

AGENDA
REGULAR MEETING OF THE
CITY OF KING CITY COUNCIL
AND
Sitting as SUCCESSOR AGENCY OF
THE RDA FOR THE CITY OF KING

TUESDAY June 27, 2017
6:00 P.M.

CITY HALL
212 S. VANDERHURST AVENUE
KING CITY, CALIFORNIA 93930

**Spanish interpretation services will be available at meeting*

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, Please contact the City Clerk's Office (831-386-5925) at least 48 hours prior to the Meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

** Please submit all correspondence for City Council PRIOR to the meeting with a copy to the City Clerk.*

- 1. CALL TO ORDER**
- 2. ROLL CALL:** Council Members Darlene Acosta, Robert Cullen, Carlos DeLeon, Mayor Pro Tem Carlos Victoria, and Mayor Mike LeBarre
- 3. FLAG SALUTE**
- 4. CLOSED SESSION ANNOUNCEMENTS**
- 5. SPECIAL PRESENTATIONS**
 - A. Proclamation Honoring Dr. Moirao
- 6. PUBLIC COMMENT**

Any member of the public may address the Council for a period not to exceed *three minutes'* total on any item of interest within the jurisdiction of this Council that is not on the agenda. The Council will listen to all communications; however, in compliance with the Brown Act, the Council cannot act on items not on the agenda. Comments should be directed to the Council as a whole and not to any individual Council Member. Slanderous, profane or personal remarks against any Council Member, staff member or member of the audience is not permitted.
- 7. COUNCIL COMMUNICATIONS & COMMITTEE REPORTS**

Individual Council Members may comment on Council business, his or her Council activities, City operations, projects or other items of community interest. Council Members may also request staff to report back at a subsequent meeting on any matter or take action to direct staff to prepare a staff report for a future agenda.
- 8. STAFF COMMUNICATIONS**

Comments presented by the City Manager, City Attorney or other staff on City business and/or announcements.

9. CONSENT AGENDA

The following items listed below are scheduled for consideration as a group. The recommendations for each item are noted. Members of the audience may speak on any item(s) listed on the Consent Agenda. Any Council Member, the City Manager, or the City Attorney may request that an item be withdrawn from the Consent Agenda to allow for full discussion. The Council may approve the remainder of the Consent Agenda on one motion. Items withdrawn from the Consent Agenda may be considered by separate motions at the conclusion of the discussion of each item.

- A. Meeting Minutes of June 13, 2017 Council Meeting
Recommendation: approve and file.
- B. City Monthly Treasurer's Report- May 2017
Recommendation: approve and file.
- C. Successor Agency Monthly Treasurer's Report- May 2017
Recommendation: approve and file.
- D. Public Financing Authority Monthly Treasurer's Report- May 2017
Recommendation: approve and file.
- E. City Check Register
Recommendation: approve and file.
- F. Consideration: Contribution to the Domestic Violence Coordinating Council of Monterey County
Recommendation: approve a contribution of \$250 to the Domestic Coordinating Council of Monterey County.
- G. Consideration: Agreement with Hinderliter, De Llamas and Associates for Sales, Use and Transactions Tax Audit and Information Services
Recommendation: approve and authorize the City Manager to execute an Agreement for sales, use and transactions tax audit and information services with Hinderliter, de Llamas and Associates (HdL).
- H. Consideration: An Ordinance Amending Chapter 17.03 of Title 17 of the King City Municipal Code Pertaining to Commercial Cannabis Activity; Amending Chapter 17.30 of Title 17 of the King City Municipal Code Pertaining to M-1 Industrial District, Amending Chapter 17.31 of Title 17 of the King City Municipal Code Pertaining to M-2 Industrial District; An Ordinance Amending Section D.3(G) of Chapter 4 (Development Standards) of the East Ranch Business Park Specific Plan for the Purpose of Adding Additional Commercial Cannabis Uses; and findings related to the California Environmental Quality Act
Recommendation: adopt the proposed Ordinances to be read by title only.
- I. Consideration: Agreement with South County YMCA to Provide Fall Youth Soccer Program
Recommendation: approve by motion the agreement with the South County YMCA to provide a Fall Youth Soccer program in King City.

- J. Consideration: FY 2017-18 King City Job Classification Plan
Recommendation: approve the FY 2017-18 King City Job Classification Plan

10. PUBLIC HEARINGS

- A. Consideration: Approving a Revised and Restated Franchise Agreement with USA Waste of California (dba Waste Management) for Solid Waste, Recycling, and Organics Collection and Processing Services
Recommendation: approve the revised and restated Franchise Agreement which includes: 1) the scheduled 2017-18 rate cap adjustments of 6.32% effective July 1, 2017; 2) the addition of commercial recycling and ancillary rate caps omitted from the original agreement; 3) increase of franchise fees in the amount of one and one-half percent; 4) year-two of three for special transportation related rate adjustments; and 5) other minor clean-up language.

11. REGULAR BUSINESS

None

12. CITY COUNCIL CLOSED SESSION

Announcement(s) of any reportable action(s) taken in Closed Session will be made in open session, and repeated at the beginning of the next Regular City Council meeting as this portion of the meeting is not recorded.

- 1. Liability Claims, by Kathryn Rice
Claim against City of King
Gov. Code Section: 54956.95

13. ADJOURNMENT

**City Council Meeting
June 13, 2017**

1. CALL TO ORDER:

Regular Meeting was called to order at 6:01pm by Mayor LeBarre.

2. FLAG SALUTE:

The flag salute was led by Mayor LeBarre.

3. ROLL CALL:

City Manager Adams conducted roll call.

City Council: Darlene Acosta, Robert Cullen, Carlos DeLeon, Mayor Michael LeBarre,
Mayor Pro Tem Carlos Victoria.

City Staff: City Manager Steven Adams, Attorney Roy Santos, Admin. Asst./Deputy City
Clerk, Erica Sonne

4. CLOSED SESSION ANNOUNCEMENTS:

5. PRESENTATIONS:

6. PUBLIC COMMUNICATIONS:

Chuck Krause, came to remind the City of a fire that burnt behind his house on June 2, 2017. He lives on Rio Vista. Fences were scorched and the fire stopped just short of a bunch of trees. He feels that the houses would have went with them. He feels there is still a great risk and he feels the City needs to address this. The ground needs to be turned under. He would appreciate a follow-up.

Karen Jernigan, came to publicly thank the Police for catching the shooters so quickly from this last shooting. The banners on Broadway look beautiful.

7. COUNCIL COMMUNICATIONS:

Council Member Acosta handed out a letter requesting that an item be placed on the agenda for a donation for Domestic Violence, Victims services.

Council Member DeLeon stated that he had comments from the citizens about the round up from ICE and that people felt different about it this year. He thought maybe a statement should be sent out.

Mayor Pro Tem Victoria stated it was nice to see cooperation from the different agencies in the South County at the shooting. King City PD did a good job. There is a new school superintendent. He got calls about the round up from ICE as well.

Council Member Cullen stated his Salinas Valley Solid Waste Authority meeting is this week coming up. He suggested that for the Chamber luncheon in October the City do a meeting on public safety.

Mayor LeBarre stated Monterey Mayors Association discussed issues important to Monterey County Appointments for Lead Me Home committee. Board of Supervisor's Meeting agenda item regarding

appointments for Monterey county Water Resource Agency. He volunteered for Relay for Life. He enjoyed the dinner for King City in Bloom and appreciates all their work. He had the pleasure of attending the Honor Ceremony for Eagle Scouts. MST ribbon cutting was earlier today.

8. CITY STAFF REPORTS AND COMMENTS:

City Manager Adams stated good news one stop center in King City \$6 million-dollar grant approved. Disaster planning on Monday in Salinas. Disaster planning for locals tomorrow. Catholic Charities will be meeting at the St. John the Baptist Church in a office with people who have questions on immigration. He also mentioned the Freedom Gala happening this Saturday evening at 6:00p.m.

Attorney Santos nothing to report at this time.

9. CONSENT AGENDA

- A. Meeting Minutes of May 23, 2017 Council Meeting
- B. City Check Register
- C. Successor Agency Check Register
- D. Public Financing Authority Check Register
- E. Meeting Minutes of May 30, 2017 Special Council Meeting
- F. This Item Has Been Moved to the Public Hearing Section of the Agenda.
- G. Consideration: Notice of Completion - 2015 King City Sanitary Sewer Infrastructure Improvements
- H. Consideration: FY 2017-18 Salary King City Job Classification Plan
- I. Consideration: Amend Existing Contract for Services with CSG Consultants Inc. to Include Plan Review and Inspection Services for Medical Marijuana Projects
- J. Consideration: Resolution of Support for the Pinnacles Gateway Partners
- K. Consideration: Appointment to the Airport Advisory Committee
- L. Consideration: Measure X Funding Agreement
- M. Consideration: Side Letter of Agreement with Service Employees International Union Local 521
- N. Consideration: Side Letter of Agreement with King City Confidential Employees Association
- O. Consideration: Purchase and Sale Agreement to Sell a Portion of Property Adjacent to APN 026-401-020

City Manager Adams clarified Item M and N just a wording change however Council has a copy of the revised documents provided to them.

Action: Motion to approve consent agenda with the clarifications stated by the City Manager by Victoria and seconded by DeLeon.

AYES: Council Members: Mayor LeBarre, Acosta, Cullen, DeLeon and Mayor Pro Tem Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

10. PUBLIC HEARINGS:

A. Consideration: Introduction of an Ordinance Amending Chapter 17.03 of Title 17 of the King City Municipal Code Pertaining to Commercial Cannabis Activity; Amending Chapter 17.30 of Title 17 of the King City Municipal Code Pertaining to M-1 Industrial District; Amending Chapter 17.31 of Title 17 of the King City Municipal Code Pertaining to M-2 Industrial District; and Introduction of an Ordinance Amending

Section D.3(G) of Chapter 4 (Development Standards) of the East Ranch Business Park Specific Plan for the Purpose of Adding Additional Commercial Cannabis Uses

Contract Principal Planner, Scott Bruce introduced this item.

Brandon Gesicki, this is keeping King City moving in the industry. They have broken some ground. He feels this is due to the City's leadership.

Joshua Rich, Boutique Unlimited, they were working with the legislature. He gave updates on cannabis legislation.

Mayor LeBarre opened the Public Hearing, seeing no one come forward, closed the public hearing.

Action: Motion to introduce Ordinances 2017-743 for first reading by title only and bringing back for approval at the next regular meeting. by Cullen and seconded by Victoria.

AYES: Council Members: Mayor LeBarre, Acosta, Cullen, DeLeon and Mayor Pro Tem Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

Action: Motion to introduce Ordinances 2017-744 for first reading by title only and bringing back for approval at the next regular meeting. by Cullen and seconded by DeLeon.

AYES: Council Members: Mayor LeBarre, Acosta, Cullen, DeLeon and Mayor Pro Tem Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

B. Consideration: Vacating a Portion of Public Street Right-of-Way (Corner of Broadway Street and San Antonio Drive)

Assistant Planner, Maricruz Aguilar introduced this item.

Mayor LeBarre opened the Public Hearing, seeing no one come forward, closed the public hearing.

Action: Motion to approve the resolution 2017-4585 vacating a portion of public street right-of-way. by Victoria and seconded by Acosta.

AYES: Council Members: Mayor LeBarre, Acosta, Cullen, DeLeon and Mayor Pro Tem Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

11. REGULAR BUSINESS:

A. Consideration: FY 2017-18 / FY 2018-19 Biennial Budget

City Manager Adams introduced this item.

Action: Motion to 1) Adopt a Resolution approving the FY 2017-18/ FY 2018-19 Biennial Budget; 2) adopt a Resolution establishing the appropriation limit from tax proceeds for FY 2017-18; and 3) approve expenditure requests by King City in Bloom and Pinnacles Gateway Partners by Victoria and seconded by Cullen.

AYES: Council Members: Mayor LeBarre, Cullen, DeLeon and Mayor Pro Tem Victoria

NOES: Council Members: Acosta,

ABSENT: Council Members:

ABSTAIN: Council Members:

- B. Consideration: Addendum A to the Memorandum of Understanding for an After-school Heart Expanded Learning Program

City Manager Adams introduced this item.

Action: Motion to approve Addendum A to the Memorandum of Understanding (MOU) with ProYouth and the King City Union School District for the after-school HEART expanded learning program to expand the number of children served by 100 at an increased cost of \$100,000 by DeLeon and seconded by Victoria.

AYES: Council Members: Mayor LeBarre, Cullen, DeLeon and Mayor Pro Tem Victoria

NOES: Council Members: Acosta,

ABSENT: Council Members:

ABSTAIN: Council Members:

- C. Consideration: Consideration and Discussion of Items for Future Municipal Code Amendments (Commercial Cannabis)

Contract Principal Planner, Scott Bruce introduced this item.

Type 10A license, council is in consensus to allow a 10A license without dispensaries.

Type 7 license, council is in a consensus to allow a 7 license, as long as it is as safe as possible (signed off by the Police Chief and Fire Chief).

Greenhouses as a permitted cultivation building, council is in consensus with allowing them. Wall material applicants want an opaque wall. Council feels that it should be hidden even if it is with landscaping.

Recreational Commercial cannabis as an authorized activity.

Neal Sal, Vietnam Vet, is against any medical or recreational marijuana.

Brandon Gesicki, agrees and feels that the competitiveness is huge. He feels that King City could have more medical cannabis come in and Type 7 licenses will allow them to do so.

Joshua Rich, they will have to follow federal guidelines and hazmat. They are concentrating on patients and the medical cannabis that they need.

City Council wants to move as soon as possible.

ADJOURNMENT:

There being no further business to come before the City Council, Mayor LeBarre adjourned the regular meeting at 7:45pm to closed session meeting with the Mayor reading in the two closed session items.

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Pursuant to Government Code, § 54956.9(d)(1))

Rufina Recendiz Garcia and Elandio Juitzil v. City of King et al, U.S. District Court, Northern District of California Case No. 16-CV-06712-EJD

2. Worker's Compensation Claim by Stephen Hatch

Claims against City of King (Claim Numbers: 1004001063)

Gov. Code Section: 54956.95

Approved Signatures:

Mayor, Michael LeBarre
City of King

City Clerk, Steven Adams
City of King



Item No. 9(B)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

BY: PATRICIA GRAINGER, ACCOUNTANT

RE: CONSIDERATION OF MONTHLY TREASURER'S REPORT – MAY 2017

RECOMMENDATION:

It is recommended City Council receive and file.

BACKGROUND:

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

DISCUSSION:

The California Government Code authorizes and regulates the investment of local agency (city and county) funds. The City currently invests its funds with the Local Agency Investment Fund (LAIF) Program, administered by the State of California Treasurer's office. The City's housing rehab account is held at 1st Capital Bank, and the City's checking and payroll accounts, as well as developer deposits, are held at Well Fargo Bank, located at 506 Broadway, King City, CA 93930. A summary of investments and returns for the City is provided in the attached report.

COST ANALYSIS:

There is no fiscal impact as a result of this action

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

**CITY COUNCIL
MONTHLY TREASURER'S REPORT – MAY 2017
JUNE 27, 2017
PAGE 2 OF 2**

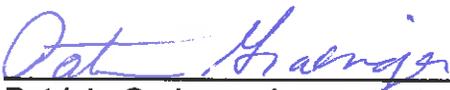
ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

Exhibits:

1. Investment Report

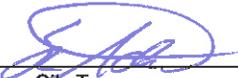
Submitted by: 
Patricia Grainger, Accountant

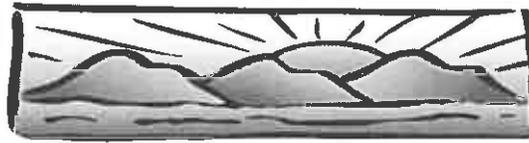
Approved by: 
Steven Adams, City Manager

City of King
Investment Report
Schedule of Cash and Investments
May 31, 2017

Investment Instrument		Yield	Amount	Maturity	Value
Invested by City Treasurer					
Institution	Investment Type				
State of California LAIF - City	Pooled	0.68%	2,267,522.74	On Demand	N/R
1st Capital Bank	Checking Acct Housing Rehab	-	91,920.07	On Demand	N/R
Wells Fargo Bank	General Checking	-	4,561,385.46	On Demand	N/R
Wells Fargo Bank	Payroll Checking Account	-	151,601.16	On Demand	N/R
Petty Cash-City Hall/Change Fund	Change Cash Drawer	-	500.00	On Demand	N/R
Invested by City Treasurer (Subtotal):			7,072,929.43		
Total Cash and Investments			7,072,929.43		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy. Anticipated approval by the City Council on 06/27/2017. Cash flow liquidity is still limited.

SIGNED:  _____
City Treasurer



KING CITY
C A L I F O R N I A

Item No. 9(C)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

BY: PATRICIA GRAINGER, ACCOUNTANT

**RE: CONSIDERATION OF SUCCESSOR AGENCY MONTHLY
TREASURER'S REPORT – MAY 2017**

RECOMMENDATION:

It is recommended City Council receive and file.

BACKGROUND:

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

DISCUSSION:

The California Government Code authorizes and regulates the investment of local agency (city and county) funds, including successor agencies. The Successor Agency invests its bond proceeds in US Treasury obligations. All bond reserve funds are held by one bond trustee, U.S. Bank, and invested in accordance with the trustee agreement. The Successor Agency has three tax allocation bonds (TABs) issued. Yield, maturity and investment amount (proceeds) are itemized on the Successor Agency Schedule of Cash and Investments for the Agency.

COST ANALYSIS:

There is no fiscal impact as a result of this action.

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

**CITY COUNCIL/SUCCESSOR AGENCY
SA MONTHLY TREASURER'S REPORT – MAY 2017
JUNE 27, 2017
PAGE 2 OF 2**

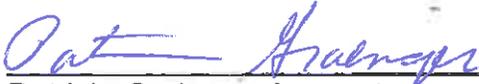
ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

Exhibits:

1. Investment Report

Submitted by: 
Patricia Grainger, Accountant

Approved by: 
Steven Adams, City Manager

City of King
Investment Report
Schedule of Cash and Investments
May 31, 2017

Investment Instrument		Yield	Amount	Maturity	Value
Invested by City Treasurer					
Institution	Investment Type				
Wells Fargo Bank	SA Checking Account		1,992,825.37	On Demand	N/R
Invested by City Treasurer (Subtotal):			1,992,825.37		
Invested by Trustees (as of May Statements)					
Bond Reserves (1)					
<u>U.S. Bank - 2011 TARB</u>					
US Bank Money Market Ct	Escrow Fund #5050	0.00%	5,901,800.27	8/1/2034	5,901,800.27
<u>U.S. Bank - 2016 A & B TARB</u>					
US Bank Money Market Ct	Debt Service Fund #5000	0.00%	0.00	3/31/2025	0.00
US Bank Money Market Ct	Interest Account #5001	0.10%	9,228.43	3/31/2025	9,228.43
US Bank Money Market Ct	Cost of Issu Acct. #5009	0.10%	0.00	3/31/2025	0.00
<u>U.S. Bank - 2016 TARB</u>					
US Bank Money Market Ct	Debt Service Fund #6000	0.10%	6.37	3/31/2025	6.37
US Bank Money Market Ct	Interest Account #6001	0.00%	266.75	9/30/2016	266.75
US Bank Money Market Ct	Sinking Account #6003	0.00%	0.00	9/30/2016	0.00
US Bank Money Market Ct	Reserve Account #6005	0.10%	319,592.36	3/31/2025	319,592.36
US Bank Money Market Ct	Cost of Issu Fund #6009	0.10%	0.00	9/30/2016	0.00
US Bank Money Market Ct	Escrow Fund #6050	0.39%	0.00	9/30/2016	0.00
Market Value Provided by U.S. Bank, Trustee					
Invested by Trustees (Subtotal):			6,230,894.18		
Total Cash and Investments			8,223,719.55		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy. Anticipated approval by the City Council on 06/27/2017. Cash flow liquidity is still limited.

SIGNED: _____

City Treasurer

Note:

(1) Bonds



Item No. 9(D)

REPORT TO THE PUBLIC FINANCING AUTHORITY

DATE: JUNE 27, 2017

TO: HONORABLE CHAIR AND MEMBERS OF THE AUTHORITY

FROM: STEVEN ADAMS, SECRETARY

BY: PATRICIA GRAINGER, ACCOUNTANT

**RE: CONSIDERATION OF MONTHLY TREASURER'S REPORT –
MAY 2017**

RECOMMENDATION:

It is recommended City Council receive and file.

BACKGROUND:

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances." The Public Finance Authority was used for the issuance of the Sewer Enterprise Bonds.

DISCUSSION:

The California Government Code authorizes and regulates the investment of local agency (city and county) funds. The Authority currently invests its funds with the Local Agency Investment Fund (LAIF) Program, administered by the State of California Treasurer's office, as well as bank CD's and instruments issued by agencies of the United States Government. A summary of investments and returns for the Financing Authority is provided in the attached report.

COST ANALYSIS:

There is no fiscal impact as a result of this action.

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

**CITY COUNCIL/PUBLIC FINANCING AUTHORITY
MONTHLY TREASURER'S REPORT – MAY 2017
JUNE 27, 2017
PAGE 2 OF 2**

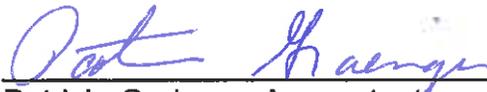
ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Provide other direction to staff regarding requests for additional Receive and file the report; or
2. Information.

Exhibits:

1. Investment Report

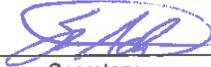
Submitted by: 
Patricia Grainger, Accountant

Approved by: 
Steven Adams, City Manager

City of King
Investment Report
Schedule of Cash and Investments
May 31, 2017

Investment Instrument		Yield	Amount	Maturity	Value
Invested by City Treasurer					
	Investment Type				
Wells Fargo Bank	Fin Auth Checking Account		3,989.41	On Demand	N/R
State of California LAIF- Financing Authority	Pooled	0.78%	8.46	On Demand	N/R
Invested by City Treasurer (Subtotal):			3,997.87		
Total Cash and Investments			3,997.87		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy. Anticipated approval by the City Council on 06/27/17. Cash flow liquidity is still limited.

SIGNED:  _____
Secretary



Item No. 9(E)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

BY: PATRICIA GRAINGER, ACCOUNTANT

RE: CONSIDERATION OF CITY CHECK REGISTER

RECOMMENDATION:

It is recommended City Council receive and file.

BACKGROUND:

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register.

DISCUSSION:

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents are attached.

COST ANALYSIS:

There is no fiscal impact as a result of this action.

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

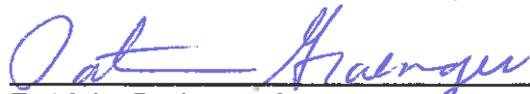
1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**CITY COUNCIL/CITY
CITY CHECK REGISTER
JUNE 27, 2017
PAGE 2 OF 2**

Exhibits:

1. Check Register Report

Submitted by:



Patricia Grainger, Accountant

Approved by:



Steven Adams, City Manager

Check Register Report

JUNE 16, 2017

Date: 06/15/2017

Time: 3:48 pm

KING CITY CITY HALL

BANK: WELLS FARGO BANK

Page: 1

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
WELLS FARGO BANK Checks							
59149	06/16/2017	Printed		ATT	AT & T	Monthly Interest	145.00
59150	06/16/2017	Printed		ALAMENDA C	ALAMEDA COUNTY SHERIFF'S	INTERNAL INVESTIGATION COURSE	285.00
59151	06/16/2017	Printed		A & W	ALESHIRE & WYNDER LLP	LEGAL SERVICES	29,882.97
59152	06/16/2017	Printed		ALVAREZ	ALVAREZ TECHNOLOGY GROUP INC	CITY COMPUTER SUPPOERT	2,586.00
59153	06/16/2017	Printed		AM SUPPLY	AMERICAN SUPPLY CO.	JANITORIAL SUPPLIES	786.66
59154	06/16/2017	Printed		AT & T	AT & T	ATT&T ACCESS TRANSP SERVICES	341.05
59155	06/16/2017	Printed		AT&T - C	AT&T	911 - Line	641.21
59156	06/16/2017	Printed		AT&T ST CA	AT&T	PHONE BILL	55.56
59157	06/16/2017	Printed		BENSON	RICHARD A. BENSON PLUMBING	UNPLUG TOILET	616.90
59158	06/16/2017	Printed		CA POLICE	CALIFORNIA POLICE CHIEFS ASSOC	CPCA Membership Thru -	331.00
59159	06/16/2017	Printed		CA WATER	CALIFORNIA WATER SERVICE CO.	MONTHLY WATER SERVICE	16,305.25
59160	06/16/2017	Printed		CAROLLO	CAROLLO ENGINEERS, INC	WASTEWATER FAC MASTER PLAN	59,528.03
59161	06/16/2017	Printed		CASEY PRIN	CASEY PRINTING, INC.	KCPD CPT ROWE MAILER	1,126.06
59162	06/16/2017	Printed		CNAUTO	CLARK N. CLEVINGER	BAR COVER	57.31
59163	06/16/2017	Printed		UMSTEAD EL	CLIFTON T. UMSTEAD	CREEKBRIDGE SOCCER FIELD GFI	4,501.63
59164	06/16/2017	Printed		COASTAL	COASTAL TRACTOR	Anti Freeze	36.68
59165	06/16/2017	Printed		COASTL	COASTLINE MARKETING GROUP INC	WEBSITE MONTHLY MAINT	125.00
59166	06/16/2017	Printed		CONATSER	CONATSER WELDING & MACHINE,LLC	REPAIR MOWER	107.92
59167	06/16/2017	Printed		DAVE'S REP	DAVE'S REPAIR SERVICE	SITE INSPECTION	80.00
59168	06/16/2017	Printed		DJMOI	DJ MOI	DJ SERVICES	450.00
59170	06/16/2017	Printed		EARTH DESI	EARTH DESIGN, INC.	MIKE NINO	21,181.36
59171	06/16/2017	Printed		EVEH	EMERGENCY VEHICLE SPECIALISTS	Lightbar removed & reinstalled	1,428.85
59172	06/16/2017	Printed		GEORGE L M	GEORGE L MEE MEMORIAL HOSPITAL	DUI BLOOD TEST	64.00
59173	06/16/2017	Printed		GIS	GONZALES IRRIGATION SYSTEMS,	PVC PIPE	158.82
59174	06/16/2017	Printed		BAILEYSF	GREGORY K. BAILEY	Storage in Rec Center.	200.00
59175	06/16/2017	Printed		GUTTREE	GUTIERREZ TREE TRIMMING &	TREE TRIMING CITY WIDE	13,200.00
59177	06/16/2017	Printed		HANNA	HANNA & BRUNETTI	PROP 84 GRANT-POCKET PARK	32,844.78
59178	06/16/2017	Printed		IHEART	IHEARTMEDIA	Recruitment Expenses -	800.00
59179	06/16/2017	Printed		JBTIRE	MIGUEL JACOBO	TRUCK #16 REPAIRS	2,097.91
59180	06/16/2017	Printed		REESE	KEN REESE	CHAPLAIN COURSE	751.60
59181	06/16/2017	Printed		KC IND	KING CITY INDUSTRIAL SUPPLY	CUTTER PINS	263.20
59182	06/16/2017	Printed		KCRUS	KING CITY RUSTLER	ZONING AMENDMENTS	2,052.00
59184	06/16/2017	Printed		KC TRUE	KING CITY TRUE VALUE	POOL OFFICE	418.10
59185	06/16/2017	Printed		LINCOLN	LINCOLN AQUATICS	Pool Chemicals	1,725.39
59186	06/16/2017	Printed		LCAH	LOS COCHES ANIMAL HOSPITAL	ANIMAL SERVICES APR & MAY	249.50
59187	06/16/2017	Printed		MARIA VALD	MARIA VALDEZ	SECURITY DEP REIMBURSEMENT	200.00
59188	06/16/2017	Printed		MBAS	MBAS, INC.	Lab Work	640.00
59189	06/16/2017	Printed		M BASIA	MBASIA	CLAIM MBA 16-0728	113.07
59190	06/16/2017	Printed		MO CO INFO	MO CO INFORMATION TECHNOLOGY	3 New Mic's. Set up Entrust	1,192.57
59191	06/16/2017	Printed		MONTERE P	MONTEREY PENINSULA ENGINEERING	1ST & LOAN OAK IMPROVEMENTS	458,407.06
59192	06/16/2017	Printed		O'REILLY A	O'REILLY AUTOMOTIVE, INC.	Cleaning Supplies -	45.62
59194	06/16/2017	Printed		OFFICE DEP	OFFICE DEPOT	HP TONER	777.39
59195	06/16/2017	Printed		PARTS & SE	PARTS & SERVICE CTR- NAPA, INC	AIR FILTERS	58.67
59196	06/16/2017	Printed		PURE WATER	PENINSULA PURE WATER INC.	CITY HALL WATER	98.45
59197	06/16/2017	Printed		PETTY CASH	PETTY CASH-PATRICIA GRAINGER	Petty Cash - City Hall	397.08
59198	06/16/2017	Printed		PITNEY	PITNEY BOWES	LEASE 03/30/17 - 06/29/17	178.19
59199	06/16/2017	Printed		QUALITY CO	QUALITY CODE PUBLISHING LLC	KC MUNI CODE	1,198.08

Check Register Report

JUNE 16, 2017

Date: 06/15/2017

Time: 3:48 pm

Page: 2

KING CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
WELLS FARGO BANK Checks							
59200	06/16/2017	Printed		QUILL CORP	QUILL CORPORATION	OFFICE SUPPLIES	333.99
59201	06/16/2017	Printed		RED SHIFT	RED SHIFT INTERNET SERVICES	City Hall Internet -	30.90
59202	06/16/2017	Printed		ROWE	ALLEN ROWE	HOMICIDE TRAINING	1,396.36
59203	06/16/2017	Printed		SALVALP	S & L INVESTMENT	UNIFORMS	1,395.46
59204	06/16/2017	Printed		SV FAIR	SALINAS VALLEY FAIR	FUNDRAISER EVENT	1,358.00
59205	06/16/2017	Printed		SPEAK	SPEAKWRITE BILLING DEPT	May 2017 - Services	1,151.93
59206	06/16/2017	Printed		THE SALINA	THE SALINAS CALIFORNIAN	PUBLIC NOTICES	902.73
59207	06/16/2017	Printed		TIRE KING	TIRE KING & AUTO EXPRESS	Car Washes	300.00
59208	06/16/2017	Printed		TORO	TORO PETROLEUM CORP.	FUEL	2,412.13
59209	06/16/2017	Printed		TRANSU	TRANSUNION RISK AND ALTERNATIV	MAY 2017 SERVICES	25.00
59210	06/16/2017	Printed		ULINE	ULINE	EVIDENCE CABLE TIES	40.52

Total Checks: 58

Checks Total (excluding void checks): 668,077.94

Total Payments: 58

Bank Total (excluding void checks): 668,077.94

Total Payments: 58

Grand Total (excluding void checks): 668,077.94



Item No. 9(F)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF CONTRIBUTION TO THE DOMESTIC VIOLENCE COORDINATING COUNCIL OF MONTEREY COUNTY

RECOMMENDATION:

It is recommended the City Council approve a contribution of \$250 to the Domestic Coordinating Council of Monterey County.

BACKGROUND:

At the June 13th meeting, Council Member Acosta requested consideration of a contribution to the Domestic Violence Coordinating Council of Monterey County be placed on the next agenda for consideration, which was agreed to. Funds are being requested to help sponsor a conference on strangulation prevention.

DISCUSSION:

Domestic violence is a serious issue that impacts the community. The purpose of the conference will be to provide information to the community that will help prevent injury and save lives. Donations are being requested because another agency is sponsoring the cost of the featured speaker under the condition that there be no charge for attendance.

COST ANALYSIS:

The \$250 cost can be paid from funds available in the City Council account for FY 2016-17.

**CITY COUNCIL
CONSIDERATION OF CONTRIBUTION TO THE DOMESTIC VIOLENCE
COORDINATING COUNCIL OF MONTEREY COUNTY
JUNE 27, 2017
PAGE 2 OF 2**

ALTERNATIVES:

The following alternatives have been identified for City Council consideration:

1. Approve the contribution;
2. Modify the amount and approve the contribution;
3. Do not approve a contribution; or
4. Provide staff other direction.

Exhibits:

1. Request Letter

Prepared and Approved by:



Steven Adams, City Manager

**DOMESTIC VIOLENCE COORDINATING COUNCIL
OF MONTEREY COUNTY**

P.O. Box 2851, SALINAS, CALIFORNIA 93902

<http://www.co.monterey.ca.us/dvcc/>



EXECUTIVE COMMITTEE:

SHEREE GOLDMAN, Chair,
Rep. Monterey County District 5
**PAMELA PATTERSON, Co-
Chair,** Monterey County
District Attorney's Office
LAUREN DASILVA, Secretary,
Monterey County Rape Crisis Center
AARON KAELIN, Treasurer,
Monterey County Probation Department

MEMBERS:

DARLENE ACOSTA, Rep.,
Monterey County District 3
TONY ACOSTA
Latino Network
VALERIE BARNES, Dr.
Monterey County
Medical Society
STEPHEN BERNAL, Sheriff,
Monterey County
REYES BONILLA, Director
Community Homeless Solutions
JANET BREWSTER
Army Community Services
AMY CHRISTEY, Chief,
Monterey County Chief Law
Enforcement Officers Association
PHRANI DIKSA, Monterey County
Office of Education
DEAN D. FLIPPO, District Attorney
Monterey County
SHEREE GOLDMAN, Rep.,
Monterey County District 5
ELSA MENDOZA JIMENEZ, Interim
Director, Monterey County
Health Department
ROBIN KERR, Executive
Director, YWCA
CLARE MOUNTEER, Director
Monterey County Rape Crisis Center
MARCIA PARSONS, Chief,
Monterey County Probation Department
ELLIOTT ROBINSON, Director,
Monterey County Department of Social
Services
GUILLERMO RODRIGUEZ, Rep.,
Monterey County District 2

ALTERNATES:

Lauren DaSilva, Monterey County
Rape Crisis Center
Sharon Gold, Monterey County
Department of Social Services
Warren Hoy, Faith Community
Aaron Kaelin, Monterey County
Probation Department
Elaine McCleaf, Monterey County
District Attorney's Office
Pamela Patterson, Monterey
County District Attorney's Office
Patricia Pena, Monterey County
Office of Education
Sandra Ramirez
Community Homeless Solutions
Archie Warren, Monterey County
Sheriff's Office
Allison Yant, Monterey County
Department of Social Services

June 1, 2017

212 South Vanderhurst Ave
King City, California 93930

Dear Mayor and Council Members,

The Domestic Violence Coordinating Council will be presenting a conference this year on **October 13, 2017**, in Marina, California, at the General Stillwell Community Center. The topic for this year's conference is "Strangulation Prevention" featuring speaker and researcher **Gael Strack**, from the Training Institute on Strangulation Prevention in San Diego.

One in four women will experience domestic violence in their lifetimes, and 10 % will experience near-fatal strangulation by an intimate partner? Strangulation is one of the most lethal forms of domestic violence, and can be a predictor for subsequent murder. Victims of strangulation can lose consciousness in a matter of 5 to 10 seconds, and die within minutes.

Our objectives this year are: 1). Explain the dynamics of intimate partner violence 2). Recognize lethality factors associated with strangulation 3). List the signs and symptoms of strangulation 4). Describe current recommendations for medical assessment and care for victims of strangulation, and 5). Explain criminal charges in California that pertain to strangulation.

A donation has been made by another agency for the cost of the speaker with the stipulation that we may not charge admission. We anticipate 120 participants and will need funds to pay for costs that are not covered by the donor. We are requesting financial support in the amount of \$250.00 from your agency.

The Domestic Violence Coordinating Council believes that this conference will provide information to our community that can help prevent illness and injury, and also save lives. We anticipate law enforcement, health care providers, including nurses, social workers, and therapists, will attend this event. It is important that the professionals who work in our health care and public safety systems have access to educational opportunities such as this one in order to advance their knowledge, attitudes, skills, and experience so that they may effectively serve their communities.

Any donation may be payable to the ACTION Council, our fiscal agent, please indicate that the money is to be placed in the DVCC account. The tax ID number is 770357101. Please mail the donation to: **Aaron Kaelin, Treasurer, Domestic Violence Coordinating Council, PO BOX 2851, Salinas, CA 93902.**

If you would like any more information, please contact me. You may also visit our website at www.co.monterey.ca.us/dvcc. Thank you for your continued support for this event.

Sincerely,

Darlene Acosta

Dacosta@sunstreet.org 831.229.4406

Domestic Violence Coordinating Council



Item No. 9(G)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF AGREEMENT WITH HINDERLITER, DE LLAMAS AND ASSOCIATES FOR SALES, USE AND TRANSACTIONS TAX AUDIT AND INFORMATION SERVICES

RECOMMENDATION:

It is recommended the City Council approve and authorize the City Manager to execute an Agreement for sales, use and transactions tax audit and information services with Hinderliter, de Llamas and Associates (HdL).

BACKGROUND:

The City has been contracting with HdL for since 1995 for analysis and information services involving sales tax revenues. Most cities in California utilize these services, which are helpful in projecting, monitoring and administering sales tax revenues. The City recently received a request from HdL to increase their ongoing fee, which will require approval of a new agreement.

DISCUSSION:

The HdL Associates fee has not increased since the contract was first established in 1995. The proposed fee will increase from \$300 to \$350 per month. In addition, HdL receives a percentage of recovered revenues when they identify and resolve discrepancies.

COST ANALYSIS:

The change will result in an increased cost of \$600 per year. Staff believes this cost can be paid for from revenues in the adopted budget without an additional appropriation.

**CITY COUNCIL
CONSIDERATION OF AGREEMENT WITH HINDERLITER, DE LLAMAS AND
ASSOCIATES FOR SALES, USE AND TRANSACTIONS TAX AUDIT AND
INFORMATION SERVICES
JUNE 27, 2017
PAGE 2 OF 2**

ALTERNATIVES:

The following alternatives have been identified for City Council consideration:

1. Approve staff's recommendation;
2. Request staff to seek or negotiate changes to the agreement;
3. Do not approve the agreement and discontinue these services; or
4. Provide staff other direction.

Exhibits:

1. Agreement for Sales, Use and Transactions Tax Audit and Information Services

Prepared and Approved by:



Steven Adams, City Manager

**AGREEMENT FOR SALES, USE AND TRANSACTIONS TAX AUDIT AND
INFORMATION SERVICES**

This Agreement is made and entered into as of the 1st day of July, 2017 (the “Effective Date”) by and between the CITY OF KING CITY, a municipal corporation hereinafter called (“CITY”), and HINDERLITER, de LLAMAS AND ASSOCIATES a California Corporation, hereinafter called (“CONTRACTOR”).

I. RECITALS

WHEREAS, sales, use and transactions tax (sometimes collectively referred to herein as “sales and use tax”) revenues can be increased through a system of continuous monitoring, identification and correction of allocation errors, and

WHEREAS, an effective program of sales and use tax management will improve identification of economic opportunities; provide for more accurate sales and use tax forecasting; and assist in related revenue collections; and

WHEREAS, CITY desires the combination of data entry, report preparation and analysis necessary to effectively manage its sales and use tax base; the recovery of revenues erroneously allocated to other jurisdictions and allocation pools; and to maximize its financial and economic planning; and

WHEREAS, CONTRACTOR has the programs, equipment and personnel required to deliver the sales and use tax related services referenced herein;

THEREFORE, CITY and CONTRACTOR, for the consideration hereinafter described, mutually agree as follows:

II. SERVICES

The CONTRACTOR shall perform the following services (collectively, the “Services”):

A. SALES TAX AND ECONOMIC ANALYSIS SERVICES

1. CONTRACTOR shall establish a special database that identifies the name, address and quarterly allocations of all sales tax producers within the CITY for the most current and all quarters back to fiscal year 1991-1992 or earlier, if the CITY has prior historical sales tax data available on computer readable magnetic media. This database will be utilized to generate special reports to the CITY on: major sales tax producers by rank and category, sales tax activity by categories, or business districts, identification of reporting aberrations, and per capita and outlet comparisons with regional and statewide sales.
2. CONTRACTOR shall provide updated reports following each calendar quarter identifying changes in sales by individual businesses, business groups and categories and by geographic area. These reports may include, without limitation, quarterly aberrations due to State audits, fund transfers, and receivables along with late or double payments, and quarterly reconciliation worksheets to assist with budget forecasting. CONTRACTOR shall meet quarterly with CITY.
3. CONTRACTOR shall additionally provide following each calendar quarter a summary analysis for the CITY to share with Council Members Chambers of Commerce, other economic development interest groups and the public that analyze CITY’S sales tax trends by major groups, and geographic areas without disclosing confidential information.

4. CONTRACTOR shall make available to CITY staff CONTRACTOR's web-based sales tax computer software program containing sellers permit and quarterly allocation information for all in-city business outlets registered with the Board of Equalization and updated quarterly. This software shall allow CITY staff to search businesses by street address, account number, business name, business type and keyword, arrange data by geographic area, and print out a variety of reports.

B. ALLOCATION AUDIT AND RECOVERY SERVICES

1. CONTRACTOR shall conduct initial and on-going sales, use and transactions tax audits to identify and correct distribution and allocation errors, and to proactively affect favorable registration, reporting or formula changes thereby generating previously unrealized sales, use and transactions tax income for the CITY and/or recovering misallocated tax from previously properly registered taxpayers. Common errors that will be monitored and corrected include, but are not limited to: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; formula errors, misreporting of "point of sale" to the wrong location; delays in reporting new outlets; misallocating use tax payments to the allocation pools or wrong jurisdiction; and erroneous fund transfers and adjustments.
2. CONTRACTOR shall initiate contacts with state agencies, and sales management and accounting officials in companies that have businesses where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner.
3. CONTRACTOR shall (i) prepare and submit to the Board of Equalization information for the purpose of correcting allocation errors that are identified and (ii) follow-up with individual businesses and the State Board of Equalization to promote recovery by the CITY of back or prospective quarterly payments that may be owing.

4. If during the course of its audit, CONTRACTOR finds businesses located in the CITY that are properly reporting sales and use tax but have the potential for modifying their operation to provide an even greater share to the CITY, CONTRACTOR may so advise CITY and work with those businesses and the CITY to encourage such changes.

C. CONSULTING AND OTHER OPTIONAL SERVICES

CONTRACTOR may, from time to time in its sole discretion, consult with CITY staff, including without limitation, regarding (i) technical questions and other issues related to sales, use and transactions tax; (ii) utilization of reports to enhance business license collection efforts; and (iii) sales tax projections for proposed annexations, economic development projects and budget planning. In addition to the foregoing optional consulting services, CONTRACTOR may, from time to time in its sole discretion, perform other optional Services, including without limitation, negotiating/review of tax sharing agreements, establishing purchasing corporations, and meeting with taxpayers to encourage self-assessment of use tax.

III. CONSIDERATION

- A. CONTRACTOR shall provide the sales tax and economic analysis Services described in Section II-A above for a fee of **\$350** per month, commencing with the month of the Effective Date (hereafter referred to as “monthly fee”). The monthly fee shall be invoiced quarterly in arrears, and shall be paid by CITY no later than 30 days after the invoice date. The monthly fee shall increase annually following the month of the Effective Date by the percentage increase in the “CPI” for the preceding twelve month period. In no event shall the monthly fee be reduced by this calculation. For purposes of this Agreement, the “CPI” shall mean the Consumer Price Index - All Urban Consumers for the surrounding statistical metropolitan area nearest CITY, All Items (1982-84 = 100), as published by the

U.S. Department of Labor, Bureau of Labor Statistics, or, if such index should cease to be published, any reasonably comparable index selected by CONTRACTOR.

- B. 1. CONTRACTOR shall be further paid 15% of all new and recovered sales, use and transactions tax revenue received by the CITY as a result, in whole or in part, of the allocation audit and recovery services described in Section II-B above (hereafter referred to as "audit fee"), including without limitation, any reimbursement or other payment from any state fund and any point of sale misallocations.
2. The audit fee shall be paid even if CITY assists, works in parallel with, and/or incurs attorneys' fees or other costs or expenses in connection with any of the relevant Services. Among other things, the audit fee applies to state fund transfers received for back quarter reallocations and monies received in the first eight consecutive reporting quarters following completion of the allocation audit by CONTRACTOR and confirmation of corrections by the State Board of Equalization. CITY shall pay audit fees upon CONTRACTOR'S submittal of evidence of CONTRACTOR'S work in support of recovery of subject revenue, including, without limitation, copies of BOE 549-S petition forms of any other correspondence between CONTRACTOR and the Board of Equalization or the taxpayer.
3. For any increase in the tax reported by businesses already properly making tax payments to CITY, it shall be CONTRACTOR's responsibility to support in its invoices the audit fee attributable, in whole or in part, to CONTRACTOR's Services.

C. CONTRACTOR shall invoice CITY for any consulting and other optional Services rendered to CITY in accordance with Section II-C above based on the following hourly rates on a monthly or a quarterly basis, at CONTRACTOR's option. All such invoices shall be payable by CITY no later than 30 days following the invoice date. CITY shall not be invoiced for any consulting Services totaling less than an hour in any month. The hourly rates in effect as of the Effective Date are as follows:

Principal	\$295 per hour
Programmer	\$250 per hour
Senior Analyst	\$195 per hour
Analyst	\$100 per hour

CONTRACTOR may change such hourly rates from time to time upon not less than 30 days' prior written notice to CITY.

- D. Any invoices not paid in accordance with the Thirty (30) day payment terms, shall accrue monthly interest at a rate equivalent to ten percent (10%) per annum until paid.
- E. CONTRACTOR unilaterally retains the right to divide any recovery bills in excess of \$25,000 over a one (1) year period (Four (4) quarterly billings).
- F. CONTRACTOR shall provide CITY with an itemized quarterly invoice showing all formula calculations and amounts due for the audit fee (including, without limitation, a detailed listing of any corrected misallocations), which shall be paid by CITY no later than 30 days following the invoice date.

IV. CONFIDENTIALITY; OWNERSHIP/USE OF INFORMATION

- A. Section 7056 of the State of California Revenue and Taxation Code specifically limits the disclosure of confidential taxpayer information contained in the records of the State Board of Equalization. Section 7056 specifies the conditions under which a CITY may authorize persons other than CITY officers and employees to examine State Sales and Use Tax records.
- B. The following conditions specified in Section 7056-(b), (1) of the State of California Revenue and Taxation Code are hereby made part of this Agreement:
1. CONTRACTOR is authorized by this Agreement to examine sales, use or transactions and use tax records of the Board of Equalization provided to CITY pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law Revenue and Taxation Code section 7200 et.seq.
 2. CONTRACTOR is required to disclose information contained in, or derived from, those sales, use or transactions and use tax records only to an officer or employee of the CITY who is authorized by resolution to examine the information.
 3. CONTRACTOR is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.
 4. CONTRACTOR is prohibited from retaining the information contained in, or derived from those sales, use or transactions and use tax records, after this Agreement has expired. Information obtained by examination of Board of Equalization records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the CITY as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code.

The resolution shall designate the CONTRACTOR as a person authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

- C. Software Use. CONTRACTOR hereby provides authorization to CITY to access CONTRACTOR'S Sales Tax website if CITY chooses to subscribe to the software and reports option. The website shall only be used by authorized CITY staff. No access will be granted to any third party without explicit written authorization by CONTRACTOR. CITY shall not sublet, duplicate, modify, decompile, reverse engineer, disassemble, or attempt to derive the source code of said software. The software use granted hereunder shall not imply ownership by CITY of said software, or any right of CITY to sell said software or the use of same, or any right to use said software for the benefit of others. This software use authorization is not transferable. Upon termination or expiration of this Agreement, the software use authorization shall expire, and all CITY staff website logins shall be de-activated.
- D. Proprietary Information. As used herein, the term "proprietary information" means all information or material that has or could have commercial value or other utility in CONTRACTOR's business, including without limitation: CONTRACTOR'S (i) computer or data processing programs; (ii) data processing applications, routines, subroutines, techniques or systems; desktop or web-based software; (iii) business processes; (iv) marketing plans, analysis and strategies; and (v) materials and techniques used; as well as the terms and conditions of this Agreement. Except as otherwise required by law, CITY shall hold in confidence and shall not use (except as expressly authorized by this Agreement) or disclose to any other party any proprietary information provided, learned of or obtained by CITY in connection with this Agreement. The obligations imposed by this Section IV-D shall survive any expiration or termination of

this Agreement or otherwise. The terms of this Section IV-D shall not apply to any information that is public information.

V. CITY MATERIALS AND SUPPORT

CITY shall adopt a resolution in a form acceptable to the State Board of Equalization and in compliance with Section 7056 of the Revenue and Taxation Code, authorizing CONTRACTOR to examine the confidential sales tax records of CITY. CITY further agrees to provide any information or assistance that may readily be available such as business license records within the CITY and to provide CONTRACTOR with proper identification for contacting businesses. CITY further agrees to continue CONTRACTOR's authorization to examine the confidential sales tax records of the CITY by maintaining CONTRACTOR's name on the CITY resolution or by providing copies of future allocation reports on computer readable magnetic media until such time as all audit adjustments have been completed by the State Board of Equalization and any audit fee owing to CONTRACTOR has been paid.

VI. LICENSE, PERMITS, FEES AND ASSESSMENTS

CONTRACTOR shall obtain such licenses, permits and approvals (collectively the "Permits") as may be required by law for the performance of the Services. CITY shall assist CONTRACTOR in obtaining such Permits, and CITY shall absorb all fees, assessments and taxes which are necessary for any Permits required to be issued by CITY.

VII. TERMINATION

This Agreement may be terminated for convenience by either party by giving 30 days written notice to the other of such termination and specifying the effective date thereof. Upon the presentation of such notice, CONTRACTOR may continue to perform Services through the date of termination. Following termination of this Agreement, CITY shall continue to timely pay CONTRACTOR's invoices for Services performed and not paid for prior to termination.

Anything to the contrary herein notwithstanding (and without limitation on the foregoing sentence), CITY shall continue to pay to CONTRACTOR the audit fee for tax payments received by CITY after termination of this Agreement from (i) state fund transfers for back quarter reallocations and the first eight consecutive calendar quarters following completion of the allocation audit by CONTRACTOR and confirmation of corrections by the State Board of Equalization; and (ii) businesses identified by CONTRACTOR pursuant to Section III-B-3 above, to the extent such businesses commence or continue to make increased tax payments during the first 24 months following termination of this Agreement.

VIII. INDEPENDENT CONTRACTOR

CONTRACTOR shall perform the services hereunder as an independent contractor and shall furnish such services in its own manner and method, and under no circumstances or conditions shall any agent, servant, or employee of CONTRACTOR be considered as an employee of CITY.

IX. NON-ASSIGNMENT

This Agreement is not assignable either in whole or in part by CONTRACTOR without the written consent of CITY.

X. INSURANCE

CONTRACTOR shall maintain the policies set out below, and in amounts of coverage not less than those indicated herein. Additionally, where required by CITY, CONTRACTOR shall name the CITY as an additional insured on CONTRACTOR'S comprehensive general liability policy and provide a Certificate of Insurance.

1. Worker's Compensation and Employer's Liability. In accordance with applicable law.

2. Comprehensive General Liability. Bodily injury liability in the amount of \$1,000,000 for each person in any one accident, and \$1,000,000 for injuries sustained by two or more persons in any one accident. Property damage liability in the amount of \$1,000,000 for each accident, and \$2,000,000 aggregate for each year of the policy period.
3. Comprehensive Automobile Liability. Bodily injury liability coverage of \$1,000,000 for each accident.
4. Errors and Omissions. In addition to any other insurance required by this Agreement, CONTRACTOR shall provide and maintain, during the term of this Agreement, professional liability insurance in the amount of \$1,000,000 as evidenced by a Certificate of Insurance.

XI. INDEMNIFICATION

CONTRACTOR hereby agrees to, and shall hold CITY, its elective and appointive boards, officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for breach of confidentiality or property damage which may arise from CONTRACTOR'S willful or negligent acts, errors or omissions or those of its employees or agents. CONTRACTOR agrees to and shall defend CITY and its elective and appointive boards, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid willful or negligent acts, errors or omissions.

CITY hereby agrees to, and shall hold CONTRACTOR, its officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for breach of confidentiality or property damage which may arise from CITY'S negligent acts, errors or omissions including misuse or improper disclosure of confidential information contained in reports submitted by contractor under this Agreement. CITY agrees to and shall defend CONTRACTOR and its officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have

been caused, by reason of any of the aforesaid negligent acts, errors or omissions and/or misuse or improper disclosure of confidential information.

XII. IRREPARABLE HARM

CONTRACTOR and CITY each understands and agrees that any breach of this Agreement by either of them may cause the other party hereto irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that such other party shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any further breach and for such other relief as such other party shall deem appropriate. Such right is to be in addition to the remedies otherwise available to such other party at law or in equity. The parties hereto expressly waive the defense that a remedy in damages will be adequate and any requirement in an action for specific performance or injunction hereunder for the posting of a bond.

XIII. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California (without regard to its choice of law provisions). If any legal action is necessary to enforce or interpret this Agreement, the parties agree that such action shall be brought in the Superior Court for the State of California, County of Los Angeles, or the U.S. District Court for the Central District of California, Western Division. The parties hereby submit to the exclusive jurisdiction of such courts and waive any other venue to which either party might be entitled by domicile or otherwise.

XIV. ATTORNEYS' FEES

If any party hereto brings an action or proceeding under this Agreement or to declare rights hereunder, the Prevailing Party in any such proceeding, action, or appeal thereon shall be entitled to recover all reasonable fees, costs and expenses, including reasonable attorneys'

fees. Such fees, costs and expenses may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. "Prevailing Party" shall mean and include, without limitation, a party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense.

XV. SEVERABILITY; NO WAIVER

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect. If any of the provisions of this Agreement shall be deemed to be unenforceable by reason of its extent, duration, scope or otherwise, then the parties contemplate that the court making such determination shall enforce the remaining provisions of this Agreement, and shall reduce such extent, duration, scope, or other provision and shall enforce them in their reduced form for all purposes contemplated by this Agreement. No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

XVI. NOTICES

All notices sent by a party under this Agreement shall be in writing and shall be deemed properly delivered to the other party as of the date of receipt, if received on a business day prior to 3:00 PM local time, or otherwise on the next business day after receipt, provided delivery occurs personally, by courier service, or by U.S. mail to the other party at its address set forth below, or to such other address as either party may, by written notice, designate to the other party. Notices to CONTRACTOR shall be sent to HINDERLITER, de LLAMAS and ASSOCIATES, 1340 Valley Vista Drive, Suite 200, Diamond Bar, CA 91765; and notices to

CITY shall be sent to CITY OF KING CITY, 212 Vanderhurst Avenue, King City, CA 93930.

XVII. ENTIRE AGREEMENT; ETC.

This Agreement expresses the full and complete understanding of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous proposals, agreements, representations and understandings, whether written or oral, with respect to the subject matter. This Agreement may not be amended or modified except in writing signed by each of the parties hereto. This Agreement shall be construed as to its fair meaning and not strictly for or against either party. The headings hereof are descriptive only and not to be construed in interpreting the provisions hereof.

XVIII. COUNTERPARTS; AUTHORITY TO SIGN

This Agreement may be executed in any number of counterparts, each of which will constitute an original and all of which, when taken together, will constitute one agreement. Any signature pages of this Agreement transmitted by facsimile or sent by email in portable document format (PDF) will have the same legal effect as an original executed signature page. Each of the persons signing on behalf of a party hereto represents that he or she has the right and power to execute this Agreement on such party's behalf.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in their behalf.

CITY:
CITY OF KING CITY



City Manager

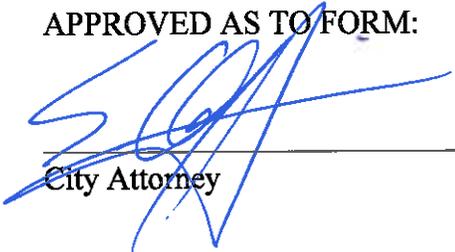


City Clerk (Deputy)

CONTRACTOR:
HINDERLITER, DE LLAMAS & ASSOCIATES
A California Corporation

By: _____
Andrew Nickerson, President

APPROVED AS TO FORM:



City Attorney



Item No. 9(H)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER;

BY: SCOTT BRUCE, PRINCIPAL PLANNER
ROY SANTOS, ASSISTANT CITY ATTORNEY

RE: CONSIDERATION SECOND READING OF AN ORDINANCE AMENDING CHAPTER 17.03 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO COMMERCIAL CANNABIS ACTIVITY; AMENDING CHAPTER 17.30 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO M-1 INDUSTRIAL DISTRICT; AMENDING CHAPTER 17.31 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO M-2 INDUSTRIAL DISTRICT; AN ORDINANCE AMENDING SECTION D.3(G) OF CHAPTER 4 (DEVELOPMENT STANDARDS) OF THE EAST RANCH BUSINESS PARK SPECIFIC PLAN FOR THE PURPOSE OF ADDING ADDITIONAL COMMERCIAL CANNABIS USES; INCLUDING FINDINGS RELATED TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

RECOMMENDATION:

It is recommended that City Council: 1) waive the second reading 2) adopt Ordinance No. 2017-743 amending Chapter 17.03 and amending Sections 17.30.020 and 17.31.020; and 3) adopt Ordinance No. 2017-744 amending the East Ranch Business Park Specific Plan.

BACKGROUND:

In January 2016, the City Council approved amendment to the Municipal Code which allowed Commercial Cannabis Cultivation in the City. In September 2016, the Code was amended to allow Mixed Light Cultivation, Nurseries, Manufacturing and Testing.

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The proposed amendments to the King City Municipal Code will clarify, refine, and address items identified during the review processes. Also, the amendments will add Distributor (CA Type 11) and Transporter (CA Type 12) land uses.

On **June 06, 2017** the Planning Commission considered the item in duly noticed public hearing and recommends approval. Resolution 2017- 179 is attached.

With the adoption of Proposition 215, the California voters approved the Compassionate Use Act (Health and Safety Code § 11362.5) to ensure that seriously ill Californians have the right to obtain and use cannabis for medical purposes where that medical use is deemed appropriate and has been recommended by a physician, without fear of criminal prosecution under limited, specified circumstances. In 2004, the State Legislature enacted SB 420 to clarify the scope of the Compassionate Use Act and provide additional statutory guidance regarding medical cannabis use. These statutes are codified at Health and Safety Code section 11362.7 et seq. and allow cities and counties to adopt supplemental rules and regulations.

In October of 2015, the Governor signed the Medical Marijuana Regulation and Safety Act (“Act”). The Act created a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis, all subject to local control. One of the purposes of the Act is to ensure uniformity among jurisdictions that wished to allow commercial cannabis operations.

The Adult Use of Marijuana Act (“AUMA”) was approved by a majority of California voters in the November 2016 election. The purpose of AUMA is to establish a comprehensive system to legalize, control and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products. Adults, age 21 and older, will be allowed to possess cannabis and grow certain amounts at home for personal use.

There are numerous studies and reports that demonstrate that unregulated cannabis cultivation can be harmful to the health, safety and welfare of the surrounding community and constitute a public nuisance. Cannabis plants produce a strong odor, offensive to many people, and detectable far beyond

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property boundaries without proper ventilation, odor control, and other regulations. Due to the value of cannabis plants and their strong smell (which alerts others to their locations), cannabis cultivation has been linked to break-ins, robbery, armed robbery, theft and attendant violence and injury, creating an increased risk to public safety. In addition, unregulated cannabis cultivation has been shown to involve avoidance of environmental laws and regulations, result in the pollution of waters. The indoor cultivation of cannabis has potential adverse effects to the structural integrity of the buildings in which cannabis is cultivated, and the use of high wattage grow lights and excessive use of electricity increases the risk of fire, which presents a clear and present danger to the buildings, its occupants, and neighboring buildings. In fact, there are numerous well publicized studies and reports, as well as numerous documented incident in Monterey County and throughout the State, which show that unregulated cannabis activities have a significant adverse effect on the community.

Health and Safety Code section 11362.2(b) explicitly allows a city to “enact and enforce reasonable regulations to reasonably regulate” the cultivation of cannabis. Countless California cities have reported negative impacts of cannabis cultivation and related activities, including but not limited to offensive odors, criminal activity, (such as trespassing, theft, violent robberies and robbery attempts, and the illegal sale and distribution of cannabis), and public health and safety concerns (such as fire hazards and problems associated with mold, fungus, and pests). Given the continuing lack of formal regulation from the state, the City is considering amendment of the regulations governing commercial cultivation of cannabis. Without a formal regulatory framework, the adverse impacts frequently associated with commercial cannabis activities will occur, and would result in an unregulated and potentially significant negative impact upon the environment and upon public health, safety, and welfare of the community.

On **January 26, 2016**, the City adopted Title 17, Chapter 17.03 of the King City Municipal Code pertaining to commercial cannabis activity. The commercial medical cannabis ordinance places complete bans and regulations on medical cannabis activity in the City based upon various health, safety and welfare and land use findings relating to cannabis cultivation, distribution, and consumption,

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which findings are incorporated herein by reference. The City also considered and adopted the Mitigated Negative Declaration ("**MND**") related to the project.

In September of 2016 the City further amended the King City Municipal Code to facilitate and regulate the allowance of additional types of indoor commercial cannabis activity as well as the manufacturing and testing of commercial medical cannabis products. The commercial medical cannabis related ordinances added regulatory language and amend the land uses / license types that are allowed in the EBRP SP and the M-1 and M-2 Districts. The City also considered and adopted the Mitigated Negative Declaration ("**MND**") related to the project.

At the **April 11, 2017** meeting, the Council provided direction to staff on a number of modifications to the City's regulations regarding cannabis businesses. Staff is presenting an Ordinance to implement those changes at this time. In addition, staff is providing information and seeking direction on other items with intent of drafting another ordinance for consideration in **August 2017**.

On June 13, 2017 the City Council heard staff presentation regarding the proposed Ordinance changes, had discussion and invited public comment and had the Ordinances read (by Title) into the Council record.

DISCUSSION:

In the time since the Code was revised Staff has processed three commercial medical cannabis projects. Through that process Staff has had the opportunity to evaluate that functionality and clarity of the regulations, as well as receive comment and suggestions from the applicants. In addition, the City Attorney's Office has conducted a thorough legal analysis of the current regulations and provided suggested amendments.

Ordinance 2017-743 (General Requirements): Amendments to Title 17, Section 17.03 defines and regulates the Commercial Cannabis Activity related uses that are to be allowed in the City; it does not specifically delineate those additional uses and/or the areas of the City where those uses can be located.

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Currently, the ERBP and the M-1, M-2 Districts allow indoor cultivation, nurseries, manufacturing and testing.

Ordinance 2017-743 (M-1): Amendments to Title 17, Sections 17.30.020 and 17.31.020 and the ERBP Specific Plan will allow the additional Transporter and Distributer uses in the M-1 and M-2 Districts. A Transporter is Licensed by the State to Transport Commercial Cannabis Products. A Distributor is Licensed by the State to Distribute Commercial Cannabis – selling wholesale to Dispensaries outside of the City. All dispensaries are banned within the city limits of the City of King.

Ordinance 2017-744: Amendments to the ERBP Specific Plan, adding allowed Commercial Cannabis related uses (Types 11 and 12) in the ERBP.

The Ordinances are exempt from the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that there is no possibility that it will have a significant effect on the environment. (CEQA Guidelines §15061(b)(3).) It is also exempt because it consists of regulations and restrictions on activities to assure the maintenance, restoration, or enhancement of natural resources and the environment by prohibiting environmentally destructive components of unregulated cannabis cultivation. (CEQA Guidelines §§15307, 15308.)

The State of California, as part of AB 243, AB 266 and SB 643, has defined certain Types of “Licenses”.

The City’s Municipal Code currently allows:

- Type 2A: Indoor cultivation with all artificial light from 0 to 10,000 square feet of plant canopy
- Type 3A: Indoor cultivation with all artificial light from 10,001 to 22,000 square feet of plant canopy

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- Type 2B: Indoor cultivation with all artificial light from 0 to 10,000 square feet of plant canopy
- Type 3B: Indoor cultivation with all artificial light from 10,001 to 22,000 square feet of plant canopy
- Type 4: Nurseries (the City anticipates limiting this use to a maximum 25,000 sf of plant growth area).
- Type 6: Manufacturing (Level 1)
- Type 8: Testing

The Amendments Include (but are not limited to):

Refinements to:

- Definitions
- Work Permit Approval Process
- Inspection and Enforcement
- Violations
- Insurance Coverage Limits
- Application Review and Approval Procedures

Changes:

- The Public Education Plan has been removed
- Limits to Storage of Alcohol and CO2 are now to be approved by Fire Chief and / or Chief of Police
- Distributer and Transporter Uses are allowed in the M-Districts and the ERBP

COST ANALYSIS:

The proposed Ordinance changes do not generate new costs in Staff and / or consultant review and processing time. They clarify items identified by Staff and Applicants as unclear and add two Land Use / Permit types, broadening and strengthening the Cannabis Industry in the City, potentially providing additional jobs.

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ALTERNATIVES:

The following alternatives are provided for Council consideration:

- 1) Adopt the Ordinances 2017-743 and 2017-744 with a finding of CEQA Exemption;
- 2) Modify and reintroduce the Ordinances;
- 3) Do not adopt the Ordinances; or
- 4) Provide other direction to staff.

ENVIRONMENTAL REVIEW:

This item is exempt from CEQA as presented by Staff and determined by Council at the first reading (June 13, 2017).

Exhibits:

1. Ordinance No. 2017- 743 (Section 17.03, Regulatory Ordinance and M-1 District))
2. Ordinance No. 2017-744 (East Ranch Business Park Specific Plan Amendment).

Submitted by:


Doreen Liberto-Blanck, Community Development Director

Approved by:


Steven Adams, City Manager

ORDINANCE NO. 2017-743

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KING AMENDING CHAPTER 17.03 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO COMMERCIAL CANNABIS ACTIVITY; AMENDING CHAPTER 17.30 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO M-1 INDUSTRIAL DISTRICT; AND AMENDING CHAPTER 17.31 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO M-2 INDUSTRIAL DISTRICT

WHEREAS, the City of King (“the City”) has the authority, under its police power, to enact regulations for the public peace, morals, and welfare of the City, California Constitution Article XI, section 7; and

WHEREAS, in 1996, with the adoption of Proposition 215, the California voters approved the Compassionate Use Act (Health and Safety Code § 11362.5) to ensure that seriously ill Californians have the right to obtain and use cannabis for medical purposes where that medical use is deemed appropriate and has been recommended by a physician, without fear of criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2004, the State Legislature enacted SB 420 to clarify the scope of the Compassionate Use Act and provide additional statutory guidance regarding medical cannabis use. These statutes are codified at Health and Safety Code § 11362.7 et seq. and allow cities and counties to adopt supplemental rules and regulations; and

WHEREAS, on October 9, 2015, almost 20 years after passage of the Compassionate Use Act, the Governor signed the Medical Marijuana Regulation and Safety Act (“Act”), comprised of California legislative bills AB 243, AB 266, and SB 643. The Act creates a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis, all subject to local control. One of the purposes of the Act is to ensure uniformity among jurisdictions that wished to allow commercial cannabis operations; and

WHEREAS, on June 27, 2016, the Governor signed SB 837, effective immediately, changing the terms in the Act from “medical marijuana” or “marijuana” to “medical cannabis” or “cannabis”, and making other technical changes to the Act. SB 837 also adopted regulations relating to the use and diversion of water in connection with the cultivation of cannabis; and

WHEREAS, in 2016, the City adopted Title 17, Chapter 17.03 et seq., of the King Municipal Code pertaining to Medical Cannabis Activity. The Medical Cannabis Ordinance places complete bans and regulations on medical cannabis activity in the City based upon various health, safety and welfare and land use findings relating to cannabis cultivation, dispensing, and consumption, which findings are incorporated herein by reference; and

WHEREAS, in November of 2016 the Adult Use of Marijuana Act (“AUMA”) was approved by a majority of California voters. The purpose of AUMA is to establish a comprehensive system to legalize, control and regulate the cultivation, processing, manufacture, distribution,

testing, and sale of nonmedical cannabis, including cannabis products. Adults, age 21 and older, will be allowed to possess cannabis and grow certain amounts at home for personal use; and

WHEREAS, the AUMA did not provide for a specific effective date, thus the provisions of the AUMA regarding personal use, possession, and cultivation of cannabis became effective the day after the November 8, 2016; and

WHEREAS, the AUMA's proposed Health & Safety Code section 11362.1(a)(3), will make it lawful under state and local law for any person twenty-one (21) years of age or older to "Possess, plant, cultivate, harvest, dry, or process not more than six living cannabis plants and possess the cannabis produced by the plants"; and

WHEREAS, the City wishes to enact regulations governing commercial cultivation of cannabis at this time; and

WHEREAS, the AUMA's proposed Health & Safety Code section 11362.2(b) explicitly allows a city to "enact and enforce reasonable regulations to reasonably regulate" the cultivation of cannabis so long as the City does not prohibit the cultivation of up to six plants "inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence that is fully enclosed and secure"; and

WHEREAS, several California cities have reported negative impacts of cannabis cultivation and related activities, including but not limited to offensive odors, criminal activity, (such as trespassing, theft, violent robberies and robbery attempts, and the illegal sale and distribution of cannabis), and public health and safety concerns (such as fire hazards and problems associated with mold, fungus, and pests); and

WHEREAS, cannabis plants, as they begin to flower and for a period of two months or more, produce a strong odor, offensive to many people, and detectable far beyond property boundaries if grown outdoors or if grown indoors without proper ventilation, odor control, and other regulations; and

WHEREAS, due to the value of cannabis plants and their strong smell (which alerts others to their locations), cannabis cultivation has been linked to break-ins, robbery, armed robbery, theft and attendant violence and injury, creating an increased risk to public safety; and

WHEREAS, unregulated cannabis cultivation can be harmful to the welfare of the surrounding community and its residents and constitute a public nuisance, in that cannabis cultivation has been shown to involve avoidance of environmental laws and regulations, and has resulted in the pollution of waters and navigable waterways in the State of California; and

WHEREAS, the indoor cultivation of cannabis has potential adverse effects to the structural integrity of the buildings in which cannabis is cultivated, and the use of high wattage grow lights and excessive use of electricity increases the risk of fire, which presents a clear and present danger to the buildings, its occupants, and neighboring buildings and residents; and

WHEREAS, unregulated indoor cultivation of cannabis can be harmful to the public health, safety and welfare, given electrical modifications risk fires, poor irrigation can cause mold, overloaded circuits can leave entire neighborhoods in the dark, plant chemicals can cause illness,

improper carbon dioxide mixed with insufficient ventilation can cause injury or death, and structural changes put first responders in danger if they rush into the unknown; and

WHEREAS, the Attorney General's August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use recognize that the cultivation or other concentration of cannabis in any location or premises without adequate security increases the risk that nearby homes or businesses may be negatively impacted by nuisance activity such as loitering and/or crime; and

WHEREAS, MMRSA and AUMA mandated comprehensive state licensing and regulatory framework for cultivation, manufacturing, distribution, transporting, testing and dispensing cannabis and cannabis products; however, implementing regulations have yet to be written and state licenses may not be available until 2018; and

WHEREAS, there are numerous well publicized studies and reports, as well as numerous documented incident in Monterey County and throughout the State, which show that unregulated cannabis activities have a significant adverse effect on the community; and

WHEREAS, the City finds that the absence of a formal regulatory framework the adverse impacts frequently associated with commercial cannabis activities will occur, resulting in an unregulated and potentially significant negative impact upon the environment and upon public health, safety, and welfare of the community; and

WHEREAS, outdoor cannabis cultivation and unregulated indoor cannabis cultivation are likely to generate these negative effects on the public health, safety, and welfare in the City, based on the experiences of other cities; and

WHEREAS, pursuant to the above-described express statutory authority and its police power, the City desires to explicitly prohibit the outdoor cultivation of commercial cannabis for both recreational and medical use; and

WHEREAS, pursuant to the above-described express statutory authority and its police power, the City also desires to enact reasonable regulations for the indoor cultivation, manufacturing, testing, distribution, or consumption of commercial recreational and medical cannabis; and

WHEREAS, absent clear regulation, cannabis cultivation in the City poses a potential threat to the public peace, health, and safety, and, unless the City takes action to regulate it, the secondary impacts described above are likely to occur very soon after the passage of the AUMA; and

WHEREAS, the City has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses, and in preserving the peace and quiet of the neighborhoods within the City by regulating the commercial cultivation of recreational and medical cannabis; and

WHEREAS, nothing in this Ordinance shall be construed to: (1) allow any person to engage in conduct that endangers others or causes a public nuisance; or (2) allow any activity

relating to the cultivation, manufacturing, testing, distribution, or consumption of cannabis which is illegal under state or federal law; and

WHEREAS, it is the intent of the City to regulation commercial cannabis activities, both recreational and medical, within the boundaries of the City.

NOW THEREFORE, the City Council of the City of King does hereby ordain as follows:

SECTION 1. The above recitals are incorporated are hereby by reference.

SECTION 2. The Ordinance is exempt from the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that there is no possibility that it will have a significant effect on the environment. (CEQA Guidelines §15061(b)(3).) It is also exempt because it consists of regulations and restrictions on activities to assure the maintenance, restoration, or enhancement of natural resources and the environment by prohibiting environmentally destructive components of unregulated cannabis cultivation. (CEQA Guidelines §§15307, 15308.)

SECTION 3. Chapter 17.03, of Title 17, of the King City Municipal Code is amended in its entirety to read as follows:

Chapter 17.03

COMMERCIAL CANNABIS ACTIVITY

Section 17.03.010 Purpose and Intent.

- (a) It is the purpose and intent of this Chapter to adopt local regulations applicable to commercial cannabis activity as may be permitted by Medical Marijuana Regulation and Safety Act (“MMRSA”) and Adult Use of Marijuana Act (“AUMA”), or subsequently enacted State law pertaining to the same or similar uses for commercial cannabis and imposing regulations on the use of land to protect City of King neighborhoods, residents, and businesses from negative impacts. It is a further purpose and intent of this Chapter to regulate the cultivation, manufacturing and testing of cannabis and cannabis-related products in a manner which is responsible and which protects the health, safety, and welfare of the residents of the City of King; to enforce rules and regulations consistent with state law including, but not limited to, the Compassionate Use Act, the Medical Marijuana Program Act, the MMRSA and AUMA. In part to meet these objectives, an annual permit shall be required in order to own and to operate a commercial cannabis business within the City of King as authorized under this Ordinance or the King City Municipal Code. Nothing in this Chapter is intended to authorize the cultivation, possession or use of cannabis in violation of state or federal law. The provisions of this Chapter are in addition to the business license otherwise required to conduct business in the City of King and in addition to permits and approvals otherwise required by the King City Municipal Code.

- (b) Pursuant to Section 7 of Article XI of the California Constitution, the City of King is authorized to adopt ordinances that establish standards, requirements, and regulations for local licenses and permits for commercial cannabis activity. Any standards, requirements, and regulations regarding health and safety, testing, laboratory operations and safety, security, and worker protections established by the state of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of King to commercial cannabis activity.

Section 17.03.020 Definitions.

When used in this Chapter, the following terms shall have the meanings ascribed to them in this Section. Any reference to California statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

- (a) “*Cannabis*” means all parts of the medical *Cannabis sativa* Linnaeus, medical *Cannabis indica*, or medical *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 marijuana. “*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 recreational marijuana, cannabis or 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 concentrate*” means manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product’s potency. An edible cannabis product is not considered food, as defined by Section 109935 of the California Health and Safety Code, or a drug, as defined by Section 109925 of the California Health and Safety Code.
- (c) “*Cannabis product*” means live unharvested cannabis, dried cultivated cannabis, live plants and/or a product containing cannabis, including, but not limited to, concentrates and extractions. For purposes of this Chapter, “*cannabis product*” does not include industrial hemp as defined by Section 81000 of the

California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

- (d) “*Chief of Police*” means the Chief of Police for the King City Police Department or his/her designee.
- (e) “*City Manager*” means the City Manager for the City of King or his/her designee.
- (f) “*Commercial cannabis activity*” or “*commercial cannabis business*” includes any business or operation which engages in cultivation, nursery, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, or sale of cannabis or a cannabis product, except as set forth in California Business and Professions Code Section 19319, related to qualifying patients and primary caregivers.
- (g) “*Commercial cannabis permit*” means a permit issued by the City of King pursuant to this Chapter to a commercial cannabis business.
- (h) “*Cultivation*” means any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- (i) “*Cultivation site*” means a facility where cannabis is propagated, planted, grown, harvested, dried, cured, graded, or trimmed, or that does all or any combination of those activities, which holds both a valid state license and a permit issued by the City of King.
- (j) “*Delivery*” means the commercial transfer of cannabis or cannabis products from a cultivation site, up to an amount determined by the State of California, or any of its departments or divisions, to a manufacturer or a testing laboratory.
- (k) “*Dispensary*” means a facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to express authorization, cannabis and cannabis products as part of a retail sale.
- (l) “*Dispensing*” means making cannabis or cannabis products available to, delivering to, or distributing to two (2) or more persons and/or any activity involving the wholesale of cannabis or cannabis products.
- (m) “*Distribution*” means the sale or transportation of cannabis or cannabis products between entities licensed pursuant to the

MMRSA, AUMA and/or any subsequent State of California legislation regarding cannabis and/or cannabis products.

- (n) *“Distributor”* means a person licensed under the MMRSA, AUMA and any subsequent State of California legislation to engage in the business of selling wholesale cannabis or cannabis products for sale to a licensed dispensary.
- (o) *“Dried flower”* means all cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- (p) *“Edible cannabis product”* means manufactured cannabis that is intended to be used, in whole or in part, for human consumption. An edible cannabis product is not considered food as defined by Section 109935 of the California Health and Safety Code or a drug as defined by Section 109925 of the California Health and Safety Code.
- (q) *“License”* means a license issued by the State of California, or one of its departments or divisions, under the MMRSA and/or AUMA to engage in commercial cannabis activity.
- (r) *“Live plants”* means living cannabis flowers and plants, including seeds, sprouts, immature plants (including unrooted clones), and vegetative stage plants.
- (s) *“Manufacturer”* means a person that conducts the production, preparation, propagation, or compounding of manufactured cannabis, as defined in this Section, or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container, that holds a valid state license and holds a permit issued by the City of King.
- (t) *“Manufactured cannabis”* means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate or manufactured product, including but not limited to products intended for internal consumption or topical application.
- (u) *“Manufacturing site”* means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a person issued a license by the State of California, or one of its departments or divisions, for these activities.

- (v) “*Nursery*” means a licensed facility which produces only cannabis clones, immature cannabis plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis.
- (w) “*Person*” means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.
- (x) “*Topical cannabis*” means a product intended for external application. A topical cannabis product is not considered a drug as defined by Section 109925 of the California Health and Safety Code.
- (y) “*Transport*” means the transfer of cannabis or cannabis products from a licensed and permitted commercial cannabis business location to another licensed and permitted commercial cannabis business location, for the purposes of the wholesale delivery of cannabis and/or cannabis products and/or the transfer of cannabis to a manufacturing site or testing site as authorized pursuant to state law and/or the King City Municipal Code.
- (z) “*Transporter*” means a person issued a license by the State of California, or one of its departments or divisions, to transport commercial cannabis or cannabis products in an amount above a threshold determined by the State of California, or one of its departments or divisions for personal use.

Section 17.03.030 Non-Commercial Cannabis Activity.

All non-commercial cannabis activities shall be governed by the mandatory regulations established within Chapter 7.55 of Title 7 of the King City Municipal Code or as may be repealed or amended by the City Council from time to time and any other applicable provisions of the King City Municipal Code.

Section 17.03.040 Licenses and Permits.

- (a) Commercial cannabis activity shall be authorized in the City of King only as expressly provided in this Chapter and if not expressly authorized by this Chapter shall be prohibited.
- (b) Cannabis dispensaries, cooperatives and/or collectives shall be prohibited in all zoning districts within the City. The establishment, development, construction, maintenance, or operation of a cannabis dispensary, cooperative and/or collective are hereby prohibited, and is not an authorized or conditionally permitted use in any zoning district, even if located within an otherwise permitted use. No person shall establish, develop, construct,

maintain, or operate a cannabis dispensary, cooperative and/or collective, and no application for a building permit, use permit, variance, or any other entitlement authorizing the establishment, development, construction, maintenance, or operation of any cannabis dispensary, cooperative and/or collective shall be approved by any officer or employee of the City. A violation of this Section is declared to be a public nuisance and punishable pursuant to the provisions of the King City Municipal Code.

- (c) The retail sale, gift, trade, barter or making available of cannabis or cannabis products by two or more persons shall be prohibited in all zoning districts of the City.
- (d) In addition to those other requirements which may be imposed pursuant to this Chapter, no person shall establish, develop, construct, maintain, or operate a commercial cannabis activity and/or open a commercial cannabis business without possessing both a commercial cannabis permit issued by the City and within one (1) year of the ability to obtain a license, a license issued by the State of California or one of its departments or divisions.
- (e) The City Manager is hereby authorized to issue commercial cannabis permits on behalf of the City. The City Manager, in their sole discretion, may issue a commercial cannabis permit pursuant to the mandatory requirements of this Chapter and the King City Municipal Code as may be repealed or amended by the City Council from time to time.
- (f) A commercial cannabis permit shall be governed by the following requirements and/or limitations:
 - (1) There shall be no retail sales of cannabis and/or cannabis products.
 - (2) Excluding repair, maintenance and delivery services, there shall be no public access to the commercial cannabis business.
 - (3) It shall be unlawful to employ or grant access to any individual under eighteen (18) years of age, or older as set by state law.
 - (4) Each commercial cannabis permit issued pursuant to this Chapter shall expire twelve (12) months after the date of its issuance.
 - (5) An application for renewal of a commercial cannabis permit shall be filed with the City Manager at least sixty (60) calendar days prior to the expiration date of the permit.
 - (6) An application for renewal of a commercial cannabis permit shall be denied if any of the following exists:
 - (A) The application for renewal of the commercial cannabis permit is filed less than sixty (60) days before its expiration.

- (B) The commercial cannabis permit is suspended or revoked at the time the application for renewal is submitted or suspended or revoked while the application for renewal is pending.
 - (C) The commercial cannabis business or activity has not been in regular and continuous operation during the four (4) months prior to the submission of the application for renewal.
 - (D) The commercial cannabis business or activity fails to conform to the requirements of this Chapter, any provision of the King City Municipal Code, any condition(s) imposed as part of a conditional use permit, and/or zoning requirement.
 - (E) The applicant for renewal of the commercial cannabis permit fails to renew its State of California license.
- (7) If a renewal application is denied, the applicant may file an appeal. The appeal must be in writing, identify the grounds for reversing the denial and be submitted to the City Clerk within ten (10) days from the date of the denial. The appeal shall be conducted as established within this Chapter and/or the King City Municipal Code. In the alternative, the applicant may file a wholly new application for a commercial cannabis permit as established within this Chapter. Upon expiration of the commercial cannabis permit and regardless of a pending appeal or new application for a commercial cannabis permit, all applicant's commercial cannabis activity shall immediately cease. Violations of this Section shall be subject to denial of the appeal or new application for a commercial cannabis permit and/or the enforcement, penalties and cost recovery proscribed within this Chapter and/or the King City Municipal Code.
- (8) An applicant seeking multiple licenses for different types of commercial cannabis activity shall be required to comply with the multiple licensing restrictions contained within Business and Professions Code Section 19328.
- (g) Prior to commencing operation, a commercial cannabis business shall obtain a City of King business license and comply with all applicable provisions and requirements of that license.
 - (h) Prior to commencing operation, a commercial cannabis business shall be subject to a mandatory building inspection and must obtain all required permits or approvals which would otherwise be required including, but not limited to, building permit(s), King City Fire Department permit(s), and

planning-level permit(s) required by Title 17 Zoning of the King City Municipal Code.

- (i) Revocation, termination, denial, non-issuance or suspension of a license issued by the State of California, or any of its departments or divisions, shall immediately terminate the commercial cannabis permit and all commercial cannabis activity shall immediately cease. Upon reinstatement or receipt of a new license from the State of California, or any of its departments or divisions, the commercial cannabis activity may file for a new permit from the City. While a new application for a commercial cannabis permit is pending, applicant shall not engage in any commercial cannabis activity. Violations of this Section shall be subject to denial of the application for a commercial cannabis permit and/or the enforcement, penalties and cost recovery proscribed within this Chapter and/or the King City Municipal Code.

Section 17.03.050 Existing Commercial Cannabis Businesses.

Currently operating commercial cannabis businesses shall apply for a commercial cannabis permit pursuant to this Chapter and otherwise meet all other conditions and requirements of this Chapter imposed on newly established commercial cannabis businesses. Any facility or entity that can demonstrate to the City's satisfaction that it is in good standing and otherwise in compliance with all applicable local and state laws and regulations promulgated thereunder may be permitted to continue current operations while its application for a commercial cannabis permit and license issued by the State of California, or its departments or divisions, are pending.

Section 17.03.060 Security Measures.

- (a) The City Manager is authorized to promulgate additional regulations necessary to implement the requirements and fulfill the policies of this Chapter related to commercial cannabis activities.
- (b) A permitted commercial cannabis business shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the City Manager, these security measures shall include, but shall not be limited to, all of the following:
 - (1) Preventing both non-employees and employees from remaining on the premises of the commercial cannabis business if they are not engaging in the activity expressly related to the operations of the commercial cannabis business.
 - (2) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.

- (3) Except for live growing plants which are being cultivated at a cultivation facility, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault. All cannabis and cannabis products, including live plants which are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss.
- (4) Installing twenty-four (24) hour security surveillance cameras with night vision capability and of at least HD-quality to monitor all entrances and exits to and from the premises and to monitor all interior spaces, excluding all restroom and changing room facilities, within the commercial cannabis business. The security surveillance system shall be compatible with software and hardware utilized by the King City Police Department. The security surveillance system shall be capable of providing the King City Police Department with remote real-time/live access to the video footage during emergency situations, including but not limited to armed robbery, active shooter, hostage, and exposure to hazardous or volatile substances. Video recordings shall be maintained for a minimum of forty-five (45) days. Upon request by the Chief of Police, video recordings will provided to the King City Police Department within twenty-four (24) hours. If the commercial cannabis business refuses to provide the Chief of Police access to the real-time/live video feed or the requested video recordings, the City Attorney shall be authorized to seek reimbursement of all costs, including but not limited to court costs, attorney's fees, filing fees, administrative time and fees and employee time, incurred by the City while seeking a warrant and/or judicial intervention granting the requested access. The requirements of this Section shall be in addition to any other provision provided for within the King City Municipal Code.
- (5) Sensors shall be installed to detect entry and exit from all secure areas.
- (6) Panic buttons shall be installed in all commercial cannabis businesses.
- (7) A professionally installed, maintained, and monitored alarm system.
- (8) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building and installed in compliance with all applicable requirements of the King City Municipal Code, California Building Code and California Fire Code.
- (9) Security personnel hired by the commercial cannabis business shall be certified by the State of California and submit to and pass a background check conducted by the King City Police Department, including but not limited to finger print analysis utilizing the

California Department of Justice Live Scan system. In the alternative, the security personnel or commercial cannabis permit holder may provide the City Manager with a completed background check performed by a third party vendor approved by the City.

- (10) Each commercial cannabis business shall have the capability to remain secure and operational during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
- (c) Each commercial cannabis business shall provide the Chief of Police with the identity and contact information for a liaison who shall be reasonably available to meet and discuss compliance with the requirements of the King City Municipal Code, state law and/or any other regulations relating to the commercial cannabis activity.
- (d) As part of the application and permitting process, each commercial cannabis business shall provide the Chief of Police with a detailed transportation plan describing the procedures for safely and securely transporting cannabis, cannabis products and/or currency.
- (e) A commercial cannabis business shall notify the Chief of Police within twenty-four (24) hours after discovering any of the following:
 - (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager.
 - (2) Diversion, theft, loss or any criminal activity involving the commercial cannabis business, an employee or any agent of the commercial cannabis business.
 - (3) The loss or unauthorized alteration of records referring or related to cannabis, cannabis products, employees or agents of the commercial cannabis business.
 - (4) Any other breach of security.

Section 17.03.070 Employee Work Permits.

- (a) Every employee or independent contractor working at the commercial cannabis business or involved in the transportation related services for the commercial cannabis business shall obtain an Employee Work Permit. It shall be the responsibility of the commercial cannabis permit holder to ensure that Employee Work Permits are obtained from the City Manager prior to the employee or independent contractor commencing work. Persons who are listed as the commercial cannabis permit holder shall not be

required to obtain an Employee Work Permit if such person also serves as an employee or contractor.

- (b) Each prospective employee or independent contractor shall be required to submit an application to the City Manager so that a background check can be performed by the Chief of Police. The application shall contain the following:
- (1) Name, current resident address, and telephone number.
 - (2) Date of birth.
 - (3) Social security number, tax identification number or State of California identification card.
 - (4) Height, weight, eye color and hair color.
 - (5) Photographs for identification purposes (photographs shall be taken by the King City Police Department).
 - (6) Be fingerprinted by the King City Police Department and agree to a criminal history records check conducted by the King City Police Department based upon their fingerprints.
 - (7) Such other identification and information as deemed necessary by the Chief of Police and pertinent to the Employee Work Permit.
 - (8) Authorization for the City Manager to seek verification of the information contained within the application.
 - (9) The name of the commercial cannabis permit holder for which the applicant is seeking to work.
- (c) Every applicant for an Employee Work Permit shall provide the City with a non-refundable fee, as established by resolution of the City Council, to process their application. The fee shall include an amount to cover the costs of fingerprinting, photographing, background checks as well as general review and processing of the application. In the alternative, the applicant may provide the City Manager with a completed background check performed by a third party vendor approved by the City.
- (d) The Chief of Police, upon receiving a properly completed application and payment of the application fee or a completed third party background check, shall conduct an investigation into the information provided by the applicant. The background check and investigation or review shall be complete within thirty (30) days of receiving the properly completed application and completed background check. The City Manager shall provide the applicant with notice either approving or denying the requested Employee Work Permit within fifteen (15) days of completing the background check and investigation. The City Manager, in their sole

discretion, may conditionally approve the issuance of an Employee Work Permit pending completion of the background check and investigation. Notice of the decision shall be personally served or mailed to the applicant via U.S. mail. Notice of the decision is presumed served upon the applicant at the time it is deposited within the U.S. mail. The decision of the City Manager on an Employee Permit shall be final, subject to judicial review.

- (e) An Employee Work Permit shall be denied based upon any of the following grounds:
 - (1) The applicant has been issued a local or state permit or license to conduct commercial cannabis activities at any other location within the State of California or another state and the permit or license was suspended or revoked, or the applicant has had disciplinary action relating to the permit or license.
 - (2) The applicant has been convicted of a serious or violent offense as listed within California Penal Code sections 667.5 and 1192.7(c).
 - (3) The applicant has been convicted of any offense listed within Business and Professions Code section 19323.
 - (4) The applicant has been convicted of a misdemeanor involving theft, dishonesty, fraud, narcotics sales or narcotic trafficking within the five (5) years preceding the date of the application.
 - (5) The applicant has been convicted of a felony involving the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined within the Federal Controlled Substance Act, unless the applicant received a Certificate of Rehabilitation as defined in the Act.
 - (6) The applicant has engage in misconduct related to the qualifications, functions or duties of their position with the commercial cannabis business.
 - (7) The applicant has engaged in unlawful, fraudulent, unfair, or deceptive business practices as defined by the King City Municipal Code and/or state or federal law.
 - (8) The applicant is under the age of eighteen (18), or any older age as may be set by state law.
- (f) The City Manager may suspend or revoke an Employee Work Permit when the employee or independent contractor has committed any of the following acts:
 - (1) Any action which would be grounds for denial of an Employee Work Permit.

- (2) Any violation of this Chapter, the King City Municipal Code, or any other applicable state or federal law governing the commercial cannabis business or activity.
- (g) Prior to suspending or revoking an Employee Work Permit, the City Manager shall conduct a hearing. Written notice of the hearing shall be provided to the employee or independent contractor at least five (5) calendar days prior to the hearing. The notice shall contain the basis for suspending or revoking the Employee Work Permit. Notice may be provided by either personal service or U.S. mail. After the hearing, the City Manager shall provide notice of the decision whether to suspend or revoke the Employee Work Permit. The decision of the City Manager shall be final, subject to judicial review. The employee or independent contractor has no right to appeal the decision to the City Council.
- (h) The City Manager may immediately suspend an Employee Work Permit without notice or hearing, subject to appeal rights as set forth in this Chapter, under the following circumstances:
 - (1) The employee or independent contractor is convicted of a public offense in any court for the violation of any law which would be grounds for denial of an Employee Work Permit.
 - (2) The Chief of Police determines immediate suspension is necessary to protect the health, safety and welfare of the community. The City Manager shall provide notice of the grounds for immediate suspension of the Employee Work Permit and the suspension shall only be for as long as reasonably necessary to address the grounds which led to the suspension.

Section 17.03.080 Right to Occupy and to Use Property.

As a condition precedent to the City's issuance of a commercial cannabis permit pursuant to this Chapter, any person intending to open and to operate a commercial cannabis business shall provide sufficient evidence of the legal right to occupy and to use the proposed location. In the event the proposed location is leased from another person, the applicant for a permit under this Chapter shall provide a signed and notarized statement from the owner of the property to demonstrate the property owner has acknowledged and has consented to the operation of a commercial cannabis business on the property.

Section 17.03.090 Location of Commercial Cannabis Business—Proximity to Sensitive Uses.

- (a) No commercial cannabis business may operate within any wholly residential area or district of the city or adjacent to a residential area or district if, in the opinion of City Manager, the operation of a commercial cannabis business in such location would tend to cause a public nuisance or

a situation which may result in repeated police department response or a negative impact on the adjacent residential units.

- (b) Commercial cannabis businesses shall be required to comply with all zoning, land use, and development regulations applicable to the underlying zoning district in which they are permitted to establish and operate as set forth in Title 17 of the King City Municipal Code.
- (c) Any commercial cannabis business which has been determined by the City Manager to be an existing commercial cannabis business on the effective date of the ordinance codified in this Chapter shall be exempt from compliance with the limitations proscribed in this Section, unless such location is otherwise determined to constitute a public nuisance or otherwise a disturbance to the adjacent or neighboring uses as determined by the provisions of this Chapter.

Section 17.03.100 Restriction on Alcohol Sales.

No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of any commercial cannabis business. No commercial cannabis business may operate at the same location as an alcohol-related use as that term is defined in the King City Municipal Code.

Section 17.03.110 Concurrent Regulation with State.

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

Section 17.03.120 Compliance with Laws.

It is the responsibility of the commercial cannabis permit holder, owners and operators of the commercial cannabis business to ensure that it is, at all times, operating in a manner compliant with all applicable state and local laws and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions which violate state law or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the commercial cannabis permit holder, owners and the operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, any subsequently enacted ordinance, resolution, state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis permit. Nothing in this Chapter shall be construed as authorizing any actions which violate state law with regard to the operation of a commercial cannabis business. Further, nothing in this Chapter shall be construed as the City, City Council (individually or collectively), City Employees (individually or collectively) and/or consultants authorizing any violation of federal law.

Section 17.03.130 Inspection and Enforcement.

- (a) The City Manager, upon twenty-four (24) hour notice, may enter the location of a commercial cannabis business at any time during the regular hours of operation and inspect the location of any commercial cannabis business.
- (b) The City Manager, upon twenty-four (24) hour notice, may enter the location of a commercial cannabis business at any time during the regular hours of operation to obtain samples of the cannabis to test for law enforcement and/or public safety purposes. Any samples obtained by the City Manager shall be logged, recorded, and maintained in accordance with the King City Police Department standards for evidence.
- (c) If, after twenty-four (24) hour notice is provided, the commercial cannabis permit holder or anyone acting on their behalf refuses to allow the City Manager to enter the commercial cannabis business to conduct an inspection and/or collect samples, the City is authorized to seek a warrant or judicial intervention to grant the requested access. Further, the City is authorized to seek reimbursement from the commercial cannabis permit holder and/or the commercial cannabis business for all costs, including but not limited to court costs, attorney's fees, filing fees, administrative time and fees and employee time, incurred while obtaining a warrant and/or judicial intervention granting the requested access and for the return inspection. The requirements of this Section shall be in addition to any other provision provided for within the King City Municipal Code.

Section 17.03.140 Fees and Charges.

- (a) No person may commence or continue any commercial cannabis activity in the City without timely paying in full all fees, costs, penalties and charges associated with the operation of a commercial cannabis activity. Fees and charges associated with the operation of a commercial cannabis activity shall be established by Resolution of the City Council.
- (b) All commercial cannabis businesses operating pursuant to this Chapter shall pay any and all applicable sales, use, business or other taxes, and all license, registration, or other fees required pursuant to federal, state, and local law.

Section 17.03.150 Violation and Enforcement.

- (a) Any person that violates any provision of this Chapter shall be guilty of a separate offense for each and every day during any portion of which any such person commits, continues, permits, or causes a violation thereof, and shall be penalized pursuant to this Chapter and/or the provisions of the King City Municipal Code.
- (b) Each and every violation of this Chapter shall constitute a separate violation and shall be penalized pursuant to this Chapter and/or the provisions of the King City Municipal Code.

- (c) Any person who violates, causes, continues or permits another to violate the provisions of this Chapter commits a misdemeanor and shall be punishable in accordance with Chapter 1.04.010 of the King City Municipal Code. The City may also pursue all applicable civil and administrative remedies, including but not limited to injunctive relief and administrative citations. Should a court of competent jurisdiction subsequently determine that the misdemeanor criminal penalty provision renders the provisions of this Chapter, or the provisions of any Chapter adopted by reference within the King City Municipal Code unlawful, the City intends that the misdemeanor provision be severable from the remaining penalty provisions and the City will only pursue criminal infraction penalties and/or non-criminal remedies for violations of this Chapter.
- (d) Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance which may be abated by the City pursuant to the King City Municipal Code.
- (e) The administrative citation penalty for all violations of this Chapter, within a rolling twelve (12) month period shall be as follows: one thousand and no/100ths dollar (\$1,000.00) per violation.
- (f) In addition to any other remedy or enforcement mechanism provided within this Chapter or any other provision of the King City Municipal Code, the City may commence a civil action seeking any other relief or remedy available at law or in equity.
- (g) The provisions of this Chapter are complimentary, cumulative, supplementary, and additional to any other legal remedies available, whether found in the King City Municipal Code, state or federal laws, regulations, or case law.
- (h) The City Manager may suspend or revoke a commercial cannabis permit when the permit holder or anyone acting on their behalf has committed any of the following acts:
 - (1) Any action which would be grounds for denial of an commercial cannabis permit.
 - (2) Any violation of this Chapter, the King City Municipal Code, or any other applicable state or federal law governing the commercial cannabis business or activity.
- (i) Prior to suspending or revoking a commercial cannabis permit, the City Manager shall conduct a hearing. Written notice of the hearing shall be provided to the permit holder at least five (5) calendar days prior to the hearing. The notice shall contain the basis for suspending or revoking the commercial cannabis permit. Notice may be provided by either personal service, U.S. mail and/or posting or depositing the notice at the commercial cannabis business. After the hearing, the City Manager shall provide notice

of the decision whether to suspend or revoke the commercial cannabis permit. The decision of the City Manager shall be final, subject to judicial review. The commercial cannabis permit holder has no right to appeal the decision to the City.

- (h) The City Manager may immediately suspend a commercial cannabis permit without notice or hearing, subject to appeal rights as set forth in this Chapter, under the following circumstances:
 - (1) The commercial cannabis permit holder is convicted of a public offense in any court for the violation of any law which would be grounds for denial of a commercial cannabis permit.
 - (2) The Chief of Police determines immediate suspension is necessary to protect the public health, safety and welfare of the community. The City Manager shall provide notice of the grounds for immediate suspension of the commercial cannabis permit and the suspension shall only be for as long as reasonably necessary to address the grounds which led to the suspension.

Section 17.03.160 Limitations on City's Liability.

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

- (a) Execute an agreement indemnifying, defending (at its sole cost and expense), and holding the City and its officers, employees, representatives, and agents harmless from any and all claims, losses, damages, injuries or liabilities associated with the permitting or approving the operation of a commercial cannabis activity or the operation thereof or associated with the commercial cannabis business or its members' violation of any federal, state or local laws.
- (b) Maintain insurance at coverages, limits, and with conditions thereon determined necessary by the City Attorney. The insurance coverage limits shall meet or exceed one million dollars (\$1,000,000.00) per occurrence. In the alternative to maintaining Commercial General Liability, a commercial cannabis permit holder may post a bond, in a form subject to approval by the City Attorney, with the City in the minimum amount of one million dollars (\$1,000,000.00). The City Manager may, in their sole discretion, increase the minimum bond amount required by a commercial cannabis permit holder.
- (c) Reimburse the City for any and all costs and expenses, including attorney fees and costs and court costs that the City may be required

to pay as a result of any legal challenge related to the City's approval of a commercial cannabis permit pursuant to this Chapter or the City of King's approval of the operation of a commercial cannabis activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the obligations imposed under this section.

Section 17.03.170 Application Procedures and Application Requirements.

Permittee Selection Process; Criteria for Review; Renewal, Suspension or Revocation of a Permit; Appeals. In addition to those requirements set forth in this section and elsewhere in this chapter, the City Council may by resolution or ordinance adopt such forms, fees, and procedures as are necessary to implement this Chapter with respect to the initial selection, future selection, investigation process, renewal, revocation, and suspension of commercial cannabis business permits and appeals for the revocation or suspension of a commercial cannabis permit.

- (a) At a minimum, the application shall contain the following requirements:
 - (1) The printed full name, signature, date of birth, social security number, and present address and telephone number of all persons and entities responsible for the operation of the commercial cannabis business including managers, corporate officers, investors, any individual with an ownership interest, any member of a board of directors, any general or limited partner, and/or any member of a decision-making body for the commercial cannabis business.
 - (2) The address to which correspondence from the City of King is to be sent.
 - (3) The names and addresses of all businesses operated by and the employment of the applicant(s) for the five (5) years immediately preceding the date of the application.
 - (4) Any litigation in which the applicant(s) has been involved within the five (5) years immediately preceding the date of the application and a statement of whether any business currently operated by the applicant(s) or operated by the applicant(s) within the five (5) years immediately preceding the date of the application has been investigated or the permit or license authorizing the operation of such business has been revoked or suspended within the five (5) years immediately preceding the date of the application.

- (5) The address of any commercial cannabis business currently being operated by the applicant(s), or any of them, or which have been previously operated by them.
- (6) The supply sources for all cannabis and cannabis products sold at the commercial cannabis business. Product supply chain including the site(s) where cultivation occurs, the product is processed or manufactured, any required testing of cannabis or cannabis products, transportation, and packaging and labelling criteria.
- (7) The names and telephone numbers of the person(s) to be regularly engaged in the operation of the proposed commercial cannabis business, whether an employee, volunteer or contractor. The application shall also have the names and telephone numbers of those persons having management and supervisory responsibilities for the proposed commercial cannabis business.
- (8) Odor control devices and techniques to prevent odors from marijuana from being detectable off-site.
- (9) Procedures for identifying, managing, and disposing of contaminated, adulterated, deteriorated or excess medical cannabis product.
- (10) Procedures for inventory control to prevent diversion of cannabis and cannabis product, employee screening, storage of cannabis and cannabis product, personnel policies, and record-keeping procedures.
- (11) A detail of the procedures to be utilized at the facility including a description of how chemicals and fertilizers will be stored, handled, used and disposed of; manufacturing methods, the transportation process, inventory procedures, and quality control procedures.
- (12) A site plan and floor plan of the commercial cannabis business denoting the property lines and the layout of all areas of the commercial cannabis business including storage, cultivation, manufacturing, testing, distributing, reception/waiting, and all ancillary support spaces, and the relationship of the facility to adjacent properties and land uses.
- (13) Size, height, colors, and design of any proposed signage at the site. A City of King sign permit issued pursuant to the King City Municipal Code shall be required.

- (14) An operations and security plan.
 - (15) Standard operating procedures detailing how operations will comply with state and local regulations, how safety and quality of products will be ensured, record-keeping procedures for financing, testing, and adverse event recording, and product recall procedures.
 - (16) Proposed hours of operation.
 - (17) Recycling and Waste disposal information.
 - (18) Youth access restriction procedures.
 - (19) A statement in writing by the applicant that he or she certifies under penalty of perjury that all the information contained in the application is true and correct.
 - (20) Detailed description of energy and water usage plan enumerating best practices and leading industry practices in efficient utilization of both resources.
- (b) An application shall be denied based upon any of the following grounds:
- (1) The applicant has been issued a local or state permit or license to conduct commercial cannabis activities at any other location within the State of California or another state and the permit or license was suspended or revoked, or the applicant has had disciplinary action relating to the permit or license.
 - (2) The applicant has been convicted of a serious or violent offense as listed within California Penal Code sections 667.5 and 1192.7(c).
 - (3) The applicant has been convicted of any offense listed within Business and Professions Code section 19323.
 - (4) The applicant has been convicted of a misdemeanor involving theft, dishonesty, fraud, narcotics sales or narcotic trafficking within the five (5) years preceding the date of the application.
 - (5) The applicant has been convicted of a felony involving the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined within the Federal Controlled Substance Act, unless the applicant received a Certificate of Rehabilitation as defined in the Act,

within the ten (10) years preceding the date of the application.

- (6) The applicant has engaged in misconduct related to the ownership, qualifications, functions or duties of their position with the commercial cannabis business.
- (7) The applicant has engaged in unlawful, fraudulent, unfair, or deceptive business practices as defined by the King City Municipal Code and/or state or federal law.
- (8) The applicant is under the age of eighteen (18), or any older age as may be set by state law.

A conviction within the meaning of this Section means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

This Section shall not constitute an exhaustive list of grounds for denying an application. The City Manager and/or the Planning Commission may identify any additional grounds for denying an application or conditional use permit.

- (c) The City Manager shall review each application to determine whether it contains all of the required information. If the application does not contain all of the required information, it shall be returned to the applicant for completion. The City Manager shall endeavor to conclude their review within ninety (90) days of the filing of the application. If additional time is necessary, the City Manager will advise the applicant of an estimated review time.
- (d) In reviewing an application for a permit pursuant to this Chapter or in reviewing the proposed commercial cannabis business, the City Manager or designee may request whatever additional information is deemed necessary to carry out the purposes of this Chapter.
- (e) The City Manager shall have the authority to either grant or deny the application for a commercial cannabis permit. Notwithstanding what is otherwise provided in this Chapter, the City Manager, when approving a commercial cannabis permit, may place any additional limitations and conditions on the operation of a commercial cannabis business as he or she deems necessary, consistent with the public interest and with this Chapter.
- (f) When an application is denied, the City Manager shall provide a statement of decision giving the reasons for the denial and the findings upon which the decision is based. Notice of the denial may be provided by either personal service or U.S. mail. Notice is presumed to be served upon the applicant once deposit into the U.S.

mail. Any person denied a commercial cannabis permit shall have the right to appeal such denial in accordance with this Section.

(h) Any appeal of a denial of an application shall be filed and conducted as prescribed in this subsection.

(1) Within ten (10) calendar days from the date of the denial of an application, an aggrieved party may appeal such action by filing with the City Clerk a written appeal setting forth the grounds for reversing the denial.. The time requirement for filing an appeal shall be deemed jurisdictional and may not be waived. Appeals not timely filed or not setting forth the basis for the appeal are defective and shall be dismissed.

(2) Upon receipt of such written appeal, the City Clerk shall set the matter for a hearing before the City Manager. The hearing shall be conducted pursuant to the procedures set forth pursuant to King City Municipal Code section 7.51.604 and shall be set within a reasonable time after the date of filing the appeal with the City Clerk, but in no event later than ninety (90) days from the date of such filing. At least ten (10) days prior to the date of the hearing on the appeal, the City shall notify the appellant of the time and the place of the hearing. Notice may be provided by either personal service or U.S. mail. Notice is presumed to be served upon deposit into the U.S. mail. At such hearing, the City Manager and the appellant may present any information they deem relevant to the decision appealed, provided the information complies with the requirements of section 7.51.604 of the King City Municipal Code. The formal rules of evidence and procedure applicable in a court of law shall not apply to such hearing.

(3) At the conclusion of the hearing, the City Manager shall deliberate and reach a decision within fifteen (15) calendar days. The decision and the reason(s) for the decision shall be reduced to writing. The City Manager may affirm, reverse, or modify the denial issued pursuant to this Code as the facts and law warrant, subject to the following limitations:

(i) The City Manager shall not have authority to waive any requirements of the Code or law.

(ii) Nothing in these procedures shall be deemed to authorize the City Manager to deviate from unambiguous provisions of the governing code or statute, or well established interpretations of the

same, based upon expert opinions or other reliable evidence.

A copy of the decision shall be sent by mail or otherwise to the appellant. Where known, a copy may also be provided by email.

- (4) The decision of the City Manager shall be final with no further administrative appeals. Unless the governing ordinance or statute provides otherwise, if the appellant seeks further relief, the appellant shall file a petition for writ of mandate in superior court pursuant to Code of Civil Procedure Sections 1094.5 and 1094.6 within ninety (90) calendar days of the date of the decision.

Section 17.03.180 Records and Reporting.

- (a) Subject to the Health Insurance Portability and Accountability Act (HIPAA) regulations, each commercial cannabis business shall allow City of King officials to have access to the commercial cannabis business's books, records, accounts, and any and all data relevant to its permitted activities for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data shall be produced within later than twenty-four (24) hours after receipt of the City's request. Failure to timely provide the requested records may result in immediate suspension of the commercial cannabis permit.
- (b) Each commercial cannabis business shall file with the City Manager an audit of its financial operations for the previous fiscal year, complete and certified by an independent certified public accountant in accordance with generally accepted auditing and accounting principles. The audit shall include, but not be limited to, a discussion, analysis, and verification of each of the records required to be maintained pursuant to this Chapter. The information contained in the audit shall be made available in standard electronic format which shall be compatible with Microsoft Office programs and software and which can easily be imported into either Excel, Access or any other contemporary software designated by the City Manager.
- (c) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until sold or delivered.
- (d) Each owner and/or operator of a commercial cannabis business shall maintain a current register of all employees currently employed by the

commercial cannabis business and shall disclose such register to any City official upon request.

All records required by this Chapter shall be maintained by the commercial cannabis business for a period of not less than three (3) years and shall otherwise keep accurate records of all commercial cannabis business activity and provide such records for inspection consistent with California Business and Professions Code Section 19327 and any additional rules promulgated by the licensing authority pursuant to that section or the City Council by resolution or ordinance.

Section 17.03.190 Prohibition on Transfer of Commercial Cannabis Permits.

- (a) No person shall operate a commercial cannabis business under a commercial cannabis permit issued pursuant to this Chapter at any place or location other than that identified on the permit.
- (b) Any permit issued pursuant to this Chapter shall be null and void upon sale or transfer of ownership of the commercial cannabis business unless prior approval is given by the City Manager and the proposed transferee submits all required application materials and pays all applicable fees and charges and independently meets the requirements of this Chapter.
- (c) Any attempt to transfer or any transfer of a commercial cannabis permit issued pursuant to this Chapter is hereby declared void and the commercial cannabis permit deemed immediately revoked and no longer of any force or effect.

Section 17.03.200 Packaging and Labelling.

Prior to the sale or the delivery of any edible cannabis or edible cannabis product the same shall be labeled and in tamper-evident packaging which at least meets the requirements of California Business and Professions Code Section 19347, as the same may be amended from time to time or superseded or replaced by subsequent state legislation or by any department or division of the State of California. The City Council may impose additional packaging and labelling requirements on cannabis or cannabis products by resolution.

Section 17.03.210 Operating Requirements.

In addition to those operating requirements specifically set forth elsewhere in this Chapter and except as may otherwise be expressly set forth in this Chapter, the following operating requirements shall apply to all commercial cannabis businesses operating in the City of King.

- (a) Hours of Operation. Commercial cannabis businesses may be open for access to the public only between the hours of eight (8:00) a.m. and seven (7:00) p.m. Monday through Sunday.

- (b) **Restriction on Consumption.** Cannabis shall not be consumed on the premises of any commercial cannabis businesses or elsewhere in the City other than within private residences.
- (c) **No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of the property.** No outdoor storage of cannabis or cannabis products is permitted at any time.
- (d) **Reporting and Tracking of Product and of Gross Sales.** Each commercial cannabis business shall have in place a point-of-sale tracking system to track and to report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale) and shall ensure that such information is compatible with the city's recordkeeping systems. The system must have the capability to produce historical transactional data for review by the City. All information provided to the city pursuant to this subsection shall be confidential and shall not be disclosed, except as may otherwise be required under law.
- (e) **All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the state and local regulations.**
- (f) **Emergency Contact.** Each commercial cannabis business shall provide the City Manager with the name, telephone number (mobile preferred, if available) of an on-site employee or owner to whom emergency notice can be provided.
- (g) **Signage and Notices.**
 - (1) **In addition to the requirements otherwise set forth in this section, business identification signage for a commercial cannabis business shall conform to the requirements of the King City Municipal Code, including, but not limited to, a issuance of a City of King sign permit.**
 - (2) **Business identification signage shall be limited to that needed for identification only and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial cannabis business or elsewhere including, but not limited to, the public right-of-way.**
 - (3) **No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.**

- (4) Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.
 - (5) Signage shall not be directly illuminated, internally or externally. No banners, flags or other prohibited signs may be used at any time.
- (h) Minors. Persons under the age of eighteen (18) years shall not be allowed on the premises of a commercial cannabis business.

It is unlawful and a violation of this Chapter for any person to employ any other person at a commercial cannabis business who is not at least eighteen (18) years of age.

The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of eighteen (18) years of age is permitted to enter upon the premises of the commercial cannabis business.

- (i) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from marijuana are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the medical marijuana facility that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain the following equipment or any other equipment which the City Manager determines has the same or better effectiveness:
- (1) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;
 - (2) An air system that creates negative air pressure between the commercial cannabis business's interior and exterior so that the odors generated inside the commercial cannabis business are not detectable on the outside of the commercial cannabis business.
- (j) Display of Permit and City Business License. The original copy of the permit issued by the City pursuant to this Chapter and the business license issued by the City pursuant to the King City Municipal Code shall be posted inside the commercial cannabis business in a location readily visible to the public.

- (k) **Background Check.** Every person listed as an owner, manager, supervisor or employee of the commercial cannabis business must submit fingerprints and other information deemed necessary by the Chief of Police for a background check by the King City Police Department. In the alternative, the applicant can submit a completed background check from a City approved vendor which shall be reviewed by the Chief of Police. No person shall be issued a permit to operate a commercial cannabis business unless they have first cleared the background check, as determined by the Chief of Police, as required by this Section. A fee for the cost of the background investigation, which shall be the actual cost to the City to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial cannabis permit is submitted. The applicant(s) shall provide an initial deposit in an amount the Chief of Police estimates will cover the cost of the background investigation, which shall be used and drawn upon as a retainer to cover the actual costs of such investigation. If this amount is not sufficient, the applicant shall provide additional amounts that are necessary and if the applicant is unable to provide the additional amounts necessary to complete the investigation, the investigation shall cease and shall not continue until such additional amounts are paid. Upon completion of the investigation or in the event the applicant withdraws their application, any unused amount will be refunded to the applicant within thirty (30) days.
- (l) **Loitering.** The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
- (m) **Permits and other Approvals.** Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate.

Section 17.03.220 Cultivation, Manufacture, Waste, and Storage Requirements.

- (a) Any person issued a permit pursuant to this Chapter must follow all pesticide use requirements of local, state and federal law. The Monterey County Agricultural Commissioner may inspect the commercial cannabis business at any time during regular business hours to ensure compliance with this Section.
- (b) All weighing devices must be maintained in compliance with local, state or federal law and comply with applicable regulations regarding device registration with the Agricultural Commissioner.

- (c) Any person issued a permit pursuant to this Chapter must follow all local, state and federal requirements for solid waste and hazardous waste disposal. The Monterey County Environmental Health Bureau may inspect the commercial cannabis business at any time during regular business hours to ensure compliance with this Section.
- (d) In no case shall any hazardous, flammable or explosive substances be used to process or manufacture cannabis products on site. Food grade alcohol solely for the purposes of cleaning machinery and dissolving wax, unless otherwise prohibited by the State of California, is permitted. The City and Monterey County Environmental Health Bureau may inspect the commercial cannabis business at any time during regular business hours to ensure compliance with this Section.
- (e) All food products, food storage facilities, food-related utensils, equipment and materials shall be approved, used, managed and handled in accordance to the provisions of the California Retail Food Code, California Health and Safety Code sections 113700 through 114437. All food products shall be protected from contamination at all times, and all food handlers must be clean, in good health and free from communicable diseases. The Monterey County Environmental Health Bureau may inspect the commercial cannabis at any time during regular business hours to ensure compliance with this Section.
- (f) Stacking shall be allowed in a given structure but only to the point that measuring the total canopy of each level of stacking is cumulatively no greater than the maximum canopy size allowed under state licensing. For purposes of this Section, “stacking” is defined as the practice of growing marijuana plants on platforms or tables and stacking them in multiple layers on top of each other.

Section 17.03.230 Limitation on the Number of Cultivation and Nursery Facilities.

No more than one million, three hundred fifty thousand (1,350,000) square feet of total canopy whether under cultivation or nursery activity will be allowed within the City at any one time and commercial cannabis permits shall be issued by the City for cultivation and nursery activity up to a maximum one million three hundred fifty thousand (1,350,000) square feet of total canopy within the City. Nurseries shall be limited to a total of twenty-five thousand (25,000) square feet in size per Type 4 “Nursery” license issued by the City.

Section 17.03.240 Periodic Review by the City Council.

In the sole discretion of the City Manager; the City Attorney, the Chief of Police, and the Community Development director shall report to the City Council findings on the operation of any cultivation facilities permitted pursuant to this Chapter and shall make a recommendation whether the cultivation facilities should be permitted to continue in operation for the remaining period of the term of their license (in

addition to whatever other recommendations may be made) and whether the City should renew one or more of the permits for an additional period. Any termination or revocation of a license or permit, shall be in accordance with the provisions of the King City Municipal Code.

Section 17.03.250 Operating Requirements for Cultivation and Nurseries.

- (a) Outdoor Cultivation and Nursery activity Prohibited. All outdoor cultivation and nursery activity is prohibited.
- (b) In no case shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.
- (c) If a premises includes nursery activities as defined in Business and Professions Code Section 19332, the premises may have only one nursery located on the premises and the nursery activity must be permitted pursuant to this Chapter and state law. The nursery shall be limited to a maximum size of twenty-five thousand (25,000) square feet of canopy for each premises.
- (d) Cannabis cultivation and nursery activity shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.
- (e) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.
- (f) In no case shall any hazardous, flammable or explosive substances be used to process or manufacture cannabis products on site. Food grade alcohol solely for the purposes of cleaning machinery and dissolving wax, unless otherwise prohibited by the State of California, is permitted.
- (g) The cultivation of cannabis and any nursery activity shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.
- (h) All applicants for a cannabis cultivation or nursery permit shall submit the following in addition to the information generally otherwise required for a commercial cannabis business:
 - (1) An operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of

fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the nursery or cultivation activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.

- (2) A description of a legal water source, irrigation plan, and projected water use.
- (3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.
- (4) Plan for addressing odor and other public nuisances which may derive from the nursery or cultivation site.

Section 17.03.260 Cannabis Manufacturing - Edibles and other Cannabis Products - Sale or Distribution of Edible and other Cannabis Products.

The manufacturing of food or other products infused with or which otherwise contain cannabis may be manufactured within the appropriate zoning districts as defined in Title 17, Zoning, of the King City Municipal Code, subject to the regulations set forth in this Section and subject to whatever additional regulations may be promulgated hereunder by an ordinance or resolution of the City Council or otherwise pursuant to this Chapter.

- (a) No edible cannabis products shall be sold or distributed on a retail basis at a commercial cannabis business operating under a permit issued pursuant to this Chapter. Edible cannabis products may be sold wholesale for retail sale outside of the City boundaries.
- (b) All items to be sold or distributed wholesale shall be individually wrapped at the original point of preparation. 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. A warning that the item is a medication and not a food must be clearly legible on the front of the package. The package must have a label warning that the product is to be kept away from children. The label must also state that the product contains cannabis and must specify the date of manufacture.
- (c) Any edible cannabis product that is made to resemble a typical food product must be in a properly labeled opaque (non-see-through) package before it leaves the commercial cannabis business. Deliveries must be in a properly labeled opaque package when delivered.

Section 17.03.270 Cannabis Manufacturing - Extraction, etc.

- (a) Cannabis manufacturing facilities requiring a Type-6 state license (non-volatile manufacturing) as defined in Business and Professions Code

Section 19341, may be permitted to operate within the appropriate industrial districts as defined in Title 17 of the King City Municipal Code. Cannabis manufacturing facilities requiring a Type-7 state license, Manufacturing Level 2, as defined in Business and Professions Code Section 19341 is prohibited in all zone districts in the City. No volatile fluid or material, shall be used in Type-6 licensed manufacturing facilities unless otherwise authorized and approved by the State of California. For purposes of this Section, food grade alcohol may be utilized solely to clean machinery and dissolve wax, unless otherwise prohibited by the State of California. Food grade alcohol may be stored at any Type-6 or testing facility; however, no facility shall store food grade alcohol in an amount which exceeds the maximum authorized amount determined by the Fire Chief and/or Chief of Police for the City of King.

- (b) Any compressed gases used in the manufacturing process shall not be stored on any property within the City in containers which exceeds the maximum authorized amount determined by the Fire Chief and/or Chief of Police for the City of King.
- (c) No more than six (6) commercial cannabis manufacturing businesses may operate within the City at any one time and no more than six (6) commercial cannabis manufacturing permits shall be issued by the City for commercial cannabis manufacturing businesses to operate within the City.

Section 17.03.280 Promulgation of Regulations and Standards.

- (a) The City Manager is authorized to promulgate reasonable regulations necessary to implement the requirements and fulfill the policies of this chapter related to cannabis and cannabis products.
- (b) Regulations may be published on the City's website.
- (c) Regulations promulgated by the City Manager shall have the same force and effect of law and become effective upon date of publication.

Section 17.03.290 Community Relations.

- (a) Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within one hundred (100) feet of the commercial cannabis business.
- (b) The owner, manager, and community relations representative from any commercial cannabis business holding a permit issued pursuant to this Chapter shall at the request of the City Manager meet to discuss costs, benefits, and other community issues arising as a result of implementation of this Chapter.

Section 17.03.300 Fees Deemed Debt to City of King.

The amount of any fee, cost or charge imposed pursuant to this Chapter shall be deemed a debt to the City that is recoverable in any court of competent jurisdiction.

Section 17.03.310 Permit Holder Responsible for Violations.

The person to whom a permit is issued pursuant to this Chapter shall be responsible for all violations of the laws of the State of California or of the regulations and the ordinances of the City, whether committed by the permittee or any employee or agent of the permittee, which violations occur in or about the premises of the commercial cannabis business whether or not said violations occur within the permit holder's presence.

SECTION 4: Chapter 17.30, of Title 17, of the King City Municipal Code is amended in its entirety to read as follows:

Chapter 17.30

M-1 Industrial District

Section 17.30.020 Uses Permitted Subject to Obtaining a Use Permit.

- (1) Manufacture, processing and packing of beverages (except distilleries), food or food products (except commercial cannabis activity as defined within subsection (14) of this Section) completely within a structure or processing and packing of food products when the major operation takes place in unenclosed structures and where products, materials and equipment are stored in the open;
- (14) Commercial cannabis cultivation and nurseries consistent with those activities authorized under the State of California cultivator and nursery license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332(g)(5) Type 2A "small indoor," 19332(g)(6) Type 2B "small mixed-light," 19332(g)(8) Type 3A "indoor," 19332(g)(9) Type 3B "mixed-light" and 19332(g)(10) Type 4 "nursery." Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5(l) and the delivery or transport of the harvested cannabis or cannabis product outside of the City. No retail deliveries or dispensing of any cannabis or cannabis product shall be allowed within the jurisdictional boundaries of the City;
- (16) Commercial cannabis distribution and transportation consistent with those activities authorized under State of California distribution and transportation license types issued by the Department of Food and Agriculture under Business and Professions Code 19334 (2) "Distributor" Type 11 and (4) "Transporter" Type 12;

- (17) Any other use which the Planning Commission finds not to be inconsistent with the uses set out herein.

Section 17.30.150 Commercial Cannabis Cultivation Property Development Standards.

All commercial cannabis activity shall be subject to and comply with all provisions of the King City Municipal Code.

SECTION 5: Chapter 17.31, of Title 17, of the King City Municipal Code is added and adopted in its entirety to read as follows:

Chapter 17.31

M-2 Industrial District

Section 17.31.020 Uses Permitted Subject to Obtaining a Use Permit.

- (18) Commercial cannabis cultivation and nurseries consistent with those activities authorized under the State of California cultivator and nursery license types issued by the Department of Food and Agriculture under Business and Professions Code Section 19332(g)(5) Type 2A “small indoor,” 19332(g)(6) Type 2B “small mixed-light,” 19332(g)(8) Type 3A “indoor,” 19332(g)(9) Type 3B “mixed light” and 19332(g)(10) Type 4 “nursery.” Commercial cannabis distribution and transportation consistent with those activities authorized under State of California distribution and transportation license types issued by the Department of Food and Agriculture under Business and Professions Code 19334 (2) “Distributor” Type 11 and (4) “Transporter” Type 12. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5(1) and the delivery or transport of the harvested cannabis or cannabis product outside of the City. No retail deliveries or dispensing of any cannabis or cannabis product shall be allowed within the jurisdictional boundaries of the City. All cultivation shall be conducted indoors.

Section 17.31.150 Commercial Cannabis Cultivation Property Development Standards.

All commercial cannabis activity shall be subject to and comply with all provisions of the King City Municipal Code.

SECTION 6: EFFECTIVE DATE.

This Ordinance shall take effect and be in full force and effect from and after thirty (30) calendar days after its final passage and adoption. Within fifteen (15) calendar days after its adoption, the Ordinance, or a summary of the Ordinance, shall be published once in a newspaper of general circulation.

I HEREBY CERTIFY that the foregoing Ordinance was introduced by the City Council after waiving reading, except by Title, at a regular meeting thereof held on the ____ day of _____ 2017, and adopted the Ordinance after the second reading at a regular meeting held on the ____ day of _____ 2017, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST

STEVEN ADAMS, City Clerk

CITY OF KING

By: _____
MIKE LEBARRE, Mayor

I, _____, City Clerk of the City of King, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Ordinance passed and adopted by the City Council of the City of King on the date and by the vote indicated herein.

ORDINANCE NO. 2017-744

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KING AMENDING SECTION D.3(G) OF CHAPTER 4 (DEVELOPMENT STANDARDS) OF THE EAST RANCH BUSINESS PARK SPECIFIC PLAN FOR THE PURPOSE OF ADDING ADDITIONAL COMMERCIAL CANNABIS USES

WHEREAS, the City of King (“the City”) has the authority, under its police power, to enact regulations for the public peace, morals, and welfare of the City, California Constitution Article XI, section 7; and

WHEREAS, in 1996, with the adoption of Proposition 215, the California voters approved the Compassionate Use Act (Health and Safety Code § 11362.5) to ensure that seriously ill Californians have the right to obtain and use cannabis for medical purposes where that medical use is deemed appropriate and has been recommended by a physician, without fear of criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2004, the State Legislature enacted SB 420 to clarify the scope of the Compassionate Use Act and provide additional statutory guidance regarding medical cannabis use. These statutes are codified at Health and Safety Code § 11362.7 et seq. and allow cities and counties to adopt supplemental rules and regulations; and

WHEREAS, on October 9, 2015, almost 20 years after passage of the Compassionate Use Act, the Governor signed the Medical Marijuana Regulation and Safety Act (“Act”), comprised of California legislative bills AB 243, AB 266, and SB 643. The Act creates a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis, all subject to local control. One of the purposes of the Act is to ensure uniformity among jurisdictions that wished to allow commercial cannabis operations; and

WHEREAS, on June 27, 2016, the Governor signed SB 837, effective immediately, changing the terms in the Act from “medical marijuana” or “marijuana” to “medical cannabis” or “cannabis”, and making other technical changes to the Act. SB 837 also adopted regulations relating to the use and diversion of water in connection with the cultivation of cannabis; and

WHEREAS, in 2016, the City adopted Title 17, Chapter 17.03 et seq., of the King Municipal Code pertaining to Medical Cannabis Activity. The Medical Cannabis Ordinance places complete bans and regulations on medical cannabis activity in the City based upon various health, safety and welfare and land use findings relating to cannabis cultivation, dispensing, and consumption, which findings are incorporated herein by reference; and

WHEREAS, in September of 2016, the City amended Section D.3(g) of Chapter 4 (Development Standards) of the East Ranch Business Park Specific Plan for the purpose of including additional commercial cannabis uses, nurseries, manufacturing and testing within the City; and

WHEREAS, in November of 2016 the Adult Use of Marijuana Act (“AUMA”) was approved by a majority of California voters. The purpose of AUMA is to establish a comprehensive system to legalize, control and regulate the cultivation, processing, manufacture, distribution,

testing, and sale of nonmedical cannabis, including cannabis products. Adults, age 21 and older, will be allowed to possess cannabis and grow certain amounts at home for personal use; and

WHEREAS, the AUMA did not provide for a specific effective date, thus the provisions of the AUMA regarding personal use, possession, and cultivation of cannabis became effective the day after the November 8, 2016; and

WHEREAS, the AUMA's proposed Health & Safety Code section 11362.2(b) explicitly allows a city to "enact and enforce reasonable regulations to reasonably regulate" possession and cultivation of cannabis; and

WHEREAS, several California cities have reported negative impacts of cannabis cultivation and related activities, including but not limited to offensive odors, criminal activity, (such as trespassing, theft, violent robberies and robbery attempts, and the illegal sale and distribution of cannabis), and public health and safety concerns (such as fire hazards and problems associated with mold, fungus, and pests); and

WHEREAS, cannabis plants, as they begin to flower and for a period of two months or more, produce a strong odor, offensive to many people, and detectable far beyond property boundaries if grown outdoors or if grown indoors without proper ventilation, odor control, and other regulations; and

WHEREAS, due to the value of cannabis plants and their strong smell (which alerts others to their locations), cannabis cultivation has been linked to break-ins, robbery, armed robbery, theft and attendant violence and injury, creating an increased risk to public safety; and

WHEREAS, unregulated cannabis cultivation can be harmful to the welfare of the surrounding community and its residents and constitute a public nuisance, in that cannabis cultivation has been shown to involve avoidance of environmental laws and regulations, and has resulted in the pollution of waters and navigable waterways in the State of California; and

WHEREAS, the indoor cultivation of cannabis has potential adverse effects to the structural integrity of the buildings in which cannabis is cultivated, and the use of high wattage grow lights and excessive use of electricity increases the risk of fire, which presents a clear and present danger to the buildings, its occupants, and neighboring buildings and residents; and

WHEREAS, unregulated indoor cultivation of cannabis can be harmful to the public health, safety and welfare, given electrical modifications risk fires, poor irrigation can cause mold, overloaded circuits can leave entire neighborhoods in the dark, plant chemicals can cause illness, improper carbon dioxide mixed with insufficient ventilation can cause injury or death, and structural changes put first responders in danger if they rush into the unknown; and

WHEREAS, the Attorney General's August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use recognize that the cultivation or other concentration of cannabis in any location or premises without adequate security increases the risk that nearby homes or businesses may be negatively impacted by nuisance activity such as loitering and/or crime; and

WHEREAS, MMRSA and AUMA mandated comprehensive state licensing and regulatory framework for cultivation, manufacturing, distribution, transporting, testing and dispensing cannabis and cannabis products; however, implementing regulations have yet to be written and state licenses may not be available until 2018; and

WHEREAS, there are numerous well publicized studies and reports, as well as numerous documented incident in Monterey County and throughout the State, which show that unregulated cannabis activities have a significant adverse effect on the community; and

WHEREAS, the City finds that the absence of a formal regulatory framework the adverse impacts frequently associated with commercial cannabis activities will occur, resulting in an unregulated and potentially significant negative impact upon the environment and upon public health, safety, and welfare of the community; and

WHEREAS, outdoor cannabis cultivation and unregulated indoor cannabis cultivation are likely to generate these negative effects on the public health, safety, and welfare in the City, based on the experiences of other cities; and

WHEREAS, pursuant to the express statutory authority and its police power, the City desires to enact reasonable regulations for the indoor cultivation, manufacturing, testing, distribution, or consumption of commercial recreational and medical cannabis; and

WHEREAS, absent clear regulation, cannabis cultivation in the City poses a potential threat to the public peace, health, and safety, and, unless the City takes action to regulate it; and

WHEREAS, the City has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses, and in preserving the peace and quiet of the neighborhoods within the City by regulating the commercial cultivation of recreational and medical cannabis; and

WHEREAS, nothing in this Ordinance shall be construed to: (1) allow any person to engage in conduct that endangers others or causes a public nuisance; or (2) allow any activity relating to the cultivation, manufacturing, testing, distribution, or consumption of cannabis which is illegal under state or federal law; and

WHEREAS, it is the intent of the City to regulation commercial cannabis activities, both recreational and medical, within the boundaries of the City.

NOW THEREFORE, the City Council of the City of King does hereby ordain as follows:

SECTION 1. The above recitals are incorporated are hereby by reference.

SECTION 2. The Ordinance is exempt from the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that there is no possibility that it will have a significant effect on the environment. (CEQA Guidelines §15061(b)(3).) It is also exempt because it consists of regulations and restrictions on activities to assure the maintenance, restoration, or enhancement of natural resources and the environment by prohibiting environmentally destructive components of unregulated cannabis cultivation. (CEQA Guidelines §§15307, 15308.)

SECTION 3. Section D.3(g) of Chapter 4 (Development Standards) of the East Ranch Business Park Specific Plan is amended to read as follows:

Section D.3.(g). Commercial Cannabis Activity consistent with those activities authorized under Business and Professions Code section 19300.7, (e) Type 2A Cultivation, Indoor; Small, (f) Type 2B Cultivation; Mixed-light; Small, (h) Type 3A Cultivation; Indoor; Medium, (i) Type 3B Cultivation; Mixed-light; Medium, (j) Type 4 Cultivation; Nursery, (k) Type 6 Manufacturing 1, (m) Type 8 Testing, (p) Type 11 Distribution, and (q) Type 12 Transporter. Commercial Cannabis Activity shall be subject to and comply with all provisions of the King City Municipal Codes ~~Chapter 17.03.~~

SECTION 4: EFFECTIVE DATE.

This Ordinance shall take effect and be in full force and effect from and after thirty (30) calendar days after its final passage and adoption. Within fifteen (15) calendar days after its adoption, the Ordinance, or a summary of the Ordinance, shall be published once in a newspaper of general circulation.

I HEREBY CERTIFY that the foregoing Ordinance was introduced by the City Council after waiving reading, except by Title, at a regular meeting thereof held on the ____ day of _____ 2017, and adopted the Ordinance after the second reading at a regular meeting held on the ____ day of _____ 2017, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST

STEVEN ADAMS, City Clerk

CITY OF KING

By: _____
MIKE LEBARRE, Mayor

I, _____, City Clerk of the City of King, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Ordinance passed and adopted by the City Council of the City of King on the date and by the vote indicated herein.



Item No. 9(1)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: ANDREA WASSON, RECREATION COORDINATOR

RE: CONSIDERATION OF AGREEMENT WITH SOUTH COUNTY YMCA TO PROVIDE FALL YOUTH SOCCER PROGRAM

RECOMMENDATION:

It is recommended City Council approve contracting with South County YMCA to provide a Fall Youth Soccer program in King City and authorize the City Manager to execute an agreement in a form approved by the City Attorney.

BACKGROUND:

The Recreation Department has organized and run the Youth Soccer program for the last several years. The program has required more and more staff time each year due to the number of participants and increased demands of the program.

The Recreation Department has established a goal of establishing partnerships with other non-profit organizations to increase youth programming, as a result, staff has contracted the YMCA to discuss ways in with to increase their involvement in King City.

DISCUSSION:

The South County YMCA proposes an eight-week soccer program for three to 14 years-olds in King City. The program includes coach and volunteer training, a character development program and financial assistance program that will benefit King City children and families.

In 2015 and 2016, the King City Recreation Youth Soccer program registered over 200 children to play from kindergarten to 8th grade. The South County YMCA program would be offered to King City children from three years old to 14 years old and run for eight weeks.

**CITY COUNCIL
CONSIDERATION OF AGREEMENT WITH SOUTH COUNTY YMCA TO
PROVIDE FALL YOUTH SOCCER PROGRAM
JUNE 27, 2017
PAGE 2 OF 3**

Advantages

The South County YMCA soccer program offers many advantages. Currently, the Recreation Coordinator is the sole employee of the Recreation Department and staff time is limited. The South County YMCA, as part of the Central Coast YMCA, has vast resources, including more program staff, a ready-made program including coach and volunteer training, increased buying power for uniforms and equipment, and financial assistance to those in need. Therefore staff believes they have the capacity to expand the program to reach more children.

The South County YMCA will offer two Youth Clinics and three on-site program registration days for the Fall Soccer Program. They will also offer two Community "Family Nights" for all King City community members, so residents can get to know the YMCA and staff.

All games will be played on Saturdays at San Antonio Park in King City. The Recreation Coordinator will work cooperatively with the YMCA staff to promote and expand the soccer program. King City residents will also be able to sign up for the program and apply for financial assistance at the City's Recreation Department.

Disadvantages

The disadvantages would be the City would not have local control over the program and there will likely be an increased cost.

COST ANALYSIS:

The South County YMCA will incur all expenses related to the program, as well as collect all fees related to the program. Currently, the City's program expenses meet the revenues earned, not including staff time. The South County YMCA's revenue sharing agreement proposes that all expenses are incurred and all fees will be collected by the South County YMCA. At the close of the program, if the revenue exceeds the expenses and generates a surplus, the YMCA will reimburse the city 10 percent. If there is a negative balance, the City will reimburse the YMCA up to \$5000.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Approve the agreement;
2. Request staff to renegotiate the agreement;

**CITY COUNCIL
CONSIDERATION OF AGREEMENT WITH SOUTH COUNTY YMCA TO
PROVIDE FALL YOUTH SOCCER PROGRAM
JUNE 27, 2017
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3. Do not approve the agreement; or
4. Provide other direction to staff.

Exhibits:

1. Memorandum of Understanding with the South County YMCA and the City of King

Submitted by: 
Andrea Wasson, Department Director

Approved by: 
Steven Adams, City Manager

MEMORANDUM OF UNDERSTANDING

Between

Central Coast YMCA/South County YMCA

And the

City of King City**Summer/Fall 2017****Purpose**

This agreement was developed and entered into by the Central Coast YMCA, hereafter referred to as YMCA and the *City of King City*, hereafter referred to as King City. The purpose of this agreement is to specify the services provided by YMCA for the community members of King City. This MOU intends to specify general areas of responsibility while delivering services agreed upon between YMCA and King City, it is intended to clarify the manner of delivery of the services to King City families and children. This agreement conforms to applicable federal and state laws.

YMCA

The South County YMCA is a branch of the Central Coast YMCA, which is an independent, private, non-profit corporation, governed by the laws of the State of California. The YMCA is a fellowship based on Judeo Christian values whose mission is to provide opportunities, which promote Youth Development, Healthy Living, and Social Responsibility through programs and services available to the entire community.

PRINCIPLES OF AGREEMENT**General Areas of Responsibilities****YMCA agrees:**

- To provide 2 YMCA Sponsored Youth Soccer Clinics or Camps free to children during the summer months prior to kick off of YMCA Youth Fall Soccer League.
- To provide no less than 3 on-site program registration days for Fall Youth Soccer Program during the summer. On-site registration dates, times, and locations will be advertised no less than 2 weeks in advance throughout entire community
- To provide an 8 Week Youth Soccer Fall League for children ages 3 yrs. – 14 yrs.
 - Practices and games: will be based on field availability within King City
 - YMCA will be responsible for volunteer coach recruitment and training
- To provide no less than 2 Community “Family Nights” for all King City community members with on-site family friendly activities led by Y staff, allowing community to get to know YMCA and staff.

- To provide a certificate of General Liability insurance for all sites & spaces utilized within King City
- To provide a program evaluation report to King City at the conclusion of the Fall Youth Soccer Program. These program evaluations will provide feedback from participants, parents and volunteers regarding the program.
- To provide marketing materials for upcoming programs for all activities to the City and distributed to all program participants.

King City agrees:

- To provide the use of King City sports fields/parks/facilities to conduct Summer/Fall youth soccer clinics, program registrations, practices, and games as needed.
- To promote/advocate the goals and objectives of YMCA to all King City community members as appropriate.
- To participate in, and work to increase, opportunities to collaborate with other providers to improve or expand services.
- To work cooperatively with YMCA staff to overcome any barriers to services, identify positive solutions to problems.
- To work towards a mutual agreement to compensate YMCA to provide additional services beyond the 8 week Fall Youth Soccer program as funding becomes available.

YMCA and King City Agree:

Revenue Sharing Proposal:

- YMCA will incur all expenses related to YMCA programs and services delivered to King City
- YMCA will collect all fees related to YMCA programming in order to cover costs for delivery of programs and services. Costs covered by the YMCA will also include administrative fees at 14%.
- At the close of the agreed upon MOU, the YMCA will submit a standard profit and loss statement exclusively incorporating all revenue and expense for all programs and services provided as part of this MOU. This profit and loss statement will be generated and signed by the CFO of the Central Coast YMCA. If revenue exceeds expense (i.e. a positive Net Operating Income or NOI), then the YMCA will share the positive NOI with the City at 10% of the positive NOI generated by the provided YMCA programs and services.

- At the close of the agreed upon MOU, if gross expense is greater than gross revenue (i.e. a negative Net Operating Loss or NOL), King City will reimburse the YMCA for the NOL amount, up to a maximum of \$5,000.

Confidentiality:

Confidentiality regulations for each agency apply. The YMCA collaborative staff will obtain the necessary written consent to share information with other agencies or professionals.

Indemnification and Insurance:

Indemnification. YMCA shall indemnify, protect, defend and hold harmless the City and its managers, officers, directors, members, employees, agents, contractors, partners and lenders, from and against any and all claims, and/or damages, costs, liens, judgments, penalties, permits, reasonable attorneys' and consultant's fees, expenses and/or liabilities arising out of, involving, or in dealing with (1) the youth soccer program; (2) youth soccer clinics and/or camps; (3) any acts, omissions or negligence of YMCA or any person or entity claiming through or under YMCA, or YMCA's agents, employees, contractors, invitees or visitors; (4) any claim arising under the Americans With Disabilities Act of 1990, California Disabled Persons Act and/or similar laws; (5) any claims and/or liability arising or governed by Workers Compensation law; (6) any special events sponsored or associated with the youth soccer program and/or the YMCA; and/or (7) any injuries incurred by participants and/or spectators of the youth soccer program. The foregoing shall include, but not be limited to, all costs of the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against City) litigated and/or reduced to judgment. In case any action or proceeding is brought against City by reason of any of the foregoing matters, YMCA upon notice from the City shall defend the same at YMCA's expense by counsel reasonably satisfactory to the City and the City shall cooperate with YMCA in such defense. The City need not have first paid any such claim in order to be so indemnified. In addition, the City may require YMCA to pay the City's attorneys' fees and costs in defending against or participating in such claim, action or proceeding if the City shall decide, in its exercise of reasonable judgment, it is unsatisfied with the representation of its interest by YMCA or its counsel.

The City shall not be liable for security, injury or damage to the person or goods, wares, merchandise or other property of YMCA, YMCA's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, earthquake, flood, terrorism, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other any other cause, including the commission of a crime, whether the said injury or damage results from conditions arising out of the youth soccer program or from other source or places except if such injury or damage is the result of the gross negligence or willful misconduct of the City or the City's employees, contractors or agents.

The provisions of this section shall survive the expiration or termination of this Agreement.

Compliance with Laws. YMCA shall comply with all state and federal statutes, ordinances, regulations, and requirements of all governmental entities (including the City of King), relating to the youth soccer program and/or related activities, whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted. YMCA shall comply with all applicable requirements of the Americans with Disabilities Act of 1990, California Disabled Persons Act and the California Building Code. Further, YMCA, its successors, heirs, executors, administrators and assigns, and all persons claiming under or through the YMCA, shall not discriminate against or segregate any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the use, occupancy, tenure or enjoyment of the youth soccer program and/or provided soccer fields.

Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid registered mail at the address of such party as provided below, or to any such address as such party shall notify the other in writing. Notice shall be deemed communicated when received if personally served or three (3) days after mailing if mailed.

City of King
Attn: City Manager
212 S. Vanderhurst Avenue
King City, CA 93930

South County YMCA
560 Walker Drive
PO Box 1106
Soledad, CA 93960

Relationship of Parties. The City is not, nor shall it become or be deemed to be, a partner or a joint venturer with YMCA by reason of the provisions of this Agreement nor shall this Agreement be construed to authorize either party to act as the agent for the other.

Effect of Termination of Agreement. Termination of this Agreement shall not release any party hereto from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to such termination or expiration, or thereafter in case by the terms of this Agreement it is provided that anything shall or may be done after termination or expiration hereof.

Amendments. This Agreement shall not be modified or amended in any way except in writing signed by the parties hereto.

Interpretation. This Agreement shall be construed and interpreted in accordance with the laws of the State of California. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it.

Entire Agreement. This Agreement contains all the agreements of the parties concerning the subject matter of it and cannot be amended or modified except by a subsequent written agreement.

Severability. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid, or illegal.

Attorney's Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the party prevailing in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

Voluntary Agreement; Authority to Execute. YMCA and the City each represent that they have read this Agreement in full and understand and voluntarily agree to all provisions herein. The parties further declare that prior to signing this Agreement they each had the opportunity to apprise themselves of relevant information, through sources of their own selection, including consultation with legal counsel of their choosing if desired, in deciding whether to execute this Agreement. The signatories to this Agreement represent that they have the proper authority to execute this Agreement on behalf of the respective party.

Binding Effect; Choice of Law. This Agreement shall be binding upon the Parties, their successors and assigns and be governed by the laws of the State of California. Any litigation between the Parties hereto concerning this Agreement shall be initiated in the Superior Court of the State of California for the County of Monterey.

EFFECTIVE DATE OF AGREEMENT:

This agreement shall become effective when signed by the City Manager of King City and the Executive Director of the YMCA, or her/his designee, and terminates on December 31, 2017. Any party upon 30 days written notice to the other may cancel this agreement at any time. This agreement will be reviewed or updated in six months or at the inception of new interagency programs. If, during the term of this agreement it is deemed necessary, by either party, the agreement may be reviewed and thereafter revised by mutual agreement. All parties may continue this agreement beyond the six months, with written agreement.

Steven Adams, City Manager
City of King City

Date

Joe Gonzales, Executive Director
Central Coast YMCA/South County YMCA

Date



Item No. 9(J)

REPORT TO THE CITY COUNCIL

DATE: JUNE 27, 2017
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: STEVEN ADAMS, CITY MANAGER
RE: CONSIDERATION OF THE FY 2017-18 CITY OF KING JOB CLASSIFICATION PLAN

RECOMMENDATION:

It is recommended the City Council approve the City of King Job Classification plan for FY 2017-18.

BACKGROUND:

The City maintains a Job Classification Plan that sets forth all existing job classifications and salary ranges. It is also a requirement of CalPERS that the City Council adopt on an annual basis the City's Salary Classification Plan. The Council adopted this item at the June 13, 2017 meeting. However, the proposed Cost of Living Adjustment (COLA) for the Police Chief was inadvertently not included. Therefore, staff is recommending it be approved again with this adjustment.

DISCUSSION:

The Job Classification Plan approved by Council at the June 13th meeting incorporated all COLAs from the City's labor agreements. The Police Chief position is not part of any represented group. Therefore, an increase was not included. The City Manager recommends increasing the salary range for this position consistent with the King City Confidential Employee Association (KCCEA) to avoid any future incremental salary compaction with the Captain position.

**CITY COUNCIL
CONSIDERATION OF THE FY 2017-18 CITY OF KING JOB CLASSIFICATION
PLAN
JUNE 27, 2017
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COST ANALYSIS:

The cost impact of this recommendation will be approximately \$4,000.

ALTERNATIVES:

The following alternatives have been identified for City Council consideration:

1. Approve staff's recommendation;
2. Modify and approve the Job Classification Plan;
3. Do not approve the change to the Job Classification Plan; or
4. Provide staff other direction.

Exhibits:

1. City of King Job Classification Plan

Prepared and Approved by:



Steven Adams, City Manager

**CITY OF KING
JOB CLASSIFICATION PLAN
FISCAL YEAR 2017-2018**

REVISED July 1, 2017

CLASSIFICATION	FIVE-PERCENT STEP ADVANCEMENT					
	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
EXECUTIVE MANAGEMENT STAFF						
CITY MANAGER	\$156,560.04 ANNUAL (SALARY INDEPENDENT OF STEP SCHEDULE)					
CHIEF OF POLICE	\$113,883.00	\$119,566.00	\$125,545.00	\$131,822.00	\$138,413.00	\$145,334.00
DIRECTOR OF FINANCE	\$92,880.00	\$97,526.00	\$102,402.00	\$107,522.00	\$112,930.00	\$118,545.00
MID-MANAGEMENT STAFF						
POLICE CAPTAIN	\$101,210.00	\$106,537.00	\$112,144.00	\$118,047.00	\$124,260.00	\$130,800.00
CHIEF BUILDING OFFICIAL	\$73,877.00	\$77,572.00	\$81,450.00	\$85,523.00	\$89,800.00	\$94,290.00
CITY CLERK	\$50,854.00	\$53,397.00	\$56,067.00	\$58,872.00	\$61,816.00	\$64,906.00
RECREATION COORDINATOR	\$55,839.00	\$58,630.00	\$61,562.00	\$64,640.00	\$67,872.00	\$71,266.00
SUPERVISORY STAFF						
POLICE SERGEANT	\$75,008.00	\$78,759.00	\$82,697.00	\$86,831.00	\$91,174.00	\$95,732.00
POLICE CLERK SUPERVISOR	\$39,723.90	\$41,710.48	\$43,796.50	\$45,986.32	\$48,286.51	\$50,701.44
PUBLIC WORKS SUPERINTENDENT	\$54,391.58	\$57,111.38	\$59,967.77	\$62,966.21	\$66,115.45	\$69,422.04
BUILDING/MAINTENANCE STAFF						
BUILDING INSPECTOR	\$57,785.59	\$60,675.85	\$63,710.36	\$66,896.75	\$70,241.58	\$73,754.70
MAINTENANCE WORKER I	\$31,160.20	\$32,718.43	\$34,355.34	\$36,073.10	\$37,877.20	\$39,771.98
MAINTENANCE WORKER II	\$36,081.85	\$37,865.94	\$39,780.73	\$41,770.58	\$43,859.88	\$46,052.98
MAINTENANCE WORKER I/ WASTEWATER SERVICES	\$34,276.22	\$35,990.28	\$37,790.88	\$39,680.41	\$41,664.92	\$43,749.19
MAINTENANCE WORKER II/ WASTEWATER SERVICES	\$39,690.03	\$41,674.53	\$43,758.79	\$45,947.64	\$48,245.86	\$50,658.28
SENIOR MAINTENANCE WORKER I	\$41,744.36	\$43,832.56	\$46,024.57	\$48,325.85	\$50,742.96	\$53,280.28
STREET SWEEPER OPERATOR	\$36,081.85	\$37,865.94	\$39,780.72	\$41,770.58	\$43,859.88	\$46,052.98
PUBLIC SAFETY STAFF						
POLICE OFFICER	\$55,971.00	\$58,769.00	\$61,709.00	\$64,794.00	\$68,034.00	\$71,437.00
CODE ENFORCEMENT OFFICER	\$42,310.39	\$44,425.91	\$46,647.42	\$48,980.40	\$51,430.29	\$54,002.57
COMMUNITY SERVICES OFFICER	\$41,078.05	\$43,131.95	\$45,288.76	\$47,553.78	\$49,932.32	\$52,429.68
FIRE CHIEF	\$7,527.60					
FIRE CHIEF 1ST ASSISTANT	\$3,690.00					
FIRE CHIEF 2ND ASSISTANT	\$3,690.00					
FIRE CHIEF ENGINEER	\$3,690.00					
FIRE DEPARTMENT SECRETARY/TREASURER	\$2,583.00					
FIRE ENGINEER	\$2,755.20					
VOLUNTEER FIREFIGHTER	\$12.00					
PROFESSIONAL/SUPPORT STAFF						
SENIOR ACCOUNTANT	\$47,685.50	\$50,070.94	\$52,574.48	\$55,204.24	\$57,964.80	\$60,863.03
ACCOUNTANT	\$45,414.83	\$47,686.61	\$50,070.94	\$52,575.47	\$55,204.57	\$58,276.50
ACCOUNTING TECHNICIAN	\$37,846.60	\$39,739.20	\$41,726.87	\$43,813.98	\$46,004.90	\$48,306.18
ADMIN ASSISTANT TO POLICE CHIEF	\$38,186.00	\$40,096.00	\$42,101.00	\$44,207.00	\$46,417.00	\$48,738.00
ADMINISTRATIVE ASSISTANT	\$37,846.60	\$39,739.20	\$41,726.87	\$43,813.98	\$46,004.90	\$48,306.18
ADMINISTRATIVE SERVICE SUPERVISOR	\$51,914.37	\$54,510.69	\$57,237.04	\$60,098.89	\$63,103.89	\$66,259.69
ASSISTANT PLANNER	\$65,564.71	\$68,843.99	\$72,287.17	\$75,901.91	\$79,698.04	\$83,683.22
COUNTER TECHNICIAN	\$37,846.60	\$39,739.20	\$41,726.87	\$43,813.98	\$46,004.90	\$48,306.18
POLICE CLERK I	\$30,611.65	\$32,142.56	\$33,749.97	\$35,438.23	\$37,210.63	\$39,071.55
TRANSIT OPERATOR	\$33,708.44	\$35,394.52	\$37,164.74	\$39,023.47	\$40,975.08	\$43,023.94
SEASONAL/PART-TIME (HOURLY RATE)						
HUMAN RESOURCES COORDINATOR	\$32.00	\$33.60	\$35.28	\$37.04	\$38.90	\$40.84
POOL MANAGER	\$15.00	\$15.75	\$16.54	\$17.36	\$18.23	\$19.14
ASSISTANT POOL MANAGER	\$14.30	\$15.00	\$15.75	\$16.54	\$17.37	\$18.24
AQUATIC AIDE	\$10.50	\$11.03	\$11.58	\$12.16	\$12.76	\$13.40
POOL CASHIER	\$10.50	\$11.03	\$11.58	\$12.16	\$12.76	\$13.40
LIFE GUARD	\$12.00	\$12.60	\$13.23	\$13.89	\$14.59	\$15.32
RECREATION AIDE	\$10.50	\$11.03	\$11.58	\$12.16	\$12.76	\$13.40
SUMMER DAYCAMP COORDINATOR	\$15.00	\$16.00	\$17.00	\$18.00	\$19.00	\$20.00
PART TIME FRONT COUNTER	\$11.00	\$11.55	\$12.13	\$12.73	\$13.37	\$14.04
MAINTENANCE AID	\$12.00					
CITY COUNCIL & MAYOR (Effective 1/1/17)						
MAYOR	\$5,400.00					
CITY COUNCIL	\$4,200.00					