



City Council Staff Report

DATE: July 26, 2017

CONSENT CALENDAR

SUBJECT: SECOND READING AND ADOPTION OF ORDINANCE NO. 1933, AMENDING THE PALM SPRINGS MUNICIPAL CODE REGARDING *MEDICAL CANNABIS RELATED BUSINESSES AND ACTIVITIES* AND ADDING *ADULT-USE CANNABIS RELATED BUSINESSES AND ACTIVITIES*

FROM: David H. Ready, City Manager

BY: Office of the City Clerk

SUMMARY:

The City Council will consider adoption of Ordinance No. 1933.

RECOMMENDATION:

Waive the second reading of the ordinance text in its entirety and read by title only and adopt Ordinance No. 1933, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING CHAPTER 5.45 OF THE PALM SPRINGS MUNICIPAL CODE REGARDING *MEDICAL CANNABIS RELATED BUSINESSES AND ACTIVITIES* AND ADDING CHAPTER 5.55 OF THE PALM SPRINGS MUNICIPAL CODE REGARDING *ADULT-USE CANNABIS RELATED BUSINESSES AND ACTIVITIES*."

STAFF ANALYSIS:

On July 19, 2017, Ordinance No. 1933 was introduced for first reading, as noted below:

ACTION: Waive the reading of text in its entirety, read by title only, and introduce for first reading Ordinance No. 1933, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING CHAPTER 5.45 OF THE PALM SPRINGS MUNICIPAL CODE REGARDING *MEDICAL CANNABIS RELATED BUSINESSES AND ACTIVITIES* AND ADDING CHAPTER 5.55 OF THE PALM SPRINGS MUNICIPAL CODE REGARDING *ADULT-USE CANNABIS RELATED BUSINESSES AND ACTIVITIES*" with modifications as shown below:

1. **Section 5.45.050, Definitions.**

"Applicant" means a person ~~eighteen (18)~~ **twenty-one (21)** years of age or older who has submitted an application for a permit or renewal of a permit issued pursuant to this Chapter. If the applicant is an entity and not a natural

person, applicant shall include all persons having a twenty (20) percent or more financial interest in the entity.

2. **Section 5.45.080, Commercial Medical Cannabis Permit Application Process.**

E. In all cases, the application must be complete in every material detail and shall contain, without limitation, the following documentation:

9. Written proof (i.e., California driver's license, California identification card, or certified birth certificate) that all applicants, property owners, supervisors, and employees are ~~eighteen (18)~~ **twenty-one (21)** years of age or older.

3. **Section 5.45.090, Review of Application for Commercial Medical Cannabis Permit.**

E. The City Manager shall deny any application that meets any of the following criteria:

5. Any person who is listed on the application is less than ~~eighteen (18)~~ **twenty-one (21)** years of age;

4. **Section 5.45.085, Commercial Medical Cannabis Permit Application Priority for Current Medical Cannabis Cooperative and Collective.**

Any Applicant who operated any permitted Medical Cannabis Cooperative and Collective in the City under the provisions of Chapters 5.35 shall receive priority in review, processing, and permitting over other Applicants in review and processing of Applications. ~~All such licensees shall be required to maintain their prior business entity names and structures.~~ Any successor entities must show continuity of ownership and operations with the prior entity and license holder.

5. **Section 5.45.090, Review of Application for Commercial Medical Cannabis Permit.**

C. Each commercial medical cannabis permit granted ~~for a one-year period and shall expire one year after the date of its issuance~~ shall automatically renew on an annual basis. At the time of each renewal, a Permittee shall have the duty to ensure that all City records generated pursuant to this Chapter and reflecting information as to the operation and ownership of that Permittee's commercial medical cannabis operation are accurate and up-to-date.

6. **Section 5.45.100, Commercial Medical Cannabis Permit Renewals.**

A. Each commercial medical cannabis ~~permit shall automatically renew on an annual basis. On or before the date of any renewal, a Permittee shall have the duty to ensure that all City records generated pursuant to this Chapter and reflecting information as to the operation and ownership of that Permittee's commercial medical cannabis operation, are accurate and up-to-date. Further, permit shall expire one year after the~~

~~date of its issuance. Any permit may be renewed by the City Manager upon the submission of a renewal application by the permittee and upon determination by the City Manager that the applicant meets the standards for grant application as provided in this Chapter. at the time of consideration of each annual renewal application, the City Manager shall consider Permittee compliance with conditions this Chapter during the prior year. in the prior term.~~

7. **Added Section 5.55.075 Ineligibility for Commercial Adult-Use Cannabis Permit.**

A. Any person who the City determines or discovers to have previously engaged in any adult-use cannabis activity, or in any "commercial medical cannabis activity" as that term is defined in Chapter 5.45, without any required state or local permit, license or registration, whether within or outside the City, shall be ineligible for approval as a Permittee under this Chapter.

B. In the event that the City determines or discovers that a Permittee, prior to issuance of his/her/its Permit by the City, engaged in any adult-use cannabis activity or in any "commercial medical cannabis activity," as that term is defined in Chapter 5.45, without any required state or local permit, license or registration, whether within or outside the City, the City shall revoke each and every City cannabis-related permit held by the Permittee in question.

8. **Section 5.55.090, Review of Application for Commercial Adult-Use Cannabis Permit.**

C. Each commercial Adult-Use Cannabis Permit shall automatically renew on an annual basis. At the time of each renewal, a Permittee shall have the duty to ensure that all City records generated pursuant to this Chapter and reflecting information as to the operation and ownership of that Permittee's commercial adult-use cannabis operation are accurate and up-to-date. ~~be granted a one year period and shall expire one year after the date of its issuance.~~

9. **Section 5.55.100, Commercial Adult-Use Cannabis Permit Renewals.**

A. Each commercial adult-use cannabis permit shall automatically renew on an annual basis. On or before the date of any renewal, a Permittee shall have the duty to ensure that all City records generated pursuant to this Chapter and reflecting information as to the operation and ownership of that Permittee's adult-use cannabis operation are accurate and up-to-date. Further, at the time of each annual renewal, the City Manager shall consider Permittee compliance with this Chapter during the prior year. ~~Each commercial Adult Use Cannabis Permit shall expire one year after the date of its issuance. Any permit may be renewed by the~~

~~City Manager upon the submission of a renewal Application by the permittee and upon determination by the City Manager that the Applicant meets the standards for grant of Application as provided in this Chapter. At the time of consideration of a renewal Application, the City Manager shall consider compliance with conditions in the prior term.~~

On motion by Councilmember Kors, seconded by Mayor Pro Tem Foat, and carried by a majority (4-1-0 Mills voting NO) roll call vote.

AYES: Councilmember Kors, Councilmember Roberts, Mayor Pro Tem Foat, and Mayor Moon
NOES: Councilmember Mills
ABSENT: None

This report provides for the City Council to waive further reading and adopt the ordinance. The ordinance shall be effective 30-days from adoption.



Kathleen D. Hart, MMC
Interim City Clerk

David H. Ready, Esq., Ph.D.
City Manager

Attachments: Ordinance No. 1933

ORDINANCE NO. 1933

AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING CHAPTER 5.45 OF THE PALM SPRINGS MUNICIPAL CODE REGARDING "MEDICAL CANNABIS RELATED BUSINESSES AND ACTIVITIES" AND ADDING CHAPTER 5.55 OF THE PALM SPRINGS MUNICIPAL CODE REGARDING "ADULT-USE CANNABIS RELATED BUSINESSES AND ACTIVITIES"

City Attorney's Summary

This Ordinance, in accord with the Medical and Adult-Use Cannabis Regulation and Safety Act, adopted by the State of California on June 27, 2017, updates the City's medical cannabis related businesses and activities ordinance, and provides for a new chapter of the Palm Springs Municipal Code regulating adult-use cannabis businesses including dispensaries, transportation and distribution services, manufacturing, cultivation, and testing, to operate in the City subject to compliance with all applicable city and state laws.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS FINDS:

A. The City of Palm Springs is a charter city organized pursuant to Article XI of the California Constitution and pursuant to the authority granted the City by Sections 5 and 7 of Article XI, the City has the power to make and enforce within its limits all ordinances and regulations in respect to municipal affairs not in conflict with general laws and its own charter. Such police powers include without limitation the ability to adopt comprehensive zoning regulations and regulations upon the use of land and property within the City.

B. Pursuant to Article XI, Section 7 of the California Constitution, the City of Palm Springs may adopt and enforce ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its citizens.

C. The Federal Controlled Substances Act (21 U.S.C. § 801 *et seq.*) prohibits, except for certain research purposes, the possession, distribution, and manufacture of cannabis, and there is no medical necessity exception to prosecution and conviction under the Controlled Substances Act.

D. The Federal Government has issued guidelines for states and local governments that have enacted laws authorizing cannabis related conduct, requiring them to implement strong and effective regulatory and enforcement systems that will address the threat that medical and adult-use cannabis activity could pose to public safety, public health, and other law enforcement interests.

E. California statutes specify that, except as authorized by law, the possession, cultivation, possession for sale, transportation, administration, or furnishing of cannabis are State criminal violations. State law further punishes one who maintains

a place for the purpose of unlawfully selling, using, or furnishing, or who knowingly makes available a place for storing, manufacturing, or distributing cannabis.

F. On November 5, 1996, California voters approved Proposition 215, the Compassionate Use Act of 1996 (CUA), codified at California Health and Safety Code section 11362.5, the intent of which was to enable persons with a demonstrated need for marijuana for medical/therapeutic purposes, as recommended by a health care provider, to obtain and to use marijuana, or marijuana-derived compounds, under limited and specified circumstances. On January 1, 2004, Senate Bill 420 codified as California Health and Safety Code section 11362.7 *et seq.* and entitled the "Medical Marijuana Program Act" (MMPA) became law to clarify the scope of the CUA.

G. The CUA is limited in scope in that it only provides a defense from criminal prosecution for possession and cultivation of medical cannabis to qualified patients and their primary caregivers. The MMPA also is limited in scope in that it establishes a statewide identification program and affords qualified patients, persons with recommendation cards, and their primary caregivers, an affirmative defense to certain enumerated criminal sanctions that would otherwise apply to transporting, processing, administering, or distributing cannabis. On November 5, 1996, California voters approved Proposition 215, the Compassionate Use Act of 1996 (Health and Safety Code Section 11362.5, "CUA"), an initiative that exempted certain patients and their primary caregivers from criminal liability under State law for the possession and cultivation of cannabis for medical purposes. One of the stated purposes of the CUA is to ensure that seriously ill Californians have the right to obtain and use cannabis for medical purposes where that medical use has been recommended by a physician.

H. On January 1, 2004, Senate Bill 420, the Medical Marijuana Program Act (Health and Safety Code Sections 11362.7—11362.83, "MMP"), became law to clarify the scope of the CUA and to facilitate the prompt identification of qualified patients and their primary caregivers.

I. The California Attorney General's 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use ("Guidelines") recognizes that cultivation or other concentration of cannabis in any location or premises without adequate security increases the risk that nearby homes or businesses may be impacted negatively by nuisance activity such as loitering, or more significant levels of crime; and

J. The California Supreme Court has made clear that neither the CUA nor the MMPA expressly or impliedly preempts the authority of cities or counties, under their traditional land use and police powers, to allow, restrict, limit, or entirely exclude facilities that distribute medical cannabis. The MMPA allowed cities and counties to adopt local ordinances that regulate the location, operation, or establishment of medical cannabis collectives and to enforce such ordinances. (*City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729; Health and Safety Code section 11362.83). The same authority encompasses the regulation, operation, or establishment of cannabis cultivation. (*Maral v. City of Live Oak* (2013) 221 Cal.App.4th 975.)

K. On October 9, 2015, Governor Brown signed into law the Medical Cannabis Regulation and Safety Act ("MCRSA") which consisted of three interrelated pieces of legislation (SB 643, AB 243, and AB 266), intended to provide a comprehensive regulatory framework for the licensing, control, and taxation of medical cannabis related businesses in California. MCRSA expressly protects a City's local licensing practices, zoning authority, and other local actions taken under the City's constitutional municipal and police powers. MCRSA contains statutory provisions that:

1. Allow local governments to enact ordinances expressing their intent to allow or prohibit the cultivation of cannabis and their intent to administer or not administer a conditional permit program pursuant to California Health and Safety Code section 11362.777 for the cultivation of cannabis;
2. Expressly provide that the Act does not supersede or limit local authority for local law enforcement activity, enforcement of local ordinances or enforcement of local permit or licensing requirements regarding cannabis per California Business and Professions Code section 19315(a);
3. Expressly provide that the Act does not limit the civil or administrative authority or remedies of a local government provision of law regarding cannabis including, but not limited to, a local government's right to make and to enforce within its limits all regulations not in conflict with general laws per California Business and Professions Code section 19316(c);
4. Specifically requires, as a condition of state licensure, compliance with any and all local requirements for all cannabis-related operations.

L. On November 8, 2016, the voters of California approved the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA) which authorizes a person 21 years of age or older to possess and use up to 28.5 grams of cannabis and up to 8 grams of concentrated cannabis, and to possess up to 6 living cannabis plants and the cannabis produced by those plants, subject to certain restrictions, as specified.

M. On June 27, 2017, Governor Brown signed into law the Medical and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") which consisted of a piece of legislation (SB94) intended to provide a comprehensive regulatory framework for the licensing, control, and taxation of medical and adult-use cannabis related businesses in California. MAUCRSA expressly protects a City's local licensing practices, zoning authority, and other local actions taken under the City's constitutional municipal and police powers. MAUCRSA contains statutory provisions that:

1. Allow local governments to enact ordinances expressing their intent to allow or prohibit the cultivation of cannabis and their intent to administer or not administer a conditional permit program pursuant to California Health and Safety Code section 11362.777 for the cultivation of cannabis;
2. Expressly provide that the Act does not supersede or limit local authority for local law enforcement activity, enforcement of local ordinances or enforcement of local permit or licensing requirements regarding cannabis per California Business and Professions Code section 19315(a);

3. Expressly provide that the Act does not limit the civil or administrative authority or remedies of a local government provision of law regarding cannabis including, but not limited to, a local government's right to make and to enforce within its limits all regulations not in conflict with general laws per California Business and Professions Code section 19316(c);

4. Specifically requires, as a condition of state licensure, compliance with any and all local requirements for all cannabis-related operations.

N. It is the purpose and intent of Chapter 5.55 to accommodate businesses allowing adult use of cannabis while protecting the health, safety, and general welfare of the residents and businesses within the unincorporated areas of City of Palm Springs and comply with State law and Federal guidelines.

O. It is the intent of the City Council to have a strong and effective regulatory and enforcement system with regard to adult-use cannabis that addresses threats to public safety, health and other law enforcement interests through robust controls and procedures that are effective in practice.

P. This Ordinance provides regulations for the local permitting of adult-use marijuana operations under specified conditions in the unincorporated areas of the City.

Q. Chapter 5.55 is intended to establish criteria for issuing local permits pursuant to the MAUCRSA and to establish an effective regulatory and enforcement system consistent with the guidance issued by the United States Department of Justice.

R. Marijuana remains an illegal substance under the Federal Controlled Substances Act, 21 USC 801 *et seq.*, which makes it unlawful for any person to cultivate, manufacture, distribute, dispense, or possess with intent to manufacture, distribute, or dispense cannabis. The Federal Controlled Substances Act contains no statutory exemption for the cultivation of cannabis for medical purposes. Federal law lists cannabis as a Schedule I drug, meaning that the federal government contends cannabis has a high potential for abuse, cannabis has no currently accepted medical use in treatment, and there is a lack of accepted safety for use under medical supervision.

S. Despite this classification and treatment under federal law, federal executive and law enforcement agencies have issued memoranda and other guidelines allowing for the development of state-specific regulatory schemes that include the provision of cannabis and cannabis-derived products, as long as the administration of those schemes is consistent with the aims of federal law.

T. The City Council recognizes, upon consultation with law enforcement, that supply chains for medical and adult-use cannabis and cannabis-related products as they currently exist, in the absence of state and local regulatory schemes, can and do benefit criminal elements to the detriment of residents of the State of California, the County of Riverside, and very likely the City of Palm Springs, without full regard for public safety, health, and welfare issues.

U. The City Council recognizes the individual freedom and privacy interests that surround the choice of what to take into one's body, following consultation with one's chosen health care provider(s), and for one's own health-related purposes, and in a manner that is responsible in its impacts on others in the community, including children.

V. The City Council also recognizes its obligation to provide guidance on appropriate community standards of health, safety, and welfare, and, where appropriate, to protect residents—especially residents of particularly vulnerable populations including children and senior citizens—from violation and abuse of those community standards.

W. The City Council desires to establish reasonable regulations on the operation of adult-use cannabis related businesses which are intended to operate in conjunction with the zoning and land use regulations of the City of Palm Springs, and which are intended to address the negative impacts, nuisance impacts, and criminal impacts of unregulated cannabis-related businesses.

X. Cannabis related businesses will be subject to the zoning and land use regulations of the zoning district in which such business establish and operate, as set forth in the Palm Springs Zoning Ordinance, and as otherwise established by the City; and

Y. The City Council finds that the activities permitted under this ordinance are consistent with and implement the goals and policies of the Palm Springs General Plan.

Z. The City Council finds that the adoption of this ordinance is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to the following provisions of the CEQA Guidelines, 14 Cal. Code of Regulations, Chapter 3:

1. The ordinance is exempt under Section 15061(b) (3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The number of medical and adult-use cannabis businesses within the various categories provided under State Law and this Ordinance will be limited and the medical and adult-use cannabis businesses will have impacts that are similar to the farming, manufacturing, distribution, laboratory, and transportation and distribution activities already authorized within the City. Furthermore, the Ordinance contains requirements that prevent any potential impacts on the environment that may be unique to businesses involving adult-use or medical cannabis. For example, the Ordinance establishes prohibitions on nuisance odors, glare, excess energy usage, and establishes safety protections to prevent crime or deterioration of the business area into blight, prohibition on usages of hazardous chemicals, and a prohibition on usage of excess water in violation of drought laws etc. Further, there is no possibility that this Ordinance would create cumulative impacts that are significant because this Ordinance does not authorize a total number of businesses in the City than would have been otherwise authorized, does not authorize construction or other related activities or any other activities that are

not already permitted, except that the Ordinance allows the same activities but with a different material (adult-use or medical cannabis) that is being grown, sold, transported, or otherwise utilized in some form; there are no other significant impacts that could occur as a result of this ordinance, and there are no unusual circumstances that would cause any such significant impacts;

2. The Ordinance is also exempt under Section 15183 (projects consistent with a community plan, general plan, or zoning) since the types of businesses permitted by the Ordinance are consistent with those contemplated by general plan and zoning, such as farming, manufacture, and distribution of other agriculture products and/or products to be used as pharmaceuticals;

3. The Ordinance is also exempt under CEQA Guidelines Section 15301 (existing facilities) since permitted medical cannabis business under the Ordinance may locate in existing facilities, and any additions to structures would be expected to be also exempt under 15301; and

4. The Ordinance is exempt under Section 15303 (new construction or conversion of small structures). The businesses will be established in an urban area, and given the build out of the existing city, and sufficient existing leasable property, the amount of construction that would occur is minimal to non-existent, and any such construction would be less than the thresholds established in Section 15303.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS
ORDAINS:

SECTION 1. Chapter 5.45 of the Palm Springs Municipal Code is amended to read:

Chapter 5.45

MEDICAL CANNABIS RELATED BUSINESSES AND ACTIVITIES

Section 5.45.010 Purpose and Intent.

Section 5.45.020 Legal Authority.

Section 5.45.030 Prohibition on Cultivation and Business Unless Authorized.

Section 5.45.040 Compliance with Laws.

Section 5.45.050 Definitions.

Section 5.45.055 Commercial Medical Cannabis Permit Approvals Subject to Approval of Ballot Initiative.

Section 5.45.060 Medical Cannabis Business Permit Required to Engage in Medical Cannabis Business.

Section 5.45.070 Commercial Medical Cannabis Permit Required.

Section 5.45.075 Ineligibility for Commercial Medical Cannabis Permit.

Section 5.45.080 Commercial Medical Cannabis Permit Application Process.

Section 5.45.085 Commercial Medical Cannabis Permit Application Priority for Current Medical Cannabis Cooperative and Collective.

Section 5.45.090 Review of Application for Commercial Medical Cannabis Permit.

Section 5.45.095 Required Findings and Conditions for Dispensaries.

Section 5.45.096 Required Findings and Conditions for Cultivation.

Section 5.45.097 Required Findings and Conditions for Manufacturing.

Section 5.45.098 Required Findings and Conditions for Testing Facilities.

Section 5.45.099 Required Findings and Conditions for Transportation and Distribution Facilities.

Section 5.45.100 Commercial Medical Cannabis Permit Renewals.

Section 5.45.110 Compliance with Laws.

Section 5.45.120 Fees and Charges.

Section 5.45.130 Transfers of Commercial Medical Cannabis Permits.

Section 5.45.140 Requirements Before Permittee May Commence Operations.

Section 5.45.200 Commercial Medical Cannabis Operating Requirements.

Section 5.45.205 Miscellaneous Operating Requirements.

Section 5.45.210 Security Measures.

Section 5.45.220 Packaging and Labeling Requirements.

Section 5.45.400 General Authority of City Manager.

Section 5.45.410 Suspension or Revocation of Commercial Medical Cannabis Permit.

Section 5.45.420 Service.

Section 5.45.430 Enforcement and Penalties.

Chapter 5.45 MEDICAL CANNABIS RELATED BUSINESSES AND ACTIVITIES

5.45.010 Purpose and Intent.

A. It is the purpose and intent of this Chapter to accommodate the needs of medically-ill persons in need of cannabis for medical purposes, as advised and recommended by their health care provider(s), while imposing regulations on the use of land to protect the City's neighborhoods, residents, and businesses from negative impacts. It is a further purpose and intent of this Chapter to regulate the cultivation, manufacturing, processing, testing, transportation, and distribution, of cannabis and cannabis-related products in a manner which is responsible, which protects the health, safety, and welfare of the residents of Palm Springs, and to enforce rules and regulations consistent with State Law. In part to meet these objectives, an annual permit shall be required in order to own and/or to operate a medical cannabis business within Palm Springs. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state or federal law. The provisions of this Chapter are in addition to any other permits, licenses, and approvals that may be required to conduct business in the City, and are in addition to any permits, licenses and approval required under state, county, or other law.

B. It is the stated intent of this Chapter to regulate medical cannabis activity in the City of Palm Springs concurrently with the State of California.

C. All applications, proposals, requests for medical cannabis related businesses and activity, and any permits or approvals related to such medical cannabis businesses and activity, shall be processed, reviewed, and administered pursuant to the provisions of this Chapter.

D. Each medical cannabis related business or activity allowed under the provisions of this Chapter constitutes an activity or business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, providing, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the Cannabis plant for medical purposes.

5.45.020 Legal Authority.

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, and the provisions of the Medical and Adult-Use Cannabis Regulation and Safety Act (hereinafter "MAUCRSA"), the City of Palm Springs is authorized to adopt ordinances that establish standards, requirements and regulations for local licenses and permits for cannabis and cannabis-related activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of Palm Springs to cannabis, and/or cannabis-related activity.

5.45.030 Prohibition on Cultivation and Business Unless Authorized.

Except as specifically authorized in this Chapter or Chapter 5.55, the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, dispensing, distribution, delivery, or sale of cannabis or a cannabis product is expressly prohibited in the City of Palm Springs.

5.45.040 Compliance with Laws.

It shall be the responsibility of the owners and the operators of the medical cannabis business to ensure that the medical cannabis business is, at all times, operating in a manner compliant with all applicable federal, state, and local laws, any regulations promulgated thereunder, the Guidelines, any subsequently enacted State Law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the medical cannabis business permit. Nothing in this Chapter shall be construed as authorizing any actions which violate federal or State Law with regard to the operation of a medical cannabis business.

5.45.050 Definitions.

The following definitions of terms shall apply to this Chapter, unless the context requires otherwise. 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.

"Applicant" means a person ~~eighteen-twenty-one (2118)~~ years of age or older who has submitted an application for a permit or renewal of a permit issued pursuant to this Chapter. If the applicant is an entity and not a natural person, applicant shall include all persons having a twenty (20) percent or more financial interest in the entity.

"Application" means that form provided by the City Manager in accordance with this Chapter for the purpose of seeking a commercial medical cannabis permit.

"Cannabinoid" or "phytocannabinoid" means a chemical compound that is unique to and derived from cannabis.

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

"Cannabis concentrate" means manufactured cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this chapter. A cannabis concentrate is not considered food, as defined by Section 109935 of the California Health and Safety Code, or a drug, as defined by Section 109925 of the California Health and Safety Code.

"Canopy" means all of the following:

- (1) The designated area(s) at a licensed premises that will contain mature plants at any point in time;
- (2) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;
- (3) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary such as an interior wall or by at least 10 feet of open space;

And

(4) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

"Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.

"Certificate of accreditation" means a certificate issued by an accrediting body to a licensed testing laboratory, entity, or site to be registered in the state.

"Commercial medical cannabis activity" means the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of medical cannabis or a medical cannabis product. "Commercial medical cannabis activity" does not include a qualified patient who cultivates one hundred (100) square feet total canopy area or less exclusively for his or her personal use or who possesses, stores, manufactures, or transports cannabis exclusively for his or her personal medical use but who does not provide, donate, sell, or distribute cannabis to any other person. "Commercial medical cannabis activity" also does not include a primary caregiver who cultivates one hundred (100) square feet total canopy area or less exclusively for the personal medical purposes for each specified qualified patient, up to five hundred (500) square feet, for whom he or she is the primary caregiver or who possesses, stores, manufactures, transports, donates, or provides cannabis exclusively for the personal medical purposes of no more than five specified qualified patients for whom he or she is the primary caregiver, but who does not receive remuneration for these activities except for compensation in full compliance with Section 11362.765(c) of the California Health and Safety Code, as it may be amended.

"Commercial medical cannabis permit" means a permit issued by the City to an applicant to perform commercial medical cannabis activities under this Chapter.

"Commercial medical cannabis operation" means an entity that engages in commercial cannabis activities.

"Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of medical cannabis. Within the definition of cultivation, the following specific license types, corresponding to state cultivator license types set forth in California Business and Professions Code Section 26050), apply:

1. Type 1 or "specialty outdoor" means outdoor cultivation using no artificial lighting and having no more than fifty (50) mature plants or five thousand (5,000) square feet of total canopy size whichever is less;

2. Type 1A or "specialty indoor" means cultivation using exclusively artificial lighting, is entirely contained within a structure, and having no more than five thousand (5,000) square feet of total canopy size;
3. Type 1B or "specialty mixed-light" means cultivation using a combination of natural and supplemental artificial lighting and having no more than five thousand (5,000) square feet of total canopy size;
4. Type 2 or "small outdoor" means outdoor cultivation using no artificial lighting and having a total canopy size between five thousand one (5,001) and ten thousand (10,000) square feet;
5. Type 2A or "small indoor" means indoor cultivation exclusively using artificial lighting and having a total canopy size between five thousand one (5,001) and ten thousand (10,000) square feet;
6. Type 2B or "small mixed-light" means cultivation using a combination of natural and supplemental artificial lighting and having a total canopy size between five thousand one (5,001) and ten thousand (10,000) square feet;
7. Type 3 or "outdoor" means outdoor cultivation using no artificial lighting and having a total canopy area between ten thousand one (10,001) square feet and one acre;
8. Type 3A or "indoor" means indoor cultivation using exclusively artificial lighting and having a total canopy area between ten thousand one (10,001) and twenty-two thousand (22,000) square feet;
9. Type 3B or "mixed-light" means cultivation using a combination of natural and supplemental artificial lighting and having a total canopy area of between ten thousand one (10,001) and twenty-two thousand (22,000) square feet; and
10. Type 4 or "nursery" means cultivation of medical cannabis solely as a nursery.

"Cultivation site" means a location where medical cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or where all or any combination of those activities occurs, and where the operator holds a valid medical cannabis business permit for cultivation from the City of Palm Springs and a valid state license to cultivate cannabis as required by State Law.

"Delivery" means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined to be authorized by

the State of California, or any of its departments or divisions, to a primary caregiver or a qualified patient as defined in Section 11362.7 of the California Health and Safety Code, or a testing laboratory. "Delivery" also includes the use by a dispensary of any technology platform owned and controlled by the dispensary, or independently licensed by the State of California under MAUCRSA that enables anyone to arrange for or facilitate the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products.

"Dispensary" means a premises where medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to MAUCRSA, medical cannabis and medical cannabis products as part of a retail sale, and where the operator holds a valid medical cannabis business permit from the City of Palm Springs authorizing the operation of a dispensary, and a valid state license as required by State Law to operate a dispensary.

"Dispensing" means any activity involving the retail sale of medical cannabis or medical cannabis products from a dispensary.

"Distribution" means the procurement, sale, and transport of medical cannabis and medical cannabis products between entities licensed pursuant to this chapter.

"Distributor" means a person holding a valid medical cannabis business permit for distribution issued by the City of Palm Springs, and, a valid state medical license for distribution, required by state law to engage in the procurement, sale, and transport of cannabis and cannabis products between licensees.

"Dried flower" means all dead medical cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

"Edible cannabis product" means manufactured cannabis that is intended to be used, in whole or in part, for human consumption including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with Section 32501) of the Food and Agricultural Code. An edible medical cannabis product is not considered food as defined by Section 109935 of the California Health and Safety Code or a drug as defined by Section 109925 of the California Health and Safety Code.

"Fully enclosed and secure structure" or "greenhouse" means a space within a building or other structure which has a complete roof enclosure supported by connecting walls extending from the ground to the roof, which is secure against

unauthorized entry, provides complete visual screening, and which is accessible only through one or more lockable doors and is inaccessible to minors and provided such "greenhouse" is constructed to usual and customary standards and approved by the Building Official.

"Health Officer" means the County of Riverside Health Officer or the designee of the County of Riverside Health Officer or any other person exercising the duties of health officer for the City.

"Identification card" has the same definition as in Section 11362.7 of the California Health and Safety Code, as it may be amended.

"Licensee" means a person issued a state license under Chapter 3.5 (commencing with Section 26000) of the California Business and Professions Code, to engage in a commercial medical cannabis activity.

"Licensing authority" means the state agency responsible for the issuance, renewal, or reinstatement of a license for commercial medical cannabis activities, or the state agency authorized to take disciplinary action against the license.

"Live plants" means living medical cannabis flowers and plants, including seeds, sprouts, immature plants (including unrooted clones), and vegetative stage plants.

"Manufactured cannabis" or "cannabis product" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product intended for internal consumption or topical application.

"Manufacturer" means a person that conducts the production, preparation, propagation, or compounding of manufactured medical cannabis, as defined in this section, or medical cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis at a fixed location that packages or repackages medical cannabis or medical cannabis products or labels or re-labels its container, where the operator holds (1) a valid medical cannabis business permit for manufacturing from the City of Palm Springs and (2) after January 1, 2018 or as soon as permitted by the state granting agency, department or division, a valid state license for manufacturing pursuant to MAUCRSA.

"Marijuana" means "cannabis," as that term is defined in this Section.

"MAUCRSA" means the Medical and Adult-Use Cannabis Regulation and Safety Act, consisting of three interrelated pieces of legislation (SB 643, AB 243, and

AB 266), as may be amended from time to time, a comprehensive regulatory framework for the licensing, control, and taxation of medical cannabis related businesses in California.

"Medical cannabis," "medical cannabis product," or "cannabis product" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended to be sold for use by medical cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code. For the purposes of this Chapter, "medical cannabis" does not include "industrial hemp" as defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

"Medical cannabis activity" includes cultivation, manufacture, processing, laboratory testing, transporting, transportation and distribution, distribution, or sale of medical cannabis or a medical cannabis product, within the meaning of California Business and Professions Code 26000 et seq.

"Medical cannabis business" means any business or operation which engages in medical cannabis activity.

"Medical cannabis permit" means a regulatory permit issued by the City of Palm Springs pursuant to this Chapter to a medical cannabis business, and is required before any medical cannabis activity may be conducted in the City. The initial permit and annual renewal of a medical cannabis business permit is made expressly contingent upon the business' ongoing compliance with all of the requirements of this Chapter and any regulations adopted by the City governing the medical cannabis activity at issue.

"Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of medical cannabis.

"Owner" means the person, firm, corporation, or partnership that owns property or is in possession thereof under a contract to purchase or under a lease, by a person or persons, firm, corporation, or partnership, individually, jointly, in common, or in any other manner whereby such property is under single or unified control. The term "Owner" does not include a lessor of real property subject to a ground lease of ten or more years where the Owner as lessor does not retain any interest or right of control in any building constructed on the real property subject to such ground lease.

"Patient" or "qualified patient" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health & Safety Code Section 11362.5. For purposes of this ordinance, qualified patient shall include a person with an identification card, as that term is defined by California Health and Safety Code Section 11362.7 et seq.

"Permittee" means a person issued a City permit under this Chapter.

"Person" means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.

"Premises" means the building or greenhouse in which commercial medical cannabis activities are operated and, in addition, any accessory structures and appurtenant areas.

"Primary caregiver" has the same definition as in Section 11362.7 of the California Health and Safety Code, as it may be amended.

"Property owner" means the individual or entity who is the record owner of the subject property where commercial medical cannabis activities are located or are proposed to be located. The term "Property Owner" does not include a lessor of real property subject to a ground lease of ten or more years where the Owner as lessor does not retain any interest or right of control in any building constructed on the real property subject to such ground lease.

"Qualified patient" has the same definition as in Section 11362.7 of the California Health and Safety Code, as it may be amended.

"State Law" means all statutes, rules, and regulations relating to the cultivation, manufacture, dispensing, sale, distribution, and transportation of Medical Cannabis, as such statutes, rules, and regulations as may be amended from time to time.

"State license," "license," or "registration" means a state license issued by the State of California, or one of its departments or divisions, under MAUCRSA to engage in medical cannabis activity.

"Testing laboratory" means a facility, entity, or site in the City that offers or performs testing of medical cannabis or medical cannabis products and that is both of the following:

1. Accredited by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the state; and
2. Registered with the California State Department of Public Health.

"Topical cannabis" means a product intended for external use. A topical cannabis product is not considered a drug as defined by Section 109925 of the California Health and Safety Code.

"Transport" means the transfer of medical cannabis or medical cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial medical cannabis activity authorized pursuant to the California Business and Professions Code Section 26000 et seq., as may be amended from time to time.

"Transporter" means a person issued a state license, and a medical cannabis business permit by the City of Palm Springs, authorizing the transport of medical cannabis or medical cannabis products in amounts authorized by the State of California, or by one of its departments or divisions under MAUCRSA.

5.45.055 Commercial Medical Cannabis Permit Approvals Subject to Approval of Ballot Initiative.

No new Application arising from or related to any Commercial medical cannabis activity or in relation to any Commercial medical cannabis operation will be processed or evaluated, and no Commercial medical cannabis permit, license, or authorization will be issued by the City or approved hereunder unless and until the City-sponsored ballot measure providing for taxation in relation to Cannabis business, e.g., upon Commercial medical cannabis activity, is approved by the qualified voters of the City of Palm Springs on November 7, 2017. In the event that the aforementioned City-sponsored ballot measure does not pass, Permittees, and/or their legal successors and affiliates under Chapter 5.35 may continue to operate as Medical Cannabis Cooperatives and Collectives pursuant to, and subject to all requirements of Chapter 5.35.

5.45.060 Medical Cannabis Business Permit Required to Engage in Medical Cannabis Business.

No person may engage in any medical cannabis business or in any medical cannabis activity within the City of Palm Springs including cultivation, manufacture, processing, laboratory testing, transporting, dispensing, distribution, or

sale of medical cannabis or a medical cannabis product unless the person (1) has a valid medical cannabis permit from the City of Palm Springs and (2) is currently in compliance with all applicable state and local laws and regulations pertaining to the medical cannabis business and the medical cannabis business activities, including the duty to obtain any required state licenses. Medical Cannabis Collectives or Cooperatives previously approved under the provisions of Chapter 5.35 of this Code may continue to operate as a collective or cooperative as provided previously in Section 5.35.100 of this Code and are hereby granted permits for cultivation, dispensing, manufacturing, and transportation and distribution under the provisions of this Chapter for calendar year 2017 subject to providing all information, documentation, submissions, and evidence required pursuant to Sections 5.45.080 and otherwise complying with the operational requirements of this Chapter, regulations adopted hereunder, and the provisions of State Law.

5.45.070 Commercial Medical Cannabis Permit Required.

A. Any person who intends to engage in a commercial medical cannabis activity shall obtain a commercial medical cannabis permit for the fixed location in which the commercial medical cannabis activity is to occur.

B. It is unlawful for any person to conduct, engage in or allow to be conducted or engaged in a commercial medical cannabis activity within the corporate limits of City of Palm Springs, unless the City has issued such person a permit under this Chapter and the permit is in effect. Notwithstanding the above, the permits issued under this Chapter do not provide any protection or immunity for any person from State or Federal laws, or from prosecution pursuant to any applicable State or Federal laws.

C. Upon implementation of state regulations pursuant to State Law, a valid license from the State shall be required to operate any commercial medical cannabis activity.

D. The fact that an applicant possesses other types of State or City permits or licenses, shall not exempt the applicant from obtaining a commercial medical cannabis permit under this Chapter, nor shall the terms and conditions of any other such permit or license modify the requirements of a permit granted under this Chapter, except that the commercial medical cannabis permit must be consistent with the land use entitlement issued by the City pursuant to Title 20 or Title 21 of the Palm Springs Municipal Code.

E. The applicant must receive all necessary land use entitlements as required by the Palm Springs Zoning Ordinance before the City Manager will issue a commercial medical cannabis permit under this Chapter.

F. The following persons are exempt from the requirements of this Chapter:

1. A qualified patient who cultivates one hundred (100) square feet total canopy area or less of cannabis exclusively for personal medical use but who does not provide, donate, sell, or distribute cannabis to any other person; and

2. A primary caregiver who cultivates one hundred (100) square feet of total canopy area or less exclusively for the personal medical purposes for each specified qualified patient for whom he or she is the primary caregiver, up to five hundred (500) square feet, but who does not receive remuneration for these activities except for compensation in full compliance with State Law.

3. Qualified patients and/or primary caregivers shall, upon request, provide appropriate documentation to law enforcement demonstrating that they have a valid doctor's recommendation to use cannabis for medical purposes.

5.45.075 Ineligibility for Commercial Medical Cannabis Permit.

A. Any person who the City determines or discovers to have previously engaged in any commercial medical cannabis activity, or in any "adult-use cannabis activity" as that term is defined in Chapter 5.55, without any required state of local permit, license or registration, whether within or outside the City, shall be ineligible for approval as a Permittee under this Chapter.

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B. In the event that the City determines or discovers that a Permittee, prior to issuance of his/her/its Permit by the City, engaged in any commercial medical cannabis activity, or in any "adult-use cannabis activity" as that term is defined in Chapter 5.55, without any required state of local permit, license or registration, whether within or outside the City, the City shall revoke each and every City cannabis-related permit held by the Permittee in question.

5.45.080 Commercial Medical Cannabis Permit Application Process.

A. Each application for the establishment of a commercial medical cannabis permit shall be filed with the City Clerk on the form and in the manner prescribed by the City Manager. The City Manager shall be responsible for administering the application process as set forth in this Chapter. All applications for permits required pursuant to this Chapter shall be made upon current forms prescribed by the City Manager. Applications submitted to the City Manager may include, but not be limited to, new business premises, transfers of ownership, change of locations, premises modifications, and changes in trade name.

B. All applications must include application and permitting fees as established by resolution adopted by the City Council as amended from time to time.

C. A permit issued by the City Manager constitutes a revocable privilege. The burden of proving an Applicant's qualifications for a permit rests at all times with the Applicant.

D. The Applicant or its authorized agent must provide a surety bond, if applicable, and prove that all tax returns related to the business have been timely filed.

E. In all cases, the application must be complete in every material detail and shall contain, without limitation, the following documentation:

1. All applicants' names, mailing addresses, and if available, e-mail addresses.

2. A twenty-four (24) hour or nighttime contact phone number.

3. The physical address and assessor's parcel number(s) (APN or APNs) of the property upon which the proposed commercial medical cannabis operation will be located.

4. Proof of ownership of premises, or if the premises on which the commercial medical cannabis operation is to occur is rented or leased, written permission from the property owner containing the property owner's notarized signature that authorizes the tenant or lessee to engage in commercial medical cannabis activities at the site.

5. A "to scale" diagram of the premises, showing, without limitation, a site plan, building layout, all entry ways and exits to the facility, loading zones and all areas in which medical cannabis and medical cannabis products will be stored, grown or dispensed.

6. If the applicant is a business entity or any form of entity, information regarding the entity, including, without limitation, the name and address of the entity, its legal status, and proof of registration with, or a certificate of good standing from, the California Secretary of State, as applicable.

7. The full name, date of birth, social security number, present address and telephone number for all owners, supervisors, employees, and persons having a twenty (20) percent or more financial interest in the commercial medical cannabis activity that is the subject of the application or, if the applicant is an entity, having a twenty (20) percent or more financial interest in the entity.

8. All land all owners, supervisors, employees, and persons having a twenty (20) percent or more financial interest must submit fingerprints and other necessary information for a criminal background check.

9. Written proof (i.e., California driver's license, California identification card, or certified birth certificate) that all applicants, property owners, supervisors, and employees are ~~eighteen-twenty-one (2148)~~ years of age or older.

10. The names and addresses of any other commercial medical cannabis operations currently being operated by the applicant, or that had previously been operated by the applicant and a statement of whether the authorization for any such operation had been revoked or suspended and, if so, the reason therefor.

11. A full description of the proposed activities and products of the commercial medical cannabis operation.

12. A description of the type of State license(s) that will be required for the proposed operations pursuant to California Business and Professions Code Section 26000 et seq., including a description of the proposed total canopy area of any cultivation or nursery operation.

13. A detail of the procedures to be utilized at the premises including a description of how chemicals, pesticides and fertilizers will be stored, handled, used and disposed of; and if applicable, manufacturing methods, the transportation process, inventory procedures, and quality control procedures.

14. Proposed hours of operation.

15. A waste disposal plan.

16. If applicable, provide the applicant's seller's permit number issued pursuant to Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code or indicate that the applicant is currently applying for a seller's permit.

17. A statement by the applicant that it has the ability to comply with all laws regulating businesses in the State of California and that it shall maintain compliance during the term of the permit.

18. Authorization for the City, its agents and employees to seek verification of the information contained in the application.

19. Certification, under penalty of perjury, that all the information contained in the application is true and correct.

F. Nothing in this Section is intended to limit the City Manager's ability to request additional information the City Manager deems necessary or relevant to determining an Applicant's suitability for a permit or a renewal of a permit under this Chapter. Each Applicant shall provide any additional information required that the City Manager may request to process and fully investigate the application. The additional information must be provided to the City Manager no later than seven days of the request unless otherwise specified by the City Manager. Failure to provide such additional information by the requested deadline may result in denial of the application or renewal or revocation or suspension of a permit.

G. Based on the type of commercial medical cannabis activities proposed, the City Manager may require the following additional information:

1. Medical Cannabis Dispensary. In reviewing an application to dispense medical cannabis or medical cannabis products, the City Manager may request operational plans detailing how operations will comply with federal enforcement priorities.

2. Medical Cannabis Cultivation. In reviewing an application to cultivate medical cannabis, the City Manager may request the following additional information:

- a. Water conservation measures;
- b. Projected energy demand and proposed renewable energy generation facilities;
- c. Unique identifier, inventory, and quality control procedures; and
- d. A floor plan identifying the location, dimensions, and boundaries of all proposed canopy areas taking into account space needed for ongoing care of plants and a description of the proposed method of physically delineating those boundaries at the site.

3. Medical Cannabis Manufacturing. In reviewing an application to operate a cannabis manufacturing facility, the City Manager may request the following additional information:

- a. Information on products used in the manufacturing process including the cannabis supply chain, liquids, solvents, agents, and processes. Cannabis shall be obtained from a licensed cultivator or licensed distributor operating in compliance with all local and State Laws;
- b. Storage protocol and hazard response plan;

- c. Quality control measures; and
- d. Any other information requested by the City Manager.

4. Medical Cannabis Testing Facilities. In reviewing an application to operate a cannabis testing facility, the City Manager may request the following additional information:

- a. An operations plan detailing how cannabis will be received, secured, tested, and destroyed upon completion;
- b. Certificate of accreditation;
- c. Proposed procedures for record keeping including chain of custody control and certificate issuance; and
- d. Any other information requested by the City Manager.

5. Medical Cannabis Transportation and Distribution Facility. In reviewing an application to operate a cannabis transportation and/or distribution facility, the City Manager may request any following additional information:

- a. An operations plan detailing how, and from where, cannabis and cannabis products will be received, how any storage, distribution, and transportation operations will be secured to prevent theft and trespass, and to whom the product will be distributed;
- b. Quality control inspections and requirements plan;
- c. Truck parking and loading areas;
- d. Storage and handling plans; and
- e. Any other information requested by the City Manager.

H. All required application materials shall be prepared by the applicant and submitted at the time of application.

I. All Applicants shall submit information to the City Manager in a full, faithful, truthful, and fair manner. The City Manager may deny an application where the Applicant made intentional or purposeful misstatements, omissions, misrepresentations, or untruths in the application or in connection with the Applicant's background investigation. This type of conduct may be considered as the basis for additional administrative action against the Applicant and it may also be the basis for criminal charges against the Applicant.

J. All application forms supplied by the City Manager and filed by an Applicant for a permit, including attachments and any other documents associated with the investigation, shall be accessible by the City Manager and any state or local law enforcement agency for a purpose authorized by this Chapter or for any other state or local law enforcement purpose.

K. Any applicant who operated any cannabis business activity in the City without a permit issued from the City for such activity shall be deemed unqualified to receive any cannabis permit for a business or activity under this Chapter and shall not be issued a permit.

5.45.085 Commercial Medical Cannabis Permit Application Priority for Current Medical Cannabis Cooperative and Collective.

Any Applicant who operated any permitted Medical Cannabis Cooperative and Collective in the City under the provisions of Chapters 5.35 shall receive priority in review, processing, and permitting over other Applicants in review and processing of Applications. ~~All such licensees shall be required to maintain their prior business entity names and structures.~~ Any successor entities must show continuity of ownership and operations with the prior entity and license holder.

All prior documentation and materials provided to the City under the provisions of Chapters 5.35 can be applied to Applications for Adult-Use Cannabis Businesses under the provisions of this chapter. Priority Applications for the City's existing Medical Cannabis Cooperative and Collectives will be accepted by the City for the first 60 days from when Applications are first made available to the public. After 5 p.m. Pacific Time on the 60th day, the City will end this priority processing permanently. Any Applications received after 60 days from when Applications are first made available will be deemed new Applications and shall be eligible under non-priority processing, subject to all requirements for new Commercial Medical Cannabis Activity.

5.45.090 Review of Application for Commercial Medical Cannabis Permit.

A. The City Manager shall review the application for a commercial medical cannabis permit and associated documents and shall require, if he or she deems necessary, additional information to complete the application. The City Manager may deem the application incomplete if it does not contain all required information and documents.

B. An application shall not be deemed complete unless all required application fees have been paid.

C. Each commercial medical cannabis permit ~~shall be granted for a one-year period and shall expire one year after the date of its issuance. shall automatically renew on an annual basis. At the time of each renewal, a Permittee shall have the duty to ensure that all City records generated pursuant to this Chapter and reflecting information as to the operation and ownership of that Permittee's commercial medical cannabis operation are accurate and up-to-date.~~

D. Upon review of a complete application for a commercial medical cannabis permit, the City Manager may grant the application if:

1. The proposed commercial medical cannabis activities will comply with all the requirements of the State and the Palm Springs Municipal Code;
2. The applicant has received all necessary land use entitlements as required by the Zoning Ordinance;
3. The proposed commercial medical cannabis activities will comply with all provisions of this Chapter; and
4. If applicable, the applicant has obtained a valid seller's permit required pursuant to Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code.

E. The City Manager shall deny any application that meets any of the following criteria:

1. The applicant has knowingly made a false statement of material fact or has knowingly omitted a material fact from the application;
2. Any supervisor, employee, or persons having a twenty (20) percent or more financial interest in the commercial medical cannabis activity has been convicted of a felony or a drug related misdemeanor reclassified by Section 1170.18 of the California Penal Code (Proposition 47) within the past ten (10) years. A conviction within the meaning of this Section means a plea or verdict of guilty or a conviction following a plea of nolo contendere;
3. Any person who is listed on the application is a licensed physician making patient recommendations for medical cannabis pursuant to Section 11362.7 of the California Health and Safety Code;
4. If applicable, the applicant failed to obtain or maintain a valid seller's permit required pursuant to Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code;

5. Any person who is listed on the application is less than ~~eighteen-twenty-~~
one (2118) years of age;

6. The proposed commercial medical cannabis operation does not comply with the provisions of this Chapter or State Law; or

7. The applicant has not received all necessary land use entitlements as required by Palm Springs Zoning Code.

F. In the event the City Manager denies any application, the City Manager shall specify in writing the reasons for the denial and notify the applicant that the decision shall become final unless the permittee seeks an appeal pursuant to Chapter 2.05 of this Code within ten (10) calendar days of the date of service of the City Manager's decision. Service of the decision shall be provided in accordance with the requirements set forth in Chapter 2.05 of this Code.

5.45.095 Required Findings and Conditions for Dispensaries.

A. A permit for a medical cannabis dispensary shall not be granted by the City Manager unless all of the following findings are made based on substantial evidence:

1. The dispensary, as proposed, has demonstrated that it can and will comply with all of the requirements of the State and City to operate a medical cannabis dispensary.

2. The dispensary complies with the locational requirements of the Zoning Ordinance. The location of each medical cannabis collective or cooperative previously approved pursuant to Chapter 5.35 shall be deemed an existing location subject to the provisions of this Chapter.

3. The dispensary, as approved and conditioned, will not result in significant unavoidable impacts on the environment.

4. The dispensary includes adequate measures that minimize, to the extent feasible, nuisances to the immediate neighborhood and community including minimizing the detection of odor from offsite, minimizing the effects of loitering, providing adequate security measures, and not exceeding the Land Use Permit's limits on hours of operation.

5. The dispensary will provide adequate measures that address the federal enforcement priorities for cannabis activities including restricting drugged driving, restricting access to minors, prohibiting use or possession of firearms for security

purposes at the premises, and ensuring that medical cannabis and medical cannabis products are supplied from permitted and licensed sources.

B. In addition to any other required conditions and mitigation measures approved by the City Manager, all of the following conditions shall apply to all permits for a medical cannabis dispensary:

1. The medical cannabis dispensary shall allow access to dispensary facilities and records if requested by the City, its officers, or agents, and shall pay for an annual inspection in an amount to be determined by City Council resolution and submit to inspections from the City or its officers to verify compliance with all relevant rules, regulations, and conditions.

2. The applicant, owner, and all permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter by any enforcement officer of the City or their designee.

3. The applicant and the permittee for the dispensary facility and property owner (if the property owner has a financial interest in the dispensary facility) shall indemnify, defend, and hold the City harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial medical cannabis activity.

4. The owner shall be responsible for ensuring that all commercial medical cannabis activities at the site operate in good standing with all permits and licenses required by the City of Palm Springs Code and State Law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial medical cannabis activities at the site who do not maintain permits or licenses in good standing with the City or State shall be grounds for the suspension or revocation of a permit pursuant to this Chapter.

5. The dispensary shall operate only in accordance with the operating plans reviewed and approved by the City Manager.

5.45.096 Required Findings and Conditions for Cultivation.

A. A permit for medical cannabis cultivation shall not be granted by the City Manager unless all of the following findings are made based on substantial evidence:

1. The cultivation, as proposed, will comply with all of the requirements of the State and City for the cultivation of medical cannabis.

2. The cultivation complies with the locational requirements of the Zoning Ordinance. The location of each medical cannabis collective or cooperative previously approved pursuant to Chapter 5.35 shall be deemed an existing location subject to the provisions of this Chapter.

3. The cultivation, as approved and conditioned, will not result in significant unavoidable impacts on the environment.

4. The cultivation includes adequate measures that minimize use of water for medical cannabis cultivation at the site.

5. The cultivation includes adequate measures to address the projected energy demand for medical cannabis cultivation at the site.

6. The cultivation includes adequate quality control measures to ensure medical cannabis cultivated at the site meets industry standards.

7. The cultivation includes adequate measures that address the federal enforcement priorities for cannabis activities including restricting access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that medical cannabis and medical cannabis products are not supplied to unlicensed and unpermitted persons within the State and not distributed out of state.

B. In addition to any other conditions and mitigation measures required by the City Manager, all of the following conditions shall apply to all permits for medical cannabis cultivation:

1. The owner and permittees shall allow access to cultivation sites and access to records if requested by the City, its officers, or agents, and shall pay for an annual inspection in an amount to be determined by City Council resolution and submit to inspections from the City or its officers to verify compliance with all relevant rules, regulations, and conditions.

2. The applicant, owner, and permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter by any enforcement officer of the City or their designee.

3. The applicant for the cultivation and the owner shall indemnify, defend, and hold the City harmless from any and all claims and proceedings relating to the approval

of the permit or relating to any damage to property or persons stemming from the commercial medical cannabis activity.

4. The owner shall be responsible for ensuring that all commercial medical cannabis activities at the site operate in good standing with all permits and licenses required by the City of Palm Springs Code and State Law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial medical cannabis activities at the site who do not maintain permits or licenses in good standing with the City or State shall be grounds for the suspension or revocation of the permit pursuant to this Chapter.

6. The cultivation activities shall be maintained in accordance with the operating plans as approved by the City.

5.45.097 Required Findings and Conditions for Manufacturing.

A. A permit for medical cannabis manufacturing shall not be granted by the City Manager unless all of the following findings are made based on substantial evidence:

1. The manufacturing facility, as proposed, will comply with all of the requirements of the State and City for the medical cannabis manufacturing.

2. The manufacturing facility complies with the locational requirements of the Zoning Ordinance. The location of each medical cannabis collective or cooperative previously approved pursuant to Chapter 5.35 shall be deemed an existing location subject to the provisions of this Chapter.

3. The manufacturing, as approved and conditioned, will not result in significant unavoidable impacts on the environment.

4. The manufacturing includes adequate quality control measures to ensure medical cannabis manufactured at the site meets industry standards.

5. The manufacturing facility does not pose a significant threat to the public or to neighboring uses from explosion or from the release of harmful gases, liquids, or substances.

6. The manufacturing operations plan includes adequate measures that address the federal enforcement priorities for cannabis activities including providing restrictions on access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that medical cannabis and medical cannabis

products are obtained from and supplied only to other permitted licensed sources within the State.

B. In addition to any other conditions and mitigation measures required by the City Manager, all of the following conditions shall apply to all permits for medical cannabis manufacturing:

1. The owner and permittees shall allow access to the facility and access to records if requested by the City, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the City or its officers to verify compliance with all relevant rules, regulations, and conditions.

2. The applicant, owner, and permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter from any enforcement officer of the City or their designee.

3. The applicant and permittees for the manufacturing facility and the owner shall indemnify, defend, and hold the City harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial medical cannabis activity.

4. The owner shall be responsible for ensuring that all commercial medical cannabis activities at the site operate in good standing with all permits and licenses required by the City of Palm Springs Code and State Law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial medical cannabis activities at the site who do not maintain permits or licenses in good standing with the City or State shall be grounds for the suspension or revocation of a permit pursuant to this Chapter.

5. The manufacturing facilities and activities shall be maintained in accordance with the operating plans approved by the City.

5.45.098 Required Findings and Conditions for Testing Facilities.

A. A permit for a medical cannabis testing facility shall not be granted by the City Manager unless all of the following findings are made based on substantial evidence:

1. The testing facility, as proposed, will comply with all of the requirements of the State and City for the medical cannabis manufacturing.

2. The testing facility complies with the locational requirements of the Zoning Ordinance.

3. The medical cannabis testing, as approved and conditioned, will not result in significant unavoidable impacts on the environment.

4. The owners, permittees, operators, and employees of the testing facility or laboratory will not be associated or cross-licensed with any other form of commercial medical or adult-use cannabis activity.

5. The testing facility is accredited by an appropriate accrediting agency.

6. Plans for the testing facility demonstrate proper protocols and procedures for statistically valid sampling methods and accurate certification of medical cannabis and medical cannabis products for potency, purity, pesticide residual levels, mold, and other contaminants according to adopted industry standards.

B. In addition to any other conditions and mitigation measures required by the City Manager, all of the following conditions shall apply to all permits for a medical cannabis testing facility:

1. The owner and permittees of the testing facility shall allow access to the facility and access to records if requested by the City, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the City or its officers to verify compliance with all relevant rules, regulations, and conditions.

2. The applicant, owner, and permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter from any enforcement officer of the City or their designee.

3. The applicant for the testing facility and the owner shall indemnify, defend, and hold the City harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial medical cannabis activity.

4. The owner shall be responsible for ensuring that all commercial medical cannabis activities at the site operate in good standing with all permits and licenses required by the City of Palm Springs Code and State Law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial medical cannabis activities at the site who do not maintain permits or licenses in good standing with the City or State shall be grounds for the suspension or revocation of a permit pursuant to this Chapter.

5. The testing facilities and related activities shall be maintained in accordance with the operating plans approved by the City.

C. Notwithstanding any of the provisions of this Section 5.45.098, a permitted medical cannabis business may conduct internal testing of medical cannabis or medical cannabis products. However, this provision shall not be interpreted to authorize or permit cross-licensing of a testing laboratory with any other type of permit of license hereunder, or with respect to State law. Further, it shall be a violation of this ordinance for any medical cannabis business to publish or share with any third party any result of any internal testing.

5.45.099 Required Findings and Conditions for Transportation and Distribution Facilities.

A. A permit for medical cannabis transportation and distribution facility shall not be granted by the City Manager unless all of the following findings are made based on substantial evidence:

1. The transportation and distribution facility, as proposed, will comply with all of the requirements of the State and City for the medical cannabis transportation and distribution.

2. The transportation and distribution facility complies with the locational requirements of the Zoning Ordinance. The location of each medical cannabis collective or cooperative previously approved pursuant to Chapter 5.35 shall be deemed an existing location subject to the provisions of this Chapter.

3. The medical cannabis transportation and distribution as approved and conditioned, will not result in significant unavoidable impacts on the environment.

4. Plans for the distribution facility demonstrate proper protocols and procedures that address the federal enforcement priorities for cannabis activities including providing restrictions on access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that medical cannabis and medical cannabis products are obtained from and supplied only to other permitted licensed sources within the State.

B. In addition to any other conditions and mitigation measures required by the City Manager, all of the following conditions shall apply to all permits for a medical cannabis transportation and distribution facility:

1. The owner and permittees of the transportation and distribution facility shall allow access to the facility and access to records if requested by the City, its

officers, or agents, and shall pay for an annual inspection and submit to inspections from the City or its officers to verify compliance with all relevant rules, regulations, and conditions.

2. The applicant, owner, and permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter from any enforcement officer of the City or their designee.

3. The applicant for the transportation and distribution facility and the owner shall indemnify, defend, and hold the City harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial medical cannabis activity.

4. The owner shall be responsible for ensuring that all commercial medical cannabis activities at the site operate in good standing with permits and licenses required by the City of Palm Springs Code and State Law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial medical cannabis activities at the site who do not maintain permits or licenses in good standing with the City or State shall be grounds for the modification or revocation of a permit pursuant to this Chapter.

6. The transportation and distribution facilities and activities shall be maintained in accordance with the operating plans approved by the City.

5.45.100 Commercial Medical Cannabis Permit Renewals.

A. Each commercial medical cannabis ~~permit shall automatically renew on an annual basis. On or before the date of any renewal, a Permittee shall have the duty to ensure that all City records generated pursuant to this Chapter and reflecting information as to the operation and ownership of that Permittee's commercial medical cannabis operation, are accurate and up-to-date. Further, permit shall expire one year after the date of its issuance. Any permit may be renewed by the City Manager upon the submission of a renewal application by the permittee and upon determination by the City Manager that the applicant meets the standards for grant of application as provided in this Chapter.~~ At the time of consideration of each annual renewal application, the City Manager shall consider Permittee compliance with conditions this Chapter during the prior year in the prior term.

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B. Any application for renewal shall be filed with the City Manager at least thirty (30) calendar days before expiration of the permit. If any of the documentation and

information supplied by the applicant pursuant to Section 5.45.080 has changed since the grant of the permit, applicant shall submit updated information and documentation with the application for renewal and shall provide such other information as the Director of Planning may require.

C. Any application for renewal shall be denied if:

1. The application is filed fewer than thirty (30) calendar days before its expiration;
2. The permittee fails to conform to the criteria set forth in this Chapter;
3. The permittee is delinquent in payment of City taxes on commercial cannabis activity; or
4. The permit is suspended or revoked at the time of the application.

D. If a renewal application is denied, an applicant may file a new application pursuant to this Chapter.

E. An application for renewal shall be not be deemed complete until all application fees have been paid.

F. If the City Manager intends to deny the renewal, the City Manager shall specify in writing the reasons for the denial of the renewal, and notify the permittee that the decision shall become final unless the permittee seeks an appeal pursuant to Chapter 2.05 of this Code within ten (10) calendar days of the date of service of the City Manager's decision. Service of the decision shall be provided in accordance with the requirements set forth in Chapter 2.05 of this Code.

5.45.110 Compliance with Laws.

It is the responsibility of the owners and operators of the medical cannabis business to ensure that it is, at all times, operating in a manner compliant with all applicable state and local laws, and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions which violate State Law or local law with respect to the operation of a medical cannabis business. It shall be the responsibility of the owners and the operators of the medical cannabis business to ensure that the medical cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, the 2008 Attorney General Guidelines,

any subsequently enacted State Law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the medical cannabis business permit. Nothing in this Chapter shall be construed as authorizing any actions which violate State Law with regard to the operation of a medical cannabis business.

5.45.120 Fees and Charges.

A. No person may commence or continue any medical cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a medical cannabis activity. Fees and charges associated with the operation of a medical cannabis activity shall be established by resolution of the City Council to recover the cost of administration of this Chapter and may be amended from time to time. Permit applicants and permittees are responsible for the costs of inspections, investigations, and any other fee-associated activity established pursuant to this Chapter.

B. All medical cannabis businesses authorized to operate under this Chapter shall pay all sales, use, gross receipts, cultivation, business, and other applicable taxes, and all license, registration, and other fees required under federal, state, and local law. Each medical cannabis businesses shall cooperate with City with respect to any reasonable request to audit the medical cannabis business' books and records for the purpose of verifying compliance with this section as well as any of the provisions of Section 5.55.120 and any subsequent regulations adopted by the City, including but not limited to a verification of the amount of taxes required to be paid during any period.

5.45.130 Transfers of Commercial Medical Cannabis Permits.

A. No person shall operate a medical cannabis business at any location other than the location specifically authorized and identified on the City issued medical cannabis business permit.

B. Transfer, conveyance, or sale of any or all ownership interests or control of a medical cannabis business or transfer any medical cannabis business permit issued under this Chapter may only be made to a person who has applied for and has been issued a medical cannabis permit or permits pursuant to the provisions of this Chapter and is otherwise fully qualified to operate a medical business in the City and approved by the City Manager. Any attempt to transfer medical cannabis business permit or an ownership interest in a medical cannabis business in violation of this Section shall render the medical cannabis business permit for the medical cannabis business and all rights to operate such business in the City void.

C. A commercial medical cannabis permit is issued to and covers only the permittee identified on the permit with respect to the premises identified on the permit. The commercial medical cannabis permit does not run with the land.

D. In any situation where a permit has been lost as a result of an attempted transfer of the medical cannabis business permit or of the medical cannabis business, or as a result of the abandonment or revocation of the permit, any new permit shall be issued using the standard process for the issuance of permits in the first instance. No preference shall be given to any person proposed as new owner or assignee by the former permit holder.

5.45.140 Requirements Before Permittee May Commence Operations.

A. Prior to commencing operations, a medical cannabis business shall obtain a City of Palm Springs business license.

B. Prior to commencing operations, a medical cannabis business shall be subject to a mandatory building inspection and must obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in that zone. This includes but is not limited to obtaining any required building permit(s), fire department approvals, County of Riverside Health Department approvals, and other zoning and land use permit(s) and approvals.

C. Certification from Director of Planning Services. Prior to commencing operations, a medical cannabis business must obtain a certification from the Director of Planning Services certifying that the business is located on a site that meets all of the requirements of the City's Zoning Ordinance.

D. As a condition precedent to the City's issuance of a medical cannabis business permit pursuant to this Chapter, any person intending to open and operate a medical cannabis business shall provide sufficient evidence of the legal right to occupy and to use the proposed location. In the event the proposed location will be leased from another person, the applicant shall provide a signed and notarized statement from the owner of the property, acknowledging that the property owner has read this Chapter and consents to the operation of the medical cannabis business on the owner's property.

E. To the fullest extent permitted by law, the City of Palm Springs shall not assume any liability whatsoever with respect to having issued a medical cannabis business permit pursuant to this Chapter or otherwise approving the operation of any medical cannabis business. As a condition to the approval of any medical cannabis business permit, the applicant shall enter into a written agreement or agreements, in a