

ORDINANCE NO. 730

THE PEOPLE OF THE CITY OF CUDAHY DO ORDAIN AS FOLLOWS:

SECTION 1. This measure shall be known and may be cited as "The Cannabis Business Accountability Measure" (the "Measure").

SECTION 2. Purpose and Intent. The purpose and intent of this Measure is to (A) 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 adults over the age of twenty-one (21), and to implement State of California ("State") law, which includes, but is not limited to the provisions of the Medicinal & Adult-Use Cannabis Regulation & Safety Act ("MAUCRSA"), as may be amended and augmented under State law, while imposing regulations on the conduct of business and use of land to protect the City of Cudahy's (the "City") neighborhoods, residents, and businesses from negative impacts and (B) impose a general tax applicable to cannabis retailers for the purpose of funding any and all governmental purposes, including but not limited to 911 emergency response, police and fire protection services, pothole repair, afterschool programs, senior services, homeless reduction, graffiti removal, and other City general fund services. It is a further purpose and intent of this Measure to regulate the retail sale of cannabis and cannabis products in a manner which is responsible, which protects the health, safety, and welfare of the residents of the City, and which enforces rules and regulations consistent with State law. In part to meet these objectives, a retail cannabis business permit shall be required to own or to operate a cannabis retailer within the City and pay a Cannabis Retailer Tax of fifteen percent (15%) on the gross receipts of retail sales of cannabis and cannabis products. Further, this Measure's requirement for a cannabis retailer to possess a retail cannabis business permit is in addition to any other permits, licenses, and approvals which may be required to conduct business in the City, and is in addition to any permits, licenses, and approvals required under State or County of Los Angeles ("County") law.

SECTION 3. Legal Authority. Pursuant to Section 7 of Article XI of the State 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 and taxes for cannabis retailers. Except as otherwise provided in this Measure, any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State, or any of its departments or divisions, shall be the minimum standards applicable to the retail sale of cannabis and cannabis products in the City.

SECTION 4. Findings. The People of the City hereby find and declare the following:

A. The City does not currently have a structure in place to regulate and tax cannabis retailers.

B. The People of the City have a great need for reasonable access to cannabis and cannabis products for retail purchase 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 adults over the age of twenty-one (21).

C. The People of the City hereby intend to regulate the retail sale of cannabis and cannabis products in a manner which is responsible, which protects the health, safety, and welfare of the residents of the City, and which enforces rules and regulations consistent with State law.

D. The People of the City find that the retail sale of cannabis and cannabis products poses different health, safety, and welfare concerns than the retail sale of tobacco and tobacco products, and, therefore, the City's regulations regarding the retail sale of tobacco and tobacco products are not appropriate for regulating the retail sale of cannabis and cannabis products.

E. The City has a great need for additional funds to provide the level of general fund services such as 911 emergency response, police and fire protection services, pothole repair, afterschool programs, senior services, homeless reduction, and graffiti removal that residents need and want.

F. The People of the City hereby intend to impose a general tax applicable to cannabis retailers for purposes that may include the funding of 911 emergency response, police and fire protection services, pothole repair, afterschool programs, senior services, homeless reduction, graffiti removal, and other City general fund services.

SECTION 5. Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby amended by adding Chapter 5.30 (Cannabis Retailers) to read as follows:

Chapter 5.30 – Cannabis Retailers.

5.30.010: Cannabis Retailers Prohibited Unless Specifically Authorized.

- (1) Except as specifically authorized by this Chapter 5.30, to the fullest extent permitted by State law, the City expressly prohibits any and all commercial cannabis retailers within the City. In particular and if allowable under State law, the City hereby expressly prohibits the delivery of cannabis and cannabis products within the City except by cannabis retailers based within the City and permitted under this Chapter 5.30. If the City is required by State law to permit the delivery of cannabis and cannabis products by cannabis retailers (including commercial cannabis businesses engaged in retail sales) not based within the City, such commercial cannabis businesses and cannabis retailers not based within the City shall be required to comply with the requirements under this Chapter 5.30, including the City retail cannabis business permit application and approval processes under Section 5.30.070.
- (2) Nothing in this Chapter 5.30 shall be construed or interpreted to permit the commercial possession, furnishing, manufacture, cultivation, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of industrial hemp.
- (3) To the extent expressly authorized in this Chapter 5.30 and Title 20 of the City Municipal Code, cannabis retailers are permitted in the City, subject to the satisfaction of all requirements set forth in this Chapter 5.30, Title 20 of the City Municipal Code, MAUCRSA, and all other applicable State and local laws, rules, and regulations.

5.30.020: Compliance with Laws.

It is the responsibility of the owners, managers, officers, employees, and agents of any cannabis retailer to ensure that it is operating in a manner compliant with all applicable State and local laws and any regulations promulgated thereunder. Nothing in this Chapter 5.30 shall be construed as in conflict with State law.

5.30.030: Definitions.

When used in this Chapter 5.30, the following words shall have the meanings ascribed to them as set forth herein. Words and phrases not specifically defined below shall have the meanings ascribed to them elsewhere in this Code or shall otherwise be defined by common usage. For definitions of nouns, the singular shall also include the plural; for definitions of verbs, all verb conjugations shall be included. Any reference to State statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

- (1) "Applicant" means the person applying for the retail cannabis business permit under this Chapter 5.30 (not the owners or the managers of the applicant).
- (2) "Cannabis" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (3) "Cannabis business" means a person engaged in commercial cannabis activity.
- (4) "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 6. A cannabis concentrate is not considered food, as defined by Section 109935 of the State Health & Safety Code, or drug, as defined by Section 109925 of the State Health & Safety Code.
- (5) "Cannabis product" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (6) "Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the State Health & Safety Code.
- (7) "City Manager" means the City Manager of the City of Cudahy or his or her designee(s).
- (8) "City" means the City of Cudahy, State of California.
- (9) "City Attorney" means the City Attorney of the City of Cudahy or his or her designee(s).
- (10) "City Council" means the City Council of the City of Cudahy.
- (11) "Commercial cannabis activity" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (12) "County" means the County of Los Angeles, State of California.
- (13) "Customer" means a natural person twenty-one (21) years of age or over or a natural person eighteen (18) years of age that is a qualified patient or primary caregiver.
- (14) "Day care center" or "childcare facility" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.

- (15) "Delivery" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (16) "Dispensary" or "retailer" or "cannabis retailer" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (17) "Dispensing" or "retail sale(s)" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (18) "Employee" means each natural person employed by a cannabis retailer who is a part-time, full-time, temporary, or permanent employee.
- (19) "Gross receipts" means, except as otherwise specifically provided herein, whether designated as a sales price, royalty, rent, commission, dividend, or other designation, the total amount (including all receipts, cash, credits, and property of any kind or nature) received or payable for sales of goods, wares, or merchandise without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor, or service costs, interest paid or payable, losses, or any other expense whatsoever. However, the following shall be excluded from gross receipts:
 - (a) Cash discounts where allowed and taken on sales;
 - (b) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
 - (c) Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;
 - (d) Receipts derived from the occasional sale of used, obsolete, or surplus trade fixtures, machinery, or other equipment used by the taxpayer in the regular course of the taxpayer's business;
 - (e) Cash value of sales, trades, or transactions between departments or units of the same business;
 - (f) Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a given year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected, they shall be included in the amount of gross receipts for the period when they are recovered;
 - (g) Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar; and
 - (h) Any proceeds resulting from a transfer or change of ownership or control in the business.

- (20) “Labor peace agreement” means an agreement between a cannabis retailer and any bona fide labor organization that, at a minimum, protects the City’s proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with a cannabis retailer. This agreement means that the cannabis retailer has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the cannabis retailer’s employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the cannabis retailer’s employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under State law, and terms and conditions of employment.
- (21) “Licensing authority” means a State agency responsible for the issuance, renewal, or reinstatement of State license, or a State agency authorized to take disciplinary action against a State licensee.
- (22) “Liquid assets” means assets that can be readily converted into cash. “Liquid assets” include, but are not limited to, the following: funds in checking or savings accounts, certificates of deposit, money market accounts, mutual fund shares, publicly traded stocks, and United States savings bonds. “Liquid assets” does not mean household items, furniture and equipment, vehicles, cannabis or cannabis products, business inventory, or real property and improvements thereto.
- (23) “Manager” means any individual who will be participating in the direction, control, or management of an applicant or a permittee, including but not limited to, any (i) manager or managing member or other officer of a limited liability company or (ii) president, chief executive officer, secretary, treasurer, chief financial officer, or other officer of a for profit corporation.
- (24) “MAUCRSA” has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (25) “Measure” means The Cannabis Business Accountability Measure.
- (26) “Owner” means any of the following:
- (a) A person owning in the aggregate equity interests representing ten (10) percent or more of the voting power of all outstanding equity in the applicant or a permittee;
 - (b) The president, chief executive officer, secretary, treasurer, or chief financial officer of a nonprofit applicant or permittee; or
 - (c) A member of the board of directors of a nonprofit applicant or permittee.
- Notwithstanding the above, every applicant and permittee must have at least one individual person designated as an “owner” for the purpose of compliance with this Chapter 5.30, including the review and evaluation of any retail cannabis business permit application.
- (27) “Panic button” means an emergency electronic contact device which allows an employee in the event of an ongoing crime, threat, or other emergency to alert a security guard responsible for providing immediate on-scene assistance.

- (28) "Patient" or "qualified patient" means a natural person who is entitled to the protections of Section 11362.5 of the State Health & Safety Code and includes a person issued an identification card issued pursuant to Article 2.5 of Chapter 5.30 of Division 10 of the State Health & Safety Code.
- (29) "Permittee" or "Cannabis Permittee" means the holder of a valid, City-issued retail cannabis business permit.
- (30) "Person" means an individual or natural person, 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.
- (31) "Person with an identification card" shall have the meaning given to that term in Section 11362.7 of the State Health & Safety Code.
- (32) "Place of religious assembly" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (33) "Premises" means the designated structure or structures and land specified in the retail cannabis business permit application that is owned, leased, or otherwise held under the control of the applicant or permittee where cannabis retail sales will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one permittee.
- (34) "Retail cannabis business permit" means a regulatory permit / license issued by the City pursuant to this Chapter 5.30 to a cannabis retailer and is required before any cannabis retail sales may be conducted in the City and is made expressly contingent upon the cannabis retailer's ongoing compliance with all of the requirements of this Chapter 5.30 and any regulations adopted by the City governing cannabis retail sales.
- (35) "Sale" means any sale, exchange, or barter or other transaction for any consideration.
- (36) "School" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.
- (37) "State" means the State of California.
- (38) "State license" means a permit or license issued by the State, or one of its departments or divisions, under MAUCRSA and any subsequent State legislation regarding the same to engage in cannabis retail sales.
- (39) "Youth center" has the same meaning as defined in Chapter 20.88 (Definitions) of the City Municipal Code.

5.30.040: Retail Cannabis Business Permit Required.

- (1) No person shall operate a cannabis retailer or engage in cannabis retail sales within the City unless such business or activity is currently in compliance with all applicable State and local laws, rules, and regulations and the cannabis retailer has:

- (a) A valid City business license to conduct such business or activity;
- (b) A valid retail cannabis business permit issued by the City pursuant to this Chapter 5.30 to conduct such business or activity;
- (c) A valid State license authorizing such business or activity in the City; and
- (d) A valid certificate of occupancy issued by the City's Building & Safety Department to conduct the cannabis retail sales at the premises identified in the retail cannabis business permit.

5.30.050: Maximum Number of Authorized Cannabis Retailers Permitted.

- (1) The total number of retail cannabis business permits for retailers based within the City shall be two (2) with one (1) retail cannabis business permits for issued to a retailer located in the Civic Mixed-Use Zone (CivicMU) and one (1) retail cannabis business permits issued to a retailer located in the Urban Agriculture Overlay Zone (-UA).
- (2) The number of retail cannabis business permits for retailers (including commercial cannabis businesses engaged in retail sales) based outside the City to engage in delivery within the City shall be zero (0). However, should a court of competent jurisdiction, as a judicial remedy, order the City Council to increase the maximum number of retail cannabis business permits issued for retailers (including commercial cannabis businesses engaged in retail sales) based outside the City to engage in delivery within the City, the number of retail cannabis business permits for retailers (including commercial cannabis businesses engaged in retail sales) based outside the City to engage in delivery within the City shall be no more than two (2).
- (3) The maximum number of retail cannabis business permits issued for cannabis retailers based within the City or outside the City (including commercial cannabis businesses engaged in retail sales) may not be amended by the City Council or regulations promulgated by the City Manager pursuant to this Chapter 5.30. However, (a) the City Council may and shall increase the maximum number of retail cannabis business permits issued for retailers based within the City or outside the City (including commercial cannabis businesses engaged in retail sales) if ordered to do so by a court of competent jurisdiction as a judicial remedy or (b) the City Council may increase the maximum number of retail cannabis business permits issued, via ordinance, for retailers based within the City to provide for one (1) retail cannabis business permits issued for retailers based within the City per every ten-thousand (10,000) residents of the City as determined the U.S. Census (For example, in 2020, the U.S. Census determined that the City had a population of 22,811; therefore, the number of retail cannabis business permits for retailers based within the City shall be two (2). However, if a future U.S. Census determines that the population of the City exceeds thirty-thousand (30,000), the City Council may increase the number of retail cannabis business permits for retailers based within the City to three (3), unless the number of retail cannabis business permits for retailers based within the City has already been increased to three (3) or more pursuant to Subsection (2), and so on and so forth.).

5.30.060: Location and Design Requirements for Cannabis Retailers.

Pursuant to the authority delegated by the State to the City under Section 26054(b) of the State Business & Professions Code and overriding the location and design requirements contained in Section 26054(b) of the State Business & Professions Code, cannabis retailers in the City shall be subject to the following location and design requirements:

- (1) Retailers shall be a permitted use subject to both the described application criteria and this Chapter 5.30 on property (1) located more than six-hundred (600) feet from any school, day care center, youth center, or place of religious assembly and (2) zoned: Civic Mixed-Use (CivicMU) or Urban Agriculture Overlay Zone (-UA)
- (2) The distances specified in this Section 5.30.060 shall be measured in a straight line without regard to intervening structures, from the nearest point of the premises, measured from the walls of the premises to the nearest property line of the sensitive use.
- (3) Each cannabis retailer shall:
 - (a) Be constructed in a manner that prevents odors to surrounding uses, and promotes quality design and construction, and consistency with the surrounding properties. Odors from the cannabis retailer shall not be detectable from outside the premises and adequate odor control technology shall be utilized;
 - (b) Be provided with adequate electricity, sewerage, disposal, water, fire protection, and storm drainage facilities for the intended purpose; and
 - (c) Provide and maintain a neighborhood compatibility plan so the City Manager or designee(s) and the City Council may find that the cannabis retailer and its operating characteristics are not detrimental to the public health, safety, convenience, or welfare of persons residing, working, visiting, or recreating in the surrounding neighborhood and will not result in the creation of a nuisance.
 - (d) Comply with all applicable standards and requirements for the design and construction of buildings and the landscaping and design of any property upon which a building is located and signage as the same are set forth under Titles 15 through 20 of the City Municipal Code.

5.30.070: Cannabis Retailer Application Procedure.

- (1) Within ninety (90) days following the effective date of this Chapter, the City Manager, pursuant to Section 5.30.210, shall, as a ministerial duty, make available the necessary forms, adopt any necessary application rules for the submission, intake, review, and approval of retail cannabis business permit applications for retailers up to the maximum number of retail cannabis business permits authorized in Section 5.30.050.
- (2) The City Manager shall, as a ministerial duty, cease acceptance of retail cannabis business permit applications thirty (30) days after making available the necessary forms and adopting any necessary application rules for the submission, intake, review, and approval of retail cannabis business permit applications for retailers.
- (3) Within sixty (60) days of ceasing the acceptance of retail cannabis business permit application for retailers, the City Manager shall, as a ministerial duty, review timely submitted retailer applications for the following minimum requirements:

- (a) Payment of an application fee established by resolution of the City Council within sixty (60) days following the effective date of this Chapter 5.30 to cover all costs incurred by the City in the application process;
- (b) Sufficient evidence of the legal right to use the proposed property for the proposed use, to include a lease, sublease, purchase agreement, assignment of purchase agreement, or lease or purchase option, in the name of the applicant, which may include nominal consideration and be contingent upon issuance of a retail cannabis business permit or other approvals. The City shall only consider one applicant per property address or County Assessor's Identification Number. In the event that more than one applicant applies for a retail cannabis business permit application at a given property address or a given County Assessor's Identification Number, the City Manager shall, as a ministerial duty, only accept the retail cannabis business permit application with the earliest effective date for the evidence of the legal right to use the proposed property for the proposed use in the name of the applicant;
- (c) Sufficient evidence to demonstrate that the proposed property complies with the location and zoning requirements in Section 5.30.060;
- (d) Proof that an owner or owners of the applicant with an aggregate ownership interest of fifty (50) percent or more has served as an owner or owners with an aggregate ownership interest of fifty (50) percent or more of four (4) or more other cannabis retailers licensed by a city, county, or state since at least January 1, 2022;
- (e) Proof of funds showing that the applicant has access and control of over \$500,000.00 in liquid assets (which such liquid assets having been under possession for at least ninety (90) days prior to the date of the application submission under this Section), which may be shown via a binding legal agreement in the name of the applicant such as a promissory note so long as said legal agreement is accompanied by a proof of funds in the name of a party to the agreement that demonstrates access and control of over \$500,000.00 in liquid assets under possession for at least ninety (90) days prior to the date of the application submission under this Section. Applicants and permittees shall not be required to show that the applicant or permittee has access and control of over \$500,000.00 in liquid assets except on initial application pursuant to this Section 5.30.070, a change in location application pursuant to Section 5.30.130, or an ownership transfer application pursuant to Section 5.30.140;
- (f) For an applicant with two (2) or more employees, proof of a labor peace agreement between a bona fide labor organization and the applicant (the applicant shall provide the City with a copy of the labor peace agreement that contains the signatures of the union representative and the cannabis business). For applicants with less than two (2) employees who have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement within thirty (30) days after employing two (2) employees;
- (g) A set of plans, including a site development plan, floor plan(s), building elevations (all four (4) sides), and a conceptual landscape plan with the percentage of landscaping in the parking lot, setback areas, and tree size and species;

- (h) Colored interior and elevation renderings;
- (i) A completed background check application and receipt for each owner and manager of the applicant pursuant to Section 5.30.180(12); and
- (j) The following application components: (a) Qualifications of the applicant's owners and managers; (b) business and operations plan; (c) security plan; (d) safety plan; (e) neighborhood compatibility plan; (f) labor and employment plan; and (g) community benefits plan.

The City Manager shall, as a ministerial duty, reject any retail cannabis business permit application that fails to meet the minimum requirements contained in this Subsection (3), and applicants shall not have the right to supplement or amend their retail cannabis business permit applications.

- (4) Within ninety (90) days of completing the application review under Subsection (3) above, the City Manager shall, as a ministerial duty, review and score any complete applications pursuant to the following objective review criteria according to the following quantitative evaluation scale:

- (a) Qualifications of the applicant's owners and managers – 150 points

The People of the City find that a proven track-record of cannabis retailer operations that successfully generate tax revenue carries out the purpose and intent of the Measure and are, therefore, critical for an applicant to demonstrate the qualifications of the applicant's owners and managers. Accordingly, 100 of the 150 points awardable under this Subsection (a) shall only be awarded, as a ministerial duty, if an owner or owners of the applicant with an aggregate ownership interest of fifty (50) percent or more is currently at the time of application submission under this Section an owner or owners with an aggregate ownership interest of fifty (50) percent or more of a single licensed and lawfully operating commercial cannabis retailer operation (excluding any non-retailer microbusiness, cultivation, manufacturing, distribution, or other non-retailer commercial cannabis operation components) that has generated at least \$5,000,000.00 in gross receipts in a consecutive six-month period in the year immediately preceding the date of the application submission under this Section, as demonstrated by tax payment receipts from, tax filings to, or tax returns filed with a city, county, or state.

The remaining 50 of the 150 points awardable under this Subsection (a) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 25 points – A description of the applicant's owner and manager qualifications detailing any special business or professional qualifications or licenses of the applicant's owner and manager that would add to the quality of services that the cannabis business would provide, including in areas related to cannabis, such as legal, finance, business ownership / administration, real estate development, scientific, or healthcare fields.
 - (ii) Up to 25 points – Documentation that the applicant's owners and managers have experience operating cannabis retailers in any jurisdiction where cannabis retailers are permitted.

(b) Plans, renderings, and overall location – 50 points

The 50 points awardable under this Subsection (b) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 10 points – A premise diagram in accordance with Section 5006 of Division 42 of Title 16 of the State Code of Regulations.
- (ii) Up to 10 points – A site development plan that provides information on existing conditions and proposed improvements to the site and how it meets or will meet the development standards outlined in the City Zoning Code. Information on existing conditions shall include:
 - a. Exterior renderings or photographs showing all sides of any existing structure(s);
 - b. Plans or photographs of existing parking areas, landscaping, trash enclosure, and signage;
 - c. Information on existing or former use on the site, including the addresses, uses, and square footages;
 - d. Plans or photographs of the existing site if the site is vacant; and
 - e. Photographs of adjacent properties for context.
- (iii) Up to 10 points – A floor plan showing information on the existing layout and proposed layout of the building interior.
- (iv) Up to 10 points – Building elevations that provide information on existing conditions and proposed improvements.
- (v) Up to 5 points – A conceptual landscape plan with the percentage of landscaping in the parking lot, setback areas, and tree size and species.
- (vi) Up to 5 points – Colored interior renderings and exterior elevation renderings (for both existing and/or proposed improvements).

(c) Business and operations plan – 100 points

The 100 points awardable under this Subsection (c) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 10 points – A written description of the total square footage of the facility with estimated square footage of proposed uses.
- (ii) Up to 10 points – A schedule for beginning operations, including a narrative outlining any proposed construction improvements and a timeline for completion.

- (iii) Up to 10 points – A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operating costs.
- (iv) Up to 5 points – A description of the sources(s) of capital and use(s) of capital.
- (v) Up to 10 points – Pro forma financial statements for at least three (3) years of operation.
- (vi) Up to 5 points – A description of the type of products to be sold and the estimated quantity and value of product(s) to be sold.
- (vii) Up to 5 points – A description of marketing procedures and tactics.
- (viii) Up to 10 points – A description of day-to-day operations that should acknowledge both state and local laws and should be consistent with industry best practices.
- (ix) Up to 5 points – A description of hours of operation and opening procedures.
- (x) Up to 10 points – A description of cash handling procedures.
- (xi) Up to 10 points – A description of inventory control procedures to include identification of point-of-sale systems, and track and trace software.
- (xii) Up to 10 points – A description of transportation, loading and unloading, distribution, or delivery procedures.

(d) Security plan – 100 points

The 100 points awardable under this Subsection (d) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 20 points – The security plan is prepared by a professional security consultant.
- (ii) Up to 10 points – A premises security diagram.
- (iii) Up to 50 points – A description of access control, inventory control, cash handling, and other security procedures and security equipment demonstrating compliance with the security requirements under this Chapter 5.30.
- (iv) Up to 10 points – A description of the intrusion alarm and monitoring system including the name and contact information for the monitoring company.
- (v) Up to 10 points – A description of the services of on-site security guards to include the (1) number of security guards; (2) the hours security guards will

be on-site; (3) locations where security will be positioned; and (4) security guard responsibilities.

(e) Safety plan – 100 points

The 100 points awardable under this Subsection (e) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 20 points – The safety plan is prepared by a professional fire prevention and suppression consultant.
- (ii) Up to 10 points – A premises safety diagram to include (1) a description / illustration of evacuation routes and (2) location of fire extinguishers and other fire suppression equipment.
- (iii) Up to 50 points – A description of safety procedures, training for emergency situations, and safety equipment demonstrating compliance with the safety requirements under this Chapter 5.30.
- (iv) Up to 10 points – Identify all gases, pesticides, and chemicals to be used and their storage locations.
- (v) Up to 10 points – A description of the firm alarm and monitoring system including the name and contact information for the monitoring company.

(f) Neighborhood compatibility plan – 350 points

The 350 points awardable under this Subsection (f) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 150 points – A “Good Neighbor Policy” that (i) includes policies and measures in place to protect adjacent uses from any potential impacts (e.g., noise, light, odor, traffic, etc.) related to the proposed cannabis business and (ii) describes how the cannabis business and its operating characteristics will be proactively managed so the business is not detrimental to the public health, safety, convenience, or welfare of persons residing, working, visiting, or recreating in the surrounding area and will not result in the creation of a nuisance.
- (ii) Up to 50 points – A description of odor mitigation practices to include: (i) identifying potential sources of odor; (ii) a description of odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the permitted premises; and (iii) all proposed staff odor training and system maintenance.
- (iii) Up to 50 points – A description of a waste management plan that includes waste disposal locations within the proposed premises and the applicant's security measures and methods of rendering waste unusable and unrecognizable.

- (iv) Up to 100 points – A description of how the proposed location is suitable for the proposed cannabis retail use considering the neighboring uses in the vicinity and existing private/public improvements.

(g) Community benefits plan – 100 points

The People of the City find that monetary donations to local non-profit organizations, financial support of City sponsored activities or organizations, in kind donations to the City or other charitable organizations, and economic incentives to the City carry out the purpose and intent of the Measure and are, therefore, critical for an applicant to demonstrate an effective community benefits plan. Accordingly, 50 of the 100 points awardable under this Subsection (g) shall only be awarded if the applicant pledges to voluntarily provide a public benefit to a public use (or a combination thereof), which is defined as a direct financial contribution equal to one (1) percent of projected gross receipts of the applicant to a public school located within the City, a public park located within the City, and/or a public or nonprofit community organization serving the City or its residents, subject to annual review and final approval by the City. Beyond the above, no further direct financial contributions shall be considered as part of an applicant's community benefits plan.

The remaining 50 of the 100 points awardable under this Subsection (g) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 25 points – A description of a social responsibility plan to include identification of a community liaison, plans to serve as a social equity business incubator, plans to aide and participate in the work of local non-profits, community-based organizations, civic organizations, or social services organizations.
- (ii) Up to 25 points – A description of a plan to develop a public health outreach and educational program that outlines the risks of youth use of cannabis and that identifies resources available to youth related to drugs and drug addiction.

(h) Labor and employment plan – 150 points

The People of the City find that a proven track-record of cannabis retailer operations with high labor standards and commitment to labor peace carries out the purpose and intent of the Measure and are, therefore, critical for an applicant to demonstrate an effective labor and employment plan. Accordingly, 50 of the 150 points awardable under this Subsection (h) shall only be awarded if the applicant provides documentation that the individual or natural person owner or owners of the applicant (disregarding any intervening or intermediary entity owner or owners of the applicant) with an aggregate ownership interest of ninety (90) percent or more have entered into collective bargaining agreements with a labor organization that currently represents cannabis workers in the United States effective since at least July 1, 2021, inclusive of renewals (and remaining effective, inclusive of renewals, on the date of the application submission under this Section) and such collective bargaining agreements accrete or automatically apply to all cannabis retailers permitted or licensed in the State after July 1, 2021 (notwithstanding the fact that employees of such cannabis retailers permitted or licensed in the State after July 1, 2021 (if any), have yet to have had an opportunity to recognize the labor organization that

currently represents cannabis workers in the United States), by the individual or natural person owner or owners of the applicant (disregarding any intervening or intermediary entity owner or owners of the applicant) with an aggregate ownership interest of ninety (90) percent or more referenced above.

The remaining 100 of the 150 points awardable under this Subsection (h) shall be awarded, as a ministerial duty, pursuant to the following objective criteria:

- (i) Up to 10 points – An organizational chart of showing owners, managers, and employees.
 - (ii) Up to 10 points – A description of the owner's and manager's roles in day-to-day operations and decisions.
 - (iii) Up to 10 points – A description of the number of employees, title / position, and their respective responsibilities
 - (iv) Up to 15 points – A description of compensation to employees, opportunities for continuing education, and employee training.
 - (v) Up to 15 points – A description of whether the cannabis business is committed to offering employees a living wage.
 - (vi) Up to 15 points – A description of benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
 - (vii) Up to 15 points – A description of a plan to recruit employees from socially and economically disadvantaged backgrounds.
 - (viii) Up to 10 points – A description of a plan to have at least 50% of employee positions filled and hours worked by employees residing in the City.
- (5) Upon timely receipt of a retail cannabis business permit application, the City Manager shall conduct background checks in accordance with Section 5.30.180(12). Following review and scoring of complete applications complete pursuant to objective review criteria under Subsection (4), the City Manager shall, as a ministerial duty, issue retail cannabis business permits to applicants in order of their rank under Subsection (4) up to the maximum number of retail cannabis business permits authorized in Section 5.30.050. In the event of a tie in the order of ranking under Subsection (4) between one or more applicants up to the maximum number of retail cannabis business permits authorized in Section 5.30.050, the City Manager shall, as a ministerial duty, break the tie and issue retail cannabis business permits to the applicants with the highest scoring application component in the following order: (1) Neighborhood compatibility of proposed location (2) Qualifications of the applicant's owners and managers; (3) labor and employment plan; (4) security plan and safety plan; (5) community benefits plan; (6) neighborhood compatibility plan; (7) business and operations plan; and (8) plans, renderings, and overall location. In the event of a tie on all application components between one or more applicants up to the maximum number of retail cannabis business permits authorized in Section 5.30.050, the City Manager shall not hold a public lottery, but rather arrange for the tied applicants to provide public presentations before the City Council, after which the

City Council shall publicly rank the applicants pursuant to ranking sheets prepared by the City Manager that achieve a forced ranking based on all of the objective review criteria and quantitative evaluation scale in Subsection (4), and the City Manager shall issue retail cannabis business permits to applicants in order of their rank up to the maximum number of retail cannabis business permits available following the City Manager's original ranking and issuance of retail cannabis business permits and the limits contained in Section 5.30.050. However, the City Manager shall not issue a retail cannabis business permit to any applicant with an owner or manager that:

- (a) Provided false or misleading information on the applicant's retail cannabis business permit application;
 - (b) Has been convicted of (or pled no contest to) "an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made" as that term is defined in 26057(b)(4) of the State Business & Professions Code; or
 - (c) Has been sanctioned by a licensing authority or a city, county, or state for unlicensed commercial cannabis activities or has had a license suspended or revoked under MAUCRSA in the three (3) years immediately preceding the date the application was submitted.
- (6) Any decision of the City Manager or City Council under this Section 5.30.070 shall be a final administrative decision not subject to administrative appeal under any provisions of this Chapter 5.30 or any provisions of the City Municipal Code but, rather, subject to judicial review and remedies.
- (7) In the event that (1) the number of active, operating retailers and issued retail cannabis business permits falls below the maximum number of retail cannabis business permits for retailers authorized in Section 5.30.050 or (2) the City Council is ordered to increase the maximum number of retail cannabis business permits issued for retailers by a court of competent jurisdiction as a judicial remedy (e.g., if a court of competent jurisdiction orders the City Council to make retail cannabis business permits available for retailers (including cannabis businesses engaged in retail sales) based outside the City to engage in delivery within the City), the City Manager shall, as a ministerial duty, within sixty (60) days reinstitute the application procedure under this Section 5.30.070, subject to the maximum number of retail cannabis business permits for retailers authorized and available (not allocated to an active, lawfully operating retailer) for issuance. For the purpose of this Section, a retailer shall be considered operating if (1) upon initial issuance of retail cannabis business permit (or approval of a change in location pursuant to Section 5.30.130), the retailer commences lawful operations within twenty-four (24) months or (2) following initial commencement of lawful operations, the retailer does not cease or abandon operations for one-hundred twenty (120) consecutive or cumulative days in any one (1) year period.
- (8) Upon issuance of a retail cannabis business permit, the cannabis permittee shall be required to make a presentation to the City Manager, the Director of Community Development, and/or the City Council and members of the public at a public noticed hearing. The purpose of the presentation is to inform the members of the public of the cannabis business permit application process, selection, location, operation and allow members of the public to provide public comment.

5.30.080: Limitations on the City's Liability.

To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a retail cannabis business permit pursuant to this Chapter 5.30 or otherwise approving the operation of any cannabis retailer. As a condition to the approval of any retail cannabis business permit, the applicant shall be required to meet all of the following conditions before they can receive a retail cannabis business permit:

- (1) Execution of 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 retail cannabis business permit, the City's decision to approve the operation of the cannabis retailer 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 cannabis retailer or any of its officers, employees, or agents.
- (2) Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City Attorney.
- (3) Defend and indemnify the City for all costs and expenses, including but not limited to attorneys' fees and court costs, that the City may be required to pay as a result of any legal challenge related to the City's approval of the applicant's retail cannabis business permit or related to the City's approval of a cannabis retail sales. The City, at its sole discretion, may participate at its own expense in the defense of any such action, but such participation shall neither relieve nor increase any of the obligations imposed on the applicant hereunder.

5.30.090: Retail Cannabis Business Permit Term.

- (1) Subject to this Section 5.30.090 and Section 5.30.100, the term of each retail cannabis business permit shall be indefinite.
- (2) Upon the one (1) year anniversary of the date of issuance for each retail cannabis business permits and every year thereafter, the City Manager shall conduct a performance review of the permittee to assess compliance with the requirements of this Chapter 5.30. Within thirty (30) days of the conclusion of the annual performance review of the permittee, the City Manager shall issue a letter of compliance or noncompliance outlining all items to be corrected to ensure full compliance. In the event of any noncompliance, the permittee shall have sixty (60) days to remedy such noncompliance. However, in the event such noncompliance items cannot be reasonably remedied within sixty (60) days, such noncompliance items shall not constitute a serious material violation of any law and/or any rule, regulation, and/or standard adopted pursuant to this Chapter 5.30 subject to suspension or revocation under Section 5.30.100 if the permittee commences correction of such noncompliance items within sixty (60) days and thereafter diligently prosecutes correction of such noncompliance items to completion.
- (3) The permittee shall pay a fee in an amount to be set by the City Council via resolution to cover the costs of conducting the performance review, together with any costs incurred by the City to administer the program created under this Chapter 5.30.

5.30.100: Suspension and Revocation of Retail Cannabis Business Permits.

- (1) The City Manager may suspend or revoke a retail cannabis business permit for any material violation of any law and/or any rule, regulation, and/or standard adopted pursuant to this Chapter 5.30.
- (2) Suspension or revocation of a State license issued by the State or by any of its departments or divisions, corresponding to the retail cannabis business permit shall immediately result in the suspension of the associated retail cannabis business permit until the State, or its applicable department or division, reinstates the State license or otherwise lifts such suspension.
- (3) A permittee shall inform the City Manager or designee(s) of any suspension, revocation, or termination of a State license corresponding to its retail cannabis business permit within five (5) business days of the suspension, revocation, or termination of the State license.

5.30.110: Appeals Regarding Retail Cannabis Business Permits.

- (1) Within ten (10) calendar days after the date of a decision of the City Manager to revoke or suspend an issued retail cannabis business 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. An appeal shall stay all proceedings in furtherance of the appealed action.
- (2) At the time of filing, the appellant shall pay the designated appeal fee established by resolution of the City Council.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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 a final administrative decision, subject to judicial review and remedies.

5.30.120: Change in Location; Updated Application Information.

- (1) A permittee may change the business location specified in a retail cannabis business permit upon submission and approval of a change in location application promulgated, as a ministerial duty, by the City Manager pursuant to regulations adopted under Section 5.30.210 after two (2) years following the issuance of a retail cannabis business permit. The permittee shall pay an application fee established by resolution of the City Council to

cover all costs incurred by the City in the review and processing of change in location applications.

- (2) Upon submission of a change in location application by a permittee, the City Manager shall, as a ministerial duty, complete processing of such change in location application. If a change in location application is incomplete or the proposed changed location contained therein does not comply with location and zoning requirements in Section 5.30.060, the City Manager shall, as a ministerial duty, deny the change in location application. If a change in location application is complete and the proposed changed location contained therein complies with location and zoning requirements in Section 5.30.060 and this Section, the City Manager shall, in his or her sole discretion, approve or deny the change in location application. In the event the City Manager denies a change in location application, the permittee may appeal the City Manager's denial to the City Council pursuant to Section 5.30.110.
- (3) An applicant or permittee shall notify the City Manager or designee(s) within fifteen (15) calendar days of any material change in the information provided in the applicant or permittee's retail cannabis business permit application or any change in status of compliance with the provisions of this Chapter 5.30, including any change in the cannabis retailer ownership or management.

5.30.130: Transfer of a Retail Cannabis Business Permit.

- (1) An owner of a retail cannabis business permit shall not transfer ownership or control of such permit to another person unless and until the permittee and transferee obtain an amendment to the permit from the City Manager stating that the transferee is now an owner of the permittee. A permittee may change the ownership specified in a retail cannabis business permit upon submission and approval of a change in ownership application promulgated, as a ministerial duty, by the City Manager pursuant to regulations adopted under Section 5.30.210 within one-hundred eighty (180) days following the effective date of this Chapter 5.30. The permittee shall pay an application fee established by resolution of the City Council to cover all costs incurred by the City in the review and processing of change in ownership applications. The City Manager shall process such change in ownership applications as a ministerial duty within five (5) business days once the City Manager reasonably determines that the transferee passed the background check required for owners and meets all other requirements of this Chapter 5.30.
- (2) Notwithstanding Subsection (1), during the first three years following the issuance of a retail cannabis business permit, the City Manager shall not process any application to change the ownership or control of a commercial cannabis business permit that results in the permittee altering its ownership composition in a manner that would result in the permittee not being entitled to points it was awarded when the permittee was an applicant pursuant to Section 5.30.070. For example, if a permittee received 100 points when it was an applicant for providing documentation that the individual or natural person owner or owners of the applicant (disregarding any intervening or intermediary entity owner or owners of the applicant) with an aggregate ownership interest of ninety (90) percent or more have entered into a collective bargaining agreement with a labor organization that currently represents cannabis workers in the United States effective since at least July 1, 2021, inclusive of renewals (and remaining effective, inclusive of renewals, on the date of the application submission under this Section), the City Manager shall not process or authorize any change in ownership or control of the permittee if the change would result

in the permittee being unable to continue to satisfy the aforementioned criteria subsequent to its approval.

- (3) Notwithstanding Subsection (1), no retail cannabis business permit may be transferred when the City Manager has notified the permittee that its retail cannabis business permit has been or may be suspended or revoked.
- (4) Any attempt to transfer a retail cannabis business permit either directly or indirectly in violation of this Section 5.30.130 is hereby declared void, and such an unpermitted transfer shall be deemed a ground for revocation of the permit.

5.30.140: Records and Recordkeeping.

- (1) Each cannabis retailer 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. At the time of the performance review of a retail cannabis business permit issued pursuant to this Chapter 5.30, each cannabis retailer shall file a sworn statement detailing the number of sales by the cannabis retailer 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.
- (2) Each cannabis retailer 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 cannabis retailer and, separately, the same contact information of all officers, managers, employees, agents, and volunteers currently employed or otherwise engaged by the cannabis retailer. The register required by this Subsection shall be provided to the City Manager upon a reasonable request.
- (3) Each cannabis retailer shall maintain a record of all purchases and sales of cannabis and cannabis products for a period of no less than seven (7) years.
- (4) All cannabis retailers shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products.
- (5) Subject to any applicable restrictions under the Health Insurance Portability & Accountability Act ("HIPAA") regulations, each cannabis retailer shall grant the City Manager access to the business's books, records, accounts, together with any other data or documents relevant to its operation, 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 ten (10) business days after receipt of the City Manager's request for such data, unless otherwise stipulated by the City Manager. The City Manager may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

5.30.150: Security Measures.

- (1) A cannabis retailer 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 cannabis retailer. Except

as may otherwise be determined by the City Manager, these security measures shall include, but are not limited to, all of the following:

- (a) Preventing individuals from remaining on the premises of the cannabis retailer if they are not engaging in an activity directly related to the permitted operations of the cannabis retailer.
 - (b) Establishing limited access areas accessible only to authorized cannabis retailer personnel.
 - (c) All cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault. All cannabis and cannabis products shall be kept in a manner designed to prevent diversion, theft, and loss.
 - (d) Installing twenty-four-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 cannabis retailer, 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 cannabis retailer shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the City Manager, and that it is compatible with the City's software and hardware. Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available to the City Manager upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the cannabis retailer.
 - (e) Sensors shall be installed to detect entry and exit from all secure areas.
 - (f) Panic buttons shall be installed in all cannabis retailers.
 - (g) Having a professionally installed, maintained, and monitored alarm system.
 - (h) Any bars installed on the windows or the doors of the cannabis retailer shall be installed only on the interior of the building.
 - (i) The premises shall be live monitored twenty-four (24) hours a day unless the cannabis retailer has an alternative security program authorized by the City Manager. Security personnel must be licensed by the State Bureau of Security & Investigative Services personnel and shall be subject to the prior review and approval of the City Manager, which shall not be unreasonably withheld.
 - (j) Additional security measures may be added through the review of a retail cannabis business permit application.
- (2) Each cannabis retailer shall identify a designated security representative or liaison to the City, who shall be reasonably available to meet with the City Manager regarding any security related measures or and operational issues.
- (3) Each cannabis retailer (including as part of the retail cannabis business permit application process) 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.

- (4) The cannabis retailer shall cooperate with the City whenever the City Manager makes a request, upon reasonable notice to the cannabis retailer, to inspect or audit the effectiveness of any security plan or of any other requirement of this Chapter 5.30.
- (5) A cannabis retailer shall notify the City Manager within twenty-four (24) hours after discovering any of the following:
 - (a) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager.
 - (b) Diversion, theft, loss, or any criminal activity involving the cannabis retailer or any agent or employee of the cannabis retailer.
 - (c) The loss or unauthorized alteration of records related to cannabis and cannabis products or registering customers or employees and/or agents of the cannabis retailer.
 - (d) Any other breach of security.

5.30.160: Restriction on Alcohol and Tobacco Sales.

No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages or tobacco on or about the premises of the cannabis retailer.

5.30.170: Fees and Charges.

- (1) No person may commence or continue any cannabis retail sales in the City without timely paying in full all fees and charges required for the operation of a cannabis retail sales. 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.
- (2) All cannabis retailers authorized to operate under this Chapter 5.30 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 cannabis retailer shall cooperate with City with respect to any reasonable request to audit the cannabis retailer' 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.

5.30.180: General Operating Requirements.

- (1) Cannabis retailers may be open to the public for retail sales during the hours specified State law, but in no event later 10:00 p.m.
- (2) Cannabis shall not be consumed on the premises of any cannabis retailer.
- (3) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a retail cannabis business permit

or on any of the vehicles owned or used as part of the cannabis retailer. No outdoor storage of cannabis or cannabis products is permitted at any time.

- (4) Each cannabis retailer shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the cannabis retailer 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 cannabis retailer 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 prior to being used by a permittee.
- (5) All cannabis and cannabis products sold and/or distributed shall be cultivated, manufactured, and distributed by licensed facilities that maintain operations in full conformance with the State and local regulations. The packaging and labeling of cannabis and cannabis products shall comply at all times with State law.
- (6) There shall not be a physician located in any cannabis retailer at any time for the purpose of evaluating patients for the issuance of a medicinal cannabis recommendations.
- (7) Each cannabis retailer shall provide the City Manager 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.
- (8) Signage and Notices.
 - (a) In addition to the requirements otherwise set forth in this Section 5.30.180, business identification signage for a cannabis retailer shall conform to the requirements of the City Municipal Code, including, but not limited to, seeking the issuance of a City sign permit.
 - (b) No signs placed on the premises of a cannabis retailer shall obstruct any entrance or exit to the building or any window.
 - (c) Each entrance to a cannabis retailer 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.
 - (d) The entrance to the cannabis retailer 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 cannabis retailer, other than as lawful customers permitted under State law.
 - (e) No signs placed on the exterior to premises of (or otherwise visible to the public) a cannabis retailer shall depict cannabis, in particular a cannabis leaf, cannabis products, or a green cross.
- (9) Other than as lawful customers permitted under State law in the case of retailers, individuals under the age of twenty-one (21) years shall not be allowed on the premises of a cannabis retailer and shall not be allowed to serve as a driver for a cannabis retailer.

It shall be unlawful and a violation of this Chapter 5.30 for any person to employ any person at a cannabis retailer who is not at least twenty-one (21) years of age.

- (10) Odor control devices and techniques shall be incorporated in all cannabis retailers to ensure that odors from cannabis are not detectable off-site. Cannabis retailers shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the cannabis retailer 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 cannabis retailer.
- (11) The original copy of the retail cannabis business permit issued by the City pursuant to this Chapter 5.30 and the City issued business license shall be posted inside the cannabis retailer in a location readily visible to the public.
- (12) Pursuant to Sections 11105(b)(11) and 13300(b)(11) of the State Penal Code, 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 cannabis retailer must submit fingerprints and other information deemed necessary by the City Manager for a background check. Pursuant to Sections 11105(b)(11) and 13300(b)(11) of the State Penal Code, 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 retail cannabis business permit unless they have first cleared the background check, as determined by the City Manager, as required by this Chapter 5.30. 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 retail cannabis business permit is submitted.

No owner, manager, supervisor, employee, or volunteer of the cannabis retailer shall:

- (a) Have been convicted of (or pled no contest to) "an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made" as that term is defined in 26057(b)(4) of the State Business & Professions Code; or
 - (b) Have been sanctioned by a licensing authority or a city, county, or state for unlicensed commercial cannabis activities or has had a license suspended or revoked under MAUCRSA in the three (3) years immediately preceding the date the application was submitted.
- (13) The cannabis retailer shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
 - (14) Within sixty (60) days of licensure, for a permittee with two (2) or more employees, the permittee shall attest to the City that the permittee has entered into a labor peace agreement and will abide by the terms of the agreement. The permittee shall submit a

copy of the page of the labor peace agreement that contains the signatures of the labor representative and the applicant. For permittees with less than two (2) employees who have not yet entered into a labor peace agreement, the permittee shall provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement within thirty (30) days after employing two (2) employees. If an attestation that the permittee is party to a labor peace agreement, and a copy of the page of the labor peace agreement that contains the signatures of the labor representative was submitted to the City by the permittee as part of the application process, that will meet this obligation.

- (15) Cannabis retailers shall implement a workforce plan that includes at least the following provisions:
- (a) Commitment for thirty percent (30%) of employees to be local hires; this local hiring requirement is satisfied when a cannabis retailer shows that it has either hired or made a good faith effort to hire bona fide residents of the City or persons that may establish residency after initial employment with the permittee;
 - (b) Commitment to offer apprenticeships and/or compensation for continuing education in the field of cannabis retail sales; and
 - (c) Paying a living wage to employees. "Living wage" means compensation equivalent to \$20 per hour excluding benefits and tips.
- (16) It shall be unlawful for a cannabis retailer to discriminate in any manner or take adverse action against any employee in retaliation for exercising rights protected under this Chapter 5.30 or City or State law. These rights include, but are not limited to (1) the right to file a complaint or inform any person about any party's alleged noncompliance with this Chapter 5.30 or City or State law and (2) the right to inform any person of his or her potential rights under this Chapter 5.30 or City or State law and to assist him or her in asserting such rights. Protections under this Chapter 5.30 or City or State law shall apply to any employee who mistakenly, but in good faith, alleges noncompliance with this Chapter 5.30 or City or State law. Taking adverse action against an employee within ninety (90) days of the employee's exercise of rights protected under this Chapter 5.30 or City or State law shall raise a rebuttable presumption of having done so in retaliation for the exercise of such rights.

5.30.190: Additional Operating Requirements.

- (1) Retailers and the operation thereof shall comply with State law at all times.
- (2) Prior to dispensing medicinal cannabis or medicinal cannabis products to a qualified patient, a retailer shall verify the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen (18) years and obtain verification from the recommending physician that the person requesting medicinal cannabis or medicinal cannabis products is a qualified patient, and shall maintain a copy of the physician recommendation or identification card as described in Sections 11362.71 through 11362.77 of State Health & Safety Code, as may be amended from time to time, on site for period of not less than seven (7) years.

- (3) Prior to dispensing cannabis or cannabis products to an adult-use customer, a retailer shall verify the age and all necessary documentation of each customer to ensure the customer is not under the age of twenty-one (21) years.
- (4) All restroom facilities shall remain locked and under the control of managers onsite.
- (5) A retailer shall notify customers (verbally or by written agreement) and by posting of a notice or notices conspicuously in at least 15-point type within the permitted premises that state as follows:
 - (a) "The sale or diversion of cannabis or cannabis products without a license issued by the City of Cudahy is a violation of State law and the Cudahy Municipal Code."
 - (b) "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from a permittee is a crime and can lead to arrest."
 - (c) "Customers must not loiter in or near these premises and may not consume cannabis or cannabis products in the vicinity of this business or in any place not lawfully permitted. These premises and vicinity are monitored to ensure compliance."
 - (d) "WARNING: The use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."
 - (e) "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer and reproductive harm."

5.30.200: Additional Operating Requirements for Delivery.

- (1) Delivery shall comply with State law at all times.
- (2) Security plans developed pursuant to this Chapter 5.30 shall include provisions relating to vehicle security and the protection of employees and product during loading and in transit.
- (3) A retailer shall facilitate the delivery of cannabis or cannabis products with a technology platform owned by or licensed to the delivery-only retailer that uses point-of-sale technology to track and database technology to record and store the following information for each transaction involving the exchange of cannabis or cannabis products between the retailer and customer:
 - (a) The identity of the individual dispensing cannabis or cannabis products on behalf of the permittee;
 - (b) The identity of the customer receiving cannabis or cannabis products from the permittee;
 - (c) The type and quantity of cannabis or cannabis products dispensed and received;

- (d) The gross receipts charged by the permittee and received by the individual dispensing cannabis or cannabis products on behalf of the permittee for the cannabis or cannabis products dispensed and received; and
 - (e) The location or address where the sale or retail sale took place or closed.
- (4) A permittee shall maintain a database and provide a list of the individuals and vehicles authorized to conduct delivery, and a copy of the valid State driver's license issued to the driver of any such vehicle on behalf of the retailer to the City Manager.
- (5) Individuals making deliveries of cannabis or cannabis products on behalf of the retailer shall maintain a physical copy of the delivery request (and invoice) and shall make it available upon the request of agents or employees of the City requesting documentation.
- (6) During delivery, a copy of the permittee's retail cannabis business permit and State license shall be in the vehicle at all times, and the driver shall make it available upon the request of agents or employees of the City requesting documentation.
- (7) A retailer shall only permit or allow delivery of cannabis or cannabis products in a vehicle that is (1) insured at or above the legal requirement in the State; (2) capable of securing (locking) the cannabis or cannabis products during transportation; (3) capable of being temperature controlled if perishable cannabis or cannabis products is being transported; and (4) 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 retailer.
- (8) A retailer shall facilitate deliveries with a technology platform owned by or licensed to the retailer that uses global positioning system technology to track, and database technology to record and store the following information:
- (a) The time that the individual conducting delivery on behalf of the retailer departed the licensed premises.
 - (b) The time that the individual conducting delivery on behalf of the retailer completed delivery to the customer.
 - (c) The time that the individual conducting delivery on behalf of the retailer returned to the licensed premises.
 - (d) The route the individual conducting delivery on behalf of the retailer traveled between departing and returning to the licensed premises to conduct delivery.
 - (e) For each individual delivery transaction, the identity of the individual conducting deliveries on behalf of the retailer.
 - (f) For each individual delivery transaction, the vehicle used to conduct delivery on behalf of the retailer.
 - (g) For each individual delivery transaction, the identity of the customer receiving cannabis or cannabis products from the retailer.

- (h) For each individual delivery transaction, the type and quantity of cannabis or cannabis products dispensed and received.
 - (i) For each individual delivery transaction, the gross receipts charged by the retailer and received by the individual conducting deliveries on behalf of the retailer for the cannabis or cannabis products dispensed and received.
- (9) The individual making deliveries on behalf of the retailer shall personally verify for each individual delivery transaction the identity of the customer receiving cannabis or cannabis products from the retailer and (1) for medicinal cannabis or medicinal cannabis products to a qualified patient, the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen (18) years and obtain verification from the recommending physician that the person requesting medicinal cannabis or medicinal cannabis products is a qualified patient, and shall maintain a copy of the physician recommendation or identification card as described in Sections 11362.71 through 11362.77 of State Health & Safety Code, as may be amended from time to time, on site for period of not less than seven (7) years or (2) for cannabis or cannabis products to an adult-use customer, age and all necessary documentation of each customer to ensure the customer is not under the age of twenty-one (21) years.

5.30.210: Promulgation of Regulations, Standards, and Other Legal Duties.

- (1) Consistently with stated requirements of this Chapter 5.30 (and in particular not to repeal or constructively repeal this Chapter 5.30), in addition to any regulations adopted under State law, the City Manager is authorized to establish any additional rules, regulations, and standards governing the issuance, denial, or renewal of retail cannabis business permits, the ongoing operation of cannabis retailers, and the City's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this Chapter 5.30.
- (2) Such regulations shall be published on the City's website.
- (3) Regulations promulgated by the City Manager shall become effective upon date of publication. Cannabis retailers 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.

5.30.220: Community Relations.

- (1) Each cannabis retailer shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the cannabis retailer can be provided. Each cannabis retailer shall also provide the above information to all businesses and residences, in the City, located within one hundred and fifty (150) feet of the cannabis retailer. Such community relations contact shall respond to any complaints within forty-eight (48) hours of receipt of such complaints.
- (2) During the first year of operation pursuant to this Chapter 5.30, the owner(s), manager(s), and community relations representative from each cannabis retailer holding a retail cannabis business permit issued pursuant to this Chapter 5.30 shall attend a quarterly meeting with the City Manager and other interested parties as deemed appropriate by the City Manager, to discuss costs, benefits, and other community issues arising as a result

of implementation of this Chapter 5.30. After the first year of operation, the owner(s), manager(s), and community relations representative from each such cannabis retailer shall meet with the City Manager when and as requested by the City Manager.

- (3) Cannabis retailers to which a retail cannabis business permit is issued pursuant to this Chapter 5.30 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.

5.30.230: Fees Deemed Debt to City.

The amount of any fee, cost, or charge imposed pursuant to this Chapter 5.30 shall be deemed a debt to the City that is recoverable via authorized processes as set forth in the City Municipal Code or available through any court of competent jurisdiction.

5.30.240: Permittee, Owner, and Property Owner Responsible for Violations.

- (1) Each permittee and each owner and each manager of the permittee (and each individual owner and each individual manager of an owner or manager of the permittee) shall be responsible for all violations of the laws of the State or of the regulations and/or the ordinances of the City occurring within the City or in or about the premises of the cannabis retailer, if committed by the permittee or any employee or agent of the permittee and whether or not said violations occur within the permittee, owner, or manager's presence.
- (2) No person may engage in any cannabis retail sales within the City unless the person is in compliance with the requirements of this Chapter 5.30.
- (3) It shall be unlawful to rent, lease, or otherwise permit any cannabis retail sales at any location, structure, or vehicle in the City by a person (1) that does not have a valid retail cannabis business permit issued by the City; (2) that does not have a valid State license; (3) that does not have any other applicable approvals, including, but not limited to, a building permit and City business license; or (4) that is not currently in compliance with all applicable State and local laws and regulations pertaining to the cannabis retail sales. Property owners shall have strict liability for any cannabis retail sales at any location, structure, or vehicle in the City by a person (1) that does not have a valid retail cannabis business permit issued by the City or (2) that does not have a valid State license.

5.30.250: Inspection and Enforcement.

- (1) The City Manager or designee(s) charged with enforcing the provisions of the City Municipal Code, or any provision thereof, may enter the location of a cannabis retailer at any time, without notice, and inspect the location of any cannabis retailer as well as any recordings and records required to be maintained pursuant to this Chapter 5.30 or under applicable provisions of State law.
- (2) It is unlawful for any person having responsibility over the operation of a cannabis retailer, 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 cannabis retailer under this Chapter 5.30 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 cannabis retailer under this Chapter 5.30 or under State or local law.

- (3) The City Manager or designee(s) charged with enforcing the provisions of this Chapter 5.30 may enter the location of a cannabis retailer at any time during business hours 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 City law enforcement standards for evidence.

5.30.260: Concurrent Regulation with the State.

It is the stated intent of this Chapter 5.30 to regulate cannabis retail sales in the City concurrently with the State.

5.30.270: Violations Declared a Public Nuisance.

Each and every serious material violation of the provisions of this Chapter 5.30 is hereby deemed unlawful and a public nuisance.

5.30.280: Each Violation a Separate Offense.

Each and every violation of this Chapter 5.30 shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the City Municipal Code. Additionally, as a nuisance per se, any serious material violation of this Chapter 5.30 shall be subject to injunctive relief, any retail cannabis business permit issued pursuant to this Chapter 5.30 being deemed null and void, disgorgement, and payment to the City of any monies unlawfully obtained, costs of abatement, costs of investigation, attorney's 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 cannabis retailer or persons related to, or associated with, the cannabis retail sales. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the City Manager or designee(s), may take immediate action to temporarily suspend a retail cannabis business permit issued by the City, pending a public hearing before the City Council.

5.30.290: Criminal Penalties.

Each and every serious material violation of the provisions of this Chapter 5.30 may be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000.00) 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 serious material violation is committed or permitted to continue shall constitute a separate offense.

5.30.300: 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 or equity.

5.30.310: Rights Reserved to the City Council.

Nothing in this Chapter shall be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with

the express provisions of this Chapter, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between the express provisions of this Chapter and any other provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions of this Chapter, to the extent any such amendments or modifications are not in conflict with the express provisions of this Chapter.

SECTION 6. Title 3 (Revenue and Finance) of the City Municipal Code is hereby amended by adding Chapter 3.50 (Cannabis Retailer Tax) to read as follows:

CHAPTER 3.50 – Cannabis Retailer Tax.

3.50.010: Authority and Purpose.

- (1) The purpose of this Chapter is to adopt a tax, for revenue purposes, pursuant to Sections 37101 and 37100.5 of the State Government Code, upon cannabis retailers that engage in business in the City. This Cannabis Retailer Tax is levied based upon business gross receipts. It is not a sales and use tax, a tax upon income, or a tax upon real property.
- (2) The Cannabis Retailer Tax is a general tax enacted solely for general governmental purposes of the City and not for specific purposes. All of the proceeds from the tax imposed by this Chapter 3.50 shall be placed in the City's general fund and be available for any lawful City expenditure.

3.50.020: Intent.

The intent of this Chapter 3.50 is to impose a general tax applicable to cannabis retailers for the purpose of funding any and all governmental purposes, including but not limited to 911 emergency response, police and fire protection services; pothole repair; afterschool programs; senior services; homeless reduction; graffiti removal, and other City general fund services.

3.50.030: Definitions.

When used in this Chapter 3.50, the following words shall have the meanings ascribed to them as set forth herein. Words and phrases not specifically defined below shall have the meanings ascribed to them elsewhere in this Code, or shall otherwise be defined by common usage. For definitions of nouns, the singular shall also include the plural; for definitions of verbs, all verb conjugations shall be included. Any reference to State statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision

- (1) "Adult-use cannabis" or "adult-use cannabis product" means cannabis or cannabis products for individuals twenty-one (21) years of age and over without the need for a physician's recommendation.
- (2) "Business" means all activities engaged in or caused to be engaged in within the City, including any commercial or industrial enterprise, trade, profession, occupation, vocation,

calling, or livelihood, whether or not carried on for gain or profit, but shall not include the services rendered by an employee to that employee's employer.

- (3) "Cannabis" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (4) "Cannabis business" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (5) "Cannabis product" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (6) "Cannabis Retailer Tax" or "Tax" means the tax due pursuant to this Chapter 3.50 for engaging in dispensing within in the City.
- (7) "City" means the City of Cudahy, State of California.
- (8) "City Council" means the City Council of the City of Cudahy.
- (9) "Commercial cannabis activity" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (10) "Code" means the City Municipal Code.
- (11) "Customer" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (12) "Delivery" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (13) "Dispensary" or "retailer" or "cannabis retailer" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (14) "Dispensing" or "retail sale(s)" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (15) "Employee" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (16) "Engaged(s) in business" means the commencing, conducting, operating, managing, or carrying on of a cannabis retailer and the exercise of corporate or franchise powers, whether done as an owner, or by means of an officer, agent, manager, employee, or otherwise, whether operating from a fixed location in the City or coming into the City from an outside location to engage in such activities. A person shall be deemed engaged in business if any of the following apply:
 - (a) Such person or person's employee maintains a fixed place of business within the City for the benefit or partial benefit of such person;
 - (b) Such person or person's employee owns or leases real property within the City for business purposes;
 - (c) Such person or person's employee regularly maintains a stock of tangible personal property in the City for sale in the ordinary course of business;

- (d) Such person or person's employee regularly conducts solicitation of business within the City; or
- (e) Such person or person's employee performs work or renders services in the City.

The foregoing specified activities shall not be a limitation on the meaning of "engaged in business".

- (17) "Evidence of doing business" means evidence such as, without limitation, use of signs, circulars, cards or any other advertising media, including the use of internet or telephone solicitation, or representation to a government agency or to the public that such person is engaged in a cannabis retailer in the City.
- (18) "Fiscal year" means July 1 through June 30 of the following calendar year.
- (19) "Gross receipts" means, except as otherwise specifically provided, whether designated a sales price, royalty, rent, commission, dividend, or other designation, the total amount (including all receipts, cash, credits and property of any kind or nature) received or payable for sales of goods, wares, or merchandise or for the performance of any act or service of any nature for which a charge is made or credit allowed (whether such service, act or employment is done as part of or in connection with the sale of goods, wares, merchandise or not), without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever. However, the following shall be excluded from gross receipts:
 - (a) Cash discounts where allowed and taken on sales;
 - (b) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
 - (c) Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;
 - (d) Receipts derived from the occasional sale of used, obsolete, or surplus trade fixtures, machinery, or other equipment used by the taxpayer in the regular course of the taxpayer's business;
 - (e) Cash value of sales, trades, or transactions between departments or units of the same business;
 - (f) Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected they shall be included in the amount of gross receipts for the period when they are recovered; and

- (g) Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar; and
 - (h) Any proceeds resulting from a transfer or change of ownership or control in the business.
- (20) "Manager" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (21) "Marijuana" means "cannabis" as that term is defined in this Chapter 3.50.
- (22) "MAUCRSA" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (23) "Medicinal cannabis" or "medicinal cannabis product" means cannabis or a cannabis product for use by a qualified patient.
- (24) "Owner" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (25) "Patient" or "qualified patient" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (26) "Person" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (27) "Person with an identification card" has the same meaning as defined in Chapter 5.30 of the City Municipal Code.
- (28) "Sale" means any sale, exchange, or barter or other transaction for any consideration.
- (29) "State" means the State of California.
- (30) "Tax Administrator" means the means the City Manager of the City of Cudahy or his or her designee(s).

3.50.040: Tax Imposed.

- (1) There is established and imposed upon each person who is engaged in business as a cannabis retailer an annual Cannabis Retailer Tax at the rates set forth in this Chapter 3.50. Such Tax is payable regardless of whether the business is operating lawfully in the City or unlawfully. The City's acceptance of a Cannabis Retailer Tax payment from a cannabis retailer operating illegally shall not constitute the City's approval or consent to such illegal operations.
- (2) Medicinal Retailers. The Cannabis Retailer Tax upon every person who engages in business as a retailer of medicinal cannabis or medicinal cannabis products shall be at the following annual rate:
 - (a) The tax rate upon the effective date of this Chapter 3.50 shall be fifteen percent (15%) of the gross receipts derived from the retail sale of medicinal cannabis or medicinal cannabis products. Such tax rate may not increase or decrease without voter approval.

- (3) Adult-use Retailers. The Cannabis Retailer Tax upon every person who engages in business as a retailer of adult-use cannabis or adult-use cannabis products shall be at the following annual rate:
 - (a) The tax rate upon the effective date of this Chapter 3.50 shall be fifteen percent (15%) of the gross receipts derived from the retail sale of adult-use cannabis or adult-use cannabis products. Such tax rate may not increase or decrease without voter approval.

3.50.050: Exemptions from the Tax.

This Chapter 3.50 shall not apply to personal use of cannabis that is specifically exempted from State licensing requirements and that meets the definition of personal use or equivalent terminology under State law.

3.50.060: Reporting and Remittance of Tax.

The Cannabis Retailer Tax imposed by this Chapter 3.50 shall be imposed on a fiscal year basis and shall be due and payable in quarterly installments as follows:

- (1) The owner(s) or manager(s) of each cannabis retailer shall, on or before the last day of the month following the close of each fiscal year quarter, prepare and submit a tax statement on the form prescribed by the Tax Administrator and remit to the Tax Administrator the Tax due. The Tax due shall be no less than the quarterly installment due, but the taxpayer may prepay any amount of Tax at any time.
- (2) Tax statements and payments for all outstanding Taxes owed the City are immediately due to the Tax Administrator upon cessation of a cannabis retailer for any reason.

3.50.070: Nonpayment of Cannabis Retailer Tax; Penalties and Interest Established by Ordinance.

- (1) Any person who fails or refuses to pay any Cannabis Retailer Tax required to be paid pursuant to this Chapter 3.50 on or before the due date shall pay penalties and interest as follows:
 - (a) A penalty equal to ten percent (10%) of the amount of the Tax, in addition to the amount of the Tax, plus interest on the unpaid tax calculated from the due date of the Tax at the rate of one percent (1%) per month.
 - (b) If the Tax remains unpaid for a period exceeding three (3) calendar months beyond the due date, an additional penalty equal to twenty-five percent (25%) of the amount of the Tax, plus interest at the rate of one percent (1%) per month on the unpaid tax and on the unpaid penalties.
 - (c) These penalty provisions shall not be construed to preclude or limit the enforcement of the penal provisions of this Chapter 3.50 or the Code.
- (2) Whenever a check or electronic payment is submitted in payment of a Cannabis Retailer Tax and the payment is subsequently returned unpaid by the bank, the taxpayer will be

liable for the Tax amount due plus any fees, penalties, and interest as provided for in this Chapter 3.50, and any other amount allowed under State law.

3.50.080: Administration of the Tax.

- (1) It shall be the duty of the Tax Administrator to collect the taxes, penalties, fees, and perform the duties required by this Chapter 3.50.
- (2) For purposes of administration and enforcement of this Chapter 3.50 generally, the Tax Administrator may from time to time promulgate such administrative interpretations, rules, and procedures consistent with the purpose, intent, and express terms of this Chapter 3.50 as he or she deems reasonably necessary to implement or clarify such provisions or aid in enforcement, including but not limited to:
 - (a) Provide forms to all taxpayers for the reporting of the Tax;
 - (b) Provide information to any taxpayer concerning the provisions of this Chapter 3.50;
 - (c) Receive and record all taxes remitted to the City as provided in this Chapter 3.50;
 - (d) Maintain records of taxpayer reports and taxes collected pursuant to this Chapter 3.50;
 - (e) Assess penalties and interest to taxpayers pursuant to this Chapter 3.50; and
 - (f) Determine amounts owed and enforce collection pursuant to this Chapter 3.50.

3.50.090: Appeal Procedure.

Any taxpayer aggrieved by any decision of the Tax Administrator with respect to the amount of tax, interest, penalties, and fees, if any, due under this Chapter 3.50 may appeal to the City Council by filing a notice of appeal with the City Clerk within forty-five (45) calendar days of the serving or mailing of the determination of Tax due. The City Clerk, or his or her designee, shall fix a time and place for hearing such appeal, and the City Clerk, or his or her designee, shall give notice in writing to such cannabis retailer at the last known place of address. The finding of the City Council shall be a final administrative decision, subject to judicial review and remedies, and shall be served upon the appellant in the manner prescribed by this Chapter 3.50 for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of the notice.

3.50.100: Constitutionality and Legality.

This Tax is intended to be applied in a manner consistent with the United States and State Constitutions and State law. None of the Tax provided for by this Chapter 3.50 shall be applied in a manner that causes an undue burden upon interstate commerce, a violation of the equal protection or due process clauses of the Constitutions of the United States or the State, or a violation of any other provision of the State Constitution or State law. If a person believes that the Tax, as applied to him or her, is impermissible under applicable law, he or she may request that the Tax Administrator release him or her from the obligation to pay the impermissible portion of the Tax.

3.50.110: Apportionment.

If a cannabis retailer subject to the Tax is operating both within and outside the City, it is the intent of the City to apply the Cannabis Retailer Tax so that the measure of the Tax fairly reflects the proportion of the taxed activity actually carried on in the City. To the extent federal or State law requires that any tax due from any taxpayer be apportioned, the taxpayer may indicate said apportionment on his or her tax return. The Tax Administrator may promulgate administrative procedures for apportionment as he or she finds reasonably useful or necessary.

3.50.120: Audit and Examination of Records and Equipment.

- (1) For the purpose of ascertaining the amount of Cannabis Retailer Tax owed or verifying any representations made by any taxpayer to the City in support of his or her tax calculation, the Tax Administrator shall have the power to inspect any location where commercial cannabis activity occurs and to audit and examine all books and records (including, but not limited to bookkeeping records, State and federal income tax returns, and other records relating to the gross receipts of the business) of owners and managers of a cannabis retailer. In conducting such investigation, the Tax Administrator shall have the power to inspect any equipment, such as computers or point of sale machines, that may contain such records.
- (2) It shall be the duty of every person liable for the collection and payment to the City of any Tax imposed by this Chapter 3.50 to keep and preserve, for a period of at least seven (7) years, all records as may be necessary to determine the amount of such Tax as he or she may have been liable for the collection of and payment to the City, which records the Tax Administrator shall have the right to inspect at all reasonable times.

3.50.130: Payment of Tax Does not Authorize Unlawful Conduct.

- (1) The payment of a Cannabis Retailer Tax required by this Chapter 3.50, and its acceptance by the City, shall not entitle any person to operate as a cannabis retailer unless the person has complied with all of the requirements of the Code, MAUCRSA, and all other applicable State laws.
- (2) No Tax paid under the provisions of this Chapter 3.50 shall be construed as authorizing the conduct or continuance of any illegal or unlawful business, or any business in violation of any local or State law.
- (3) Nothing in this Chapter 3.50 shall be construed as in conflict with State or federal law.
- (4) It shall be the responsibility of the owners and managers of a cannabis retailer to ensure that the cannabis retailer is, at all times, operating in a manner compliant with the protection of public health, safety, and community standards, including all applicable State and local laws and regulations, including any subsequently enacted State or local law or regulatory, licensing, or certification standards or requirements, and any specific, additional operating procedures or requirements, which may be imposed as conditions of approval of any State or City license or permit.

3.50.140: Other Licenses, Permits, Taxes, Fees, or Charges.

Nothing contained in this Chapter 3.50 shall be deemed to repeal, amend, be in lieu of, replace or in any way affect any requirements for any permit or license required by, under or by virtue of any other provision of this Code or any other ordinance or resolution of the City Council, nor be deemed to repeal, amend, be in lieu of, replace or in any way affect any tax, fee, or other charge imposed, assessed or required by, under or by virtue of any other provision of the Code or any other ordinance or resolution of the City Council. Any references made or contained in any other provision of the Code to any licenses, license taxes, fees, or charges, or to any schedule of license fees, shall be deemed to refer to the licenses, license taxes, fees or charges, or schedule of license fees, provided for in other provisions of this Code.

3.50.150: Deficiency Determinations.

If the Tax Administrator is not reasonably satisfied that any statement filed as required under the provisions of this Chapter 3.50 is correct, or that the amount of tax is correctly computed, he or she may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in his or her possession or that may come into his or her possession within two (2) years of the date the tax was originally due and payable. One or more deficiency determinations of the amount of tax due for a period or periods may be made. When a person discontinues engaging in a business, a deficiency determination may be made at any time within two (2) years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the tax would otherwise be due. Whenever a deficiency determination is made, a notice shall be given to the person concerned in the same manner as notices of assessment are given in this Chapter 3.50.

3.50.160: Failure to Report; Nonpayment; Fraud.

- (1) Under any of the following circumstances, the Tax Administrator may make and give notice of an assessment of the amount of Tax owed by a person under this Chapter 3.50 at any time:
 - (a) If the person has not filed a complete statement required under the provisions of this Chapter 3.50;
 - (b) If the person has not paid the Tax due under the provisions of this Chapter 3.50;
 - (c) If the person has not, after demand by the Tax Administrator, filed a corrected statement, or furnished to the Tax Administrator adequate substantiation of the information contained in a statement already filed, or paid any additional amount of tax due under the provisions of this Chapter 3.50; or
 - (d) If the Tax Administrator determines that the nonpayment of any Cannabis Retailer Tax is due to fraud, a penalty of twenty-five percent (25%) of the amount of the Tax shall be added thereto in addition to penalties and interest otherwise stated in this Chapter 3.50 and any other penalties allowed by law.
- (2) The notice of assessment shall separately set forth the amount of any Tax known by the Tax Administrator to be due or estimated by the Tax Administrator, after consideration of all information within the Tax Administrator's knowledge concerning the business and activities of the person assessed, to be due under each applicable section of this Chapter

3.50 and shall include the amount of any penalties or interest accrued on each amount to the date of the notice of assessment.

3.50.170: Tax Assessment; Notice Requirements.

The notice of assessment shall be served upon the person either (1) by personal delivery; (2) by overnight delivery by a nationally-recognized courier service, or by a deposit of the notice via United States Postal Service Priority Mail Express (or a comparable service with another carrier or with the United States Postal Service, should Priority Mail Express no longer be provided) with proof of delivery, postage prepaid thereon, addressed to the person at the address of the location of the business or to such other address as he or she shall register with the Tax Administrator for the purpose of receiving notices provided under this Chapter 3.50; or (3) should the person have no address registered with the Tax Administrator for such purpose, then to such person's last known address. For the purposes of this Section 3.50.170, a service by overnight delivery shall be deemed to have occurred one (1) calendar day following deposit with a courier and service by United States Postal Service Priority Mail Express shall be deemed to have occurred three (3) calendar days following deposit of the notice.

3.50.180: Tax Assessment; Hearing, Application, and Determination.

Within forty-five (45) calendar days after the date of service, the person may apply in writing to the Tax Administrator for a hearing on the assessment. If application for a hearing before the City is not made within the time herein prescribed, the Tax assessed by the Tax Administrator shall be a final administrative decision, subject to judicial review. Within thirty (30) calendar days of the receipt of any such application for hearing, the Tax Administrator shall cause the matter to be set for hearing before him or her no later than thirty (30) calendar days after the receipt of the application, unless a later date is agreed to by the Tax Administrator and the person requesting the hearing. Notice of such hearing shall be given by the Tax Administrator to the person requesting such hearing not later than fifteen (15) calendar days prior to such hearing. At such hearing said applicant may appear and offer evidence why the assessment as made by the Tax Administrator should not be confirmed and fixed as the tax due. After such hearing the Tax Administrator shall determine and reassess the proper tax to be charged and shall give written notice to the person in the manner prescribed in this Chapter 3.50 for giving notice of assessment.

3.50.190: Relief from Taxes; Disaster Relief.

- (1) If a cannabis retailer is unable to comply with any Tax requirement due to a disaster, the cannabis retailer may notify the Tax Administrator of this inability to comply and request relief from the tax requirement. A request for relief must clearly indicate why relief is requested, the time period for which the relief is requested, and the reason relief is needed for the specific amount of time.
- (2) To obtain relief, the cannabis retailer agrees to grant the Tax Administrator access to the location where the cannabis retailer has been impacted due to a disaster.
- (3) The Tax Administrator, in his or her reasonable discretion, may provide relief from the Cannabis Retailer Tax requirement for cannabis retailer whose operations have been impacted by a disaster if such tax liability does not exceed \$100,000.00. If such Tax liability is \$100,001.00 or more, than such relief shall only be approved by the City Council.

- (4) Temporary relief from the Cannabis Retailer Tax may be granted for a reasonable amount of time as determined by the Tax Administrator or the City Council, as applicable in order to allow the cannabis retailer time to recover from the disaster.
- (5) The Tax Administrator or City Council, as applicable may require that certain conditions be followed in order for a cannabis retailer to receive temporary relief from the Cannabis Retailer Tax requirement.
- (6) For purposes of this Section 3.50.190, "disaster" means, including but not limited to, natural disasters (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves, and floods); war, hostilities, invasion, act of foreign enemies, mobilization, requisition, or embargo; rebellion, revolution, insurrection, military or usurped power, or civil war; riot, commotion, strikes, go slows, lock outs, or disorder; a pandemic; or acts or threats of terrorism.

3.50.200: Conviction for Violation; Tax Not Waived.

The conviction and punishment of any person for failure to pay the required Cannabis Retailer Tax shall not excuse or exempt such person from any civil action for the Tax debt unpaid at the time of such conviction. No civil action shall prevent a criminal prosecution for any violation of the provisions of this Chapter 3.50 or of any State law requiring the payment of all taxes.

3.50.210: Violation Deemed Misdemeanor.

Each and every material violation of the provisions of this Chapter 3.50 may be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000.00) 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 material violation is committed or permitted to continue shall constitute a separate offense.

3.50.220: 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.

3.50.230: Rights Reserved to the City Council.

Nothing in this Chapter shall be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with the express provisions of this Chapter, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between the express provisions of this Chapter and any other provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions of this Chapter, to the extent any such amendments or modifications are not in conflict with the express provisions of this Chapter.

SECTION 7. Chapter 5.20 of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby amended by being retitled from "Cannabis Permitting and Regulation" to "Cannabis Production Permitting and Regulation".

SECTION 8. Section 5.20.010 (Chapter intent and purposes) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

The intent and purpose of this chapter is to regulate commercial cannabis production activity (as defined in CMC 5.20.020) in accordance with state law (as defined in CMC 5.20.020) 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 production activity include:

- (1) To comply with the goals and guidance set forth in the Cole Memo.
- (2) To minimize the size of the illegal market for cannabis in the city and the surrounding regions.
- (3) To create jobs, revenue, and economic growth for the city and its residents.
- (4) 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.
- (5) To minimize social harms which may arise from cannabis including youth consumption or intoxicated driving.
- (6) To regulate the manner of advertising and location of cannabis permittees such that public nuisance is minimized.

SECTION 9. Subsection (c) (Cannabis permit) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

"Cannabis permit" means a permit issued by the city to conduct a commercial cannabis production activity, including, but not limited to, a cultivation permit, distribution permit, manufacturing permit, microbusiness permit, or testing.

SECTION 10. Subsection (p) (Distribution) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

"Distribution" means the procurement, sale, and transport of cannabis and cannabis products between persons authorized to engage in permitted commercial cannabis activities.

SECTION 11. Subsection (t) (Good cause) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and

Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

"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: (a) 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 production activity or breaches a term or terms of a development agreement approved by the city council pursuant to this chapter; (b) 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; (c) 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 production activity is being conducted; (d) 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; (e) 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; (f) 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; (g) 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 (h) the applicant or cannabis permittee allows for physician services to be conducted on the applicable premises.

SECTION 12. Subsection (u) (Good moral character) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

"Good moral character" means having a personal history that demonstrates the propensity to serve the public in a manner that reflects openness, honesty, fairness, and respect for the law and rights and well-being of others. In determining good moral character, the following standards shall apply: (a) 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 manner, that he or she is rehabilitated, and/or that the substance of the former offense is not substantially related to the applicable commercial cannabis production activity; and (b) a prior

conviction where the sentence, including any term of probation, incarceration, or supervised release is completed for the possession, 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 production activity.

SECTION 13. Subsection (aa) (Medicinal permittee) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

“Medicinal permittee” means a person who is issued a cannabis permit to engage in commercial cannabis production activity with respect to medicinal cannabis in accordance with applicable city law and state law, including MAUCRSA.

SECTION 14. Subsection (jj) (Premises) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

“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 production activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one cannabis permittee.

SECTION 15. Subsection (qq) (State medicinal license) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

“State medicinal license” means a state license for medicinal commercial cannabis production activities issued pursuant to state law.

SECTION 16. Section 5.20.030 (Commercial cannabis activity prohibited) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

All commercial cannabis production activity within the city is prohibited except as permitted by this chapter.

SECTION 17. Section 5.20.040 (Certain commercial cannabis activity permitted) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

Medicinal commercial cannabis production activities shall be allowed within the area set forth in the overlay zone/permit area, illustrated in Exhibit “A” to the ordinance codified in this chapter, pursuant to a development agreement adopted in accordance with the Development Agreement Law (Government Code Section 65864 et seq.) and Chapter 20.28 CMC (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.

SECTION 18. Section 5.20.050 (Business standards) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

Commercial cannabis production 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 a 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.

- (1) Commercial cannabis production 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.
- (2) Zoning and Land Use.
 - (a) Operation Near Schools, Day Cares, Youth Centers, and Places of Religious Assembly. 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 one 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 described 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, place of religious assembly, or public or private school providing instruction in kindergarten or any grades one 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.
 - (b) Co-Location. All commercial cannabis production 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.
 - (c) Development Agreement.
 - (i) Prior to commencing operations, all cannabis permittees shall enter into a development agreement with the city.
 - (ii) 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.

- (iii) Except as specified, commercial cannabis production activities shall not exceed the square footage authorized pursuant to the applicable development agreement.
 - (iv) All premises shall be located in the permit zone pursuant to the applicable development agreement.
- (3) Commercial cannabis production activity is allowed only within fully enclosed and secure structures that are inaccessible to minors.
- (4) 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.
- (5) From any public right-of-way, there shall be no visible evidence of the consumption of any cannabis products. Commercial cannabis production 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.
- (6) Hours of operation limits, if any, shall be specified in terms mutually agreed upon in a development agreement.
- (7) All cannabis and cannabis products shall be kept in a secured manner during all business and nonbusiness hours.
- (8) All commercial cannabis production activities shall operate within premises that are compliant with all applicable state laws and local laws.
- (9) 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.
- (10) 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 or public right-of-way. Any violation of this section shall be remedied within 30 days of the cannabis permittee receiving notice of such violation.
- (11) 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.
- (12) 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.

- (13) 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.
- (14) 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.
- (15) Physician services shall not be provided at any premises.
- (16) 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.
- (17) 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.
- (18) All cannabis permittees must comply with the following security requirements:
 - (a) General Security Requirements.
 - (i) 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, seven 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 production activity occurs, e.g., the cultivation area for a cultivator.
 - (ii) The premises shall be armed 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.
 - (iii) Entrance to any storage areas shall be locked at all times and under the control of staff of the cannabis permittee.
 - (iv) 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.

- (v) All windows on the premises shall be appropriately secured with all cannabis and cannabis products securely stored.
 - (vi) 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.
 - (vii) 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.
- (b) Security Alarm Systems – Minimum Requirements.
- (i) Each premises shall have a security alarm system installed by a licensed alarm company on all perimeter entry points and perimeter windows.
 - (ii) 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.
 - (iii) 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.
- (c) Lock Standards. At a minimum, all points of ingress and egress shall be secured with commercial-grade, nonresidential door locks.
- (d) Video Surveillance Requirements.
- (i) 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.
 - (ii) All video surveillance records and recordings must be stored in a secure area that is only accessible to the management staff of the cannabis permittee.
 - (iii) 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.
 - (iv) 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.
 - (v) 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 "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 and recording all activity as provided in this section.

- (vi) 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.

(e) Video Surveillance Equipment.

- (i) 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 printer capable of delivering still photos.
- (ii) 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.
- (iii) 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.
- (iv) 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.

(f) Placement of Cameras and Required Camera Coverage.

- (i) 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.
- (ii) All entrances and exits to the premises shall be recorded from both indoor and outdoor vantage points.
- (iii) The system shall be capable of recording all predetermined 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.
- (iv) 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.

- (v) Cameras shall also be placed at each location where weighing, packaging, preparation, tagging activities or other distribution preparation activities occur.
 - (vi) At least one camera must be dedicated to record the access points to the secured surveillance recording area.
- (g) Location and Maintenance of Surveillance Equipment.
- (i) 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.
 - (ii) 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.
 - (iii) 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 meet or exceed all of the standards applicable to on-site monitoring.
 - (iv) 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.
- (h) Video Recording Retention Requirements.
- (i) All camera views of all recorded areas must be continuously recorded 24 hours a day.
 - (ii) 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.
 - (iii) 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.

- (iv) The date and time must be embedded on all surveillance recordings without significantly obscuring the picture.
 - (v) 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.
 - (vi) 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 proceedings for which the recording may contain relevant information.
- (i) 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.
- (19) 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.
- (20) 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 of a search warrant, subpoena, or court order, and subject to appropriate fees, as specified in the development agreement, or adopted by the city.

SECTION 19. Section 5.20.060 (Application and fee requirements) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

- (1) 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.

- (2) Prior to operating in the city, each cannabis permittee shall timely and fully pay all fees associated with the establishment of commercial cannabis production 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:
- (a) Application fee for accepting a registration application, due and payable in full at the time an application is submitted;
 - (b) 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;
 - (c) 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;
 - (d) 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 are submitted to the city;
 - (e) Permit renewal fee for the cost to 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
 - (f) Any fees set forth in the applicable development agreement.

SECTION 20. Section 5.20.070 (Permit conditions) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

- (1) A cannabis permit application may be denied and not awarded by the city if:
- (a) 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.
 - (b) The proposed premises or commercial cannabis production activity at the premises is not allowed by state law or city law.
 - (c) The applicant is not a legal representative of the proposed cannabis permittee.
 - (d) The applicant or any of its officers, directors, owners, managers, or employees is under 21 years of age.
 - (e) 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.

- (f) 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 three years.
 - (g) The applicant or the applicant's agent(s) has engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices.
 - (h) 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.
 - (i) The applicant has not satisfied all requirement of this chapter.
 - (j) For good cause, as defined in this chapter.
- (2) A cannabis permit shall be awarded by the city to applicants in accordance with the process established by the city manager.
- (3) 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.
- (4) 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 are located.
- (5) 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 production activities and to protect the public.
- (6) 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 production activity of such cannabis permittee.
- (7) Each cannabis permittee shall:
- (a) 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.
 - (b) 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 production activities, and any action taken by the cannabis permittee pursuant to this chapter. Such indemnification may be set forth in the applicable development agreement.
 - (c) 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 production 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.

- (d) 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 production activity, or any action taken by the cannabis permittee pursuant to this chapter.
- (8) 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.
- (9) Transfer.
 - (a) 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 production business authorized pursuant to the cannabis permit.
 - (b) 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.
 - (c) 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.
 - (d) 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.
 - (e) 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.

- (f) The city manager shall develop and promulgate a process for the renewal of cannabis permits and the establishment of related fees, in accordance with applicable laws.
- (10) 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 production activities, or for the other activities of any cannabis permittee or for any other activities taking place at the premises.
- (11) **Changing, Altering, or Modifying Location.**
 - (a) 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.
 - (b) 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 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.
 - (c) 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 production activity.

SECTION 21. Section 5.20.080 (Enforcement and appeals) of Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

- (1) Any commercial cannabis production activity within the city in violation of this chapter is hereby declared to be unlawful and a public nuisance.
- (2) Any person who willfully or knowingly (a) engages in a violation of this chapter or (b) 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.

- (3) Any violation of this chapter shall constitute a separate offense for each and every day the violation occurs or persists.
- (4) 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 to which shall be punishable by a fine of up to \$1,000 for each violation and for each day the applicable violation continues to persist.
- (5) Any person in violation of any provision of this chapter shall be punishable by an administrative fine of up to \$1,000 per offense.
- (6) 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:
 - (a) 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.
 - (b) The cannabis permittee's commercial cannabis production activities cease for more than 90 calendar days.
 - (c) Ownership of the cannabis permittee is changed without approval from the city.
 - (d) The licensed commercial cannabis production activity moves from the licensed premises to a different, unauthorized location.
 - (e) 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.
- (7) 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 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.
- (8) These penalties and remedies are cumulative, and in addition to any other penalties and remedies available to the city.

SECTION 22. Section 5.20.130 (Medicinal cannabis and cannabis products distribution) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

- (1) 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.
- (2) Scope – Medicinal Cannabis Only. This section permits and regulates the commercial cannabis production activity of distribution of medicinal cannabis and cannabis products based within the city 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 based within the city pursuant to and in accordance with state law, including MAUCRSA. Distribution of cannabis and cannabis products based within the city requires a development agreement with the city and must be located within the applicable permit zone.
- (3) “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.
- (4) 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.
- (5) 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.
- (6) In addition to the application requirements in CMC 5.20.060, 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.
- (7) 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.
- (8) 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.

SECTION 23. Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby amended by adding Subsection (xx) (Commercial production cannabis activity) to read as follows:

(xx) "Commercial cannabis production activity" means all forms of commercial cannabis activity except delivery, dispensing, and retail sale(s). "Delivery", "dispensing", and "retail sale(s)" are defined in Section 20.88.040 of the CMC.

SECTION 24. Subsection (II) (Retail delivery establishment) of Section 5.20.020 (Definitions) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

"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.

SECTION 25. Section 5.20.120 of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby amended by being retitled from "Medicinal cannabis and cannabis products retail delivery (retail delivery only, dispensaries prohibited)" to "Medicinal cannabis and cannabis products retail delivery as a legal nonconforming use".

SECTION 26. Section 5.20.120 (Medicinal cannabis and cannabis products retail delivery (retail delivery only, dispensaries prohibited)) of Chapter 5.20 (Medical and Adult Use Commercial Cannabis) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is hereby repealed in its entirety and amended to read as follows:

Effective immediately, the city shall cease issuing or renewing retail delivery permits pursuant to this chapter. The retail delivery of medicinal cannabis and cannabis products in compliance with state law, including MAUCRSA, pursuant to a retail delivery permit issued under this chapter may continue as a legal nonconforming use pursuant to Chapter 20.80 of the CMC so long as such retail delivery is limited to medicinal cannabis and cannabis products and otherwise in compliance with this chapter and Section 5.30.200 of the CMC.

SECTION 27. Chapter 5.20 (Cannabis Permitting and Regulation) of Title 5 (Business Licenses and Regulations) of the City Municipal Code is further amended by the addition of a new Section 5.20.160 entitled "Rights Reserved by the City", which shall state as follows:

Provisions of this Chapter adopted by a vote of the People of the City shall not be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with such, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between provisions of this Chapter that have been adopted by a vote of the People of the City and any provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code adopted by the City Council. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions approved by a vote of the People of the City, to the extent any such amendments or modifications are not in conflict with the provisions of this Chapter that have been approved by a vote of the People of the City.

SECTION 28. Subsection Cannabis of Section 20.88.040 (C definitions) of Chapter 20.88 (Definitions) of Title 20 (Zoning) of the City Municipal Code is hereby amended to read as follows:

Cannabis.

“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 zoning code, “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.

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

“Commercial cannabis production activities” means all forms of commercial cannabis activity except delivery, dispensing, and retail sale(s).

“Day care center” or “childcare facility”, for purposes of cannabis regulations only, means a facility, other than a family day care home, serving infant, toddler, preschool, and school age children licensed by the California Department of Social Services pursuant to Section 1596.951 of the California Health & Safety Code. Pursuant to the authority delegated by the State of California to the City under Section 26054(b) of the California Business & Professions Code, this definition of “day care center” under this Section 20.88.040 shall override the definition of “day care center” in MAUCRSA at Section 26001 of the California Business & Professions Code.

“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.

“Dispensary” or “retailer” or “cannabis retailer” means a location 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 or cannabis business that dispenses cannabis, cannabis products, or devices for the use of cannabis or cannabis products, including a cannabis business that delivers cannabis and cannabis products.

“Dispensing” or “retail sale(s)” means any commercial cannabis activity involving the retail sale of cannabis or cannabis products from a retailer.

"MAUCRSA" means the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified at California Health and Safety Code Sections 11018 et seq., 11362.7, California Business and Professions Code Section 26001 et seq., California Revenue and Tax Code Section 34010 and California Food and Agriculture Department Code Section 81000 et seq., as may hereinafter be amended.

"Place of religious assembly" means a facility used for religious worship and incidental religious education and/or activities, but not including (i) private schools as defined in this Chapter, (ii) facilities used for religious worship and incidental religious education located in residences or multitenant buildings, or (iii) facilities used for used solely for administrative functions incidental to religious worship and incidental religious education and/or activities.

"School", for purposes of cannabis regulations only, means as evidenced by the California Department of Education school directory, a public school instructing children in grades kindergarten through 12, as authorized by the California Department of Education or a private school instructing children in grades kindergarten through 12 that has filed a verification of private school affidavit with the California Department of Education pursuant to Section 33190 of the California Education Code, excluding any private school in which education is primarily conducted in a private home. Pursuant to the authority delegated by the State of California to the City under Section 26054(b) of the California Business & Professions Code, this definition of "school" under this Section 20.88.040 shall override the definition of "school" used in MAUCRSA or Section 11362.768 of the California Health & Safety Code.

"Youth center" means, for purposes of cannabis regulations only, 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 (A) any public or private facility that is primarily used to host recreational or social activities for minors such as private youth membership organizations or clubs, social service teenage club facilities or (B) a park, playground, or recreational area specifically designed to be used by children that may have play equipment installed, including public grounds designed for athletic activities such as baseball, softball, soccer, or basketball or any similar facility located on a public or private school grounds, or on City, County, or parks. "Youth center" shall not include any private martial arts, yoga, ballet, music, or similar studio of this nature nor shall it include any private athletic training facility, pizza parlor, restaurant, video arcade, dentist office, or doctor's office primarily serving children. Pursuant to the authority delegated by the State of California to the City under Section 26054(b) of the California Business & Professions Code, this definition of "youth center" under this Section 20.88.040 shall override the definition of "youth center" in MAUCRSA at Section 26001 of the California Business & Professions Code.

SECTION 29. Part 2 (Urban Agriculture Overlay Zone (-UA)) of Chapter 20.32 (Overlay Zones) of Title 20 (Zoning) of the City Municipal Code is hereby amended to read as follows:

PART 2 – Urban Agriculture Overlay Zone (-UA).

20.32.040: Intent and Purpose.

It is the purpose and intent of the City to regulate commercial cannabis production activity in a manner that is consistent with state statutes and that promotes the health, safety, and general welfare of the residents and businesses within the community, while limiting any negative impacts. It is also the intent of the City to encourage urban agriculture within the community. The Urban Agriculture Overlay Zone is established for this purpose.

20.32.050: Applicability.

Commercial cannabis production activities, ~~except retail dispensaries that are open to the public for point-of-sale purchases~~, shall be allowed within the Urban Agriculture Overlay Zone pursuant to a development agreement adopted in accordance with the Development Agreement Law (Gov. Code, § 65864 et seq.) and Chapter 20.84 PART 9 CMC. No such activities shall be permitted without a development agreement within or outside of the boundaries of the Urban Agriculture Overlay Zone. The City may approve or deny a development agreement in its sole discretion. In addition to the requirements in this chapter, all activities shall comply with Chapter 5.20 of the Municipal Code. Notwithstanding the above, cannabis retailers shall be a permitted use in the Urban Agriculture Overlay Zone without a development agreement but subject to both the described application criteria and Chapter 5.30.

20.32.060: Prohibitions.

Adult-use commercial cannabis production activities and medicinal commercial cannabis production activities, as both are described in state law, including but not limited to the Medicinal and Adult Use Cannabis Regulation and Safety Act, are hereby prohibited unless otherwise allowed in this section.

20.32.070: Particular Restrictions for Atlantic Avenue.

No cannabis-related business commercial cannabis production activities or cannabis retailer shall be located within the Urban Agriculture Overlay Zone as shown on the zoning map nor on any property fronting Atlantic Avenue with a storefront frontage facing Atlantic Avenue unless such cannabis business commercial cannabis production activity or cannabis retailer employs and effectuates a business model with a primary entertainment purpose.

20.32.080: Urban Agriculture.

Urban agriculture, excluding cannabis horticulture, shall be permitted by right subject to described application criteria within the Urban Agriculture Overlay Zone. Any outdoor urban agriculture (other than commercial cannabis) shall be subject to the operating standards in Chapter 20.52 PART 17 (Urban Agriculture).

20.32.090: Prohibition on New Schools, Day Care Centers, and Youth Centers, and Places of Religious Assembly.

- A. Within the Urban Agriculture Overlay Zone. The establishment of any new public or private schools or tutoring centers providing instruction in kindergarten or any grades 1 through 12 unless otherwise mandated under state or federal law, day care center, or youth center, or place of religious assembly is prohibited within the Urban Agriculture Overlay Zone, or within 600 feet of the boundaries of the Urban Agriculture Overlay Zone, unless otherwise mandated under state or federal law. An existing public or private school or tutoring center providing instruction in kindergarten or any grades 1 through 12, day care center, or youth

center, or place of religious assembly located within the Urban Agriculture Overlay Zone, or within 600 feet of the boundaries of the Urban Agriculture Overlay Zone shall be considered legal nonconforming, in accordance with Chapter 20.80 (Legal Nonconforming), but shall still be considered a sensitive use pursuant to Section 5.30.050 for the establishment of any cannabis retailer in the Urban Agriculture Overlay Zone.

- B. In adjacent zones. The following restrictions apply to the following uses in all zones pursuant to Tables 20.16-1, 20.20-1, and 20.28-1:

1. Schools, public and private, or tutoring centers, in residential zones. Schools, public and private, or tutoring centers providing instruction in kindergarten or any grades 1 through 12 unless otherwise mandated under state or federal law, are prohibited if located within 600 feet of a residential zone located within the Urban Agriculture Overlay Zone as shown on the zoning map, unless otherwise mandated under state or federal law.
2. Day care centers. Day care centers and family day care homes occupying any portion of the Civic Mixed-Use Zone or any residential zone are prohibited if located within 600 feet of the Urban Agriculture Overlay Zone as shown on the zoning map, unless otherwise mandated under state or federal law.
3. Schools, business and professional in mixed-use zones. Schools which provide instruction in kindergarten or any grades 1 through 12 that occupy any portion the Civic Mixed-Use Zone are prohibited if located within 600 feet of the Urban Agriculture Overlay Zone as shown on the zoning map, unless otherwise mandated under state or federal law.

20.32.100: Temporary Permits for Local Events – Rights Reserved.

The City reserves the right to issue temporary permits to cannabis retailers licensed permitted pursuant to Chapter 5.30 (Cannabis Retailers) 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 Urban Agriculture Overlay Zone, pursuant to the provisions of Subdivision (e) of Business and Professions Code Section 26200.

20.32.110: Development Standards.

- A. Purpose. These provisions are established to ensure all commercial cannabis production activity facilities and all cannabis retailers meet the City's design and landscape standards; policies, goals and programs of the general plan; and the City's economic development activities, including community beautification, parking reduction and street improvement efforts. All commercial cannabis production activity development shall comply with the following development standards.
- B. Landscaping Standards.
1. All new commercial cannabis production activity development must include landscaping using drought tolerant, California-native trees, shrubs and succulents or other approved plants, and in compliance with Chapter 20.68 CMC (Low Impact Development Measures).

2. Landscaping may include surface planters, aboveground planters, building side planters, rooftop gardens, and other innovative planting solutions approved by the City as part of the review of cannabis retailers permit under Chapter 5.30 or the a Commercial Cannabis Permit and Development Agreement under Chapter 5.20 (Cannabis Production Permitting and Regulation).
 3. A five-foot wide landscape planter may be required at the front of new and existing buildings. Exceptions may be made for existing buildings with no existing front yard setback.
 4. New development and new parking lots shall, at a minimum, comply with parking lot landscaping standards in Section 20.64.070 and any additional requirements for the Entertainment Zone pursuant to Section 20.20.030.
 5. A landscaping plan, designed by a licensed landscape architect or arborist, or other City-approved landscape professional, shall be submitted in conjunction with the application for a Commercial Cannabis Permit and Development Agreement under Chapter 5.20 (Cannabis Production Permitting and Regulation).
- C. Parking Standards. See Table 20.64-1 for vehicle parking and Section 20.64.090 for bicycle parking.
- D. Façade improvements. All new commercial cannabis permit applications under Chapter 5.20 (Cannabis Production Permitting and Regulation) must include a Façade Improvement Plan for City approval. The plan must include fencing, security walls or other screening plan; new paint, siding or other building improvement materials, in a color scheme approved by the City; new paving (as needed), parking striping, or other site improvements, as determined by the City as part of the Commercial Cannabis Permit/Development Agreement review under Chapter 5.20 (Cannabis Production Permitting and Regulation) and in compliance with Section 20.56.070 (General Architectural Standards).
- E. Fencing.
 1. Security screening. Security screening (fencing, walls, or other screening features) must be provided along the front perimeter of all Commercial Cannabis production activity facilities. Fencing may be constructed between 8 feet and 10 feet in height along the front property line setback and up to 15 feet in height in the rear or side yard, at the discretion of the City.
 2. Fence and wall materials: Allowed materials for fences and walls include, but are not limited to, decorative and reinforced metals, wrought iron, concrete and block. Alternative materials may be allowed with City approval. Chain-link and razor wire are strictly prohibited.

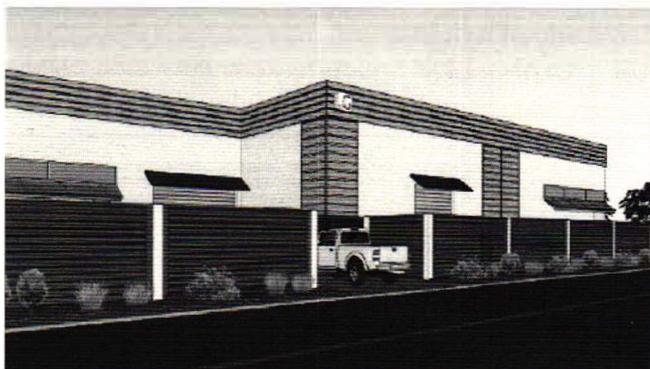


Figure 20.32-1
8-foot security wall with vehicular access

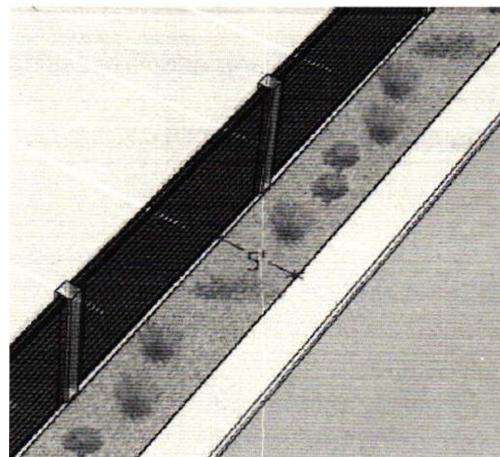


Figure 20.32-2
Typical 8-foot security wall with 5-
foot setback

SECTION 30. Chapter 20.32 of Title 20 (Zoning) of the City Municipal Code is hereby amended by the addition of a new Part 3 entitled "Miscellaneous", Section 2.32.120 entitled "Rights Reserved by the City", which shall state as follows:

Provisions of this Chapter adopted by a vote of the People of the City shall not be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with such, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between provisions of this Chapter that have been adopted by a vote of the People of the City and any provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code adopted by the City Council. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions approved by a vote of the People of the City, to the extent any such amendments or modifications are not in conflict with the provisions of this Chapter that have been approved by a vote of the People of the City.

SECTION 31. Table 20.20-1 (Permitted and Conditionally Permitted Uses in Commercial and Industrial Zones) of Section 20.20.020 (Use Regulations) of Chapter 20.20 (Commercial and Industrial Zones) of Title 20 (Zoning) of the City Municipal Code is hereby amended by the amendment of the following land uses:

	P	Permitted Use
	CUP	Conditional Use Permit
	A	Accessory Use
	--	Not Permitted

Land Use	NC	ENT	I-Ind	LI	Specific Use Regulations
<u>Industry, Manufacturing and Processing, and Warehousing Uses</u>					
<u>Commercial cannabis production activity business</u>	--	CUP	CUP	CUP	Commercial cannabis permit and development agreement required. 20.32 Part 2 (Urban Agriculture Overlay Zone)
<u>Cannabis retailer</u>	--	P	P	P	<u>Retail cannabis business permit required.</u> <u>5.30 (Cannabis Retailers)</u>
Wholesaling, distribution, warehousing and storage	--	A	A	A	Permitted only as accessory to <u>a commercial cannabis production activity business</u> pursuant to 20.32 Part 2, or accessory to a light industrial use or other permitted use.

SECTION 32. Chapter 20.20 (Commercial and Industrial Zones) of Title 20 (Zoning) of the City Municipal Code is hereby amended by the addition of a new Section 20.28.100 entitled "Rights Reserved to the City", which shall state as follows:

Provisions of this Chapter adopted by a vote of the People of the City shall not be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with such, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between provisions of this Chapter that have been adopted by a vote of the People of the City and any provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code adopted by the City Council. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions approved by a vote of the People of the City, to the extent any such amendments or modifications are not in conflict with the provisions of this Chapter that have been approved by a vote of the People of the City.

SECTION 33. Table 20.28-1 (Permitted and Conditionally Permitted Uses in Mixed-Use Zones) of Section 20.28.020 (Use Regulations) of Chapter 20.28 (Commercial and Industrial Zones) of Title 20 (Zoning) of the City Municipal Code is hereby amended by the addition of the following land use:

	P	Permitted Use
	CUP	Conditional Use Permit
	A	Accessory Use

	--	Not Permitted	
Land Use	CMU	CivicMU	Specific Use Regulations
Retail Uses			
<u>Cannabis retailer</u>	--	P	<u>Retail cannabis business permit required.</u> <u>5.30 (Cannabis Retailers)</u>

SECTION 34. Chapter 20.28 (Mixed-Use Zones) of Title 20 (Zoning) of the City Municipal Code is hereby amended by the addition of a new Section 20.20.080 entitled "Rights Reserved to the City", which shall state as follows:

Provisions of this Chapter adopted by a vote of the People of the City shall not be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with such, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between provisions of this Chapter that have been adopted by a vote of the People of the City and any provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code adopted by the City Council. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions approved by a vote of the People of the City, to the extent any such amendments or modifications are not in conflict with the provisions of this Chapter that have been approved by a vote of the People of the City.

SECTION 35. Table 20.64-1 (Number of Required Parking Spaces) of Section 20.64.040 (Required number of spaces) of Chapter 20.64 (Off-Street Parking and Loading) of Title 20 (Zoning) of the City Municipal Code is hereby amended by the amendment and addition of the following land uses:

Land Use	Minimum Number of Spaces Required
Commercial Cannabis <u>Production Activity</u> Facilities	1 parking space for every 2 employees during the peak shift. The city council may reduce the number of spaces as part of the commercial cannabis permit and development agreement review if existing site conditions limit compliance.
<u>Cannabis Retailer</u>	<u>1 space/400 sf of building area</u>

SECTION 36. Chapter 20.64 (Off-Street Parking and Loading) of Title 20 (Zoning) of the City Municipal Code is hereby amended by the addition of a new Section 20.64.130 entitled "Rights Reserved to the City", which shall state as follows:

Provisions of this Chapter adopted by a vote of the People of the City shall not be construed to supersede, repeal, nullify, or otherwise render inapplicable or unenforceable any other provision of the City Municipal Code not in conflict with such, including but not limited to non-conflicting provisions of Title 15 through 20 of the City Municipal Code. In the event of any conflict or inconsistency between provisions of this Chapter that have been adopted by a vote of the People

of the City and any provisions of the City Municipal Code adopted by the City Council, the provision of this Chapter shall govern and control but only to the limited extent of the conflict or inconsistency and no further. All such conflicts or inconsistencies shall be construed narrowly so as to allow for the broadest application of all other provisions of the City Municipal Code adopted by the City Council. The City Council further reserves and retains the right to amend or modify, in its sole and absolute discretion, any and all provisions of the City Municipal Code, excluding the provisions approved by a vote of the People of the City, to the extent any such amendments or modifications are not in conflict with the provisions of this Chapter that have been approved by a vote of the People of the City.

SECTION 37. Sensitive Uses. The People of the City find that the definitions of the sensitive uses (day care centers, schools, youth centers, and places of religious assembly) under the amendment to Section 5.30.030 of the City Municipal Code in this Measure are subject to some degree of interpretation. However, the People of the City also find that certainty regarding the identification of sensitive uses (day care centers, schools, youth centers, and places of religious assembly) under the amendments to Sections 5.30.030 and 5.30.060 of the City Municipal Code in this Measure is required to carry out the purpose and intent of the Measure so that People, the City, and prospective applicants can clearly identify where and where not lawful cannabis retailers under this Measure may be located. Accordingly and pursuant to the authority delegated by the State to the People of the City under Section 26054(b) of the State Business & Professions Code and overriding the location and design requirements contained in Section 26054(b) of the State Business & Professions Code, the following sensitive uses (day care centers, schools, youth centers, and places of religious assembly) and only the following sensitive uses (day care centers, schools, youth centers, and places of religious assembly) located on the following County Assessor's Identification Numbers and only the following County Assessor's Identification Numbers shall be considered under the amendment to Section 5.30.070 of the City Municipal Code in this Measure for the purpose of the initial establishment of cannabis retailers pursuant to the initial iteration of the cannabis retailer application procedure under the amendment to Section 5.30.070 of the City Municipal Code in this Measure (to include any review and scoring of any applications pursuant to the objective review criteria and quantitative evaluation scale under the amendment to Section 5.30.070(4) of the City Municipal Code in this Measure). Only following the initial iteration of the cannabis retailer application procedure and the initial issuance of retail cannabis business permits under the amendment to Section 5.30.070 of the City Municipal Code in this Measure, may the City Manager (his or her designee(s)) reinterpret the following list of sensitive uses (day care centers, schools, youth centers, and places of religious assembly) and County Assessor's Identification Numbers for the purpose of subsequent iterations of the cannabis retailer application procedure under the amendment to Section 5.30.070 of the City Municipal Code in this Measure, change in location applications under the amendment to Section 5.30.130 of the City Municipal Code in this Measure, and any iterations of the application procedure for commercial cannabis activity other than retailers under the amendment to Section 5.30.080 of the City Municipal Code in this Measure.

Name	Sensitive Use Type	County Assessor's Identification Number(s)
Baldwin Park USD Tricies Headstart Elizabeth	Day Care Center	6226-024-907, 6226-024-901, 6226-024-903, 6226-024-904, 6226-024-905, 6226-024-906, 6226-024-909, 6226-024-900, 6226-024-902, 6226-024-908, 6226-025-900, 6226-032-903, 6226-031-901, 6226-031-900

Name	Sensitive Use Type	County Assessor's Identification Number(s)
Bell Gardens Elementary School	School	6227-026-900
Bell High School	School	6325-025-900
Clara Street Park	Youth Center	6226-020-904
Centro Evangelistico Ebenezer	Place of Religious Assembly	6226-021-020, 6226-021-013 6226-021-021
Cudahy Park	Youth Center	6224-015-901, 6224-014-904, 6224-014-905
Cudahy Preschool Academy	Day Care Center	6226-025-020, 6226-031-030
Cudahy River Park	Youth Center	6226-027-901
Elizabeth Learning Center	School	6226-024-907, 6226-024-901, 6226-024-903, 6226-024-904, 6226-024-905, 6226-024-906, 6226-024-909, 6226-024-900, 6226-024-902, 6226-024-908, 6226-025-900, 6226-032-903, 6226-031-901, 6226-031-900
Ellen Ochoa Learning Center	School	6226-004-920, 6226-004-921, 6226-007-946, 6226-007-945
Ellen Ochoa Learning Center State Preschool	Day Care Center	6226-004-920, 6226-004-921, 6226-007-946, 6226-007-945
Jaime Escalante Elementary	School	6225-006-908, 6225-006-909, 6225-006-910, 6225-006-901, 6225-006-903, 6225-006-900, 6225-006-904, 6225-006-905, 6225-006-907, 6225-006-902, 6225-006-906
Julia Russ Asmus Park	Youth Center	6227-027-903
Lugo Park	Youth Center	6225-031-910, 6225-031-911, 6225-031-908, 6225-031-909
Ministerios Una Voz Profetica	Place of Religious Assembly	6224-035-040
Options for Youth	Other	6224-005-032
Park Avenue Elementary School	School	6224-013-900, 6224-001-900, 6224-014-903, 6224-013-903, 6224-014-902
South Region Early Education Center #1	Day Care Center	6225-005-903
Theresa Hughes Elementary School	School	6225-027-901, 6225-027-904, 6225-027-903, 6225-027-905, 6225-027-906, 6225-027-902, 6225-027-900, 6225-031-906, 6225-031-903, 6225-031-905, 6225-031-904, 6225-031-912
Theresa Hughes Elementary School	Day Care Center	6225-027-901, 6225-027-904, 6225-027-903, 6225-027-905, 6225-027-906, 6225-027-902, 6225-027-900, 6225-031-906,

Name	Sensitive Use Type	County Assessor's Identification Number(s)
		6225-031-903, 6225-031-905, 6225-031-904, 6225-031-912

SECTION 38. Re-codifying and Renumbering. The City Council reserves and retains the right to re-codify and/or renumber City Municipal Code provisions adopted pursuant to this Measure provided that such recodification does not change the purpose and intent of this Measure or alter the text of this Measure in a manner that is conflict with the purpose and intent of this Measure.

SECTION 39. Categorically Exempt from CEQA. The People of the City find that the actions contemplated by this Measure, including the issuance of retail cannabis business permits, are categorically exempt from the California Environmental Quality Act ("CEQA") under Section 15060(c)(2) and Section 15060(c)(3) of Title 14 of the State Code of Regulations and the holding by the State Supreme Court in *Tuolumne Jobs & Small Business Alliance v. Superior Court* (2014) 59 Cal.4th 1029. Further, the People of the City find that pursuant to Table 20.28-1 of Section 20.28.020 of Chapter 20.28 of Title 20 of the City Municipal Code as codified by this Measure, cannabis retailers are a use permitted subject to described application criteria in certain zoning districts within the City. As permitted in those zoning districts, cannabis retailers are similar to already existing permitted general uses in those zoning districts with the only difference being the type of product being delivered or sold.

SECTION 40. Conflicting Measures. This Measure is intended to be comprehensive. It is the intent of the People of City that in the event this Measure and one or more measures relating to the authorization, regulation, and taxation of cannabis retail sales in the City appear on the same ballot, the provisions of such other measure or measures shall be deemed to be wholly in conflict with this Measure. Accordingly, in the event that this Measure receives a greater number of affirmative votes than such other measures, the provisions of this Measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void. Among those other measures on the same ballot that are deemed to be wholly in conflict with this Measure is that certain measure initiated by voter initiative petition and identified as "The Cudahy Marijuana Retail Sales Regulation and Taxation Measure" ("Initiative Petition Measure"). If this Measure is approved by a majority of the voters but, conversely, does not receive a greater number of affirmative votes than any other measure appearing on the same ballot regarding the authorization, regulation, and taxation of cannabis retail sales in the City, including the Initiative Petition Measure, then this Measure shall take effect to the extent not in conflict with said other measure or measures or to the extent the Initiative Petition Measure is inconsistent or in conflict internally and such internal inconsistency or conflict cannot be reasonably harmonized applying applicable rules and doctrines of statutory construction established under State law.

SECTION 41. Inconsistencies. Any provision of the City Municipal Code or appendices thereto inconsistent with the provisions of this Measure, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to affect the provisions of this Measure.

SECTION 42. Severability. If any provision, section, paragraph, sentence, phrase, or word of this Measure is rendered or declared invalid, illegal, or unconstitutional by any final action in a court of competent jurisdiction or by reason or any preemptive legislation, such unconstitutionality illegality or invalidity shall only affect such provision, section, paragraph, sentence, phrase, or word and shall not affect or impair any remaining provisions, sections,

paragraphs, sentences, phrases, or words, or the application of this Measure to any other person or circumstance, and to that end, the provisions hereof are severable. It is hereby declared to be the intention of the People of the City that that this Measure would have been adopted had such unconstitutional illegal or invalid provision, section, paragraph, sentence, phrase, or word not been included herein.

SECTION 43. Liberal Construction. This Measure is an exercise of the initiative power of the People of the City to provide for safe and regulated access to cannabis and cannabis products, and shall be liberally construed to effectuate that purpose.

SECTION 44. Legal Defense. If approved by a simple majority of voters, and thereafter challenged in court of competent jurisdiction, the City shall defend this Measure in such court of competent jurisdiction. The People of the City by approving this Measure by a simple majority of voters hereby declare that the proponent(s) of this Measure have a direct and personal stake in defending this Measure from constitutional or statutory challenges to this Measure's validity or implementation. In the event the City fails to defend this Measure, or the City fails to appeal an adverse judgment against this Measure, in whole or in part, in any court of competent jurisdiction, this Measure's proponent(s) shall be entitled to assert his, her, or their direct personal stake by defending this Measure's validity and implementation in any court of competent jurisdiction and shall be empowered by the People through this Measure to act as agents of the People of the City, and the City shall indemnify the proponent(s) for reasonable attorneys' fees.

SECTION 45. Effective Date. This Measure shall be in full force and effect upon the tenth day following certification by the City Council of the election returns indicating passage of this Measure by a majority of the voters casting votes on this Measure.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Cudahy on this 12th day of December 2022.



Elizabeth Alcantar
Mayor

ATTEST:



Richard Iglesias
City Clerk

CERTIFICATION

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

I, Richard Iglesias, City Clerk of the City of Cudahy, hereby certify that the foregoing Ordinance No. 730 was introduced for a first reading on the 10th day of August 2022 and approved for a second reading and adopted by said Council at its regular meeting held on the 12th day of December 2022 by the following vote, to-wit:

AYES: Lomelí, Gonzalez, and Alcantar
NOES: None
ABSTAIN: None
ABSENT: Lozoya, and Guerrero



Richard Iglesias
City Clerk