

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

TUESDAY FEBRUARY 25, 2020
6:00 P.M.

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

**Spanish interpretation services will be available at meeting*

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

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

- 1. CALL TO ORDER**
- 2. ROLL CALL:** Council Members Darlene Acosta, Robert Cullen, Carlos DeLeon, Mayor Pro Tem Carlos Victoria, and Mayor Mike LeBarre
- 3. FLAG SALUTE**
- 4. CLOSED SESSION ANNOUNCEMENTS**
- 5. SPECIAL PRESENTATIONS**
 - A. None
- 6. PUBLIC COMMENT**

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

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

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

9. CONSENT AGENDA

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 Any Council Member, the City Manager, or the City Attorney may request that an item be withdrawn from the Consent Agenda to allow for full discussion.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 Items withdrawn from the Consent Agenda may be considered by separate motions at the conclusion of the discussion of each item.

- A. Meeting Minutes of February 11, 2020 Council Meeting
Recommendation: approve and file.

- B. City of King Check Register February 1 thru February 15, 2020
Recommendation: receive and file.

- C. City of King Public Financing Authority Check Register February 1 thru February 15, 2020
Recommendation: receive and file.

- D. Consideration: 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 Including Commercial Cannabis Activity Limitations, and Cannabis Deliveries within the City of King.
Recommendation: conduct the second reading by title only and adopt an Ordinance amending Chapter 17.03 of Title 17 of the King City Municipal Code Pertaining to Commercial Cannabis Activity Including Commercial Cannabis Activity Limitations, and Cannabis Deliveries within the City of King.

10. PUBLIC HEARINGS

None

11. REGULAR BUSINESS

None

12. CITY COUNCIL CLOSED SESSION

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

13. ADJOURNMENT

**City Council Meeting
February 11, 2020**

1. CALL TO ORDER:

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

Mayor LeBarre reported that Terry Garcia will be translating for us tonight.

2. FLAG SALUTE:

The flag salute was led by Mayor LeBarre.

3. ROLL CALL:

City Manager Adams conducted roll call.

City Council: Mike LeBarre Darlene Acosta, Rob Cullen, Carlos DeLeon, Mayor Pro Tem Carlos Victoria.

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

4. CLOSED SESSION ANNOUNCEMENTS:

None

5. PRESENTATIONS:

There were no presentations tonight.

Mayor LeBarre stated that we will be moving Item 11(A) to hear it before Item 10(A). Motion by Cullen and second by DeLeon to do so, motion carried 5-0.

6. PUBLIC COMMUNICATIONS:

None

7. COUNCIL COMMUNICATIONS:

Council Member Cullen stated nothing to report tonight.

Mayor Pro Tem Victoria stated nothing to report tonight

Council Member Acosta stated nothing to report tonight.

Council Member DeLeon stated nothing to report tonight.

Mayor LeBarre stated the Blue Zone (program about living longer) presentation will be February 26 and 27th at the Fairgrounds. He will meet with Fort Hunter Liggett Major General on February 19th. He is meeting with Cutric/Connected communities on February 13th. He also stated that the City is working with Young Eagles group to bring the program to the King City Airport. It will allow children from the age of 8-18 get a free plane ride to encourage them to learn to fly.

8. CITY STAFF REPORTS AND COMMENTS:

City Manager Steven Adams stated working on Young Eagles will be coming back to the council the first meeting in March. The light project is almost complete, and the Airport is back open now. The RFP for the Multi-modal railroad platform will be sent out this week.

City Attorney Roy Santos stated nothing to report tonight.

9. CONSENT AGENDA

- A. Meeting Minutes of January 28, 2020 Council Meeting
- B. Meeting Minutes of January 28, 2020 Public Financing Authority Meeting
- C. City of King Check Register January 16 Thru January 31, 2020
- D. City of King Successor Agency Check Register for January 2020
- E. Consideration: Submittal of 2019-2020 CDBG Program Application
- F. Consideration: Eligibility List for Specialized Engineering Services
- G. Consideration: Census Kickoff Event

Action: Motion to approve consent agenda items A-G by Victoria and seconded by Cullen.

AYES: Council Members: LeBarre, Acosta, Cullen, DeLeon and Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

11. REGULAR BUSINESS:

- A. Consideration of Mid-Year Financial Report and Budget Adjustments

Mike Howard, Finance Director introduced this item. The marijuana tax has been lower than projected.

Councilmember Cullen asked what part of ProYouth is sustainable. City Manager stated that he and Chief will be meeting with ProYouth next week and grants have been being used to sustain it currently. The next two years look good. It will be a consistent process of applying for grants.

Action: Move to accept the Mid-year Financial Report and Budget Adjustments on motion by Victoria and seconded by DeLeon.

AYES: Council Members: LeBarre, Acosta, Cullen, DeLeon and Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

10. PUBLIC HEARINGS:

- A. Consideration: An Ordinance Amending Chapter 17.03 of Title 17 of the King City Municipal Code Pertaining to Commercial Cannabis Activity

City Manager Steve Adams introduced this item with a PowerPoint presentation.

City Attorney Roy Santos further introduced this item. Given King City's size, the size would warrant 1 dispensary but 2 is consistent of the services for police and fire department services.

City Attorney Santo went over the items that Planning commission heard but where not discussed. The vote was concentrated on the dispensary portion of the ordinance. Amendments to the employee work permit section. Specifically work permit section would allow employees to use their permit at any cannabis business in the City. The permit time period would be for 2 years instead of 1. Another change being proposed is to allow cannabis permit holders to ask for more time for when they file their permit. This change would allow the City Manager to grant on 60-day extension to file for their permit. The granting of this request is solely from the City Manager. There was an edit dealing with edibles 17.03.260 which would allow that in a storefront dispensary.

Mayor LeBarre read the title into the record. He had Ms. Garcia read it in Spanish as well.

Mayor LeBarre opened the public hearing,

Mayor LeBarre allowed everyone one minutes to insure everyone's voice is heard.

Raise your hand if you are in favor of retail operations in cannabis.

Raise your hand if opposed. Twice as many.

Carmela Deniz, Hermina, Karen Jernigan, Florena Franco, Bernicia, Rodrigo, Ken Reese, Jovani Arcata, Ivan Arcata, Mariana Arcata, Maria Solata, Liz Arce, Maria Valenzuela, Victor Sebastian, Graciela, Faustino Vicente, Ramona, Seledina, Domingo Uribe, Joselyn Garcia spoke in opposition to a cannabis dispensary in King City.

Ms. Garcia translated everyone's comments.

Amy White, Carol Umbarger, Ron Glantz, Debbie King, Jeff, spoke in favor of the dispensary.

Ms. Garcia translated everyone's comments.

Domingo Uribe, Jovani, Ivan, Karen Jernigan, spoke a second time and again in opposition to the dispensary.

Ms. Garcia translated everyone's comments.

Mayor LeBarre closed the public hearing

City Attorney Roy Santos just wanted to clarify that a medical provider cannot provide the cannabis. They can give a recommendation for you to get licensed from the State of California to get it through an authorized dispensary or on-line delivery service. The on-line delivery service unfortunately there is not a way to make sure they are licensed. The State is combating that now. Our ordinance as proposed no one under the age of 21 can enter the dispensary and the city is stricter than the State at this point as the legal age for the State is 18.

Councilmember Cullen wanted to ask about edibles and manufacturing of edibles. Attorney Santos stated edibles are already allowed to be manufactured and non-store front sale of edibles. Councilmember Cullen wanted to pass on the comment from a cannabis company about streamlining the internal process to get employees permitting passed through the process faster.

City Manager and City Attorney explained that we are waiting on livescan from the Department of Justice for our number and new cannabis business was to pay for the code enforcement unfortunately there has

not been any new cannabis. City Manager stated that the City will probably go forward with the code enforcement.

All the councilmembers commented on this item.

Action: Move to introduce by title only an Ordinance amending provisions Chapter 17.03 of Title 17 of the King City Municipal Code pertaining to commercial cannabis activity to allow cannabis storefront dispensaries within the City , waive first reading by title only, approve motion and conduct second reading on February 25th on motion by Cullen and seconded by DeLeon. Motion was amended to direct staff to modify the fee to assure full cost recovery on motion by Cullen and second by DeLeon.

AYES: Council Members: LeBarre, Cullen, DeLeon

NOES: Council Members: Acosta, Victoria

ABSENT: Council Members:

ABSTAIN: Council Members:

12. CITY COUNCIL CLOSED SESSION

A. Public Employee Performance Evaluation Pursuant to Government Code Section 54957:

Title: City Attorney

ADJOURNMENT:

Mayor LeBarre adjourned the meeting 9:33p.m. to closed session.

Approved Signatures:

Mayor, Michael LeBarre
City of King

City Clerk, Steven Adams
City of King



Item No. 9(B)

REPORT TO THE CITY COUNCIL

DATE: FEBRUARY 25, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: MIKE HOWARD, FINANCE DIRECTOR

**RE: CONSIDERATION OF CITY OF KING CHECK REGISTER
FEBRUARY 1 THRU FEBRUARY 15, 2020**

RECOMMENDATION:

It is recommended City Council receive and file.

BACKGROUND:

At least once a month, the City Treasurer shall submit to the City Council, a copy of the invoices paid for the previous month.

DISCUSSION:

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

COST ANALYSIS:

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

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

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

**CITY COUNCIL/CITY
CONSIDERATION OF CITY OF KING CHECK REGISTER FEBRUARY 1
THRU FEBRUARY 15, 2020
FEBRUARY 25, 2020
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Exhibits:

1. Check Register Report

Submitted by:



Mike Howard, Finance Director

Approved by:



Steven Adams, City Manager

Check Register Report

February 1,- February 15, 2020

Date: 02/14/2020

Time: 2:22 pm

ING CITY CITY HALL

BANK: WELLS FARGO BANK

Page: 1

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
VELLS FARGO BANK Checks							
3349	02/06/2020	Printed		AT T	AT & T	Internet - #139650003	89.50
3350	02/06/2020	Printed		KCTVHARD	ALCANTAR HARDWARE INC	Carwash	35.41
3351	02/06/2020	Printed		A & W	ALESHIRE & WYNDER LLP	Legal Services - Airports	22,685.00
3352	02/06/2020	Printed		ALLIANT	ALLIANT INSURANCE SERVICES INC	AMVP-Second (Veh. Inc.)	246.00
3353	02/06/2020	Printed		ALVAREZL	ALVAREZ TECHNOLOGY GROUP -	Computer Lease -	3,327.92
3354	02/06/2020	Void	02/06/2020			Void Check	0.00
3355	02/06/2020	Printed		HANNA	ASSOCIATED ENGINEERING-SURVEY	Broadway St/San Antonio	29,955.75
3356	02/06/2020	Printed		AT&T - C	AT&T	KCPD Line - #9391048339	20.94
3357	02/06/2020	Printed		AT&T - C	AT&T	Telephone - #9391048347	55.08
3358	02/06/2020	Printed		AT&T - C	AT&T	911 Line - #9391036550	19.85
3359	02/06/2020	Printed		CARMEL FIR	ART BLACK	2020 Bus Lic Inspections	1,125.00
3360	02/06/2020	Printed		BOWEN	HERBERT BOWEN	Perishable Skills Training	162.50
3361	02/06/2020	Printed		CA POLICE	CALIFORNIA POLICE CHIEFS ASSOC	Cpt Training	725.00
3362	02/06/2020	Printed		FRESNOPD	CITY OF FRESNO-POLICE DEPT.	Perishable Skills Program	406.00
3363	02/06/2020	Printed		CSGCON	CSG CONSULTANTS INC	Building Inspection Services	10,500.00
3364	02/06/2020	Void	02/06/2020			Void Check	0.00
3365	02/06/2020	Printed		EARTH DESI	EARTH DESIGN, INC.	Sub-Consultant - Doug Wood	28,036.70
3366	02/06/2020	Printed		EIKHOF	EIKHOF DESIGN GROUP INC	Public Works Special Projects	4,865.00
3367	02/06/2020	Printed		ENTENMANN	ENTENMANN - ROVIN CO.	Medals	1,434.50
3368	02/06/2020	Printed		FIRST AL	FIRST ALARM, INC	Fire Alarm Check	364.62
3369	02/06/2020	Printed		FIRSTTA	FIRST TACTICAL LLC	City Employee Shirts	435.13
3370	02/06/2020	Printed		FIRSTTWO	FIRSTTWO, INC	Online Service for	1,000.00
3371	02/06/2020	Printed		GARCIAAA	ALFREDO ALONZO GARCIA	R & R Curb.	2,350.00
3372	02/06/2020	Printed		FASHION	YSAURO GONZALES	Animal Control Blankets	110.60
3373	02/06/2020	Printed		HINDERLITE	HINDERLITER, DELLAMAS & ASSOC	Cannabis Management	450.00
3374	02/06/2020	Printed		TIRE KING	JOSE RODRIGUEZ	Maint. & Repairs - Unit 108	3,494.50
3375	02/06/2020	Printed		KEREZSI	ANITA KEREZSI	SB 90 Claims Administration	1,000.00
3376	02/06/2020	Printed		KCRUS	KING CITY RUSTLER	Newspaper Subscription.	49.70
3377	02/06/2020	Printed		KSSTATE	KS STATEBANK	Street Sweeper Principal &	9,649.12
3378	02/06/2020	Printed		LCAH	LOS COCHES ANIMAL HOSPITAL	Vet Services	100.00
3379	02/06/2020	Printed		CLENENTI	MARK A. CLEMENTI, PH.D.	J Bernal Sych	685.00
3380	02/06/2020	Printed		MARTINEZV	VIOLETA MARTINEZ	Rec Center Security Deposit	500.00
3381	02/06/2020	Printed		MO BAY SYS	MONTEREY BAY OFFICE PRODUCTS	Copier Lease.	977.94
3382	02/06/2020	Printed		MO CO MAYO	MONTEREY COUNTY MAYOR'S ASSOC.	Mayor's Assoc Dues 2020.	1,500.00
3383	02/06/2020	Printed		NEWSV	NEW SV MEDIA, INC	RAVA PC Hearing Notice	1,020.00
3384	02/06/2020	Printed		PURE WATER	PENINSULA PURE WATER INC.	Water - KCPD	77.95
3385	02/06/2020	Printed		PAC	PG&E	Electricity & Gas	27,225.05
3386	02/06/2020	Printed		PBGFS	PITNEY BOWES GLOBAL	Postage Machine Lease.	441.57
3387	02/06/2020	Printed		PURCHASE P	PURCHASE POWER*PITNEY BOWES	Postage -	246.88
3388	02/06/2020	Printed		TORRESSE	SANTA ELIZABETH TORRES	Translating Service	260.00
3389	02/06/2020	Printed		SPEAK	SPEAKWRITE BILLING DEPT	Transcription Services	240.28
3390	02/06/2020	Printed		LEHR	STOMMEL INC	Strip Out Vehicle 104	1,500.00
3391	02/06/2020	Printed		TEMP UNIF	TEMPLETON UNIFORMS	J Bernal - Holster	57.39
3392	02/06/2020	Printed		TGARCIA	TERESITA GARCIA ZANCHEZ	Lunch Supplies for	75.78
3393	02/06/2020	Printed		SAL CAL	THE SALINAS CALIFORNIAN #1078	DASP-Fresh Foods. Bitterwater	742.35
3394	02/06/2020	Printed		TORO	TORO PETROLEUM CORP.	Gas - Acct #6835	1,851.17
3395	02/06/2020	Printed		TRANSU	TRANSUNION RISK AND ALTERNATIV	Transunion	50.00
3396	02/06/2020	Printed		U.S. BANCO	U.S. BANCORP EQUIPMENT FINANCE	Copy Machine	244.08
3397	02/06/2020	Printed		U.S. BAN	U.S. BANK CORP PAYMENT SYSTEM	Various Charges - #2065	1,718.89
3398	02/06/2020	Printed		VERIZON WI	VERIZON WIRELESS	Cell Phones -	790.50

Check Register Report

February 1,- February 15, 2020

Date: 02/14/2020

Time: 2:22 pm

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ING CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
				Total Checks: 50		Checks Total (excluding void checks):	162,898.65
				Total Payments: 50		Bank Total (excluding void checks):	162,898.65
				Total Payments: 50		Grand Total (excluding void checks):	162,898.65



Item No. 9(C)

REPORT TO THE PUBLIC FINANCING AUTHORITY

DATE: FEBRUARY 25, 2020
TO: HONORABLE CHAIR AND MEMBERS OF THE AUTHORITY
FROM: MIKE HOWARD, FINANCE DIRECTOR
RE: CONSIDERATION OF PUBLIC FINANCING AUTHORITY CHECK REGISTER FEBRUARY 1, 2020 THRU FEBRUARY 15, 2020

RECOMMENDATION:

It is recommended the City Council acting as the Public Finance Authority Board receive and file.

BACKGROUND:

At least once a month, the City Treasurer shall submit to the City Council, a copy of the invoices paid for the previous month.

DISCUSSION:

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

COST ANALYSIS:

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

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

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

**CITY COUNCIL/PUBLIC FINANCING AUTHORITY
CONSIDERATION OF PUBLIC FINANCING AUTHORITY FEBRUARY 1 THRU
FEBRUARY 15, 2020
FEBRUARY 25, 2020
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Exhibits:

1. Check Register Report

Submitted by: 
Mike Howard, Finance Director

Approved by: 
Steven Adams, Secretary



Item No. 9(D)

REPORT TO THE CITY COUNCIL

DATE: FEBRUARY 25, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF AN ORDINANCE AMENDING CHAPTER 17.03 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO COMMERCIAL CANNABIS ACTIVITY

RECOMMENDATION:

It is recommended the City Council conduct the second reading by title only and adopt an Ordinance amending Chapter 17.03 of Title 17 of the King City Municipal Code pertaining to commercial cannabis activity including commercial cannabis activity limitations and cannabis deliveries within the City of King.

BACKGROUND:

At the January 26, 2016 meeting, the City Council first adopted an ordinance allowing cultivation of medical marijuana in the M-1 and M-2 zoning districts and the East Ranch Business Park Specific Plan area. Since that time, a number of amendments have been processed to also allow manufacturing, nurseries, testing, non-storefront dispensaries, distribution, deliveries, recreational cannabis products, and to address a number of issues and State legislative changes that have been identified. A cannabis tax measure was also proposed and approved in the November 2016 election ballot.

At the September 24, 2019 meeting, the City Council requested staff to prepare information for discussion on allowing cannabis storefront dispensaries. The analysis was presented to the City Council at the October 22, 2019 meeting. At the conclusion of the discussion, the City Council directed staff to prepare an Ordinance for Council consideration that would allow cannabis storefront dispensaries in the City in certain areas.

Staff prepared the Ordinance presented it to the Planning Commission at their February 4, 2020 meeting. The Planning Commission voted 4-0 to adopt a Resolution recommending the City Council not approve the Ordinance. The City

**CITY COUNCIL
CONSIDERATION OF AN ORDINANCE AMENDING CHAPTER 17.03 OF
TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO
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Council considered the Ordinance at their February 11, 2020 meeting and voted 3-2 to introduce the Ordinance.

DISCUSSION:

Analysis

There are a number of issues regarding allowing storefront dispensaries in the City, which were outlined in the October 22, 2019 staff report. The following key pros and cons include the following:

Pros:

- It would make products more accessible for local residents that need them for medical purposes.
- It would provide the potential for generating much needed revenue.
- It would help support and promote local cultivation and manufacturing businesses.
- It could bring in business activity that creates jobs and customers.

Cons:

- A number of residents spoke in opposition to the Ordinance at the last meeting regarding concerns that dispensaries increase the accessibility and use of cannabis, which can be abused as with other drugs, particularly with youth. Most of the City efforts under way by the City have been overwhelmingly positive in the community. Therefore, this issue could introduce an item that might detract from those efforts.
- The Police Department has expressed a concern regarding the potential for theft given that dispensaries typically utilize large volumes of cash due to Federal legality issues. Of particular concern is some the proposed locations' proximity to the freeway.
- Quality of businesses can vary, which provides the potential for code enforcement problems and businesses that may have negative impacts on the area where they are located.
- The process of regulating, selecting and issuing dispensary permits is complex, labor intensive, costly and increases liability to the City. As a result, it is likely it will impact other priority efforts.
- Given the limited market area, there is no guarantee the City will receive applicants, which could result in a significant dedication of staff resources with no result.

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Location

Under the proposed Ordinance, cannabis dispensaries would be allowed in the following areas:

- The highway service area west of the freeway excluding properties located on Canal Street;
- The C2 zone; and
- The First Street corridor and highway service zoned areas on First Street from Ellis Street to Highway 101.

In order to prevent neighborhood concerns and complaints, the Ordinance would prohibit dispensaries on any property directly adjacent to a residential structure. State law also prohibits dispensaries from being located within 600 feet of any schools or day care facilities. This restricts a large portion of the City given that King City is a small community. Exhibit 2 includes a map of areas that would tentatively be allowed.

These areas are consistent with Council direction. Staff originally considered the industrial area to be appropriate because it would provide the most discrete area with the least impact on the community. However, one of the most positive aspects of locating the cannabis cultivation and manufacturing operations in the industrial area is the ability to provide security due to limited public accessibility. Locating a commercial operation within the industrial area would introduce a higher volume of public interaction, which would jeopardize security. Therefore, after staff completed its analysis, it was not recommended.

Number of Dispensaries

The proposed Ordinance would limit the number of dispensaries to a maximum of two. This recommendation is based upon the City's population size and limited police and code enforcement resources available to properly monitor the dispensaries in order ensure the health and safety of the City's residents. Further, according to HdL Companies, the City's cannabis consultants, the City's population is in the normal range sufficient to support one dispensary. However, it is not recommended to limit the allowed businesses to only one due to claims of anti-competitive practices and liability that may result.

Process

The proposed process for selecting those eligible for the limited number of permits included in the Ordinance is designed to be objective, while also limiting

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consideration to high quality proposals and experienced operators. Under the proposed process, applicants would be required to participate in a pre-application process. The top two selected would then be eligible to apply for their conditional use permit (CUP), cannabis business permit and other approvals required before allowing them to operate. The top two applicants would have 6 months to obtain their State license and 18 months to operate or their approval would become void and the next applicant on the list would become eligible.

The pre-application process would be based upon the following submittals:

- Proposed Dispensary Site and Neighborhood Compatibility Plan
- Business and Operations Plan
- Qualifications and Experience of Principals
- Security Plan
- Labor and Employment Plan
- Improvement Plan and Schedule

An independent third party selected through a request for proposal (RFP) process would evaluate the proposals and score them on a scale of 600 points. Those receiving at least 500 points would be included in a lottery. The lottery would determine the ranking of all the eligible proposals.

The scoring would be based on the following criteria:

- Degree to which the site of the proposed dispensary is available, suitable for the proposed use, and potential neighborhood and community impacts are minimized through building and site orientation and improvements, (including but not limited to signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise) (100 points).
- Economic viability, capitalization of the proposed dispensary, schedule for completion and opening of the proposed dispensary, and level and quality of services to be provided at the proposed dispensary (100 points).
- Experience of owners, managers and employees in the operation of a retail cannabis business (including but not limited to prior history of positive sales, appearance and maintenance of a retail cannabis business, legal compliance, management and positive community relations) and other experience related to the operation of a commercial cannabis business (100 points).

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TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO
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- The operations and security plan for the proposed dispensary (including but not limited to the non-diversion of cannabis and/or cannabis products, on-site security technology, and in-house and contract security personnel) (100 points).
- Employment opportunities for City of King residents (including but not limited to estimated job creation, pay rates, and actions proposed to hire and train local employees) (100 points).
- Investment and improvements in the interior and exterior of the structure and property of the proposed dispensary (100 points).

Standards

There is a significant range in quality of existing dispensary businesses in other jurisdictions. As a result, staff recommends establishing strict standards to ensure the appearance of new businesses are high quality. The following recommended requirements are included in the Ordinance:

- Existing structures shall be remodeled to include all new interior and exterior paint or coverings for the dispensary.
- Windows shall cover a minimum of 40% of the exterior front wall of the dispensary, including but not limited to a portion of opaque glass sufficient to prevent visibility of cannabis products.
- All merchandise shall be displayed in new commercial grade display cases.
- The dispensary shall contain all new flooring and fixtures. Flooring for the purposes of this subsection shall include, but is not limited to, carpet, tile, hardwood, laminate/hybrid flooring and/or a combination thereof. Fixtures for the purposes of this subsection shall include, but is not limited to, generally utilized lighting, plumbing and/or electrical fixtures.

The new businesses would also be subject to the existing sign provisions, which restricts graphics displaying cannabis plants.

Other Proposed Code Changes

In addition to the above proposed edits, staff has prepared amendments to the sections of the commercial cannabis ordinance governing employee work

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permits and applications to renew a commercial cannabis business permit. These edits were designed to address concerns brought forth by commercial cannabis businesses owners and employees, with direction provided by the City Council on edits to the ordinance which they would like to see. Specifically, the proposed edits allow a commercial cannabis business employee to utilize their employment permit at any commercial cannabis business within the city limits. The employment permits will now be valid for two years rather than one. Commercial cannabis business permit holders will now have the ability to seek an extension of time to file their application for renewal of their commercial cannabis permit. The City Manager will review all requests and if good cause exists, he may grant the request for an extension to file the renewal application. The City Manager may grant up to a 60-day extension if the application files their request at least 15 days prior to the expiration of their commercial cannabis permit. The granting of a request for any extension of time is at the sole discretion of the City Manager and a denial of a request shall not be appealable.

Next Steps

Staff is working on drafting an application form with the goal of providing it for review to the Council at the next meeting, along with an amendment to the Master Fee Schedule to establish the pre-application process submittal fee.

The projected tentative schedule is as follows:

Adoption of Ordinance	February 25, 2020
Ordinance Becomes Effective	March 26, 2020
Selection of Independent Consultant	April 28, 2020
Notice of Pre-Application Process	May 11, 2020
Deadline for Accepting Applications	July 9, 2020
Completion of Independent Review	August 20, 2020
Lottery Process	September 10, 2020

COST ANALYSIS:

In response to Council direction, staff will present an amendment to the Master Fee Schedule at the next meeting to create an application fee in the amount of \$12,250. It is estimated that this will generate the revenue needed to recover the City's costs if two applications are received. If a 5% tax on sales is approved by the voters in November 2020, it is also estimated that total revenue from the establishment of cannabis storefront retail will be in the range of \$100,000 to \$150,000.

**CITY COUNCIL
CONSIDERATION OF AN ORDINANCE AMENDING CHAPTER 17.03 OF
TITLE 17 OF THE KING CITY MUNICIPAL CODE PERTAINING TO
COMMERCIAL CANNABIS ACTIVITY
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ENVIRONMENTAL REVIEW:

The City Council should find and determine the proposed amendments to the Commercial Cannabis Ordinance Chapter 17.03 are not a "project" for the purposes of the California Environmental Quality Act (CEQA) as it does not have the potential for resulting in either a direct physical change to the environment, or a reasonably foreseeable indirect physical change in the environment. No further action is required under CEQA. Any storefront dispensary authorized by the proposed amendments shall undergo CEQA review on a project specific basis, any CEQA determination at this stage would be speculative since no project is currently before the City Council for review.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Open the hearing, allow for public testimony, close the hearing, and then decide to not introduce an Ordinance amending provisions Chapter 17.03 of Title 17 of the King City Municipal Code pertaining to commercial cannabis activity to allow cannabis storefront dispensaries within the City;
2. Introduce to be read by title only an Ordinance amending provisions Chapter 17.03 of Title 17 of the King City Municipal Code pertaining to commercial cannabis activity to allow cannabis storefront dispensaries within the City, open the hearing, allow for public testimony, close the hearing, waive first reading of the Ordinance, and approve the introduction of the Ordinance;
3. Introduce the Ordinance and direct staff to modify the fee to better ensure full cost recovery;
4. Modify and introduce the Ordinance;
5. Defer consideration of the Ordinance 1 -2 years to incorporate the project into the annual goal process, obtain additional public input, and provide time for other cannabis businesses to become established; or
6. Provide other direction to staff.

Exhibits:

1. Ordinance
2. Map of Allowed Areas
3. Planning Commission Resolution
4. New public correspondence submitted since last meeting

Prepared and Approved by: _____


Steven Adams, City Manager

ORDINANCE NO. ____

**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**

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 83 7 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 City 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 and 15308.)

SECTION 3. Chapter 17.03, of Title 17, of the King City Municipal Code and the Sections specifically identified below are amended to read as follows:

Chapter 17.03

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.

- (j) “*Delivery*” means the transfer of cannabis and/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 testing laboratory, or the wholesale or retail sale of cannabis, cannabis products and/or devices for the use of cannabis or cannabis products from a storefront and/or non-storefront dispensary, up to an amount determined by the State of California, or any of its departments or divisions, to a retail customer.

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) Authorized Commercial Cannabis Activities: Commercial cannabis operations within the City, which comprise the activities of indoor cultivation, mixed-light cultivation, nursery cultivation, retailer (storefront and/or non-storefront delivery), manufacturer, testing laboratory, distributor, and microbusiness are allowed subject to issuance and maintenance of the permits and entitlements set forth in this Chapter and all

other applicable City and State laws and regulations, and issuance and maintenance of a valid and current State license of a classification listed below, as provided for in Business & Professions Code Section 26050 and applicable State regulations:

- (1) Type 1A = Cultivation; Specialty Indoor; Small.
- (2) Type 1B = Cultivation; Specialty Mixed-Light; Small.
- (3) Type 2A = Cultivation; Indoor; Small.
- (4) Type 2B = Cultivation; Mixed-Light; Small.
- (5) Type 3A = Cultivation; Indoor; Medium.
- (6) Type 3B = Cultivation; Mixed-Light; Medium.
- (7) Type 4 = Cultivation; Nursery.
- (8) Upon authorization by the State of California, Type 5A = Cultivation; Indoor; Large.
- (9) Upon authorization by the State of California, Type 5B = Cultivation; Mixed-Light; Large.
- (10) Type 6 = Manufacturer 1.
- (11) Type 7 = Manufacturer 2.
- (12) Type N = Manufacturer (i.e. no extractions, pursuant to 17 CCR § 40118, as may be amended).
- (13) Type P = Manufacturer (i.e. packaging and labeling only, pursuant to 17 CCR § 40118, as may be amended).
- (14) Type 8 = Testing Laboratory.
- (15) As authorized by Code of Regulations, Type 9 = Non-Storefront Retailer (i.e. non-storefront delivery, pursuant to 16 CCR § 5414, as may be amended).
- (16) Type 10 = Storefront and/or Non-Storefront Retailer.
- (17) Type 11 = Distributor.
- (18) Type 12 = Microbusiness .

(19) Type 13 = Distributor (i.e. transport only; pursuant to 16 CCR § 5315, as may be amended).

The establishment, development, construction, maintenance, or operation of a non-storefront dispensary shall only be authorized in the M-1, M-2 and M-3 zones and/or the East Ranch Business Park Specific Plan area within the City. The establishment, development, construction, maintenance, or operation of a storefront dispensary shall only be authorized in the highway service area west of the freeway (excluding properties located on Canal Street), the C2 zone, and the First Street corridor and highway service zoned areas on First Street from Ellis Street to Highway 101. As such, the establishment, development, construction, maintenance, or operation of a storefront and/or non-storefront dispensary shall be prohibited in all other zones and/or areas within the City. Further, storefront dispensaries shall be prohibited from being located directly adjacent to any single-family or multi-family residential property. The terms “directly adjacent” mean sharing a property line border with the proposed storefront dispensary property. Nothing in this subsection shall be interpreted to authorize the establishment, development, construction, maintenance, or operation of a storefront and/or non-storefront dispensary in violations of the requirements of Health and Safety Code section 11362.768, Code of Regulations section 5026 and any other similar statute, law and/or regulation enacted by the City or State of California or one of its departments charged with regulating cannabis activities.

(c) Prohibited Types of Commercial Cannabis Businesses: Commercial cannabis businesses within the City which involve the activities of outdoor cultivation of cannabis are prohibited in the City. Further, this prohibition includes, but is not limited to, commercial cannabis activities licensed by the State license classifications listed below, as provided for in Business & Professions section 26050 and applicable State regulations:

- (1) Type 1= Cultivation; Specialty Outdoor; Small.
- (2) Type 1C = Cultivation; Specialty Cottage; Small.
- (3) Type 2 = Cultivation; Outdoor; Small.
- (4) Type 3= Cultivation; Outdoor; Medium.
- (5) Type 5 = Cultivation; Outdoor; Large.

Except as otherwise expressly provided in this Chapter, the prohibitions of this subsection includes any similar commercial cannabis activities authorized under new or revised State licenses, or any other State authorization, for any type, category, or classification of commercial cannabis activities which involve the above-referenced or similar activities or operations.

The establishment, development, construction, maintenance, or operation of a storefront cannabis cooperative and/or collective are hereby prohibited, and is not an authorized or conditionally permitted use in any zoning district within the City, even if located within an otherwise permitted use. No person shall establish, develop, construct, maintain, or operate a storefront cannabis 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 storefront cannabis 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.

- (d) The sale, delivery, 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, unless conducted in compliance with the requirements of this Chapter and the King City Municipal Code.
- (e) 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.
- (f) 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.
- (g) A commercial cannabis permit shall be governed by the following requirements and/or limitations:
 - (1) There shall be no more than two (2) commercial cannabis permits issued by the City authorizing the storefront retail sale of cannabis and/or cannabis products.

- (2) Excluding storefront dispensaries, 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 twenty-one (21) years of age, or another age 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) calendar days before its expiration. Notwithstanding the requirements of this subsection, upon timely filing of a request for waiver and showing of good cause by the applicant, the City Manager in his/her sole discretion may wave this requirement and grant an extension of time to file a renewal application for a commercial cannabis permit. The extension of time granted by the City Manager shall not exceed sixty (60) days. . The applicant shall file the request for a waiver and extension of time with the City Manager at least fifteen (15) days prior to the expiration of the commercial cannabis permit. The time period to file a request for a waiver and extension of time shall be jurisdictional and cannot be waived. A request for a waiver and extension of time not timely filed is defective and shall be denied.
 - (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. Notwithstanding the requirements of this subsection, the City Manager in his/her sole discretion may wave this requirement upon showing of good cause by the applicant.

- (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.
 - (F) The applicant for renewal has failed to pay in full any fees, administrative citation fines, penalties and/or costs issued by the City relating to the commercial cannabis business and/or activity, unless assessment of the fees, administrative citation fines, penalties and/or costs are being appealed.
- (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. An applicant may hold multiple City issued commercial cannabis permit types, consistent with the requirements of Business and Professions Code section 26053 and a State of California Type 12 "Microbusiness" license. An applicant who holds a City issued testing permit and/or State of California issued testing license shall not hold any other City issued commercial cannabis permits. Further, the applicant shall apply and receive a City issued permit for each type of commercial cannabis activity prior to engaging in the commercial cannabis activity.
- (9) Any unpaid fees, administrative citation fines, penalties and/or costs issued by the City relating to the commercial cannabis business and/or activity shall be added to the fee for renewal of the commercial cannabis permit, unless assessment of the fees,

administrative citation fines, penalties and/or costs are being appealed.

- (10) A commercial cannabis permit shall not be renewed until the City receives payment in full of the renewal fee.
- (h) Issuance of a commercial cannabis storefront dispensary permit shall be governed by the following requirements and/or limitations:
- (1) All commercial cannabis storefront dispensaries shall be prohibited except within the following designated area(s): the highway service area west of the freeway (excluding properties located on Canal Street), the C2 zone, and the First Street corridor and highway service zoned areas on First Street from Ellis Street to Highway 101. Further, storefront dispensaries shall be prohibited from being located directly adjacent to any single-family or multi-family residential property. The terms “directly adjacent” mean sharing a property line border with the proposed storefront dispensary property. Only pre-applications that can demonstrate the applicant currently owns, leases or has an option to buy or lease the property proposed for the business within an area authorized for a commercial cannabis storefront dispensary shall be considered.
 - (2) The City Manager or his/her designee shall provide notice to the public that the City will be accepting pre-applications for issuance of a commercial cannabis storefront dispensary permit. The public notice shall include, at a minimum, the time period within which to submit an application and where at the City to submit the pre-application. The time period to submit a pre-application with the City shall not exceed sixty (60) days. Any pre-application, or portion thereof, not submitted to the City within the time period established within the public notice shall be deemed defective and excluded from consideration.
 - (3) The applicant shall submit within their pre-application detailed materials establishing:
 - (A) Proposed Dispensary Site and Neighborhood Compatibility Plan.
 - (B) Business and Operations Plan.
 - (C) Qualifications and Experience of Principals.
 - (D) Security Plan.
 - (E) Labor and Employment Plan.
 - (F) Improvement Plan and Schedule.

- (4) The pre-application for a commercial cannabis storefront dispensary permit shall be reviewed by an independent third party and provided a score between zero (0) and six hundred (600). The scoring will be based upon the following criteria:
 - (A) Degree to which the site of the proposed dispensary is available, suitable for the proposed use, and potential neighborhood and community impacts are minimized through building and site orientation and improvements, (including but not limited to signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise).
 - (B) Economic viability, capitalization of the proposed dispensary, schedule for completion and opening of the proposed dispensary, and level and quality of services to be provided at the proposed dispensary.
 - (C) Experience of owners, managers and employees in the operation of a retail cannabis business (including but not limited to prior history of positive sales, appearance and maintenance of a retail cannabis business, legal compliance, management and positive community relations) and other experience related to the operation of a commercial cannabis business.
 - (D) The security plan for the proposed dispensary (including but not limited to the non-diversion of cannabis and/or cannabis products, on-site security technology, and in-house and contract security personnel).
 - (E) Employment opportunities for City of King residents (including but not limited to estimated job creation, pay rates, and actions proposed to hire and train local employees).
 - (F) Investment and improvements in the interior and exterior of the structure and property of the proposed dispensary.
- (5) The applicants which receive a score of five hundred (500) or higher during the independent review process of their pre-application shall be placed into a lottery. Any applicant receiving a score of four hundred ninety-nine (499) or less shall be excluded from the lottery process.
- (6) The City shall select applicant(s) during the lottery process based on the number of available commercial cannabis storefront dispensary permits. The applicant or applicants selected during the lottery process may receive a commercial cannabis storefront dispensary

permit, provided each applicant individually meets all applicable requirements of this Chapter, the King City Municipal Code and/or state and federal law and obtains all other required permits and approvals. Further, each selected applicant shall submit an application for a commercial cannabis storefront dispensary permit which complies with the requirements of this Chapter.

- (7) The selection processes set forth within this subsection shall be utilized any time a commercial cannabis storefront dispensary permit becomes available.
- (8) The applicant shall comply with all requirements of the King City Municipal Code and State of California statute, regulation and/or guideline governing commercial cannabis businesses and/or storefront dispensaries.
- (9) Within six (6) months of the City issuing an applicant a commercial cannabis storefront dispensary permit, the permittee shall secure a license from the State of California to operate a cannabis storefront dispensary and provide a copy of the license to the City Manager or his/her designee. Upon written request by the permittee and a showing of good cause, the City Manager or his/her designee, in their sole discretion, may grant no more than one (1) extension of time. The extension of time shall not exceed six (6) months. Failure to secure a State of California license to operate a cannabis storefront dispensary or to provide a copy of a State of California license to operate a cannabis storefront dispensary to the City Manager or his/her designee shall void the City issued commercial cannabis storefront dispensary permit. After receiving notice from the City of the expiration of the time period to secure a license, the permittee shall immediately cease any commercial cannabis operations at the storefront dispensary.
- (10) The commercial cannabis storefront dispensary permit shall become void should the permittee fail to commence operations of the storefront dispensary within eighteen (18) months of the issuance of the permit by the City.
 - (i) 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.
 - (j) 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), fire code permit(s), and planning-level permit(s) required by Title 17 Zoning of the King City Municipal Code.

- (k) Consistent with the requirements of Business and Professions Code section 26053, a commercial cannabis business conducting multiple commercial cannabis activities shall obtain a City issued permit for each type of commercial cannabis activity prior to engaging in that activity. A commercial cannabis business which holds a City issued testing permit shall not hold any other City issued commercial cannabis permits. In addition, a commercial cannabis business authorized to conduct multiple commercial cannabis activities, consistent with the requirements of Business and Professions Code section 26053, shall not receive a City issued permit authorizing the establishment, development, construction, maintenance, or operation of a cannabis cooperative and/or collective within the City.
- (l) 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.
- (m) Each commercial cannabis business operating within the City of King shall pay all applicable City taxes and permitting and licensing fees. Further each commercial cannabis business operating within the City of King shall pay all applicable state and federal taxes and permitting and licensing fees.

Section 17.03.070 Employee Work Permits.

- (a) Every employee or independent contractor working at a commercial cannabis business or involved in the transportation related services for a commercial cannabis business shall obtain an employee work permit issued by the City. It shall be the responsibility of the commercial cannabis business permit holder to ensure that the employee or independent contractor has received their work permit from the City prior to commencing any 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.
- (i) An employee work permit shall expire two (2) years from the date it was issued by the City. An employee work permit shall authorize the individual to work for any commercial cannabis business within the city limits of the City of King.

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 shall only be open to the public between the hours of eight (8:00) a.m. to seven (7:00) p.m. Monday through Sunday. Storefront dispensaries shall only be open to the public between the hours of eight (8:00) a.m. to ten (10:00) p.m. Monday through Sunday.
- (o) Storefront Dispensaries. Prior to receiving a commercial cannabis storefront dispensary permit, the applicant shall submit an interior and exterior design plan to the City. The design plan shall minimally address the following elements:
 - (1) Existing structures shall be remodeled to include all new interior and exterior paint or coverings for the dispensary.
 - (2) Windows shall cover a minimum of 40% of the exterior front wall of the dispensary, including but not limited to a portion of opaque glass sufficient to prevent visibility of cannabis products.
 - (3) All merchandise shall be displayed in new commercial grade display cases.
 - (4) The dispensary shall contain all new flooring and fixtures. Flooring for the purposes of this subsection shall include, but is not limited to, carpet, tile, hardwood, laminate/hybrid flooring and/or a combination thereof. Fixtures for the purposes of this subsection shall include, but is not limited to, generally utilized lighting, plumbing and/or electrical fixtures.

The interior and exterior design plan shall comply with this Chapter, the King City Municipal Code and/or state and federal law. The City Manager or his/her designee shall provide written approval of the interior and exterior design of a storefront dispensary prior to the City issuing a commercial cannabis storefront dispensary permit.

- (p) A commercial cannabis storefront dispensary shall not commence operation within the city limits prior to receiving a City issued commercial cannabis storefront dispensary permit. Violation of this section and any subsection contained herein shall constitute a misdemeanor and shall be punishable consistent with the requirements of this Chapter and/or the King City Municipal Code.

Section 17.03.230 Limitation on Commercial Cannabis Business Activities.

No more than two (2) commercial cannabis storefront dispensary permits shall be issued by the City. Further, no more than one hundred (100) acres of land or sixty (60) percent of the total land zoned within the City to allow for commercial cannabis business activities shall be utilized as commercial cannabis business. The entire portion of a piece of property being utilized as a commercial cannabis business shall be counted towards the one hundred (100) acre or sixty (60) percent limitation established above. In addition, no more than one million, three hundred fifty thousand 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 square feet of total canopy within the city. Nurseries shall be limited to a total of twenty-five thousand square feet in size per Type 4 “Nursery” license issued by the city.

**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 product(s) shall be sold or distributed at an unpermitted storefront or non-storefront commercial cannabis dispensary or business within the city limits. Edible cannabis product(s) may be sold or distributed at a permitted storefront and/or non-storefront retail commercial cannabis dispensary or business.

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 _____ 2020, and adopted the Ordinance after the second reading at a regular meeting held on the ____ day of _____ 2020, 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. 2020-273**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF KING,
COUNTY OF MONTEREY, STATE OF CALIFORNIA, RECOMMENDING TO
THE CITY COUNCIL NOT TO APPROVE AN ORDINANCE AMENDING
CHAPTER 17.03 OF TITLE 17 OF THE KING CITY MUNICIPAL CODE
PERTAINING TO COMMERCIAL CANNABIS ACTIVITY INCLUDING
COMMERCIAL CANNABIS ACTIVITY WORK PERMITS AND STOREFRONT
DISPENSARIES WITHIN THE CITY OF KING**

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 83 7 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 City 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, on August 1, 2017, at a lawfully noticed hearing, the Planning Commission for the City of King heard and considered the issue of increasing the maximum number of

manufacturing permits the City will approve. The Planning Commission, upon hearing and considering the issue of increasing the maximum number of manufacturing permits, recommends that the City Council of the City of King increase the maximum number of manufacturing permits the City will approve from six (6) to ten (10).

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; and

WHEREAS, these uses are consistent with underlying zoning and consistent with the General Plan; and

WHEREAS, the Planning Commission desires to recommend approval of the ordinances and associated findings under the California Environmental Quality Act to the City Council.

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

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Section 1. 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 not** recommend the City Council approve the proposed amendments to Chapter 17.03 of Title 17, (*collectively Attachment 1*).

Section 2. 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 the 4th day of February, 2020.



David Nuck, Chairperson

ATTEST:



Erica Sonne

Planning Commission Secretary

I, Erica Sonne, Planning Secretary to the City Planning Commission, do hereby certify that Resolution No. 2020 273 was duly and regularly passed and adopted by the Planning Commission on the 4th day of February, 2020, by the following roll call vote as the same appears on file and of record in Office of the Community Development Department.

AYES: Uribe, Avalos, Mendez, Nuck

NOES:

ABSENT: Saunders

ABSTAIN:



Erica Sonne

Planning Commission Secretary

City of King

Good evening Mr. Mayor, council members and staff: I'm Karen Jernigan from 206 North Mildred Avenue. I'm here tonight to encourage you to listen to your Planning Commission and vote "NO" on the issue of allowing storefront cannabis dispensaries in King City.

Four years ago when I served as a city councilwoman, we spent hundreds of hours and tens of thousands of dollars in deciding whether to allow the cultivation and manufacturing of cannabis. At the time, dozens of people crowded these council chambers concerned about the effects the drug could have on our town and the public was assured that the steps taken did not and would not include allowing for dispensaries.

Although I know people are entitled to change their minds, I want to remind you of the commitment the council made to this community.

Here are the reasons why I am against this resolution:

I'm concerned that a cannabis dispensary will be used mostly for recreational use and, in that case, become more readily available to the youth of our community. Although you can argue that cannabis is legal for use recreationally in California, it is still illegal federally indicating that many people are concerned about the negative impacts the drug can have healthwise and the social problems such as driving while under the influence.

Medical cannabis is available online and can be delivered to any home in King City. I understand it is also available at dispensaries nearby in Greenfield and Gonzales. I know people who have used cannabis medically and I support that 100% if it removes pain for anyone. Availability is not the issue.

If the argument for dispensaries is the increase in Sales Tax, I want to remind you that the King City Sales tax rate is 8.75%. For a business that does \$100,000 a year, the sales tax collected would be \$8,750 but of that only 2% comes back to King City or \$2,000. I wouldn't be surprised if our city has already spent ten times that much in the time it has required of City Manager and the planning department and the city attorney to bring this issue to the forefront.

My perspective all along has been that the professed and projected revenues from Cannabis were inflated and exaggerated. I was hoping I was going to be wrong but so far have you seen the projected incomes that were suppose to benefit our city? I'm skeptical with the changing regulatory environment in the state and what I have seen of failed Cannabis businesses in Greenfield that what we were told about the great boom this would be to our city in terms of more jobs and more income is going to turn out to be **not true**.

I saw where the Planning Commission received multiple letters from residents asking you not to support this.

I understand your own Planning Commission voted 4-0 to recommend against this.

I encourage you to Vote NO on this issue.

2/10/2020



