to, fees relating to infrastructure improvements within the Permit Zone.

(j) Cannabis Permittees shall provide sufficient odor absorbing ventilation and exhaust systems so that odors outside the applicable Premises are not a nuisance on any adjacent property of public right-of-way. Any violation of this Section shall be remedied within thirty (30) days of the Cannabis Permittee receiving notice of such violation.

(k) Cannabis Permittees shall utilize product and inventory tracking software and accounting software that is consistent with reasonable business practices within the industry and the seed-to-sale tracking software being developed by the State.

(l) Except permitted in this Chapter, on-site smoking, ingestion, or consumption of Cannabis or Cannabis Products shall be prohibited on Premises. Except to the extent otherwise permitted pursuant to this Chapter, the entrance of the Premises shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming Cannabis, Cannabis Products or alcohol on such Premises is prohibited.

(m) Signage for all Premises shall be in compliance with the City's sign code and application for all signs must be submitted to the City's Planning Division and comply with its sign permitting protocol.

(n) Alcoholic beverages and tobacco shall not be sold, stored, distributed, or consumed on the Premises. Cannabis Permittees shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages or tobacco with respect to the Premises. In addition, alcohol shall not be provided, stored, kept, located, sold, dispensed, or used on the Premises.

(o) Physician Services shall not be provided at any Premises.

(p) The Premises shall fully comply with all applicable rules, regulations, and laws including, but not limited to, zoning and building City Codes, the City's business license ordinances, the Revenue and Taxation Code, the Americans with Disabilities Act, and MAUCRSA.

(q) Each Cannabis Permittee shall provide the City Manager, or the City Manager's designee, with the name, phone number, facsimile number, and email address of an on-site representative of such Cannabis Permittee to whom the City and the public can provide notice if there are any operational problems associated with such Cannabis Permittee's Premises. Each Cannabis Permittee shall make reasonable and good faith efforts to encourage residents and the public to call this representative to resolve any operational problems before any calls or complaints are made to the City or law enforcement.

(r) All Cannabis Permittees must comply with the following security requirements:

(1) General Security Requirements.

a) Security cameras shall be installed and maintained in good working condition and used in a format approved by the City Manager. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras include areas as determined by the City Manager, including, but not limited to, the area in which the primary Commercial Cannabis Activity occurs, e.g. the Cultivation area for a for a cultivator.

b) The Premises shall be alarmed with a reliable commercial alarm system that is operated and monitored by a security company or alarm business in a manner satisfactory to the City Manager.

c) Entrance to any storage areas shall be locked at all times and under the control of staff of the Cannabis Permittee.

d) The business entrance(s) and all window areas shall be illuminated during evening hours. The Applicant shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits, as necessary.

e) All windows on the Premises shall be appropriately secured with all Cannabis and Cannabis Products securely stored.

f) Each Cannabis Permittee shall implement track and trace protocols, as noted above in this Section, in order to prevent diversion of Cannabis or Cannabis Products.

g) All waste and disposal containers shall be locked at all times and stored in a secure area and, at all times, under the control of the Cannabis Permittee.

(2) Security Alarm Systems – Minimum Requirements.

a) Each Premises shall have a security alarm system installed by a licensed alarm company on all perimeter entry points and perimeter windows.

b) Each Premises must ensure that its location is continuously monitored. Premises may engage the services of outside vendors to fulfill this requirement, such as a private security firm.

c) Each Premises shall maintain up to date and current records and existing contracts on the Premises that describe the location and operation of each security alarm system, a schematic of security zones, the name of the licensed alarm company, and the name of any vendor monitoring the Premises.

(3) Lock Standards. At a minimum, all points of ingress and egress shall be secured with commercial-grade, non-residential door locks.

(4) Video Surveillance Requirements.



- a) Prior to exercising the privileges of a Cannabis Permit issued under this Chapter, an Applicant must install fully operational video surveillance and camera recording system. The recording system must record in digital format and meet the requirements outlined herein.
- b) All video surveillance records and recording must be stored in a secure area that is only accessible to the management staff of the Cannabis Permittee.
- c) Video surveillance records and recordings must be made available upon request to the City Manager or designee for a purpose authorized by this Chapter or for any other State or local law enforcement purpose.
- d) Video surveillance shall be held in confidence by all employees and representatives of the City Manager, except that the City Manager may provide such records and recordings to any State or local law enforcement agency for any purpose authorized under this Chapter for any State or local law enforcement purpose.
- e) A sign shall be posted in a conspicuous place near each point of public access, which shall not be less than 12 inches wide and 12 inches long, composed of letters not less than one inch in height, stating that "All Activities Monitored by Video Camera" or "These Premises Are Being Digitally Recorded" or otherwise advising of all persons entering the Premises that a video surveillance and camera recording system is in operation and recording all activity as provided in this Section.
- f) The Premises shall utilize video surveillance equipment and a camera system that shall be remotely accessible by the City and Los Angeles County Sheriff's Department.

(5) Video Surveillance Equipment.

- a) Video surveillance equipment shall, at a minimum, consist of digital or network video recorders, cameras capable of meeting the recording requirements described in this Section, video monitors, digital archiving devices, and a color printable capable of delivering still photos.
- b) All video surveillance systems must be equipped with a failure notification system that provides prompt notification to a Cannabis Permittee of any prolonged surveillance equipment interruption and/or the complete failure of the surveillance.
- c) Cannabis Permittees are responsible for ensuring that all surveillance equipment is properly functioning and maintained so that the playback quality is suitable for viewing and the surveillance equipment is capturing the identity of all individuals and activities in the monitored Premises.
- d) All video surveillance equipment shall have sufficient battery backup to support a minimum of four hours of recording in the event of a power outage.

(6) Placement of Cameras and Required Camera Coverage.

- a) Camera placement shall be capable of identifying activity occurring within 20 feet of all points of ingress and egress and shall allow for the clear and certain identification of any individual and activities on the Premises.
- b) All entrances and exits to the Premises shall be recorded from both indoor and outdoor vantage points.
- c) The system shall be capable of recording all pre-determined surveillance areas in any lighting conditions. If the Premises has a medicinal cannabis cultivation area, a rotating schedule of lighted conditions and zero-illumination can occur as long as ingress and egress points to those areas remain constantly illuminated for recording purposes.
- d) Areas where medicinal cannabis is grown, tested, cured, manufactured, or stored shall have a camera placed in the room facing the primary entry door at a height that will provide a clear unobstructed view of activity without sight blockage from lighting hoods, fixtures, or other equipment.
- e) Cameras shall also be placed at each location where weighing, packaging, preparation, tagging activities occur, or other distribution preparation activities occur.
- f) At least one camera must be dedicated to record the access points to the secured surveillance recording area.

(7) Location and Maintenance of Surveillance Equipment.

- a) Surveillance recording equipment must be housed in a designated, locked, and secured room or other enclosure with access limited to authorized employees, the City Manager or designee, Los Angeles County Sheriff's Department, as authorized by this Chapter, other State or local law enforcement purpose, and service personnel or contractors.
- b) Premises must keep a current list of all authorized employees and service personnel who have access to the surveillance system and/or surveillance system room on the Premises. Premises must keep a surveillance equipment activity log on the Premises to record all service activity, including the identity of all individuals performing services on system service, the service date and time, and the reason for such service to the surveillance system.
- c) Off-site monitoring and video recording storage of the Premises by an independent third party may be authorized so long as standards exercised at the remote location meets or exceeds all of the standards applicable to onsite monitoring.

d) Each Premises located in a common or shared building must have a separate surveillance room/area that is dedicated to that specific Premises. The facility that does not house the central surveillance room is required to have a review station, printer, and map of camera placement on the Premises. All minimum requirements for equipment and security standards as set forth in this Section apply to such review station.

(8) Video Recording Retention Requirements.

a) All camera views of all recorded areas must be continuously recorded 24 hours a day.

b) All surveillance recordings must be kept for a minimum of 30 days and be in a format that can be easily accessed for viewing. Video recordings must be archived in a format that ensures authentication of the recording as legitimately-captured video and guarantees that no alteration of the recorded image has taken place.

c) The surveillance system or equipment must have the capabilities to produce a color still photograph from any camera image, live, or recorded, of the Premises.

d) The date and time must be embedded on all surveillance recordings without significantly obscuring the picture.

e) Time is to be measured in accordance with the official United States time established by the National Institute of Standards and Technology and the U.S. Naval Observatory at [www.time.gov](http://www.time.gov).

f) After the 30-day surveillance retention schedule has lapsed, surveillance video recordings must be erased or destroyed prior to being discarded or disposed of for any other purpose. Surveillance video recordings shall not be destroyed if the Cannabis Permittee knows or should have known of a pending criminal, civil, or administrative investigation or any other proceeding for which the recording may contain relevant information.

(9) Other Records. All records applicable to the surveillance system and cannabis tracking system shall be maintained on the Premises. At a minimum, Premises shall maintain a map of the camera locations, directions of coverage, camera numbers, surveillance equipment maintenance activity log, user authorization list and operating instructions for the surveillance equipment.

(s) Audit. Each Cannabis Permittee shall maintain accurate books and records in an electronic format, which detail all revenues and expenses of the business, including, but not limited to, all assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, each Cannabis Permittee shall file a sworn statement detailing business activity during the previous 12-month period (or shorter period based upon the timing of the request). The statement shall include gross sales for each month and all

applicable taxes and fees paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. Each Cannabis Permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or designee.

(t) Inspections. The City Manager, or designee, or Los Angeles County Sheriff's Department shall have the right to enter all Premises from time to time unannounced during a Cannabis Permittee's hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this Chapter, to inspect and copy records required to be maintained under this Chapter, or to inspect, view, and copy recordings made by security cameras, all without requirement for a search warrant, subpoena, or court order, and subject to appropriate fees, as specified in the Development Agreement, or adopted by the City.

#### **5.20.060 Application and fee requirements.**

(a) All applicants wishing to obtain a Cannabis Permit from the City shall file an application with the City upon a form approved by the City Manager and shall pay a permit application fee as established by the City. The fee may vary depending on the type of Cannabis Permit. The City Manager or designee may require and conduct background checks, as necessary, to process and evaluate Cannabis Permit applications.

(b) Prior to operating in the City, each Cannabis Permittee shall timely and fully pay all fees associated with the establishment of Commercial Cannabis Activity. The fees shall be as set forth in the schedule and fees and charges established by the City Council, including, but not limited to, the following:

- (1) Application fee for accepting a registration application, due and payable in full at the time an application is submitted;
- (2) Processing fee for the cost to the City of processing an application and reviewing, investigating, and scoring each application in accordance with any evaluation system to determine eligibility for issuance of a Cannabis Permit, due and payable in full at the time a registration application is submitted;
- (3) Permit issuance fee for the cost to the City of preparing a Development Agreement, Planning Commission and City Council review of the Development Agreement and the Cannabis Permit, and preparation and issuance of the Cannabis Permit, as authorized by the Cannabis Permit;
- (4) Amended registration fee for the cost to the City of reviewing amendments or changes to the registration form previously filed on behalf of an Applicant, due and payable in full at the time amendments or changes to any Cannabis Permit form is submitted to the City;

- (5) Permit renewal fee for the cost of the City of processing an application to renew a Cannabis Permit, due and payable in full at the time application is made to renew a Cannabis Permit; and
- (6) Any fees set forth in the applicable Development Agreement.

#### **5.20.070 Permit conditions.**

(a) A Cannabis Permit application may be denied and not awarded by the City if:

- (1) The Applicant or the Applicant's agent(s) has made one or more false or misleading statements or omissions in the application or during the application process.
- (2) The proposed Premises or Commercial Cannabis Activity at the Premises is not allowed by State Law or City law.
- (3) The Applicant is not a legal representative of the proposed Cannabis Permittee.
- (4) The Applicant or any of its officers, directors, owners, managers, or employees is under 21 years of age.
- (5) The Applicant's facility or its location is in violation of any building, zoning, health, safety, or other provision of this Chapter or of any State or local law that substantially affects the public health, welfare, safety, or morals, or the facility or its location is not permitted in the proposed area, or the issuing or continuation of a Cannabis Permit would be contrary to the public health, welfare, safety, or morals.
- (6) The Applicant or any of its officers, directors, owners, managers, or employees has been sanctioned by the City, State, or any county for unauthorized cannabis activities or has had a registration revoked under this Chapter in the previous 3 years.
- (7) The Applicant or the Applicant's agent(s) have engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices.
- (8) The Applicant has not been or is not in good standing with the City related to other or previous business activities operated in the City.
- (9) The Applicant has not satisfied all requirements of this Chapter.
- (10) For Good Cause, as defined in this Chapter.

(b) A Cannabis Permit shall be awarded by the City to Applicants in accordance with the process established by the City Manager.

(c) Before a Cannabis Permit can be issued to an applicant, a Cannabis Permit fee must be paid to offset all related costs to the City, and the proposed Premises must pass all applicable inspections.



(d) Each Cannabis Permit is subject to the conditions of approval in the applicable Development Agreement for the parcel of real property upon which the Premises is located.

(e) Each Cannabis Permit is subject to any additional conditions that may be applied by the City at the time of issuance or renewal as necessary to properly regulate the applicable Commercial Cannabis Activities and to protect the public.

(f) Each Cannabis Permittee shall execute a Development Agreement with the City to, among other things, fully reimburse the City for all fiscal impacts, costs, expenses, fees, and attorneys' fees incurred by the City related to the Cannabis Permit and the related Commercial Cannabis Activity of such Cannabis Permittee.

(g) Each Cannabis Permittee shall:

(1) Carry liability insurance in the amounts and types set by the City Manager or the City Manager's designee, and name the City as an additional insured on all such insurance policies.

(2) Execute an Indemnification Agreement prepared by the City that fully indemnifies the City for all liabilities associated with the Cannabis Permit, the Cannabis Permittee's Commercial Cannabis Activities, and any action taken by the Cannabis Permittee pursuant to this Chapter. Such indemnification may be set forth in the applicable Development Agreement.

(3) Defend the City, at the Cannabis Permittee's sole expense, in any action against the City or its agents, officers, officials, or employees associated with the Cannabis Permit, the Cannabis Permittee's Commercial Cannabis Activities, or any action taken by the Cannabis Permittee pursuant to this Chapter. The City may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve the Cannabis Permittee of its indemnification and reimbursement obligations.

(4) Reimburse the City for all costs, expenses, fees, and attorney's fees incurred by the City related to any action against the City or its agents, officers, or employees associated with the Cannabis Permit, the Cannabis Permittee's Commercial Cannabis Activity, or any action taken by the Cannabis Permittee pursuant to this Chapter.

(h) A Cannabis Permittee shall keep the City and law enforcement updated with the names, addresses, and relevant criminal histories of the Applicant's Agents. Relevant criminal histories shall include any drug-related or felony convictions, the nature of such offenses, and the sentences received for such convictions.

(i) Transfer.

(1) Any Cannabis Permittee may not sell, transfer, pledge, assign, grant an option, or otherwise dispose of his or her ownership interest in the Commercial Cannabis Business authorized pursuant to the Cannabis Permit.



- (2) In order for a Cannabis Permittee to transfer its Cannabis Permit to any Person, such Cannabis Permittee must submit a transfer application to the City Manager or City Manager's designee. The City Manager or designee may create a transfer application and reasonable transfer application process, including mandatory fee, that Cannabis Permittees and the City must follow and pay for Cannabis Permit transfer requests. Each transfer request of a Cannabis Permit and the related transfer application is subject to the prior approval of the City Manager or designee.
  - (3) Applicants for Cannabis Permits must show proof of lawful possession of the applicable location. Evidence of lawful possession consists of properly executed deeds of trust, leases, and other written instruments, as may be accepted by the City.
  - (4) The location shall only be the geographical area that is specifically and accurately described in executed documents verifying lawful possession. No Cannabis Permittee is authorized to relocate to other areas or units within a building structure without first filing a change of location application and obtaining approval from the City regardless of any possessory interest or right to possession to such additional space. No Cannabis Permittee shall add additional contiguous units or areas, thereby altering initially-approved Premises without filing an application to modify the location on forms prepared by the City Manager, including any applicable processing fee.
  - (5) No Cannabis Permittee is authorized to sublet any portion of any Premises for any purpose unless all necessary forms and applications to modify the existing location to accomplish any subletting have been approved by the City.
  - (6) The City Manager shall develop and promulgate a process for the renewal of Cannabis Permits and the establish related fees, in accordance with applicable laws.
- (j) To the fullest extent permitted by law, the City does not assume any liability, and expressly does not waive sovereign immunity, with respect to any Commercial Cannabis Activities, or for the other activities of any Cannabis Permittee or for any other activities taking place at Premises.
- (k) Changing, Altering, or Modifying Location.
- (1) After issuance of a Cannabis Permit, the Cannabis Permittee shall not make any physical change, alteration, or modification to the Premises that materially or substantially alters the location, production estimates, and/or usage of the location from the plans originally approved under the applicable Development Agreement, without the prior written approval of the City Council or designee. The Cannabis Permittee whose Premises are to be materially or substantially changed is responsible for filing an application with the City in order to obtain requisite approval.

- (2) Material or substantial changes, alterations, or modifications requiring approval include, but are not limited to, the following: (i) an increase or decrease in the total physical size or capacity of the location; (ii) the sealing off, creation of or relocation of a common entryway, doorway, passage, or other such means of public ingress and/or egress, when such common entryway, doorway, or passage alters or changes limited access areas; or (iii) the installation or replacement of electric fixtures or equipment, the lowering of a ceiling, or electrical modifications made for the purpose of increasing power usage..
  - (3) The City Council or designee may grant approval for the types of changes, alterations, or modifications described herein upon the filing of an application by the Cannabis Permittee and payment of any applicable fee, subject to any requisite amendments to the applicable Development Agreement. The Cannabis Permittee must submit all information requested by the City Council or designee including, but not limited to, documents that verify the following: (i) the Cannabis Permittee will continue to have the exclusive possession of the Premises, as changed, by ownership, lease, rental agreement, or other means, and sole control over all activities; and (ii) the proposed change conforms to any and all City restrictions related to the time, manner, and place of regulation of the applicable Commercial Cannabis Activity.
- (l) To the fullest extent permitted by law, the City does not assume any liability, and expressly does not waive sovereign immunity, with respect to any Commercial Cannabis Activities, or for the other activities of any Cannabis Permittee or for any other activities taking place at Premises.

#### **5.20.080 Enforcement and Appeals.**

- (a) Any Commercial Cannabis Activity within the City in violation of this Chapter is hereby declared to be unlawful and a public nuisance.
- (b) Any Person who willfully or knowingly (i) engages in a violation of this Chapter or (ii) owns, possesses, controls, or has charge of any parcel of real property in the City upon which a violation of this Chapter is maintained and who has actual knowledge of such violation (or would have actual knowledge of such violation after a reasonable inquiry), shall be subject to the penalties and remedies provided by this Chapter.
- (c) Any violation of this Chapter shall constitute a separate offense for each and every day the violation occurs or persists.
- (d) Any Person in violation of any provision of this Chapter or who causes another Person to be in violation of this Chapter shall have committed a misdemeanor. In addition which shall be punishable by a fine of up to one thousand dollars (\$1,000) for each violation and for each day the applicable violation continues to persist.

(e) Any person in violation of any provision of this Chapter shall be punishable by an administrative fine of up to a \$1,000 per offense.

(f) Any material violation of this Chapter or any other relevant City law or State Law by a Cannabis Permittee, or a Cannabis Permittee's agent, is grounds for suspending or revoking the relevant Cannabis Permit. In addition, the City Manager or the City Manager's designee may suspend or revoke a Cannabis Permit, disqualify an Applicant from the application process, or elect not to renew a Cannabis Permit if any of the following occur:

- (1) The City Manager or the City Manager's designee determines that the Cannabis Permittee has failed to comply with this Chapter, any condition of approval, or any agreement or covenant as required pursuant to this Chapter.
- (2) The Cannabis Permittee's Commercial Cannabis Activities cease for more than ninety (90) calendar days.
- (3) Ownership of the Cannabis Permittee is changed without approval from the City.
- (4) The licensed Commercial Cannabis Activity moves from the licensed Premises to a different, unauthorized location.
- (5) The Cannabis Permittee fails to provide remote access to the security cameras to the City Manager, the City Manager's designee, or Los Angeles County Sheriff's Department, or fails to allow inspection of the security recordings, the activity logs, or of the Premises by authorized City officials.

(g) Any decision regarding the suspension or revocation of a Cannabis Permit, disqualification of an Applicant from the application process, or election not to renew a Cannabis Permit may be appealed to an independent neutral third-party administrative hearing officer appointed by the City Manager or the City Manager's designee (the "Hearing Officer"). Said appeal shall be made by a notice of appeal from the Person appealing within thirty (30) days from the date of the City's decision. The appeal shall be accompanied by a written verified declaration setting forth the basis for the claim that the City's decision was improper. The Hearing Officer's decision shall be final and binding upon the City and the appellant Cannabis Permittee or Applicant. Alternatively, the City Manager may provide for the appeal to be made to the City Council, in lieu of a hearing officer. In such case, the City Council's decision shall be final and binding upon the City and the appellant.

(h) These penalties and remedies are cumulative, and in addition to any other penalties and remedies available to the City.

#### **5.20.090 State Medicinal License Requirement.**

(a) Cannabis Permittees must obtain a State Medicinal License in accordance with State Law, including, but not limited to, the temporary and permanent State Medicinal Licenses provided for in MAUCRSA.

(b) Each Cannabis Permittee must expeditiously provide proof of receipt of the applicable State Medicinal License by such Cannabis Permittee to the City Manager or designee.

#### **5.20.100 Medicinal Cannabis Cultivation.**

(a) **Purpose.** The purpose and intent of this Section is to permit and regulate the medicinal Cannabis Cultivation in order to promote the health, safety, morals, and general welfare of the residents and businesses within the City. The City is authorized to regulate this activity pursuant to State Law.

(b) **Scope; Medicinal Cannabis.** This Section permits and regulates the medicinal Cannabis Cultivation pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Cultivation Permits may be issued by the City for medicinal Cannabis Cultivation pursuant to and in accordance with State Law, including MAUCRSA.

(c) Outdoor Cultivation is prohibited within the City.

(d) Indoor Cultivation is permitted only on properties within the applicable Permit Zone with a valid Cultivation Permit and other requisite permits and entitlements.

(e) Indoor Cultivation may include growing Cannabis plants, harvesting Cannabis plants, and drying Cannabis flowers but shall not include the Manufacturing or of Cannabis Products, unless otherwise authorized pursuant to this Chapter.

(f) Entrance to the Cultivation area, and all storage areas, of the applicable Premises shall be locked at all times and under the control of the staff of such Premises.

#### **5.20.110 Medicinal Cannabis Products Manufacturing.**

(a) **Purpose.** The purpose and intent of this Section is to permit and regulate the medicinal Cannabis Products Manufacturing to promote the health, safety, morals, and general welfare of the residents and businesses within the City. The City is authorized to regulate this activity pursuant to State Law.

(b) **Scope; Medicinal Cannabis.** This Section permits and regulates medicinal Cannabis Products Manufacturing pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Manufacturing Permits may be issued by the City for medicinal Cannabis Products Manufacturing, pursuant to and in accordance with State Law, including MAUCRSA.

(c) Medicinal Cannabis Products Manufacturing is a permitted use only on properties within the applicable Permit Zone with a valid Cultivation Permit and other requisite permits and entitlements.

(d) A Manufacturing Permittee must employ at least one (1) member of its personnel dedicated full time to quality control.

(e) The Manufacturing Permittee must establish standard operating procedures and batch records that comply with current good manufacturing practices and applicable State Law, including MAUCRSA.

(f) All Cannabis Products produced by a Manufacturing Permittee must be labeled in compliance with applicable State Law, including MAUCRSA.

(g) All Cannabis Products produced by a Manufacturing Permittee must be packaged in child resistant containers prior to leaving the Premises for such Manufacturing Permittee in accordance with applicable State Law, including MAUCRSA.

(h) Manufacturing Permittees may conduct Manufacturing using any type of solvents, including Volatile Solvents, or Manufacturing processes if such Manufacturing complies with the requirements of this Chapter and State or local law, including but not limited to Health and Safety Code Section 11362.775 (or any successive State Law) all applicable fire and building codes in the City and any other laws of the City designed to ensure the safety of such operation.

(i) Manufacturing Permittees using Volatile Solvents for Manufacturing Cannabis Products must operate in a manner to reduce the risk of explosion or danger to public health, including through the use of a close-loop or solvent dispersion system consistent with the requirements of Health and Safety Code Section 11362.775 (or any successive State Law).

(j) If hazardous materials, flammable gas, flammable liquefied gas, flammable and combustible liquids, or other flammable material, as those terms are defined in California Fire Code Section 202, are to be used in the processing of medicinal Cannabis, then the provisions of California Fire Code Section 407 shall be applicable where hazardous materials are subject to permits under California Fire Code Section 50 (Hazardous Materials) are located on the Premises or where required by the applicable building or fire official.

(k) Storage, use, and handling of compressed gases in compressed gas containers, cylinders, tanks, and systems shall comply with California Fire Code Chapter 53. Partially full compressed gas containers, cylinders, or tanks containing residual gases shall be considered as full for the purposes of the controls required. Compressed gases classified as hazardous materials shall also comply with California Fire Code Chapter 50 for general requirements and California Fire Code Chapter 53 addressing specific hazards, including California Fire Code Chapter 58 (Flammable Gases), California Fire Code Chapter 60 (Highly Toxic and Toxic Materials), California Fire Code Chapter 63 (Oxidizers, Oxidizing Gases and Oxidizing Cryogenic Fluids, and California Fire Code Chapter 64 (Pyrophoric Materials). Prevention, control, and mitigation of dangerous conditions related to storage, use, dispensing, mixing, and handling of flammable and combustible liquids shall be in accordance with California Fire Code Chapters 50 and 57.

**(l) Labeling Requirements – Edibles.**

- (1) Before a Manufacturing Permittee prepares any edible Cannabis or edible Cannabis Product for retail sale, it shall be labeled and placed in tamper-evident packaging which at least meets the requirements of State Law, including, but not limited to, MAUCRSA.

- (2) All items to be sold or distributed shall be individually wrapped at the original point of preparation by the Cannabis Permittee.
- (3) Labeling must include a warning if nuts or other known allergens are used, and must include the total weight (in ounces or grams) of Cannabis in the package, not to exceed ten (10) milligrams of tetrahydrocannabinol (THC) per serving.
- (4) A warning that the item is a medication and not a food must be clearly legible on the front of the package and/or must comply with state packing requirements.
- (5) The package must have a label warning that the product is to be kept away from children.
- (6) The label must also state that the product contains Cannabis and must specify the date of Manufacture and the Manufacture Permittee's information, including, but not limited to, address, and phone number.
- (7) Distributions must be in a properly labeled opaque package when distributed.
- (8) The City Manager, or designee, may impose additional packaging and labeling requirements on Cannabis or Cannabis Products.

**5.20.120 Medicinal Cannabis and Cannabis Products Retail Delivery (Retail Delivery Only, Dispensaries Prohibited).**

- (a) **Purpose.** The purpose and intent of this Section is to regulate the Retail Delivery of medicinal Cannabis and Cannabis Products in order to promote the health, safety, and general welfare of the residents and businesses within the City. The City is authorized to regulate this activity pursuant to the State Law.
- (b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates the Retail Delivery of medicinal Cannabis and Cannabis Products pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Retail Delivery Permits may be issued by the City for the Retail Delivery of medicinal Cannabis and Cannabis Products pursuant to and in accordance with State Law, including MAUCRSA. The point-of-sale sale of Cannabis or Cannabis Products is strictly prohibited.
- (c) Retail Delivery of Cannabis and Cannabis Products is a permitted use only on properties within the applicable Permit Zone with a valid Retail Delivery Permit and other requisite permits and entitlements.
- (d) The Retail Delivery of medicinal Cannabis and Cannabis Products may only include the Retail Delivery of Cannabis and Cannabis Products by a Retail Delivery Permittee to a customer, patient or primary caregiver, in accordance with State Law, including MAUCRSA.
- (e) Retail Delivery Permittees shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing Cannabis



and Cannabis Products and theft of Cannabis and Cannabis Products from the Retail Delivery Establishment or employees participating in Retail Delivery.

(f) All Cannabis and Cannabis Products shall be stored in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, or loss.

(g) Individuals shall not be allowed to remain on the Premises comprising of the Retail Delivery Establishment unless they are engaging in activity expressly related to the operations of the Retail Delivery Establishment or are a customer.

(h) A Retail Delivery Permittee shall notify the City Manager or the City Manager's designee within 24 hours of discovering any of the following:

(1) Significant discrepancies identified during inventory. The level of significance shall be determined by the City Manager or the City Manager's designee.

(2) Diversion, theft, loss, or any criminal activity involving the Retail Delivery Establishment or any agent or employee of the Retail Delivery Establishment.

(3) The loss or unauthorized alteration of records related to Cannabis, Cannabis Products, registered qualifying patients, primary caregivers, or Retail Delivery Establishment agents or employees.

(4) Any other material breach of security.

(i) The Retail Delivery of medicinal Cannabis and Cannabis Products shall comply with all State and local Law, including all laws requiring presentment of government-issued identification card, physician's recommendation, or medicinal Cannabis identification card at the time of initial purchase.

(j) With respect to medicinal Cannabis, physicians' recommendations for medicinal cannabis use shall be verified by a Retail Delivery Permittee prior to the Retail Delivery any medicinal Cannabis to a qualified patient or primary caregiver and at least every six months thereafter.

(k) A Retail Delivery Establishment may not employ or enter into any agreements with any physicians who recommend medicinal Cannabis; Physician Services are prohibited from any and all Retail Delivery Establishments.

(l) A Retail Delivery Permittee shall inspect all Cannabis and Cannabis Products received for quality assurance prior to the Retail Delivery to any Person.

(m) The Retail Delivery of Cannabis and Cannabis Products shall occur only after such Cannabis and Cannabis Products have been inspected and quality tested in accordance with applicable State Law, including MAUCRSA.

(n) Each Retail Delivery Establishment shall do regular monthly inventories and record the total quantity of Cannabis and Cannabis on the Premises. These records shall be maintained for three years from the date created and shall be open to inspection by the City Manager, the City Manager's Designee, and law enforcement.

(o) A Retail Delivery Permittee shall register with the City each location where Cannabis or Cannabis Products are stored for purposes of Retail Delivery by such Retail Delivery Permittee within the City.

(p) A Retail Delivery Establishment shall maintain customer and patient and other business records in a secure location (including electronically or cloud-based) that is compliant with, as applicable, HIPAA and other federal and state privacy laws.

(q) During the Retail Delivery of Cannabis or Cannabis Products, each vehicle driver shall carry a copy of the Retail Delivery Permit, a copy of the Retail Delivery request, a form of government-issued identification, and all other information required by State and local Law. The driver shall present these documents upon the request of law enforcement, the City Manager, or the City Manager's designee.

(r) Prior to Retail Delivery of Cannabis and Cannabis Products, such Cannabis and Cannabis Products shall be labeled and placed in a tamper-evident package. Labels and packages of Cannabis and Cannabis Products shall, at minimum, meet the requirements specified under State Law, including MAUCRSA.

(s) All Retail Delivery vehicles shall:

- (1) Be equipped with, and utilize, a vehicle alarm system.
- (2) Have and utilize a direct communication system with the related Retail Delivery Establishment.
- (3) Keep all Cannabis and Cannabis Products in a secure and locked container.
- (4) Have an internal partition between the driver and all passengers from the Cannabis and Cannabis Products storage containers that prevents access by the driver and passengers to all cannabis products from inside the vehicle.
- (5) Not carry more Cannabis and Cannabis Products than allowed by State and local Law and required to fulfill all immediate Retail Delivery requests
- (6) Not display any logo, signage, or other information that identifies, advertises, or lists the services or the products offered.

#### **5.20.130 Medicinal Cannabis and Cannabis Products Distribution.**

(a) **Purpose.** The purpose and intent of this Section is to permit and regulate the Distribution of Cannabis and Cannabis Products between Cannabis Permittees in order to promote the health, safety, morals, and general welfare of the residents and businesses within the City. The City is authorized to regulate this activity pursuant to State Law.

(b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates the Commercial Cannabis Activity of Distribution of medicinal Cannabis and Cannabis Products pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Distribution Permits may be issued by the City for the

Distribution of medicinal Cannabis and Cannabis Products pursuant to and in accordance with State Law, including MAUCRSA. Distribution of Cannabis and Cannabis Products requires a Development Agreement with the City and must be located within the applicable Permit Zone.

(c) Distribution activities includes the receiving and releasing of Cannabis and Cannabis Products for inspection, Testing, and quality assurance, as required under applicable State Law and such other activities as are permitted pursuant to State Law.

(d) A Distribution Permittee shall only Distribute Cannabis and Cannabis Products between Cannabis Permittees or to facilities or portions of facilities wholly controlled by such Distribution Permittee to the extent permitted by State Law.

(e) A Distribution Permittee shall inspect all Cannabis and Cannabis Products received by it for quality assurance prior to Distributing to any Cannabis Permittee, as required under applicable State Law.

(f) In addition to the application requirements in Section 0, a Distribution Permittee shall register with the City each location within the City where Cannabis and Cannabis Products are stored for purposes of Distribution activities within the City.

(g) A Distribution Permittee shall Distribute Cannabis and Cannabis Products to Cannabis Permittees only after such Cannabis and Cannabis Products have been inspected and quality tested in accordance with applicable State Law, including MAUCRSA.

(h) A Distribution Permittee may also hold any other Permit type to the extent permitted by State Law. To the extent permitted by State law, a Distribution Permittee that also holds another Permit type may self-distribute its Cannabis Products.

#### **5.20.140 Medicinal Cannabis and Cannabis Products Microbusiness.**

(a) **Purpose.** The purpose and intent of this Section is to permit and regulate the medicinal Cannabis and Cannabis Products Microbusiness in order to promote the health, safety, morals, and general welfare of the residents and businesses within the City. The City is authorized to regulate this activity pursuant to State Law, including MAUCRSA.

(b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates Microbusinesses, pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Microbusiness Permits may be issued by the City pursuant to and in accordance with State Law, including MAUCRSA.

(c) All Microbusinesses shall require a Development Agreement with the City and must be located within the applicable Permit Zone.

(d) All components of a Microbusiness (i.e., Cultivation, Manufacturing, etc.) must be in compliance with the provisions of this Chapter and State Law, including MAUCRSA.

(e) The City may authorize the smoking, vaporizing, and ingestion of Cannabis or Cannabis Products on the Premises of a Microbusiness if all of the following are met:

- (1) Access to the area where Cannabis consumption is allowed is restricted to persons 21 years of age and older.
- (2) Cannabis consumption is not visible from any public place or nonage-restricted area.
- (3) Sale or consumption of alcohol or tobacco is not allowed on the Premises.

#### **5.20.140 Medicinal Cannabis and Cannabis Products Testing.**

(a) **Purpose.** The purpose and intent of this Section is to permit and regulate the Testing of medicinal Cannabis and Cannabis Products in order to promote the health, safety, morals, and general welfare of the residents and businesses within the City. The City intends to be on the forefront of medicinal Cannabis research and Testing. The City is authorized to regulate this activity pursuant to State Law.

(b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates Cannabis and Cannabis Products Testing, pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Testing Permits may be issued by the City for the Testing of medicinal Cannabis and Cannabis Products pursuant to and in accordance with State Law, including MAUCRSA.

(c) Testing of Cannabis and Cannabis Products requires a Development Agreement with the City and must be located within the applicable Permit Zone.

(d) Each Testing Permittee must employ at least one (1) full time quality control personnel employee.

(e) Testing Permittees must operate, and all Cannabis and Cannabis Products must be properly tested by Testing Permittees, in accordance with applicable State Law.

(f) All Testing devices used by a Testing Permittee must be "UL listed," and/or otherwise approved for the intended use by the City's Building Official, the Fire Department or other person designated by the City Manager or designee.

(g) Each Testing Permittee must notify the State Department of Public Health and the City Manager, or the City Manager's designee, within one business day after the receipt of notice of any kind that its accreditation has been denied, suspended, or revoked.

**SECTION 10.** Recognizing that there is a potential conflict between federal and State law, it is the City Council's intention that this Ordinance shall be deemed to comply with applicable State Law and shall defer to such applicable State Law through preemption.

**SECTION 11.** The City Council determines that it is in the best interest of the residents of the City to allow Commercial Cannabis Activities in compliance with applicable State Law, including MAUCRSA, to be established and operated as permitted uses within certain areas of the City subject to the regulations and restrictions provided in this

Ordinance. It is the City Council's intention that nothing in this Ordinance shall be construed to:

1. Allow a Person to engage in conduct that endangers others or causes a public nuisance.
2. Allow any activity relating to Cannabis that is otherwise not permitted under State law.

**SECTION 12.** The City Council finds that the actions contemplated by this Ordinance are exempt from the California Environmental Quality Act pursuant to Section 15061(b)(3) and 15305 of the Guidelines, in that the Ordinance alone does not have the potential for causing a significant effect on the environment. Further permits and approvals will be required before any activity that will affect the environment will be permitted. In addition, Business and Professions Code Section 26055 exempts local ordinances from CEQA that authorizes commercial cannabis activity through discretionary review and approval.

**SECTION 13.** If any section or provision of this Ordinance is for any reason held to be invalid, unconstitutional, illegal, or unenforceable by any court of competent jurisdiction, or contravened by reason of any preemptive legislation, then such section or provision shall be severed and shall be inoperative, and the remainder of this Ordinance shall remain in full force and effect.

**SECTION 14.** By regulating Commercial Cannabis Activity, the City is only undertaking to preserve the general welfare through implementing the MAUCRSA. The City Council is not assuming, nor is it imposing on its officers and employees, an obligation for which a breach thereof would expose the City to liability in money damages to any Person who claims that such breach proximately caused injury. To the fullest extent permitted by law, the City shall assume no liability whatsoever, and expressly does not waive sovereign immunity, with respect to any provision of this Ordinance or for the activities of any Cannabis Permittee. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this Ordinance shall not become a personal liability of any public officer or employee of the City. Nothing in this Ordinance shall be deemed or considered in any respects to constitute authorization to violate any law.

**SECTION 15.** Inconsistent Provisions. Any provision of the Cudahy Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to the extent necessary to implement the provisions of this Ordinance.

**SECTION 16.** Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof,



**SECTION 17. Publication and Effective Date.** The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in a newspaper of general circulation within fifteen (15) days after its adoption. This Ordinance shall become effective thirty (30) days after adoption.

*Chen*

Chris Garcia  
Mayor

  
Richard Iglesias  
Deputy City Clerk

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS:  
CITY OF CUDAHY )

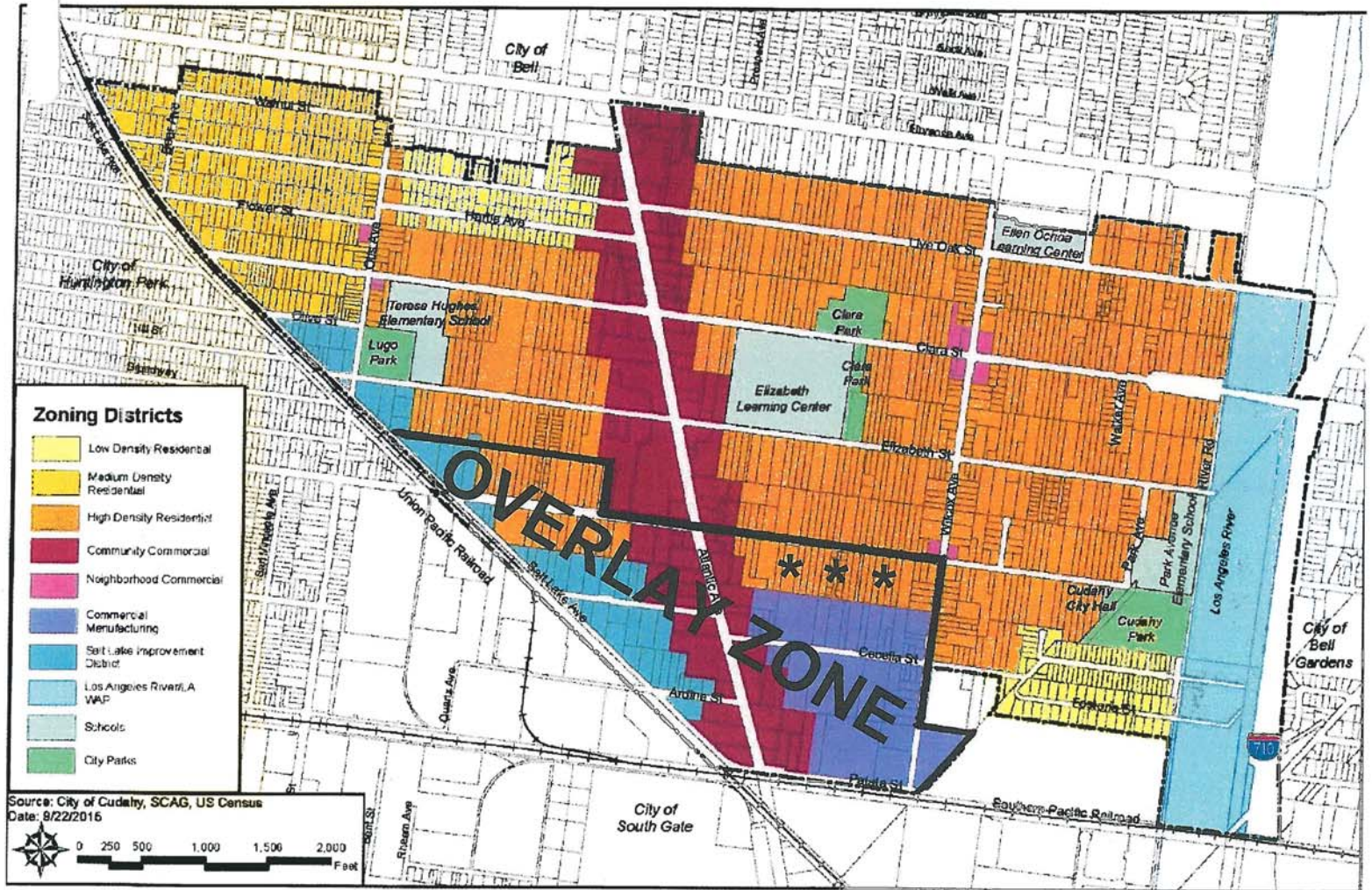
I, Richard Iglesias, Deputy City Clerk of the City of Cudahy, hereby certify that the foregoing Ordinance No. 673 was introduced for a first reading on the 14<sup>th</sup> day of August 2017 and approved for a second reading and adopted by said Council at its regular meeting held on the 11th day of September, 2017 by the following vote, to-wit:

ABSENT: Sanchez

Richard Iglesias  
Deputy City Clerk



## EXHIBIT "A": OVERLAY ZONE



**EXISTING ZONING**  
CUDAHY GENERAL PLAN

ORDINANCE NO. 17-\_\_

AN ORDINANCE OF THE CITY OF CULVER CITY, CALIFORNIA,  
AMENDING CHAPTER 11.17, "COMMERCIAL CANNABIS  
BUSINESSES," OF THE CULVER CITY MUNICIPAL CODE; AND  
(2) AMENDING SECTION 11.01.075 "UNLAWFUL BUSINESSES  
PROHIBITED" OF CHAPTER 11.01.

NOW, THEREFORE, the City Council of the City of Culver City, California,  
DOES HEREBY ORDAIN as follows:

**SECTION 1.** This Ordinance shall be known and may be cited as the  
Culver City Commercial Cannabis Regulation and Safety Ordinance.

**SECTION 2.** Chapter 11.17, "Commercial Cannabis Businesses," is  
hereby amended to read as follows (underline denotes additions, strikeouts denote  
deletions):

**CHAPTER 11.17: COMMERCIAL CANNABIS BUSINESSES**

***General Provisions***

§11.17.005 Purpose and Intent.

§11.17.010. Legal Authority.

§11.17.015. Commercial Cannabis Cultivation and Commercial Cannabis  
Activities Prohibited Unless Specifically Authorized by this  
Chapter.

§11.17.020 Compliance with Laws.

§11.17.025 Definitions.

***Permit Procedures; Administration***

§11.17.100 Commercial Cannabis Business Permit Required to Engage  
in Commercial Cannabis Business.

§11.17.105 Maximum Number and Type of Authorized Commercial  
Cannabis Businesses Permitted.

§11.17.110 Initial Application Procedure.

§11.17.115 Permittee Selection Process.

§11.17.120 Expiration of Commercial Cannabis Business Permits.

§11.17.125 Revocation of Permits.

§11.17.130 Renewal Applications.

- 1           §11.17.135 Effect of State License Suspension, Revocation, or  
2                           Termination.  
3           §11.17.140 Appeals  
4           §11.17.145 Commercial Cannabis Business Permit – Nonassignable  
5                           and Nontransferable.  
6           §11.17.150 Change in Location of Commercial Cannabis Business.  
7           §11.17.155 Changes in Ownership of Commercial Cannabis Business.  
8           §11.17.160 Changes in Information on Application; Alterations to  
9                           Approved Facility; Amendments to Permit.  
10          §11.17.165 City Business Tax Certificate.  
11          §11.17.170 Permits and Inspections Prior to Commencing  
12                           Operations.  
13          §11.17.175. Limitations on City's Liability.  
14          §11.17.180 Fees; Debt to the City.  
15          §11.17.185 Promulgation of Regulations, Standards and Other  
16                           Legal Duties.

### ***Operating Requirements***

- 17          §11.17.200 Operating Requirements Applicable to all Commercial  
18                           Cannabis Businesses.  
19          §11.17.205 Operating Requirements for Storefront Retail Facilities.  
20          §11.17.210 Operating Requirements for Delivery-Only Retailers.  
21          §11.17.215 Operating Requirements for Cultivation Facilities.  
22          §11.17.220 Operating Requirements for Cannabis Manufacturing  
23                           Businesses.  
24          §11.17.225 Operating Requirements for Cannabis Distribution.  
25          §11.17.230 Operating Requirements for Cannabis Testing.  
26          §11.17.235 Records and Recordkeeping.  
27          §11.17.240 Security Measures.  
28          §11.17.245 Restriction on Alcohol & Tobacco Sales.  
29          §11.17.250 Community Relations.

### ***Enforcement and Penalties***

- 30          §11.17.300 Responsibility for Violations.  
31          §11.17.305 Inspections.  
32          §11.17.310 Violations and Penalties.  
33          §11.07.315 Effect on Other Ordinances.

***Adoption by Reference of Part 7 of Chapter 8.04, 'Commercial Cannabis Activities,' and Chapter 11.37, 'Cannabis Facilities,' of the Los Angeles County Code***

§11.17.400 Adoption by Reference of Los Angeles County Cannabis Public Health Ordinance.

***General Provisions***

**§11.17.005 Purpose and Intent**

It is the purpose and intent of this Chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") to accommodate the needs of medically-ill persons and provide access to cannabis for medicinal purposes as recommended by their health care provider(s), and to provide access to adult-use of cannabis for persons over the age of 21 as authorized by the Control, Tax & Regulate the Adult Use Cannabis Act ("AUMA" or "Proposition 64" passed by California voters in 2016), while imposing reasonable regulations on the use of land to protect the City's residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate the cultivation, processing, manufacturing, testing, sale, delivery, distribution and transportation of medicinal and adult-use cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of Culver City and to enforce rules and regulations consistent with state law. It is the further purpose and intent of this Chapter to require all commercial cannabis businesses to obtain and renew annually a permit to operate within Culver City. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state law. It is neither the intent nor the effect of this Chapter to condone or legitimize the illegal use or consumption of cannabis under federal, state or local law. The provisions of this Chapter are in addition to any other permits, licenses and approvals which may be required to conduct business in the City, and are in addition to any permits, licenses and approvals required under state, county, or other law.

**§11.17.010 Legal Authority.**

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of Culver City is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial medicinal and adult-use cannabis activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of Culver City to all commercial cannabis activity.

1  
2                   **§11.17.015 Commercial Cannabis Cultivation and Commercial**  
3                   **Cannabis Activities Prohibited Unless Specifically**  
4                   **Authorized by this Chapter.**

5                   Except as specifically authorized in this Chapter, the commercial  
6 cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery,  
7 distribution or transportation (other than as provided under California Business &  
8 Professions Code section 26090(e)), of cannabis or cannabis products is expressly  
9 prohibited in the City of Culver City.

10                   **§11.17.020 Compliance with Laws.**

11                   A.     Nothing in this Chapter shall be construed as authorizing any  
12 actions that violate state law or local law with respect to the operation of a commercial  
13 cannabis business. It shall be the responsibility of the Permittees and Responsible  
14 Persons of a commercial cannabis business to ensure that a commercial cannabis  
15 business is, at all times, operating in a manner compliant with all applicable state and  
16 local laws, including for as long as applicable all state cannabis laws, any subsequently  
17 enacted state law or regulatory, licensing, or certification standards or requirements,  
18 and any specific, additional operating procedures or requirements which may be  
19 imposed as conditions of approval of the Commercial Cannabis Business Permit.

20                   B.     All commercial cannabis businesses authorized by this Chapter  
21 shall comply with the applicable provisions of the Los Angeles County Public Health  
22 Code.

23                   **§11.17.025 Definitions.**

24                   When used in this Chapter, the following words shall have the meanings  
25 ascribed to them as set forth herein. Any reference to California statutes includes any  
26 regulations promulgated thereunder, and is deemed to include any successor or  
27 amended version of the referenced statute or regulatory provision.

28                   ***Applicant.*** Applicant shall include any Person applying for a Commercial  
Cannabis Business Permit under this Chapter, including any officer, director, partner, or  
other duly authorized representative applying on behalf of an entity.

***Business tax certificate.*** The certificate issued by the City's Revenue  
Division after payment of the business tax fee as set forth in Chapter 11.01 of the City  
of Culver City Municipal Code.

1       **A-License.** A license issued by the State of California under MAUCRSA  
2 for cannabis or cannabis products that are intended for adults 21 years of age and over  
and who do not possess a physician's recommendation.

3       **Cannabis.** Except as specified herein, all parts of the Cannabis sativa  
4 Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds  
5 thereof; the resin, whether crude or purified, extracted from any part of the plant; and  
6 every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its  
7 seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified,  
8 obtained from cannabis. "Cannabis" does not include the mature stalks of the plant,  
9 fiber produced from the stalks, oil or cake made from the seeds of the plant, any other  
10 compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks  
(except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the  
11 plant which is incapable of germination. For the purpose of this Chapter, "cannabis"  
12 does not mean "industrial hemp" as defined by Section 11018.5 of the California Health  
13 and Safety Code.

14       **Cannabis concentrate.** Cannabis that has undergone a process to  
15 concentrate one or more active cannabinoids, thereby increasing the product's potency.  
16 Resin from granular trichomes from a cannabis plant is a concentrate for purposes of  
17 this Chapter. A cannabis concentrate is not considered food, as defined by Section  
18 109935 of the California Health and Safety Code, or drug, as defined by Section  
19 109925 of the California Health and Safety Code.

20       **Cannabis products.** Cannabis that has undergone a process whereby  
21 the plant material has been transformed into a concentrate, including but not limited to  
22 concentrated cannabis, or an edible or topical product containing cannabis or  
23 concentrated cannabis and other ingredients.

24       **Canopy.** All areas occupied by any portion of a cannabis plant, inclusive  
25 of all vertical planes, whether contiguous or noncontiguous on any one site.

26       **Caregiver or primary caregiver.** Has the same meaning as that term is  
27 defined in Section 11362.7 of the California Health and Safety Code.

28       **Chief of Police.** The Chief of the Culver City Police Department,  
including his or her designee.

**City.** The City of Culver City, California.

**City Manager.** City Manager of the City of Culver City, including his or her  
designee.

**Code.** The Culver City Municipal Code.

**Commercial cannabis activity.** Activities that include the cultivation,



possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products as provided for in MAUCRSA and its related or successor laws and regulations.

**Commercial cannabis business.** Any business or operation which engages in medicinal or adult-use commercial cannabis activity.

**Commercial Cannabis Business Permit.** The regulatory permit issued by the City pursuant to this Chapter, to a commercial cannabis business, which is required before any commercial cannabis activity may be conducted in the City.

**Community Development Director.** The Director of the City's Community Development Department, including his or her designee.

**Cultivation.** Any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

**Customer.** A natural Person 21 year of age or older; or, a natural Person 18 years of age or older who possesses a physician's recommendation, or a primary caregiver.

**Day care center.** Day care center has the same meaning as in Section 1596.76 of the California Health and Safety Code.

**Delivery.** The commercial transfer of cannabis or cannabis products to a customer. Delivery also includes the use by a retailer of any technology platform.

**Dispensing.** Any activity involving the retail sale of cannabis or cannabis products from a retailer.

**Distribution.** The procurement, sale, and transport of cannabis and cannabis products between licensees.

**Distributor.** A Person holding a valid Commercial Cannabis Business Permit for distribution issued by the City of Culver City, and, a valid state license for distribution.

**Edible cannabis product.** Cannabis product that is intended to be used, in whole or in part, for human consumption, and is not considered food. Edible cannabis product has the same meaning as Section 26001 of the California Business and Professions Code.

**Employee.** Each Person who renders any service, with or without compensation, for the Owner, Permittee, or agent of either an Owner or Permittee of a commercial cannabis business. For purposes of this Chapter, the term *Employee* shall include part-time, full-time, temporary, or permanent Employees.

1                   **Fire Chief.** The Chief of the Culver City Fire Department, including his or  
2 her designee.

3                   **License or State License.** A permit or license issued by the State of  
4 California, or one of its departments or divisions, under MAUCRSA and any subsequent  
5 State of California legislation regarding the same, to engage in commercial cannabis  
6 activity.

7                   **Licensee.** Any Person holding a license issued by the State of California  
8 to conduct commercial cannabis business activities.

9                   **Live plants.** Living cannabis flowers and plants including seeds,  
10 immature plants, and vegetative stage plants.

11                   **Manager.** Any person(s) designated by the commercial cannabis  
12 business to act as the representative or agent of the commercial cannabis business in  
13 managing day-to-day operations with corresponding liabilities and responsibilities,  
14 and/or the individual in apparent charge of the premises where the commercial  
15 cannabis business is located. Evidence of management includes, but is not limited to,  
16 evidence that the individual has the power to direct, supervise, or hire and dismiss  
17 Employees, controls hours of operations, creates policy rules, or purchases supplies.

18                   **M-License.** A license issued by the state of California under MAUCRSA  
19 for commercial cannabis activity involving medicinal cannabis.

20                   **Manufacture.** To compound, blend, extract, infuse, or otherwise make or  
21 prepare a cannabis product.

22                   **Manufactured cannabis.** Raw cannabis that has undergone a process  
23 whereby the raw agricultural product has been transformed into a concentrate,  
24 extraction or other manufactured product intended for internal consumption through  
25 inhalation or oral ingestion or for topical application.

26                   **Manufacturer.** A licensee that conducts the production, preparation,  
27 propagation, or compounding of cannabis or cannabis products either directly or  
28 indirectly or by extraction methods, or independently by means of chemical synthesis,  
or by a combination of extraction and chemical synthesis at a fixed location that  
packages or repackages cannabis or cannabis products or labels or container. A  
manufacturer may also be a Person that infuses cannabis in its products but does not  
perform its own extraction.

**Medicinal cannabis or medicinal cannabis product.** Cannabis or a  
cannabis product, respectively, intended to be sold for use pursuant to the  
Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the  
California Health and Safety Code, by a medicinal cannabis patient in California who

possesses a physician's recommendation.

**Owner.** Any of the following:

(1) An entity or individual with an aggregate ownership interest of 10 percent or more in the Applicant or Permittee, whether a partner, shareholder, member, or the like, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

**Park and Playground.** Public parks, play lots, playgrounds, and athletic fields for non-commercial or private neighborhood or community use, including tennis courts. Does not include parkways, golf courses, country clubs, private sport courts or play structures accessory to a single-family dwelling.

**Patient or qualified patient.** The same definition as Section 11362.7 et seq. of the California Health and Safety Code, as it may be amended, and which means a Person who is entitled to the protections of Section 11362.5 of the California Health & Safety Code.

**Permit Administrator.** The Chief Financial Officer of the City, or his/her designee.

**Permittee.** Any Person to whom a current and valid City-issued Commercial Cannabis Business Permit has been issued.

**Person.** Any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

**Premises.** The designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the Applicant or Permittee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one Permittee.

**Purchaser.** The customer who is engaged in a transaction with a Permittee for purposes of obtaining cannabis or cannabis products.

**Responsible Person.** All Owners and operators of a commercial cannabis business, including the Permittee and all officers, directors, Managers, or partners, and all Persons with authority, including apparent authority, over the premises of the commercial cannabis business.

**Retailer-Storefront.** A Storefront Retailer is a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail

1 sale to customers at an on-site fixed location, including an establishment that also  
2 offers delivery of cannabis and cannabis products as part of a retail sale, in addition to  
3 on-site sales, and where the Permittee holds a valid Commercial Cannabis Business  
4 Permit authorizing the operation of a retailer, and a valid state license as required by  
5 state law to operate a retailer.

6 **Retailer-Delivery only.** A Delivery only retailer is a commercial cannabis  
7 business facility where cannabis, cannabis products, or devices for the use of cannabis  
8 or cannabis products are offered, either individually or in any combination, for retail sale  
9 to customers, where the premises are closed to the public and sales are conducted  
10 exclusively by delivery, where a vehicle is used to convey the cannabis or cannabis  
11 products to the customer from a fixed location, and where the Permittee holds a valid  
12 Commercial Cannabis Business Permit authorizing the operation of a retailer, and a  
13 valid state license as required by state law to operate a retailer.

14 **Sell, sale, and to sell.** Includes any transaction whereby, for any  
15 consideration, title to cannabis or cannabis products are transferred from one Person to  
16 another, and includes the delivery of cannabis or cannabis products pursuant to an  
17 order placed for the purchase of the same and soliciting or receiving an order for the  
18 same, but does not include the return of cannabis or cannabis products by a licensee to  
19 the licensee from whom the cannabis or cannabis product was purchased.

20 **State Cannabis Laws.** Laws of the State of California, which include  
21 California Health and Safety Code Sections 11362.1 through 11362.45; California  
22 Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996); California  
23 Health and Safety Code Sections 11362.7 to 11362.83 (Medical Marijuana Program);  
24 California Health and Safety Code Sections 26000 through 26211 (Medicinal and Adult-  
25 Use Cannabis Regulation and Safety Act ("MAUCRSA")); California Health and Safety  
26 Code Sections 26220 through 26231.2; the California Attorney General's Guidelines  
27 for the Security and Non-Diversion of Marijuana Grown for Medical Use issued in  
28 August, 2008, as such guidelines may be revised from time to time by action of the  
Attorney General; California Labor Code Section 147.5; California Revenue and  
Taxation Code Sections 31020 and 34010 through 34021.5; California Fish and Game  
Code Section 12029; California Water Code Section 13276; all state regulations  
adopted pursuant to MAUCRSA; and all other applicable laws of the state of California.

**Testing laboratory.** A laboratory, facility, or entity in the state that offers  
or performs tests of cannabis or cannabis products and that is both of the following:

(1) Accredited by an accrediting body that is independent from all other  
Persons involved in commercial cannabis activity in the state.

(2) Licensed by the State of California.

**Topical cannabis.** A product intended for external application and/or  
absorption through the skin. A topical cannabis product is not considered a drug as  
defined by Section 109925 of the California Health and Safety Code.

1           **Youth center.** The same meaning as in Section 11353.1 of the California  
2 Health and Safety Code.

3                           ***Permit Procedures; Administration***

4                   **§11.17.100 Commercial Cannabis Business Permit Required to**  
5                   **Engage in Commercial Cannabis Business.**

6           No Person may engage in any commercial cannabis business or in any  
7 commercial cannabis activity within the City of Culver City including cultivation,  
8 manufacturing, processing, laboratory testing, transporting, dispensing, distribution, or  
9 sale of cannabis or a cannabis product unless the Person (1) has a valid Commercial  
10 Cannabis Business Permit; (2) has a valid State of California Seller's Permit; and (3) is  
11 currently in compliance with all applicable state and local laws and regulations  
12 pertaining to the commercial cannabis business and the commercial cannabis activities,  
13 including the duty to obtain any required state licenses.

12                   **§11.17.105 Maximum Number and Type of Authorized Commercial**  
13                   **Cannabis Businesses Permitted.**

14           A.     The maximum number of each type of commercial cannabis  
15 business that shall be permitted to operate in the City shall be established by  
16 resolution of the City Council.

17           B.     This section is only intended to create a maximum number of  
18 commercial cannabis businesses that may be issued Commercial Cannabis Business  
19 Permits to operate in the City under each category of commercial cannabis business.  
20 Nothing in this Chapter creates a mandate that the City must issue all or any of the  
21 Commercial Cannabis Business Permits, if it is determined that it is in the best interest  
22 of the City to issue a lesser number than the maximum number of Commercial  
23 Cannabis Business Permits, or not issue any Commercial Cannabis Business Permits  
24 at all; or if the Applicants do not meet the standards which are established in the  
25 application requirements or further amendments thereto.

26           C.     Each year following the initial award of permits, if any, or at any  
27 time in the City Council's discretion, the City Council may reassess the number of  
28 Commercial Cannabis Business Permits which are authorized for issuance. The City  
Council, in its discretion, may determine by resolution that the number of Commercial  
Cannabis Business Permits should remain the same, be reduced, or be increased.

27                   **§11.17.110 Initial Application Procedure.**

1           A.       The City Council shall adopt by resolution the procedures to govern  
2 the application process for issuance of a Commercial Cannabis Business Permit. The  
3 resolution shall authorize the City Manager to prepare the necessary forms, and adopt  
4 any necessary rules, regulations and processes concerning the applications and the  
5 application process.

6           B.       Any Person seeking to obtain a Commercial Cannabis Business  
7 Permit shall submit a written application to the City, signed under penalty of perjury,  
8 using the form approved by the City for that purpose. The application shall be  
9 accompanied by a non-refundable application fee established by resolution of the City  
10 Council, to defray the costs incurred by the City in the application process set forth in  
11 this Chapter.

12           C.       As part of the application process, the Applicant shall be required  
13 to obtain all required land use approvals from the City's Community Development  
14 Department, including a certification from the Community Development Director  
15 certifying that the business is a permitted use in the zone where it is located, and the  
16 proposed Premises meets all the requirements of Title 17 of this Code.

17           D.       Any Person intending to open and to operate a commercial  
18 cannabis business shall provide sufficient evidence of the legal right to occupy and to  
19 use the proposed Premises. In the event the proposed Premises will be leased from  
20 another Person, the Applicant shall be required to provide a signed and notarized  
21 statement from the owner of the property, in a form approved by the City,  
22 acknowledging that the property owner has read this Chapter and consents to the  
23 operation of the commercial cannabis business on the owner's property.

24           E.       Background Check. Pursuant to Sections 11105(b)(11) and  
25 13300(b)(11) of the California Penal Code, which authorizes city authorities to access  
26 state and local summary criminal history information for employment, licensing, or  
27 certification purposes, and authorizes access to federal level criminal history  
28 information by transmitting fingerprint images and related information to the Department  
of Justice to be transmitted to the Federal Bureau of Investigation, every Applicant,  
Owner, Manager and Responsible Person of the commercial cannabis business must  
submit fingerprints and other information deemed necessary by the Chief of Police for a  
background check by the Culver City Police Department. No Applicant shall be issued a  
Commercial Cannabis Business Permit unless the Applicant, Owner, Manager and  
Responsible Person have first cleared the background check, as determined by the  
Chief of Police, as required by this section. A fee for the cost of the background  
investigation, which shall be the actual cost to the City to conduct the background  
investigation as it deems necessary and appropriate, shall be paid at the time the  
application for a Commercial Cannabis Business Permit is submitted.

#### **§11.17.115 Permittee Selection Process.**



1                   A.     *Storefront Retail Commercial Cannabis Businesses.*

2                   1.     Applicants shall be selected through a multi-stage screening  
3 process to be adopted by City Council resolution. No Applicant is guaranteed any  
4 particular result in the application process.

5                   2.     One stage of the process shall include a public meeting  
6 where the public may comment on the proposed storefront retail commercial cannabis  
7 business Applicants. At least 10 days prior to the public meeting, the proposed  
8 Premises will be posted, and notice of the public meeting will be delivered to all  
9 property owners and occupants located within 2500 feet of the proposed Premises of  
10 each of the Applicants that will be present at the meeting.

11                  3.     Each commercial cannabis storefront retail business shall  
12 comply with the requirements of §17.220.015 of this Code to have a valid Conditional  
13 Use Permit in place prior to operation.

14                  4.     City Council shall select the Applicants to be awarded a  
15 storefront retail Commercial Cannabis Business Permit at a public City Council meeting.  
16 The City Council's decision as to those Applicants that are issued a Commercial  
17 Cannabis Business Permit shall be final.

18                  5.     No Applicant shall be selected if the proposed location is not  
19 in compliance with the following distancing requirements:

20                  a.     No storefront retailer shall be located within a 600-  
21 foot radius of a school providing instruction in kindergarten or any grades 1 through 12,  
22 day care center, youth center, or park or playground, that is in existence at the time of  
23 the initial issuance of a Commercial Cannabis Business Permit from the City. The  
24 distance specified in this subsection A shall be the horizontal distance measured in a  
25 straight line from the property line of the sensitive receptor to the closest property line of  
26 the lot on which the cannabis business is to be located without regard to intervening  
27 structures.

28                  b.     No storefront retailer shall be located within 1,000  
feet of any other storefront retailer within the city. The distance specified in this  
subsection B shall be the horizontal distance measured in a straight line from the  
property line of the lot on which one storefront retailer is located to the closest property  
line of the lot on which the second storefront retailer is to be located without regard to  
intervening structures.

                  c.     No storefront retailer shall be located on a corner  
parcel where the Premises structure or structures is within 45 feet of a residential  
zoning district. The distance specified in this subsection C shall be the horizontal  
distance measured in a straight line from the exterior wall of the Premises structure, to  
the closest property line of the nearest property in a residential zoning district within the  
City.

1           B. *All Other Commercial Cannabis Business Permits.* Commercial  
2 Cannabis Business Permits for manufacturing, cultivation, distribution, testing and  
3 delivery-only retailers shall be issued by the Permit Administrator. City Council shall  
4 adopt by resolution a selection process for the issuance of these categories of  
5 Commercial Cannabis Business Permits.

6           C. *Requirements applicable to all Commercial Cannabis Business*  
7 *Permits.*

8           1. All Applicants shall be at least 21 years of age or older.

9           2. Issuance of a Commercial Cannabis Business Permit does  
10 not create a land use entitlement. No Commercial Cannabis Business Permit shall be  
11 issued and no Applicant selected for issuance of a Commercial Cannabis Business  
12 Permit may begin operations, until the Applicant has demonstrated compliance with all  
13 the state and local laws and regulations, including but not limited to the requirements of  
14 this Code and of the Commercial Cannabis Business Permit.

15           3. Notwithstanding anything in this Chapter to the contrary, the  
16 City reserves the right to reject any or all applications if it determines it would be in the  
17 best interest of the City, taking into account the public health, safety and welfare.  
18 Applications may also be rejected for the following reasons:

19           a. The application is received after the designated time  
20 and date in which the City will receive applications.

21           b. The Applicant has failed to submit a complete  
22 application, or the application is not organized in the required format;

23           c. The Applicant has failed to pay the application fee as  
24 required by this Chapter and by City Council resolution.

25           d. The Applicant has made a false, misleading or  
26 fraudulent statement or omission of fact in the application or in the application process.

27           e. The application contains excess or extraneous  
28 material not called for in the application package.

          f. The Applicant, an Owner, or Manager has been  
sanctioned or fined for, enjoined from, operating a cannabis dispensary or retailer in the  
state without the necessary permits and approvals from the applicable state and/or  
local jurisdictions.

1           4.       Conviction of the Applicant, or an Owner, Manager, or Responsible  
2 Person, including a plea of guilty or no contest, to any the following offenses shall be  
3 grounds for denial of a Commercial Cannabis Business application:

4                   a.       A violent felony, as specified in Section 667.5(c) of  
5 the California Penal Code.

6                   b.       A serious felony, as specified in Section 1192.7(c) of  
7 the California Penal Code Section.

8                   c.       A felony involving fraud, deceit, or embezzlement.

9                   d.       A felony for hiring, employing, or using a minor in  
10 transporting, carrying, selling, giving away, preparing for sale, or peddling, any  
11 controlled substance; or selling, offering to sell, furnishing, offering to furnish,  
12 administering, or giving any controlled substance to a minor.

13                   e.       A felony for drug trafficking with enhancements  
14 pursuant to Section 11370.4 or 11379.8 of the California Health and Safety Code.

15                   f.       A felony involving the illegal possession for sale, sale,  
16 manufacture, transportation, or cultivation of a controlled substance.

17           5.       An Applicant shall have no right to a Commercial Cannabis  
18 Business Permit until a Commercial Cannabis Business Permit is actually issued, and  
19 then only for the duration of the Commercial Cannabis Business Permit's term. Each  
20 Applicant assumes the risk that, at any time prior to the issuance of a Commercial  
21 Cannabis Business Permit, the City Council may terminate or delay the issuance of  
22 permits as established by this Chapter.

23           6.       Prior to operating a commercial cannabis business, each  
24 Person awarded a Commercial Cannabis Business Permit shall be required to pay a  
25 permit fee established by resolution of the City Council, to cover the costs of  
26 administering this Chapter.

#### 27                   **§11.17.120 Expiration of Commercial Cannabis Business Permits.**

28           Each Commercial Cannabis Business Permit issued pursuant to this  
Chapter shall expire twelve (12) months after the date of its issuance. Commercial  
cannabis business permits may be renewed as provided in Section 11.17.130.

#### **§11.17.125 Revocation of Permits.**

                  A.       Failure of a Permittee to comply with any requirement imposed by  
the provisions of this Code (or successor provision or provisions) including any rule,

1 regulation, condition or standard adopted pursuant to this Chapter, or any term or  
2 condition imposed on the Commercial Cannabis Business Permit, or any provision of  
state law, may be grounds for revocation of the permit.

3 B. Revocation of a state license issued under MAUCRSA shall be  
4 grounds for immediate revocation of a Commercial Cannabis Business Permit.

5 C. Any of the grounds for rejection or denial of a permit under Section  
6 11.17.115.

7 D. If the City Manager determines that a ground for revocation of a  
8 Commercial Cannabis Business Permit for a storefront retail commercial cannabis  
9 business exists, the City Manager shall give dated written notice of revocation to the  
10 Permittee. For all other categories of Commercial Cannabis Business Permit, the  
11 Permit Administrator shall make the determination if grounds for revocation exist, and  
12 give the dated written notice of revocation to the Permittee.

13 E. The Permittee shall be served, either personally or by first class  
14 mail addressed to the address listed on the application, with a written notice to revoke a  
15 permit. This notice shall state the reasons for the action, the effective date of the  
16 decision, the right of the Permittee to appeal the decision, and that the notice of  
17 revocation will be final if no written appeal is timely submitted to, and received by, the  
18 City, pursuant to the provisions in Section 11.17.140 of this Chapter. The notice will be  
19 effective within 15 calendar days from the date of service of the notice. If an appeal is  
20 timely and properly filed in accordance with Section 11.17.140, the effective date of the  
21 notice is stayed until a final decision on the appeal is rendered.

#### 22 **§11.17.130 Renewal Applications.**

23 A. An application for renewal of a Commercial Cannabis Business  
24 Permit shall be filed with the Permit Administrator's office at least 60 calendar days  
25 prior to the expiration date of the current permit, on a form designated by the City.

26 B. Any Permittee submitting an application less than 60 days before  
27 the expiration of a Commercial Cannabis Business Permit shall be required to pay a  
28 late renewal application fee, as established by resolution of the City Council. Any  
renewal application filed less than 30 days before the expiration of a Commercial  
Cannabis Business Permit may be rejected by the City on that basis alone.

C. The Permittee shall include on the renewal application any  
information that has changed since the filing of the initial application or prior year's  
renewal application, as applicable.

D. The Permittee shall pay a fee in an amount to be set by resolution  
of the City Council to cover the costs of processing the renewal application, together

1 with any costs incurred by the City to administer the permit scheme created under this  
2 Chapter.

3 E. An application for renewal of a Commercial Cannabis Business  
4 Permit may be denied if any of the following exists:

5 1. Any of the grounds for rejection or revocation of an  
6 application under Section 11.17.115 or Section 11.17.125.

7 2. The Commercial Cannabis Business Permit is suspended or  
8 revoked at the time of the application.

9 3. The commercial cannabis business has not been in regular  
10 and continuous operation in the four months prior to the renewal application.

11 4. The Permittee fails or is unable to renew its State of  
12 California license.

13 5. The Permittee has made a false, misleading or fraudulent  
14 statement or omission of fact in the renewal application.

15 F. The Permit Administrator is authorized to make all decisions  
16 concerning the renewal of a Commercial Cannabis Business Permit, except for renewal  
17 of a storefront retail Commercial Cannabis Business Permit, which decisions shall be  
18 made by the City Manager. When making the decision on a renewal application,  
19 additional conditions to the renewal of a Commercial Cannabis Business Permit may be  
20 imposed, if it is determined to be necessary to ensure compliance with state or local  
21 laws and regulations or to preserve the public health, safety or welfare.

22 G. Permittees will be notified in writing of the decision to deny a  
23 renewal application. Appeals from a denial of a renewal application shall be handled  
24 pursuant to Section 11.17.140.

25 H. If an application for renewal of a Commercial Cannabis Business  
26 Permit is denied, a Person may file a new application pursuant to this Chapter no  
27 sooner than one year from the date of the denial.

28  
**§11.17.135 Effect of State License Suspension, Revocation, or  
Termination.**

A. Suspension of a Permittee's license issued by the State of  
California, or by any of its departments or divisions, shall immediately suspend the  
Permittee's Commercial Cannabis Business Permit and Permittee's ability to operate a  
commercial cannabis business within the City, until the State of California, or its  
respective department or division, reinstates or reissues Permittee's State license.

1           B.     Should the State of California, or any of its departments or  
2 divisions, revoke or terminate Permittee's license of a commercial cannabis business,  
3 such revocation or termination shall also immediately revoke or terminate Permittee's  
4 Commercial Cannabis Business Permit and Permittee's ability to operate a commercial  
5 cannabis business within the City of Culver City.

6                   **§11.17.140 Appeals.**

7           A.     Appeals from any decision of the Permit Administrator pertaining to  
8 Commercial Cannabis Business Permits for manufacturing, cultivation, distribution,  
9 testing, and delivery-only retailers shall follow the process set forth in Section 11.07.100  
10 of this Code.

11           B.     Appeals from any decision of the City Manager pertaining to  
12 Storefront Retail Commercial Cannabis Business Permits shall be conducted as  
13 follows:

14                   1.     A commercial cannabis storefront retail Permittee may  
15 appeal any decision of the City Manager, by filing with the City Clerk a written notice of  
16 appeal within 15 calendar days from the date of service of the notice issued by the City  
17 Manager of his or her decision.

18                   2.     The notice of appeal shall be in writing and signed by the  
19 Person making the appeal ("appellant"), or his or her legal representative, and shall  
20 contain the following:

21                           a.     Name, address, and telephone number of the  
22 appellant;

23                           b.     Statement that the Person is appealing from a  
24 specified decision, action, or a particular part thereof, made by the City Manager.

25                           c.     True and correct copy of the notice issued by the City  
26 Manager for which the appellant is appealing.

27                           d.     Statement with specificity the reasons and grounds  
28 for making the appeal, including, but not limited to, a statement of facts upon which the  
appeal is based in sufficient detail to enable the City Council, or any appointed hearing  
officer, to understand the nature of the controversy, the basis of the appeal, and the  
relief requested.

                          e.     All documents or other evidence pertinent to the  
appeal that the appellant requests the City Council consider at the hearing.



1                   3. Failure of the City Clerk to receive a timely appeal  
2 constitutes a waiver of the right to appeal the notice issued by the City Manager. In this  
3 event, City Manager's notice of revocation, nonrenewal, suspension and/or other action  
4 is final and binding.

5                   4. In the event a written notice of appeal is timely filed, the  
6 nonrenewal, suspension, revocation, or other action shall not become effective until a  
7 final decision has been rendered and issued by the City Council or appointed hearing  
8 officer. If no appeal is timely filed in the event of a decision of nonrenewal, the  
9 Commercial Cannabis Business Permit shall expire at the conclusion of the term of the  
10 permit. If no appeal is timely filed in the event of a decision of suspension or  
11 revocation, the suspension or revocation shall become effective upon the expiration of  
12 the period for filing a written notice of appeal.

13                   C. All appellants shall, subject to filing a timely written notice of  
14 appeal, obtain review thereof before the City Council or appointed hearing officer.

15                   1. The administrative appeal shall be scheduled no later than  
16 60 calendar days, and no sooner than 21 calendar days, after receipt of a timely filed  
17 notice of appeal. The appellant(s) listed on the written notice of appeal shall be notified  
18 in writing of the date, time, and location of the hearing at least 10 calendar days before  
19 the date of the hearing ("notice of appeal hearing").

20                   2. All requests by an appellant to continue a hearing must be  
21 submitted to the City Clerk in writing no later than three business days before the date  
22 scheduled for the hearing. The City Council may continue a hearing for good cause or  
23 on its own motion; however, in no event may the hearing be continued for more than 30  
24 calendar days without stipulation by all parties.

25                   3. The City Council shall preside over the hearing on appeal, or  
26 in the alternative, the City Council may appoint a hearing officer to conduct the hearing  
27 if a quorum of the City Council is unavailable or unable to timely hear the appeal.

28                   4. At the date, time and location set forth in the notice of  
appeal hearing, the City Council or an appointed hearing officer, shall hear and  
consider the testimony of the appellant(s), City staff, and/or their witnesses, as well as  
any documentary evidence properly submitted.

                  5. The following rules shall apply at the appeal hearing:

                  a. Appeal hearings are informal, and formal rules of  
evidence and discovery do not apply. However, rules of privilege shall be applicable to  
the extent they are permitted by law, and irrelevant, collateral, undue, and repetitious  
testimony may be excluded.

                  b. The City bears the burden of proof to establish the

1 grounds for denial, nonrenewal, suspension or revocation by a preponderance of  
2 evidence.

3 c. The issuance of the City Manager's notice constitutes  
4 prima facie evidence of grounds for the denial, nonrenewal, suspension or revocation,  
5 and City or county personnel who significantly took part in the investigation, which  
6 contributed to the City Manager issuing a notice, may be required to participate in the  
7 appeal hearing.

8 d. Each party shall have the right to introduce evidence,  
9 to present and examine witnesses, and to cross-examine opposing witnesses who have  
10 testified under direct examination. The City Council, or the appointed hearing officer,  
11 may also call witnesses, and examine any person who introduces evidence or testifies  
12 at any hearing.

13 e. The City Council, or the appointed hearing officer,  
14 may accept and consider late evidence not submitted initially with the notice of appeal  
15 upon a showing by the appellant of good cause. The City Council or hearing officer  
16 shall determine whether a particular fact or facts amount to a good cause on a case-by-  
17 case basis.

18 f. The appellant may bring a language interpreter to the  
19 hearing at his or her sole cost and expense.

20 g. The City may, at its discretion, record the hearing by  
21 stenographer or court reporter, audio recording, or video recording.

22 6. If the appellant, or his or her legal representative, fails to  
23 appear at the appeal hearing, the City Council, or the appointed hearing officer, may  
24 cancel the appeal hearing and send a notice thereof to the appellant by first class mail  
25 to the address(es) stated on the notice of appeal. A cancellation of a hearing due to  
26 non-appearance of the appellant shall constitute the appellant's waiver of the right to  
27 appeal and a failure to exhaust all administrative remedies. In such instances, the City  
28 Manager's notice of decision is final and binding. In the alternative, the City Council or  
the appointed hearing officer may hear the appeal and render a determination in the  
absence of the appellant.

D. Following the conclusion of the appeal hearing, the City Council or  
appointed hearing officer shall determine if any ground exists for the nonrenewal,  
suspension or revocation of a Commercial Cannabis Business Permit or other action.  
At the discretion of the City Council, deliberations on the appeal may be continued to  
the next City Council meeting. If the appeal is heard by a hearing officer, the  
determination shall be issued no later than ten days following the conclusion of the  
appeal hearing.

1. If the City Council or appointed hearing officer determines

1 that no grounds for denial, nonrenewal, suspension, revocation, or other action exist,  
2 the City Manager's notice of decision shall be deemed cancelled. If the City Council or  
3 appointed hearing officer, determines that one or more of the reasons or grounds  
enumerated in notice of decision exists, a written final decision shall be issued within 10  
days, which shall at minimum contain the following:

4 a. A finding and description of each reason or grounds  
5 for nonrenewal, suspension, revocation, or other action that exist.

6 b. Any other finding, determination or requirement that is  
7 relevant or related to the subject matter of the appeal.

8 2. The decision of the City Council or appointed hearing officer,  
9 is final and conclusive. The written final decision shall also contain the following  
10 statement: "The decision of the City Council [or appointed hearing officer], is final and  
binding. Judicial review of this decision is subject to the time limits set forth in California  
Code of Civil Procedure Section 1094.6."

11 3. A copy of the final decision shall be served by first class mail  
12 on the appellant. If the appellant is not the owner of the Premises in which the  
13 commercial cannabis storefront retail business is located, or proposed to be located, a  
14 copy of the Final Decision may also be served on the property owner by first class mail  
15 to the address shown on the last equalized assessment roll. Failure of a Person to  
receive a properly addressed final decision shall not invalidate any action or proceeding  
by the City pursuant to this Chapter.

16 **§11.17.145 Commercial Cannabis Business Permit – Nonassignable**  
17 **and Nontransferable.**

18 A. A Commercial Cannabis Business Permit issued under this  
19 Chapter is valid only as to the Permittee and approved Premises, and is therefore  
nontransferable to other Persons, projects or locations.

20 B. No Commercial Cannabis Business Permit may be sold,  
21 transferred or assigned by a Permittee, or by operation of law, to any other Person,  
22 Persons, or entities. Any such sale, transfer, or assignment, or attempted sale, transfer,  
23 or assignment shall be deemed to constitute a voluntary surrender of such Commercial  
Cannabis Business Permit and such permit shall thereafter be null and void, except as  
set forth in this Chapter.

24  
25 **§11.17.150 Change in Location of Commercial Cannabis Business.**

26 A. No Permittee shall change the Premises of a commercial cannabis  
27 storefront retailer business specified in the Commercial Cannabis Business Permit until  
28

1 such change of Premises is approved by the City Council. All other changes of  
2 Premises of any commercial cannabis business must be approved by the Permit  
Administrator.

3 B. The City Manager shall adopt a process (to include any necessary  
4 forms and procedures) for the relocation of any commercial cannabis business. As part  
5 of the process, Storefront Retail Permittees proposing to relocate shall give notice to  
all property owners and occupants located within 2500 feet of the proposed Premises.

6 C. The proposed Premises shall meet all the requirements under this  
7 Code, including but not limited to this Chapter and Title 17.

8 **§11.17.155 Changes in Ownership of Commercial Cannabis**  
9 **Business.**

10 A. No Permittee shall transfer greater than 50 percent of ownership or  
11 control of a commercial cannabis business unless and until the proposed new Owner  
12 submits all required application materials and pays all applicable fees, and  
independently meets the requirements of this Chapter such as to be entitled to the  
13 issuance of a commercial Cannabis Business Permit.

14 B. Any changes in ownership or control of greater than 50 percent of a  
15 commercial cannabis storefront retail Permittee must be submitted to the City Council  
for review and approval.

16 C. No Permittee may add a new Owner of 10 percent or more  
17 ownership interest unless the proposed new Owner undergoes and passes a  
background check as provided for in this Chapter.

18 D. A Permittee may change the form of business entity without  
19 applying to the City Council for a new Commercial Cannabis Business Permit, provided  
that one of the following applies:

20 1. The ownership of the new business entity is the same as the  
21 business entity that was issued the existing Commercial Cannabis Business Permit; or

22 2. The existing Permittee is an unincorporated association,  
23 mutual or public benefit corporation, agricultural or consumer cooperative corporation  
and subsequently transitions to or forms a new business entity as allowed under the  
24 MAUCRSA, provided that the Board of Directors (or in the case of an unincorporated  
25 association, the individual(s) listed on the City permit application) of the existing  
Permittee entity are the same as the new business entity.

26 E. Although a new Commercial Cannabis Business Permit is not  
27 required in the two circumstances listed in Subsection D above, the Permittee shall  
28

1 notify the City in writing of the change within 15 days of the change, and obtain an  
2 amendment to the existing Commercial Cannabis Business Permit after paying the fee  
3 set by resolution of the City Council.

4 E. The City Manager shall adopt a process (to include any necessary  
5 forms and procedures) for the change in ownership of any commercial cannabis  
6 business as set forth in this Section.

7 F. No Permittee may avail themselves of the provisions of this Section  
8 if the City Manager or Permit Administrator has notified the Permittee that the  
9 Commercial Cannabis Business Permit has been or may be suspended or revoked, or  
10 may not be renewed.

11 G. Failure to comply with this Section is grounds for revocation of a  
12 Commercial Cannabis Business Permit.

13 H. Any attempt to transfer a Commercial Cannabis Business Permit  
14 either directly or indirectly in violation of this Section is hereby declared void, and such  
15 a purported transfer shall be deemed a ground for revocation of the Commercial  
16 Cannabis Business Permit.

17 **§11.17.160 Changes in Information on Application; Alterations To**  
18 **Approved Facility; Amendments to Permit.**

19 A. A Permittee shall advise the City within 15 calendar days of all  
20 changes of name or designation under which the commercial cannabis business is to  
21 be conducted. The change of name or designation shall be accompanied by a non-  
22 refundable fee established by resolution of the City Council to defray the costs of  
23 amendment to and reissuance of the Commercial Cannabis Business Permit.

24 B. No Permittee shall operate, conduct, manage, engage in, or carry  
25 on a commercial cannabis business under any name other than the name of the  
26 commercial cannabis business specified in the Commercial Cannabis Business Permit.

27 C. All required City approvals, plan approvals, and permits must be  
28 obtained before causing, allowing, or permitting alterations to, and/or extensions or  
expansions of, the existing building(s), structure(s), or portions thereof, approved as the  
Premises for a commercial cannabis business. Said alterations, extensions, or  
expansions shall comply with all applicable laws, regulations and standards, including  
those concerning building safety and occupancy.

D. Within 15 calendar days of any other change in the information  
provided in the application form or any change in status of compliance with the  
provisions of this Chapter, including any change in the commercial cannabis business  
form of Ownership or management members, the Permittee shall notify the City on a

1 form approved by the City Manager for review along with a permit amendment fee, as  
2 adopted by resolution of the City Council.

3 **§11.17.165 City Business Tax Certificate.**

4 Prior to commencing operations, a Permittee of a commercial cannabis  
5 business shall obtain a City of Culver City business tax certificate.

6 **§11.17.170 Permits and Inspections Prior to**  
7 **Commencing Operations.**

8 Prior to commencing operations, a commercial cannabis business shall be  
9 subject to a mandatory inspection of the Premises, and must obtain all required building  
10 permits and approvals which would otherwise be required for any business of the same  
11 size and intensity operating in the zone in which the Premises are located. The  
12 Permittee shall also obtain all required Building Safety Division approvals, Fire  
Department approvals, County Health Department approvals and any other permit or  
approval required by this Code or applicable law.

13 **§11.17.175 Limitations on City's Liability.**

14 To the fullest extent permitted by law, the City of Culver City shall not  
15 assume any liability whatsoever with respect to having issued a Commercial Cannabis  
16 Business Permit pursuant to this Chapter or otherwise approving the operation of any  
17 commercial cannabis business. As a condition to the approval of any Commercial  
18 Cannabis Business Permit, the Applicant, Owner and Permittee shall be required to  
meet all of the following conditions before a Commercial Cannabis Business Permit is  
issued:

19 A. The Applicant, Owner, and Permittee must execute an agreement,  
20 in a form approved by the City Attorney, agreeing to indemnify, defend (at Applicant's  
21 owner's and Permittee's sole cost and expense), and hold harmless the City of Culver  
22 City, and its officers, officials, employees, representatives, and agents from any and all  
23 claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in  
24 any way related to, the City's issuance of the Commercial Cannabis Business Permit,  
25 the City's decision to approve the operation of the commercial cannabis business or  
activity, the process used by the City in making its decision, or the alleged violation of  
any federal, state or local laws by the commercial cannabis business Applicant, Owner,  
Permittee, or any of their officers, Managers, Employees or agents.

26 B. Maintain insurance at coverage limits, and with conditions thereon  
27 determined necessary and appropriate from time to time, as determined by the City  
28 Manager and City Attorney.

1 C. The Applicant, Owner, and Permittee must execute an agreement,  
2 in a form approved by the City Attorney, agreeing to reimburse the City of Culver City  
3 for all costs and expenses, including but not limited to attorney fees and costs, which  
4 the City of Culver City may be required to pay as a result of any legal challenge related  
5 to the City's approval of the Applicant's, Owner's and Permittee's Commercial Cannabis  
6 Business Permit, or related to the City's approval of the Applicant's commercial  
cannabis activity. The City of Culver City may, at its sole discretion, participate at its  
own expense in the defense of any such action, but such participation shall not relieve  
any of the obligations imposed hereunder.

7  
8 **§ 11.17.180 Fees; Debt to the City.**

9 A. No Person may commence or continue any commercial cannabis  
10 activity in the City, without timely paying in full all fees required for the operation of a  
11 commercial cannabis business. Fees associated with the operation of a commercial  
cannabis business shall be established by resolution of the City Council which may be  
amended from time to time.

12 B. All commercial cannabis businesses authorized to operate under  
13 this Chapter shall pay all sales, use, business and other applicable taxes, and all  
14 license, registration, and other fees required under federal, state and local law. Each  
15 commercial cannabis business shall cooperate with the City with respect to any  
16 reasonable request to audit the commercial cannabis business' books and records for  
the purpose of verifying compliance with this section, including but not limited to a  
verification of the amount of taxes required to be paid during any period.

17 C. The amount of any fee, cost or charge imposed pursuant to this  
18 Chapter shall be deemed a debt to the City of Culver City that is recoverable in any  
19 manner authorized by this Code, state law, or in any court of competent jurisdiction.

20 **§11.17.185 Promulgation of Regulations, Standards and Other Legal**  
21 **Duties.**

22 A. In addition to any regulations adopted by the City Council, the City  
23 Manager is authorized to establish any additional rules, regulations and standards  
24 related to the issuance, denial or renewal of Commercial Cannabis Business Permits,  
the ongoing operation and City's oversight of commercial cannabis businesses, or any  
other subject determined to be necessary to carry out the purposes of this Chapter.

25 B. Regulations promulgated by the City Manager shall be published  
26 on the City's website and maintained and available to the public in the Office of the City  
27 Clerk.  
28



1 C. Regulations promulgated by the City Manager shall become  
2 effective upon date of publication on the City's website. Commercial cannabis  
3 businesses shall be required to comply with all state and local laws and regulations,  
4 including but not limited to any rules, regulations or standards adopted by the City  
5 Manager.

### 6 ***Operating Requirements***

#### 7 **§11.17.200 Operating Requirements Applicable to all Commercial 8 Cannabis Businesses.**

9 A. Commercial cannabis businesses may operate only during the  
10 hours established by resolution of the City Council and specified in the Commercial  
11 Cannabis Business Permit issued by the City.

12 B. Cannabis shall not be consumed by anyone on the Premises of  
13 any commercial cannabis business.

14 C. No outdoor storage of cannabis or cannabis products is permitted  
15 at any time.

16 D. Each commercial cannabis business shall have in place a point-of-  
17 sale or management inventory tracking system to track and report on all aspects of the  
18 commercial cannabis business including, but not limited to, such matters as cannabis  
19 tracking, inventory data, gross sales (by weight and by sale) and other information  
20 which may be deemed necessary by the City. The system must have the capability to  
21 produce historical transactional data for review. Any system selected must be in  
22 compliance with state law.

23 E. All cannabis and cannabis products sold, tested, distributed or  
24 manufactured shall be cultivated, manufactured, and transported by licensed facilities  
25 that maintain operations in full conformance with State and local regulations.

26 F. No physician shall be permitted in any commercial cannabis  
27 business at any time for the purpose of evaluating patients for the issuance of a  
28 medicinal cannabis recommendation or medicinal cannabis identification card.

29 G. All commercial cannabis retailers shall have a Manager on the  
30 Premises at all times during hours of operation.

31 H. Each commercial cannabis business shall provide the City  
32 Manager with the name and telephone number (both land line and mobile, if available)  
33 of a Manager or Owner to whom emergency notice may be provided 24 hours a day.

1 I. Business identification signage for a commercial cannabis business  
2 shall conform to the requirements of state law and this Code, including, but not limited  
to, the requirements for a City sign permit.

3 J. Each commercial cannabis business premises shall be visibly  
4 posted with a clear and legible notice indicating that smoking, ingesting, or otherwise  
5 consuming cannabis on the premises or in the areas adjacent to the commercial  
cannabis business is prohibited.

6 K. Persons under the age of 21 years shall not be allowed on the  
7 Premises of a commercial cannabis business, and shall not be allowed to serve as a  
8 driver for a mobile delivery service. Notwithstanding the foregoing, Persons at least 18  
9 years old with a physician's recommendation are permitted on the premises of a  
storefront retailer selling medicinal cannabis and medicinal cannabis products. It shall  
be unlawful and a violation of this Chapter for any Person to employ any Person at a  
commercial cannabis business who is not at least 21 years of age.

10 L. Odor control devices and techniques shall be incorporated in all  
11 commercial cannabis businesses to ensure that odors from cannabis are not detectable  
12 off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing  
13 ventilation and exhaust system so that odor generated inside the commercial cannabis  
14 business that is distinctive to its operation is not detected outside of the facility,  
15 anywhere on adjacent property or public rights-of-way, on or about the exterior or  
16 interior common area walkways, hallways, breezeways, foyers, lobby areas, or any  
17 other areas available for use by common tenants or the visiting public, or within any  
18 other unit located inside the same building as the commercial cannabis business. As  
such, commercial cannabis businesses must install and maintain the following  
equipment, or any other equipment which the Community Development Director  
determines is a more effective method or technology, or that has been approved by the  
County of Los Angeles Department of Public Health:

19 1. An exhaust air filtration system with odor control that  
prevents internal odors from being emitted externally;

20 2. An air system that creates negative air pressure between the  
21 commercial cannabis business' interior and exterior, so that the odors generated inside  
22 the commercial cannabis business are not detectable on the outside of the commercial  
cannabis business.

23 M. The original copy of the Commercial Cannabis Business Permit  
24 issued by the City pursuant to this Chapter and the City-issued business tax certificate  
25 shall be posted inside the commercial cannabis business in a location readily-visible to  
the public.

26 N. The Permittee of a commercial cannabis business shall prohibit  
27 loitering by Persons outside on the premises.

1           O. Nothing in this Chapter exempts a commercial cannabis business  
2 from complying with all applicable local, state and federal laws and regulations  
3 pertaining to Persons with disabilities.

4           P. No commercial cannabis business may discriminate or exclude  
5 patrons in violation of local, state and federal laws and regulations.

6           **§11.17.205 Operating Requirements for Storefront Retail Facilities.**

7           Commercial cannabis storefront retailers shall comply with all of the  
8 following requirements:

9  
10          A. Prior to dispensing medicinal cannabis or medicinal cannabis  
11 products to any Person, the storefront retailer shall obtain verification from the  
12 recommending physician that the Person requesting medicinal cannabis or medicinal  
13 cannabis products is a qualified patient.

14          B. Storefront retailers also providing delivery shall comply with the  
15 requirements pertaining to deliveries in Section 11.17.210 of this Chapter.

16          C. Storefront retailers selling medicinal cannabis shall verify the age  
17 and all necessary documentation of each customer to ensure the customer is not under  
18 the age of 18 years and that the potential customer has a valid doctor's  
19 recommendation. Adult use retailers shall verify the age of all customers to ensure  
20 Persons under the age of 21 are not on the premises.

21          D. All restroom facilities shall remain locked and under the control of  
22 management.

23          E. A storefront retailer may sell, give away, or donate specific devices,  
24 contrivances, instruments, or paraphernalia necessary for consuming cannabis or  
25 cannabis products, including but not limited to rolling papers and related tools, pipes,  
26 water pipes, and vaporizers. The equipment may only be provided to qualified patients,  
27 primary caregivers, or customers in accordance with Section 11364.5 of the California  
28 Health and Safety Code.

          F. A storefront retailer shall notify qualified patients, primary  
caregivers, and customers of the following verbally (or by written agreement) and by  
posting of a notice or notices conspicuously within the permitted premises:

1                   1.     “The sale or diversion of cannabis or cannabis products  
2 without a permit issued by the City of Culver City is a violation of State law and the  
3 Culver City Municipal Code.”

4                   2.     “Secondary sale, barter, or distribution of cannabis or  
5 cannabis products purchased from [Insert Name of Permittee] is a crime and can lead  
6 to arrest.”

7                   3.     “Patrons must immediately leave the premises and not  
8 consume cannabis or cannabis products until at home or in an equivalent private  
9 location.”

10                  4.     “The use of cannabis or cannabis products may impair a  
11 Person’s ability to drive a motor vehicle or operate heavy machinery.”

12                  5.     “CALIFORNIA PROP. 65 WARNING: Smoking of cannabis  
13 and cannabis-derived products will expose you and those in your immediate vicinity to  
14 cannabis smoke. Cannabis smoke is known by the State of California to cause  
15 cancer.”

16                  G.     During business hours, shipments of cannabis or cannabis  
17 products shall not enter the premises through an entrance that is available to the public.

18                               **§11.17.210   Operating Requirements for Delivery-Only Retailers.**

19                  Commercial cannabis delivery-only retailers shall comply with all of the  
20 following requirements:

21                  A.     From a public right-of-way, there shall be no exterior evidence of  
22 commercial cannabis activity except for any signage authorized by this Code.

23                  B.     The general public is not permitted on the premises. Only Owners,  
24 Managers, Employees, agents and volunteers of the delivery-only Permittee and agents  
25 or employees of the City of Culver City, the County of Los Angeles or the state are  
26 permitted to be on-site.

27                  C.     Delivery-only retailers may only deliver cannabis or cannabis  
28 products to customers within a city or county that does not expressly prohibit such  
delivery by ordinance. Deliveries shall be made to a physical address and no deliveries  
shall be made in the public right of way.

                  D.     Security plans developed pursuant to this Chapter shall include  
provisions relating to vehicle security and the protection of Employees and product  
during loading and in transit.

1 E. A Delivery-only retailer shall facilitate the delivery of cannabis or  
2 cannabis products with a technology platform that uses point-of-sale technology to track  
3 and database technology to record and store the following information for each  
transaction involving the exchange of cannabis or cannabis products between the  
Permittee and qualified patient, primary caregiver, or customer:

4 1. The identity of the individual dispensing cannabis or  
5 cannabis products on behalf of the Permittee;

6 2. The identity of the qualified patient, primary caregiver, or  
7 customer receiving cannabis or cannabis products from the Permittee;

8 3. The type and quantity of cannabis or cannabis products  
dispensed and received; and

9 4. The dollar amount charged by the Permittee and received by  
10 the delivery driver for the cannabis or cannabis products dispensed and received.

11 F. A Permittee shall maintain a database and provide to the City a list  
12 of the individuals and vehicles authorized to conduct deliveries on behalf of the  
Permittee.

13 G. Individuals authorized to conduct deliveries on behalf of the  
14 Permittee shall have a valid California Driver's License.

15 H. Individuals making deliveries of cannabis or cannabis products on  
16 behalf of the Permittee shall maintain a physical or electronic copy of the delivery  
17 request (and/or invoice) and shall make it available upon request of City employees or  
agents.

18 I. During delivery, a copy of the Permittee's Commercial Cannabis  
19 Business Permit shall be in the vehicle at all times, and the driver shall make it available  
upon request of City employees and agents.

20 J. A Permittee shall only permit or allow delivery of cannabis or  
21 cannabis products in a vehicle that (i) is insured at or above the legal requirement in  
22 California; (ii) is capable of securing (locking) the cannabis or cannabis products during  
23 transportation; (iii) is capable of being temperature controlled if perishable cannabis or  
24 cannabis products are being transported; and (iv) does not display advertising or  
symbols visible from the exterior of the vehicle that suggest the vehicle is used for  
cannabis delivery or affiliated with a cannabis retailer.

25 K. A Delivery-only retailer shall facilitate deliveries with a technology  
26 platform that uses global positioning system technology to track and database  
27 technology to record and store the following information:  
28

1                   1.     The time that the delivery vehicle departed the permitted  
2 Premises.

3                   2.     The time that the delivery vehicle completed delivery to the  
4 qualified patient, primary caregiver, or customer.

5                   3.     The time that the delivery vehicle returned to the permitted  
6 Premises.

7                   4.     The route the delivery vehicle traveled to conduct deliveries  
8 between departing and returning to the permitted Premises.

9                   5.     For each individual transaction, the identity of the individual  
10 conducting deliveries on behalf of the Delivery-only retailer Permittee.

11                  6.     For each individual transaction, the vehicle used to conduct  
12 deliveries on behalf of the Delivery-only retailer Permittee.

13                  7.     For each individual transaction, the identity of the qualified  
14 patient, primary caregiver, or customer receiving cannabis or cannabis products from  
15 the Delivery-only retailer.

16                  8.     For each individual transaction, the type and quantity of  
17 cannabis or cannabis products dispensed and received.

18                  9.     For each individual transaction, the dollar amount charged  
19 by the Delivery-only retailer and received by the delivery driver for the cannabis or  
20 cannabis products dispensed and received.

21                  L.     The delivery driver shall personally verify for each individual  
22 transaction the identity of the qualified patient, primary caregiver, or customer receiving  
23 cannabis or cannabis products from the Delivery-only retailer.

24                  M.     A Delivery-only retailer may sell, give away, or donate specific  
25 devices, contrivances, instruments, or paraphernalia necessary for consuming cannabis  
26 or cannabis products, including but not limited to rolling papers and related tools, pipes,  
27 water pipes, and vaporizers. The equipment may only be provided to qualified patients,  
28 primary caregivers, or customers in accordance with Section 11364.5 of the California  
Health and Safety Code.

#### **§11.17.215 Operating Requirements for Cultivation Facilities.**

Commercial cannabis indoor cultivation facilities must comply with all of  
the following requirements:

1           A.     The cultivation of all cannabis must occur indoors only, and outdoor  
cultivation is prohibited.

2           B.     From a public right-of-way, there should be no exterior evidence of  
3 cannabis cultivation except for any signage authorized by this Code.

4           C.     The general public is not permitted on the cannabis cultivation  
5 Premises. Only Owners, Managers, Employees, agents and volunteers of the cannabis  
6 cultivation Permittee and agents or employees of the City of Culver City, the County of  
Los Angeles or the state are permitted to be on-site.

7           D.     A Permittee shall only be allowed to cultivate the square feet of  
8 canopy space permitted by state law and in the Commercial Cannabis Business Permit  
issued for the Premises.

9           E.     Cannabis cultivation shall be conducted in accordance with state  
10 and local laws related to electricity, water usage, water quality, discharges, waste  
11 disposal and similar matters.

12          F.     A cultivation Permittee shall comply with all applicable federal, state  
and local laws and regulations regarding use and disposal of pesticides and fertilizers.

13          G.     Pesticides and fertilizers shall be properly labeled and stored to  
14 avoid contamination through erosion, leakage or inadvertent damage from pests,  
15 rodents or other wildlife.

16          H.     The cultivation of cannabis shall at all times be operated in such a  
17 way as to ensure the health, safety, and welfare of the public, the Employees working  
at the commercial cannabis business, neighboring properties, and the end users of the  
18 cannabis being cultivated, to protect the environment from harm to waterways, fish,  
and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard  
19 against the diversion of cannabis.

20          I.     Prior to transportation, a cannabis cultivation Permittee shall  
21 package and seal all cannabis or cannabis products in tamper-evident packaging and  
22 use a unique identifier, such as a batch and lot number or bar code, to identify and  
track the cannabis or cannabis products.

23          J.     All Applicants for a Commercial Cannabis Business Permit  
24 pertaining to cannabis cultivation shall submit the following in addition to the  
information otherwise required for a Commercial Cannabis Business Permit:

25               1.     A cultivation and operations plan that meets or exceeds  
26 minimum legal standards for water usage, conservation and use; drainage, watershed  
and habitat protection; waste disposal; and proper storage of fertilizers, pesticides, and  
27 other regulated products to be used on the parcel, and a description of the cultivation  
28



activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.

2. A description of a legal water source, irrigation plan, and projected water use.

3. Identification of the source of electrical power and plan for compliance with applicable Building Codes and related Codes.

4. Plan for addressing odor and other public nuisances that may derive from the cultivation site.

#### **§11.17.220 Operating Requirements for Cannabis Manufacturing Businesses.**

Commercial cannabis manufacturing businesses shall comply with all of the following requirements:

A. From a public right-of-way, there should be no exterior evidence of cannabis manufacturing except for any signage authorized by this Chapter.

B. The general public is not permitted on the cannabis manufacturing Premises. Only Owners, Managers, Employees, agents and volunteers of the cannabis manufacturing Permittee and agents or employees of the City of Culver City, the County of Los Angeles or the state are permitted to be on-site.

C. All cannabis manufacturing shall comply with the standards set by state and local law, including but not limited to those related to safety, discharges, waste disposal and similar matters.

D. Any compressed gases used in the manufacturing process shall not be stored on any property within the City of Culver City in containers that exceeds the amount which is approved by the Fire Chief and authorized by the Commercial Cannabis Business Permit. Each manufacturing Premises subject to a Commercial Cannabis Business Permit shall be limited to a total number of tanks as authorized by the Fire Chief on the property at any time.

E. Cannabis manufacturing facilities may use the hydrocarbons N-butane, isobutane, propane, or heptane or other solvents or gases exhibiting low to minimal potential human-related toxicity approved by the Fire Chief. These solvents must be of at least ninety-nine percent purity and any extraction process must use them in a professional grade closed loop extraction system designed to recover the solvents and work in an environment with proper ventilation, controlling all sources of ignition where a flammable atmosphere is or may be present.

1 F. If an extraction process uses a professional grade closed loop CO<sub>2</sub>  
2 gas extraction system every vessel must be certified by the manufacturer for its safe  
3 use. Closed loop systems for compressed gas extraction systems must be  
commercially manufactured and bear a permanently affixed and visible serial number.

4 G. Certification from an engineer licensed by the State of California  
5 must be provided to the Fire Chief for a professional grade closed loop system used by  
6 any commercial cannabis manufacturing manufacturer to certify that the system was  
7 commercially manufactured, is safe for its intended use, and was built to codes of  
recognized and generally accepted good engineering practices, including but not limited  
to:

- 8 1. The American Society of Mechanical Engineers (ASME);
- 9 2. American National Standards Institute (ANSI);
- 10 3. Underwriters Laboratories (UL); or
- 11 4. The American Society for Testing and Materials (ASTM)

12 H. The certification document reference in subsection G above must  
13 contain the signature and stamp of the professional engineer and serial number of the  
14 extraction unit being certified.

15 I. Professional closed loop systems, other equipment used, the  
16 extraction operation, and facilities must be approved for their use by the Fire Chief and  
17 meet any required fire, safety, and building code requirements specified in the  
California Building and Fire Codes, as adopted by the City.

18 J. Cannabis manufacturing facilities may use heat, screens, presses,  
19 steam distillation, ice water, and other methods without employing solvents or gases to  
20 create keef, hashish, bubble hash, or infused dairy butter, or oils or fats derived from  
natural sources, and other extracts.

21 K. Cannabis manufacturing facilities may use food grade glycerin,  
22 ethanol, and propylene glycol solvents to create or refine extracts. Ethanol should be  
23 removed from the extract in a manner to recapture the solvent and ensure that it is not  
vented into the atmosphere.

24 L. Cannabis manufacturing facilities creating cannabis extracts must  
25 develop standard operating procedures, good manufacturing practices, and a training  
26 plan prior to producing extracts for the marketplace. Such plan shall be submitted to  
the City as part of the application process.

1 M. Any Person using solvents or gases in a closed looped system to  
2 create cannabis extracts must be fully trained on how to use the system, have direct  
3 access to applicable material safety data sheets and handle and store the solvents and  
4 gases safely.

5 N. Parts per million for one gram of finished extract cannot exceed  
6 state standards for any residual solvent or gas when quality assurance tested.

#### 7 **§11.17.225 Operating Requirements for Cannabis Distribution.**

8 Commercial cannabis distribution businesses shall comply with all of the  
9 following requirements:

10 A. From a public right-of-way, there should be no exterior evidence of  
11 cannabis distribution except for any signage authorized by this Chapter.

12 B. The general public is not permitted on the cannabis distribution  
13 Premises. Only Owners, Managers, Employees, agents and volunteers of the cannabis  
14 distribution Permittee and agents or employees of the City of Culver City, the County of  
15 Los Angeles or the state are permitted to be on-site.

16 C. A cannabis distribution Permittee shall only procure, sell, or  
17 transport cannabis or cannabis products that is packaged and sealed in tamper-  
18 evident packaging that uses a unique identifier, such as a batch and lot number or bar  
19 code, to identify and track the cannabis or cannabis products.

20 D. A cannabis distribution Permittee shall maintain a database and  
21 provide to the City a list of the individuals and vehicles authorized to conduct  
22 transportation on behalf of the cannabis distribution licensee.

23 E. Individuals authorized to conduct transportation on behalf of the  
24 cannabis distribution Permittee shall have a valid California driver's license.

25 F. Individuals transporting cannabis or cannabis products on behalf of  
26 the cannabis distribution Permittee shall maintain a physical or electronic copy of the  
27 transportation request (and/or invoice) and shall make it available upon request of City  
28 employees and agents.

29 G. During transportation, the individual conducting transportation on  
30 behalf of the cannabis distribution Permittee shall maintain a copy of the cannabis  
31 distribution Permittee's Commercial Cannabis Business Permit and shall make it  
32 available upon request of City employees and agents.

33 H. A cannabis distribution Permittee facility shall only transport  
34 cannabis or cannabis products in a vehicle that is (1) insured at or above the legal

1 requirement in California, (2) capable of securing (locking) the cannabis or cannabis  
2 products during transportation, and (3) capable of being temperature controlled if  
3 perishable cannabis products are being transported.

#### 4 **§11.17.230 Operating Requirements for Cannabis Testing.**

5 Commercial cannabis testing businesses shall comply with all of the  
6 following requirements:

7 A. Cannabis testing shall take place within an enclosed locked  
8 structure.

9 B. From a public right-of-way, there should be no exterior evidence of  
10 Cannabis testing except for any signage authorized by this Chapter.

11 C. The general public is not permitted on the cannabis testing  
12 Premises. Only Owners, Managers, Employees, agents and volunteers of the cannabis  
13 testing Permittee and agents or employees of the City of Culver City, the County of Los  
14 Angeles or the state are permitted to be on-site.

15 D. All cannabis testing shall be performed in accordance with state  
16 law.

17 E. A cannabis testing Permittee shall adopt a standard operating  
18 procedure using methods consistent with general requirements established by the  
19 International Organization for Standardization, specifically ISO/IEC 17025, to test  
20 cannabis or cannabis products, and shall operate in compliance with state law at all  
21 times.

22 F. A cannabis testing Permittee shall be accredited by a body that is a  
23 signatory to the International Laboratory Accreditation Cooperation Mutual Recognition  
24 Arrangement.

25 G. A cannabis testing Permittee shall establish standard operating  
26 procedures that provide for adequate chain of custody controls for samples transferred  
27 to the testing laboratory for testing.

28 H. A cannabis testing Permittee shall destroy the remains of samples  
of any cannabis or cannabis product upon completion of analyses.

#### 29 **§11.17.235 Records and Recordkeeping.**

30 A. Each Permittee of a commercial cannabis business shall maintain  
31 accurate books and records in an electronic format, detailing all of the revenues and  
32 expenses of the business, and all of its assets and liabilities. On no less than an  
33

1 annual basis (at or before the time of the renewal of a Commercial Cannabis Business  
2 Permit issued pursuant to this Chapter), or at any time upon reasonable request of the  
3 City, each Permittee shall file a sworn statement detailing the commercial cannabis  
4 business' revenue and number of sales during the previous 12-month period (or shorter  
5 period based upon the timing of the request), provided on a per-month basis. The  
6 statement shall also include gross revenues for each month, and all applicable taxes  
7 paid or due to be paid. On an annual basis, each Permittee shall submit to the City a  
8 financial audit of the business' operations conducted by an independent certified public  
9 accountant. Each Permittee shall be subject to a regulatory compliance review and  
10 financial audit as determined by the City Manager.

11  
12 B. Each Permittee of a commercial cannabis business shall maintain  
13 a current register of the names and the contact information (including the address, e-  
14 mail address and telephone number) of anyone owning or holding an interest in the  
15 commercial cannabis business, and separately of all the officers, Managers,  
16 Employees, Responsible Persons and volunteers currently employed or otherwise  
17 engaged by the commercial cannabis business. The register required by this  
18 paragraph shall be provided to the City Manager upon a reasonable request.

19 C. All records collected by a Permittee pursuant to this Chapter shall  
20 be maintained for a minimum of seven years and shall be made available by the  
21 Permittee to the agents or employees of the City upon request, except that private  
22 medical records shall be made available only pursuant to a properly executed search  
23 warrant, subpoena, or court order.

24 D. All Permittees shall maintain an inventory control and reporting  
25 system that accurately documents the present location, amounts, and descriptions of all  
26 cannabis and cannabis products for all stages of the growing and production or  
27 manufacturing, laboratory testing and distribution processes until purchase as set forth  
28 MAUCRSA.

E. Subject to any restrictions under the Health Insurance Portability  
and Accountability Act (HIPAA) regulations, each Permittee shall allow City of Culver  
City officials to have access to the business's books, records, accounts, together with  
any other data or documents relevant to its permitted commercial cannabis activities,  
for the purpose of conducting an audit or examination. Books, records, accounts, and  
any and all relevant data or documents will be produced no later than 24 hours after  
receipt of the City's request, unless otherwise stipulated by the City. The City may  
require the materials to be submitted in an electronic format that is compatible with the  
City's software and hardware.

#### **§11.17.240 Security Measures.**

A. All Permittees shall implement sufficient security measures to deter  
and prevent the unauthorized entrance into areas containing cannabis or cannabis

1 products, and to deter and prevent the theft of cannabis or cannabis products at the  
2 commercial cannabis business. Except as may otherwise be determined by the Chief of  
3 Police, these security measures shall include, but shall not be limited to, all of the  
4 following:

5 1. Preventing individuals from remaining on the premises of the  
6 commercial cannabis business if they are not engaging in an activity directly related to  
7 the permitted operations of the commercial cannabis business.

8 2. Establishing limited access areas accessible only to  
9 authorized commercial cannabis business personnel.

10 3. Except for live growing plants which are being cultivated at a  
11 cultivation facility, all cannabis and cannabis products shall be stored in a secured and  
12 locked room, safe, or vault when not contained within a sales display. All cannabis and  
13 cannabis products, including live plants that are being cultivated, shall be kept in a  
14 manner as to prevent diversion, theft, and loss,

15 4. Installing 24-hour security surveillance cameras of at least  
16 HD-quality to monitor all entrances and exits to and from the premises, all interior  
17 spaces within the commercial cannabis business which are open and accessible to the  
18 public, all interior spaces where cannabis, cash or currency, is being stored for any  
19 period of time on a regular basis, and all interior spaces where diversion of cannabis  
20 could reasonably occur. Video recordings shall be maintained for a minimum of 60  
21 days, and shall be made available to the Chief of Police upon request. Video shall be  
22 of sufficient quality for effective prosecution of any crime found to have occurred on the  
23 site of the commercial cannabis business.

24 5. Sensors shall be installed to detect entry and exit from all  
25 secure areas.

26 6. Panic buttons shall be installed in all commercial cannabis  
27 businesses.

28 7. Having a professionally installed, maintained, and monitored  
alarm system, with the required Culver City alarm permit pursuant to Chapter 11.04 of  
this Code.

8 Any bars installed on the windows or the doors of the  
commercial cannabis business shall be installed only on the interior of the building and  
in compliance with all City Building and Fire Codes.

9 Security personnel shall be on-site during operating hours or  
alternative security may be provided, as authorized by the Police Chief. Security  
personnel must be licensed by the State of California Bureau of Security and  
Investigative Services Personnel and shall be subject to the prior review and approval  
of the Chief of Police, which approval shall not be unreasonably withheld.

1                   10. Each commercial cannabis business shall have the  
2 capability to remain secure during a power outage and shall ensure that all access  
3 doors are not solely controlled by an electronic access panel to ensure that locks are  
not released during a power outage.

4                   B. Each Permittee shall identify a designated security  
5 representative/liaison to the City, who shall be reasonably available to meet with the  
6 Chief of Police regarding any security related measures or any operational issues.

7                   C. Any security plan required by this Chapter shall not be made public  
in the interest of safety and security.

8                   D. Upon request and reasonable notice of not less than 24 hours,  
9 except in exigent circumstances or in a time frame as determined by the City, each  
10 Permittee shall make the premises and its security measures available for inspection or  
11 audit for the purpose of determining the effectiveness of the security plan and  
compliance with the requirements of this Chapter.

12                  E. A Permittee shall notify the Chief of Police within 24 hours after  
13 discovering any of the following:

14                   1. Significant discrepancies identified during inventory. The  
15 level of significance shall be determined by the regulations promulgated by the Chief of  
Police.

16                   2. Diversion, theft, loss, or any criminal activity involving the  
commercial cannabis business or any agent or Employee of the commercial cannabis  
business.

17                   3. The loss or unauthorized alteration of records related to  
18 cannabis, registering qualifying patients, primary caregivers, or Employees or agents of  
the commercial cannabis business.

19                   4. Any other breach of security.

20                   **§11.17.245 Restriction on Alcohol & Tobacco Sales.**

21                   No Person shall cause or permit the sale, dispensing, or consumption of  
22 alcoholic beverages or tobacco products on or about the Premises of a commercial  
23 cannabis business.

24                   **§11.17.250 Community Relations.**

25                   A. Each Permittee shall provide the name, telephone number, and  
26 email address of a community relations contact to whom notice of problems associated  
27 with the commercial cannabis business can be provided. Each Permittee shall also  
28



1 provide the above information to all businesses and residences located within 600 feet  
2 of the commercial cannabis business.

3 B. During the first year of operation pursuant to this Chapter, the  
4 Owner, Manager, and community relations representative from each Permittee may be  
5 required to attend a quarterly meeting with the City Manager and other interested  
6 parties as deemed appropriate by the City Manager, to discuss costs, benefits, and  
7 other community issues arising as a result of implementation of this Chapter. After the  
8 first year of operation, the Owner, Manager, and community relations representative  
9 from each such Permittee shall meet with the City Manager when and as requested by  
10 the City Manager.

### 11 ***Enforcement and Penalties***

#### 12 **§11.17.300 Responsibility for Violations.**

13 Permittees and their Responsible Persons and Managers shall be  
14 responsible for violations of the laws of the State of California or of this Code, whether  
15 committed by the Permittee, or any Employee or agent of the Permittee, which  
16 violations occur on the Premises of the commercial cannabis business, or when  
17 engaged in the business activity of the commercial cannabis business Permittee,  
18 regardless of location, and whether or not said violations occur within the Permittee's  
19 presence. Any act or omission of any Employee constituting a violation of the  
20 provisions of this Chapter shall be deemed the act or omission of the Permittee for  
21 purposes of determining whether the permit shall be revoked, suspended, or not  
22 renewed.

#### 23 **§11.17.305 Inspections.**

24 A. The City Manager, Chief of Police, Fire Chief or City personnel  
25 charged with enforcing the provisions of this Code may enter the location of a  
26 commercial cannabis business at any time during regular business hours, without  
27 notice, and inspect the location of any commercial cannabis business as well as any  
28 recordings and records required to be maintained pursuant to this Chapter or under  
applicable provisions of State law.

B. It is unlawful for any Person having responsibility over the operation  
of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise  
not to allow, the City to conduct an inspection, review or copy records, recordings or  
other documents required to be maintained by a commercial cannabis business under  
this Chapter or under state or local law. It is also unlawful for a Person to conceal,  
destroy, deface, damage, or falsify any records, recordings or other documents  
required to be maintained by a commercial cannabis business under this Chapter or  
under state or local law.

1  
2 **§11.17.310 Violations and Penalties.**

3 A. Any Person who violates any provision of this Chapter is guilty of a  
4 misdemeanor.

5 B. It is unlawful for any Permittee of a commercial cannabis business,  
6 or its Responsible Person, Manager or any other responsible Person employed by or  
7 working in concert with them or on their behalf, whether directly or indirectly, to continue  
8 to operate, conduct, or maintain a commercial cannabis business after the Commercial  
9 Cannabis Business Permit has been suspended or revoked, or not renewed, pursuant  
10 to a non-contested notice of decision issued by the City Manager, or after the issuance  
11 of a final determination after an appeal hearing.

12 C. Any commercial cannabis business operated, conducted, or  
13 maintained contrary to the provisions of this Chapter shall be, and the same is declared  
14 to be, unlawful and a public nuisance, and the City may, in addition to or in lieu of  
15 prosecuting a criminal action, commence an administrative or civil action(s) or  
16 proceeding(s), for the abatement, removal and enjoinder thereof, in the manner  
17 provided by law, and shall take such other steps and shall apply to such court or courts  
18 as may have jurisdiction to grant such relief to abate or remove such commercial  
19 cannabis business and restrain and enjoin any Person from operating, conducting or  
20 maintaining a commercial cannabis business contrary to the provisions of this Chapter.

21 D. Each Person shall be guilty of a separate offense for each and  
22 every day, or part thereof, during which a violation of this Chapter, or of any law or  
23 regulation referenced herein, is allowed, committed, continued, maintained or permitted  
24 by such Person, and shall be punishable accordingly.

25 E. Whenever in this Chapter any act or omission is made unlawful, it  
26 shall include causing, permitting, aiding, abetting, suffering, or concealing the fact of  
27 such act or omission.

28 F. The penalties set forth herein are cumulative and in addition to all  
other remedies, violations, and penalties set forth in this Chapter, this Code, or in any  
other ordinance, laws, rules or regulations of the City, County, or the State of California.

23 **§11.07.315 Effect on Other Ordinances.**

24 Except as designated in this Chapter, the provisions of this Chapter shall  
25 control for regulation of commercial cannabis businesses as defined herein if other  
26 provisions of this Code conflict therewith. This Chapter shall not, however, relieve any  
27 Person of his or her duty to comply with such laws if additional obligations, duties, or  
28 prohibitions are imposed thereby.

1  
2 ***Adoption by Reference of Part 7 of Chapter 8.04, 'Commercial Cannabis***  
3 ***Activities,' and Chapter 11.37, 'Cannabis Facilities,'***  
4 ***of the Los Angeles County Code***

5 **§11.17.400 Adoption by Reference of Los Angeles County Cannabis**  
6 **Public Health Ordinance.**

7 A. The City of Culver City hereby adopts by reference Part 7 of  
8 Chapter 8.04 "Commercial Cannabis Activities" and Chapter 11.37 "Cannabis Facilities"  
9 of the Los Angeles County Code, dated December 9, 2017. The provisions of the Los  
10 Angeles County Code described herein shall be applicable in the City and referred to as  
11 the City's Cannabis Public Health Ordinance.

12 B. A copy of Part 7 of Chapter 8.04 "Commercial Cannabis Activities"  
13 and Chapter 11.37 "Cannabis Facilities" of the Los Angeles County Code shall be  
14 available for public inspection in the City Clerk's office.

15 **SECTION 3:** Section 11.01.075 of the Culver City Municipal Code is  
16 hereby amended to read as follows: (Underline denotes additions).

17 **§11.01.075 Unlawful Businesses Prohibited**

18 In no event shall any business tax certificate be granted for any use or  
19 activity that is illegal or unlawful under federal, state or City laws or regulations. No  
20 business tax certificate issued hereunder shall be construed as authorizing the conduct  
21 of or continuance of any illegal or unlawful business, or the furnishing, sale or  
22 provisioning of any service, good or product that is illegal under this Code, the laws of  
23 the State of California, or the laws of the United States of America. Notwithstanding the  
24 foregoing, a business tax certificate may be granted for businesses permitted under  
25 Chapter 11.17 of this Code, provided the Applicant has complied with all other  
26 provisions of this Code and state law. Business tax certificates may also be issued to  
27 commercial cannabis delivery-only retailers that hold a valid cannabis operating permit  
28 from another jurisdiction and a valid cannabis license to operate issued by the state.

29 **SECTION 4:** The City Council finds that this Ordinance is subject to the  
30 California Environmental Quality Act ("CEQA") pursuant to CEQA guidelines,  
31 California Code of Regulations, Title 14, Chapter 3. Pursuant to Section 15060, an  
32 Initial Study was prepared for this Project. The Initial Study determined that the Project

1 does not result in impacts on the environment. In conjunction with the Initial Study, and  
2 pursuant to Section 15070, a Negative Declaration (ND) has been prepared pursuant to  
3 the CEQA guidelines, and found no substantial evidence that the project will have a  
4 significant effect on the environment.

5  
6 **SECTION 5:** Nothing in this Ordinance shall be construed to affect any  
7 suit or proceeding impending in any court, or any rights acquired, or liability incurred, or  
8 any cause or causes of action acquired or existing, under any act or Ordinance hereby  
9 repealed as cited in Section 1 of this Ordinance; nor shall any just or legal right or  
10 remedy of any character be lost, impaired or affected by this Ordinance.

11  
12 **SECTION 6:** Pursuant to Section 619 of the City Charter, this Ordinance  
13 shall take effect thirty (30) days after its adoption. Pursuant to Section 616 and 621 of  
14 the City Charter, prior to the expiration of fifteen (15) days after the adoption, the City  
15 Clerk shall cause this Ordinance, or a summary thereof, to be published in the Culver  
16 City News and shall post this Ordinance or a summary thereof in at least three places  
17 within the City.

18  
19 **SECTION 7:** The City Council hereby declares that, if any provision,  
20 section, subsection, paragraph, sentence, phrase or word of this Ordinance is rendered  
21 or declared invalid or unconstitutional by any final action in a court of competent  
22 jurisdiction or by reason of any preemptive legislation, then the City Council would have  
23 independently adopted the remaining provisions, sections, subsections, paragraphs,  
24 sentences, phrases, or words of this Ordinance, and as such they shall remain in full  
25 force and effect.

26 APPROVED and ADOPTED this \_\_\_\_ day of \_\_\_\_\_ 2017.  
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JEFFREY COOPER, MAYOR  
City of Culver City, California

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JEREMY GREEN  
City Clerk

\_\_\_\_\_  
CAROL A. SCHWAB  
City Attorney

**ORDINANCE NO. 2924**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL MONTE AMENDING TITLE 5 (BUSINESS LICENSES AND REGULATIONS) AND TITLE 17 (ZONING) OF THE EL MONTE MUNICIPAL CODE TO PROHIBIT CANNABIS RETAILERS, DISPENSARIES, MICROBUSINESSES, AND DELIVERIES CITYWIDE AND TO ESTABLISH REGULATIONS AND A DISCRETIONARY REVIEW PROCESS FOR THE PROSPECTIVE ALLOWANCE OF MEDICINAL-ONLY COMMERCIAL CANNABIS ACTIVITIES (CULTIVATION, DISTRIBUTION, MANUFACTURING, AND LABORATORY TESTING) IN PORTIONS OF THE M-1 (LIGHT MANUFACTURING), M-2 (GENERAL MANUFACTURING), C-3 (GENERAL COMMERCIAL), AND O-P (PROFESSIONAL OFFICE) ZONES**

WHEREAS, in 1996, the California Legislature approved Proposition 215, also known as the Compassionate Use Act (the "CUA"), which was codified under Health and Safety Code Section 11262.5 et seq. and was intended to enable persons in need of medical marijuana for specified medical purposes, such as cancer, anorexia, AIDS, chronic pain, glaucoma and arthritis, to obtain and use marijuana under limited circumstances and where recommended by a physician. The CUA provides that "nothing in this section shall be construed or supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes.";

WHEREAS, in 2004, the California Legislature enacted the Medical Marijuana Program Act (Health and Safety Code Section 11362.7 et seq.) (the "MMP"), which clarified the scope of the CUA, created a state-approved voluntary medical marijuana identification card program, and authorized cities to adopt and enforce rules and regulations consistent with the MMP. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to "[a]dopt local ordinances that regulate the location, operation, or establishment of a medical marijuana cooperative or collective" and to civilly and criminally enforce such ordinances;

WHEREAS, California courts have found that neither the CUA nor the MMP provide medical marijuana patients with an unfettered right to obtain, cultivate, or dispense marijuana for medical purposes;

WHEREAS, in 2013, the California Supreme Court in the case of *City of Riverside v. Inland Empire Patients Health and Wellness Center* (2013) 56 Cal.4th 729, found the CUA and MMP do not preempt a city's local regulatory authority and confirmed a city's ability to prohibit medical marijuana dispensaries within its boundaries. In 2013, the California Third District Appellate Court further held that state law does "not preempt a city's police power to prohibit the cultivation of all marijuana within the city."

WHEREAS, the Federal Controlled Substances Act (21 U.S. C., § 801 et seq.) makes it unlawful under federal law for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute, or dispense marijuana. Despite such federal prohibition, on August 29, 2013, the United States Department of Justice issued a memorandum (the "Cole Memo") stating that, notwithstanding the federal classification of marijuana as a schedule 1 controlled substance, jurisdictions that have legalized marijuana in some form are less likely to be subject to federal enforcement under the Controlled Substances Act if they have implemented strong and effective regulatory and enforcement systems to follow eight guiding principles: (1) preventing the distribution of marijuana to minors; (2) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (3) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (4) preventing state-authorized marijuana activity from being used as a cover or



pretext for the trafficking of other illegal drugs or other illegal activity; (5) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (6) preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; (7) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and (8) preventing marijuana possession or use on federal property;

WHEREAS, in September 2015, the California State Legislature enacted, and Governor Brown signed into law three bills – Assembly Bill 243, Assembly Bill 266, and Senate Bill 643 – which together comprise the Medical Marijuana Regulation and Safety Act (the “MMRSA”). The MMRSA created a comprehensive dual state licensing system for the cultivation, manufacture, retail, sale, transport, distribution, delivery, and testing of medical cannabis;

WHEREAS, on July 19, 2016, the City Council of the City of El Monte (the “City Council” of the “City”) adopted Interim Urgency Ordinance No. 2889 to establish a temporary moratorium on medical “commercial cannabis activities,” as defined under the MMRSA, for a period of 45 days and extended such moratorium for an additional period of 22 months and 15 days under Interim Urgency Ordinance No. 2894, on August 16, 2016;

WHEREAS, on August 2, 2016 the El Monte City Council adopted Ordinance No. 2890 to reinforce existing permanent prohibitions on medical marijuana dispensaries and cultivation;

WHEREAS, the MMRSA was renamed the Medical Cannabis Regulation and Safety Act (the “MCRSA”), under Senate Bill 837 in June 2016, which also made included substantive changes to the applicable state laws, which affect the various state agencies involved in regulating cannabis businesses as well as potential licensees;

WHEREAS, On November 8, 2016, the Control, Regulate, and Tax Adult Use of Marijuana Act (“AUMA”) was approved California voters as Proposition 64 and became effective on November 9, 2016, pursuant to the California Constitution (Cal. Const., art. II, § 10(a)). Proposition 64 would legalized the nonmedical use of cannabis by persons 21 years of age and over, and the personal cultivation of up to six (6) cannabis plants. On November 15, 2016, the City Council adopted Urgency Ordinance No. 2902 to prohibit outdoor personal marijuana cultivation and establish regulations and a permitting process for indoor personal marijuana cultivation;

WHEREAS, AUMA also created a state regulatory and licensing system governing the commercial cultivation, testing, and distribution of nonmedical cannabis, and the manufacturing of nonmedical cannabis products. On December 6, 2016, Urgency Ordinance No. 2905 was adopted by the City Council to establish a temporary moratorium on nonmedical “commercial cannabis activities” for a period of 45 days and extended such moratorium for an additional period of 22 months and 15 days under Urgency Ordinance No. 2907, on January 10, 2017;

WHEREAS, on June 27, 2017, Governor Brown signed the Legislature-approved Senate Bill 94. SB 94 combined elements of the MCRSA and AUMA to establish a streamlined singular regulatory and licensing structure for both medical and nonmedical cannabis activities given that there were discrepancies between the MCRSA and AUMA. The new consolidated provisions under SB 94 is now known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) to be governed by the California Bureau of Cannabis Control. MAUCRSA refers to medical cannabis as “medicinal cannabis” and nonmedical/recreational cannabis as “adult-use cannabis”;

WHEREAS, on September 16, 2017, Governor Brown signed Assembly Bill 133 into law, which provided cleanup and substantive to MAUCRSA, including the removal of the requirement that licensed premises remain “separate and distinct” for each



license type; and

WHEREAS, in accordance with state law, the proposed Ordinance would allow certain medicinal-only commercial cannabis activities pursuant to MAUCRSA and locally tailored provisions pursuant to the City's police power under Section 7 of Article XI of the California Constitution.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL MONTE, CALIFORNIA DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1.** The recitals above are true and correct and incorporated herein by reference.

**SECTION 2.** Chapter 5.17 (Medical Marijuana Dispensaries) of Title 5 (Business Licenses and Regulations) of the El Monte Municipal Code is hereby repealed in its entirety.

**SECTION 3.** Section 17.06.160 (Medical Marijuana Dispensaries, Cooperatives, Collectives and Cultivation Prohibited in All Zones) of Chapter 17.06 (General Regulations) of Title 17 (Zoning) of the El Monte Municipal Code is hereby repealed in its entirety.

**SECTION 4.** Section 17.24.040 (Conditionally Permitted Uses in Specified Zones) of Chapter 17.24 (Conditional Use Permits) of Title 17 (Zoning) of the El Monte Municipal Code is hereby amended by the following Subsection 34, which shall read as follows:

- (34) Medicinal commercial cannabis activities (cultivation, distribution, manufacturing, and laboratory testing), as permitted with City Council approval pursuant to Chapter 5.18 of this Code, in the portions of the M-1 (Light manufacturing), M-2 (General Manufacturing), C-3 (General Commercial), and O-P (Professional Office) zones, which are illustrated in Exhibit "A" to City Council Ordinance No. 2924. No such activity shall occur on a premises located within an 800 foot radius of a public or private school (kindergarten through grade 12), day care center, or youth center, that is in existence at the time the permit is issued. The distance specified in this section shall be measured in the same manner as provided in subdivision (c) of Section 11362.768 of the Health and Safety Code unless otherwise provided by law. No conditional use permit for such activity shall be valid without an accompanying and complementary development agreement entered into between the City and applicant, or designee, adopted in accordance with Chapter 17.84 and setting forth the terms and conditions under which the medicinal cannabis facility will operate, including, but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare. Notice for conditional use permits for commercial cannabis activities, as set forth in Section 17.24.020(D)(2), shall be expanded to five hundred (500) feet. Except as provided herein in Section 17.24.040 and Chapter 5.18, all commercial cannabis activities are prohibited throughout the City.

**SECTION 5.** Chapter 5.17 (Medical Marijuana Dispensaries) of Title 5 (Business Licenses and Regulations) of the El Monte Municipal Code is hereby amended by the addition of a new Chapter 5.18 (Commercial Cannabis Activities), which shall read as follows:

#### **Chapter 5.18 – COMMERCIAL CANNABIS ACTIVITIES**

##### **Section 5.18.010 – Purpose and Intent.**

It is the purpose and intent of this Chapter 5.18 to accommodate the needs of medically-ill persons in need of cannabis for medicinal purposes, as advised and recommended by their health care provider(s), and to implement state law, which

includes, but is not limited to the provisions of the Medicinal Adult-Use Cannabis Recreation and Safety Act (hereinafter, "MAUCRSA"), as may be amended and augmented under state law, while imposing regulations on the use of land to protect the City's neighborhoods, residents, and businesses from negative impacts. It is a further purpose and intent of this Chapter 5.18 to regulate the cultivation, manufacturing, processing, testing, and distribution of medicinal cannabis and medicinal cannabis-related products in a manner which is responsible, which protects the health, safety, and welfare of the residents of El Monte, and to enforce rules and regulations consistent with state law. In part to meet these objectives, an annual permit shall be required to own and/or to operate a commercial medicinal cannabis business within El Monte. Nothing in this Chapter 5.18 is intended to authorize the possession, use, or provision of cannabis for purposes which violate state or federal law. The provisions of this Chapter 5.18 are in addition to any other permits, licenses and approvals which may be required to conduct business in the City, and are in addition to any permits, licenses and approval required under state, county, or other law.

#### **Section 5.18.020 – Legal Authority.**

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, and the provisions of the MAUCRSA, as may be amended and augmented under state law and any subsequent state legislation regarding the same, the City is authorized to adopt ordinances that establish standards, requirements, and regulations for local licenses and permits for medicinal cannabis and medicinal cannabis-related activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City to medicinal cannabis, and/or medicinal cannabis-related activity.

#### **Section 5.18.030 – Cannabis Cultivation and Commercial Medicinal Cannabis Business Activities Prohibited Unless Specifically Authorized by this Chapter.**

- A. Except as specifically authorized in this Chapter 5.18 and Section 17.24.040 of this Code, the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, dispensing, distribution, delivery, and/or sale of cannabis or cannabis product is expressly prohibited in the City.
- B. The following are expressly prohibited:
  - 1. Adult-use commercial cannabis activities; and
  - 2. Medicinal commercial cannabis delivery and/or sale, including dispensaries, and microbusinesses.

#### **Section 5.18.040 – Compliance with Laws.**

It is the responsibility of the owners and operators of the commercial medicinal cannabis business to ensure that it is, always, operating in a manner compliant with all applicable state and local laws and any regulations promulgated thereunder. Nothing in this Chapter 5.18 shall be construed as authorizing any actions which violate federal, state, or local law with respect to the operation of a commercial medicinal cannabis business. It shall be the responsibility of the owners and the operators of the commercial medicinal cannabis business to ensure that the commercial medicinal cannabis business is, at all times, operating in a manner compliant with all applicable federal, state and local laws, the 2008 Attorney General Guidelines, any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial medicinal cannabis business permit. Nothing in this Chapter 5.18 shall be construed as authorizing any actions which violate federal



or state law regarding the operation of a commercial medicinal cannabis business.

**Section 5.18.050 – Definitions.**

When used in this Chapter 5.18, the following words shall have the meanings ascribed to them as set forth herein. Any reference to California statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision. Definitions herein, which coincide with those set forth in MAUCRSA or other applicable state law, shall be deemed to include any successor or amended versions of such definitions.

- A. "Cannabis" means all parts of the *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" also means marijuana as defined by Section 11018 of the California Health and Safety Code as enacted by Chapter 14017 of the Statutes of 1972. Cannabis does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter 5.18, cannabis does not mean industrial hemp as that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.
- B. "Cannabis Business Park" a park or campus is one contiguous commercial area of land which has many cannabis related businesses grouped together. Each individual business would be clearly defined, which has a unique entrance and immovable physical barriers between uniquely licensed premises.
- C. "Cannabis concentrate" means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this Chapter 5.18. A cannabis concentrate is not considered food, as defined by Section 109935 of the California Health and Safety Code, or drug, as defined by Section 109925 of the California Health and Safety Code.
- D. "Cannabis product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.
- E. "Canopy" means all areas occupied by any portion of a cannabis plant, inclusive of all vertical planes, whether contiguous or noncontiguous on any one site.
- F. "Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.
- G. "City" or "City of El Monte" means the City of El Monte, a California General Law City.
- H. "Commercial cannabis activity" includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging,

labeling, transportation, delivery or sale of cannabis and cannabis products as provided for in this Chapter 5.18

- I. "Commercial medicinal cannabis business" means any business or operation which engages in medicinal commercial cannabis activity.
- J. "Commercial medicinal cannabis business permit" means a regulatory permit issued by the City pursuant to this Chapter 5.18 to a commercial medicinal cannabis business and is required before any commercial cannabis activity may be conducted in the City. The initial permit and annual renewal of a commercial medicinal cannabis business permit is made expressly contingent upon the business's ongoing compliance with all of the requirements of this Chapter 5.18 and any regulations adopted by the City governing the commercial cannabis activity at issue.
- K. "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- L. "Cultivation site" means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities may occur. Cultivation sites must be licensed by the City and state pursuant to this Chapter 5.18.
- M. "Day care center" means any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and schoolage child care centers.
- N. "Delivery" means the commercial transfer of cannabis or cannabis products to a customer. "Delivery" also includes the use by a retailer of any technology platform owned and controlled by the retailer.
- O. "Dispensary" means a commercial medicinal cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to express authorization, cannabis and cannabis products as part of a retail sale.
- P. "Dispensing" means any activity involving the retail sale of medicinal cannabis or medicinal cannabis products from a dispensary.
- Q. "Distribution" means the procurement, sale, and transport of cannabis and cannabis products between persons authorized to engage in permitted commercial cannabis activities pursuant to this Chapter 5.18.
- R. "Distributor" means a person engaged in the business of purchasing medicinal cannabis from a licensed cultivator or medicinal cannabis products from a license manufacturer for sale to a licensed medicinal cannabis dispensary. Distributors must be licensed by the City and state pursuant to this Chapter 5.18.
- S. "Dried flower" means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- T. "Edible cannabis product" means cannabis product that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with Section 32501) of the California Food and Agriculture Code. An edible cannabis product is not considered food, as defined by Section 109935 of the California Health and Safety Code, or drug, as defined by Section 109925 of the California Health and Safety Code. An edible cannabis product shall not



be deemed to be adulterated pursuant to Section 19347.6 of the Business and Professions Code solely because it contains cannabis.

- U. "Greenhouse" means a fully enclosed permanent structure that is clad in transparent material with climate control, such as heating and ventilation capabilities and supplemental artificial lighting, and that uses a combination of natural and supplemental lighting for cultivation.
- V. "Live plants" means living cannabis flowers and plants, including seeds, immature plants (including unrooted clones), and vegetative stage plants.
- W. "Manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.
- X. "Manufacturer" means a person that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container. A manufacturer may also be a person that infuses cannabis in its products but does not perform its own extraction.
- Y. "Manufactured cannabis" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, extraction, or other manufactured product intended for internal consumption through inhalation or oral ingestion or for topical application.
- Z. "Manufacturing site" means a location that produces, prepares, propagates, or compounds medicinal cannabis or medicinal cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis. Manufacturing sites must be licensed by the City and state pursuant to this Chapter 5.18.
- AA. "Marijuana" means "cannabis," as that term is defined in this Chapter 5.18.
- BB. "Microbusiness" means a commercial medicinal cannabis business facility of cultivation of medicinal cannabis on areas less than 10,000 square feet and also acts as a licensed distributor, manufacturer, and retailer.
- CC. "Nursery" means a person that produces only clones, immature plants, seeds and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis.
- DD. "Owner" means any of the following:
  - 1. A person with an aggregate ownership interest of 20% or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance;
  - 2. The chief executive officer of a nonprofit or other entity.
  - 3. A member of the board of directors of a nonprofit.
  - 4. An individual who will be participating in the direction, control, or management of the person applying for the license.
- EE. "Patient" or "qualified patient" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health & Safety Code Section 11362.5.

- FF. "Permittee" means the holder of a valid, City-issued commercial medicinal cannabis business permit.
- GG. "Person" means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.
- HH. "Person with an identification card" shall have the meaning given that term by California Health and Safety Code Section 11362.7.
- II. "Premises" means the designated structure or structures and land specified in the commercial medicinal cannabis business permit application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.
- JJ. "State License" means a permit or license issued by the State of California, or one of its departments or divisions, under MAUCRSA and any subsequent State of California legislation regarding the same to engage in commercial cannabis activity.
- KK. "Testing laboratory" means a laboratory, facility, or entity in the City that offers or performs tests of medicinal cannabis or medicinal cannabis products and that is both of the following:
1. Accredited by an accrediting body that is independent from all other persons involved in the medicinal cannabis industry in the state.
  2. Licensed by the Bureau of Cannabis Control and is owned and operated by a person issued a valid commercial medicinal cannabis business permit for laboratory testing from the City.
- LL. "Topical cannabis" means a product intended for external application and/or absorption through the skin. A topical cannabis product is not considered a drug as defined by Section 109925 of the California Health and Safety Code.
- MM. "Volatile solvent" means a solvent that is or produces a flammable gas vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures.
- NN. "Youth center" means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

**Section 5.18.060 – Cannabis Employee Permit Required.**

- A. Any person who is an employee or who otherwise works or volunteers within a commercial medicinal cannabis business must be legally authorized to do so under applicable state law. Employees, workers, or volunteers at businesses that are permitted by the City that are operating pursuant to Health & Safety Code Section 11362.775(a) as collectives or cooperatives until that subsection is repealed must be qualified patients or primary caregivers as required by state law.
- B. Any person who is an employee or who otherwise works or volunteers within a commercial medicinal cannabis business must obtain a commercial medicinal employee work permit from the City prior to performing any work at any commercial medicinal cannabis business.



C. Applications for a commercial medicinal cannabis employee work permit shall be developed and made available by the City Manager or his/her designee(s), and shall include, but not be limited to, the following information:

1. Name, address, and phone number of the applicant;
2. Age and verification of applicant. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the applicant is at least twenty-one (21) years of age must be submitted with the application;
3. Name, address of the commercial medicinal cannabis businesses where the person will be employed, and the name of the primary manager of that business;
4. A list of any crimes enumerated in California Business and Professions Code Section 26507(b)(4) for which the applicant has been convicted;
5. Name, address, and contact person for any previous employers from which the applicant was fired, resigned, or asked to leave and the reasons for such dismissal or firing;
6. The application shall be accompanied by fingerprints and a recent photograph of the applicant in a form and manner as required by the City Manager or designee(s);
7. A signed statement under penalty of perjury that the information provided is true and correct;
8. If applicable, verification that the applicant is a qualified patient or primary caregiver; and
9. A fee paid in an amount set by resolution of the City Council in an amount necessary to cover the costs of administering the employee work permit programs. The fee is non-refundable and shall not be returned in the event the work permit is denied or revoked.

D. The City Manager or designee(s) shall review the application for completeness and shall direct the Chief of Police to conduct a background check in accordance with Section 5.18.230(L) to determine whether the applicant was convicted of a crime or left a previous employer for reasons that show the applicant:

1. Is dishonest; or
2. Has committed a felony or misdemeanor involving fraud, deceit, embezzlement; or
3. Was convicted of a violent felony, a crime of moral turpitude; or
4. The illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, except for medicinal cannabis related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

Discovery of these facts showing that the applicant is dishonest or has been convicted of those types of crimes are grounds for denial of the permit. Where the applicant's sentence, (including any term of probation, incarceration, or supervised release) for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is completed, such underlying conviction shall not be the sole ground for denial of a commercial medicinal cannabis work permit. Furthermore, an applicant shall not be denied a permit if the denial is based solely on any of the

following (i) a conviction for any crime listed in Subsection (D)(4) above for which the applicant has obtained a certificate of rehabilitation pursuant to Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the California Penal Code or (ii) a conviction that was subsequently dismissed pursuant to Sections 1203.4, 1203.4a, or 1203.41 of the California Penal Code or any other provision of state law allowing for dismissal of a conviction.

- E. The City Manager or designee(s) shall issue the commercial medicinal cannabis work permit or a written denial to the applicant within ninety (90) days of the date the application was deemed complete by the City, unless the applicant stipulates to an extension of the City Manager's response time. Upon the request of a commercial medicinal cannabis business and while processing the application for a work permit, the City Manager or his/her designee(s) may issue a temporary work permit for an employee if the business demonstrates to the City Manager or his/her designee(s) that the employee is necessary for the operation of the business. The temporary permit may be immediately revoked by the City Manager or his/her designee(s) upon determination that the applicant has failed the background check.
- F. A work permit shall be valid for a twelve (12) month period from issuance and must be renewed on an annual basis. Renewal applications shall contain all the information required in Subsection B above including the payment of a renewal application fee in an amount to be set by resolution of the City Council.
- G. In the event a person changes employment from one commercial medicinal cannabis business in the City to another, the work permit holder shall notify the City Manager or his/her designee(s) in writing of the change within ten (10) days, or the work permit shall be suspended or revoked and such person shall not be permitted to work at any commercial medicinal cannabis business in the City.
- H. The City may immediately revoke the commercial medicinal cannabis work permit should the permit holder be convicted of a crime listed in Subsection C and D above or if facts become known to the City Manager or his/her designee(s) that the permit holder has engaged in activities showing that he or she is dishonest.
- I. The City Manager or designee(s) is hereby authorized to promulgate all regulations necessary to implement the work permit process and requirements.
- J. The applicant may appeal the denial or revocation of a commercial medicinal cannabis work permit by filing a notice of appeal with the City Clerk within ten (10) days of the date the applicant received the notice of denial, which appeal shall be conducted as set forth in this Chapter 5.18.
- K. The City Manager or his/her designee(s) shall issue a permit in the form of a personal identification card that can be worn by the employee, which shall include a photograph of such employee. The personal identification card shall be worn approximately chest-high on their outermost garment, in a prominent and visible location. The identification card shall be maintained in good and readable condition at all times.

**Section 5.18.070 – Commercial Medicinal Cannabis Business Permit Required to Engage in Commercial Medicinal Cannabis Business.**

- A. No person may engage in any commercial medicinal cannabis business or in any medicinal commercial cannabis activity within the City including cultivation, nursery, manufacture, processing, laboratory testing, transporting, or distribution, of cannabis or cannabis product unless the person (1) has a valid commercial medicinal cannabis business permit issued by the City



Manager upon City Council approval of a conditional use permit, development agreement, and any other applicable approvals, including, but not limited to, a building permit and business licenses; and (2) is currently in compliance with all applicable state and local laws and regulations pertaining to the commercial medicinal cannabis business and the commercial cannabis activities, including the duty to obtain any required state licenses.

- B. Until Health & Safety Code Section 11362.775, subdivision (a), is repealed, the City intends that person's eligible to operate collectives or cooperatives under that subdivision shall be eligible to apply for a City permit to conduct commercial cannabis activities but only to the degree those activities are authorized under state law for collectives and cooperatives. When the Health & Safety Code Section 11362.775, subdivision (a), is repealed, or as soon as collectives and cooperatives are no longer permitted to engage in commercial cannabis activity under state law, any City permit holder operating a commercial medicinal cannabis business under a collective or cooperative who has not already obtained a state license for the commercial cannabis activities they are engaged in shall automatically forfeit his or her City commercial medicinal cannabis business permit. At that point, such former permit holder shall no longer be authorized to engage in any commercial cannabis activities in the City until they obtain both a City issued commercial medicinal cannabis business permit and a state license for that commercial cannabis activity.
- C. The maximum number of each type of commercial medicinal cannabis business permits that shall be permitted to operate in the City, if any such maximum is desired by the City Council, shall be established by resolution of the City Council. Nothing in this Subsection creates a mandate that the City Council must issue any or all of the commercial medicinal cannabis business permits if it is determined that the applicants do not meet the standards which are established in the application requirements or further amendments to the application process.
- D. Each year following the City Council's initial award of commercial medicinal cannabis business permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of commercial medicinal cannabis business permits which are authorized for issuance. The City Council, in its discretion, may determine by resolution that the number of commercial medicinal cannabis permits should stay the same or be expanded.
- E. The City Council shall adopt, by resolution, an application process, and related forms, which shall provide for a point system based evaluation of applications by an independent third-party, who shall score applicants and recommend the best applicants to City staff for additional review by staff, which shall identify applicants who may apply for a conditional use permit and development agreement, in accordance with Section 17.24.040(34) of this Code. Additional points shall be awarded to applicants with 10 or more employees who commit to enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement, as defined in Business and Professions Code Section 26001(x).
- F. Any person intending to open and to operate a commercial medicinal cannabis business shall provide sufficient evidence of the legal right to occupy and to use the proposed location of such business. In the event the proposed location will be leased from another person, the applicant shall be required to provide a signed and notarized statement from the owner of such property, acknowledging that the property owner has read this Chapter 5.18 and consents to the operation of the commercial medicinal cannabis business on the owner's property.

G. At the time of filing, each applicant shall pay an application fee established by resolution of the City Council to cover all costs incurred by the City in the application process.

H. THE CITY'S RESERVATION OF RIGHTS:

The City reserves the right to reject any or all applications received by the City for of commercial medicinal cannabis business permits. The City may also modify, postpone, or cancel any request for applications, or the entire program under this Chapter 5.18, at any time without liability, obligation, or commitment to any party, firm, or organization. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Chapter 5.18, may be cancelled at any time prior to permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application for a of commercial medicinal cannabis business permit. In addition to any other justification provided a failure to comply with other requirements in this Chapter 5.18, an application RISKS BEING REJECTED for any of the following reasons:

1. Proposal received after designated time and date.
2. Proposal not containing the required elements, exhibits, nor organized in the required format.
3. Proposal considered not fully responsive to this request for permit application.
4. Proposal contains excess or extraneous material not called for in the request for permit application.

**Section 5.18.080 – Limitations on City's Liability.**

To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a commercial medicinal cannabis business permit pursuant to this Chapter 5.18 or otherwise approving the operation of any commercial medicinal cannabis business. As a condition to the approval of any commercial medicinal cannabis business permit, the applicant shall be required to meet all of the following conditions before they can receive the commercial medicinal cannabis business permit:

- A. They must execute an agreement, in a form approved by the city attorney, agreeing to indemnify, defend (at applicant's sole cost and expense), and hold the City, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, the City's issuance of the commercial medicinal cannabis business permit, the City's decision to approve the operation of the commercial medicinal cannabis business or activity, to process used by the City in making its decision, or the alleged violation of any federal, state, or local laws by the commercial medicinal cannabis business or any of its officers, employees, or agents.
- B. Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City Attorney.
- C. Reimburse the City for all costs and expenses, including but not limited to attorney's fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the applicant's commercial medicinal cannabis business permit or related to the City's approval of a medicinal commercial cannabis activity. The City, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.



**Section 5.18.090 – Expiration of Commercial Medicinal Cannabis Business Permits.**

Each commercial medicinal cannabis business permit issued pursuant to this Chapter 5.18 shall expire twelve (12) months after the date of its issuance. Commercial medicinal cannabis permits may be renewed as provided in Section 5.18.110.

**Section 5.18.100 – Revocation of Commercial Medicinal Cannabis Business Permits.**

Commercial medicinal cannabis business permits may be revoked for any violation of any law and/or any rule, regulation, and/or standard adopted pursuant to this Chapter 5.18.

**Section 5.18.110 – Renewal Applications for Commercial Medicinal Cannabis Business Permits.**

- A. An application for renewal of a commercial medicinal cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of a valid, current commercial medicinal cannabis business permit.
- B. The renewal application shall contain all the information required for new applications.
- C. The applicant shall pay a fee in an amount to be set by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Chapter 5.18.
- D. An application for renewal of a commercial medicinal cannabis business permit shall be rejected if any of the following exists:
  1. The application is filed less than sixty (60) days before its expiration.
  2. The commercial medicinal cannabis business permit is suspended or revoked at the time of the application.
  3. The commercial medicinal cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.
  4. The commercial medicinal cannabis business has failed to conform to the requirements of this Title, or of any regulations adopted pursuant to this Title.
  5. The permittee fails or is unable to renew its State of California license.
  6. If the City or state has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of this Chapter 5.18, of the City's Municipal Code, or of the state rules and regulations, and the City or state has determined that the violation is grounds for termination or revocation of the commercial medicinal cannabis business permit.
- E. The City Manager or designee(s) is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager or his/her designee(s) is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the City Manager or his/her designee(s) shall be handled pursuant to Chapter 5.18.130.

- F. If a renewal application is rejected, a person may file a new application pursuant to this Chapter 5.18 no sooner than one (1) year from the date of the rejection.

**Section 5.18.120. – Effect of State License Suspension, Revocation, or Termination.**

Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a commercial medicinal cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a commercial medicinal cannabis business, such revocation or termination shall also revoke or terminate the ability of a commercial medicinal cannabis business to operate within the City.

**Section 5.18.130. – Appeals Regarding Commercial Medicinal Business License Permits.**

- A. Within ten (10) calendar days after the date of a decision of the City Manager or his/her designee(s) to revoke, suspend or deny a permit, or to add conditions to a permit, an aggrieved party may appeal such action by filing a written appeal with the City Clerk setting forth the reasons why the decision was not proper.
- B. At the time of filing the appellant shall pay the designated appeal fee, established by resolution of the City Council from time to time.
- C. Upon receipt of the written appeal, the City Clerk shall set the matter for a hearing before the City Council. The City Council shall hear the matter de novo, and shall conduct the hearing pursuant to the procedures set forth by the City.
- D. The appeal shall be held within a reasonable time after the filing the appeal, but in no event later than ninety (90) days from the date of such filing. The City shall notify the appellant of the time and location at least ten (10) days prior to the date of the hearing.
- E. At the hearing, the appellant may present any information they deem relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing.
- F. At the conclusion of the hearing the City Council may affirm, reverse or modify the decision appealed. The decision of the City Council shall be final.

**5.18.140 – Change in Location; Updated Registration Form.**

- A. Any time the business location specified in the commercial medicinal cannabis business permit is changed, the applicant shall require a new commercial medicinal cannabis business permit in accordance with Section 5.18.070(A).
- B. Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this chapter, including any change in the commercial medicinal cannabis business ownership or management members, the applicant shall file an updated registration form with the City Manager or designee(s) for review along with a registration amendment fee.

**Section 5.18.150 – Transfer of Commercial Medicinal Cannabis Business Permit.**

- A. The owner of a commercial medicinal cannabis business license permit shall not transfer ownership or control of such permit to another person or entity



unless and until the transferee obtains an amendment to the permit from the City Manager or designee(s) stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the City Manager accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the commercial medicinal cannabis business license permit application fee), and the City Manager or designee(s) determines that the transferee passed the background check required for permittees and meets all other requirements of this Chapter 5.18.

- B. Commercial medicinal cannabis business permits issued through the grant of a transfer by the City Manager or designee(s) shall be valid for a period of one (1) year beginning on the day the City Manager or designee(s) approves the transfer of the permit. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter 5.18.
- C. Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than 51% of the original ownership), must be approved by the City Council through the transfer process contained in this Subsection A, above. Failure to comply with this provision is grounds for commercial medicinal cannabis business license permit.
- D. A permittee may change the form of business entity without applying to the City Manager or designee(s) for a transfer of permit, provided that either:
  - 1. The membership of the new business entity is substantially similar to original permit holder business entity (at least 51% of the membership is identical), or
  - 2. If the original permittee is a cooperative or collective and then transitions to a new business entity to comply with Section 5.18.070(B), provided that the original operator(s) of the original permittee business are the same, and the only change is removing collective/cooperative members from the ownership of the new business entity.

Although a transfer is not required in these two circumstances, the permittee is required to notify the City Manager in writing of the change within ten (10) days of the change. Failure to comply with this provision is grounds for permit revocation.

- E. No commercial medicinal cannabis business permit may be transferred when the City Manager or Police Chief has notified the permittee that the permit has been or may be suspended or revoked.
- F. Any attempt to transfer a commercial medicinal cannabis business permit either directly or indirectly in violation of this Section 5.18.150 is hereby declared void, and such a purported transfer shall be deemed a ground for revocation of the permit.

#### **Section 5.18.160 – City Business License.**

Prior to commencing operations, a commercial medicinal cannabis business shall obtain a City of El Monte business license, pursuant to Chapter 5.04.

#### **Section 5.18.170 – Building Permits and Inspection.**

Prior to commencing operations, a commercial medicinal cannabis business shall be subject to a mandatory building inspection and must obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in the zone in which the business proposes to be located. These includes but are not limited to building permits, fire department

approvals, health and safety approvals, zoning approvals, including those set forth in Section 17.24.040(34).

**Section 5.18.180 – Records and Recordkeeping.**

- A. Each owner and operator of a commercial medicinal cannabis business shall maintain accurate books and records in an electronic format, which detail all revenues and expenses of the business, including, but not limited to, all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial medicinal cannabis business permit issued pursuant to this Chapter 5.18), or at any time upon reasonable request of the City, each commercial medicinal cannabis business shall file a sworn statement detailing the number of sales by the commercial medicinal cannabis business during the previous 12-month period (or shorter period based upon the timing of the request) detailing sales for each month within such period in question. The statement shall also include gross sales for each month and all applicable taxes paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or designee(s).
- B. Each owner and operator of a commercial medicinal cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial medicinal cannabis business and, separately, the same contact information of all officers, managers, employees, agents, and volunteers currently employed or otherwise engaged by the commercial medicinal cannabis business. The register required by this paragraph shall be provided to the City Manager or designee(s) upon a reasonable request.
- C. Each commercial medicinal cannabis business shall maintain a record of all distributions of cannabis and cannabis products to other commercial medicinal cannabis businesses authorized by state law for a period of no less than four (4) years.
- D. All commercial medicinal cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing, production, manufacturing, laboratory testing, and/or distribution, or other commercial cannabis activity processes until purchase or distribution for medicinal purpose as set forth under state law, as may subsequently be amended.
- E. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA) regulations, each commercial medicinal cannabis business shall grant City officials access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial medicinal cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents shall be produced no later than twenty-four (24) hours after receipt of the City's request for such data, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

**Section 5.18.190 – Security Measures.**

- A. A permitted commercial medicinal cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products and to deter and prevent the theft of cannabis or cannabis products at the commercial medicinal cannabis business. Except as may otherwise be determined by the Chief of



Police or designee(s), these security measures shall include, but are not limited to, all of the following:

1. Preventing individuals from remaining on the premises of the commercial medicinal cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial medicinal cannabis business.
  2. Establishing limited access areas accessible only to authorized commercial medicinal cannabis business personnel.
  3. Except for live growing plants, which are being cultivated at a cultivation facility, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault. All cannabis and cannabis products, including live plants which are being cultivated, shall be kept in a manner designed to prevent diversion, theft, and loss.
  4. Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial medicinal cannabis business, which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis, and all interior spaces where diversion of cannabis could reasonably occur. The commercial medicinal cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Chief of Police or designee(s), and that it is compatible with the City's software and hardware. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the Chief of Police or designee(s). Video recordings shall be maintained for a minimum of forty-five (45) days and shall be made available to the Chief of Police or designee(s) upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial medicinal cannabis business.
  5. Sensors shall be installed to detect entry and exit from all secure areas.
  6. Panic buttons shall be installed in all commercial medicinal cannabis businesses.
  7. Having a professionally installed, maintained, and monitored alarm system.
  8. Any bars installed on the windows or the doors of the commercial medicinal cannabis business shall be installed only on the interior of the building.
  9. Security personnel shall be on-site 24 hours a day or alternative security as authorized by the Police Chief or designee(s). Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the Chief of Police or designee(s), which shall not be unreasonably withheld.
  10. Each commercial medicinal cannabis business shall install standby generators and have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
  11. Additional security measures may be added through the review of the conditional use permit and development agreement process.
- B. Each commercial medicinal cannabis business shall identify a designated security representative/liaison to the City, who shall be reasonably available

to meet with the Chief of Police or designee(s) regarding any security related measures or and operational issues.

- C. As part of the application and permitting process each commercial medicinal cannabis business shall have a storage and transportation plan and currency management plan, which describes in detail the procedures for safely and securely storing, disposing and transporting all cannabis, cannabis products, and any currency.
- D. The commercial medicinal cannabis business shall cooperate with the City whenever the Chief of Police or designee(s) makes a request, upon reasonable notice to the commercial medicinal cannabis business, to inspect or audit the effectiveness of any security plan or of any other requirement of this Title.
- E. A commercial medicinal cannabis business shall notify the Chief of Police or designee(s) within twenty-four (24) hours after discovering any of the following:
  - 1. Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the Chief of Police or designee(s).
  - 2. Diversion, theft, loss, or any criminal activity involving the commercial medicinal cannabis business or any agent or employee of the commercial medicinal cannabis business.
  - 3. The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees and/or agents of the commercial medicinal cannabis business.
  - 4. Any other breach of security.

#### **Section 5.18.200 – Restriction on Alcohol Sales.**

No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the commercial medicinal cannabis business.

#### **Section 5.18.210 – Compliance with Laws.**

It is the responsibility of the owners and operators of the commercial medicinal cannabis business to ensure that it is, at all times, operating in a manner compliant with all applicable state and local laws and any regulations promulgated and applicable thereunder. Nothing in this Chapter 5.18 shall be construed as authorizing any actions which violate state law or local law with respect to the operation of a commercial medicinal cannabis business. It shall be the responsibility of the owners and the operators of the commercial medicinal cannabis business to ensure that the commercial medicinal cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, the 2008 Attorney General Guidelines any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial medicinal cannabis business permit. Nothing in this Chapter 5.18 shall be construed as authorizing any actions which violate state law with regard to the operation of a commercial medicinal cannabis business.

#### **Section 5.18.220 – Fees and Charges.**

- A. No person may commence or continue any medicinal commercial cannabis activity in the City without timely paying in full all fees and charges required for the operation of a commercial cannabis activity. Fees and charges associated with the operation of such activity shall be established by resolution of the City Council which may be amended from time to time.



- B. All commercial medicinal cannabis businesses authorized to operate under this Title shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees required under federal, state and local law. Each commercial medicinal cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial medicinal cannabis business' books and records for the purpose of verifying compliance with this section, including, but not limited to, a verification of the amount of taxes required to be paid during any period.

**Section 5.18.230 – Miscellaneous Operating Requirements.**

- A. Commercial medicinal cannabis businesses may operate only during the hours specified in the commercial medicinal cannabis business permit issued by the City and must comply with state law at all times.
- B. Restriction on Consumption of Cannabis. Cannabis shall not be consumed on the premises of any commercial medicinal cannabis businesses or elsewhere in the City other than within private residences.
- C. No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a commercial medicinal cannabis business permit or on any of the vehicles owned or used as part of the commercial medicinal cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.
- D. Reporting and Tracking of Product and of Gross Sales. Each commercial medicinal cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial medicinal cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial medicinal cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager or designee(s) prior to being used by the permittee.
- E. Each commercial medicinal cannabis business shall install standby generators and have the capability to remain operational during a power outage.
- F. All cannabis and cannabis products sold, distributed, and/or manufactured shall be cultivated, manufactured, and distributed by licensed facilities that maintain operations in full conformance with the state and local regulations.
- G. There shall not be a physician located in or around any commercial medicinal cannabis business at any time for the purpose of evaluating patients for the issuance of a medicinal cannabis prescription or card where applicable.
- H. Emergency Contact. Each commercial medicinal cannabis business shall provide the City Manager or designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.
- I. Signage and Notices.
1. In addition to the requirements otherwise set forth in this section, business identification signage for a commercial medicinal cannabis business shall conform to the requirements of the El Monte Municipal Code, including, but not limited to, seeking the issuance of a City sign permit.
  2. No signs placed on the premises of a commercial medicinal cannabis business shall obstruct any entrance or exit to the building or any window.

3. Each entrance to a commercial medicinal cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises, or in the areas adjacent to the premises, is prohibited.
  4. The entrance to the commercial medicinal cannabis business shall be clearly and legibly posted with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the commercial medicinal cannabis business.
  5. Business identification signage shall be limited to that needed for identification only, and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No commercial medicinal cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial medicinal cannabis business or elsewhere including, but not limited to, the public right-of-way.
  6. Signage shall not be directly illuminated, internally or externally. No banners, flags, billboards, or other prohibited signs may be used at any time.
  7. Holders of commercial medicinal cannabis business permits agree that, as an express and ongoing condition of permit issuance and subsequent renewal, the holder of the permit shall be prohibited from advertising any commercial medicinal cannabis business located in the City utilizing a billboard (fixed or mobile), bus shelter, placard, aircraft, or other similar forms of advertising, anywhere in the state. This paragraph is not intended to place limitations on the ability of a commercial medicinal cannabis business to advertise in other legally authorized forms, including on the internet, in magazines, or in other similar ways.
- J. Minors. Persons under the age of twenty-one (21) years shall not be allowed on the premises of a commercial medicinal cannabis business and shall not be allowed to serve as a driver for a transport service. It shall be unlawful and a violation of this Chapter 5.18 for any person to employ any person at a commercial medicinal cannabis business who is not at least twenty-one (21) years of age.
- K. Odor Control. Odor control devices and techniques shall be incorporated in all commercial medicinal cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial medicinal cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial medicinal cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial medicinal cannabis business. As such, commercial medicinal cannabis businesses must install and maintain the following equipment, or any other equipment which the Economic Development Director or designee(s) determine is a more effective method or technology:
1. An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;
  2. An air system that creates negative air pressure between the commercial medicinal cannabis business's interior and exterior, so that the odors generated inside the commercial medicinal cannabis business are not detectable on the outside of the commercial cannabis business.



- L. Display of Permit and City Business License. The original copy of the commercial medicinal cannabis business permit issued by the City pursuant to this Chapter 5.18 and the City issued business license shall be posted inside the commercial medicinal cannabis business in a location readily-visible to the public.
- M. Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes City authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every person listed as an owner, manager, supervisor, employee or volunteer, of the commercial medicinal cannabis business must submit fingerprints and other information deemed necessary by the Chief of Police or his/her designee(s) for a background check by the El Monte Police Department. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from employment, licensing or certification based on specific criminal conduct on the part of the subject of the record. No person shall be issued a permit to operate a commercial medicinal cannabis business or a related work permit unless they have first cleared the background check, as determined by the Chief of Police or designee(s), as required by this Chapter 5.18. A fee for the cost of the background investigation, which shall be the actual cost to the City to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial medicinal cannabis business permit is submitted.
- N. Loitering. The owner and/or operator of a commercial medicinal cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
- O. Additional operating requirements may be added through the review of the conditional use permit and development agreement process.
- P. If a commercial medicinal cannabis business permittee is operating as a collective or cooperative under Health and Safety Code Section 11362.775, subdivision (a), members of the applicant authorized to possess cannabis shall sign an agreement with the commercial medicinal cannabis business which states that members shall not distribute cannabis or cannabis products to non-members or in violation of the "Memorandum for all United States Attorneys," issued by the United States Department of Justice, from James M. Cole, Deputy Attorney General and any other applicable state and federal laws, regulations, or guidelines.
- Q. If the commercial medicinal cannabis business permittee is operating as a collective or cooperative under Health and Safety Code Section 11362.775, subdivision (a), the commercial medicinal cannabis business shall terminate the membership of any member violating any of the provisions of this Title.

#### **Section 5.18.240 – Additional Operational Requirements.**

The City Manager or designee may develop additional commercial medicinal cannabis business operational requirements or regulations as are determined to be necessary to protect the public health, safety and welfare.

#### **Section 5.18.250 – Operating Requirements for Cultivation Facilities.**

- A. Cultivation facilities must operate at all times in accordance with state law.
- B. Cultivation facilities may locate within appropriate areas as described in Section 17.24.040(34), subject to the regulations set forth in this Chapter

5.18, and subject to whatever additional regulations may be promulgated hereunder by the City Council or designee.

- C. Outdoor Cultivation Prohibited. The cultivation of all cannabis must occur indoors. All outdoor cultivation is prohibited.
- D. In no case, shall cannabis plants be visible from the facility's parking lot, a public or private road, sidewalk, park, or any common public viewing area.
- E. Commercial medicinal cannabis cultivation in this City shall only be allowed to cultivate within canopy space limitations under state law.
- F. Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.
- G. Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.
- H. In no case shall any hazardous, flammable, or explosive substances be used to process or manufacture cannabis products on site, unless a separate medicinal commercial cannabis permit is issued for the premises, which allows the use of such substances (e.g. manufacturing).
- I. The cultivation of cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial medicinal cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.
- J. All applicants for a medicinal cannabis cultivation permit shall submit the following in addition to the information generally otherwise required for a commercial medicinal cannabis business:
  - 1. A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation, and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities (indoor, mixed-light) and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting (indoor, mixed-light).
  - 2. A description of a legal water source, irrigation plan, and projected water use.
  - 3. Identification of the source of electrical power and plan for compliance with applicable Building Codes and related regulations, codes, and/or rules.
  - 4. Plan for addressing odor and other public nuisances which may derive from the cultivation site.
- K. Additional operating requirements may be added through the review of the conditional use permit and development agreement process.

**Section 5.18.260 – Cannabis Manufacturing: Edibles and Other Cannabis Products; Sale or Distribution of Edible and Other Cannabis Products.**

The manufacturing of food or other products infused with or which otherwise contain cannabis may be manufactured within the appropriate areas as set forth



in Section 17.24.040(34), subject to state law, the regulations set forth in this Chapter 5.18, and whatever additional regulations may be promulgated hereunder by an the City Council or designee.

**Section 5.18.270 – Packaging and Labeling.**

- A. The packaging and labeling of edible cannabis or edible cannabis products shall comply at all times with state law.
- B. Before a commercial medicinal cannabis manufacturer prepares any edible cannabis or edible cannabis product for retail sale, it shall be labeled and placed in tamper-evident packaging which at least meets the requirements of California Business and Professions Code Section 19347, as the same may be amended from time-to-time or superseded or replaced by subsequent state legislation or by any department or division of the State of California.
- C. All items to be sold or distributed shall be individually wrapped at the original point of preparation by the business permitted as a commercial cannabis manufacturer.
- D. Labeling must include a warning if nuts or other known allergens are used, and must include the total weight (in ounces or grams) of cannabis in the package.
- E. A warning that the item is a medication and not a food must be clearly legible on the front of the package and/or must comply with state packing requirements.
- F. The package must have a label warning that the product is to be kept away from children.
- G. The label must also state that the product contains cannabis and must specify the date of manufacture and the manufacturer's information, including, but not limited to, address, phone number, and commercial medicinal cannabis business permit number.
- H. Any edible cannabis product that is made to resemble a typical food product must be in a properly labeled opaque (non-see-through) package before it leaves the commercial cannabis manufacturing business.
- I. Distributions must be in a properly labeled opaque package when distributed.
- J. The City Council, or designee, may impose additional packaging and labeling requirements on cannabis or cannabis products.

**Section 5.18.280 – Operating Requirements for Cannabis Manufacturing (Levels One and Two), Extraction, and the Like**

- A. Cannabis manufacturing facilities shall comply with state law at all times.
- B. Cannabis manufacturing facilities requiring a Type-6 or Type-7 state license (using non-volatile and volatile solvents) as defined in California Business and Professions Code Section 19341, may be permitted to operate within those areas as set forth in Section 17.24.040(34).
- C. Any compressed gases used in the manufacturing process shall not be stored on any property within the City in containers that exceeds the amount which is approved by the Fire Department and authorized by the regulatory permit. Each site or parcel subject to a commercial medicinal cannabis business permit shall be limited to a total number of tanks as authorized by the Fire Department on the property at any time.
- D. Cannabis manufacturing facilities may use the hydrocarbons N-butane, isobutane, propane, or heptane or other solvents or gases exhibiting low to

minimal potential human-related toxicity approved by the City. These solvents must be of at least ninety-nine percent purity and any extraction process must use them in a professional grade closed loop extraction system designed to recover the solvents, work in an environment with proper ventilation, controlling all sources of ignition where a flammable atmosphere is or may be present.

- E. If an extraction process uses a professional grade closed loop CO<sub>2</sub> gas extraction system where every vessel is certified by the manufacturer for its safe use as referenced in Subsection F of this Section, the CO<sub>2</sub> must be of at least ninety-nine percent purity.
- F. Closed loop systems for compressed gas extraction systems must be commercially manufactured and bear a permanently affixed and visible serial number.
- G. Certification from an engineer licensed by the State of California must be provided to the Economic Development Department for a professional grade closed loop system used by any commercial cannabis manufacturing manufacturer to certify that the system was commercially manufactured, is safe for its intended use, and was built to codes of recognized and generally accepted good engineering practices, including but not limited to:
  - 1. The American Society of Mechanical Engineers (ASME);
  - 2. American National Standards Institute (ANSI);
  - 3. Underwriters Laboratories (UL); or
  - 4. The American Society for Testing and Materials (ASTM).
  - 5. The certification document must contain the signature and stamp of the professional engineer and serial number of the extraction unit being certified.
- H. Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for their use by the Fire Department and meet any required fire, safety, and building code requirements specified in the California Building Codes.
- I. Cannabis manufacturing facilities may use heat, screens, presses, steam distillation, ice water, and other methods without employing solvents or gases to create keef, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.
- J. Cannabis manufacturing facilities may use food grade glycerin, ethanol, and propylene glycol solvents to create or refine extracts. All Ethanol must be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.
- K. Cannabis manufacturing facilities creating cannabis extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace.
- L. Any person using solvents or gases in a closed looped system to create cannabis extracts must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely.
- M. Parts per million for one gram of finished extract cannot exceed state standards for any residual solvent or gas when quality assurance tested.
- N. Additional manufacturing requirements may be added through the review of the conditional use permit and development agreement process.



#### **Section 5.18.290 – Promulgation of Regulations, Standards and Other Legal Duties**

- A. In addition to any regulations adopted under state law or by the City Council, the City Manager or designee is authorized to establish any additional rules, regulations, and standards governing the issuance, denial or renewal of commercial medicinal cannabis business permits, the ongoing operation of commercial medicinal cannabis businesses and the City's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this Chapter 5.18.
- B. Regulations shall be published on the City's website.
- C. Regulations promulgated by the City Manager shall become effective upon date of publication. Commercial medicinal cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager or designee(s).
- D. Testing Labs and distribution facilities shall be subject to state law and shall be subject to additional regulations as determined from time to time as more regulations are developed pursuant to this Chapter 5.18.

#### **Section 5.18.300 – Community Relations.**

- A. Each commercial medicinal cannabis business shall provide the name, telephone number, and e-mail address of a community relations contact to whom notice of problems associated with the commercial medicinal cannabis business can be provided. Each commercial medicinal cannabis business shall also provide the above information to all businesses and residences located within one hundred and fifty (150) feet of the commercial medicinal cannabis business.
- B. During the first year of operation pursuant to this Chapter 5.18, the owner, manager, and community relations representative from each commercial medicinal cannabis business holding a permit issued pursuant to this Chapter 5.18 shall attend a quarterly meeting with the City Manager or designee(s) and other interested parties as deemed appropriate by the City Manager or designee(s), to discuss costs, benefits, and other community issues arising as a result of implementation of this Chapter 5.18. After the first year of operation, the owner, manager, and community relations representative from each such commercial medicinal cannabis business shall meet with the City Manager or designee(s) when and as requested by the City Manager or designee(s).
- C. Commercial medicinal cannabis businesses to which a permit is issued pursuant to this Chapter 5.18 shall develop and make available to youth organizations and educational institutions a public education plan that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

#### **Section 5.18.310 – Fees Deemed Debt to City of El Monte.**

The amount of any fee, cost or charge imposed pursuant to this Chapter 5.18 shall be deemed a debt to the City that is recoverable via authorized processes as set forth in the El Monte Municipal Code or available through any court of competent jurisdiction.

#### **Section 5.18.320 – Permit Holder Responsible for Violations.**

The person to whom a permit is issued pursuant to this Chapter 5.18 shall be responsible for all violations of the laws of the State of California or of the regulations and/or the ordinances of the City, whether committed by the permittee or any employee or agent of the permittee, which violations occur in or

about the premises of the commercial medicinal cannabis business whether or not said violations occur within the permit holder's presence.

#### **Section 5.18.330 – Inspection and Enforcement.**

- A. The City Manager, Chief of Police, or designee(s) charged with enforcing the provisions of the El Monte Municipal Code, or any provision thereof, may enter the location of a commercial medicinal cannabis business at any time, without notice, and inspect the location of any commercial medicinal cannabis business as well as any recordings and records required to be maintained pursuant to this Chapter 5.18 or under applicable provisions of state law.
- B. It is unlawful for any person having responsibility over the operation of a commercial medicinal cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings, or other documents required to be maintained by a commercial medicinal cannabis business under this Chapter 5.18 or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial medicinal cannabis business under this Chapter 5.18 or under state or local law.
- C. The City Manager, Chief of Police, or designee(s) charged with enforcing the provisions of this Chapter 5.18 may enter the location of a commercial medicinal cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any samples obtained by the City shall be logged, recorded, and maintained in accordance with the El Monte Police Department standards for evidence.

#### **Section 5.18.340 – Concurrent Regulation with State.**

It is the stated intent of this Chapter 5.18 to regulate commercial medicinal cannabis activity in the City of El Monte concurrently with the State of California.

#### **Section 5.18.350 – Violations Declared a Public Nuisance.**

Each and every violation of the provisions of this Chapter 5.18 is hereby deemed unlawful and a public nuisance.

#### **Section 5.18.360 – Each Violation a Separate Offense.**

Each and every violation of this Chapter 5.18 shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the El Monte Municipal Code. Additionally, as a nuisance per se, any violation of this Chapter 5.18 shall be subject to injunctive relief, any permit issued pursuant to this Chapter 5.18 being deemed null and void, disgorgement and payment to the City of any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial medicinal cannabis business or persons related to, or associated with, the commercial medicinal cannabis activity. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the City Manager, Chief of Police, or designee(s), may take immediate action to temporarily suspend a commercial medicinal cannabis business permit issued by the City, pending a hearing before the City Council.

#### **Section 5.18.370 – Criminal Penalties.**

Each and every violation of the provisions of this Chapter 5.18 may be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the county jail for a period of not more than six (6) months, or by both such fine and imprisonment.



Each day a violation is committed or permitted to continue shall constitute a separate offense.

**Section 5.18.380 – Remedies cumulative and not exclusive.**

The remedies provided herein are not to be construed as exclusive remedies. The City is authorized to pursue any proceedings or remedies provided by law.

**SECTION 6. Inconsistent Provisions.** Any provision of the El Monte Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to the extent necessary to implement the provisions of this Ordinance.

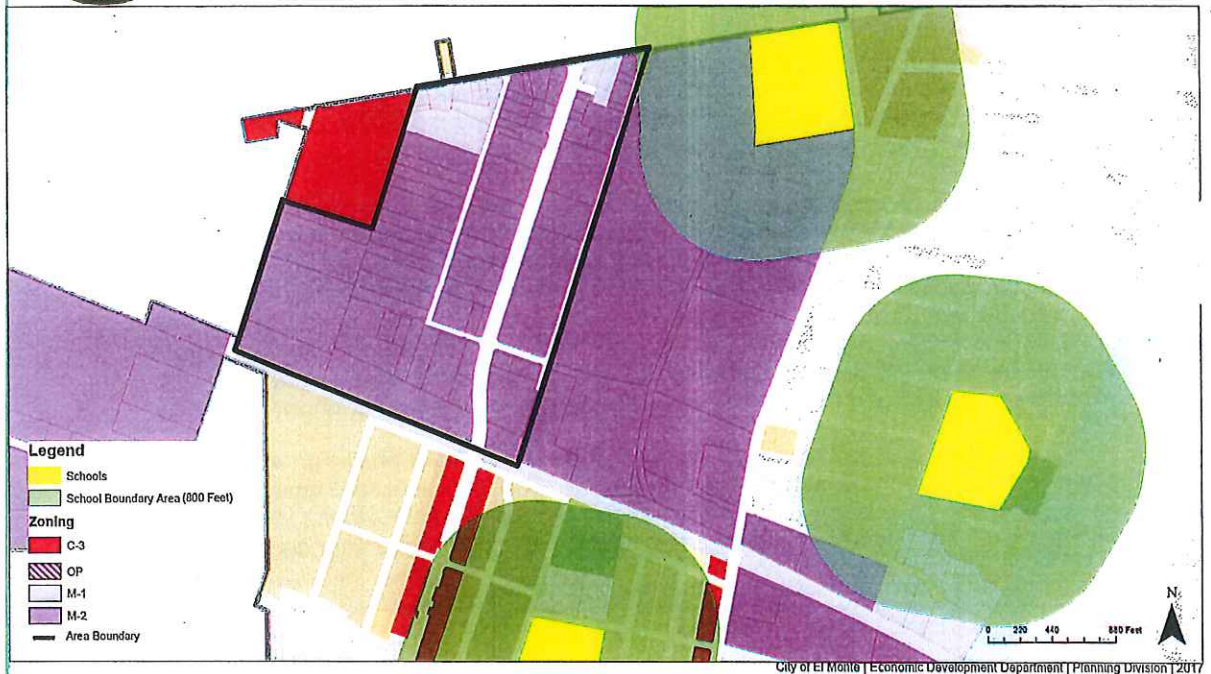
**SECTION 7. Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase would be subsequently declared invalid or unconstitutional.

**SECTION 8. Publication and Effective Date.** The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in a newspaper of general circulation within fifteen (15) days after its adoption. This Ordinance shall become effective thirty (30) days after adoption.

## EXHIBIT "A"

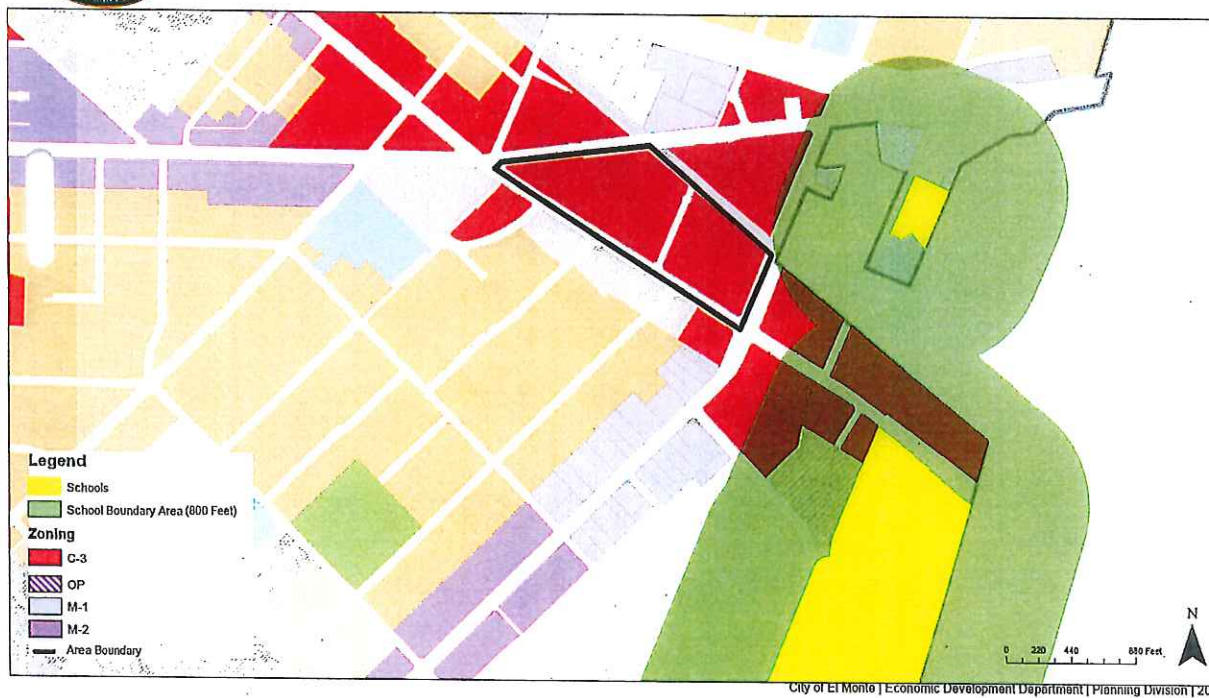


### Medicinal-Only Commercial Cannabis Northwest Area





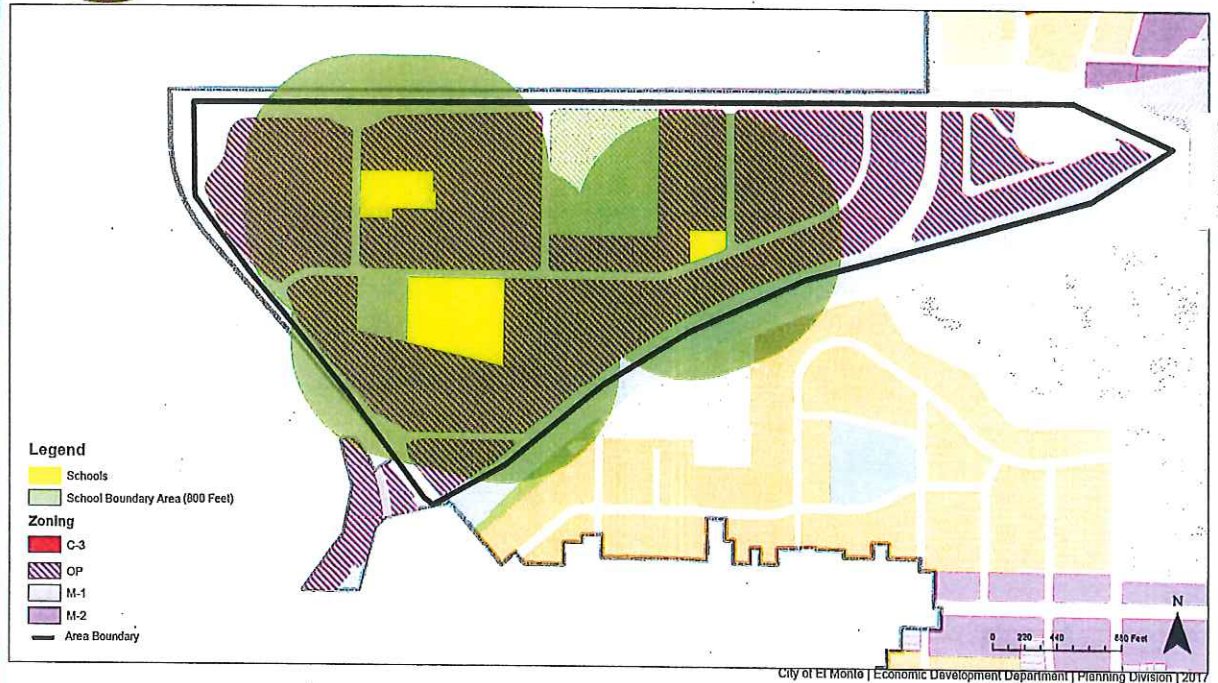
Medicinal-Only Commercial Cannabis  
East Valley Entryway Area








Medicinal-Only Commercial Cannabis  
Flair Park Area



PASSED, APPROVED AND ADOPTED by the City Council of the City of El Monte at the regular meeting of this 8th day of November, 2017.

  
Andre Quintero, Mayor  
City of El Monte

ATTEST:

  
Jonathan Hawes, City Clerk  
City of El Monte

STATE OF CALIFORNIA                    )  
COUNTY OF LOS ANGELES            )  
CITY OF EL MONTE                    )     SS:


I, Jonathan Hawes, City Clerk of the City of El Monte, hereby certify that the foregoing Ordinance No. 2924 was introduced for a first reading on the 3rd day of October, 2017 and approved for a second reading and adopted by said Council at its regular meeting held on the 8th day of November, 2017 by the following vote, to-wit:

AYES:       Mayor Quintero, Mayor Pro Tem Velasco, Councilmember Martinez

NOES:       None

ABSTAIN:   None

ABSENT:     Councilmembers Gomez and Macias

  
Jonathan Hawes, City Clerk  
City of El Monte

## Measure “MM”

Shall a ballot measure be submitted to the voters of the City of Long Beach at a general municipal election or, alternatively, at a regular municipal election, that will tax, regulate and allow Medical Marijuana Businesses to operate in the City of Long Beach?

If approved by the voters of the City of Long Beach, that measure (hereinafter, the “Measure”) shall amend the Division II of Chapter 3.80 of the Long Beach Municipal Code regarding the business license tax on Marijuana Businesses by repealing Section 3.80.260, and amending Section 3.80.261, as follows:

### “THE PEOPLE OF THE CITY OF LONG BEACH DO ORDAIN AS FOLLOWS:

Section 1. Repeal. Section 3.80.260 of the Long Beach Municipal Code is hereby repealed in its entirety.

Section 2. Amendment. Subsections (A)(1), (4), (7), (8) and (9), Subsections (B)(1), (2), (3) and (4), Subsection (E), Subsection (F), Subsection (H), Subsection (I), Subsection (J) and Subsection (K) of Section 3.80.261 of the Long Beach Municipal Code, are hereby amended as follows:

#### A. Annual Business License Tax.

1. Every Marijuana Business and Marijuana Cultivation Facility, whether it is a "not for profit," a "non-profit," or a "Non-Profit Organization," as defined in this Section, or a for-profit business, shall pay an annual business license tax in accordance with Chapter 3.80 of this Code and the Sections and Subsections hereunder.

\* \* \*

4. For the purposes of this Section, "Marijuana Business" shall mean any activity that involves, but is not limited to transporting, dispensing, delivering, selling at retail or wholesale, manufacturing, compounding, converting, processing, preparing, storing, packaging or testing, any part of the plant cannabis sativa L, or any of its derivatives.

\* \* \*

7. For the purposes of this Section, "Square Foot" or "Square Footage" shall mean the area of cultivation canopy, measured by the aggregate area of vegetative growth of live marijuana plants on the premises.

8. For the purposes of this Section, a "Marijuana Cultivation Facility" or "Grow Site" shall mean the Square Footage of any place or location where marijuana or any of its derivatives is cultivated, grown, or harvested.

9. For the purposes of this Section, "Marijuana Dispensary" shall mean any activity that involves, but is not limited to dispensing, delivering, and selling at retail any part of the plant cannabis sativa L, or any of its derivatives.

#### B. Business license tax rates for Marijuana Dispensaries and Cultivation Facilities.

1. Every Marijuana Dispensary shall pay business tax at a rate of six percent (6%) of Gross Receipts.

2. Notwithstanding the tax rate of six percent (6%) of Gross Receipts imposed under Subsection B.1., the City Council may in its discretion at any time by ordinance implement a lower tax rate for Marijuana Dispensaries, as defined in such ordinance, subject to the maximum rate of six percent (6%) of Gross Receipts. The City Council may by ordinance increase any such tax rate from time to time, not to exceed the maximum tax rate of six percent (6%) of Gross Receipts established under Subsection B.1.

3. The owner, operator, or lessee of any "Cultivation Facility" or "Grow Site" existing to supply marijuana to a Marijuana Business shall pay a tax at a rate of ten dollars (\$10.00) per Square Foot.

4. All Marijuana Businesses and Marijuana Cultivation Facilities shall pay a minimum tax of one thousand dollars (\$1,000.00) annually.

\* \* \*

E. Annual Adjustment. [Deleted]

F. Reporting and Remittance.

Each Marijuana Business shall report to the City any Gross Receipts received during the reporting period and shall likewise remit to the City the taxes due and owing during said period. For purposes of this Section, taxes shall begin to accrue on the date that a person or entity first receives a business license or other permit to operate as a Marijuana Business or Marijuana Cultivation Facility. Square Footage payments shall be made quarterly.

\* \* \*

H. Records Inspection.

Whenever it is necessary to examine any books or records, including tax returns, of any Marijuana Business or Marijuana Cultivation Facility in the City to ascertain the amount of any tax due pursuant to this Section, the City shall have the power and authority to examine such necessary books and records at any reasonable time including, but not limited to, during normal business hours. Records must be maintained for no less than seven (7) years.

I. Suspension, Revocation and Appeal.

The provisions of Sections 3.80.429.1 (Suspension or Revocation) and Section 3.80.429.5 (Appeal of License Revocation) shall apply in the case of Marijuana Businesses or Marijuana Cultivation Facility governed by this Section.

J. Application of Provisions.

No business license permit issued under the provisions of this Article, or the payment of any tax required under the provisions of this Article, shall be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner under California law.

K. Operative Date.

The business license tax on Marijuana Businesses and Marijuana Cultivation Facilities shall become operative upon the effective date of the repeal of Section 5.89 of the Long Beach Municipal Code (banning the sale of marijuana in the City of Long Beach) and adoption of Chapter 5.90 of the Long Beach Municipal Code establishing a regulatory scheme to permit cultivation, dispensing or sale of medical marijuana.”

\* \* \*

The Measure shall amend Title 5 of the Long Beach Municipal Code by repealing Chapter 5.89, and by adding Chapter 5.90, to regulate commercial cannabis activities and marijuana businesses, as follows:

Section 3. Repeal. Chapter 5.89 of Title 5 of the Long Beach Municipal Code is hereby repealed in its entirety.

Section 4. Amendment. Title 5 of the Long Beach Municipal Code is hereby amended to add a new Chapter 5.90, as follows:

Chapter 5.90 MEDICAL MARIJUANA BUSINESSES

5.90.010 PURPOSE AND INTENT

The purpose of this Chapter is to regulate and restrict marijuana businesses, cultivation and other commercial cannabis activities to protect the neighborhoods, public health, safety, and welfare of the residents and patients of the City of Long Beach.

5.90.020 APPLICATION AND DEFINITIONS

This Chapter applies to persons or entities that seek to engage in or are engaging in commercial cannabis activity. For purposes of this Chapter, “commercial cannabis activity” is defined by California Business & Professions Code section 19300.5 (k) and includes the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product. The definitions set forth in California Business & Professions Code section 19300.5 and Health and Safety Code Sections 11362 *et seq.* shall apply to this Chapter and are hereby incorporated by reference. The following definitions shall apply to this Chapter:

“Applicant” means the following: (1) The owner or owners of a proposed Medical Marijuana Business, including all persons or entities having an ownership interest greater than ten (10) percent in the business; (2) If the owner is an entity, “owner” includes within the entity each person participating in the direction, control, or management of, or having an ownership interest greater than 10 percent in the proposed business; (3) If the Applicant is a publicly traded company, “owner” means the chief executive officer or any person or entity with an aggregate ownership interest greater than ten percent

“Bona Fide Labor Organization” means a labor union that represents or is actively seeking to represent medical marijuana workers in the City of Long Beach.



“Business License Permit” shall mean both the business license issued by the City Manager for Business Tax purposes pursuant to Chapter 3.80 of this Code and the business permit issued by the City Manager pursuant to Title 5 of this Code, to a Medical Marijuana Business.

“Business Manager” means the individual designated by the owner of the Medical Marijuana Business as the person responsible for operations of the business in the absence of the owner from the business property. Business manager shall include any person with managerial authority in the business.

“Chief of Police” shall mean the Chief of the Long Beach Police Department or his or her designee.

“City Manager” shall mean the City of Long Beach’s City Manager, or his or her designee.

The “Cultivation Canopy” shall be the square footage of the aggregate area of vegetative growth of live marijuana plants on the premises.

“Labor peace agreement” shall have the same meaning as in the California Business and Professions Code, Section 19300.5(v).

“Management Employee” shall mean an employee of a Medical Marijuana Business responsible for the establishment, organization, registration, supervision, or oversight of the operation of the business, including but not limited to employees who perform the functions of president, vice president, director, operating officer, financial officer, secretary, treasurer, or manager of the business.

“Marijuana” shall have the same definition provided in Health and Safety Code §11018 (as may be amended). Without limiting the definition, “Marijuana” also means “Cannabis”.

“Medical Marijuana Business” means: (1) Any entity or association of four (4) or more individuals that cultivates, produces, manufactures, sells, distributes, possesses, transports, delivers, or makes available medical marijuana to qualified patients and their designated primary caregivers who associate at a particular location or Property within the boundaries of the City of Long Beach to collectively cultivate or distribute medical marijuana in accordance with California Health and Safety Code § 11362.5 *et seq.*, the State MMRSA, or this Chapter. For purposes of this Chapter, the term medical marijuana cooperative, collective, facility, or dispensary shall have the same meaning as Medical Marijuana Business. Medical Marijuana Business includes, but is not limited to, dispensary storefront locations, cultivation facilities, and medical marijuana product manufacturers. (2) Any person that cultivates, produces, sells, distributes, possesses, transports or delivers more than six (6) mature marijuana plants or twelve (12) immature marijuana plants, and eight (8) ounces of a useable form of marijuana for medical use, pursuant to California Health and Safety Code § 11362.5 *et seq.* (3) The term Medical Marijuana Business shall not include the private possession, production, or medical use of no more than six (6) mature marijuana plants or twelve (12) immature marijuana plants, and eight (8) ounces of a useable form of marijuana by a patient or caregiver.

“Medical marijuana-infused product” means a marijuana infused, edible, ingestible, or inhalable product, including but not limited to topical solutions and vaporizers.

“Park” or “Public Park” shall mean publicly owned natural or open areas set aside for active public use for recreational, cultural or community service activities.

“Priority Group 1 Applicant” and “Priority Group 2 Applicant” shall mean the entity that filed the original application under former Chapter 5.87. The Management Employees or owner(s) (as defined herein) represented on the Chapter 5.87 application are not required to

participate in any application submitted pursuant to this Chapter.

“Property” shall mean the location or locations within the City of Long Beach at which a Medical Marijuana Business is operated

“Regulatory implementation of the MMRSA” shall mean the date the State first accepts applications for licenses for Medical Marijuana Businesses pursuant to the MMRSA for the applicable license.

“State license,” or “registration” means a State license issued by the State of California pursuant to the State’s MMRSA for the purpose of engaging in any form of commercial cannabis activity.

#### 5.90.030 MEDICAL MARIJUANA BUSINESS LICENSE PERMIT

Except as otherwise set forth in this Chapter, it shall be unlawful for any person or entity to operate, in or upon any property, a Medical Marijuana Business without first obtaining all required State licenses and a business license or permits issued by the City. Each State license type available in the MMRSA is eligible to apply for a City Business License Permit. Medical Marijuana Business shall be considered a personal service type business in the City of Long Beach (as defined in section 21.15.2020) with respect to issuing a Business License Permit and setting application and license fees. Until the regulatory implementation of the MMRSA, the Medical Marijuana Business license permits shall be issued without regard to the fact the State license has not been issued. Failure to timely obtain required State licenses or permits shall be grounds for suspension or revocation of any permit or license issued by the City. Upon the regulatory implementation of the MMRSA, unless otherwise set forth in this Chapter, no person shall engage in commercial cannabis activity or in the activities of a Medical Marijuana Business without possessing all applicable State licenses and all applicable City permits and licenses. Revocation of a State license shall constitute grounds for the City to suspend or revoke any permit or license issued by the City.

A Medical Marijuana Business that is operating in compliance with this Chapter and other State and local laws on or before January 1, 2018, may continue its operations until its application for State licensure is approved or denied by the licensing authority.

A Medical Marijuana Business must at all times maintain liability insurance having aggregate policy limits in an amount not less than \$1,000,000.

The City may impose an annual business license fee no greater than one hundred fifty (150) percent of the average business license fee the city charges for non-cannabis related personal service business. Failure to timely pay the annual business license fee shall be grounds for suspension or revocation of the business license. Applicants that previously paid an application fee pursuant to former Chapter 5.87 may, at the applicant’s discretion, have any un-refunded fee applied as credit against any fees applicable under this section. All Medical Marijuana Businesses shall be subject to an annual regulatory inspection by the City to insure compliance with all of the applicable provisions of this Chapter and to confirm compliance with the business license permit issued by the City.

It shall be unlawful for the owner of a building to allow the use of any portion of a building by a Medical Marijuana Business unless the tenant has a valid business license permit, or has applied for and not been denied, a business license permit. Each owner of a building whose tenant is a Medical Marijuana Business License Permit applicant shall execute an acknowledgement that the Applicant has the owner’s permission and consent to operate a

Medical Marijuana Business at the subject property.

Each Medical Marijuana Business shall designate a Community Relations Liaison (hereinafter, the "Liaison"), who shall be at least twenty-one (21) years of age; and shall provide the Liaison's name to the City Manager. The Liaison shall receive all complaints received by the City Manager regarding the Medical Marijuana Dispensary, and make good faith attempts to promptly resolve all complaints. To address community complaints and concerns, the name and telephone number for the Liaison shall be made publicly available. Each Medical Marijuana Business Liaison is required to respond by phone or email within three (3) business days of contact by a city official concerning the Medical Marijuana Business. The name and contact information for Liaison of the medical marijuana business shall be conspicuously posted on the main entry doors to the business.

No pesticides or insecticides prohibited by federal, State, or local law for fertilization or production of edible produce may be used on any marijuana cultivated, produced or distributed by a Medical Marijuana Business. A Medical Marijuana Business shall comply with all applicable federal, State, and local laws regarding use and disposal of pesticides and fertilizers.

No Medical Marijuana Business may be operated in an area zoned exclusively for residential use, or be located within a one-thousand (1,000) foot radius of a public or private school (as defined in Health and Safety Code § 11362.768(h)) or public beach, or within a six hundred (600) foot radius of a public park or public library. The distances specified in this subdivision shall be determined by the horizontal distance measured in a straight line from the property line of the school, park or library to the closest property line of the lot on which the Medical Marijuana Business is located, without regard to intervening structures.

All Medical Marijuana and Medical Marijuana Product intended for disposal shall be made unusable and unrecognizable prior to removal from the business, in compliance with all applicable laws. No Medical Marijuana Business may have a drive through lane or drive up window and no Medical Marijuana may be dispensed from a drive through lane or drive up window. No marijuana may be smoked, eaten, or otherwise consumed or ingested within the Medical Marijuana Business. All cultivation, production, distribution, possession, storage, display, sales or other distribution of marijuana shall occur only within an enclosed area of a medical marijuana business and shall not be visible from the exterior of the business. Consultations by medical professionals shall not be permitted at a Medical Marijuana Business nor as a permitted accessory use at a medical marijuana business. Each Medical Marijuana Business shall have an odor-absorbing ventilation and exhaust system to ensure that odor generated inside the premises is not detected outside the premises. Windows and roof hatches at the Medical Marijuana Business shall be secured so as to prevent unauthorized entry.

This Chapter shall not interfere with an employer's rights and obligations to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace or affect the ability of employers to have policies prohibiting the use of cannabis by employees and prospective employees, or prevent employers from complying with local, State, or federal law.

#### 5.90.040 SECURITY

Every Medical Marijuana Business shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products. These security

measures, as appropriate, shall include, but not be limited to, the following: (a) Preventing individuals from remaining on the premises if they are not engaging in activity expressly related to the operations of the business; (b) Establishing limited access areas accessible only to authorized personnel; (c) Storing all finished medical cannabis and medical cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate sale.

Each Medical Marijuana Business shall install and maintain a fully operational digital video surveillance and camera recording system that monitors no less than the front and rear of the Property, all points of ingress and egress at the business, all points of sale within the business, all areas within the business where medical marijuana products are displayed for sale, and all limited access areas within the facility. The video and surveillance system shall, at a minimum, meet the following requirements: (a) Capture a full view of the public right-of-ways and any parking lot under the control of the medical marijuana business; (b) Be of adequate quality, color rendition and resolution to allow the ready identification of any individual committing a crime anywhere on or adjacent to the exterior of the property; (c) Record and maintain video for a minimum of thirty (30) days. Video surveillance and recording records shall be held in confidence by all employees and for legitimate law enforcement activity to resolve criminal activity; (d) Licensees are responsible for ensuring that all video or surveillance equipment is properly functioning and maintained, so that playback quality is suitable for viewing and the equipment is capturing the identity of all individuals and activities in the monitored areas; (e) At each point of sale location, camera coverage must enable recording of the customer(s) and employee's facial features with sufficient clarity to determine identity; (f) The system shall be capable of recording all monitored areas in any lighting conditions and must be housed in a designated, locked, and secured room or other enclosure with access limited to authorized employees. Licensees must keep a current list of all authorized employees and service personnel who have access to the surveillance system and/or room on the licensed premises; (g) A sign shall be posted in a conspicuous place near each monitored location on the interior or exterior of the premises which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than one (1) inch in height, stating "All Activities Monitored by Video Camera" or "These Premises are Being Digitally Recorded", or otherwise advising all persons entering the premises that a video surveillance and camera recording system is in operation at the facility and recording all activity as provided in this Section; (h) All exterior camera views must be continuously recorded 24 hours a day and all interior cameras views shall be recorded during all hours that the facility is open for business.

The medical marijuana business shall install and use a safe for storage of any processed marijuana and cash on the property when the business is closed to the public. The safe shall be incorporated into the building structure or securely attached thereto. For medical marijuana infused products that must be kept refrigerated or frozen, the business shall lock the refrigerated container or freezer in place of using a safe so long as the container is affixed to the building structure.

The medical marijuana business shall install and use a fire and burglar alarm system that is monitored by a company that is staffed twenty-four hours (24) a day, seven (7) days a week. The security plan submitted to the City shall identify the company monitoring the alarm, including contact information, and the City shall be updated within seventy-two (72) hours of any change of monitoring company. A medical marijuana business engaged in retail sales shall retain and maintain a security guard or patrol, licensed by the State of California, generally

located at an indoor guard station, during all hours of operation.

#### 5.90.050 PERSONS PROHIBITED AS PERMITTEES AND BUSINESS MANAGERS

It shall be unlawful for any of the following persons to have an ownership interest or a managerial responsibility in a Medical Marijuana Business, and no license or permit may be issued to or held by, and no Medical Marijuana Business shall be managed by: (a) Any person until all required fees have been paid; or (b) Any person who has been convicted within the previous ten (10) years of any violent or serious felony as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony conviction involving fraud, deceit or embezzlement or who is currently on parole or probation for the sale or distribution of a controlled substance; or (c) Any person who is under twenty-one (21) years of age; or (d) Any person who operates or manages a Medical Marijuana Business contrary to the provisions of this Chapter, or conditions imposed on land use or license approvals, or contrary to the terms of the plans submitted with the permit application, or amended as permitted by this Chapter; or (e) A licensed physician making patient recommendations; or (f) A person licensed and permitted to operate pursuant to this Chapter who, while lawfully operating, or who, at the time of application, has failed to remedy an outstanding delinquency for City taxes or fees owed, or an outstanding delinquent judgment owed to the City; or (g) A sheriff, deputy, police officer, or prosecuting officer, or an officer or employee of the State or City of Long Beach; or (h) Applicants or entities (including management Employees) that have a previous record of violating federal or state laws relating to workplace safety, wages and compensation, employee discrimination, or union activity.

#### 5.90.060 MEDICAL MARIJUANA DISPENSARY OPERATING CONDITIONS AND RESTRICTIONS

Every person and entity operating as a Medical Marijuana Dispensary in the City shall comply with the following operating conditions and restrictions. No Medical Marijuana Dispensary may operate within the City of Long Beach without meeting the following conditions:

A Medical Marijuana Dispensary shall not be located within a one thousand (1,000) foot radius of any other Medical Marijuana Dispensary.

A sign shall be posted in a conspicuous location inside each Property advising: (a) It is a violation of State Law to engage in the sale of marijuana or the diversion of marijuana for non-medical purposes; (b) The use of marijuana may impair a person's ability to drive a motor vehicle or operate heavy machinery; (c) Loitering at the location of a Medical Marijuana Business for an illegal purpose is prohibited by Penal Code §647(h); (d) This Medical Marijuana Business is licensed in accordance with the laws of the City of Long Beach; (e) Your membership will be terminated if you engage in the illegal sale or diversion of Medical Marijuana.

Representative samples of Medical Marijuana distributed by the Business shall be analyzed by an independent laboratory to ensure that they are free of harmful pesticides and other contaminants regulated under local, state or federal law.

No person, other than a patient, caregiver, licensee, employee, or a contractor shall be in the medical marijuana dispensary room. No patient shall be allowed entry into the medical marijuana dispensary room without showing a valid State issued picture Driver's License or Identification. A Medical Marijuana Dispensary may distribute, dispense, deliver or transport medical marijuana only in accordance with this Chapter and State law.



The number of licensed and permitted Medical Marijuana Dispensaries shall be limited to not less than one (1) Medical Marijuana Dispensary business for every eighteen thousand (18,000) residents in the City of Long Beach or not more than one (1) Medical Marijuana Dispensary business for every fifteen thousand (15,000) residents in the City of Long Beach. The population of the city shall be based on the official census population estimate as periodically updated by the US Department of Commerce, United States Census Bureau. The City Council may increase the number of licensed and permitted medical marijuana dispensaries pursuant to this Chapter but may not reduce them below the thresholds set forth herein. The City Manager shall issue the maximum number of licenses permitted by this section unless otherwise directed by the City Council.

#### 5.90.070 PRIORITY OF MEDICAL MARIJUANA DISPENSARIES

A Medical Marijuana Dispensary Applicant that (1) was successful in the September 2010 permit lottery conducted by the City of Long Beach under former Chapter 5.87, (2) was allowed by the City Council to operate after February 14, 2012 pursuant to section 5.89.055 of this Chapter, and (3) no longer has the right to occupy the same location that it had occupied on February 14, 2012, shall have the priority right to apply for a Medical Marijuana Dispensary Business License Permit. The City Manager shall verify, within two business days of a request, whether the Applicant qualifies for such priority and, if so, shall issue a letter to potential landlords stating that the Applicant has priority for a license to operate a Medical Marijuana Dispensary in the City of Long Beach.

Medical Marijuana Dispensary Applicants that (1) were successful in the September 2010 permit lottery conducted by the City of Long Beach under former Chapter 5.87 and (2) were allowed by the City Council to operate after February 14, 2012 pursuant to former section 5.89.055 of this Chapter and (3) have the right to occupy the same location(s) that it had occupied on February 14, 2012 ("Priority Group 1" applicants), and Applicants issued a landlord letter pursuant to this section ("Priority Group 2" applicants), who timely submit qualifying applications, shall be given priority over all other applicants for License Permit approval.

Applicants entitled to a license permit or to priority under this subsection shall submit an application to the City Manager no later than six months after the City first accepts applications for Medical Marijuana Dispensary Business License Permits, or shall lose the entitlement or priority under this subsection. Priority Group 1 applicants shall be awarded available Dispensary Business License Permits first, upon determination that such application is complete. Priority Group 2 applicants shall be awarded available Dispensary Business License Permits next. All other applicants will next be evaluated for priority based on criteria set forth in a Priority Point System established pursuant to this section.

All applications evaluated under the Priority Point System will be ranked from the most to the least points. Applicants for any available Medical Marijuana Business License Permit shall be awarded License Permits based upon this ranking using the following procedure, with eligibility reassessed after each License Permit is awarded: (1) Remaining eligible Applicants with the most number of points pursuant to this section in descending order from highest points to lowest points until all available License Permits are awarded. (2) If there are two or more eligible applicants with the same number of points those applicants shall be grouped together and, if there are more eligible applicants in this group than the remaining number of available License Permits, the City of Long Beach shall utilize a public lottery to determine which

applicant(s) is/are awarded a License Permit. (3) If there are more available license permits than eligible applicants for this group, but two or more applicants are within one-thousand (1,000) feet of each other, the City of Long Beach shall utilize a public lottery to determine which applicant is awarded a License Permit. (4) If, after this public lottery the number of eligible applicants exceeds the number of available License Permits to be awarded, the process shall be repeated until all available License Permits are awarded

The criteria for Point System shall be as follows:

Suitability of the proposed property: (i) Applicant demonstrates proposed location exceeds all buffer zones established in this Chapter by at least five hundred (500) feet (1 point); (ii) Proposed property possesses air scrubbers or a filtration system capable of eliminating odors from escaping the building or commitment to do so before operating (1 point); (iii) Proposed property is located within one thousand (1000) feet of a public transportation hub, stop, or station (1 point).

Suitability of security plan: (i) The Applicant's security plan includes the presence of security personnel on premises or patrolling the premises twenty-four (24) hours per day (1 point); (ii) The Applicant's security plan demonstrates a method to track and monitor inventory so as to prevent theft or diversion of marijuana (1 point); (iii) The Applicant's security plan describes the enclosed, locked facility that will be used to secure or store marijuana when the location is both open and closed for business, and the steps taken to ensure marijuana is not visible to the public (1 point); (iv) The Applicant's security plan includes measures to prevent the diversion of marijuana to persons under the age of eighteen (18) (1 point); (v) Applicant demonstrates security measures exceeding the requirements of this Chapter, including but not limited to brick or concrete construction or additional fire and/or security alarms (1 point);

Suitability of business plan and financial record keeping: (i) The Applicant describes a staffing plan that will provide and ensure safe dispensing, adequate security, theft prevention, and the maintenance of confidential information (1 point); (ii) Applicant provides an operations manual that demonstrates compliance with this Chapter (1 point);

Criminal history: (i) No Management Employee of an applicant has any felony convictions (1 point); (ii) Applicants without any pending criminal complaint(s) (1 point); (iii) The applicant certifies, as a condition of maintaining the business license permit, that it will not employ any person with any type of violent or serious felony conviction(s) as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony conviction involving fraud, deceit or embezzlement (1 point); (iv) Applicants certify as a condition of maintaining the business license permit that they will not employ as managers or employees any person with any narcotic drug related misdemeanor conviction (1 point);

Regulatory compliance history: (i) Applicants have not had a permit or license revoked by the City of Long Beach (1 point); (ii) Applicants have not had administrative penalties assessed against their business (1 point); Applicants who had administrative penalties assessed against their business while Chapter 5.87 was effective (-1 point); Community service: Applicants demonstrate involvement in the community, other non-profit association, or neighborhood association (1 point);

Labor Relations: (i) Applicant is party to a labor peace agreement or collective bargaining agreement with a bona fide labor organization (1 point); (ii) Applicant pays a living wage (at least 200% of the Federal Poverty Level for a family of two) (1 point); (iii) Applicant

provides employer-paid health insurance benefits for its employees (1 point); (iv) Applicant provides equipment, standards and procedures for the safe operation of its facilities and engages employees on best practices (1 point); (v) Applicant provides training and educational opportunities for employee development (1 point); (vi) Applicant or entity has no previous record of violating federal or state laws relating to workplace safety, wages and compensation, discrimination, or union activity (1 point).

#### 5.90.080 VACANT DISPENSARY ALLOCATION

The City Manager shall determine, at the end of the fourth (4th) calendar quarter following implementation of this Chapter, and each year thereafter, whether additional Medical Marijuana Dispensaries shall be licensed and permitted within the City based on the total number of Medical Marijuana Dispensaries authorized pursuant to this Chapter. Additional business license permit applications above those Medical Marijuana Businesses already licensed and permitted shall be accepted only to the extent the Director of Development Services determines that initiation of the business license permit application process will not lead to the total number of licensed and permitted Medical Marijuana Dispensaries, as a group, to exceed the restrictions established pursuant to this Chapter.

Should the City Manager determine the City shall accommodate additional Medical Marijuana Dispensaries within the restrictions set forth in this Chapter, the City Manager shall cause to be posted on the City's website a public notice of availability and the potential number of Medical Marijuana Dispensary Business license permits available. The notice will appear on the City's website for ten (10) consecutive days, immediately prior to the opening of the application period. The application process will then proceed in accordance with this Chapter.

In the event an existing Medical Marijuana Dispensary License Permit is surrendered or revoked, the City Manager shall, within 10 business days after the surrender or the exhaustion of the final appeal of the revocation, proceed with the posting and notice requirements of 5.90.0220.

#### 5.90.090 MEDICAL MARIJUANA CULTIVATION OPERATING CONDUCTIONS AND RESTRICTIONS

Except as otherwise provided for in this Chapter, it shall be unlawful to operate a Medical Marijuana Business or to grow medical marijuana outside of an enclosed building. All Medical Marijuana Cultivation Business License Permits shall be issued for a specific fixed location within an enclosed building. This Section does not apply to a qualified patient cultivating marijuana pursuant to Health and Safety Code § 11362.5 or a primary caregiver cultivating marijuana pursuant to § 11362.5 if he or she cultivates marijuana exclusively for the personal medical use of no more than five (5) specified qualified patients for whom he or she is the primary caregiver within the meaning of Health and Safety Code § 11362.7 and does not receive remuneration for these activities, except for compensation provided in full compliance with subdivision (c) of Health and Safety Code § 11362.765.

Only cultivation locations intending to be compliant with MMRSA Type 1A, 2A, 3A and 4 State Cultivation licenses shall be licensed and permitted. Each applicant for a Medical Marijuana Cultivation Business License Permit shall specifically identify which State Cultivation License will be applicable to that application. The maximum cultivation canopy shall be limited by the license type specified in the MMRSA.

A Medical Marijuana Dispensary may operate a Medical Marijuana Cultivation Facility either on its premises or offsite, but must obtain a separate business license permit for each

Medical Marijuana Cultivation Facility it operates in the City. No Medical Marijuana Dispensary may operate more Medical Marijuana Cultivation Facilities than are permitted by the MMRSA.

Upon regulatory implementation of the MMRSA, The Medical Marijuana Cultivation licensee shall send all medical cannabis and medical cannabis products cultivated to a MMRSA Type 11 qualified licensee for quality assurance and inspection and for a batch testing to a MMRSA Type 8 licensee prior to distribution in a manner consistent with the MMRSA requirements. Until regulatory implementation of the MMRSA, the Medical Marijuana Cultivation licensee shall send medical cannabis and medical cannabis products cultivated for batch testing to a testing laboratory which operates in compliance with section 5.90.0120.

Each Medical Marijuana Cultivation Facility shall maintain and operate an electronic point of sale plant tracking system compliant with the minimum requirements of the MMRSA at all times. Each Medical Marijuana Cultivator shall package or seal all medical cannabis in tamper-evident packaging and use a unique identifier, such as a batch and lot number or bar code, to identify and track the medical cannabis. All Medical Marijuana shall be labeled as required by Health and Safety Code § 19346. All packaging and sealing shall be completed prior to delivery or transportation.

#### 5.90.0100 MEDICAL MARIJUANA MANUFACTURING OPERATING CONDITIONS AND RESTRICTIONS

Medical Marijuana Manufacturing Facilities must designate whether they will apply for or have obtained either a MMRSA Type 6 “Manufacturing level 1” State License (nonvolatile solvents) or a MMRSA Type 7 “Manufacturing level 2” State License (volatile solvents) when submitting a Business License application. Medical Marijuana Manufacturing Facilities must comply with sanitation standards equivalent to the California Retail Food Code (Part 7 (commencing with Section 113700) of Division 104 of the Health and Safety Code) for food preparation, storage, handling and sale of edible medical cannabis products. For purposes of this chapter edible medical cannabis products are deemed to be unadulterated food products.

Medical Marijuana Manufacturing Facilities shall only produce, distribute, provide, donate or sell non-potentially hazardous food, as established by the state department of Public Health pursuant to § 114365.35 of the Health and Safety Code. All edible medical marijuana products shall be packaged at the Medical Marijuana Facility prior to distribution or transportation from the Facility. Medical Marijuana products shall be labeled and packaged in a tamper-evident package and have a unique identifier, such as a batch and lot number or bar code, to identify and track the Medical Marijuana. Labels and packages of Medical Marijuana products shall be compliant with the packaging and labeling requirements set forth in by Health and Safety Code § 19346.

The production of any medical marijuana-infused product shall meet all requirements of a retail food establishment as set forth in Chapter 8.45 of this Code. Except, as it relates only to enforcement of Chapter 8.45 of this Code, the fact the facility is engaged in the production of Marijuana related product shall not be deemed a violation of any Federal Food statutes, orders, ordinances, quarantines, rules, regulations, or directives relating to the public health.

#### 5.90.0110 MEDICAL MARIJUANA DISTRIBUTOR OPERATING CONDITIONS AND RESTRICTIONS

Upon regulatory implementation of the MMRSA, all licensees holding medical marijuana

cultivation or medical marijuana manufacturing licenses and permits shall send all medical cannabis and medical cannabis products cultivated or manufactured to a distributor, for quality assurance and inspection by the Medical Marijuana Distributor and for a batch testing by a Medical Marijuana Testing Laboratory prior to distribution to a dispensary. Those licensees holding a State issued Type 10A Dispensary license in addition to a medical marijuana cultivation license or a medical marijuana manufacturing license shall, upon State regulatory implementation of the MMRSA, send all medical cannabis and medical cannabis products to a Medical Marijuana Distributor for presale inspection and for a batch testing by a Medical Marijuana Testing Laboratory prior to dispensing any product.

Upon receipt of medical cannabis or medical cannabis products by a holder of a medical marijuana cultivation or medical marijuana manufacturing license, the Medical Marijuana Distributor shall process, test and distribute Medical Marijuana and Medical Marijuana products consistent with minimum requirements of the MMRSA.

#### 5.90.0120 LABORATORY TESTING AND TESTING LABORATORIES

For the purposes of testing medical cannabis or medical cannabis products, licensees shall use a testing laboratory that has adopted a standard operating procedure using methods consistent with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17020 and ISO/IEC 17025, or any other standard set forth by the State, to test medical cannabis and medical cannabis products that are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.

Until such time as the State is issuing MMRSA Type 8 Testing Laboratory licenses, the laboratory testing set forth in this Chapter may be conducted by a testing laboratory that is otherwise compliant with the requirements set forth herein. A Testing Laboratory may apply for a business license permit application for the specific purpose of testing medical marijuana pursuant to the requirements of this Chapter and shall not be denied a business license permit on the basis it has not been issued a MMRSA Type 8 Testing Laboratory license, however the licensee shall apply for a State issued MMRSA Type 8 Testing Laboratory license within 6 months from notice that the State is issuing such license. Denial of a MMRSA Type 8 license shall result in the revocation of the Medical Marijuana Testing Laboratory License Permit.

Medical marijuana shall be tested for concentration, pesticides, mold and other contaminants. Medical marijuana extracts shall be tested for concentration and purity of product. All testing shall be compliant with the MMRSA standards.

Except as provided in this chapter, a licensed testing laboratory shall not acquire or receive medical cannabis or medical cannabis products except from a licensed facility in accordance with this chapter, and shall not distribute, sell, deliver, transfer, transport, or dispense medical cannabis or medical cannabis products, from which the medical cannabis or medical cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol. A licensed testing laboratory may receive and test samples of medical cannabis or medical cannabis products from a qualified patient or primary caregiver only if he or she presents his or her valid recommendation for cannabis for medical purposes from a physician. A licensed testing laboratory shall not certify samples from a qualified patient or caregiver for resale or transfer to another party or licensee. All tests performed by a licensed testing laboratory for a qualified patient or caregiver shall be recorded



with the name of the qualified patient or caregiver and the amount of medical cannabis or medical cannabis product received.

#### 5.90.0130 REPORTING REQUIREMENTS

A Medical Marijuana Business holding a Business License Permit shall report to the City Manager or his or her designee each of the following within the time specified; provided that if no time is specified, such a report shall be provided within fifteen (15) days of the triggering event: (1) The transfer or change of ownership interest, business manager, or in the permit application at least thirty days before the transfer or change; (2) Sales and taxable transactions and file sales and use tax reports to the City quarterly; (3) A conviction of any disqualifying crime by any applicant of a Medical Marijuana Business.

#### 5.90.0140 TRANSPORTATION AND DELIVERY

It shall be unlawful for any person to transport medical marijuana, except as specifically allowed by this Chapter and State law. Transport or delivery activities shall comply with all of the following:

All medical marijuana-infused products are hand packaged, sealed and labeled, and the products stored in closed containers that are labeled as provided in this Section. All medical marijuana in a usable form for medicinal use is packaged and stored in closed containers that are labeled as provided in this Section. Each container used to transport or deliver medical marijuana is labeled with the amount of medical marijuana or medical marijuana-infused products, or the number and size of the plants, in the container. The label shall include the name and address of the medical marijuana business that the medical marijuana is being transported or delivered from and the name and address of the medical marijuana business or individual that the medical marijuana is being transported to. The label shall be shown to any law enforcement officer who requests to see the label. An individual transporting medical marijuana items must have a valid California Driver's License and shall use a vehicle for transport that is insured at or above the legal requirement in California; capable of securing (locking) the medical marijuana during transportation; and capable of being temperature controlled if perishable medical marijuana is being transported. A permitted medical marijuana dispensary may deliver medical marijuana only to a residence of a qualified patient or caregiver. For purposes of this rule, "residence" means a dwelling such as a house or apartment but does not include a dormitory, hotel, motel, bed and breakfast or similar commercial business.

The medical marijuana dispensary must specify home delivery services in its application for a business license and the approval for the business license shall set forth conditions related to the home delivery service. The Dispensary shall at all times maintain an electronic point of sale inventory tracking and sales software system that provides for the creation of the transportation manifests required by the MMRSA and the real time location tracking of the employee providing the delivery. A bona fide order must be received by a permitted dispensary from the individual requesting delivery, before 8:00 p.m. on the day the delivery is requested. The bona fide order must contain: (a) The individual requestor's name, date of birth, the date delivery is requested and the address of the residence where the individual would like the items delivered; (b) A document that describes the marijuana proposed for delivery and the amounts; and (c) A written statement that the marijuana is for medical use only and not for the purpose of resale.

Deliveries must be made before 9:00 p.m. local time and may not be made between the hours of 9:00 p.m. and 8:00 a.m. local time. At the time of delivery, the individual performing delivery must check the identification of the individual to whom delivery is being made in order to determine that it is the same individual who submitted the bona fide order, that the individual is eighteen (18) years of age or older, and must require the individual to sign a document indicating the medical marijuana products were received. A medical marijuana dispensary may not deliver medical marijuana to an individual who is visibly intoxicated at the time of delivery, or who cannot provide a valid medical marijuana recommendation from a licensed medical doctor authorized by State law to issue recommendations, or to an individual who fails to provide a valid government issued identification verifying that the person is eighteen (18) years of age or older. Deliveries may not be made more than once per day to the same physical address or to the same individual. Marijuana items delivered to an individual's residence must: (a) Comply with all packaging and labeling regulations established by this Chapter or the State of California; (b) Be placed in a larger delivery receptacle that has a label that reads: "Contains marijuana: Signature of person 18 years of age or older required for delivery." All marijuana items must be kept in a lock-box securely affixed inside the delivery vehicle. A manifest must be created for each delivery or series of deliveries and the individual doing the delivery may not make any unnecessary stops between deliveries or deviate substantially from the manifest route.

Documentation Requirements. A medical marijuana dispensary must document the following regarding deliveries: The bona fide order and the date and time it was received by the retailer; The date and time the medical marijuana items were delivered; A description of the medical marijuana that was delivered, including the weight or volume and price paid by the consumer; Who delivered the medical marijuana items; and the name of the individual to whom the delivery was made and the delivery address; A dispensary is required to maintain the name of an individual to whom a delivery was made for eighteen (18) months from the date of delivery.

Home delivery or transportation services originating from within the City of Long Beach city limits, but not from a person having a valid medical Marijuana Business License are strictly prohibited. Home delivery or transportation services from outside the City of Long Beach city limits, or from a person or entity who does not have a valid Medical Marijuana Business License issued by the City of Long Beach are strictly prohibited.

#### **5.90.0150 LICENSE TRANSFERABLE AND REQUIRED CONDUCT.**

A Business License Permit issued pursuant to this Chapter shall become null and void if the Medical Marijuana Business holding that Business License closes or dissolves, however a change in the Business name or form of corporate identity (e.g., conversion from a non-profit to a for profit status) shall not be deemed a dissolution nor a transfer pursuant to this Chapter. A Medical Marijuana Business License Permit is transferable but will require prior approval of the City. Any change in the ownership greater than 10 percent of the licensee shall require notice to the City at least thirty days prior to the change and a new business license permit application. The licensee shall be permitted to conduct business under the prior business license permit while the City reviews the new application submitted pursuant to this section. Denial of the new business license application shall not result in the revocation of the existing business license permit.

#### **5.90.0160 MAINTENANCE OF RECORDS**

A Medical Marijuana Business shall maintain the following records on the Property: The

full name, address, and telephone number(s) of the owner, landlord and/or lessee of the Property; The full name, address and telephone number(s) and a fully legible copy of a government issued form of identification of each Medical Marijuana Business employee engaged in the management of the Medical Marijuana Dispensary and a description of the nature of the participation in the management of the Medical Marijuana Business; The full name, date of birth, residential address, and telephone number(s) of each Medical Marijuana Business employee and Management Employee; the date each employee and management Employee joined the Business; and the exact nature of each employee's and management Employee's participation in the Medical Marijuana Business.

Each Medical Marijuana Business shall utilize point of sale software to track inventory and sales. The point of sale software shall be, upon regulatory implementation of the MMRSA, compliant with the State Unique Identifier and Track and Trace Program (Business and Professions Code 19335 (a)). Each Medical Marijuana Business shall keep a complete set of books of account, invoices, copies of orders and sales, shipping instructions, bills of lading, weigh bills, bank statements including cancelled checks and deposit slips and all other records necessary to show fully the business transactions of such licensee. Receipts shall be maintained via a computer program or by pre-numbered receipts and used for each sale. The records of the business shall clearly track medical marijuana product inventory purchased and/or grown and sales and disposal thereof to clearly track revenue from sales of any medical marijuana from other paraphernalia or services offered by the Medical Marijuana Business. An inventory record documenting the dates and amounts of Medical Marijuana cultivated, processed or sold at the Property, and the daily amounts of Medical Marijuana stored on the Property. The records shall clearly show the source, amount, price and dates of all marijuana received or purchased, and the amount, price, dates and business, patient or caregiver for all medical marijuana sold. Proof of a valid Business License Permit issued by the City of Long Beach, in accordance with this Chapter. All records kept and maintained by the licensee shall at all times protect the confidential information of the patient or caregiver. All records must be identified as confidential and any disclosure shall be limited in a manner that maintains the confidentiality of the information contained therein.

Any and all records described in this section shall be maintained by the Medical Marijuana Business for a period of Seven (7) years.

Each Medical Marijuana Business operating in the City shall submit to the City Manager (or his or her designee) an annual financial report (hereinafter, the "Annual Report") prepared by the Business, using the following criteria: Each Annual Report shall be filed and submitted every calendar year no later than April 30 for each preceding calendar year (for example a Business's 2015 Annual Report shall be submitted to the City Manager no later than April 30, 2016). The Annual Report shall be a summary of the quarterly reports that were filed with the State Board of Equalization in the previous year. The Annual Report shall document the number of Medical Marijuana transactions that took place during the reporting year to a Qualified Patient, employee or Management Employee for cash, credit, or in-kind contributions. Appended to the Annual Report shall be a copy of any and all documents, records or forms submitted to the State Board of Equalization for the reporting year, including but not limited to Board of Equalization Form 401 (or its electronic equivalent) which in any manner documents transaction activities relating to the operation of the Medical Marijuana Business. Appended to the Annual Report shall be an accounting of the number of Plants or clones cultivated by the Medical Marijuana Business, if any, during the reporting year. Any and all records or documents that serve as the basis for

preparing the annual report shall be maintained by the Medical Marijuana Business for a period of seven (7) years.

#### 5.90.0170 INSPECTION AUTHORITY

City representatives (Health, Fire and Building inspectors) may enter and inspect the Property of each Medical Marijuana Business between the hours of nine (9) am and eight (8) pm or during normal business hours. The Long Beach Police Department may be allowed to enter the Property if invited by the business manager or owner of the Business or in case of an emergency. Otherwise access shall only be available to the Police Department through a properly executed search warrant, subpoena, or court order. It shall be unlawful for any Property owner, landlord, and lessee, Medical Marijuana Business employee or Manager or any other person having any responsibility over the operation of the Medical Marijuana Business to refuse to allow, impede, obstruct or interfere with an inspection.

#### 5.90.0180 TERM AND RENEWAL OF BUSINESS LICENSE PERMIT

Each Business License Permit issued pursuant to this Chapter shall be effective for five (5) years after issuance, and shall be renewed upon timely payment of all required licensing fees by the Medical Marijuana Business. The Licensee shall apply for renewal of the Business License Permit at least forty-five (45) days before the expiration of the license. The licensee shall apply for renewal using forms provided by the City Manager. If the Applicant fails to apply for renewal at least forty-five days before the expiration of the License but does apply for renewal prior to expiration of the Business License Permit, the City Manager may process the renewal application if the Applicant submits a late filing fee of Five Hundred Dollars (\$500) at the time of submittal of the renewal application. The renewal license fee shall be equal to the annual license fee. The renewal fee, and late fee if applicable, shall accompany the renewal application. Such fee is nonrefundable.

In the event a Medical Marijuana Business that has been open and operating, and submitting required business license tax returns and taxes to the City, ceases providing business license returns and taxes to the City for two consecutive reporting periods, the City Manager shall send notice to the Medical Marijuana Business demanding such reporting and payment and if no such reporting and payment is received within 15 days of the notice, the business license permit shall be deemed to have expired and the licensee shall cease doing business at the location.

#### 5.90.1900 EXISTING MEDICAL MARIJUANA DISPENSARIES

Any operating Medical Marijuana Dispensary, collective, delivery service, operator, establishment, or provider that has not obtained a Business License Permit pursuant to this Chapter shall immediately cease operation until it fully complies with the requirements of this Chapter.

#### 5.90.0200 PROHIBITED ACTIVITY

It shall be unlawful for any person to cause, permit or engage in the cultivation, possession, distribution, exchange or giving away of Marijuana for medical or non-medical purposes except as provided in this Chapter. It shall be unlawful for any person to cause, permit or engage in any activity related to Medical Marijuana except as provided in this Chapter and pursuant to all other applicable local and state law. It shall be unlawful for any person to knowingly make any false, misleading or inaccurate statement or representation in any form,

record, filing or documentation required to be maintained, filed or provided to the City of Long Beach under this Chapter. No Medical Marijuana Dispensary shall be open to or provide Medical Marijuana to qualified patients or employees between the hours of eight (8) pm and nine (9) am. The City Council may increase these hours of operation but may not decrease them. No person under the age of eighteen (18) shall be allowed on the Property, unless that minor is a Qualified Patient and is accompanied by his or her licensed Attending Physician, parent(s) or documented legal guardian. No Medical Marijuana Dispensary, Management Employee or employee shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on the Property or in the parking area of the property. No dried Medical Marijuana shall be stored at the property in structures that are not completely enclosed, in an unlocked vault or safe, in any other unsecured storage structure, or in a safe or vault that is not bolted to the floor of the property. Medical Marijuana may not be inhaled, smoked, eaten, ingested, or otherwise consumed on the Property, or in the parking areas of the Property or in those areas restricted under the provisions of Health and Safety Code §11362.79.

#### 5.90.0210 VIOLATIONS AND ENFORCEMENT

Any person willfully misrepresenting any material fact in procuring the license herein provided for, shall be deemed guilty of a misdemeanor punishable by a fine of not more than one thousand dollars (\$1,000.00) or by imprisonment for not more than twelve (12) months, or both such fine and imprisonment.

Any person who engages in any Medical Marijuana Business operations without a Business License Permit, except as otherwise provided in this Chapter, shall be guilty of a misdemeanor punishable by a fine of not more than one thousand dollars (\$1,000.00) or by imprisonment for not more than twelve (12) months, or both such fine and imprisonment. The City may also pursue any and all remedies and actions available and applicable under local and State law for any violations related to the operation of a non-licensed medical marijuana business. Any operation of a Medical Marijuana Business without a Business License Permit shall be deemed unlawful and a public nuisance. It shall be unlawful and a violation of this Chapter for any person to permit a public nuisance to exist upon real property in which such person has an ownership or possessory interest. As a nuisance per se, such violation shall be subject to injunctive relief, revocation of the certificate of occupancy for the property, costs of abatement and any other relief or remedy at law or equity.

Any violation of the terms and conditions of the Business License Permit, of this Chapter, or of applicable local or state regulations and laws shall be grounds for suspending or revoking its license, pursuant to 5.90.0240.

Any person violating any provision of this Chapter may be issued an administrative citation in accordance with Chapter 9.65 of this code. Each day of operation in violation of this chapter shall constitute a separate violation for purposes of application of the financial fine(s) of this section. These fines and penalties are in addition to or in the alternative to any other penalties for violation of this Chapter. For the first five (5) days that a violation exists, a person shall be subject to a fine of one hundred dollars (\$100) per day. Should a violation continue beyond five (5) days, the violator shall be subject to a fine of five hundred dollars (\$500) per day from the sixth (6<sup>th</sup>) day through the tenth (10<sup>th</sup>) days of a violation. Should a violation persist beyond ten (10) days, the fine shall be one thousand dollars (\$1,000) per day. The due process provisions of Chapter 9.65 of this code and the Suspension, Penalty, Revocation, and Appeals Process of Section 5.90.0240 of this Chapter shall apply to all administrative citations issued



pursuant to this section. A continuing violation of this section that is of more than one consecutive day in duration shall be deemed a single violation for purposes of Section 5.90.0240 application.

#### 5.90.0220 ACCEPTANCE AND PROCEDURE OF BUSINESS LICENSE PERMIT APPLICATIONS

The City Manager shall issue Business License Permit application forms and all required supplemental documents required from applicants within ten (10) days after this Chapter has taken effect. Any Medical Marijuana Business desiring a Business License Permit required by this Chapter shall, prior to initiating operations, complete and file an application on a form supplied by the City, and shall submit the completed application to the City Manager with payment of a nonrefundable processing and notification fee not to exceed the annual Business License Fee set for in this Chapter. After the City Manager has complied with this Section, the City Manager shall cause to be conspicuously posted on the City's website a public notice of availability. For Medical Marijuana Dispensary License Permit applications, the notice will appear on the City's website for ten (10) consecutive days, immediately prior to the opening of the application period. The notice shall specify that City Manager will receive applications for further processing and consideration for thirty (30) days after the ten (10) day notice period expires (the "Medical Marijuana Dispensary Business License Permit application period"). The notice shall also specify the specific terms and procedures for conducting the public lottery set forth in section 5.90.070. For all other Medical Marijuana Businesses, the notice shall remain posted with no expiration deadline.

The City Manager shall review each application upon submission and ensure that the application is complete. Incomplete applications will be promptly rejected and the applicant shall be notified that business day of the deficiencies. The applicant shall be given an opportunity to cure any incomplete or deficient application prior to the conclusion of the application processing term, if such time period is applicable. Any notices required by this Chapter shall be deemed issued upon the date they are either deposited in the United States mail or the date upon which personal service of such notice is provided. In addition to notice by mail and personal service, the City Manager shall contemporaneously give notice by electronic mail to the e-mail address listed on the application. At the conclusion of the Medical Marijuana Dispensary Business License Permit application period, the City Manager shall have forty-five days (45) to complete a review of the applications (the "application processing term") and shall assign points to each Applicant in accordance with Section 5.90.070. Five days from the date the conclusion of the application period term, the City Manager will post the point priority rankings on the its website and mail and e-mail written notification to each Applicant indicating the total points assigned, and the Applicant's rank.

Once the City Manager deems an application complete, the City Manager shall determine the availability of business license permits for the applied for use and, if such availability is not limited or restricted by this chapter, or the City Manager can approve the application without exceeding the limited or restricted number of available license permits subject to the priority rights set forth in this Chapter, shall approve the application and issue the license permit within one business day. If necessary, within fourteen (14) Calendar days after the date of notice of point priority is posted on its website, the City Manager shall conduct the public lottery as set forth in section 5.90.070 in accordance with previously published lottery procedures. All other Medical Marijuana Business licenses permits shall be processed in the normal course of

business, but in no event shall the City Manager unreasonably delay the approval process. Medical Marijuana Business License Permits may be approved contingent upon issuance of approved building plans.

#### 5.90.0230 MEDICAL MARIJUANA BUSINESS LICENSE PERMIT APPLICATION

In addition to the general business license permit application requirements of Chapter 5.04, an application for a business license permit to operate a medical marijuana business shall include completed forms provided by the City for that purpose. Any application for a Medical Marijuana Business license shall be accompanied by the business license application fee, and criminal background check ("Live Scan") fee. The Applicant shall use the application to demonstrate its compliance with this Chapter and any other applicable law, rule, or regulation, or has made reasonable provision for the satisfaction of these requirements. The application shall include the following information: Name, address, e-mail address social security number and contact phone number of the owner or owners of the medical marijuana business in whose name the permit is proposed to be issued. If an owner is a corporation, the name, address, e-mail address and contact phone number of all officers or directors of the corporation and all shareholders who individually own more than ten (10) percent of the issued and outstanding stock of the corporation and the EIN for the corporation. If an owner is a partnership, association, or limited liability company, the EIN for the entity and the name, address, e-mail address and contact phone number of any person holding a voting interest therein and/or the managing member(s). If a managing member is an entity rather than an individual, the same disclosure shall be required for each entity with an ownership interest until a managing member that is a natural person is identified. If an owner is not a natural person, the organizational documents for all entities identified in the application, identification of the natural person that is authorized to speak for the entity and the address, e-mail address and contact phone number information for that person. Reasonable proof the entity is registered, if such registration is required, and in good standing with all applicable State Agency's.

Name, address, e-mail address and contact phone number of any business managers of the medical marijuana business, if the business manager is proposed to be someone other than the owner; and all agents of the medical marijuana business who act with managerial authority. A statement indicating whether any of the named owners, members, business managers, or persons named on the application have been: Denied an application for a Business License Permit pursuant to this Chapter, or any similar state or local licensing or permitting law, rule, or regulation, or had such a license or permit suspended or revoked; Convicted of violating any violent or serious felony(s) as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony involving fraud, deceit or embezzlement. Proof of ownership or legal possession of the Property at which the medical marijuana business will be located. If the medical marijuana business is not the owner of the property of the business, the Applicant shall provide written authorization to the City from the property owner to enter the property for inspection of the property on a form approved by the City as well as an acknowledgement from the owner that the Applicant has the owner's permission and consent to operate a medical marijuana business at the subject property. A certificate for proof of insurance signed by a qualified agent of an insurance company evidencing the existence of valid and effective policies of workers' compensation and public liability insurance at least to the limits required by Section 5.90.030 of this Chapter, the limits of each policy, the policy number(s), the name of the insurer, the effective date, and expiration date of each policy. An identification of the specific State License as set forth in the

MMRSA the proposed Medical Marijuana Business intends to apply for and obtain upon issuance of the city business license. An operating plan for the proposed medical marijuana business, including the following information: A description of the products and services to be provided by the medical marijuana business; A schedule depicting the hours of operation; A description of the procedures for cash handling and audits; A dimensioned floor plan, clearly labeled, showing: The layout of the facility and the floor plan in which the medical marijuana business is to be located; The principal uses of the floor area depicted on the floor plan, including but not limited to the areas where non-patients will be permitted, private consulting areas, storage areas, retail areas, areas for cash handling and storage, and restricted areas where medical marijuana will be located; and Electrical, mechanical, plumbing, disabled access compliance pursuant to Title 24 of the State of California Code of Regulations and the federally mandated Americans with Disabilities Act; and The separation of the areas that are open to persons who are not patients from those areas open to patients. For cultivation facilities, and medical marijuana businesses that produce medical marijuana-infused products, a plan that specifies: The methods to be used to prevent the growth of harmful mold and compliance with limitations on discharge into the wastewater system of the City as set forth in Long Beach Municipal Code Chapter 15.16, "Industrial Waste and Wastewater"; A minimum of a one-hour fire separation wall between a cultivation facility and any adjacent business. All ventilation systems used to control the environment for the plants that describes how such systems operate with the systems preventing any odor leaving the property. Such plan shall also include all ventilation systems used to mitigate noxious gases or other fumes used or created as part of the production process. A State seller's permit issued to the Applicant pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code if such permit is required by law for the applicant's intended business operation.

Additional requirements: A fully legible copy of one valid government issued form of photo identification, such as a State Driver's License or Identification Card and Livescan fingerprinting completed at the Long Beach Police Department. This requirement shall apply to all owners, business managers, and employees employed by the medical marijuana business. A plan for disposal of any medical marijuana or medical marijuana-infused product that is not sold to a patient or primary caregiver in a manner that protects any portion thereof from being possessed or ingested by any person or animal. A plan for ventilation of the medical marijuana business that describes the ventilation systems that will be used to prevent any odor of medical marijuana off the property of the business. A description of all toxic, flammable, or other materials regulated by a federal, State, or local government that would have authority over the business if it was not a marijuana business, that will be used or kept at the medical marijuana business, the location of such materials, and how such materials will be stored. A statement of the amount of the projected daily average and peak electric load anticipated to be used by the business and certification from the landlord and utility provider that the property is equipped to provide the required electric load, or necessary upgrades that will be performed prior to final inspection of the property. A description of the point of sale software the medical marijuana business will utilize to track inventory and sales of medical marijuana. For any medical marijuana business with two or more employees (as defined in the California Business and Professions Code, Section 19322(6)), a statement that the business will enter into, or demonstrate that it has already entered into, and will abide by the terms of a labor peace agreement. A statement signed under penalty of perjury by each owner or business manager that they have read, understand, and shall ensure compliance with the terms of this Chapter.

Should an applicant be awarded a license, any commitments in the application shall become conditions of the license. If a violation of a condition occurs, the city, pursuant to section 5.90.0240, may assess a penalty or seek suspension or revocation of the license.

#### **5.90.0240      SUSPENSION, PENALTY, REVOCATION, AND APPEALS PROCESS**

The City Manager shall provide a dated, written notice to the Liaison if it believes that his or her Medical Marijuana Business has violated any provision of this Chapter and any steps available to cure such violation. Within thirty (30) business days of receiving that notice, the Licensee shall have the right to file a written response with the City Manager. After receiving and reviewing the substantive content of any such response, the City Manager shall prepare a written report and forward all evidence along with the report to the Marijuana Task Force which shall then determine whether or not the Licensee has violated any provision of this Chapter, whether the violation has been or is curable or not; and shall provide a dated, written notice to the Licensee of its factual findings and legal determination. If the City Manager determines that a Licensee has failed to comply with or cure any violation of any provision of this Chapter on at least five (5) separate, non-continuing occasions within 24 months, or that a Licensee has been convicted for noncompliance with any Medical Marijuana State law, the City Manager shall revoke or suspend the Business License Permit. A Task Force finding of no violation or that a violation has been cured shall not be considered as a violation by the City Manager. The City Manager shall notify a Medical Marijuana Business's Liaison of its recommendation that its Business License be suspended or revoked by means of a dated, written notice, which shall advise the Licensee of its right to appeal the decision to the Long Beach City Council. The request for appeal shall be in writing, shall set forth the specific ground(s) on which it is based, and shall be filed with the City Manager within forty-five (45) calendar days from the date the notice was mailed along with an appeal deposit, in an amount determined by the Long Beach City Council. If a timely appeal is filed, a Business License Permit may not be suspended or revoked before that appeal has been fully adjudicated. The Long Beach City Council shall conduct a hearing (hereinafter, the "City Council Hearing") on the appeal or refer the matter to a hearing officer pursuant to Chapter 2.93 of this Code, within forty-five (45) calendar days from the date the completed request for appeal was received by the City Manager, except where good cause exists to extend this period. The appellant shall be given at least fifteen (15) calendar days' written notice of the City Council Hearing. The City Council Hearing shall be conducted pursuant to Chapter 2.93 of the Long Beach Municipal Code. The determination of the Long Beach City Council on the appeal shall be final, unless the licensee chooses to file a court action within forty-five (45) calendar days of that determination. If a Medical Marijuana Business's License Permit has been revoked or suspended, no other Business License Permit application shall be considered for that Business for a period of one (1) year from either (a) the date on which the notice of the revocation or suspension was mailed, or (b) the date of the final decision of the Long Beach City Council, whichever is later.

#### **5.90.0250      COMPLIANCE AND CHANGES TO APPLICABLE LAW**

If any State law applicable to this Chapter changes or is amended, this Chapter shall be construed in a manner that ensures that Qualified Patients continue to have safe, affordable access to Medical Marijuana. Except as may be provided otherwise in this Chapter, any law or regulation adopted by the State governing the cultivation, production, possession or distribution of marijuana for medical or recreational use shall also apply to Medical Marijuana Businesses in

the City. If there is a conflict between State law and this Chapter, State law shall be applied. A conviction for noncompliance with any applicable State law or regulation shall be grounds for revocation or suspension of any license or permit issued under this Chapter. No Medical Marijuana Business shall continue operations in violation of an additional State law or regulation applicable within the City after the effective date of the State law or regulation. If the State prohibits the cultivation, production, possession or other distribution of marijuana through Medical Marijuana Businesses, or if a court of last resort with competent jurisdiction determines that the federal government's prohibition of the cultivation, production, possession or other distribution of marijuana through Medical Marijuana Businesses supersedes State law, any business license permit issued pursuant to this Chapter shall be deemed to be immediately revoked by operation of law.

#### 5.90.0260 ESTABLISHMENT OF A MEDICAL MARIJUANA TASK FORCE.

The Long Beach Medical Marijuana Task Force ("Task Force") shall be established. The Task Force shall consist of nine (9) members. Appointments to the Task Force shall be made and vacancies on the Task Force shall be filled by the Mayor and City Council in accordance with the provisions in Chapter 2.18.050 of this Code. Services of the members of the Task Force shall be voluntary and members will serve without compensation. All members of the Task Force shall be residents of the City. The Task Force shall be comprised of the following members: Three (3) Task Force members shall be representatives from three separate Medical Marijuana Businesses operating in the City; Four (4) Task Force members shall be representatives of recognized neighborhood organizations which have at least one (1) Medical Marijuana Business operating within its boundaries and at least two (2) of whom are Qualified Patients or Care Givers; One (1) Task Force member shall be a representative of a local patient advocacy organization with a background in working to protect the interests of medical marijuana patients; and One (1) Task Force member shall be a representative of a local labor organization representing Medical Marijuana employees employed at licensed Medical Marijuana Businesses in the City.

The Medical Marijuana Task Force shall have the power and duty to: Recommend to the City operational and safety standards for Medical Marijuana Businesses operating in the City; Develop and make recommendations for a mediation process to be used by operators of medical dispensaries, patients, and neighbors of dispensaries to address community concerns and nuisance issues and resolve conflicts and disputes; Render decisions with respect to a Medical Marijuana Business' compliance as set forth in Section 5.90.240 of this chapter.

#### 5.90.0270 CITY MANAGER AUTHORIZED TO ISSUE RULES

The City Manager or his designee may adopt reasonable rules and regulations that the City Manager determines are necessary to implement the requirements and administration of this Chapter.

#### 5.90.0280 SEVERABILITY

If any provision of this Chapter, or the application thereof to any person or circumstance, is held invalid, that invalidity shall not affect any other provision or application of this Chapter that can be given effect without the invalid provision or application; and to this end, the provisions or applications of this Chapter are severable. Chapter 5.89 of the Long Beach Municipal Code is repealed effective on the first (1st) day after this Chapter becomes effective



by operation of law.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY  
OF MONTEBELLO, CALIFORNIA, AMENDING  
CHAPTER 5.90 OF THE MONTEBELLO MUNICIPAL  
CODE PERTAINING TO COMMERCIAL CANNABIS  
ACTIVITIES**

**WHEREAS**, the City of Montebello (“City”) is a general law city, incorporated under the laws of the State of California, with the power to make and enforce within its jurisdictional limits all local, police, sanitary, land use, and other ordinances and regulations not in conflict with general laws of the state;

**WHEREAS**, in 1996, California voters approved the Compassionate Use Act (“CUA”), the purpose of which was to ensure that persons needing cannabis for medical purposes have the freedom to use it without fear of criminal prosecution;

**WHEREAS**, in 2004, the Legislature enacted Senate Bill 420 to enact the “Medical Marijuana Program Act” (“MMP”) to clarify the scope of the CUA and provide qualifying patients and their primary caregivers criminal immunities for the collective or cooperative cultivation of cannabis for medical purposes;

**WHEREAS**, neither the CUA nor MMP impact cities’ rights to regulate or entirely prohibit the cultivation, manufacture, or distribution of cannabis within their jurisdictions, and accordingly in 2013 the City Council adopted an Ordinance enacting Chapter 9.30 which, among other things, prohibited the cultivation or distribution of medical cannabis within City limits, which was amended and updated by Ordinance No. 2365 adopted on January 28, 2015;

**WHEREAS**, in October 2015, a citizen-sponsored initiative petition was circulated proposing to legalize medical cannabis cultivation and distribution in the City, and the petition received approximately 3,000 signatures from City residents;

**WHEREAS**, in 2016, the Legislature approved the “Comprehensive Medical Cannabis Regulation and Safety Act,” enacting a licensing and regulatory scheme for medical cannabis, and thereby further refining and regulating medical cannabis activities;

**WHEREAS**, on November 8, 2016, California voters approved Proposition 64, the “Adult Use of Marijuana Act (the “AUMA”), which became effective immediately and enacted a statutory scheme legalizing, controlling, and regulating the cultivation, processing, manufacture, distribution, testing, and sale of non-medical cannabis and cannabis products for use by adults aged twenty-one (21) and older;

**WHEREAS**, the AUMA immediately legalized the personal cultivation of up to six (6) cannabis plants upon the grounds of a private residence, and allowed cities to regulate but not prohibit indoor personal cultivation activities, but authorized cities to regulate or prohibit outdoor personal cultivation activities;

**WHEREAS**, the AUMA's legalization of commercial cannabis activities, including but not limited to the cultivation, manufacture, testing, or sale of cannabis and cannabis products, was stayed pending the State's development of regulations and a permitting scheme which are required to be in place by January 1, 2018, at which point such commercial cannabis activities will be legal in the State of California;

**WHEREAS**, in anticipation of voters approving the AUMA, and to provide staff time to review regulatory options, on October 26, 2016, the City Council adopted Urgency Ordinance declaring and establishing a temporary moratorium on all commercial cannabis-related activities proposed to be legalized under the AUMA ("Moratorium"), which was extended by the City Council in November 2016;

**WHEREAS**, following enactment of the AUMA, on January 25, 2017, the City Council adopted Ordinance No. 2393 to regulate and establish a permitting scheme for the indoor personal cultivation of cannabis, and to prohibit the outdoor personal cultivation of cannabis, both as authorized by the AUMA;

**WHEREAS**, in preparation for implementation of the AUMA, the State has prepared regulations governing commercial cannabis activities and will begin issuing licenses for such activities on or before January 1, 2018, and cities throughout California have been reviewing their existing regulatory schemes and policies to prepare for the prohibition, regulation, or permitting of various commercial cannabis activities authorized by the AUMA;

**WHEREAS**, the City Council of the City of Montebello is dedicated to regulating the operation of businesses and uses of land in the community in a manner that satisfies the needs and desires of the community, is flexible to changes in State laws and policies, and which identifies and takes advantage of new sources of revenue so that vital public services may be adequately funded;

**WHEREAS**, over the past decade the State's regulation of medical and commercial cannabis activities has changed significantly, local governments' treatment of medical and commercial cannabis activities has responded in kind, and the City has continually evaluated its regulation of such activities in light of local planning and fiscal goals and objectives, and particularly the desires of the community;

**WHEREAS**, several cities in Los Angeles County, including those neighboring Montebello, have adopted or are in the process of adopting local ordinances that permit and regulate commercial cannabis activities, and the City's Economic Development Subcommittee has recommended that the City Council revise the City's existing regulations to address regulatory changes at the State and local levels of government, and to take advantage of potential new local revenue opportunities;

**WHEREAS**, in light of voter's overwhelming approval of the AUMA, the initiative petitions that have been circulated in Montebello proposing to permit various cannabis-related activities, the State laws and regulations that will impose stringent operating and licensing

requirements on cannabis businesses, and the ever-increasing revenue needs of the City, the City Council of the City of Montebello has determined that it is prudent and desirable to allow certain cannabis-related activities and businesses to operate in the City, provided that the location and manner of such activities and businesses is be subject to stringent local regulation; and

**WHEREAS**, accordingly the City Council of the City of Montebello desires to adopt this Ordinance to accomplish the above-described purposes, and in so doing finds and declares that this Ordinance constitutes a valid exercise of police power in accordance with Article 11, Section 7 of the California Constitution, is consistent with the language and intent of the AUMA, and furthers the health, safety, and general welfare of the residents of the City of Montebello.

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

**SECTION 1. Incorporation of Recitals**

The City Council for the City of Montebello finds and declares that the foregoing recitals are true and correct, and incorporates said recitals fully into this Ordinance as substantive findings.

**SECTION 2.** Chapter 5.90, “Cannabis Cultivation, Manufacturing, and Testing,” of the Montebello Municipal Code, is hereby repealed in its entirety and replaced with the following:

**Chapter 5.90 – Commercial Cannabis Activities**

<b>5.90.010</b>	<b>Definitions</b>
<b>5.90.020</b>	<b>Commercial Cannabis Activities Prohibited; Exceptions</b>
<b>5.90.030</b>	<b>Relationship to other laws</b>
<b>5.90.040</b>	<b>Cannabis Cultivation, Manufacturing, and Testing Facilities</b>
<b>5.90.050</b>	<b>Application Requirements; Development Agreement and Conditional Use Permit Required</b>
<b>5.90.060</b>	<b>Permitted Zones and Locations; Outdoor Activities Prohibited</b>
<b>5.90.070</b>	<b>No Transfer or Change in Ownership or Location</b>
<b>5.90.080</b>	<b>Nonconforming Uses</b>
<b>5.90.090</b>	<b>Fees and Charges</b>
<b>5.90.100</b>	<b>Limitation on Liability</b>
<b>5.90.110</b>	<b>Inspections</b>
<b>5.90.120</b>	<b>Records</b>
<b>5.90.130</b>	<b>Audits</b>
<b>5.90.140</b>	<b>Violations</b>
<b>5.90.150</b>	<b>Interpretation</b>
<b>5.90.160</b>	<b>Severability</b>

## **Section 5.90.010      Definitions**

For purposes of this chapter, the following definitions shall apply:

“Act” shall mean the California Medical and Adult-Use Cannabis Regulation and Safety Act, as in Business & Professions Code section 26000 *et seq.*

“Applicant” shall mean and refer to a person applying for a development agreement pursuant to this chapter.

“Bureau” shall have the same meaning as in Section 26001(e) of the Business and Professions Code, as the same may be amended from time to time.

“Cannabis” shall have the same meaning as in subsection (f) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Cannabis accessories” shall have the same meaning as in subsection (g) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Cannabis concentrate” as used in this chapter shall have the same meaning as in subsection (h) of Section 26001 of the Business and Professions Code.

“Cannabis products” as used in this chapter shall have the same meaning as in subsection (i) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Commercial cannabis activity” shall have the same meaning as in subsection (k) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time, as the same may be amended from time to time.

“Cultivation” shall have the same meaning as in of subsection (l) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Cultivation site” as used in this chapter shall have the same meaning as in subsection (m) of Business and Professions Code section 26001, as the same may be amended from time to time.

“Customer” as used in this chapter shall have the same meaning as in subsection (n) of Business and Professions Code section 26000, as the same may be amended from time to time.

“Day care center” as used in this chapter shall have the same meaning as in subsection (o) of Business & Professions Code section 26001, as the same may be amended from time to time.



“Development agreement” as used in this chapter shall mean the agreement entered into between a person and the City authorizing said person to engage in commercial cannabis activity within the City’s jurisdictional boundaries.

“Delivery” shall have the same meaning as set forth in subsection (p) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Distribution” shall have the same meaning as in subsection (j) of Section-26001 of the Business and Professions Code, as the same may be amended from time to time.

“Distributor” shall have the same meaning as in subsection (a)(2) of Section 26070 of the Business and Professions Code, as the same may be amended from time to time.

“License” shall have the same meaning as in subsection (y) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Licensee” shall have the same meaning as in subsection (z) of Business and Professions Code section 26000, as the same may be amended from time to time.

“Manufacture” shall have the same meaning as in subsection (ag) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Manufacturer” shall have the same meaning as in subsection (ah) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Manufacture site” shall mean a location where a person conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

“Microbusiness” shall have the same meaning as in subsection (a)(3)(A) of Section 26070 of the Business and Professions Code, as the same may be amended from time to time.

“Operation” or “operate” shall have the same meaning as in subsection (ak) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Owner” as used in this chapter shall have the same meaning as in subsection (al) of Business and Professions Code section 26001, as the same may be amended from time to time.

“Permittee” shall mean a person that has entered into a development agreement with the City authorizing said person to engage in commercial cannabis within the City’s jurisdictional boundaries.

“Person” shall have the same meaning as in subsection (an) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Premises” shall have the same meaning as in subsection (ap) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Purchaser” shall have the same meaning as in subsection (ar) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Regulations” shall mean the regulations in the California Code of Regulations (Title 16, Div. 24) to implement, interpret, and make specific the Act, and providing licensing and enforcement criteria for commercial cannabis businesses in California.

“Retailer” or “retail” shall have the same meaning as in subsection (a)(1) of Section 26070 of the Business and Professions Code, as the same may be amended from time to time.

“Sell,” “sale,” and “to sell” shall have the same meaning as in subsection (as) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Testing laboratory” shall have the same meaning as in subsection (at) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

“Youth Center” as used in this chapter shall have the same meaning as in subsection (av) of Section 26001 of the Business and Professions Code, as the same may be amended from time to time.

#### **Section 5.90.020      Commercial Cannabis Activities Prohibited; Exceptions**

A.     It shall be unlawful for any person to operate, cause, allow, assist, participate in, engage in, or in any way conduct any commercial cannabis activity within the City, including but not limited to the cultivation, delivery, distribution, manufacture, testing, transport, retail, microbusiness, purchase, sale, testing, distribution, giving away, or otherwise transferring of cannabis or cannabis products, or any other activities for which a license is available under the Act or the Regulations.

B.     The prohibitions of subsection (A) shall not apply to the following persons, provided said person operates the specified activity in strict accordance with state law and this Code: (1) a clinic, licensed pursuant to Chapter 1 of Division 2 of the Health and Safety Code; (2) health care facility, licensed pursuant to Chapter 2 of Division 2 of the Health and Safety Code; (3) a residential care facility for persons with

chronic life-threatening illness, licensed pursuant to Chapter 3.01 of Division 2 of the Health and Safety Code; (3) a residential care facility for the elderly, licensed pursuant to Chapter 3.2 of Division 2 of the Health and Safety Code; (4) a residential hospice or home health agency, licensed pursuant to Chapter 8 of the Health and Safety Code; (5) personal indoor cultivation in compliance with Chapter 9.60 of this Code; (6) a licensee's transportation of cannabis or cannabis products on public roads pursuant to subsection (b) of Section 26080 of the Business and Professions Code, as the same may be amended from time to time; or (7) a permittee under this chapter, provided that said person has entered into a development agreement with the City, has been granted a conditional use permit pursuant to Chapter 17.70, has been issued the requisite license from the Bureau, and otherwise complies, at all times, with the provisions of this Code.

#### **Section 5.90.030      Relationship to other laws**

Except as otherwise provided herein, this chapter incorporates the requirements of the Act and Regulations. In the event of any conflict between the provisions of this chapter and the provisions of the foregoing, the more restrictive provision shall control.

#### **Section 5.90.040      Cannabis Cultivation, Manufacturing, and Testing Facilities**

A. No person shall operate a cultivation site, manufacturing site, or testing laboratory in the City, or otherwise engage in the cultivation, manufacture, or testing of cannabis or cannabis products, for profit or otherwise, except in strict accordance with this chapter, the terms and conditions of the development agreement, any conditions of approval specified in the conditional use permit, and other applicable provisions of this Code.

B. The effectiveness of any provision in this Chapter that provides for the operation of specified commercial cannabis activities in the City is conditioned upon the City Council's adoption of an amendment to Title 17 of this Code adding cannabis cultivation sites, manufacturing sites, and/or testing laboratories, as applicable, as an authorized land use in the City.

#### **Section 5.90.050      Application Requirements; Development Agreement and Conditional Use Permit Required**

A. The City Council may, in its sole discretion, approve and direct the issuance of a notice inviting applications, a request for applications, or similar solicitation inviting persons interested in operating commercial cannabis activities in the City to submit an application for a development agreement.

B. Whether to issue a solicitation for applications, the manner of accepting applications, the manner of application review, and whether to approve or deny any such application shall be subject to the sole and absolute discretion of the City Council. The criteria utilized in evaluating or scoring any application for a development agreement shall be that specified in this chapter, elsewhere in this code, or in the solicitation for

applications issued by the City Council. Subject to the discretion of the City Council, the solicitation may include provisions pertaining to: the information required to be submitted by applicants, including but not limited to the application information specified in the Regulations for a license from the Bureau; the City's application review, vetting, and approval processes; the review and scoring criteria that will be utilized by the City in distinguishing among applicants; applicant background checks and verification requirements; conditions of approval; security features and requirements; operating guidelines, standards, limitations, and requirements; site improvement obligations; maintenance requirements; book, accounting, and record keeping requirements; and/or a draft development agreement.

C. A development agreement approved by the City Council is required before any person operates a cultivation site, manufacturing site, or testing laboratory in the City. Said development agreement shall set forth the terms and conditions under which the commercial cannabis activities may be operated, in addition to the terms and conditions otherwise set forth in this Chapter or elsewhere in this Code. Subject to the agreement of any permittee and approval of the City Council, such additional terms and conditions of the development agreement may include, but are not limited to, public outreach and education requirements, community service requirements, the payment of mutually agreeable fees and charges, development and operating plans (including site plan, floor plan, and elevations), security measures, operating standards and procedures, site location and design standards, and such other terms and conditions as may be agreed upon by a permittee and the City Council, as well as those that the City Council deems necessary to protect and promote the public health, safety, and welfare of the community.

D. In addition to a development agreement, no person shall operate a cultivation site, manufacturing site, or testing laboratory unless and until a conditional use permit therefor has been approved by the Planning Commission or City Council, as applicable, in accordance with Chapter 17.70 of this Code. The application process for the conditional use permit shall be the same as is generally applicable to conditional use permits in the City, provided that a development agreement between the permittee and the City shall be a condition precedent to approving a conditional use permit.

E. Nothing in this chapter is intended or shall be construed as requiring the City Council to approve or any development agreements or to otherwise allow commercial cannabis activities in the City. No application for a development agreement will be accepted except during the times specified by the City Council in a solicitation for applications. The City Council's solicitation for, review of, and approval of any application for a development agreement is discretionary, and nothing in this chapter is intended or shall be interpreted as rendering commercial cannabis activities a "by-right" land use in the City.

**Section 5.90.060 Permitted Zones; and Locations—~~Restrictions~~; Outdoor Activities Prohibited**

A. No commercial cannabis activities shall be permitted in the City except in the zones and locations authorized by Title 17, and except upon the specific premises identified in a permittee's development agreement and conditional use permit.

B. No commercial cannabis activities shall be operated except within a fully enclosed and permanent building. For purposes of this section, the phrase "fully enclosed and permanent building" shall mean a structure having a roof that is enclosed on all sides and is intended and has a useful life appropriate for long-term use, as contrasted with a "temporary building" that is not designed or intended to be permanently located, placed, or affixed to the premises.

**Section 5.90.070 No Transfer or Change in Ownership or Location**

A. No permittee may sell, transfer, pledge, assign, grant an option, or otherwise dispose of, in whole or in part, their rights or interest under a development agreement entered into pursuant to this chapter, and no owner may sell, transfer, pledge, assign, grant an option, or otherwise dispose of, in whole or in part, their ownership interest in a cultivation site, manufacturing site, or testing laboratory permitted under this chapter, without the advanced discretionary approval of the City Council. Before approving any such request, the City may require the purchaser, assignee, or transferee to provide the same information and materials that are required of an initial applicant, including the payment of associated fees.

B. Before exercising any rights under a development agreement, permittees shall demonstrate proof of lawful possession of the premises where commercial cannabis activities will be operated with such evidence consisting of properly executed deeds of trust, leases, licenses, or similar documents evidencing the permittee's right to possession and use of the premises. Subject to the criteria specified by the City Council in a solicitation for applications, a development agreement may be awarded contingent upon an applicant's subsequent identification of a premises that is acceptable to the City, or subject to an applicant's provision of an option, letter of intent, or similar instrument executed by the current owner of the proposed premises in favor of a permittee or applicant authorizing commercial cannabis activities to be operated thereon.

C. A permittee shall only operate commercial cannabis activities within the area, building, structure, and portion of the premises that is specifically described in development agreement and/or conditional use permit. A permittee shall not relocate, move, or otherwise alter the location of its operations from the specific area so identified without first obtaining approval from the City, regardless of any possessory interest or right to possession to such additional areas. No permittee shall add additional or contiguous units or areas, thereby altering the initially approved premises, without first obtaining the approval of the City Council.



D. No permittee shall sublet, transfer, or otherwise assign any portion of any approved premises for any purpose, unless approved in advance by the City Council.

E. No permittee shall make any physical change, alternation, or modification to the approved premises that materially or substantively alters, in the discretion of the Building Official, the location, production estimates, or the usage of the premises from the plans approved in the development agreement and/or conditional use permit, without the advanced approval of the City Council. For purposes of this subsection, the phrase “materially or substantively alters” shall mean any physical change, alternation, or modification to the area of the premises identified a development agreement or conditional use permit for the operation of commercial cannabis activities that either: (1) increases the capacity or scope of commercial cannabis activities by 5% or more, or (2) requires a building permit under this Code.

#### **Section 5.90.080 Nonconforming Uses**

Any premises, location, or person establishing or operating commercial cannabis activities in the City in violation of this chapter shall not be considered a lawful or permitted nonconforming use. Any such unlawfully established business, location, or operation shall constitute a public nuisance subject to abatement by the City.

#### **Section 5.90.090 Fees and Charges**

A. Each applicant or permittee shall timely and fully pay all fees set forth in this section. The failure of an applicant to pay the requisite fees is grounds for denial, and the failure of a permittee to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit. Except as otherwise provided herein, the amount of each fee may be established by resolution of the City Council.

1. Application fee to cover the City’s costs incurred in the initial acceptance and review of an application for a development agreement, due and payable in full at the time an application is submitted.

2. Processing fee to cover the City’s costs incurred in the review, investigation, scoring, and/or selection of applicant for the award of a development agreement, in accordance with evaluation criteria specified by the City Council in a notice inviting applications, a request for applications, or similar solicitation, due and payable in full at the time an application is submitted. The City may charge a separate processing fee for each round of the application review and selection process.

B. In addition to the fees specified in subsection (A), applicants and permittees shall timely pay all other applicable fees provided for in this Code, including, but not limited to, fees associated with processing applications for conditional use permits, development agreements, building permits, and plan checks, as well as the City’s cost of preparing a development agreement.

C. In addition to the fees set forth in this section, a development agreement entered into pursuant to this chapter may provide for a permittee to pay the City a fair share contribution towards the City's costs incurred in, without limitation, enforcing the provisions of this chapter, inspecting for and remediating any direct or secondary negative impacts of the commercial cannabis activities, and mitigating impacts to the City's existing public facilities caused by the commercial cannabis facility. If applicable, the remediation payments described in this section shall be memorialized in a development agreement, and paid by a permittee to the City in strict accordance with the terms thereof.

#### **Section 5.90.100      Limitation on Liability**

A. To the fullest extent permitted by law, the City shall not assume any liability whatsoever, with respect to receiving, ~~or~~ reviewing, processing, denying, or approving any application to operate commercial cannabis activities under this chapter.

B. As a condition of submitting an application for a development agreement, and as a further condition of approval, each applicant or permittee, as applicable, shall: (1) agree to indemnify the City and its elected and appointed officers, employees, and representatives, from and against any claims, damages, injuries, or liabilities of any kind relating to or arising from an application, the City's denial or approval of an application, or the operation of commercial cannabis activities; (2) waive any and all claims, damages, injuries, or liabilities of any kind against the City and its elected and appointed officers, employees, and representatives; (3) agree to defend, at its sole cost and expense, any action against the City and/or its elected and appointed officers, employees, and representatives, relating to or arising from an application, denial or approval of an application, or the operation of a commercial cannabis activity; and (4) agree to reimburse the City for any court costs and attorneys' fees (with legal counsel of the City's choice) incurred in any legal challenge relating to an application, the denial or approval of any application, or the operation of a commercial cannabis activity.

#### **Section 5.90.110      Inspections**

The City Manager, local law enforcement or code enforcement, or other public safety personnel, shall have the right to enter any and all portions of a premises from time to time, without notice, a search warrant, inspection warrant, subpoena, or court order, between the hours of 10:00 a.m. and 8:00 p.m., or any other reasonable time, to ensure compliance with this chapter, the Act, the Regulations, and any provision or condition of the development agreement or conditional use permit. Such inspection shall include the authority to review or copy any recordings, documents, or other records required to be maintained on the premises. It is unlawful for any permittee, owner, landlord, lessee, employee, or any other person having any responsibility over the operation of the premises to refuse to allow, impede, obstruct or interfere with an inspection or the review or copying of records required under this chapter, including but not limited to, the concealment, destruction, and falsification of any recordings, records, or monitoring.

### **Section 5.90.120      Records**

A.      Permittees shall maintain records at the premises accurately and truthfully documenting the following:

1.      The full name, address, and telephone number(s) of the owner, landlord and/or lessee of the premises;
2.      The full name, address, and telephone number(s) of all persons or owners who are engaged in the management of the premises, and the exact nature of each member's participation in the management or ownership of the premises.
3.      All receipts of the premises, including but not limited to all payments, purchases, contributions, reimbursements, and reasonable compensation, whether in cash or in kind, concerning commercial cannabis activities, whether among licensees or otherwise.
4.      Proof of compliance with the Act and Regulations, including but not limited to the license issued by the Bureau authorizing a permittee to operate commercial cannabis activities on the premises.
5.      Any other documentation described in the development agreement required to be maintained on the premises.

B.      The foregoing records shall be maintained by permittees for a period of seven (7) years and shall be made available by the permittee to the Montebello Police Department, other local law enforcement, or the City Manager upon request. If such records are not produced as requested, the City may seek a search warrant, subpoena, or court order to compel access thereto. The records shall be stored at the premises in a manner capable of being reproduced promptly and accurately. Any loss, damage or destruction of the records shall be reported to the Montebello Police Department within twenty-four (24) hours of the loss, destruction or damage.

### **Section 5.90.130      Audits**

No later than February 15 of every calendar year, each permittee shall file with the city one (1) copy of an audit of its operations for the previous calendar year, completed and certified by an independent certified public accountant in accordance with generally accepted auditing and accounting principles. The audit shall include, but not be limited to, a discussion, analysis, and verification of each of the records required to be maintained pursuant to this chapter.

#### **Section 5.90.140      Violations**

A.      The City may initiate abatement proceedings as authorized by this Code or state law to correct or cure any violation of this chapter or Code. The City shall be entitled to recover its courts costs and reasonable attorneys' fees in the event of a ~~successful~~ court order or judgment of abatement is entered in favor of the City.

B.      Any person violating any of the provisions of this chapter shall be guilty of a misdemeanor, and upon conviction thereof shall be punishable pursuant to Section 1.12.010 of this Code.

C.      The penalties and remedies provided herein are in addition to other remedies available at law, and the City shall have the discretion to pursue and prosecute any such available remedy.

#### **Section 5.90.150      Interpretation**

The provisions of this chapter shall be read consistent with all the provisions of state and local law, and their implementing regulations, as well as the other provisions of this Code.

#### **Section 5.90.160      Severability**

Should any provision of this chapter, or its application to any persons or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, that determination shall have no effect on any other provision of this chapter or the application of this chapter to any other person or circumstance and, to that end, the provisions hereof are severable.

**SECTION 3. CEQA.** The City Council, on the basis of the whole record and exercising independent judgment, finds that this Ordinance is not subject to environmental review pursuant to Sections 15060(c)(2) and 15060(c)(3) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA). Sections 15060(c)(2) and 15060(c)(3) pertain to activities that will not result in a direct or reasonably foreseeable indirect change to the environment and that are not defined as a project under Section 15378. Each of the actions or activities authorized by this Ordinance are subject to future and speculative discretionary actions of the City Council, and according environmental review of any resulting impacts is premature.

**SECTION 4. SEVERABILITY.** If any section, subsection, line, sentence, clause, phrase, or word of this Ordinance is for any reason held to be invalid or unconstitutional, either facially or as applied, by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Montebello hereby declares that it would have passed this Ordinance, and each and every individual section, subsection, line, sentence, clause, phrase, or word without regard to any such decision.

**SECTION 5. EFFECTIVE DATE.** This Ordinance shall become effective thirty (30) days after approval by the City Council.

**SECTION 6. PUBLICATION.** The City Clerk shall certify to the adoption of this Ordinance causing it to be posted as required by law.

**PASSED, APPROVED AND ADOPTED** this \_\_th day of February, 2018.

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**Vanessa Delgado, Mayor**

**APPROVED AS TO FORM:**

**ATTEST:**

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Arnold M. Alvarez-Glasman  
City Attorney

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Irma Bernal-Barajas  
City Clerk



ORDINANCE NO. 17-1016

AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF WEST HOLLYWOOD, APPROVING  
AMENDMENTS TO THE MUNICIPAL CODE AND  
ZONING ORDINANCE TO REGULATE CANNABIS  
USES.

THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD DOES  
HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City of West Hollywood initiated amendments to the Municipal Code and Zoning Ordinance to adopt new regulations for cannabis uses in response to recent changes in state law.

SECTION 2. A public meeting was duly noticed for the Business License Commission meeting on October 3, 2017 in the Beverly Press and West Hollywood Independent on September 21, 2017. In addition to the noticing required by the Municipal Code, the Code Compliance Division noticed all West Hollywood neighborhood groups by September 21, 2017.

SECTION 3. A public hearing was duly noticed for the Planning Commission meeting of October 5, 2017 by publication in the Beverly Press newspaper, the West Hollywood Independent Newspaper, and the City website and by announcement on City Channel 6 by September 21, 2017.

SECTION 4. The West Hollywood City Council properly reviewed and considered this matter at a public hearing on November 6, 2017. Public Notice of the hearing was advertised by publication in the West Hollywood Independent and Beverly Press on October 26, 2017. Notices were mailed to all West Hollywood Neighborhood Watch groups on October 26, 2017.

SECTION 5. The proposed zone text amendment is Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 of the CEQA Guidelines. Section 15061 states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Cannabis businesses will be required to meet all local, state, and federal health and safety regulations to ensure that there are no significant environmental impacts to the cannabis use sites and surrounding properties. The businesses authorized under this ZTA are similar to already existing permitted general uses such as retail, with the only difference being the product sold or consumed (i.e. cannabis). The ZTA does not change the zoning for any properties and these general categories of uses are already permitted by right, meaning that they do not create negative environmental impacts or result in physical changes to the environment. There are no outdoor commercial cultivation activities permitted under this ordinance.

SECTION 6. The West Hollywood City Council hereby finds that the Municipal Code Amendments and Zone Text Amendment are consistent with the Primary Strategic Goals in the City of West Hollywood General Plan: (1) Adaptability to future change and (2) Institutional Integrity. The proposed ZTA is also compliant with other General Plan goals: G-2, maintain transparency and integrity in West Hollywood's decision-making process and LU-2, maintain a balanced mix and distribution of land uses that encourages strategic development opportunities and mobility choices within the City

SECTION 7. Section 5.08.010, Businesses Required to be Licensed, of Chapter 5.08 of Title 5 of the West Hollywood Municipal Code is amended to read as follows:

No person shall commence, conduct or purport to commence or conduct the following business activities without a valid business license:

1. Adult bookstores<sup>1</sup>
2. Animal grooming
3. Billiards
4. Bingo
5. Cannabis Use - Adult-Use retail<sup>3</sup>
6. Cannabis Use - Consumption Areas with on-site Adult-Use retail<sup>3</sup>
7. Cannabis Use - Delivery Services<sup>3</sup>
8. Cannabis Use - Medical-Use dispensary<sup>3</sup>
9. Card or game clubs<sup>2</sup>
10. Carnivals and concessions
11. Coin-operated games and game arcades<sup>1</sup>
12. Dance<sup>1</sup>
13. Entertainment<sup>1</sup>
14. Escort bureaus<sup>1</sup> and introductory services<sup>1</sup>
15. Extended hour businesses<sup>1</sup>
16. Fortunetelling
17. Gun dealers<sup>1, 2, 3</sup>
18. Health clubs
19. Locksmith
20. Massage parlors<sup>1</sup> and technicians
21. Model studios<sup>1</sup>
22. Motor vehicle rental
23. Pawnbrokers and secondhand dealers
24. Peddlers and commercial solicitors
25. Picture arcades<sup>1</sup>
26. Private patrol service
27. Promoters
28. Public eating places and food establishments
29. Tanning salon
30. Tobacco retailers<sup>1</sup>
31. Tow trucks<sup>2</sup>

### 32. Valet parking<sup>2</sup>

Notes:

1. Indicates that the relevant business activity requires a licensed manager pursuant to Section 5.04.050.
2. Indicates that the relevant business requires insurance pursuant to Section 5.08.120.
3. Indicates that in addition to requiring a business license such business activities shall require a hearing before the Business License Commission before licensing.

SECTION 8. Chapter 5.70 of Title 5 of the West Hollywood Municipal Code is amended in its entirety to read as follows:

### Chapter 5.70 Cannabis Uses

#### 5.70.10 Definitions.

The definitions for cannabis uses in this Chapter shall be as defined in Section 19.90.020 of the Municipal Code.

#### 5.70.020 Application Information.

In addition to the information prescribed by the Director pursuant to the authority set forth in Section 5.08.040, all applications for a license to conduct a cannabis adult-use retail establishment, consumption area, delivery service, or a cannabis medical-use dispensary shall contain the following information. Business license applications may be accepted without having secured a physical business location; however, a physical location shall be required prior to issuance of a business license by the City.

1. If the proposed business has a current or proposed physical location, the following information shall be required at the time of application (or the following information shall be submitted prior to license issuance if location is secured after application is made). In the event the applicant is not the owner of record of the real property upon which the cannabis business is, or is to be, located the application must be accompanied by a notarized statement and consent from the owner of the property acknowledging that a cannabis business is or will be located on the property. In addition to furnishing such notarized statement, the applicant shall furnish the name and address of the owner of record of the property, as well as a copy of the lease or rental agreement pertaining to the premises in which the cannabis business is or will be located;

2. A security plan, including, but not limited to, lighting, alarms and security guard arrangements;

3. An executed release of liability and hold harmless in the form set forth in the city's application form;

4. A description of the procedure for documenting the source of the cannabis to be dispensed by the cannabis use. If the cannabis is cultivated or

manufactured off-site, documentation that the off-site location is compliant with the zoning regulations of the jurisdiction in which it is located;

5. Text and graphic materials showing the site in the context of the immediate neighborhood and floor plan of the facility;

6. A description of the screening, registration and validation process for qualified medical cannabis patients and that purchasers of medical-use cannabis are 18 years of age or older and adult-use cannabis are 21 years of age or older;

7. A description of qualified patient records acquisition and retention procedures for medical-use dispensaries;

8. A description of the process for tracking cannabis quantities and inventory controls, including on-site cultivation (if any), processing and cannabis products received from outside sources;

9. A description of measures taken to minimize or offset energy use from the cultivation or processing of cannabis plants and products, if these uses are proposed as ancillary uses under Section 19.36.030;

10. A description of chemicals stored or used on-site and any effluent proposed to be discharged into the city's wastewater or storm water systems;

11. Authorization for the city to verify the information and representations contained in the application;

11. Delivery Services Application. A description of any cannabis delivery service, including number of delivery vehicles, location of vehicle storage, and extent of delivery area;

12. If consumption, cultivation, retail sales, dispensing, or manufacturing is a planned part of the business, a description and plan of the odor control system to be utilized, such as roof ventilation and/or carbon air filtration, or other applicable odor control as required for compliance with Sections 5.70.040(11), 5.70.041(11), and 5.70.043(16).

13. If onsite consumption (including smoking, vaping, and ingestion of edible cannabis products) is a planned part of the business, provide a description of the consumption area. The onsite consumption plan must include:

(a) the secured location of the onsite consumption area clearly identified as part of the site plan;

(b) a detailed description of the limit of visibility from any public place or non-age-restricted area (e.g. types of windows used, and/or example elevations as seen from the public right-of-way); and

(c) a detailed description of how access will be limited to persons 21 years of age or older.

(d) If smoking and vaping of cannabis products is proposed, a detailed description of compliance with Section 7.08.03 (Smoking) in the Municipal Code.

14. If manufacturing or cultivation is a planned part of the business as ancillary uses under Section 19.36.030, a Hazard Analysis Plan or equivalent document must be submitted to and approved by the Los Angeles County Fire Department as part of the application.

15. A zone clearance and review and approval of the façade consistent with this application shall be obtained before a business license will be issued.

5.70.030 Minimum Criteria for Issuance of a License.

1. The applicant, and any existing or prospective manager, must be at least twenty-one years of age.

2. The applicant, or any existing or prospective manager, must not have had a similar type of license previously revoked or denied for good cause within the immediately preceding two years prior to the license application.

3. The applicant and proposed manager shall undergo a background investigation by the Los Angeles County Sheriff's Department. Neither the applicant, nor any proposed or prospective manager, shall have been convicted of:

(a) Any offense relating to possession, manufacture, sales, or distribution of a controlled substance, with the exception of cannabis related offenses;

(b) Any offense involving the use of force or violence upon the person of another

(c) Any offense involving theft, fraud, dishonesty or deceit.

For purposes of this subsection 3, a conviction includes a plea or verdict of guilty or a conviction following a plea of *nolo contendere*.

4. The location for which the license is sought shall not be located within six hundred feet of a day care center, youth center or school, and otherwise comply with Sections 7.08.030, 19.10.030, 19.36.091, 19.36.092, 19.36.093, 19.36.340, 19.90.020, of the Municipal Code. For purposes of this Section, youth center shall have the same definition as in Health and Safety Code Section 11353.1; day care center shall have the same meaning as in Health and Safety Code Section 1596.76; and school shall mean any property containing a structure which is used for education or instruction, whether public or private, at grade levels kindergarten through 12.

5. There shall be no more than the following number of cannabis business licenses issued at any one time in the following activity categories (a) – (e):

(a) Eight (8) Adult-Use Retail Business Licenses.

(b) Eight (8) Consumption Area (smoking, vaping, ingestion) with On-Site Adult-Use Retail (sales of products to be consumed on-site) Business Licenses

(c) Eight (8) Consumption Area (edible ingestion only) with On-Site Adult-Use Retail (sales of products to be consumed on-site) Business Licenses

(d) Eight (8) Medical-Use Dispensary Business Licenses

(e) Eight (8) business licenses for cannabis delivery services located in West Hollywood and no limit on the amount of business licenses issued for cannabis delivery services that are located outside the City limits and deliver cannabis to customers within the City of West Hollywood.

6. A separate business license is required for each cannabis business activity listed in this subsection (5) and multiple cannabis business activities are allowed at one location.



7. No separate cannabis business license is required for cannabis testing laboratories.

8. An applicant may not apply for, or possess, more than one of the same type of cannabis license.

#### 5.70.035 Application Period, Scoring, and Review

1. There shall be an initial 30-day application period to be determined by the City Manager, or designee. Subsequent application periods shall commence upon certification by the City Manager, or designee, that additional Cannabis Licenses are available and shall close 30 days after such certification.

2. An application evaluation committee composed of at a minimum three (3) individuals with demonstrated experience in either city government or the cannabis industry, with no business interests in the City of West Hollywood shall be appointed by the City Manager to review and score each application based on the general criteria listed below. The specific criteria and weighting (points per criteria) for each license type will be determined prior to the commencement of the initial application period and posted publically. Each application will be independently scored by the evaluation committee members.

3. The following general criteria shall be used to rank applications:

(a) Previous adult-use retail, medical-use dispensing, or consumption area operation experience that was subject to state cannabis regulation, or experience in a similarly state-regulated activity (by way of example and not limitation, alcohol sales).

(b) Ability to demonstrate the quality of cannabis strains and derivative product offerings.

(c) Employee training, standard operating procedures, online ordering systems and procedures for providing cannabis to disadvantaged or disabled persons.

(d) Social equity in terms of provision of providing a living wage and employee benefits and compliance with local, state, and federal employee non-discrimination policies.

(e) Security program.

(f) Pre-existing West Hollywood Cannabis Business that has no outstanding code violations with the City and is in compliance with local and state laws.

(g) Ability to meet City of West Hollywood Urban Design Standards.

(h) Additional information that demonstrates the ability to operate in a safe and responsible manner in the City, including without limitation a review of the quality and thoroughness of application materials, connection to West Hollywood, ability to serve West Hollywood, familiarity with the City, and innovative boutique business models consistent with the West Hollywood community.

4. Prior to scoring applications City staff shall review applications for general compliance with the City's Municipal Code or any other applicable laws, and shall reject any application which does not meet such requirements. Rejected applications shall not be scored. The City shall also disqualify any application that contains any false or misleading information.

5. The scores awarded by the application evaluation committee shall be totaled and averaged for each applicant. The applicants shall then be ranked from highest to lowest based on their scores.

6. The top eight (8) applicants in each license category (or applicants applying for vacated licenses) based on points are required to secure a viable business location if one has not been secured and apply for and obtain a Zone Clearance, (Section 19.42 of the Municipal Code) from the West Hollywood Community Development Department after being notified that their application has been accepted and ranked as one of the top eight (8) applicants.

7. Business license applications for the top ranked applicants (8 in each category) that have obtained a Zone Clearance from the City are required to be reviewed and approved by the Business License Commission prior to issuance of a business license by the City.

8. If any of the top eight (8) ranking applicants in each license category has not secured a business license from the City within 12 months of the City notifying them they were one of the top eight (8) ranking applicants, their ability to obtain a business license, shall terminate.

9. Applicants that have approved licenses issued by the City shall obtain a license from the state, as well as any other required local permits from the City (i.e. building permits) or other local agencies (i.e. Los Angeles County Fire Department, Sheriff's Office, or Health Department) prior to operating a cannabis business in the City.

10. Sales of cannabis to a minor or use of a minor to distribute cannabis are disqualifying offenses.

#### 5.70.040 Adult-Use Retail - Operating Requirements.

All adult-use retailers in the city shall operate in conformance with the following operating requirements:

1. Security shall comply with the following minimum standards:

(a) Adult-Use retail businesses shall provide adequate security and lighting on-site to ensure the safety of persons and protect the premises from theft at all times in conformance with the security plan submitted with the license's application.

(b) All security guards employed by adult-use retail businesses shall be licensed and possess a valid Department of Consumer Affairs "Security Guard Card" at all times. Adult-use retailer's security guards shall not possess firearms or Tasers.

(c) Adult-use retail businesses shall provide a neighborhood security guard patrol for a two-block radius surrounding the business during all hours of operation.

2. There shall be no on-site sales of alcohol or tobacco products, and no on-site consumption of alcohol or tobacco products by patrons or employees.

3. Hours of operation shall be limited to: Monday through Sunday, 6:00 a.m. to 2:00 a.m., or as further limited by the Business License Commission.

4. Adult-Use retailers shall notify patrons of the following verbally and through posting of a sign in a conspicuous location readily visible to persons entering the premises:

(a) Patrons must leave the site and not consume cannabis until at home or in an equivalent private location, unless the adult-use business has a valid cannabis consumption license issued by the City. Adult-Use retail employees shall monitor the site and vicinity to ensure compliance.

(b) Entry into the premises by persons under the age of twenty one is prohibited.

5. Adult-Use retail businesses shall only provide cannabis to an individual in an amount consistent with personal possession and use limits allowed by the state.

6. Adult-Use retail businesses shall provide law enforcement and all neighbors within one hundred feet of the business with the name and phone number of an on-site community relations employee to notify if there are operational problems with the establishment.

7. Adult-Use business operator(s) shall attend regular meetings with the Los Angeles County Sheriff's Department, Los Angeles Fire Department, and City Public Safety Department staff to review public safety issues associated with the operations.

8. Adult-Use retailers shall dispense cannabis only from the following sources:

(a) Limited ancillary cultivation of cannabis on-site is permitted. The space devoted to cultivation and manufacturing (as outlined in Section 5.70.040(13)) shall not exceed twenty-five percent of the total floor area, but in no case more than one thousand five hundred square feet or greater than ten feet in height, and be in compliance with Section 19.36.030.

(b) From an off-site location cultivated in accordance with applicable state law and zoning regulations in the jurisdiction in which it is cultivated.

9. West Hollywood City Code Compliance Officers, West Hollywood Sheriff's Deputies, Los Angeles Fire Department staff, or other agents or employees of the City requesting admission for the purpose of determining compliance with these standards shall be given unrestricted access.

10. Adult-use retailers shall comply with the provisions of State law.

11. Adult-Use retailers shall have a responsible person on the premises to act as manager and supervise employees at all times during business hours.

12. An odor absorbing ventilation and exhaust system shall be installed so that odor generated inside the business is not detected outside the property or lease area boundaries, or anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the cannabis use.

13. Delivery of cannabis from adult-use retailers to customers in West Hollywood and surrounding areas is permitted, in accordance with operating requirements in Section 5.70.042 Delivery Services below.

14. Adult-Use retailers shall be permitted to manufacture cannabis derivatives and products subject to the following requirements:

(a) Limited ancillary manufacture of cannabis derivatives and products is permitted. The space devoted to manufacturing and cultivation (as

outlined in Section 5.70.040(8)(a)) shall not exceed twenty-five percent of the total floor area of the retail space, but in no case more than one thousand five hundred square feet.

(b) Cannabis manufacturing shall be ancillary to the adult-use retail business in compliance with Section 19.36.030, and no stand-alone manufacturing or production businesses shall be allowed.

(c) Cannabis manufacturing shall be subject to local, state, and federal health and safety regulations.

#### 5.70.041 Cannabis Consumption Area with On-Site Adult-Use Retail - Operating Requirements.

All cannabis consumption areas in the city shall operate in conformance with the following operating requirements:

1. Security shall comply with the following minimum standards:

(a) Cannabis consumption areas shall provide adequate security and lighting on-site to ensure the safety of persons and protect the premises from theft at all times in conformance with the security plan submitted with the license application.

(b) All security guards employed by cannabis consumption areas shall be licensed and possess a valid Department of Consumer Affairs "Security Guard Card" at all times. Consumption areas security guards shall not possess firearms or Tasers.

(c) Cannabis consumption areas shall provide a neighborhood security guard patrol for a two-block radius surrounding the business during all hours of operation.

2. There shall be no on-site sales of alcohol or tobacco, and no on-site consumption of alcohol or tobacco products by patrons or employees. The on-site sale of food is permitted.

3. Hours of operation shall be limited to: Monday through Sunday, 6:00 a.m. to 2:00 a.m., or as further limited by the Business License Commission.

4. Cannabis consumption areas shall notify patrons of the following verbally and through posting of a sign in a conspicuous location readily visible to persons entering the premises:

(a) Entry into the premises by persons under the age of twenty one is prohibited.

5. Cannabis consumption areas shall only provide cannabis to an individual in an amount consistent with personal possession and use limits allowed by the state.

6. Cannabis consumption areas shall provide law enforcement and all neighbors within one hundred feet of the business with the name and phone number of an on-site community relations employee to notify if there are operational problems with the establishment.

7. Cannabis consumption area operator(s) shall attend regular meetings with the Los Angeles County Sheriff's Department, Los Angeles Fire Department, and City Public Safety Department staff to review public safety issues associated with the operations.

8. Cannabis consumption areas shall sell cannabis only from the following source:

(a) From an off-site location where cannabis is cultivated in accordance with applicable state law and zoning regulations in the jurisdiction in which it is cultivated.

9. West Hollywood City Code Compliance Officers, West Hollywood Sheriff's Deputies, Los Angeles Fire Department staff, or other agents or employees of the city requesting admission for the purpose of determining compliance with these standards shall be given unrestricted access.

10. Cannabis consumption areas shall have a responsible person on the premises to act as manager and supervise employees at all times during business hours.

11. An odor absorbing ventilation and exhaust system must be installed so that odor generated inside the business is not detected outside the property or lease area boundaries, or anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the cannabis use.

12. Depending on the type of cannabis consumption areas business license issued by the City, the consumption area shall be limited to one of the following cannabis consumption methods:

- (a) Consumption of cannabis by smoking, vaping, and ingestion; or
- (b) Consumption by ingestion only.

13. Cannabis consumption areas shall be permitted subject to the following requirements:

(a) Cannabis consumption areas shall not be visible to the public or by any persons under 21 years of age

(b) No sale or consumption of alcohol or tobacco is allowed on the licensed premises.

(c) No one under 21 years of age is allowed in the consumption area.

(d) Cannabis consumption areas that are ancillary to adult-use or medical-use retail premises shall also comply with the following:

i. The space devoted to cannabis consumption shall not exceed fifty percent of the total floor area of the adult-use or medical-use retail space, but in no case more than one thousand five hundred square feet.

ii. Cannabis consumption areas shall be well-ventilated private areas that are partitioned off from access to all other areas of the retail establishment and are designed to prevent the flow of smoke to any other area of the establishment.

14. Cannabis consumption areas that allow smoking and vaping shall comply with Section 7.08.03 Smoking of the Municipal Code

15. Conduct of Patrons. The cannabis consumption area shall do the following to encourage appropriate patron conduct:

(a) Make an announcement at closing requesting patrons to respect the residents of the adjacent residential neighborhoods by being quiet when leaving;

(b) Post signs at locations clearly visible within the consumption area and at both on- and off-site parking areas, requesting patrons to respect residents



of adjacent residential neighborhoods by being quiet when leaving and reminding patrons of the existence of permit parking districts within the neighborhoods adjacent to the consumption area.

(c) Cut off service to impaired patrons and provide information on car services.

16. Employee Training and Customer Education.

(a) The business shall train their employees about the various products the consumption area sells, including potency of the products, absorption time, and effects of the products.

(b) Employees shall educate all customers as to the items mentioned in subsection (a), in an effort to ensure responsible consumption.

17. Noise. The structure housing the consumption area shall be adequately soundproofed so that interior and exterior noise is not audible beyond the property line and shall comply with Chapter 9.08, Noise Ordinance.

18. The management of the consumption area shall:

(a) Place and properly maintain solid waste receptacles and recycling bins, in sufficient numbers and locations to service the needs of the proposed use at peak business periods, in compliance with Section 19.20.180 (Solid Waste and Recyclable Materials Storage).

(b) Ensure that the consumption area property and all areas within at least 100 feet of the consumption area are free of any waste or litter generated by the use, by 7:00 a.m. following each night of operations.

5.70.042 Cannabis Delivery Services - Operating Requirements.

1. Delivery of cannabis from delivery services with delivery as the primary service, as well as adult-use and medical-use retailers to customers in West Hollywood is permitted, in accordance with the following requirements:

(a) All cannabis delivery services, whether physically located inside or outside the City, shall have an approved business license for a cannabis delivery service from the City of West Hollywood and be able to show compliance with the regulations of the originating jurisdiction.

(b) Every applicant for a delivery service license shall obtain and maintain in full force and effect the following automobile insurance policy: An automotive liability insurance policy, as required by subsection (c) of Section 5.08.120.

(c) The licensee shall maintain in force and effect at all times while the license is in effect Worker's Compensation insurance as required by law.

(d) Prior to the issuance of a license under this chapter, and at all times while the license is in effect, the licensee shall maintain on file with the Director proof of the insurance required hereunder.

(e) If the insurance policies issued to the licensee pursuant to this chapter are canceled for any reason, the license issued under this chapter is automatically suspended. In order to reinstate the license, the licensee shall file a new certificate of insurance and provide proof of such to the Director.

(f) Only delivery to persons 21 years of age or over shall be allowed.



(g) All drivers and anyone accompanying the driver must be at least 21 years of age or over.

(h) No signage on the exterior of the vehicle identifying the vehicle as a cannabis delivery vehicle shall be allowed.

(i) The amount of cannabis allowed in each delivery vehicle shall be in compliance with state law.

(j) All cannabis delivery service customers are required to be pre-registered with the delivery service prior to receiving deliveries of cannabis.

#### 5.70.043 Medical-Use Dispensaries - Operating Requirements.

All medical-use dispensaries in the city shall operate in conformance with the following operating requirements:

1. Security shall comply with the following minimum standards:

(a) Medical-Use dispensaries shall provide adequate security and lighting on-site to ensure the safety of persons and protect the premises from theft at all times in conformance with the security plan submitted with the license application.

(b) All security guards employed by medical-use dispensaries shall be licensed and possess a valid Department of Consumer Affairs "Security Guard Card" at all times. Medical-use dispensary security guards shall not possess firearms or Tasers.

(c) Medical-Use dispensaries shall provide a neighborhood security guard patrol for a two-block radius surrounding the dispensary during all hours of operation.

2. No recommendations for medicinal cannabis shall be issued on-site.

3. There shall be no on-site sales of alcohol or tobacco. No alcohol or tobacco products shall be consumed by patrons or employees.

4. Hours of operation shall be limited to: Monday through Sunday, 6:00 a.m. to 2:00 a.m., or as further limited by the Business License Commission.

5. Medical-Use dispensaries shall only dispense medical-cannabis to qualified patients and their caregivers as defined by state law, unless otherwise authorized by a state license and local business license to dispense adult-use cannabis on the same premises.

6. Medical-Use Dispensaries shall notify patrons of the following verbally and through posting of a sign in a conspicuous location readily visible to persons entering the premises:

(a) Use of cannabis shall be limited to the patient identified on a valid doctor's recommendation, or a qualified purchaser identified on a state-issued form of identification.

(b) Patrons must immediately leave the site and not consume cannabis until at home or in an equivalent private location, unless the medical-use dispensary has a valid cannabis consumption license issued by the City. Medical-use dispensary staff shall monitor the site and vicinity to ensure compliance.

(c) Forgery of medical documents is a felony crime.

7. Medical-Use dispensaries shall only provide cannabis to an individual in an amount consistent with personal-medical use.

8. Medical-use dispensary patients shall be 18 years of age or older.

9. Medical-Use dispensaries shall provide law enforcement and all neighbors within one hundred feet of the medical-use dispensary with the name and phone number of an on-site community relations staff person to notify if there are operational problems with the establishment.

10. Medical-use dispensary operator(s) shall attend regular meetings with the Los Angeles County Sheriff's Department, Los Angeles County Fire Department, and City Public Safety Department staff to review public safety issues associated with the operations.

11. Medical-use dispensaries shall dispense cannabis to qualified patients and primary caregivers only from the following sources:

(a) Limited ancillary cultivation of cannabis on-site is permitted. The space devoted to cultivation and manufacturing (as outlined in section 5.70.043 (18)) shall not exceed twenty-five percent of the total floor area, but in no case more than one thousand five hundred square feet or greater than ten feet in height.

(b) From an off-site location cultivated in accordance with applicable state law and zoning regulations in the jurisdiction in which it is cultivated.

12. West Hollywood City Code Compliance Officers, West Hollywood Sheriff's Deputies, Los Angeles Fire Department staff, or other agents or employees of the city requesting admission for the purpose of determining compliance with these standards shall be given unrestricted access.

13. Medical-Use dispensaries shall comply with the provisions of State law.

14. Medical-Use dispensaries shall develop and implement a program subject to approval of the City to provide subsidized medical cannabis to income eligible patients, ("compassion program") in accordance with the following criteria:

(a) Minimum twenty-five percent discount to all qualified patients based upon need;

(b) Medical-use dispensaries shall not be obliged to provide more than one hundred grams per month to eligible patients;

(c) Program administration:

(1) Social service provider to qualify patients on an annual basis,

(2) Patients will be provided with a letter as proof of eligibility that expires one year after the date it is issued,

(3) Medical-Use dispensaries shall accept eligible patients and keep a record of qualified compassion program patients;

(d) On-site/instant medical and financial need eligibility criteria:

(1) SSDI,

(2) Medi-Cal,

(3) Unemployed with verification;

(e) Social service agency verified medical/financial need eligibility:

(1) Section 8 housing verification,

(2) Two hundred percent income below federal poverty level,

(3) Proof of disability,

(4) Medical need such as terminal illness, cancer treatment, etc.

(f) Residency requirement:

(1) Program for West Hollywood residents only.

15. Medical-Use dispensaries shall have a responsible person on the premises to act as manager and supervise employees at all times during business hours.

16. An odor absorbing ventilation and exhaust system shall be installed so that odor generated inside the business is not detected outside the property or lease area boundaries, or anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the cannabis use.

17. Delivery of cannabis from medical-use dispensaries to customers in West Hollywood and surrounding areas is permitted, in accordance with operating requirements in Section 5.70.042 Delivery Services above.

18. Medical-Use dispensaries shall be permitted to manufacture cannabis derivatives and products subject to the following requirements:

(a) Limited manufacture of cannabis derivatives and products is permitted. The space devoted to manufacturing and cultivation (as outlined in Section 5.70.043 (11)(a)) shall not exceed twenty-five percent of the total floor area of the retail space, but in no case more than one thousand five hundred square feet.

(b) Cannabis manufacturing shall be ancillary to the medical-use dispensary and no stand-alone manufacturing businesses shall be allowed.

(c) Cannabis manufacturing shall be subject to local, state, and federal health and safety regulations.

#### 5.70.050 Duration of Cannabis Use License – Renewal.

All licenses issued pursuant to this chapter shall expire one year after the date of issuance; provided, however, that a license may be renewed pursuant to Section 5.08.130 for additional one-year periods upon approval of an application for renewal that complies with all provisions of this title.

#### 5.70.060 Assignment of License Prohibited.

The assignment of or attempt to assign any license issued pursuant to this chapter is unlawful and any such assignment or attempt to assign a license shall render the license null and void.

#### 5.70.070 Noncompliance Prohibited.

No person or entity shall dispense, distribute, sell, convey, exchange or give away cannabis in the city except in compliance with the provisions of this chapter and Sections 19.36.091, 19.36.092, and 19.36.093, of this code. Dispensing, distributing, selling, conveying, exchanging or giving away cannabis in the city without a business license is a misdemeanor punishable as provided in Section 1.08.010(a) of this code. Nothing in this chapter shall be interpreted to conflict with state law, including without limitation the Compassionate Use Act, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA) and the MAUCRSA, as may be amended.

**5.70.080 Adoption of Rules and Regulations – Violations.**

The City Manager may establish by resolution rules and regulations governing the operation of cannabis uses. Violation of rules and regulations shall, in addition to any other remedies contained in this code, constitute a misdemeanor and shall be punishable as set forth in subsection (a) of Section 1.08.010 of this code. Any person violating any of the rules and regulations adopted by the City Council shall be deemed guilty of a separate offense for each and every day or portion thereof during which any violation of the rules and regulations is committed, continued, or permitted.

**5.70.090. State Licenses Required**

A cannabis business licensed and operating under this Chapter shall at all times while operating have a current, valid state license for any and all activity which requires a state license under state law, including without limitation a seller's permit from the State Board of Equalization. The licensee shall post its state license in a conspicuous place. Failure to maintain and post a current, valid state license is grounds for revocation of a business license under this Chapter.

**5.70.100 City Fees**

The City Council may adopt fees related to cannabis licenses.

SECTION 9. Section 7.08.030 of Chapter 7.08 of Title 7 of the West Hollywood Municipal Code is amended to read as follows:

**7.08.030 Smoking Regulations.**

a. In addition to all places where smoking is prohibited under state or federal law, in which case those laws apply, no person shall smoke in, and smoking areas shall not be established or designated in:

1. Open air dining areas and cannabis consumption areas, pursuant to subsection (e) of this section;

2. Outdoor service areas;

3. Enclosed public places;

4. Any area where the owner, operator, manager or other person exercising management and control over the property has declared the area, where smoking would otherwise be allowed, to be a non-smoking area and posted the appropriate signage as set forth in this chapter; and

5. Within five feet of the entrance, divider, opening or doorway to a smoke-free open air dining area, or outdoor service area, where smoking is prohibited by this chapter, except while actively passing by on the way to another destination.

b. No employer and no owner, operator, manager, employee or other person having control of a place of employment or a public place shall make ashtrays available in any area where smoking is prohibited.

c. No owner, operator, manager, employee or other person having control of a restaurant shall place matchbooks on tables or otherwise make matchbooks or

matches available to patrons; provided, however, that upon request a promotional matchbook may be provided to a patron only when departing the restaurant.

d. No person shall dispose of smoking waste or place or maintain a receptacle for smoking waste in an area where smoking is prohibited by this chapter or other law, or within a distance of five feet from an area where smoking is prohibited.

e. Notwithstanding subsection (a), smoking may be permitted and smoking areas may be designated in the following places:

1. An open air dining area of a bar or nightclub;
2. An unenclosed congregation area of a restaurant, provided that food is not served to patrons in this area, the area is completely separate and segregated from any outdoor dining area where smoking is not permitted, and smoke cannot be detected or smelled in the nonsmoking area;
3. Areas excluded from the definition of "Place of employment" in California Labor Code Section 6404.5(d), as may be amended from time to time; and
4. At the specific hookah cafés that are open and in continuous operation at the same location on or prior to February 1, 2011, provided that the operators have submitted a smoking operations plan for review and approval in compliance with Section 7.08.050; and
5. At the specific private membership clubs that are open and in continuous operation at the same location on or prior to February 1, 2011, provided that the operators have submitted a smoking operations plan for review and approval in compliance with Section 7.08.050.
6. An unenclosed cannabis consumption area provided that the operators have submitted a smoking operations plan for review and approval in compliance with Section 7.08.050 Smoking Operations Plan.

SECTION 10. The alphabetical list of land uses in Table 2-5 of Section 19.10.030 of Chapter 19.10 of Title 19 of the West Hollywood Municipal Code is amended to (1) delete the land use category for "medical marijuana collectives;" and (2) to add the following new land use categories to the alphabetical list to read as follows:

LAND USE <sup>2</sup>	PERMIT REQUIRED BY ZONE						SPECIFIC USE REGULATIONS
	CN	CC/SSP	CA	CR	PDCSP	P <sup>3</sup> F	
Cannabis adult-use retail	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	19.36.091 Chapter 5.70
Cannabis commercial cultivation (ancillary to)	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	Chapter 5.70



LAND USE <sup>2</sup>	PERMIT REQUIRED BY ZONE						SPECIFIC USE REGULATIONS
	CN	CC/SSP	CA	CR	PDCSP	P <sup>3</sup> F <sup>3</sup>	
adult-use retail and medical-use dispensary)							
Cannabis commercial cultivation (stand-alone indoor facility)	—	—	—	—	—	—	
Cannabis commercial cultivation (outdoors)	—	—	—	—	—	—	
Cannabis consumption area (edible products only) with On-site Adult-use retail (edible products for on-site consumption only)	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	19.36.092 Chapter 5.70
Cannabis consumption area (smoking, vaping, and edible products) with On-site Adult-use retail (smoking, vaping, and edible products for on-site consumption only)	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	19.36.092 Chapter 5.70 7.08.030
Cannabis delivery service (ancillary to adult-use retail and medical-use dispensary)	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	19.36.093
Cannabis delivery services – (office only)	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	Chapter 5.70
Cannabis distributor (ancillary to adult-use retail and medical-use dispensary)	P	P	P	P	—	—	
Cannabis distributor (stand-alone facility)	—	—	—	—	—	—	



LAND USE <sup>2</sup>	PERMIT REQUIRED BY ZONE						SPECIFIC USE REGULATIONS
	CN	CC/SSP	CA	CR	PDCSP	P <sup>3</sup> F	
Cannabis manufacturer (ancillary to adult-use retail, medical-use and dispensary)	P	P	P	P	—	—	Chapter 5.70
Cannabis manufacturer (stand-alone facility)	—	—	—	—	—	—	
Cannabis medical-use dispensary	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	19.36.093 Chapter 5.70 19.36.030
Cannabis microbusiness	—	—	—	—	—	—	
Cannabis mobile consumption lounges	—	—	—	—	—	—	
Cannabis temporary use	—	—	—	—	—	—	
Cannabis Testing Laboratory	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	—	—	

SECTION 11: The alphabetical list of non-residential land uses Table 3-6 in Section 19.28.040 of Chapter 19.28 of Title 19 of the West Hollywood Municipal Code is amended to (1) delete the land use category for “medical marijuana collectives;” and (2) to add the following new land use categories to the alphabetical list to read as follows:

Non-Residential Land Use	Required Parking Spaces
Cannabis Uses – Adult Use Retail	3.5 spaces per 1,000 sq. ft.
Cannabis Uses – Consumption Areas	3.5 spaces per 1,000 sq. ft.
Cannabis Uses – Medical-Use Dispensary	3.5 spaces per 1,000 sq. ft.

SECTION 12. A new Section 19.36.091 is added to Chapter 19.36 of Title 19 of the West Hollywood Municipal Code to read as follows:

19.36.091 Cannabis Uses – Adult-Use Retail.

*A. Location Criteria.* An adult-use retail establishment shall be located in compliance with the following requirements:

1. The adult-use retail establishment shall not be located within a 600-foot radius of a daycare facility, youth center, or school that is located within or outside the city in compliance with State law. For the purposes of this requirement, “school” shall mean any property containing a structure which is used for education or instruction, whether public or private, at grade levels kindergarten through 12.

B. No more than 8 adult-use retail establishments shall be permitted to operate in the city at any time. An application for a new adult-use retail establishment shall not be approved unless there are fewer than 8 adult-use retail establishments operating or approved in the city at the time of approval.

SECTION 13. A new Section 19.36.092 is added to Chapter 19.36 of Title 19 of the West Hollywood Municipal Code to read as follows:

19.36.092 Cannabis Uses – Consumption Areas with On-Site Adult-Use Retail.

*A. Location Criteria.* A cannabis consumption area shall be located in compliance with the following requirements:

1. The consumption area shall not be located within a 600-foot radius of a daycare facility, youth center, or school that is located within or outside the city in compliance with State law. For the purposes of this requirement, “school” shall mean any property containing a structure which is used for education or instruction, whether public or private, at grade levels kindergarten through 12.

2. The consumption area shall be restricted to persons 21 or older and shall not be visible from any public place or a non-age restricted area.

3. The consumption area may be co-located with an adult-use retail or a medical-use dispensary location pursuant to local and state regulations.

B. No more than 8 consumption areas with smoking, vaping, and ingestion of edible cannabis products and no more than 8 consumption areas limited to the ingestion of cannabis products only are permitted to operate in the city at any time. An application for a new consumption area shall not be approved unless there are fewer than 8 consumption areas with smoking, vaping, and ingestion of cannabis products or 8 consumption areas with ingestion of edible cannabis products only operating or approved in the city at the time of approval.

C. All cannabis consumption areas that allow smoking and vaping of cannabis shall comply with Section 7.08.03 Smoking of the Municipal Code.

E. No sales of tobacco products or smoking or ingesting of tobacco (i.e. chewing tobacco) shall be allowed in a cannabis consumption area.

F. No alcoholic beverage sales or ingestion of alcohol products shall be allowed in a cannabis consumption area.

SECTION 14. A new Section 19.36.093 is added to Chapter 19.36 of Title 19 of the West Hollywood Municipal Code to read as follows:

**19.36.093 Cannabis Uses – Medical-Use Dispensary.**

*A. Location Criteria.* A cannabis medical-use dispensary shall be located in compliance with the following requirements:

1. The medical-use dispensary shall not be located within a 600-foot radius of daycare facility, youth center, or school that is located within or outside the city in compliance with State law. For the purposes of this requirement, "school" shall mean any property containing a structure which is used for education or instruction, whether public or private, at grade levels kindergarten through 12.

B. No more than 8 cannabis medical-use dispensaries shall be permitted to operate in the city at any time. An application for a new medical-use dispensary shall not be approved unless there are fewer than 8 medical-use dispensaries operating or approved in the city at the time of approval.

SECTION 15. Section 19.36.165 Medical Marijuana Collectives in Chapter 19.36 of Title 19 of the West Hollywood Municipal Code is repealed in its entirety.

SECTION 16. The following new definitions are added to the alphabetical list of definitions in Section 19.90.020 Definitions of Specialized Terms and Phrases, Chapter 19.20 of Title 19 of the West Hollywood Municipal Code to read as follows:

**C. Definitions, "C."**

***Cannabis Adult-Use Retail.*** An establishment wherein cannabis, cannabis products, or devices for the use of cannabis, are offered for retail sales or delivery to persons 21 years of age and over and qualifies for an A-license under Division 10 of the Business and Professions Code.

***Cannabis Commercial Cultivation.*** Any commercial activity involving planting, growing, harvesting, drying, curing, grading, or trimming of cannabis, except for the personal cultivation allowed for medical patients and adults under state law.

***Cannabis Consumption Area with On-Site Adult-Use Retail.*** A licensed premise where cannabis may be purchased (for on-site consumption only) and consumed by persons 21 years of age and over. A cannabis consumption area must be limited to one of the following uses:

1. Consumption of cannabis by smoking, vaping, and ingesting edible products.
2. Consumption of cannabis edible products by ingestion only.

***Cannabis Delivery Services.*** The commercial transfer of cannabis or cannabis products to a customer, including the use by a retailer of any technology platform owned and controlled by the retailer.

***Cannabis Distribution.*** The procurement, sale, and transport of cannabis and cannabis products between licensees only, not to retail customers or medical patients.

***Cannabis Manufacturer.*** An establishment that conducts production, propagation, blending, infusion, or, compounding of cannabis or cannabis products either directly or indirectly by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis products or labels or relabels its container.

***Cannabis Microbusiness.*** A retail area of less than 10,000 square feet where cannabis is cultivated, manufactured, distributed, and sold directly to retail customers.

***Cannabis Medical Use Dispensary.*** An establishment wherein cannabis is sold for medicinal purposes by a medicinal cannabis cooperative, collective, dispensary, operator, or retailer who cultivates, distributes, or sells medicinal cannabis to qualified patients, or primary caregivers of qualified patients, pursuant to Health and Safety Code section 11362.5 and qualifies for an M-license under Division 10 of the Business and Professions Code.

***Cannabis Mobile Consumption Lounges.*** Any operational vehicle or trailer where cannabis or cannabis products are sold, distributed or consumed by the public, whether or not in a fixed location.

***Cannabis Temporary Use and License.*** A license that authorizes the holder to engage in commercial cannabis activity for a period of up to 120 days with one 90-day extension in accordance with state regulations, if the applicant is in compliance with local regulations.

***Cannabis Testing Laboratory.*** A laboratory, facility, or entity that offers or performs tests of both adult use and medical cannabis or cannabis products and that is both of the following: (1) accredited by an accrediting body (i.e. International Organization for Standardization (ISO)) that is independent from all other persons involved in commercial cannabis activity in the state, and (2) is licensed by the Bureau of Cannabis Control.

SECTION 17. The following definition in the alphabetical list of definitions in Section 19.90.020 Definitions of Specialized Terms and Phrases, Chapter 19.20 of Title 19 of the West Hollywood Municipal Code is amended read follows:

**P. Definitions, "P."**

***Plant Nurseries and Garden Supply Stores.*** Commercial agricultural establishments engaged in the production of ornamental plants and other nursery products grown under cover or outdoors. Cultivation of cannabis for medicinal or any other purpose is prohibited. Includes stores selling these products, nursery stock, lawn and garden supplies and commercial scale greenhouses. The sale of house plants or other nursery products entirely within a building is also included under "General Retail Stores." Home greenhouses are addressed under "Residential Accessory Uses and Structures."

SECTION 18. The four existing medical cannabis collectives that are lawfully operating in the City on December 31, 2017 may continue to operate until such time as the operator receives a state license and a local business license under this ordinance. The four existing medical cannabis collectives may immediately apply for a temporary and annual state licenses and local business license to operate a medical cannabis retail use and adult use retail. A Temporary Use Permit may be issued for the four existing medical cannabis collectives to engage in sales of adult – use cannabis on a temporary basis provided that the operator receives and maintains a valid temporary license for such activity from the state. Any of the existing four medical cannabis collective locations that do not meet the location requirements of this ordinance or state law may move to a new location in the City and still be considered an existing medical cannabis collective under this section, provided the new location meets current operating requirements under 5.70.043. This operator may also receive a Temporary Use Permit in the original location if the state will issue a license for this location. The four existing medical cannabis collectives shall be eligible to apply on or after January 1, 2018 for the first four (4) of the eight (8) available medical-use retail licenses without having to comply with the scoring requirements in Section 5.70.035 above, provided that the operator intends to continue operating as a medical-use retail facility. Any permanent change of operations to adult-use shall meet the requirements of this ordinance and shall not receive priority for being an existing medical cannabis collective.

The provisions in this section shall no longer apply once the existing medical cannabis collective has received non-temporary state and local licenses to operate a cannabis retail use, and in no event after January 1, 2019.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of West Hollywood at a regular meeting held this 20<sup>th</sup> day of November, 2017 by the following vote:

AYES:	Councilmember:	D'Amico, Horvath, Meister, Mayor Pro Tempore Duran, and Mayor Heilman.
NOES:	Councilmember:	None.
ABSENT:	Councilmember:	None.
ABSTAIN:	Councilmember:	None.

  
JOHN HEILMAN, MAYOR

ATTEST:

  
YVONNE QUARKER, CITY CLERK

STATE OF CALIFORNIA       )  
COUNTY OF LOS ANGELES   )  
CITY OF WEST HOLLYWOOD   )

I, YVONNE QUARKER, City Clerk of the City of West Hollywood, do hereby certify that the foregoing Ordinance No. 17-1016 was duly passed, approved, and adopted by the City Council of the City of West Hollywood at a regular meeting held on the 20<sup>th</sup> day of November, 2017, after having its first reading at the regular meeting of said City Council on the 6<sup>th</sup> day of November, 2017.

I further certify that this ordinance was posted in three public places as provided for in Resolution No. 5, adopted the 29th day of November, 1984.

WITNESS MY HAND AND OFFICIAL SEAL THIS 21<sup>st</sup> DAY OF NOVEMBER, 2017.

  
YVONNE QUARKER, CITY CLERK



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