013-10 C.S.

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16.80.195

	ORDINANCE	NO.
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AN ORDINANCE AMENDING THE STOCKTON MUNICIPAL CODE BY AMENDING SECTION 16.20.020 (TABLE 2-2, LAND USES, SERVICES), CREATING SECTION 16.80.195 (MEDICAL CANNABIS), AND AMENDING SECTIONS 16.88.030 (PUBLIC HEARING NOTICES) AND 16.240.020 (DEFINITIONS OF SPECIALIZED TERMS AND PHRASES) TO CREATE PROVISIONS FOR MEDICAL CANNABIS DISPENSARIES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

SECTION I.

AMENDMENT OF CODE

TABLE 2-2

SERVICES

ALLOWABLE LAND USES AND PERMIT REQUIREMENTS

LAND USES	PERMIT REQUIREMENT BY ZONING DISTRICT													SPECIFIC	
	RE	RL	RM	RH	СО	CN	CG	CD	CL	CA	IL	IG	PT	PF	os

Medical Cannabis Dispensaries C C

C = Commission Use Permit required

16.80.195. Medical Cannabis.

This section provides standards for Medical Cannabis Dispensaries, as defined in Division 8 (Glossary). It is the purpose and intent of this section to regulate medical cannabis dispensaries in order to promote the health, safety, morals, and general welfare of the residents and businesses within the City. It is neither the intent nor effect of this chapter to condone or legitimize the use of cannabis. Prior to submitting an application for a Commission Use Permit, the applicant shall be approved through the qualifying process established by the Council. In the qualifying process, the items submitted shall include but not be limited to: resume/experience, proof of assets available, prior code violations, type of organization, business plan, staffing plan, security plan, and any applicable fees. The Use Permit application may be submitted concurrently with the permit application to the Police Department as required by Title 5.100.

A. Permit required. A Commission Use Permit shall be required in compliance with section 16.20.020, Table 2-2. There shall be no more than three (3) valid Use Permits initially permitted and no more than one (1) valid Use Permit per every 100,000 population of the City of Stockton above 300,000 (ex. 4 for 400,000; 5 for 500,000; etc.). The population shall be according to the most recent poll by the California State Department of Finance. These permitted facilities are limited to no more than two (2) facilities in any City Council district.

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A Medical Cannabis Dispensary shall not be increased in size (i.e., size, floor area) without prior approval amending the existing Use Permit. The Use Permit submittal shall be in compliance with Chapter 16.168.

B. Separation Standards.

- No person, whether an owner, principal, agent, clerk, or employee either for himself/herself or any other person, or an officer of a corporation shall place, maintain, own, or operate a Medical Cannabis Dispensary in the following locations:
 - a. within 300 feet of a residentially zoned property or religious institution;
 - b. within 500 feet of a transitional housing facility; and
 - c. within 600 feet of any other Medical Cannabis Dispensary, school (K-12), park, library, child care facility, community center that is attended by minors, adult related use, on-sale bar with general alcohol (Type 48).
- 2. The distance between a Medical Cannabis Dispensary and the above-listed uses shall be measured along the path of travel from the front door of the dispensary to the front door of the building or structure, or portion of the building or structure, in which the above-listed uses occur or are located. In addition to this measurement, no Medical Cannabis Dispensary can be located within 300 feet of the above listed uses as measured in a straight line from the front door of the dispensary to the nearest property line of the other use.
- 3. Exceptions and Variances. An applicant may submit a request for an exception or a variance as follows:
 - Exception. An applicant may request an exception for up to 20% of the required separation distance.
 - Determination shall be based on finding that an active waterway, bridge, freeway, or similar existing physical barrier occurs which limits interaction between the site and the sensitive use.
 - b. Variance. Any request greater than 20% of the required separation distance shall require the approval of a variance by the Planning Commission in compliance with Chapter 16.172 (Variance).

C. Security standards. Dispensaries shall provide for security as follows:

- 1. The entrance into a Dispensary building shall be locked at all times with entry strictly controlled; e.g., a "buzz-in" electronic/mechanical entry system is highly encouraged. A viewer shall be installed in the door that allows maximum angle of view of the exterior entrance;
- Prior to initiation of the Dispensary, a video surveillance system, with at least a seven-day continuous recording capability and approved by the Police Department, shall be in place and archived for at least 30 days. The video surveillance system shall cover the exterior of the premises, including parking areas and all entrances to the building;
- 3. The operator of the Dispensary shall provide an on-site, Police Department-approved and permitted, State-licensed, uniformed security guard during hours of operation;
- 4. A Dispensary shall provide the Community Development Department and the Police Department with the name, phone number, e-mail address, and facsimile number of an on-site community relations staff person to whom one can provide notice if there are operating problems associated with the use. The Dispensary shall make every good faith effort to encourage neighborhood residents to call this person to try to solve operating problems, if any, before any calls or complaints are made to the City. This number shall be available to the public upon request;
- 5. Prior to initiation, the location shall have a centrally-monitored alarm system subject to the approval of the Stockton Police Department;
- 6. Interior building lighting, exterior building lighting, and parking area lighting must be in compliance with the City of Stockton Municipal Code and must be of sufficient foot-candles and color rendition to allow the ready identification of any individual committing a crime on site at a distance of no less than forty feet (a distance that should allow a person reasonable reaction time upon recognition of a viable threat);
- 7. The Stockton Community Development Department, Stockton Fire Department, and Stockton Police Department may inspect every Dispensary at any reasonable time to ensure compliance with the provisions of the Stockton Municipal Code (SMC) and, within their respective jurisdictions, are authorized to enforce the provisions of the SMC. Patient records shall remain confidential in compliance with state law; and
- 8. A Fire Department lock box shall be installed at the entrance to each facility. A key for the business shall be placed in the lock box for Police and Fire Department personnel to use in case of an emergency.

D. Operational standards.

- No cannabis shall be smoked, ingested or otherwise consumed on or within 200 feet of the premises;
- Edible cannabis products shall comply with the following standards and shall be in compliance with the California Food, Drug, and Cosmetic regulations:
 - a. No edible cannabis products requiring refrigeration or hot-holding shall be manufactured for sale or distribution at a Cannabis Dispensary, due to the potential for foodborne illness.
 - b. Baked medicinal products (i.e. brownies, bars, cookies, cakes), tinctures and other non-refrigerated type items are acceptable for manufacture and distribution at Cannabis Dispensaries.
 - c. Preparation of edibles may only be completed in a commercial kitchen inspected by and in compliance with the regulations of the County Environmental Health Department that has jurisdiction at the location of the kitchen.
 - d. All items 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) of cannabis in the package or the weight equivalent of dried cannabis used to manufacture the product. If more than one dose unit is in a package, each unit must be individually labeled. A warning that the item is a medication and not a food must be distinctly and clearly legible on the front of the package and on each unit if more than one unit is contained in the package. The package label must have a warning clearly legible emphasizing that the product is to be kept away from children. The label must also state that the product contains medical cannabis.
 - e. Packaging that makes the product attractive to children or imitates candy is not allowed. Any edible cannabis product that is made to resemble a typical food product (i.e. brownie, cake) must be in an opaque (non see-through) package.
 - f. Individuals conducting the manufacturing or sale of products shall thoroughly wash their hands before commencing production and before handling the finished product.
 - g. In order to reduce the likelihood of foodborne disease transmission, individuals who are suffering from symptoms associated with acute gastrointestinal illness or are known to be infected with a communicable disease that is transmissible through foodstuffs are

prohibited from preparing edible cannabis products until they are free of that illness or disease, or are incapable of transmitting the illness or disease through foodstuffs. Anyone who has sores or cuts on their hands must use gloves when handling edible products.

- h. Edible cannabis products for sale or distribution in a Cannabis Dispensary shall have been prepared by a member of that Cannabis Dispensary. No non-member edible cannabis products are allowed for sale or distribution at a Cannabis Dispensary.
 - A business entity that produces edible cannabis products and sells them to a dispensary is not allowed, as a business entity cannot be a member of a dispensary.
- A Dispensary shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages. Consumption of alcoholic beverages on the grounds of the dispensary, both interior and exterior, shall be prohibited;
- A Dispensary shall have an approved air filtration system to filter odors from the facility, ensuring off-site odors shall not result. No cannabis odors shall be evident exterior to the facility;
- No medical personnel shall be permitted onsite for the purposes of providing written or verbal recommendations stating the need for the use of medical cannabis to customers of the facility;
- Minors.
 - a. It shall be unlawful for any permittee, operator, or other person in charge of any Dispensary to employ any person who is not at least eighteen (18) years of age;
 - Persons under the age of eighteen (18) shall not be allowed on the premises of a Dispensary unless they are a qualified patient or a primary caregiver and they are in the presence of their parent or guardian; and
 - c. The entrance to a Dispensary shall be clearly and legibly posted with a notice indicating that persons under the age of eighteen (18) are prohibited from entering the premises unless they are a qualified patient or a primary caregiver and they are in the presence of their parent or guardian.
- 7. The hours of operation shall be limited to between 7:00 a.m. and 8:00 p.m.;

- 8. There shall be no display or sales of drug paraphernalia as defined in California Health and Safety Code section 11362.5;
- Cultivation, as defined in SMC section 16.240.020, shall not be permitted within a Medical Cannabis Dispensary;
- No product shall be visible from the exterior of the building;
- 11. All product is to be locked and secured at all times;
- 12. The storage or sale of cultivation products (i.e. fertilizers, germicides, plant feeds, etc.) shall be not be allowed; and
- 13. The retail sale of medical cannabis clones may be permitted provided that no cultivation of the clones takes place at the Dispensary.

E. Signage and Notices.

- The building entrance to a Medical Cannabis Dispensary shall be clearly and legibly posted with a notice indicating that smoking, ingesting or consuming cannabis on the premises or within 200 feet of the dispensary is prohibited;
- 2. A sign shall be posted in a conspicuous location inside the structure advising "The diversion of cannabis for non-medical purposes is a violation of State law. The use of cannabis may impair a person's ability to drive a motor vehicle or operate heavy machinery. Loitering at the location of a medical cannabis dispensary for an illegal purpose is prohibited by California Penal Code Section 647(h)";
- 3. A "No Smoking" sign shall be posted in a centralized location, clearly visible for all patrons to see; and
- 4. No signage other than the address and those required by this article shall be permitted on the exterior of the building with the exception of one identification sign, a maximum of ten-inch tall block letters with no graphics, as permitted by the Planning Commission.

16.88.030. Public hearing notices.

- A. Content of Notice...
- B. Method of Notice Distribution. Notice shall be provided as follows:
 - Published Notice...
 - Mailed Notice.
 - a. **Actions.** The following actions shall require a mailed notice:

- Council Actions. For specified actions in which the Council is the final Review Authority; and
- ii. Commission or Director Actions. For all actions in which:
 - (A) The Commission is the final Review Authority (e.g., planned development permits, tentative maps, commission use permits, and variances); or
 - (B) The Director is the final Review Authority and a public hearing is required (e.g., administrative use permits), except heritage tree permits.
- b. **Method**. The notice shall be mailed or delivered:
 - i. **Timing.** At least 10 days before the hearing.
 - ii. Recipients.
 - (A) Subject Owner(s). The owner(s) of the property being considered or the owner's agent, and the applicant;
 - (B) Local Agencies. Each local agency expected to provide schools, water, or other essential facilities or services to the project, and whose ability to provide the facilities and services may be significantly affected;
 - (C) Affected Owners. All owners of real property as shown on the County's latest equalized assessment roll within a radius of 300 feet of the exterior boundaries of the parcel involved in the application, except for:
 - (1) Large family child care homes, which shall be 100 feet;
 - (2) Specific plans, master development plans, and Use Permits for Medical Cannabis Dispensaries which shall be 1,000 feet; and
 - (3) If the number of property owners to whom notice would be mailed is more than 1,000, the Director may choose to provide notice by placing a display advertisement in at least one (1) newspaper of general circulation within the City at least 10 days before the hearing in compliance with Government Code section 65091(a)(3).

16.240.020. Definitions of specialized terms and phrases.

"Cannabis/marijuana" means all parts of the Cannabis plant; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seed or resin. It 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 mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.

- "Cannabis clone" means a rooted cutting from a cannabis plant not to exceed 10 inches in height.
- "Cannabis cloning" means the process of using a root cutting from a cannabis plant to grow a genetically identical cannabis plant.
- "Collectives" means a business, farm, etc., jointly owned and operated by the members of a group. Should be an organization that merely facilitates the collaborative efforts of patient and caregiver members including the allocation of costs and revenues.
- "Drug paraphernalia" shall have the same definition as California Health and Safety Code section 11362.5, and as may be amended.
- "Identification card" shall have the same definition as California Health and Safety Code section 11362.5 et seq., and as may be amended.
- "Medical Cannabis Dispensary" means any facility or location, whether fixed or mobile, where medical cannabis is made available to, distributed by, or distributed to one or more of the following: a qualified patient, a person with an identification card, or a primary caregiver, in accordance with California Health and Safety Code section 11362.5 et seq., as amended.
- "Medical Cannabis Cultivation" means the growing of cannabis for medical purposes as defined in strict accordance with California Health and Safety Code sections 11362.5 and 11362.7 et seq. For the purposes of this ordinance, the care of clones exceeding 10 inches in height is considered cultivation.
- "Medical Services (Land Use)" means the facilities that provide personal health services, ranging from prevention to diagnosis, treatment and rehabilitation, by physicians, dentists, nurses, and other health and professional personnel, as well as medical testing and analysis services and care facilities (does not include Medical Cannabis Dispensaries).
- "Person with an identification card" shall have the same definition as California Health and Safety Code section 11362.5 et seq., and as may be amended.
- "Primary caregiver" shall have the same definition as California Health and Safety Code section 11362.5 et seq., and as may be amended.
- "Qualified patient" shall have the same definition as California Health and Safety Code section 11362.5 et seq., and as may be amended.
- "Serious medical condition" shall have the same definition as California Health and Safety Code section 11362.7 et seq.
- "Statutory Cooperatives" must file articles of incorporation with the state and conduct its business for the mutual benefit of its members (Corp. Code, §§ 12201,

12300) and register as a corporation under the Corporations or Food and Agricultural Code. (Id. at § 12311(b).) The earnings and savings of the business must be used for the general welfare of its members or equitably distributed to members in the form of cash, property, credits, or services.

"Written recommendation" shall have the same definition as California Health and Safety Code section 11362.7 et seg. and as may be amended.

SECTION II. SEVERABILITY

In the event any section or portion of this ordinance shall be determined invalid or unconstitutional, such section or portion shall be deemed severable and all other sections or portions hereof shall remain in full force and effect.

SECTION III. EFFECTIVE DATE

This ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

ADOPTED:

AUG 2 4 2010

EFFECTIVE:

SEP 2 3 2010

ANN JOHNSTON

Mayor of the City of Stockton

Johnsm

ATTEST:

KATHERINE GONG MEISSNE

City Clerk of the City of Stockton

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014-10 C.S.

ORDINANCE NO.	

AN ORDINANCE AMENDING TITLE 5 OF THE STOCKTON MUNICIPAL CODE BY ADDING CHAPTER 5.100 REGARDING MEDICAL CANNABIS DISPENSARIES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

SECTION I. AMENDMENT OF CODE.

Chapter 5.100, Medical Cannabis Dispensaries, is hereby added to the Stockton Municipal Code and shall read, as follows:

CHAPTER 5.100

MEDICAL CANNABIS DISPENSARIES

5.100.010. Short Title.

This chapter shall be known as the "Medical Cannabis Permit, Audit and Reporting Ordinance."

5.100.020. Purpose and Application.

The purpose of this chapter is to require the issuance of an annual permit to conduct, own, and operate medical cannabis dispensaries within the City; to enforce rules consistent with the Compassionate Use Act and the Medical Marijuana Program Act, which rules will provide for the health, safety and welfare of the public; to require work permits for all employees; to establish standards for the issuance of said permits; to establish rules and regulations under which such permits shall remain in force, be suspended or revoked; and providing penalties for violations thereof.

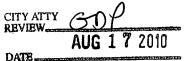
The provisions of this chapter are in addition to the business license required to conduct business and the use permit and other land use regulations found in Title 16.

5.100.030. Definitions.

For the purposes of this chapter, certain words and phrases used herein are defined as follows:

"Administrative expenses" means and includes, but is not be limited to:

- 1. The costs associated with any hearings before a Hearing Officer.
- 2. City's personnel costs, direct and indirect, incurred in enforcing this chapter and in preparing for, participating in or conducting any hearings subject to this chapter, including but not limited to attorneys' fees.



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3. The cost incurred by the City in documenting the violations of this code, including but not limited to, the actual expense and costs of the City responding to the violation(s); investigating and enforcing statutory crimes related to the violation, including, but not limited to, court appearances; conducting inspections; attending hearings; and preparing notices, administrative citations, and orders.

"Applicant" means a person who is required to file an application for a permit under this chapter, including an individual owner, managing partner, officer of a corporation, or any other operator, manager, employee, or agent of a dispensary.

"Employee" means every operator, employee, volunteer, or other person who proposes to work and/or assist in any way in the operation of a dispensary, including security, regardless of whether that person receives compensation.

"Medical cannabis dispensary" (also referred to as a "cannabis business" or "dispensary") means any facility or location, whether collective or cooperative, where medical cannabis (also known as medical marijuana) is made available to, distributed by, or distributed to one or more of the following: a qualified patient, a person with an identification card, or a primary caregiver in accordance with California Health and Safety Code Sections 11362.5, et seq.

"Permittee" means the person (A) to whom a permit is issued and (B) who is identified in California Health and Safety Code Section 11362.7, subsections (c), (d), (e) or (f).

"Person" person means any individual, partnership, co-partnership, firm, association, collective, cooperative, joint stock company, corporation, limited liability company or combination of the above in whatever form or character

5.100.040. Medical Cannabis Dispensary Permit Required.

It is unlawful for any person, firm or corporation to operate a medical cannabis dispensary without first having obtained a written permit from the City. Prior to issuance the applicant must pay all applicable fees, in the amount as may be fixed and established from time to time by resolution of the City Council.

5.100.050. Application for Medical Cannabis Dispensary Permit.

A. An applicant for a Medical Cannabis Dispensary Permit (also referred to herein as an "Operators Permit") shall submit an application to the City, said application shall be under oath, and shall include, in addition to information as may be deemed necessary by the City Manager, the true names and addresses of all owners, officers, and employees. The past criminal record, if any, of the owners, officers, and employees associated with the business shall be shown on such application. Concurrent with the filing of the application, the City shall obtain fingerprints and photographs of the owners, officers, and employees associated with the business, including any available criminal arrest and conviction information.

- B. The applicant shall pay a nonrefundable application fee in an amount as may be fixed and established from time to time by resolution of the City Council. Thereafter, if a permit is granted, the permittee shall pay an annual fee in an amount as may be fixed and established by City Council resolution.
- C. The applicant must provide a statement to the City Manager to the effect that the applicant understands and agrees that any business or activity conducted or operated under any permit issued under such application shall be operated in full conformity with all the laws of the State of California and the laws and regulations of the City applicable thereto, and that any violation of any such laws or regulations in such place of business, or in connection therewith, may render any permit therefore subject to immediate suspension or revocation.
- D. Any applicant hereunder is seeking the granting of a privilege. Therefore, the burden of proving qualifications to receive such a permit is at all times on the applicant. An applicant must accept all risks of adverse public notice, publicity, embarrassment, criticism, financial loss, or all other actions and consequences which may result from activities with respect to reviewing, processing, approving or disapproving any application. A waiver of any claims for damages against the City or its agent resulting therefrom shall be presumed upon the filing of an application.
- E. If the applicant is an individual, the application shall include the residence and business address and personal history record of such applicant, specifically including any criminal arrest and conviction record, and business and employment history for the period of ten (10) years immediately preceding the date of the application.
- F. If the applicant is other than an individual, the application shall include the name, residence and business address, and personal history record of each of the officers, directors, copartners or stockholders, specifically including any criminal arrest and conviction record, a plea of *nolo contendre* shall be considered a guilty plea for purposes of this Chapter, and business and employment history for the period of ten (10) years immediately preceding the date of application.
- G. Each permit applicant shall be responsible for providing complete and accurate information and for signing the permit application. Applications for employee permits which do not accompany the application for an Operators Permit as provided in this section shall be completed before the employee is scheduled to begin work.
- H. The applicant shall submit a complete security plan for the establishment, which shall be subject to the approval of the Chief of Police or his designee. The Chief of Police or his designee, may impose additional security and safety conditions upon receipt of detailed plans before the facility is in service.
- I. The applicant shall submit written documentation stating that the property owner of the facility is fully aware of the property's intended use. Documentation is to include the name, address, and contact telephone number for the property owner.

- J. An application for an Operators Permit shall be deemed complete when the City receives the last submission of information or materials required in compliance with this chapter, including the information necessary to conduct a background check. Upon notification that an application is incomplete, the applicant shall be granted an extension of ten (10) calendar days from the date of notification to submit all materials required to complete the application. If the application remains incomplete in excess of ten (10) calendar days following notification, the application shall be deemed withdrawn and a new application submittal shall be required.
- K. The applicant must provide a statement to the City Manager that the applicant will hold harmless, indemnify, and defend the City against claims and litigation arising from the issuance of Operators Permits, including any claims and litigation arising from the establishment, operation, or ownership of the medical cannabis dispensary.

5.100.060. Investigation.

- A. Upon receipt of a complete application for an Operators Permit, the Chief of Police shall cause an investigation to be made covering all matters relevant to the proposed activity of the applicant. Such matters may include, but are not limited to, the following:
 - 1. Identity, character and background of the applicant;
 - 2. Interior floor plan of buildings and site plan as to parking, traffic movement and aesthetics;
 - 3. Compliance with the City's General Plan, zoning, security and environmental requirements; and
 - 4. Type and degree of security personnel and facilities to be provided.
- B. In the event a complete application for a license is presented to the Chief of Police, and the fees required have been paid, and the investigations and reports required under the provisions of this chapter have been duly completed, the Chief of Police shall consider such application. The Chief of Police shall, at minimum, consider the following factors during the consideration of the application for an Operators Permit:
 - 1. Whether issuance of the permit and subsequent operation will be detrimental to the public health, safety and welfare of the citizens of Stockton; or
 - 2. Any other relevant data, facts or considerations;
- C. Within sixty (60) days of completing the investigation, the application for Operators Permit shall be approved, conditionally approved, or denied. The Chief of Police may impose conditions, restrictions or require revisions to the proposal to comply with this Chapter and the Administrative Guidelines as adopted by the City Manager. Written notice of the decision of the Chief of Police shall be mailed to the applicant by regular U.S. Mail.

5.100.070. Grounds for Denial of Medical Cannabis Dispensary Permit.

- A. The Chief of Police may deny a permit for any of the following reasons, without being limited thereto, or for any other reason consistent with the provisions of this chapter:
 - 1. Conviction, (a plea of *nolo contendre* shall be considered a guilty plea for purposes of this Chapter), or violation of any crime of violence, any crime involving narcotics, fraud, gambling, loan sharking, bookmaking, theft, moral turpitude, or any crime involving evasion of taxes, or any other crime of moral turpitude indicating a lack of business integrity or business honesty, whether committed in the State of California or elsewhere, whether denominated as a felony or as a misdemeanor and notwithstanding the passage of time since the conviction;
 - Failure of the proposed business or activity to be proposed to be operated or operated in compliance with State or City law or regulation;
 - 3. The applicant, or any principal thereof, having been identified by any law enforcement agency, legislative body or crime commission as a member of, or an associate of, organized criminal elements;
 - 4. Making any false statement in the application or as to any other information presented as part of the application process;
 - 5. Evidence of current or prior unlawful or nuisance-creating operation as a permittee in this or another jurisdiction;
 - Applicant is presently under indictment or the subject of a criminal complaint for any of the crimes described in subsection (A)(1) of this section;
 - 7. Making or causing to be made any statement in an application or document provided to the City in connection with an application, which statement was at the time and in the light of the circumstances under which it was made, knowingly false or misleading;
 - 8. Failure of any person named in the application when summoned by the Chief of Police or his or her agent(s) to appear and testify and provide additional information at such time and place as the Chief of Police or his or her agent(s) may specify;
 - 9. Inadequate security plan;
 - 10. Proposed location in an area not authorized by Title 16 of the Stockton Municipal Code, and a use permit for said dispensary use at the proposed location has not been obtained from the Planning Commission or the City Council within a reasonable time after application, or has been revoked;
 - 11. If any person listed on the application as an owner, officer, board member, operator, or on-site general manager has been involved in any prior operation of an unpermitted dispensary, collective or cooperative, or has in any manner dispensed or transferred cannabis without first obtaining a permit from the City.

5.100.080. Limitation on Number of Medical Cannabis Dispensary Permits.

At no time shall there be in existence within the city more active Operators Permits than are allowed pursuant to Title 16 of this code. At no time shall there be more than two (2) dispensares in operation within any single City Council District. The location of each dispensary shall be established through the land use approval process, and governed by the provisions of Title 16 of this code. Each Operators Permit granted pursuant to this chapter, and all privileges attendant thereto, shall be subject to the requirements of Title 16 of this code.

5.100.090. Appeal from Denial of Medical Cannabis Dispensary Permit.

The action of the Chief of Police in denying such a permit may be appealed to the City Manager. Notice of such appeal, in writing stating the grounds for such appeal, and admitting and denying those determinations of the Chief of Police included in the notice of denial, shall be filed with the City Manager within ten (10) days after the denial of said permit. Upon failure to file such notice within the 10-day period, the action of the Chief of Police in denying such permit shall be final and conclusive. If the notice of appeal is timely filed, accompanied by payment of an appeal fee in an amount as may be established from time to time by resolution of the City Council, the City Manager shall schedule the matter for hearing. The City Manager may, in the City Manager's sole discretion, hear the appeal, designate a member of City staff to hear the appeal, or submit the appeal to the administrative hearing officer to conduct the hearing in accordance with the provisions of Chapter 1.40 of this Code.

5.100.100. Expiration of Medical Cannabis Dispensary Permits.

Operators Permits issued pursuant to this chapter shall be and remain valid until the earlier of expiration of the permit term of one year, suspension or revocation by the Chief of Police or City Manager as provided in this chapter, or voluntary surrender in writing by the permittee. In the event of surrender, suspension, revocation or expiration, no permit fee, or any portion thereof shall be refunded.

5.100.110. Renewal of Medical Cannabis Dispensary Permit.

- A. The holder of an Operators Permit issued pursuant to the provisions of this chapter may renew the permit annually in accordance with the following procedures:
 - 1. An application for renewal shall be filed with the City no later than sixty (60) days before the anniversary date of the permit;
 - 2. If the application for renewal is not filed within the time specified by subsection (A)(1) of this section, the permittee may thereafter file a written application for renewal of the permit, but in that event, the permittee shall pay a daily penalty fee, as established by resolution of the City Council;
 - 3. If the application for renewal is more than thirty (30) days late, the Operators Permit shall be deemed forfeited, which will have the

- same effect as being revoked, and the dispensary may not operate unless and until a new Operators Permit has been obtained;
- 4. The application for renewal shall be accompanied by the full amount of the required renewal fee as may be established from time to time by resolution of the City Council; and
- 5. The permittee shall file with the Chief of Police an affidavit, executed under penalty of perjury, containing the following information:
 - a. Any change in ownership of the operator;
 - b. The full, true and correct names and addresses of each and every employee; and
 - c. If no changes have occurred from the previous renewal, permittee shall so certify and attest.
- B. Failure to make full payment of annual fees, required taxes or failure to file or filing any false statement in any affidavit and/or certification and attestation as is required by this section may be deemed grounds for the denial of renewal of the Operators Permit.
- C. All applicants and employees shall have their background and criminal history investigations updated annually. The fee to cover the cost of such investigations shall be paid at the time of submission of the application for renewal of the permit in an amount as may be established from time to time by resolution of the City Council. No renewal of an Operators Permit shall be approved unless and until the requirements of this subsection C, of section 5.100.110 have been met.

5.100.120. Suspension and Revocation of Medical Cannabis Dispensary Permits.

- A. All permits authorized and issued under the provisions of this chapter may be subject to:
 - 1. Immediate suspension by the Chief of Police if the Chief of Police finds that:
 - a. A permittee, or any agent or employee thereof with the knowledge of such permittee, has violated, or permitted, allowed or caused the violation of any provision of this chapter, any regulation issued pursuant to this chapter, any condition of approval imposed upon the issuance of the permit, or any State law or regulation relating to the operation; or
 - b. Based on ascertainable facts, the operation substantially aggravates the crime problems in the City, makes law enforcement unduly difficult, or is detrimental to the public health, safety or welfare of the City.

- 2. Suspension or revocation by the Chief of Police after not less than five (5) days written notice to the permittee and after testimony has been taken from the permittee and/or any other interested person, if the Chief of Police finds that:
 - a. A permittee or any agent or employee thereof, with the knowledge of the permittee, has violated or permitted, allowed or caused the violation of any provisions of this chapter, any regulation issued pursuant thereto, any condition of approval imposed upon the issuance of the permit, or any State law or regulation relating to the operation; or
 - b. A permittee has failed to pay, when due and payable, any of the fees or taxes required within ten (10) days after written notice of any such failure; or
 - c. A permittee has made any fraudulent statements as to a material fact on an application form or as to any other information presented as part of the application process; or
 - d. A permittee knowingly commits any act which would have constituted grounds for denial of an application for a permit; or
 - e. The permittee has knowingly continued to employ in any cannabis business any individual whom any court has found guilty of any of the crimes which would have constituted grounds for denial of an application for a work permit for the employee; or
 - f. The permittee has been convicted of a crime enumerated in Section <u>5.100.070</u>. A conviction is suitable grounds for revocation or suspension of the permit, prior to the exhaustion of the permittee's appellate rights.
- B. In the event of a violation described in subsections (A)(2)(a) through (f) of this section, a civil penalty, not to exceed \$1,000.00 per day for each violation, may be imposed on the permittee in lieu of suspension or revocation. The permittee may be required to pay all administrative expenses. In the event the violation is for non-payment of fees, the civil penalty shall amount to five (5) percent of the unpaid fees plus one and one-half percent per month accrued daily after the first thirty (30) days. Imposition of such civil penalties shall be in accordance with the administrative adjudication procedures established in the Stockton Municipal Code. Each day the violation(s) continue shall be deemed a new violation subject to additional citations, penalties, and fines.

5.100.130. Procedure for Revocation or Suspension of Medical Cannabis Dispensary Permits.

A. In the event the Chief of Police determines that a permit issued pursuant to the terms of this chapter shall be suspended or revoked, the Chief of Police shall issue a notice of decision which shall state the grounds upon which the suspension or

revocation or other penalty is based. The notice shall be in writing and addressed to the permittee and the building owner at the addresses of record.

- B. Unless the permittee files a written notice of appeal with the City Manager within ten (10) calendar days from the date of mailing of the notice of decision, the decision shall become final. The notice of appeal shall state all of the grounds of appeal and shall admit or deny the determination in the notice of decision. Failure to timely file the written appeal shall constitute a waiver of such person's right to the administrative appeal to the hearing officer.
- C. The City Manager shall select a hearing officer who shall schedule and conduct the hearing in accordance with procedures specified in regulations to be promulgated by the City Manager.
- D. The appeal procedures and costs shall be in accordance with the administrative adjudication procedures established in the Stockton Municipal Code.
- E. In the event a permittee files an appeal pursuant to this section, the effective date of the decision shall be stayed pending determination by the hearing officer. The determination of the hearing officer shall be final.

5.100.140. No Application for Medical Cannabis Dispensary Permit Following Revocation

In the event that an Operators Permit is revoked, each permittee, or principal of the permittee, that held the revoked Operators Permit shall not be eligible to apply for or be issued a new Operators Permit, until one year has passed from the date of revocation.

5.100.150. Employee Work Permit Required.

- A. It is unlawful for a permittee to employ any person who is not the holder of a valid work permit and registration/I.D. card issued by the City. All employees must obtain a work permit. No registration/I.D. card will be issued without such person having first been fingerprinted and photographed by the Stockton Police Department.
- B. Applications for an employee work permit shall be completed and submitted under oath to the City, together with the appropriate fees as may be established from time to time by the City Council, before the employee is scheduled to begin work. Applications for work permits shall be reviewed subject to the procedures to be adopted by the City Manager and implemented by the Chief of Police. An application may be granted, conditional approved, or denied by the Chief of Police. The Chief of Police shall deny an application for any relevant cause denoted in subsection (G) of this section. Concurrent with the filing of the application, the City shall obtain fingerprints of the applicant. An applicant for an employee work permit shall authorize the City to obtain any available criminal arrest and conviction record information relating to the applicant and shall further authorize the updating of that information on an annual basis if a work permit is issued.

- C. Every employee granted a work permit shall be issued a registration/I.D. card by the City, which must be prominently displayed at all times the employee is at the premises on the employee's outermost garment at approximately chest height. Such identification card shall be in good and readable condition and a replacement card shall be issued by the Chief of Police upon payment of a fee established by resolution of the City Council.
- D. It shall be the responsibility and duty of the City Manager to establish the necessary procedures to implement and administer the provisions of this section. The information received by the City pursuant to the provisions of this section shall be treated as confidential to the extent permitted by law.
- E. The application fees provided for in this section are for regulation and reimbursement to the City for the costs of investigating and processing the applications, as provided for in this section. Each application for a permit under this section shall be accompanied by an application fee, payable to the City, in the amount as may be established from time to time by resolution of the City Council, which fee shall be retained by the City for the payment of the costs of the investigation of the applicant. The fees set forth in this subsection shall be the property of, and be retained by, the City, whether the employee work permit is granted or denied.
- F. It shall be a condition of any permittee to inform the City of any change in the employment status of a registered employee within five (5) days of the effective date of the change in employment status. A change in employment status includes termination, leave of absence, promotion or any other change in position or title.
- G. It is unlawful for any employee to work in a dispensary without possessing a valid work permit issued by the City. Applications for such work permits shall be submitted under oath and contain the past criminal record, if any, of the applicant and such information as may be necessary to determine whether the applicant is a proper person to be employed. A work permit shall be issued only to persons 18 years of age or older. Every operator, employee, volunteer, or others who proposes to work and/ or assist in any way in the operation, including security shall be considered an employee of the Dispensary. The Chief of Police may deny the application for an employee work permit if the Chief of Police makes any one of the following determinations:
 - 1. The applicant has been convicted of any felony;
 - 2. The applicant has been convicted of any misdemeanor involving drug related offenses, dishonesty or moral turpitude within the ten (10) year period immediately preceding the submission of the application;
 - 3. The applicant has been convicted of any offense involving the violation of the California Health and Safety Code;
 - 4. The applicant has been convicted of any offense specified in Sections 266(I), 315, 316, 318 or subdivision (a) or (b) of Section 647 of the California Penal Code, or as those sections may subsequently be amended;

- 5. The applicant has been convicted of any offense involving the use of force or violence upon the person of another;
- 6. The applicant has made one or more false statements in the application;
- 7. The applicant has failed to comply with one or more provisions of this chapter, or of this code, or other laws or regulations applicable to the premises;
- 8. The issuance of the proposed work permit would violate an applicable provision of this chapter; or
- 9. The applicant is associated with criminal profiteering activity or organized crime, as defined in California Business and Professions Code Section 19859(e) and California Penal Code Section 186.2, or as those sections may subsequently be amended.

5.100.160. Appeal from Denial of Employee Work Permit.

- A. Whenever the City shall deny an application for an employee work permit, the City shall notify the applicant/work permit holder in writing by either personal delivery or by first class mail addressed to the applicant/work permit holder at the address listed in the respective application, or at any more recent address furnished to the City by the applicant/work permit holder. The notice shall state that the application has been denied or that the employee work permit has been suspended or revoked and the grounds for the action. The notice shall further state that the applicant or work permit holder shall have the right to appeal the action to the City Manager by filing a notice of appeal with the City Manager no later than ten (10) calendar days from the date of the notice of denial.
- B. A notice of any appeal must be filed with the City Manager not later than ten (10) calendar days from the date of notice of denial, suspension or revocation of the application or employee work permit. If a notice of appeal is timely filed, accompanied by payment of an appeal fee in the amount as may be established from time to time by resolution of the City Council, the City Manager shall schedule the matter for hearing. The City Manager may, in the City Manager's sole discretion, hear the appeal, designate a member of City staff to hear the appeal, or submit the appeal to the administrative hearing officer to conduct the hearing in accordance with the provisions of Chapter 1.40 of this code.

5.100.170. Expiration of Employee Work Permits.

An employee work permit shall be valid, unless suspended or revoked, for a period of one (1) year from date of issuance. The fee shall not be returned in the event that such work permit is refused, revoked or suspended as herein provided. Said work permit shall be valid even though the holder of said permit may change his place of employment within the City.

5.100.180. Renewal of Employee Work Permits.

Any person who holds a valid employee work permit may obtain a new permit for the succeeding year by applying for said new employee work permit during the month preceding the expiration date of the current permit. Cost for said new permit, which shall include the cost of a new identification card, shall be an amount as fixed and established from time to time by resolution of the City Council.

5.100.190. Investigations—Updating.

All employees shall have their background and criminal history investigations updated annually. The fee to cover the cost of such investigations shall be paid at the time of submission of the application for renewal of the permit in an amount as may be established from time to time by resolution of the City Council.

5.100.200. Failure to Obtain New Employee Work Permit.

If the holder of an employee work permit fails to timely renew said permit, his or her permit shall cease to be valid and he or she must make application for a new permit, if desired, as provided above. In addition to any administrative proceedings, it shall be a misdemeanor to engage in any type of employment activity with a Dispensary without a valid employee permit.

5.100.210. Suspension or Revocation of Employee Work Permit.

- A. If an employee violates, permits, allows or causes the violation of any provisions of this chapter, the Chief of Police shall have the right to revoke or suspend any employee work permit issued hereunder and to take possession of such permit. Any of the grounds upon which the Chief of Police may be required to refuse to issue an initial employee work permit shall also constitute grounds for such revocation or suspension.
- B. Suspension or revocation of an employee work permit shall be made only after a hearing granted to the holder of such permit before the Chief of Police, after ten (10) days notice to said permit holder, setting forth the grounds of the complaint against him or her and stating the time and place where such hearing will be held. The action of the Chief of Police in this respect shall be subject to an appeal to the City Manager in accordance with the provisions of Section 5.100.160(B). Notice of such appeal shall be filed with the City Manager within ten (10) calendar days after the revocation or suspension. Upon failure to file such notice within the ten day period, the action of the Chief of Police in revoking or suspending the work permit shall be final and conclusive.

5.100.220. Audit/reporting Required.

A. Each permittee shall file quarterly (or in such other interval as determined by the City Manager and stated in administrative guidelines adopted pursuant to this chapter) with the City a statement, under oath, showing the true and correct amount of gross revenue derived from the cannabis business in the preceding applicable time period. At the option of the City, the City may require payment of gross revenue tax revenues through electronic transfer on a more frequent basis. Such statement shall be accompanied by the payment of the correct amount of gross revenue license tax due and owing. A signed certification shall be attached to the statement.

- B. At the end of each permittee's fiscal year, the City shall employ at permittee's expense a recognized firm of certified public accountants as approved by the City to conduct an audit of permittee's financial records in accordance with generally accepted auditing standards and any additional specifications for audit as identified in the rules and regulations as may be promulgated by the City Manager
- C. The audit shall conclude with the expression of the auditor's opinion on the financial statements of the permittee's operations in accordance with generally accepted accounting principles, and in compliance with the mandate of California Health and Safety Code Section 11362.765 subdivision (a). The auditor shall express a separate opinion on the permittee's gross revenues and related permit fees paid to the City for the period then ended. Also, the permittee shall provide the City with an annual update of the evaluation of its internal accounting and administrative controls. Such audit report shall be filed with the City Administrative Services Director no later than ninety (90) days after the permittee's fiscal year end. In the event that such evaluation discloses material weaknesses or reportable conditions, including but not limited to qualified or adverse auditor's opinions, or discrepancies or deficiencies in the permittee's system of internal accounting and administrative controls, the permittee shall submit a program to the City Manager within thirty (30) days of such evaluation outlining permittee's program and target dates to correct such weaknesses or conditions. The program and target dates shall be subject to approval, modification or denial in the sole discretion of the City Manager, and, in the event of modification or denial, the permittee shall submit within fourteen (14) days of receipt of the City Manager's modification or denial, a revised program and target dates to correct such weaknesses or conditions. Such revised program and target dates shall be subject to approval or modification in the sole discretion of the City Manager, and in the event of modification, the permittee shall conform with the modified requirements of the program. Failure to correct the weaknesses or conditions within the time periods specified in the approved or modified program may be grounds for suspension and/or revocation of the permit. All reports or evaluations submitted hereunder shall be confidential and shall not be available for public inspection.
- D. Any failure or refusal of any such permittee to make any statement as required within the time required, or to pay such sums due as gross revenue license tax when the same are due and payable in accordance with the provisions of this chapter, shall be and constitute full and sufficient grounds for the revocation or suspension of the permits issued pursuant to this chapter in the sole discretion of the Chief of Police.

5.100.230. Access to Records and Facilities.

A. Notwithstanding the audit requirements specified in Section 5.100.220 of this chapter, and in compliance with all state and federal privacy laws the permittee shall allow the Chief of Police or a designee unrestricted access to all books, records,

facilities, and all audio and video tapes pertaining to the facilities. Any information obtained pursuant to this section or any statement filed by the permittee shall be deemed confidential in character and shall not be subject to public inspection except in connection with the enforcement of the provisions of this chapter. It shall be the duty of the Chief of Police to preserve and keep such statements so that the contents thereof shall not become known except to the persons charged by law with the administration of the provisions of this chapter or pursuant to the order of any court of competent jurisdiction.

- B. Any failure or refusal of any permittee to make and file any statement within the time required, or to permit inspection of such books, records, accounts and reports of such permittee in accordance with the provisions of this chapter shall be full and sufficient grounds for the revocation or suspension of the permit in the sole discretion of the Chief of Police.
- C. A cannabis business shall maintain records at the location accurately and truthfully documenting:
 - 1. The full name, address, and telephone number(s) of the owner, landlord and/or lessee of the location
 - 2. The full name, address, and telephone number(s) of all members who are engaged in the management of the business and the exact nature of each member's participation in the management of the business:
 - 3. The full name, address, and telephone number(s) of all patient members to whom the business provides cannabis, a copy of a government-issued identification card for all patient members, and a copy of every attending physician's or doctor's recommendation or patient identification card;
 - 4. The full name, address, and telephone number(s) of all primary caregiver members to whom the business provides cannabis and a copy of every written designation(s) by the primary caregiver's qualified patient(s) or the primary caregiver's identification card;
 - 5. All receipts of the business, including but not limited to all contributions, reimbursements, and reasonable compensation, whether in cash or in kind, and all expenditures incurred by the business for the cultivation of cannabis;
 - 6. An inventory record documenting the dates, amounts, and content testing results of all cannabis cultivated by business, including the amounts of cannabis stored at the location at any given time;
 - 7. A log documenting each transfer of cannabis reflecting the amount transferred, the date transferred, and the full name of the member to whom it was transferred;
 - 8. A log documenting each transfer of cannabis in any form reflecting the amount transferred, the date delivered, and the full name of the member whom transferred it to the dispensary;
 - 9. Name, address and medical license numbers of all physicians who have given a cannabis recommendation to a qualified patient.

Each Dispensary shall verify the validity of the doctor making a cannabis recommendation. This verification will be by checking via internet with the State of California's Medical Board of California Physician License Lookup System. The verification will also consist of calling each doctor to verify the cannabis recommendation.

- D. These records shall be maintained by the business for a period of five years and shall be made available by the business to the Police Department upon request, except the private patient records shall be made available by the business to the Police Department only pursuant to a properly executed search warrant, or court order. In addition to all other formats that the business may maintain, these records shall be stored by the business at the location in a printed format. Any loss, damage or destruction of the records shall be reported to the Police Department within twenty-four (24) hours of the loss, destruction or damage.
- E. In addition to the keeping of a permanent record as herein provided every Dispensary shall likewise be required to deliver to the Chief of Police, via electronic format and written format, a quarterly written report which shall include all records described in section 5.100.230(C). Said quarterly reports shall be received by the Chief of Police or his designee no later than the first of every January, April, July, and October. Said records shall include all transactions up to ten (10) days prior to the required submission date. If the first day of any quarter falls on a non City business day then the records shall be due the first available City business day.

5.100.240. Violations and Penalties.

It is unlawful for any permittee, employee or other person to violate any of the rules or regulations set forth in this chapter. Any violation of any of the provisions of this chapter or any of the rules and regulations set forth, established or promulgated in this chapter may be charged as a misdemeanor or an infraction. Any use or condition caused or permitted to exist in violation of any of the provisions of this chapter is hereby declared a public nuisance and may be summarily abated by the City.

5.100.250. Signage Required for Complaints.

A sign shall be posted at the entrance to the location containing the name and functioning telephone number of a 24-hour on-call member engaged in the management of the dispensary who shall receive, log, and respond to complaints and other inquires.

5.100.260. Storage of Cash Overnight.

Dispensaries shall obtain the services of a licensed armored vehicle service and arrange for a daily pick-ups.

5.100.270. Testing

- A. Testing of Medical Marijuana. Dispensaries shall use an independent and certified laboratory to analyze a representative sample from each separately procured batch of dried medical marijuana and a representative sample of each separately procured batch of edible marijuana for pesticides and any other regulated contaminants pursuant to established local, state, or federal regulatory or statutory standards at levels of sensitivity established for the food and drug supply before providing the medical marijuana to its members. Any medical marijuana from which the representative sample analysis tested positive for a pesticide or other contaminant at a level which exceeds the local, state, or federal regulatory or statutory standard for the food and drug supply shall not be provided to members and shall be destroyed forthwith. Any medical marijuana provided to members shall be properly labeled in strict compliance with state and local laws.
- B. **Testing Log.** Dispensaries shall maintain and publicly display a written log at the location documenting the date, type, and amount of marijuana tested; the name of the laboratory where the marijuana was tested; the laboratory report containing the results of the testing, including the name and level of the substance detected; and the disposition of the marijuana from which the contaminated sample was obtained, including the amount of marijuana and the date and manner of disposition.

5.100.280. Acceptable Method of Cannabis Distribution/prohibition on Wholesale Operations and Deliveries.

- A. Dispensaries shall not dispense or distribute, sell, transfer or in any other way provide cannabis other than by direct, face-to-face, in person transaction with a patient or caregiver at the permitted facility.
 - B. Cannabis shall not be provided by any other means of delivery.

5.100.290. Dispensary Closures During Authorized Hours.

Dispensaries shall not close during the operating hours authorized by Section 16.80.195(D)(7), either on a temporary or ongoing basis. Any temporary or on going closures, except for those necessary during an emergency situation, must be preapproved by the City Manager. Failure to gain approval from the City Manager prior to closure shall be grounds for revocation of the Operators Permit pursuant to 5.100.120.

5.100.300. Minors Prohibited.

- A. The presence of minors, under the age of eighteen years, on the premises of a dispensary is prohibited unless they are a qualified patient or a primary caregiver and they are in the presence of their parent or legal guardian.
- B. No permittee shall cause, permit or allow, either by act or by failure to act, the violation of subsection A of this section. Any violation of subsection A of this section

shall subject the permittee of the dispensary where the violation occurred to the immediate revocation of the Operators Permit pursuant to section 5.100.120(A)(1)(a) of this chapter.

5.100.310. Administrative Guidelines.

The City Manager may establish and amend administrative guidelines, as needed to administer this chapter, implement the permit application and selection processes, introduce additional application requirements not inconsistent with the requirements of this chapter, and to impose appropriate and beneficial conditions of permit approval. The administrative guidelines shall have the force of law, and shall be enforceable in the same manner and to the same extent as the provisions of this chapter.

5.100.320. Business License Tax.

Notwithstanding any provision to the contrary, all cannabis dispensaries shall pay an annual business license tax at the retail sales rate or at a designated higher rate, if adopted, based on gross receipts, even if it is a non-profit organization.

SECTION II. SEVERABILITY.

In the event any section or portion of this ordinance shall be determined invalid or unconstitutional, such section or portion shall be deemed severable and all other sections or portions hereof shall remain in full force and effect.

SECTION III. EFFECTIVE DATE.

This ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

ADOPTED:

AUG 2 4 2010

EFFECTIVE:

SEP 2 3 2010

ANN JOHNSTØ

Mayor of the City of Stockton

ATTEST:

ity Clerk of the City

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