



Item No. 10(A)

REPORT TO THE CITY COUNCIL

DATE: JUNE 13, 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: 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

RECOMMENDATION:

It is recommended that City Council: 1) introduce by title only Ordinance No. 2017-743 amending Chapter 17.03 and amending Sections 17.30.020 and 17.31.020; and 2) introduce 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 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,

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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, 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**.

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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. 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".

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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
- 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) Introduce the Ordinances:
- 2) Direct staff to make modifications to the Ordinances to introduce at the next meeting;
- 3) Do not introduce the Ordinances; or
- 4) Provide other direction to staff.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

Exhibits:

1. Ordinance No. 2017- 733 (Section 17.03, Regulatory Ordinance and M-1 District))
2. Ordinance No. 2017-734 (East Ranch Business Park Specific Plan Amendment).
3. Planning Commission Resolution No. 2017-179

Submitted by:



Doreen Liberto-Blanck

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(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. 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.

RESOLUTION NO. 2017-179

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF KING, COUNTY OF MONTEREY, STATE OF CALIFORNIA, RECOMMENDING TO THE CITY COUNCIL THE APPROVAL OF TEXT AMENDMENTS AMENDING THE KING CITY MUNICIPAL CODE CHAPTER 17.03 OF TITLE 17; CHAPTER 17.30, SUBSECTION 17.30.020 AND CHAPTER 17.31, SUBSECTION 17.31.020 (THE M-1 AND M-2 ZONING DISTRICTS); AND, THE EAST RANCH BUSINESS PARK SPECIFIC PLAN ("ERBP-SP") AND RELATED PLANNING AND ZONING DOCUMENTS TO REGULATE COMMERCIAL CANNABIS ACTIVITY

WHEREAS, in 1996, the voters of the State of California approved Proposition 215, which was codified as "The Compassionate Use Act of 1996," at California Health and Safety Code, section 11362.5 ("CUA") which had the stated intent to ensure that seriously ill individuals have the right to obtain and use marijuana for medical purposes when recommended by a physician. The Proposition further provides that "nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes, and

WHEREAS, the ballot arguments supporting Proposition 215 expressly acknowledged that "Proposition 215 does not allow unlimited quantities of marijuana to be grown anywhere", and

WHEREAS, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health & Safety Code § 11362.7 et seq. and referred to as the "Medical Marijuana Program" or "MMP" to clarify the scope of Proposition 215 and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specified State criminal statutes. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to "adopt local ordinances that regulate the location, operation, or establishment of a medical, and

WHEREAS, in the *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal.4th 729 (2013), the California Supreme Court upheld the right of local public agencies to regulate medical marijuana operations through their land use powers, and

WHEREAS, on November 26, 2013, the Third District Court of Appeal issued its opinion in *Maral v. City of Live Oak* 221 Cal.App.4th 975, which held cities have the authority to ban marijuana cultivation within their boundaries consistent with their local regulations; and

WHEREAS, on October 9, 2015, California Governor Brown approved the Medical Marijuana Regulation and Safety Act ("MMRSA"), which goes into effect on January 1, 2016, and establishes a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana, also known as cannabis, through Assembly Bills 243 and 266 and Senate Bill 643, 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 "Commercial Cannabis" or "cannabis", and making other technical changes to the Act. SB 83 7 also adopted regulations relating to the use and diversion of water in connection with the cultivation of cannabis; and

WHEREAS, in January 2016, the City adopted Title 17, Chapter 17.03 et seq., of the King Municipal Code pertaining to commercial cannabis activity. The Commercial Cannabis Ordinance places complete bans and regulations on commercial 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, on January 26, 2016, the City Council approved Ordinance 2016-718, amending the City's Municipal Code to allow limited Commercial Cannabis Cultivation uses within the M-1 and M-2 Districts and the East Ranch Business Park; and

WHEREAS, in September 2016, the City amended Title 17, Chapter 17.03 et seq., of the King Municipal Code pertaining to commercial cannabis activity. The amendments permitted additional use types in the Manufacturing Districts and the East Ranch Business Park; and

WHEREAS, on September 27, 2016 the City Council approved Ordinances 2016-728, 2016-729 and 2016-730 amending: the Establishment, Operation and Regulation of Commercial Cannabis Activity, Manufacturing and Testing of Commercial Cannabis; the M-1 and M-2 zoning districts and the East Ranch Business Park Specific Plan and underlying the zoning being consistent with the General Plan as described in the Mitigated Negative Declaration certified by the Council on that date.

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 non-commercial 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 cannabis activities 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, the City intends to regulate and maintain local control over any dispensing, delivery, manufacturing, testing and/or cultivation of commercial cannabis in accordance with this ordinance; and

WHEREAS, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the City's intention that nothing in these ordinances shall be construed, in any way, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, or consumption of marijuana that is otherwise illegal. It is further the intent of the City of King to maintain local control over these matters to the fullest extent permitted by law.

WHEREAS, the City is considering adding to the allowed commercial cannabis activities land uses; and,

WHEREAS, on June 06, 2017, the Planning Commission held a public hearing to receive oral and written testimony relative to the proposed amendments; and,

WHEREAS, the proposed attached ordinances amending: the Establishment, Operation and Regulation of Commercial Cannabis Activity and Nurseries, Manufacturing, Testing, and adding Distributing and Transporting of Commercial Cannabis in the M-1 and M-2 zoning districts and the East Ranch Business Park Specific Plan and underlying zoning are consistent with the General Plan.

NOW, THEREFORE, BE IT RESOLVED, by the Planning Commission of the City of King as follows:

Section 1: The Planning Commission has reviewed the project and recommends that the City Council find that the attached ordinances will not create potentially significant environmental impacts pursuant to 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 and 15308.)

Section 2. After reviewing the proposed zoning and specific plan amendments and considering all oral and written information regarding the text amendments, that the Planning Commission does recommend the City Council approve the proposed amendments to Chapter 17.03 of Title 17, Commercial Cannabis Activity and the proposed amendment to Chapter 17.30, Subsection 17.030.020 and Chapter 17.31, Subsection 17.31.020, M-1 and M-2 Zoning, (*Attachment 1*); and the proposed amendments to the ERBP-SP (*Attachment 2*).

Section 3. The Planning Commission Chairman of the City of King is hereby authorized to affix his signature to this Resolution signifying its adoption by the Planning Commission. The Community Development Director is directed to forward this Resolution to the City Council with the recommendations of the Planning Commission.

PASSED, APPROVED, AND ADOPTED by Planning Commission on this 06th day of June, 2017.



Dave Nuck, Chairperson

ATTEST:



Erica Sonne, Deputy City Clerk

I, Erica Sonne, Deputy City Clerk, do hereby certify that Resolution No. 2017- 179 _____ was duly and regularly passed and adopted by the Planning Commission on the 06th day of June, 2017, by the following roll call vote as the same appears on file and of record in Office of the Community Development Department.

AYES: Nuck, Barbree, M Raschella

NOES:

ABSENT: Mendez, Lee

ABSTAIN:



Erica Sonne, Deputy City Clerk

City of King



Item No. 11(A)

REPORT TO THE CITY COUNCIL

DATE: JUNE 13, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF FY 2017-18/ FY 2018-19 BIENNIAL BUDGET

RECOMMENDATION:

It is recommended the City Council: 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.

BACKGROUND:

Staff is pleased to present the Recommended Biennial Budget for FY 2017-18/ FY 2018-19. This represents the first year staff is submitting a two-year budget, which was approved by the City Council last year as part of the new budget process recommendations. At the end of the first year, staff will present a year-end review and recommended budget adjustments for the second year.

The document is a proposed work plan for the upcoming two fiscal years based upon the collective expertise and consensus of the entire City staff leadership team. The budget process included involvement by each department. The proposed City budget is balanced and makes progress toward accomplishing each of the major budget goals/priorities that were approved by the City Council in the first step of the budget process.

**CITY COUNCIL
CONSIDERATION OF FY 2017-18/ FY 2018-19 BIENNIAL BUDGET
JUNE 13, 2017
PAGE 2 OF 3**

DISCUSSION:

The City Council established the following budget goals/priorities:

- Pay down the City's debt;
- implement the Comprehensive Plan to End Youth Violence;
- Expand economic development efforts with particular focus on implementing the Downtown Streetscape Conceptual Plan;
- Increase maintenance and upgrade of the City's street, sidewalk and wastewater infrastructure; and
- Improve customer service.

The budget includes funding to reduce the General Fund debt by an estimated \$1 million over the two-year period, a new gang detail officer, the City's share of costs to add an on-campus Probation Officer position and after-school expanded learning program, and a new Fire Department administrative assistant position. A five-year capital improvement program is incorporated in the budget, which consists of a new City entrance sign on Broadway Street and San Antonio Road, citywide police security camera system, Phase I of the Downtown Streetscape Project, increased street improvements, as well as planning and design for the Downtown Plaza Project, Broadway Street/San Antonio Drive Roundabout, and wastewater treatment plant upgrade. A 10-Year Long-Range Financial Plan is also provided, which proposes to eliminate the General Fund negative fund balance by FY 2011-12 and to establish a 20% General Fund reserve by the end of the 10-year period.

The City Council has received funding requests from King City in Bloom and Pinnacles Gateway Partners for \$5,000 and \$2,500 respectively. While staff is recommending the City not approve funding assistance for outside organizations until the City can adequately fund its own services, both of these requests will directly support volunteer efforts for City related projects and promotion. Therefore, it is recommended the City Council approve funding both requests from \$20,000 recommended in the City Council account for community promotion.

Proposition 4 was passed by the voters in 1979, which established a State Constitutional limit on spending for each municipal agency based upon a formula that is calculated each fiscal year. The City's "Gann Limit" was calculated to be \$16,959,527 for FY 2017-18. Since the City's General Fund expenditures are substantially less than this amount, the proposed budget for FY 2017-18 is in compliance with the Appropriations Limit.

**CITY COUNCIL
CONSIDERATION OF FY 2017-18/ FY 2018-19 BIENNIAL BUDGET
JUNE 13, 2017
PAGE 3 OF 3**

COST ANALYSIS:

The total proposed City budget is 10,653,667 in FY 2017-18 and 11,404,766 in FY 2018-19. The proposed General Fund is \$10,100,998 in FY 2017-18 and \$8,101,929 in FY 2018-19, which includes expenditures, repayment of debt, capital improvements, grants, transfers out and carryovers.

ALTERNATIVES:

The following alternatives are provided for City Council consideration:

1. Adopt the Resolutions approving the FY 2017-18/ FY 2018-19 Biennial Budget and establishing the Appropriations Limit;
2. Make changes to the Biennial Budget and adopt the Resolutions;
3. Direct staff to make changes and/or provide additional information and postpone consideration of the budget to the June 27, 2017 meeting; or
4. Provide staff other direction.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

Prepared and Approved by:



Steven Adams, City Manager

RESOLUTION NO. 2017-4583

**A RESOLUTION OF CITY COUNCIL OF CITY OF KING, CALIFORNIA
ADOPTING FISCAL YEAR 2017-18/ FY 2018-19 BIENNIAL BUDGET AND
MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

WHEREAS, a proposed Biennial Budget for the City of King for Fiscal Years commencing on July 1, 2017 and ending June 30, 2019 was submitted to the City Council and is on file with the City Clerk; and

WHEREAS, whereas the City Council also serves as the Board of Directors of the Successor Agency to the Dissolved King City Community Development Agency; and

WHEREAS, proceedings for adoption of said Budget have been duly taken; and

WHEREAS, the total proposed City budget is 10,653,667 in FY 2017-18 and 11,404,766 in FY 2018-19; and

WHEREAS, the proposed General Fund is \$10,100,998 in FY 2017-18 and \$8,101,929 in FY 2018-19.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of King, California that the Budget is adopted as the Biennial Budget for the City of King for the Fiscal Years commencing July 1, 2017 and ending June 30, 2019.

PASSED AND ADOPTED at a regular meeting of the City Council on the 13th day of June, 2017, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

APPROVED:

Michael LeBarre, Mayor

ATTEST:

Steven Adams, City Clerk

APPROVED AS TO FORM:

Shannon Chaffin, City Attorney

RESOLUTION NO. 2017 - 4584

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KING ESTABLISHING
THE APPROPRIATIONS SUBJECT TO LIMIT FOR THE CITY OF KING
FOR THE 2017-2018 FISCAL YEAR**

WHEREAS, Section 37200 of the Government Code provides for the payment of demands based on the adoption of an annual budget; and

WHEREAS, the City Manager has presented a proposed budget to the City Council for the 2017-2018 fiscal year; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of King that:

1. In accordance with Section 2227 of the California Revenue & Taxation Code, the appropriations limit for the City of King for the 2017-2018 Fiscal Year, as set forth in Exhibits A & B, attached hereto, is \$16,959,527.
2. Pursuant to Article XIIB of the California Constitution, appropriations subject to limit for the 2017-2018, as set forth in Exhibit A, attached hereto, are \$5,061,900.
3. The appropriation figures in the schedule attached hereto shall serve as the approved budget for the City of King for the 2017-2018 Fiscal Year, pursuant to Section 37200 of the Government Code of the State of California.

PASSED AND ADOPTED by the City Council of the City of King at a regular meeting duly held on the 6TH day of June 2017, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

APPROVED:

Michael LeBarre, Mayor

ATTEST:

Steven Adams, City Clerk

PAGE 2 OF 2

APPROVED AS TO FORM:

Shannon Chaffin, City Attorney

EXHIBIT [A]

FISCAL YEAR 2017-2018 APPROPRIATIONS LIMITATION

Article XIII B of the California Constitution specifies that "Appropriations made by State and Local Governments may increase annually by a Factor comprised of the Change in Population combined either with the Change in California Per Capital Personal Income or the Local Assessment Roll due to Local Nonresidential Construction."

Per Capita Change	3.69%	Converted to a Factor		1.0369
Population Change	1.58%	Converted to a Factor		1.0158
Ratio of Change	1.0369	(x)	1.0158	(=) 1.0533
2016-2017 Appropriations Limit:				\$16,010,326
Factor				1.0533
2017-2018 Appropriations Limit:				\$16,959,527

The Amount subject to the Appropriations Limit is calculated as follows:

2017-2018 PROPOSED BUDGET

(1)	Property Taxes	\$964,400
(2)	Sales and Use Tax	\$2,194,000
(3)	Utility Users Tax	\$257,500
(4)	Business License Tax	\$85,000
(5)	Transient Occupancy Tax	\$400,000
(6)	Other Taxes:	\$21,500
	- Real Estate Transfer Tax	
	- Homeowner's Property Tax Relief (HOPTR)	
(7)	Interest (Prorated)	\$3,000
(8)	Motor Vehicle In-Lieu Tax	\$886,500
(9)	Cultivation Tax	\$250,000
	Total Amount subject to Limitations	\$5,061,900

EXHIBIT [B]

**CALIFORNIA
DEPARTMENT OF FINANCE
FISCAL YEAR 2017-2018
SUPPORTING DOCUMENTATION**



May 2017

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2017, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2017-18. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2017-18 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. Finance will certify the higher estimate to the State Controller by June 1, 2017.

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN
Director
By:

AMY M. COSTA
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2017-18 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2017-18	3.69

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2017-18 appropriation limit.

2017-18:

Per Capita Cost of Living Change = 3.69 percent
 Population Change = 0.85 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.69 + 100}{100} = 1.0369$

Population converted to a ratio: $\frac{0.85 + 100}{100} = 1.0085$

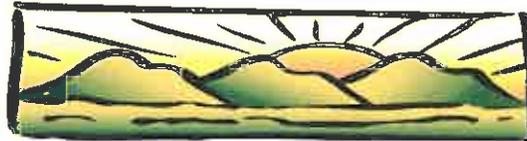
Calculation of factor for FY 2017-18: $1.0369 \times 1.0085 = 1.0457$

Fiscal Year 2017-18

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2016 to January 1, 2017 and Total Population, January 1, 2017

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2016-2017	1-1-16	1-1-17	1-1-2017
Monterey				
Carmel-By-The-Sea	-0.03	3,843	3,842	3,842
Del Rey Oaks	0.66	1,670	1,681	1,681
Gonzales	0.67	8,492	8,549	8,549
Greenfield	2.18	17,484	17,866	17,866
King City	1.58	14,255	14,480	14,480
Marina	2.38	21,027	21,528	21,528
Monterey	0.63	24,846	25,002	28,828
Pacific Grove	0.71	15,388	15,498	15,498
Sallinas	0.65	161,426	162,470	162,470
Sand City	0.52	382	384	384
Seaside	0.05	30,138	30,153	34,165
Soledad	2.86	16,455	16,925	26,065
Unincorporated	1.16	105,350	106,572	107,009
County Total	1.00	420,756	424,950	442,365

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



KING CITY
CALIFORNIA

Item No. 11(B)

REPORT TO THE CITY COUNCIL

DATE: JUNE 13, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF ADDENDUM A TO THE MEMORANDUM OF UNDERSTANDING FOR AN AFTER-SCHOOL HEART EXPANDED LEARNING PROGRAM

RECOMMENDATION:

It is recommended the City Council 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.

BACKGROUND:

At the April 25, 2017 meeting, the City Council approved an MOU with ProYouth and the King City Union School District for an after-school expanded learning program at elementary school sites. The program was one of the highest priority recommendations of the Comprehensive Plan to End Youth Violence. Under the terms of the MOU, the program will serve 180 students for the 2017-18 school year at a cost of \$250,000. A provision was also included that allowed the City and School District to expand the program by 20 children for each additional \$20,000.

DISCUSSION:

Community fundraising and grant application efforts have exceeded the City's initial goals. Over \$67,000 has been raised from grants and over \$95,000 from community contributions. As a result, staff is recommending an Addendum to the MOU be approved that will increase the number of students in the program from 180 to 280.

**CITY COUNCIL
CONSIDERATION OF ADDENDUM A TO THE MEMORANDUM OF
UNDERSTANDING FOR AN AFTER-SCHOOL HEART EXPANDED
LEARNING PROGRAM
JUNE 13, 2017
PAGE 2 OF 2**

COST ANALYSIS:

When the MOU was approved, the City Council approved \$50,000 in City funding for the program. The Addendum will not result in any additional cost to the City. The current funding status is as follows:

Funding

City of King Funds	\$45,000
King City Union Elementary School District Funds	\$25,000
School District ASES Grant	\$112,000
City Grants	
BSCC Law Enforcement Grant	\$14,625
Chevron Grant 2016	\$25,000
PG&E	\$2,500
Chevron Grant 2017	\$15,000
Monterey County Community Foundation	\$10,500
Community Fundraising	<u>\$96,150</u>
Total	\$345,775

Additional contributions and funds from the Freedom Gala fundraiser event are anticipated, which staff believes will reach the \$350,000 needed to fund the increase in student participants. Therefore, staff recommends proceeding with the addendum.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Approve the proposed Addendum;
2. Modify and approve the proposed Addendum; or
3. Provide staff other direction.

Exhibits:

1. Addendum A

Approved by:



Steven Adams, City Manager

ADDENDUM A

**CITY OF KING,
KING CITY UNION SCHOOL DISTRICT,
AND PROYOUTH
MEMORANDUM OF UNDERSTANDING**

JULY 1, 2017-JUNE 30, 2018

Addendum "A" to the City of King (CITY), King City Union School District (DISTRICT), and PROYOUTH Memorandum of Understanding (MOU) amends the minimum number of students that PROYOUTH will make the program available to and the payment amount to be made by the CITY to PROYOUTH.

CITY and DISTRICT desire to expand the initial program. Per Section 2(G) of the MOU, the number of students PROYOUTH will make the program available to shall increase by one hundred (100) students from one hundred and eighty (180) as set forth in Section 2(C) of the MOU to a total minimum of two hundred and eighty (280) students.

Per Section 2(G) of the MOU, CITY shall pay PROYOUTH an additional \$100,000 to expand the number of students served. CITY has received three (2) donations in the amounts \$50,000.00, \$15,000.00 and \$10,000.00 provided directly to PROYOUTH for a total of \$75,000, which shall be used toward this cost. The remaining \$25,000 will be added to the amount CITY will pay to PROYOUTH under Section 2(G) of the MOU. This changes the amount due directly to PROYOUTH from the CITY to \$137,500. PROYOUTH will submit to the CITY twelve (12) equal monthly invoices of \$11,458.33 each.

All existing provisions of the MOU between the CITY, the DISTRICT, and PROYOUTH for the period July 1, 2017 through June 30, 2018 remain in effect during the period covered by this Addendum.

Steven, Adams, City Manager
CITY OF KING

Date

Superintendent, King City Union School District
KING CITY UNION SCHOOL DISTRICT

Date

Daryn Davis, Chief Executive Officer
PROYOUTH

Date



Item No. 11(C)

REPORT TO THE CITY COUNCIL

DATE: JUNE 13, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION AND DISCUSSION OF ITEMS FOR FUTURE MUNICIPAL CODE AMENDMENTS (COMMERCIAL CANNABIS)

RECOMMENDATION:

It is recommended the City Council: 1) receive a presentation by staff regarding future Code changes related to Commercial Cannabis; 2) receive public input; and 3) provide direction to Staff for future changes to be incorporated into the Municipal Code.

BACKGROUND:

The Municipal Ordinance has been amended in January and September 2016 with another Cannabis related amendment being considered at this time (Ordinances 2017-733 and 734). These amendments have been in response to evolving State law, experience, and comments from the applicants regarding the City's review process.

On **April 11, 2017**, the City Council discussed potential amendments to the Municipal Code. Included in those discussions were consideration of:

- Type 10A CA State Licenses
- Relationship, mix and scope of medical cannabis and recreational cannabis
- Limited allowance of CA State Type 7 License (Level 2 Manufacturing: volatile fluid or material)

Staff was directed to provide additional information. In addition, staff would like to obtain Council direction regarding a request that has been received for use of greenhouses in the East Ranch Business Park (ERBP).

**CITY COUNCIL
DISCUSSION OF FUTURE MUNICIPAL CODE AMENDMENTS: MEDICAL
CANNABIS
JUNE 13, 2017
PAGE 2 OF 5**

DISCUSSION:

Type 10A Licenses

As the ERBP (fueled by the Cannabis Industry) develops, it has come to Staff's attention that the issues of *holding multiple licenses in multiple structures* and / or *holding multiple licenses in condominiums in one structure* should be discussed.

At the present time, the City's practice is to issue one permit to each "premise". Premise at this time is being defined as a distinct structure or a distinct portion of a structure separated by "non-penetrable" walls.

The City's CUP process provides land use approval for a project that includes multiple structures; however, permits at this time are issued to *each individual structure*. Therefore, one owner is limited in the number of cultivation permits that he can hold and the permitting process is slowed until an "Operator" is identified for each structure. (Note that operations within the structure are well defined by the Municipal Code and the Permit Review process).

A Type 10a CA License would allow one person to hold multiple cultivation permits – up to 4 acres of canopy. Given the maximum canopy in any one premise of 22,000sf, this equates to a minimum of 7.9 premises. (smaller grow areas would allow more premises). **See Exhibit 1 for Additional Information**

It should be noted that a Type 10a License allows the holder to own and operate up to three dispensaries. Dispensaries are not allowed in the City of King. One option could be to expressly state in the code that the City authorizes type 10A license activities; however, any dispensary operated by a commercial cannabis business shall be located outside of the city limits or possession of a type 10A license shall not permit a commercial cannabis business from operating a dispensary within the City.

Medical / Recreational Cannabis

The November 2016 Adult Use of Marijuana Act (AUMA) legalized recreational cannabis in California. The City's current Municipal Code specifically states the purpose and intent of Chapter 17.03 is ... "to accommodate the needs of medically ill persons". The current amendment (June 2017) specifically states that "Cannabis does not mean recreational marijuana."

Therefore, the Council may wish to clarify and codify Commercial Cannabis activity appropriate within the City of King.

**CITY COUNCIL
DISCUSSION OF FUTURE MUNICIPAL CODE AMENDMENTS: MEDICAL
CANNABIS
JUNE 13, 2017
PAGE 3 OF 5**

As part of this discussion, the following items are of value to consider:

- Cultivation and Nursery Operations as differentiated from Manufacturing and Testing Operations.
- The character / perception of the City and the potential to become a Research and Development Center for pharmaceutical grade cannabis products.
- Ultimate “consumer” in the City - currently this is the wholesale market; much of it from out of the area.
- Possibility of providing licenses / permits based on use. For example, cultivation might be allowed to grow for either medical or recreational wholesale buyers while manufacturing and testing in the City might be focused on medical pursuits.
- The potential impact on the competitiveness of cultivation businesses in King City if they are restricted in selling their product to only one type of manufacture rather than the based on overall market prices.

Initial input received from the Council during the last discussion appeared to support allowing recreational marijuana businesses under the same regulations as medical. One option would be to allow recreational cultivation and nurseries, but only medical manufacturing.

CA Type 7 License – Manufacturing Level 2

The Municipal Code currently prohibits Level 2 Manufacturing (volatile fluid or material) within the City limits. An evolving understanding of the purposes, needs and potential benefits of this level of manufacturing makes this a candidate for discussion.

Level 2 Manufacturing includes the use of fluids, such as propane and butane. However, it is Staff’s understanding that a large portion of the industry uses these fluids and associated techniques at low temperatures in the manufacture of medicinal level cannabis products.

Items that may be considered / discussed include:

- The range of fluids allowed under this Use Type;
- The ability to effectively limit the types and amounts of allowed fluids;
- Other products (corn oil, aspirin) that use similar processes;
- The amount of fluid required / allowed on site – in relationship to other uses also allowed in the ERBP and M Districts;
- A potential emphasis toward manufacturing in keeping with an R and D persona for the ERBP; and

**CITY COUNCIL
DISCUSSION OF FUTURE MUNICIPAL CODE AMENDMENTS: MEDICAL
CANNABIS
JUNE 13, 2017
PAGE 4 OF 5**

- A potential need for additional Manufacturing Licenses

See Exhibit 1 for Additional Information

Greenhouses

The City has recently received calls expressing interest in, as well as requests for, a “greenhouse” type of construction. This typically is a metal frame with hard acrylic panels on the outside. Two types of panels are used, one being a “sandwich” with an internal carbon core and one being a single piece of acrylic, which is largely see-through to allow light penetration.

Items that may be considered / discussed include:

- The original cultivation concept was “Indoor Cultivation”;
- Municipal Code Section 17.03.250(b) prohibits views of cannabis plants from public areas;
- The Specific Plan Guidelines recommend architectural types that relate to the overall character of the ERBPSP Area;
- Types of uses allowed in / purpose of the Business Park;
- Sprinkling requirements;
- Potential loss of interested businesses due to construction costs;
- Reduction in energy use from greenhouse structures; and
- Whether to specify standards and guidelines for greenhouse structures if they are allowed.

COST ANALYSIS:

There will be consultant and attorney costs associated with preparing the changes outlined, but could result in an increase in tax generating businesses.

ALTERNATIVES:

The following alternatives are provided for City Council consideration:

1. Direct staff prepare specific amendments to the City Code allowing some or all of the uses outlined
2. Direct staff to prepare amendments allowing some or all of the uses outlined and provide direction on proposed restrictions of greenhouse structure design and materials;
3. Direct staff to prepare provisions that would allow recreational marijuana cultivation and nurseries, but not recreational marijuana manufacturing;
4. Direct Staff to prepare additional research;

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5. Do not direct staff to prepare any additional changes to the Municipal Code at this time; or
6. Provide staff other direction.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

Exhibits:

1. Additional information

Submitted By: NA For Doreen Liberto
Doreen Liberto-Blanck, Director of Community Development

Approved by: 
Steven Adams, City Manager

EXHIBIT 1

Type 10A Licenses

Business and Professions Code Section 19328 states:

" A Type 10A licensee may hold a Type 6 or 7 state license and may also hold a 1, 1A, 1B, 2, 2A, 2B, 3, 3A, 3B, 4 or combination thereof if, under the 1, 1A, 1B, 2, 2A, 2B, 3, 3A, 3B, 4 or combination of licenses thereof, no more than four acres of total canopy size of cultivation by the licensee is occurring throughout the state during the period that the respective licenses are valid. All cultivation pursuant to this section shall comply with local ordinances. This paragraph shall become inoperative on January 1, 2026."

A Type 10A License Holder may also hold up to three Dispensary Licenses. Dispensaries are not allowed in the City of King and would need to be operated in other jurisdictions.

Medical / Recreational Cannabis

The Municipal Code (17.03.020(a)) as presented to be amended on June 13 describes "Cannabis" as:

"... 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.

Type 7 Manufacturing

"Volatile solvent" means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. The state's examples of volatile solvents include, butane, hexane, propane, and ethanol. A Type 6 cannabis manufacturing licensee can only use nonvolatile solvents, but a Type 7 licensee can use both nonvolatile and volatile solvents in its extractions and infusions. *Canna Law Blog, May 4 2017*

CA Health and Safety Code 11362.3(a)8(d)

(d) For purposes of this section, "volatile solvent" means volatile organic compounds, including: (1) explosive gases, such as Butane, Propane, Xylene, Styrene, Gasoline, Kerosene, O₂ or H₂; and (2) dangerous poisons, toxins, or carcinogens, such as Methanol, Iso-propyl Alcohol, Methylene Chloride, Acetone, Benzene, Toluene, and Trichloroethylene.

Greenhouses



Proposed Wall Material: Ribbed Acrylic ½" (?) thickness. An opaque "sandwich" with carbon filler between two pieces of white semi-rigid plastic is to be used at building ends / on walls with fan locations.

17.03.250 (b) In no case shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.