

Martin Fuentes, Chairman
Elizabeth Alcantar, Vice Chairperson
Leslie Mendoza, Commissioner
Richard Corvera-Hernandez, Commissioner
Susie de Santiago, Commissioner



CUDAHY CITY
COUNCIL CHAMBERS
5240 Santa Ana Street
Cudahy, CA 90201
Phone: (323) 773-5143
Fax: (323) 771-2072

AGENDA

A SPECIAL MEETING OF THE CUDAHY PLANNING COMMISSION Monday, July 31, 2017 – 6:30 P.M.

*“Members of the Public are Advised that all **PAGERS, CELLULAR TELEPHONES** and any **OTHER COMMUNICATION DEVICES** are to be **turned off** upon entering the City Council Chambers.” If you need to have a discussion with someone in the audience, kindly step out into the lobby.*

Written materials distributed to the Planning Commission within 72 hours of the meeting are available for public inspection immediately upon distribution in the City Clerk’s Office at City Hall located at 5220 Santa Ana Street, Cudahy, CA 90201.

In compliance with the Americans with Disabilities Act (ADA) if you need special assistance to participate in this meeting, you should contact the City Clerk’s Office at (323) 773-5143.

1. CALL TO ORDER

2. ROLL CALL

Commissioner Corvera-Hernandez
Commissioner de Santiago
Commissioner Mendoza
Vice Chairperson Alcantar
Chairman Fuentes

3. PLEDGE OF ALLEGIANCE

4. PRESENTATIONS - NONE

5. PUBLIC COMMENTS

(Chairperson: This is the time set aside for citizens to address the Planning Commission on matters relating to Commission business. When addressing the Commission please speak into the microphone and voluntarily state your name and address. **Each person will be allowed to speak only once and will be limited to five (5) minutes.** The proceedings of this meeting are recorded on audio CD.

6. WAIVE FULL READINGS

- A. Approval to waive the full reading of all resolutions on the agenda and declare that said titles which appear on the public agenda shall be determined to have been read by title only.

Recommendation: To waive the full text reading of all resolutions on the agenda.

7. NEW BUSINESS

Presentation on Cannabis Cultivation

8. PUBLIC HEARING

- A. Code Amendment/Ordinance amending Title 5 (Business Licenses AND Regulations) and Title 20 (Zoning) of the Cudahy Municipal Code to Prohibit Cannabis Retailers/Dispensaries Citywide and to Establish Regulations and a Discretionary Review Process for the Allowance of Medicinal-Only Commercial Cannabis Activities (Cultivation, Distribution, Manufacturing, Deliveries, Microbusiness, and Laboratory Testing) in a Specified Overlay Zone through a Development Agreement

Recommendation:

Staff recommends that the Planning Commission of the City of Cudahy (the "City"):

1. Conduct a public hearing; and
2. Approve Planning Commission Resolution No. 17-03 entitled:

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF CUDAHY, CALIFORNIA CITY COUNCIL OF THE CITY OF CUDAHY, CALIFORNIA, RECOMMENDING TO THE CUDAHY CITY COUNCIL APPROVAL OF CODE AMENDMENT/ORDINANCE NO. 673 AMENDING TITLE 5 (BUSINESS LICENSES AND REGULATIONS) AND TITLE 20 (ZONING) OF THE CUDAHY MUNICIPAL CODE TO PROHIBIT CANNABIS RETAILERS/DISPENSARIES CITYWIDE AND TO ESTABLISH REGULATIONS AND A DISCRETIONARY REVIEW PROCESS FOR THE ALLOWANCE OF MEDICINAL-ONLY COMMERCIAL CANNABIS ACTIVITIES (CULTIVATION, DISTRIBUTION, MANUFACTURING, DELIVERIES, MICROBUSINESS, AND LABORATORY TESTING) IN A SPECIFIED OVERLAY ZONE THROUGH A DEVELOPMENT AGREEMENT.

9. BUSINESS SESSION - NONE

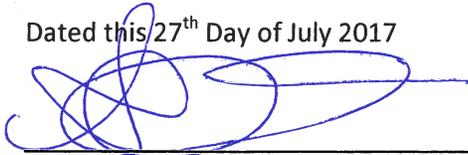
10. COMMISSION BUSINESS - NONE

11. COMMISSION COMMENTS

12. ADJOURNMENT

I Salvador Lopez Jr., hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted at Cudahy City Hall, Bedwell Hall, Clara Park, Lugo Park, and the City's Website not less than 24 hours prior to the meeting. A copy of said Agenda is on file in the Community Development Department.

Dated this 27th Day of July 2017



Salvador Lopez Jr.
Interim Community Development Manager



AGENDA REPORT

MEETING DATE: July 31, 2017

TO: Honorable Chair & Planning Commission Members

FROM: Salvador Lopez Jr., Interim Community Development Manager
Joaquin Vazquez, Deputy City Attorney

SUBJECT: Code Amendment/Ordinance amending Title 5 (Business Licenses AND Regulations) and Title 20 (Zoning) of the Cudahy Municipal Code to Prohibit Cannabis Retailers/Dispensaries Citywide and to Establish Regulations and a Discretionary Review Process for the Allowance of Medicinal-Only Commercial Cannabis Activities (Cultivation, Distribution, Manufacturing, Deliveries, Microbusiness, and Laboratory Testing) in a Specified Overlay Zone through a Development Agreement

RECOMMENDATION:

Staff recommends that the Planning Commission of the City of Cudahy (the "City"):

1. Conduct a public hearing; and
2. Approve Planning Commission Resolution No. 17-03 recommending City Council approval of Code Amendment/Ordinance No. 673 to prohibit cannabis retail dispensaries Citywide and to establish regulations and a discretionary review process for the allowance of medicinal-only commercial cannabis activities (cultivation, distribution, manufacturing, deliveries, and laboratory testing) in a specified overlay zone through a Development Agreement.

BACKGROUND/PROJECT DESCRIPTION:

1. In 1996, the California Legislature approved Proposition 215, also known as the Compassionate Use Act (the "CUA"), which was codified under Health and Safety Code Section 11262.5 et seq. and was intended to enable persons in need of medical marijuana for specified medical purposes, such as cancer, anorexia, AIDS, chronic pain, glaucoma and arthritis, to obtain and use marijuana under limited circumstances and where recommended by a physician. The CUA provides that "nothing in this section shall be construed or supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes."
2. In 2004, the California Legislature enacted the Medical Marijuana Program Act (Health & Saf. Code, § 11362.7 et seq.)(the "MMP"), which clarified the scope of the CUA, created a state-approved voluntary medical marijuana identification card program, and authorized cities to adopt and enforce rules and regulations consistent with the MMP.

Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to “[a]dopt local ordinances that regulate the location, operation, or establishment of a medical marijuana cooperative or collective” and to civilly and criminally enforce such ordinances.

The Federal Controlled Substances Act (21 U.S. C., § 801 et seq.) makes it unlawful under federal law for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute, or dispense marijuana. Despite such federal prohibition, on August 29, 2013, the United States Department of Justice issued a memorandum (the “Cole Memo”) stating that, notwithstanding the federal classification of marijuana as a schedule 1 controlled substance, jurisdictions that have legalized marijuana in some form are less likely to be subject to federal enforcement under the Controlled Substances Act if they have implemented strong and effective regulatory and enforcement systems to follow eight guiding principles: (1) preventing the distribution of marijuana to minors; (2) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (3) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (4) preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (5) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (6) preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; (7) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and (8) preventing marijuana possession or use on federal property.

3. In September 2015, the California State Legislature enacted, and Governor Brown signed into law three bills – Assembly Bill 243, Assembly Bill 266, and Senate Bill 643 – which together comprise the Medical Marijuana Regulation and Safety Act (the “MMRSA”). The MMRSA created a comprehensive dual state licensing system for the cultivation, manufacture, retail, sale, transport, distribution, delivery, and testing of medical cannabis.
4. On August 22, 2016, the City Council of the City of Cudahy (the “City Council”) adopted Interim Urgency Ordinance No. 656U to establish a temporary moratorium on medical “commercial cannabis activities,” as defined under the MMRSA, for a period of 45 days and extended such moratorium for an additional period of 22 months and 15 days under Interim Urgency Ordinance No. 661, on September 26, 2016.

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

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

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

6. On June 27, 2017, Governor Brown signed the Legislature-approved Senate Bill 94. SB 94 combined elements of the MCRSA and AUMA to establish a streamlined singular regulatory and licensing structure for both medical and nonmedical cannabis activities given that there were discrepancies between the MCRSA and AUMA. The new consolidated provisions under SB 94 is now known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) to be governed by the California Bureau of Cannabis Control. MAUCRSA refers to medical cannabis as “medicinal cannabis” and nonmedical/recreational cannabis as “adult-use cannabis.”
7. On June 27, 2017, the as part of an Economic Development Ad Hoc Committee presentation on revenue-generating opportunities, commercial cannabis regulations and strategies were offered to and discussed by the City Council. Based upon such discussion and direction from the Economic Development Ad Hoc Committee and City Council, the City seeks to establish an overlay zone in the City in which certain medicinal-only commercial cannabis activities can be conducted in accordance with MAUCRSA and the City’s police power under Section 7 of Article XI of the California Constitution.

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

The City intends to be on the forefront of groundbreaking research, science, innovation, and development of treatment for symptoms and cures in the field of medicinal cannabis, as scientific research, studies, and data have established that medicinal cannabis can help patients with a vast array of medical conditions. The City also desires to reduce the illegal market for cannabis while minimizing the chances of social harm and creating jobs and revenue for the City.

ANALYSIS & DISCUSSION:

City Authority to Ban or Regulate Any or All Commercial Cannabis Activities. Under MAUCRSA, businesses engaged in cannabis are said to engage in “commercial cannabis activities,” which are defined as cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products. Beginning on January 1, 2018, the state will begin issuing state licenses for businesses to conduct commercial cannabis activities in two categories: (1) medicinal; and (2) adult-use. MAUCRSA authorizes the City to prohibit or allow any or all medicinal commercial cannabis activities and adult-use commercial cannabis activities within its boundaries.

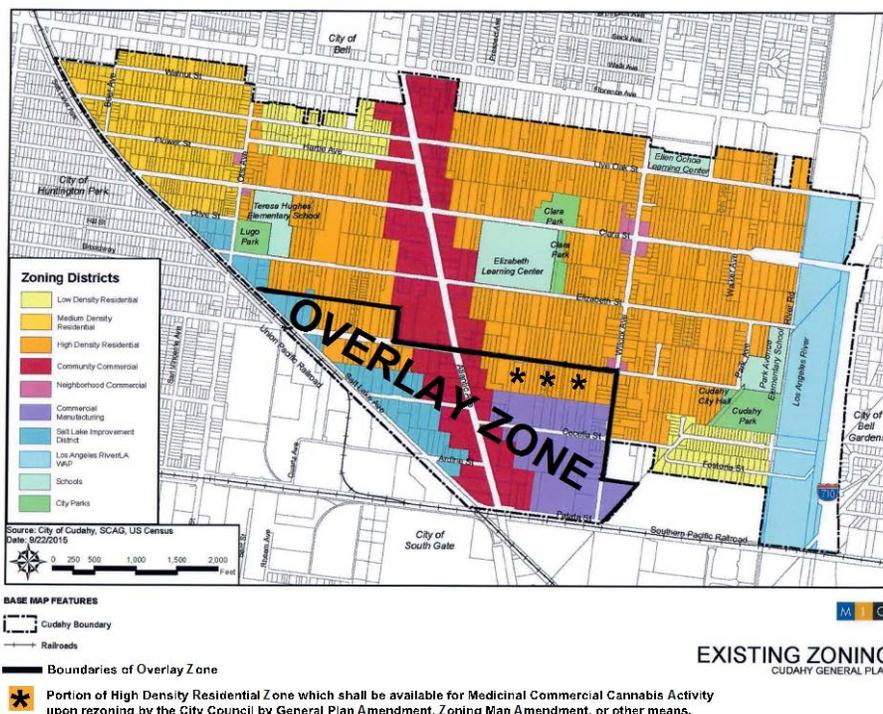
Economic Development Ad Hoc Committee Direction Regarding Medicinal Commercial Cannabis Activities. After reviewing options for commercial cannabis activities relating to bans,

regulations, and best practices in other jurisdictions, the Economic Development Ad Hoc Committee determined that the City should ban all adult-use commercial cannabis activities and develop a permitting and regulatory process for all medicinal commercial cannabis activities, with the exception of retail point-of-sale dispensary activities. Upon such direction, staff has developed the proposed Code Amendment, which would allow the regulated establishment of medicinal commercial cannabis cultivation, distribution, manufacturing, deliveries, and laboratory testing. Any business seeking to conduct such business activities must obtain a development agreement with the City.

Development Agreement. A Development Agreement is a contract between the City and a project proponent to establish terms for land uses pertaining to a specific property. The proponent obtains vested land use rights and the City can negotiate specific terms, such as fees, facilities, or other public benefits, that it otherwise could not legally impose as conditions of approval, because the terms of negotiated development agreements are not subject to the Mitigation Fee Act or takings law. With regard to processing and approval, each development agreement for each proposed medicinal cannabis business would require both Planning Commission and City Council approval. Two readings by ordinance would be required for such City Council approval, pursuant to Government Code Section 65867.5.

Zoning (Title 20) Components of the Proposed Code Amendment. The proposed Code Amendment would ban: (1) all adult-use commercial cannabis activities in the City and (2) medicinal retail dispensaries that provide point-of-sale purchases of cannabis and cannabis products. The proposed Code Amendment would also establish an overlay zone in the City (the “Overlay Zone”) in which the permissible medicinal commercial cannabis activities can occur (upon approval of a Development Agreement and securing of other requisite approvals and permits).

The proposed Code Amendment would prohibit future public and private schools (serving grades kindergarten or 1 through 12), day care centers, and youth centers within 600 feet of the Overlay Zone in order to maximize the space available for permissible medicinal commercial cannabis activities. Under state law, no commercial cannabis activity can be licensed which is located within 600 feet of a public or private school, day care, or youth center.



The graphic above illustrates the boundaries of the Overlay Zone. With regard to medicinal cannabis businesses proposing locations on Atlantic Avenue, no such business with a storefront facing Atlantic Avenue shall be permitted unless such business employs and effectuates a business model with a primary entertainment purpose. In addition, medicinal cannabis businesses shall not be located within a specific portion of the existing High Density Residential Zone identified in the graphic above unless it is rezoned by the City Council, as is conditionally contemplated by the proposed General Plan and Zoning amendments.

Regulatory Business (Title 5) Components of the Proposed Code Amendment. The proposed Code Amendment would establish a process under which applicants can obtain local approval for the permitted medicinal commercial cannabis activities outlined above.

A so-called City Permit would memorialize City approval of a medicinal commercial cannabis business. In order to secure a City Permit, a proposed applicant would have to complete and file an initial application (including payment of requisite fees), undergo a background check as part of the City's review process of applicants, which shall be based on a merit-based point system in which applicants are scored and the highest ranked applicants move forward in the process for further City review and discretionary consideration. The point system shall be established and approved by City Council resolution and award points for potential factors such as community outreach and education, local hiring, and monetary benefits. Candidates that move forward would be authorized to apply for a development agreement with the City, which would be processed in accordance with Cudahy Municipal Code Chapter 20.28. Upon finalization of a development agreement and an applicant's securing of all requisite permits and approvals, the City could issue a City Permit.

City Permits can be specifically authorized in specific regard to the proposed type of business, so the proposed Code Amendment provides for a Cultivation Permit, Distribution Permit, Manufacturing Permit, Microbusiness Permit, Retail Delivery Permit, and Testing Permit. City Permits would be valid for 12 months from the date of issuance unless timely renewed. Under state law, persons can obtain licenses in multiple business categories, with the exception of those engaged in laboratory testing.

As part of the application process, applicants shall:

- Identify the location and obtain an affidavit from the property owner showing consent to the use of the property for medicinal cannabis business operations;
- Provide information on the applicant and applicant's agents;
- Submit to a background check;
- Be subject to denial if false statements are made on the application, the proposed activity is prohibited, the applicant is not an authorized representative, the applicant or its agents have been convicted of certain felonies or misdemeanors, except cannabis-related offenses for which conviction occurred prior to the Compassionate Use Act became effective;
- Commit to threshold insurance requirements and indemnify the City and its agents from liability; and
- Reimburse the City for all costs and fees related to the processing and evaluation of a City Permit.

The proposed Code Amendment also would establish business standards for medicinal cannabis businesses, in addition to the additional standards that may be imposed by the City, Planning Commission, and/or City Council through the development agreement negotiation and approval process. The proposed Code Amendment standards, include, but are not limited to the following:

- State law, including MAUCRSA, must be complied with;
- Activity must be inaccessible to minors and conducted in fully enclosed, secure structures;
- Signage cannot contain logos or information that identify the services or products offered and must comply with City signage protocol and standards;
- Hours of operation may be imposed;
- Taxes and fees, including infrastructure improvement fees, must be paid;
- Odor-minimizing ventilation and exhaust systems must be implemented to prevent odor nuisance;
- Track-and-trace software must be utilized and in line with the state's developing seed-to-sale tracking system;
- Alcohol and/or tobacco cannot be consumed, sold, or stored;
- Physician services to provide medicinal cannabis recommendations are prohibited;
- On-site consumption of cannabis or cannabis products is prohibited unless such activity is authorized in a microbusiness by the City;
- An on-site representative of the business must be available to receive notice and address concerns from the City and public regarding operational problems with the business;
- Security plans are required, which include, but are not limited to, 24-hour security cameras, alarms, sufficient illumination, secure locking mechanisms, remote monitoring of live camera footage in publicly accessible areas, submission to City and Los Angeles County Sheriff's Department inspections;
- Maintenance of accurate books and records and conduct of annual audits by an independent certified public accountant; and
- Additional requirements as may be imposed by the City Manager in furtherance of the public, health, safety, and/or welfare.

With regard to enforcement, violations of the provisions of the proposed Code Amendment are deemed unlawful and a public nuisance. Violations will be subject to administrative and criminal enforcement, including a \$1,000 administrative fine per offense and a \$1,000 criminal fine and/or six months in jail. Violations would also subject a business to permit revocation or suspension, subject to applicable due process.

The proposed Code Amendment also sets forth specific requirements and regulations relating to permit holders of a Cultivation Permit, Distribution Permit, Manufacturing Permit, Microbusiness Permit, Retail Delivery Permit, and/or Testing Permit. Such requirements include, but are not limited to, packaging and labeling requirements for edibles, security and advertising limits for deliveries, and testing device standards.

City of Cudahy General Plan Consistency. In accordance with Government Code Section 65855, the proposed Code Amendment is consistent with the General Plan, specifically, Goal 7 of the General Plan and Policies 7.1, 7.2, 7.4, and 7.6 therein, which are set forth below:

- **General Plan Goal 7.** Develop an economic development strategy for the City.
- **Economic Development Policy 7.1.** Work towards the expansion and diversification of the local economic base.
- **Economic Development Policy 7.2.** Encourage developments that would increase the City's tax base.
- **Economic Development Policy 7.4.** Increase employment opportunities to help raise the incomes of local residents.
- **Economic Development Policy 7.6.** Develop programs to maximize the commercial potential of Atlantic Avenue and increase the economic base of the City.

The proposed action would diversify the City's economic development strategy by introducing a new business model and market to the City, enhance the local economic base by creating new business venture opportunities, encourage the increase of the tax base by bringing new businesses subject to fees and exactions into the City, create new jobs through the development of a new industry with its labor demands, and maximize the potential of Atlantic Avenue by allowing for a new industry to operate and flourish within the portions of Atlantic Avenue in the Overlay Zone.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

The environmental impacts of the proposed action has been reviewed pursuant to the provisions of the California Environmental Quality Act (Public Resources Code Sections 21000, et seq. ("CEQA")), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*), and the City's Local CEQA Guidelines. The actions contemplated by the proposed Code Amendment are exempt from CEQUA pursuant to Section 15061(b)(3) and 15305 of the CEQA Guidelines, in that the Code Amendment alone does not have the potential for causing a significant effect on the environment. Further permits and approvals will be required before any activity that will affect the environment will be permitted. In addition, Business and Professions Code Section 26055 exempts local ordinances, such as the proposed Code Amendment, from CEQA that authorizes commercial cannabis activity through discretionary review and approval.

ATTACHMENT:

1. Resolution No. PC 17-03 (with proposed Code Amendment/Ordinance No. 673 attached thereto).

RESOLUTION NO. 17-03

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF CUDAHY, CALIFORNIA CITY COUNCIL OF THE CITY OF CUDAHY, CALIFORNIA, RECOMMENDING TO THE CUDAHY CITY COUNCIL APPROVAL OF CODE AMENDMENT/ORDINANCE NO. 673 AMENDING TITLE 5 (BUSINESS LICENSES AND REGULATIONS) AND TITLE 20 (ZONING) OF THE CUDAHY MUNICIPAL CODE TO PROHIBIT CANNABIS RETAILERS/DISPENSARIES CITYWIDE AND TO ESTABLISH REGULATIONS AND A DISCRETIONARY REVIEW PROCESS FOR THE ALLOWANCE OF MEDICINAL-ONLY COMMERCIAL CANNABIS ACTIVITIES (CULTIVATION, DISTRIBUTION, MANUFACTURING, DELIVERIES, MICROBUSINESS, AND LABORATORY TESTING) IN A SPECIFIED OVERLAY ZONE THROUGH A DEVELOPMENT AGREEMENT

WHEREAS, pursuant to California Constitution Article XI, Section 7, the City of Cudahy (the "City") has the authority to enact local planning and land use regulations to protect the public health, safety, and welfare through its police power;

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

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

WHEREAS, the Federal Controlled Substances Act (21 U.S. C., § 801 et seq.) makes it unlawful under federal law for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute, or dispense marijuana. Despite such federal prohibition, on August 29, 2013, the United States Department of Justice issued a memorandum (the "Cole Memo") stating that, notwithstanding the federal classification of marijuana as a schedule 1 controlled substance, jurisdictions that have legalized marijuana in some form are less likely to be subject to federal

enforcement under the Controlled Substances Act if they have implemented strong and effective regulatory and enforcement systems to follow eight guiding principles: (1) preventing the distribution of marijuana to minors; (2) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (3) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (4) preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (5) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (6) preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; (7) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and (8) preventing marijuana possession or use on federal property;

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

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

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

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

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

extended such moratorium for an additional period of 22 months and 15 days under Interim Urgency Ordinance No. 667, on February 27, 2017;

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

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

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

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

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

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

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

WHEREAS, the Planning Commission conducted a duly noticed public hearing on July 31, 2017 concerning the prospective approval of Code Amendment/Ordinance No. 673;

WHEREAS, evidence, both written and oral, was duly presented to and considered by the Planning Commission at such public hearing; and

WHEREAS, after the close of such public hearing, the Planning Commission considered all public comments received both before and during the public hearing, the

presentation by City staff, the relevant staff report, and all other pertinent documents regarding the proposed Code Amendment/Ordinance No. 673.

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF CUDAHY, COUNTY OF LOS ANGELES, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The recitals set forth above are true and correct and incorporated into the body of this Resolution by this reference.

SECTION 2. This Resolution constitutes the required written recommendation to the City Council required in accordance with Government Code Section 65855.

SECTION 3. Findings.

A. CEQA. The actions contemplated by Code Amendment/Ordinance No. 673 are exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) and 15305 of the Guidelines, in that the Ordinance alone does not have the potential for causing a significant effect on the environment. Further permits and approvals will be required before any activity that will affect the environment will be permitted. In addition, Business and Professions Code Section 26055 exempts local ordinances from CEQA that authorizes commercial cannabis activity through discretionary review and approval.

B. General Plan Consistency. Code Amendment/Ordinance No. 673 is consistent with the General Plan, including, but not limited to, Goal 7 of the General Plan and Policies 7.1, 7.2, 7.4, and 7.6. Code Amendment/Ordinance No. 673 would diversify the City's economic development strategy by introducing a new business model and market to the City, enhance the local economic base by creating new business venture opportunities, encourage the increase of the tax base by bringing new businesses subject to fees and exactions into the City, create new jobs through the development of a new industry with its labor demands, and maximize the potential of Atlantic Avenue by allowing for a new industry to operate and flourish within the portions of Atlantic Avenue in the specified overlay zone.

C. Based upon the conclusions in the recitals and findings set forth above, the Planning Commission recommends City Council approval of Code Amendment/Ordinance 673, which is attached hereto as Attachment "1."

D. The Secretary of the Planning Commission of the City of Cudahy shall certify to the adoption of this Resolution and shall cause a copy of the same to be forwarded to the City Clerk and City Council for review and consideration.

PASSED, APPROVED AND ADOPTED by the Planning Commission of the City of Cudahy at its regular meeting on this 31st day of July 2017.

PASSED AND APPROVED THIS 31st DAY OF JULY, 2017 BY THE FOLLOWING ROLL CALL VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairman

ATTEST:

APPROVE AS TO FORM:
OLIVAREZ MADRUGA
ASSISTANT CITY ATTORNEY

Salvador Lopez Jr., Deputy Secretary

By: _____
Lloyd Pilchen

ATTACHMENT "1": CODE AMENDMENT/ORDINANCE NO. 673

ORDINANCE NO. 673

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 20.120 – Commercial Cannabis Overlay Zone.

20.120.010 Definitions

For purposes of this Chapter [XX], the following definitions shall apply:

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

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

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

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

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

20.120.020 Prohibitions.

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

20.120.030 Overlay zone.

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

absolute discretion.

20.120.040 Particular restrictions for Atlantic Avenue.

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

20.120.050 Indoor Horticulture.

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

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

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

20.120.070 Temporary permits for local events – rights reserved.

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

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

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

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

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

federal law.

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

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

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

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

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

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

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

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

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

Chapter 5.20 – Cannabis Permitting and Regulation.

5.20.010 Section Intent and Purposes.

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

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

5.20.020 Definitions.

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

- (a) “**Cannabis**” means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. Cannabis also means the separated resin, whether crude or purified, obtained from cannabis. Cannabis also means marijuana as defined by Section 11018 of the California Health and Safety Code as enacted by Chapter 14017 of the Statutes of 1972. Cannabis does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation

of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter 5.18, Cannabis does not mean industrial hemp as that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

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

(c) “**Cannabis Permit**” means a permit issued by a city in the State (as defined below), including the City, and a license issued by the State, in each case, in accordance with, and to the extent required by, applicable State Law, in order to participate in a Commercial Cannabis Activity, such as Cultivation, Manufacturing, Distribution, Testing, or retail Delivery.

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

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

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

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

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

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

(j) “**City Permittee**” means a Person that has been issued a City Permit.

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

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

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

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

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

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

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

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

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

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

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

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

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

(x) “**Manufacturing Permit**” means a City Permit to Manufacture in accordance with the terms and conditions of this Chapter and the conditions of approval for the applicable City Permit issued to the particular Manufacturing Permittee.

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

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

(aa) “**Microbusiness**” means a commercial medicinal cannabis business facility of cultivation of medicinal cannabis on areas less than 10,000 square feet and also acts as a licensed distributor, manufacturer, and Delivery-only retailer,

pursuant to State Law, including MAUCRSA. Microbusinesses shall not be open to the public for point-of-sale retail Cannabis sales.

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

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

(dd) “**Outdoors**” means any location within the City that is not within a Fully Enclosed and Secure Structure

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

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

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

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

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

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

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

(ll) “**State**” means the State of California.

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

(nn) “**State Medicinal License**” means a State license for medicinal commercial cannabis activities issued pursuant to State Law.

(oo) “**Testing**” means the activities conducted by a Testing Laboratory.

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

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

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

“**Volatile Solvent**” means a Class I Flammable liquid as defined by the National Fire Protection Association, including butane and propane.

5.20.030 Commercial Cannabis Activity Prohibited.

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

5.20.040 Certain Commercial Cannabis Activity Permitted. Medicinal Commercial Cannabis Activities, except retail dispensaries that are open to the public for point-of-sale purchases, shall be allowed within the area set forth in the overlay zone/Permit Area illustrated in Exhibit “A” to City Council Ordinance No. 673 pursuant to a development agreement adopted in accordance with the Development Agreement Law (Gov. Code, § 65864 et seq.) and Cudahy Municipal Code Chapter 20.28 (Development Agreements). No such activities shall be permitted without a Development Agreement within or outside of the boundaries of such overlay zone. The City may approve or deny such a Development Agreement in its sole and absolute discretion.

5.20.050 Business standards.

Commercial Cannabis Activity within the City shall be in conformance with the following standards, in addition to those additional standards that may be imposed through negotiated Development Agreement:

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

(b) Zoning and Land Use.

(1) Operation Near Schools, Day Cares, and Youth Centers. Following the enactment of this Chapter, no new Cannabis Premises shall be established, developed, or operated within 600 feet of a day care, youth center, or public or private school providing instruction in kindergarten or any grades 1 through 12 that is in existence at the time the City 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 Cannabis Premises are, or will be, located to the nearest property line of those uses describe in this Subsection. The restrictions set forth in this Subsection shall not apply to Cannabis Premises which operate within 600 feet of any day care, youth center, or public or private school providing instruction in kindergarten or any grades 1 through 12, if such Cannabis Premises existed prior to the establishment of the applicable day care, youth center, or school that is located within 600 feet of such Cannabis Premises.

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

(3) Development Agreement.

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

b) All Cannabis 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 Cannabis Premises is located.

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

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

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

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

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

- (f) Hours of operation limits, if any, shall be specified in terms mutually agreed upon in a Development Agreement.
- (g) All Cannabis and Cannabis Products shall be kept in a secured manner during all business and nonbusiness hours.
- (h) All Commercial Cannabis Activities shall operate within Cannabis Premises that are compliant with all applicable State Laws and local laws.
- (i) City Permittees must pay all applicable taxes pursuant to all federal, State, and local laws, including, but not limited to, fees relating to infrastructure improvements within the Permit Zone.
- (j) City Permittees shall provide sufficient odor absorbing ventilation and exhaust systems so that odors outside the applicable Cannabis Premises are not a nuisance on any adjacent property of public right-of-way. Any violation of this Section shall be remedied within thirty (30) days of the City Permittee receiving notice of such violation.
- (k) City Permittees shall utilize product and inventory tracking software and accounting software that is in-line with reasonable business practices within the industry and the seed-to-sale tracking software being developed by the State
- (l) Except permitted in this Chapter, on-site smoking, ingestion, or consumption of Cannabis or Cannabis Products shall be prohibited on Cannabis Premises. Except to the extent otherwise permitted pursuant to this Chapter, the entrance of the Cannabis Premises shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming Cannabis, Cannabis Products or alcohol on such Cannabis Premises is prohibited.
- (m) Signage for all Cannabis Premises shall be in compliance with the City's sign code and application for all signs must be submitted to the City's Planning Division and comply with its sign permitting protocol.
- (n) Alcoholic beverages and tobacco shall not be sold, stored, distributed, or consumed on the Cannabis Premises. City 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 Cannabis Premises. In addition, alcohol shall not be provided, stored, kept, located, sold, dispensed, or used on the Cannabis Premises.
- (o) Physician Services shall not be provided at any Cannabis Premises.
- (p) The Cannabis Premises shall fully comply with all applicable rules, regulations, and laws including, but not limited to, zoning and building City Codes, the City's business license ordinances, the Revenue and Taxation Code, the Americans with Disabilities Act, and MAUCRSA.
- (q) Each City 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 City Permittee to whom the City and the public can provide notice if there are any operational problems associated with such City Permittee's Cannabis Premises. Each City Permittee shall make reasonable

and good faith efforts to encourage residents and the public to call this representative to resolve any operational problems before any calls or complaints are made to the City or law enforcement.

(r) All Cannabis Premises shall have a security plan that satisfies the following requirements:

- (1) Security cameras shall be installed and maintained in good condition at all times. The areas to be covered by the security cameras include, but are not limited to, Retail Delivery, Cultivation, Manufacturing, processing, Transportation, Testing, and Distribution areas, all doors and windows, and any other areas as reasonably determined by the City Manager, designee, and/or Los Angeles County Sheriff's Department. Requirements for the camera system include:
 - a) The cameras shall be in use 24 hours per day, seven days per week.
 - b) The applicable City Permittee shall maintain at least 30 concurrent days of digitally recorded documentation.
 - c) The use of a remote login system for remote monitoring. Remote log-in information shall be provided to the City Manager, designee, and/or and/or Los Angeles County Sheriff's Department to allow them to view, from their own facilities, the security camera images and recordings of footage of Cannabis Premises pertaining to publicly accessible common areas.
 - d) Any disruption in security camera images shall be cured expeditiously in good faith.
 - e) With respect to enclosed and secure spaces utilized solely for Cultivation and to avoid damaging the light cycles of Cannabis crops, cameras that do not utilize infrared or other supplemental light may be utilized provided that such Cultivation space is fully locked and secured with a keypad, keycard, smartlock or other system which records the time and identity of those accessing such Cultivation space.
- (2) Cannabis Premises shall be secured with an alarm system that is operated and monitored by an independent third-party security company.
- (3) Entrance to the Cannabis Premises, and all storage areas therein, shall be locked at all times, and under the control of the Cannabis Premise's staff.
- (4) The entrances and all window areas shall be illuminated during evening hours. The Cannabis Premises shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etcetera, and shall secure the necessary lighting approvals and permits as needed.
- (5) All windows on the Cannabis Premises shall be appropriately secured and all Cannabis securely stored.

(6) Recordings made by the security cameras shall be made available to the City Manager, the City Manager's designee, or law enforcement upon verbal request—no search warrant or subpoena shall be needed to view the recorded materials.

(s) For the purpose of making reasonable inspections to observe and enforce compliance with this Chapter and all City laws and State Law, the City Manager, the City Manager's designee, and law enforcement shall have the right to enter the Cannabis Premises at any time, unannounced. To ensure security, such right shall be subject to the applicable party being able to present the applicable Cannabis Permittee a valid identification showing that they are the City Manager, the City Manager's designee, or law enforcement with jurisdiction in the City.

(t) Pursuant to this Section, the City, City Manager, law enforcement and other agents and employees of the City (collectively, the "City Parties") shall have access to Cannabis Premises, video footage, business records, data, inventory levels and information relating to customers, vendors, products, plans and agreements (collectively, "Confidential Information"). To the extent Confidential Information is viewed or possessed by any City Parties, the City Parties shall, to the maximum extent possible, keep such Confidential Information confidential, not disclose the Confidential Information to any third-parties, and shall only use the Confidential Information for purposes specified in this Ordinance or other laws and regulations of the City related to the City Permittees from whom such Confidential Information has been received. Notwithstanding the foregoing, the City may disclose Confidential Information: (i) as may be required by the California Public Records Act or pursuant to a valid subpoena or court order, provided, however, that the City shall first notify the applicable City Permittee and provide the City Permittee with a reasonable opportunity to obtain a protective order before disclosing the Confidential Information, and (ii) in connection with any City enforcement proceeding relating to compliance with the City's Municipal Code and this Section, but only to the extent the Confidential Information is relevant to the proceeding.

(u) Each City 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 City 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 permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or designee.

The City Manager is hereby authorized to formulate and impose additional Business Requirements applicable to City Permittees in furtherance of the public health, safety, and/or welfare.

5.20.060 Application requirements.

(a) All applicants wishing to obtain a Cannabis Permit from the City shall file an application with the City upon a form approved by the City and shall pay a permit application fee as established by the City. The application form, application process (including the evaluation of applicants on a merit-based point system-basis and establishment of due process procedures) and related fee shall be established by City Council Resolution. The fee may vary depending on the type of City Permit. An application for a City Permit shall include at least the following information:

- (1) The address of the applicant's headquarters.
 - (2) The size of the proposed Cannabis Premises.
 - (3) The address of the location for which the City Permit is sought.
 - (4) A site plan and floor plan for the proposed Cannabis Premises denoting the use of all areas on the Cannabis Premises, including storage areas, lighting, signage, etcetera.
 - (5) A proposed security plan in compliance with the standards in this Chapter.
 - (6) The names, addresses, and relevant criminal histories of those with an ownership interest of twenty percent (20%) or more of the entity proposing to be a City Permittee and any Person who will be a facility manager or otherwise responsible for the Commercial Cannabis Activity at the Cannabis Premises (collectively, 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.
 - (7) The name and address of the owner and lessor of the real property upon which the Cannabis Premises is proposed to be located. In the event the applicant is not the legal owner of the property, the application must be accompanied with a signed affidavit from the owner of the property that Commercial Cannabis Activity will occur on the property.
 - (8) Authorization for the City Manager or the City Manager's designee to seek verification of the information contained within the application.
 - (9) Evidence that the Cannabis Premises will be located in a Cannabis Premises that is compliant with all applicable State Laws and City laws.
 - (10) A statement in writing by the applicant that the applicant certifies under penalty of perjury that all the information contained in the application is true and correct.
 - (11) Any such additional and further information as is deemed necessary by the City Manager or the City Manager's designee to administer this Chapter.
- (b) The City Manager or the City Manager's designee shall conduct a background check of any applicant seeking a City Permit, including the Applicant's Agents, and shall prepare a report on the acceptability of the

applicant and the Applicant's Agents and the suitability of the proposed location of the Cannabis Premises.

(c) The City Manager or the City Manager's designee shall rank all qualified applications in order of those that best satisfy the requirements of this Chapter and provide the highest level of service and opportunities for residents of the City based on the requirements of this Section, including, but are not limited to, the following criteria:

- (1) The operational plan for the Cannabis Premises.
- (2) The security plan for the Cannabis Premises.
- (3) The experience of the operators of the Cannabis Premises with respect to Cannabis businesses.
- (4) The adequacy of capitalization for the City Permittee and its operations.
- (5) The employment of City residents and other public benefits to the City.

5.20.070 Permit conditions.

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

- (1) The applicant or the Applicant's Agents has made one or more false or misleading statements or omissions in the application or during the application process.
- (2) The proposed Cannabis Premises or Commercial Cannabis Activity at the Cannabis Premises is not allowed by State Law or City law.
- (3) The applicant is not a legal representative of the proposed City Permittee.
- (4) The applicant or the Applicant's Agents have been convicted of a felony, or a misdemeanor involving moral turpitude, or the illegal use, possession, distribution, transportation, or any such similar activity related to controlled substances, with the exception of Cannabis related offenses for which the conviction occurred prior to passage of Compassionate Use Act. A conviction within the meaning of this Section means a plea or verdict of guilty or a conviction following a plea of nolo contendere.
- (5) The applicant or the Applicant's Agents have engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices.
- (6) 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.
- (7) The applicant has not satisfied all requirement of this Chapter.
- (8) Other good cause, as determined by the City Manager or designee.

(b) A Cannabis Permit shall be awarded by the City to applicants in accordance with the merit-based point system evaluation process established by Resolution of the City Council

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

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

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

(f) Each City 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 City Permit and the related Commercial Cannabis Activity of such City Permittee.

(g) Each City Permittee shall:

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

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

(3) Defend the City, at the City Permittee's sole expense, in any action against the City or its agents, officers, officials, or employees associated with the City Permit, the City Permittee's Commercial Cannabis Activities, or any action taken by the City 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 City Permittee of its indemnification and reimbursement obligations.

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

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

(i) In order for a City Permittee to transfer its City Permit to any Person, such City Permittee must submit a transfer application to the City Manager or City Manager's designee. The City Manager or designee shall create a transfer application and reasonable transfer application process, including mandatory fee,

that City Permittees and the City must follow and pay for City Permit transfer requests. Each transfer request of a City Permit and the related transfer application is subject to the prior approval of the City Manager or designee.

(j) A City Permit shall expire and be null and void 12 months from date of issuance by the City unless properly renewed by the City Permittee pursuant to a renewal process established by the City Manager or designee. Renewals must be requested within 60 days prior to the expiration date of a City Permit to allow the City time to review the renewal application, which shall include payment of a renewal fee established by the City. Appeals of City denials of renewal request shall be processed in accordance with the due process set forth in this Chapter regarding City Permit renewal and suspension.

(k) To the fullest extent permitted by law, the City does not assume any liability, and expressly does not waive sovereign immunity, with respect to any Commercial Cannabis Activities, or for the other activities of any City Permittee or for any other activities taking place at Cannabis Premises.

5.20.080 Enforcement.

(a) Any Commercial Cannabis Activity within the City in violation of this Chapter is hereby declared to be unlawful and a public nuisance.

(b) Any Person who willfully or knowingly (i) engages in a violation of this Chapter or (ii) owns, possesses, controls, or has charge of any parcel of real property in the City upon which a violation of this Chapter is maintained and who has actual knowledge of such violation (or would have actual knowledge of such violation after a reasonable inquiry), shall be subject to the penalties and remedies provided by this Chapter.

(c) Any violation of this Chapter shall constitute a separate offense for each and every day the violation occurs or persists.

(d) Any Person in violation of any provision of this Chapter or who causes another Person to be in violation of this Chapter shall have committed a misdemeanor. In addition which shall be punishable by a fine of up to one thousand dollars (\$1,000) for each violation and for each day the applicable violation continues to persist.

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

(f) Any material violation of this Chapter or any other relevant City law or State Law by a City Permittee, or a City Permittee's agent, is grounds for suspending or revoking the relevant City Permit. In addition, the City Manager or the City Manager's designee may suspend or revoke a City Permit if any of the following occur:

- (1) The City Manager or the City Manager's designee determines that the City Permittee has failed to comply with this Chapter, any condition of approval, or any agreement or covenant as required pursuant to this Chapter.

- (2) The City Permittee's Commercial Cannabis Activities cease for more than sixty (60) calendar days.
- (3) Ownership of the City Permittee is changed or transferred to a third party, without approval from the City Manager or the City Manager's designee.
- (4) The Cannabis Premises fails to maintain thirty (30) hours of security recordings.
- (5) The City 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 Cannabis Premises by authorized City officials.

(g) Any decision regarding the suspension or revocation of a City Permit may be appealed to an independent neutral third-party administrative hearing officer appointed by the City Manager or the City Manager's designee (the "Hearing Officer"). Said appeal shall be made by a notice of appeal from the Person appealing within thirty (30) days from the date of the decision to suspend or revoke the City Permit. The appeal shall be accompanied by a written verified declaration setting forth the basis for the claim that the City Permit was improperly revoked or suspended. The Hearing Officer's decision shall be final and binding upon the City and the appellant City Permittee.

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

5.20.090 State Medicinal License Requirement.

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

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

5.20.100 Medicinal Cannabis Cultivation.

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

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

(c) Outdoor Cultivation is prohibited within the City.

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

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

(f) In addition to the security requirements of Section XX.05, entrance to the Cultivation area, and all storage areas, of the applicable Cannabis Premises shall be locked at all times and under the control of the staff of such Cannabis Premises.

5.20.110 Medicinal Cannabis Products Manufacturing.

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

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

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

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

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

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

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

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

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

(j) Labeling Requirements – Edibles.

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

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

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

(b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates the Retail Delivery of medicinal Cannabis and Cannabis Products pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Retail Delivery Permits may be issued by the City for the Retail Delivery of medicinal Cannabis and Cannabis Products pursuant to and in accordance with State Law, including MAUCRSA. The point-of-sale sale of Cannabis or Cannabis Products is strictly prohibited.

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

(d) The Retail Delivery of medicinal Cannabis and Cannabis Products may only include the Retail Delivery of Cannabis and Cannabis Products by a Retail

Delivery Permittee to a customer, patient or primary caregiver, in accordance with State Law, including MAUCRSA.

(e) Retail Delivery Permittees shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing Cannabis and Cannabis Products and theft of Cannabis and Cannabis Products from the Retail Delivery Establishment or employees participating in Retail Delivery.

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

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

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

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

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

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

(4) Any other material breach of security.

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

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

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

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

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

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

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

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

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

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

(s) All Retail Delivery vehicles shall:

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

5.20.130 Medicinal Cannabis and Cannabis Products Distribution.

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

and businesses within the City. The City is authorized to regulate this activity pursuant to State Law.

(b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates the Commercial Cannabis Activity of Distribution of medicinal Cannabis and Cannabis Products pursuant to State Law, including MAUCRSA. Subject to the terms of this Chapter, Distribution Permits may be issued by the City for the Distribution of medicinal Cannabis and Cannabis Products pursuant to and in accordance with State Law, including MAUCRSA. Distribution of Cannabis and Cannabis Products requires a Development Agreement with the City and must be located within the applicable Permit Zone.

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

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

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

(f) In addition to the application requirements in Section XX.06, a Distribution Permittee shall register with the City each location within the City where Cannabis and Cannabis Products are stored for purposes of Distribution activities within the City.

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

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

5.20.140 Medicinal Cannabis and Cannabis Products Microbusiness.

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

(b) **Scope; Medicinal Cannabis Only.** This Section permits and regulates Microbusinesses, pursuant to State Law, including MAUCRSA. Subject to the

terms of this Chapter, Microbusiness Permits may be issued by the City pursuant to and in accordance with State Law, including MAUCRSA.

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

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

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

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

5.20.140 Medicinal Cannabis and Cannabis Products Testing.

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

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

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

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

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

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

(g) Each Testing Permittee must notify the State Department of Public Health and the City Manager, or the City Manager's designee, within one business day

after the receipt of notice of any kind that its accreditation has been denied, suspended, or revoked.

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

SECTION 11. The City Council determines that it is in the best interest of the residents of the City to allow Commercial Cannabis Activities in compliance with applicable State Law, including MAUCRSA, to be established and operated as permitted uses within certain areas of the City subject to the regulations and restrictions provided in this Ordinance. It is the City Council's intention that nothing in this Ordinance shall be construed to:

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

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

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

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

SECTION 15. Inconsistent Provisions. Any provision of the Cudahy Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of

such inconsistencies and no further, is hereby repealed or modified to the extent necessary to implement the provisions of this Ordinance.

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

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

PASSED, APPROVED AND ADOPTED by the City Council of the City of Cudahy at the regular meeting of this 28th day of August, 2017.

Chris Garcia, Mayor

ATTEST:

Richard Iglesias, Deputy City Clerk

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

I, Richard Iglesias, City Clerk of the City of Cudahy, hereby certify that the foregoing Ordinance No. 673 was introduced for a first reading on the 14th day of August 2017 and approved for a second reading and adopted by said Council at its regular meeting held on the 28th day of August, 2017 by the following vote, to-wit:

AYES:

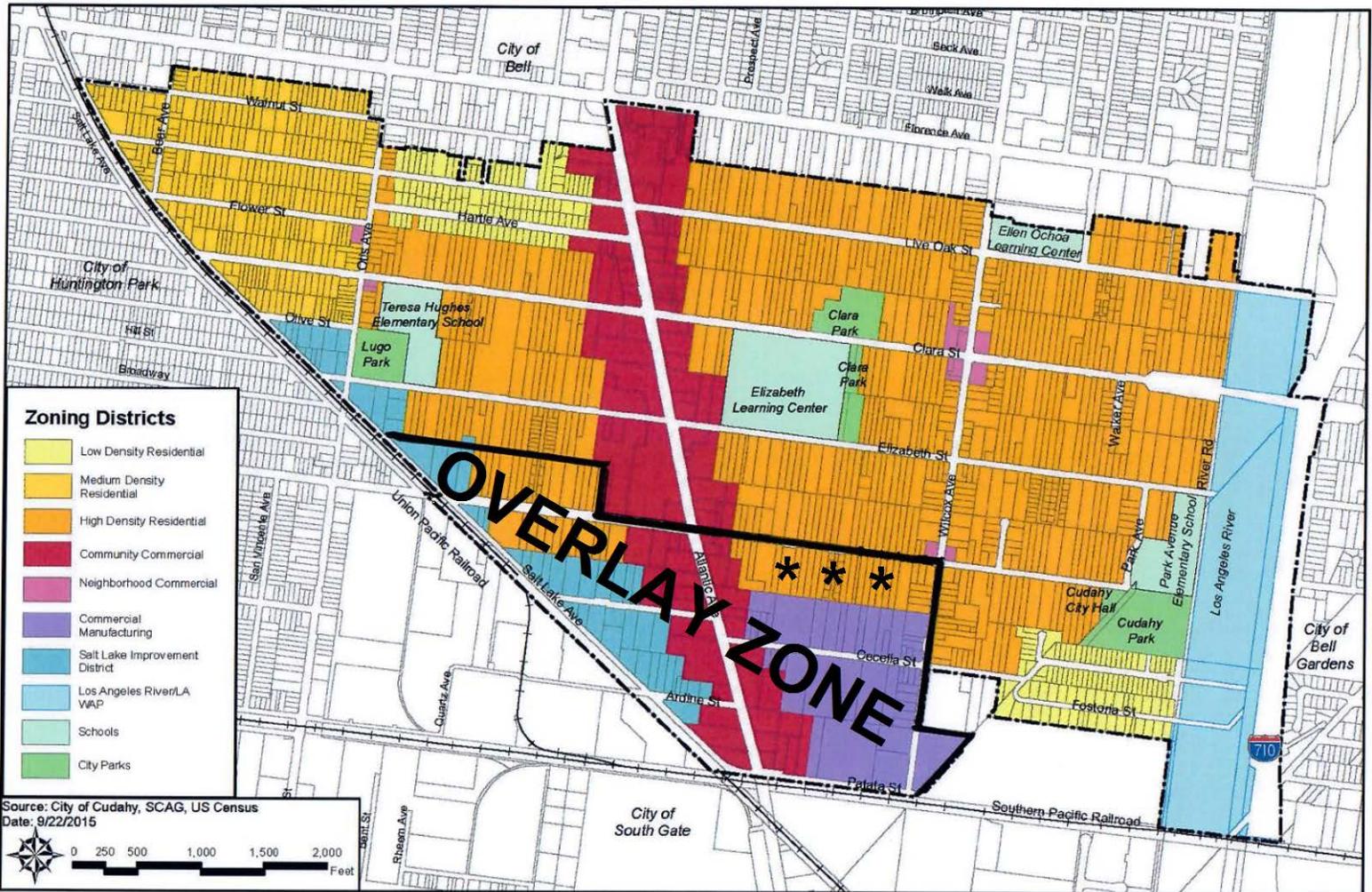
NOES:

ABSTAIN:

ABSENT:

Richard Iglesias, Deputy City Clerk

EXHIBIT "A": OVERLAY ZONE



BASE MAP FEATURES

--- Cudahy Boundary

--- Railroads

--- Boundaries of Overlay Zone

* Portion of High Density Residential Zone which shall be available for Medicinal Commercial Cannabis Activity upon rezoning by the City Council by General Plan Amendment, Zoning Map Amendment, or other means.



EXISTING ZONING
CUDAHY GENERAL PLAN