

1. Agenda

Documents:

[2016-10-19 AGENDA.PDF](#)

2. Working Draft Chapter 6.5 With Recommended Changes

Documents:

[2016-10-19 WORKING DRAFT CHAPTER 6.5 WITH RECOMMENDED CHANGES.PDF](#)

3. Medical Cannabis Conditions Memo

Documents:

[2016-10-19 MEDICAL CANNABIS CONDITIONS MEMO.PDF](#)

4. Draft Conditions 6.5

Documents:

[2016-10-19 DRAFT CONDITIONS 6.5.PDF](#)

City of Watsonville
Medical Cannabis Advisory Committee

Meeting Agenda

October 19, 2016
5:30-7:30 p.m.

1. Call to order

2. Roll call

Technical Advisory Committee Members:

Dr. Michelle Rodriguez	Bryce Berryessa	Erica Padilla Chavez	Allan Flores
Thomas Frye	Felipe Hernandez	Aaron Newsom	Ari Parker
Jarrad Pecoraro	Henry Robles	Jenny Sarmiento	

Staff:

Suzi Merriam, Acting CDD Director
Laurie Blackwood, Administrative Analyst
Justin Meek, Principal Planner

3. Submittal Requirements for Medical Cannabis Facilities

- a) Report by Staff
- b) Advisory Committee Review
- c) Public Input
- d) Advisory Committee Discussion
- e) Action: See recommended action in CDD memo

4. Dates of Future Meetings: *Tentative*

November 9: Permit review and auditing
December 14: Limits on permits
January 11: Review draft ordinance

5. Adjournment

Chapter 6-5 MEDICAL CANNABIS FACILITIES*

Sections:

6-5.010 Purpose and intent.

If medical cannabis facilities and cultivation were permitted to be established or if existing business were permitted to distribute, sell or cultivate medical cannabis without appropriate regulation, such uses might be established in areas that would conflict with the requirements of the General Plan, be inconsistent with surrounding uses, or be detrimental to the public health, safety and welfare. The City Council desires to enact reasonable regulations pertaining to medical cannabis facilities and cultivation to ensure that qualified patients and their caregivers are afforded safe and convenient access to medical cannabis, while at the same time ensuring that such uses do not conflict with the General Plan, are not inconsistent with surrounding uses, and are not detrimental to the public health, safety and welfare. Medical cannabis facilities shall be permitted, upon application and approval of a regulatory permit in accordance with the criteria and procedures set forth in this code.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.020 Definitions.

This chapter shall be known and may be cited as the Medical Marijuana Regulation and Safety Ordinance (or "MMRSO").

For purposes of this chapter, the following definitions shall apply:

- (a) "Accrediting body" shall mean a nonprofit organization that requires conformance to ISO/IEC 17025 requirements and is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement for Testing.
- (b) "Applicant," for purposes of this chapter, shall mean the following:
 - (1) Owner or owners of a proposed facility, including all persons or entities having ownership interest other than a security interest, lien, or encumbrance on property that will be used by the facility.
 - (2) If the owner is an entity, "owner" includes within the entity each person participating in the direction, control, or management of, or having a financial interest in, the proposed facility.
 - (3) If the applicant is a publicly traded company, "owner" means the chief executive officer or any person or entity with an aggregate ownership interest of five (5%) percent or more.

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(4) As used in this chapter, "licensee" shall have the same definition as "applicant," as defined herein, who has been approved for a license.

(c) "Batch" shall mean a specific quantity of medical cannabis or medical cannabis products that is intended to have uniform character and quality, within specified limits, and is produced according to a single manufacturing order during the same cycle of manufacture.

(d) "Bureau" shall mean the Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs.

(e) "Cannabinoid" or "phytocannabinoid" shall mean a chemical compound that is unique to and derived from cannabis.

(f) "Cannabis" shall mean 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 marijuana. "Cannabis" also means marijuana as defined by Section 11018 of the Health and Safety Code as enacted by Chapter 1407 of the Statutes of 1972. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this chapter, "cannabis" does not mean "industrial hemp" as defined by Section 81000 of the Food and Agricultural Code or Section 11018.5 of the Health and Safety Code.

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

(h) "Certificate of accreditation" shall mean a certificate issued by an accrediting body to a licensed testing laboratory, entity, or site to be registered in the State.

(i) "Chief" shall mean Chief of the Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs.

(j) "Commercial cannabis activity" includes cultivation, or sale of medical cannabis or a medical cannabis product, except as set forth in Section 19319 of the California Business and Professions Code, related to qualifying patients and primary caregivers.

(k) "Cultivation" shall mean any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

(l) "Delivery" shall mean the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined by the bureau to a primary caregiver or qualified patient as defined in Section 11362.7 of the Health and

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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 under this chapter that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products, which is prohibited in the City of Watsonville.

(m) "Dispensary" shall mean a facility 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 that delivers, pursuant to express authorization by local ordinance, medical cannabis and medical cannabis products as part of a retail sale, that holds a valid local license or permit, ~~which is prohibited in the City of Watsonville~~.

(n) "Dispensing" shall mean any activity involving the retail sale of medical cannabis or medical cannabis products from a dispensary, ~~which is prohibited in the City of Watsonville~~.

(o) "Distribution" shall mean the procurement, sale, and transport of medical cannabis and medical cannabis products between entities licensed pursuant to this chapter, that holds a valid local license or permit, ~~which is prohibited in the City of Watsonville~~.

(p) "Distributor" shall mean a person licensed under this chapter to engage in the business of purchasing medical cannabis from a licensed cultivator, or medical cannabis products from a licensed manufacturer, for sale to a licensed dispensary, that holds a valid local license or permit, ~~which is prohibited in the City of Watsonville~~.

(q) "Dried flower" shall mean all dead medical cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

(r) "Facility" as used in this chapter shall mean any building, structure or area of land used for the cultivation of medical cannabis.

(s) "Identification program" shall mean the universal identification certificate program for commercial medical cannabis activity authorized by this chapter.

(t) "Licensee" shall mean an applicant who has received a local license or permit pursuant to this chapter to engage in commercial cannabis activity.

(u) "Licensing authority" shall mean the State or City agency responsible for the issuance, renewal, or reinstatement of the license, or the State or City agency authorized to take disciplinary action against the license.

(v) "Cultivation site" shall mean a facility where medical cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or that does all or any combination of those activities, that holds a valid State local license or permit pursuant to this chapter, and that holds a valid local license or permit.

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(w) “Manufacturer” shall mean a person that conducts the production, preparation, propagation, or compounding of manufactured medical cannabis, as described in subsection (ee) of this section, or medical cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages medical cannabis or medical cannabis products or labels or re-labels its container, that holds a valid State or local license or permit pursuant to this chapter, and that holds a valid local license or permit, ~~which is prohibited in the City of Watsonville~~.

(x) “Testing laboratory” shall mean a facility, entity, or site in the State that offers or performs tests of medical cannabis or medical cannabis products and that is both of the following, ~~which are prohibited in the City of Watsonville~~:

(1) Accredited or in process of accreditation by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the State to ISO 17025 standards.

(2) Registered with the State Department of Public Health upon implementation of MMRSA.

(y) “Transporter” shall mean a person issued a State license by the Bureau to transport medical cannabis or medical cannabis products in an amount above a threshold determined by the bureau between facilities that have been issued a State or local license pursuant to this chapter, ~~which is prohibited in the City of Watsonville~~.

(z) “Licensee” shall mean a person issued a City license under this chapter to engage in commercial cannabis activity.

(aa) “Live plants” shall mean living medical cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.

(bb) “Lot” shall mean a batch, or a specifically identified portion of a batch, having uniform character and quality within specified limits. In the case of medical cannabis or a medical cannabis product produced by a continuous process, “lot” means a specifically identified amount produced in a unit of time or a quantity in a manner that ensures its having uniform character and quality within specified limits.

(cc) “Manufactured cannabis” shall mean 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, ~~which is prohibited in the City of Watsonville~~.

(dd) “Manufacturing site” shall mean a location that produces, prepares, propagates, or compounds manufactured medical cannabis or medical cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a licensee for these activities, ~~which is prohibited in the City of Watsonville~~.

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(ee) “Medical cannabis,” “medical cannabis product,” or “cannabis product” shall mean 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 Health and Safety Code. For the purposes of this chapter, “medical cannabis” does not include “industrial hemp” as defined by Section 81000 of the Food and Agricultural Code or Section11018.5 of the Health and Safety Code.

(ff) “Nursery” shall mean a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of medical cannabis, that holds a valid local license or permit.

(gg) “Permit,” “local license,” or “local permit” shall mean an official document granted by a local jurisdiction that specifically authorizes a person to conduct commercial cannabis activity in the local jurisdiction.

(hh) “Person” shall mean 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.

(ii) “City license,” “license,” or “registration” shall mean a City license issued pursuant to this chapter.

(jj) “Transport” shall mean the transfer of medical cannabis or medical cannabis products from the permitted business location of one (1) licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized pursuant to this chapter, ~~which is prohibited in the City of Watsonville~~.

(kk) “Volatile solvent” shall mean a flammable liquid or gas used to extract or concentrate cannabis products that vaporizes or boils below room temperature, such as propane or butane, ~~which is prohibited in the City of Watsonville~~.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.030 Permit required.

(a) Permit classifications pursuant to this chapter are as follows:

(1) Type 1A = Cultivation; Specialty indoor. Up to five thousand (5,000) square feet.

(2) Type 1B = Cultivation; Specialty mixed-light. Using exclusively artificial lighting, up to five thousand (5,000) square feet.

(3) Type 2A = Cultivation; Indoor. Five thousand one (5,001) to ten thousand (10,000) square feet.

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- (4) Type 2B = Cultivation; Mixed-light. Five thousand one (5,001) to ten thousand (10,000) square feet.
- (5) Type 4 = Cultivation; Nursery, indoor or mixed-light only, up to five thousand (5,000) square feet.
- (6) Type 6 = Manufacturer 1 for products not using volatile solvents.
- (7) Type 7 = Manufacturer 2 for products using volatile solvents.
- (8) Type 8 = Testing
- (9) Type 10 = Dispensary; General
- (10) Type 10A = Dispensary; No more than three retail sites
- (11) Type 11 = Distribution
- (12) Type 12 = Transporter

<u>Use</u>	<u>IP (Industrial Park)</u>	<u>IG (General Industrial)</u>	<u>CT (Thoroughfare Commercial)</u>	<u>CNS (Neighborhood Shopping Center)</u>	<u>CO (Office Commercial)</u>
<u>Type 1 Cultivation, specialty outdoor</u>	X	X	X	X	X
<u>Type 1 A, Cultivation, Specialty indoor up to 5,000 sf</u>	SUP	SUP	X	X	X
<u>Type 1B, Cultivation, specialty mixed light, up to 5,000 sf</u>	SUP	SUP	X	X	X
<u>Type 2, Cultivation, outdoor, up to 5,000 sf</u>	X	X	X	X	X
<u>Type 2A, Cultivation, indoor, up to</u>	X	X	X	X	X

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<u>Use</u>	<u>IP (Industrial Park)</u>	<u>IG (General Industrial)</u>	<u>CT (Thoroughfare Commercial)</u>	<u>CNS (Neighborhood Shopping Center)</u>	<u>CO (Office Commercial)</u>
<u>10,000 sf</u>					
<u>Type 2B, Cultivation, mixed light, up to 10,000 sf</u>	X	X	X	X	X
<u>Type 3, Cultivation, outdoor, up to 1 acre</u>	X	X	X	X	X
<u>Type 4, Cultivation; Nursery, indoor or mixed-light only, up to five thousand (5,000) square feet.</u>	SUP	SUP	X	X	X
<u>Type 6 = Manufacturer 1 for products not using volatile solvents.</u>	SUP	SUP	X	X	X
<u>Type 7 = Manufacturer 2 for products using volatile solvents.</u>	X	X	X	X	X
<u>Type 8 = Testing</u>	AUP	AUP	X	X	AUP
<u>Type 10/11 = Dispensary; General</u>	SUP*	SUP*	SUP	SUP	X

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<u>Use</u>	<u>IP (Industrial Park)</u>	<u>IG (General Industrial)</u>	<u>CT (Thoroughfare Commercial)</u>	<u>CNS (Neighborhood Shopping Center)</u>	<u>CO (Office Commercial)</u>
<u>Type 11 = Distribution</u>	<u>SUP</u>	<u>SUP</u>	X	X	X
<u>Type 12 = Transporter</u>	<u>SUP</u>	<u>SUP</u>	X	X	X

*Dispensary allowed in conjunction with a permitted cultivation or manufacturing facility in the IP/IG Zoning districts, with approval of a Special Use Permit only.

- (b) Prior to initiating operations and as a continuing requisite to operating a medical cannabis facility, the persons or legal representative of the persons wishing to operate a medical cannabis facility shall first obtain a regulatory permit from the Community Development Department under the terms and conditions set forth in this chapter, and first obtain a State license from the State of California, so long as the State has implemented MMRSA.
- (c) Each regulatory permit shall require a renewal every year from its date of issuance. Renewal of regulatory permits shall be as provided for in Section 6-5.090.
- (d) Regulatory permits are not transferable and any assignment or transfer of such permits shall be considered null and void without prior approval from the City of Watsonville.
- (e) ~~An application for a regulatory permit shall be heard by a designee of the Zoning Administrator, unless exempt.~~
- (f) The legal representative shall file an application for a regulatory permit with the Zoning Administrator or designee upon forms provided by the City and shall pay an "application fee" and a "processing fee" as required by this chapter and as established by resolution adopted by the City Council as amended from time to time. An application for a regulatory permit shall include, but shall not be limited to, the following information:

Submittal Requirements

Applicant and Business Entity Information:

- a) Applicant's Name, mailing address, contact number and email of business owner.
- b) Legal Name of Business and any other names under which business will operate

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- c) Type of Business Ownership (i.e., sole owner, partnership, LLC, corporation, etc.)
- d) Federal Tax ID, State Tax ID and Board of Equalization Tax ID number for Business
- e) Name, address and contact information of the person authorized to accept service on behalf of business if different than applicant (person to which all correspondence, notices, etc. will be sent)
- f) Name (including aliases), address, phone number, date of birth, and driver's license or government issued ID number and signature of each person who is an owner and/or has decision making capabilities for the business and % of ownership.
- g) Certification under penalty of perjury that all the information provided is true and correct
- h) Statement that applicant has ability to comply with all laws regulating businesses in the State of California and shall maintain compliance during the term of the permit.
- i) Authorization for City, it's agents, and/or employees to seek verification of information provided and/or additional information as deemed necessary.

Site and Operating Information:

- a) Business Location Address & APN
- b) Phone number of business at location and 24 hour contact number
- c) Type of Business (cultivation, manufacturing, dispensary, testing, etc.)
- d) Proposed days and hours of operation
- e) Name (including aliases), address, phone number, date of birth, Driver's license or government issued ID number and signature of each person who will be regularly engaged in the day to day operations of the business and their position (i.e., employee, supervisor, manager, owner, contractor, etc.).

Attachments:

- a) Proof of ownership of property or copy of lease/rental agreement and written permission from property owner that tenant/lessee has permission to use the property for the purpose(s) indicated on application (must contain: name of each property owner, address, contact information and notarized signature of each property owner)
- b) Written authorization from each owner of the business that applicant is authorized to act on behalf of the business (must contain: name, address, phone number, signature & date signed)

- c) Proof of legal status of business (i.e., articles of incorporation, partnership agreements, registration or certificate of good standing from State, etc.)
- d) Site and Floor Plans - scaled site and floor plan denoting location of business, parking, other structures, proposed improvements, entrances/exits, sqft of parcel, layout and sqft of all areas used for business including but not limited to storage, cultivation , offices, dispensing, reception/waiting area, etc. and relationship to adjacent properties (may include photos)
- e) Signage Plan
- f) Signed (may require notarization) waiver and release of liability, hold harmless and indemnification statement/agreement
- g) Proof of payment of any applicable taxes
- h) Proof of Live Scan for each person who is an owner, has decision making capabilities and/or involved in the day to day operations of the business.
- i) Business/Operating Plan shall include:
 - a. Full description of the activities and products of the business and how it will comply with local and state law.
 - b. Hours of operation
 - c. Procedure for storing, tracking inventory and implementation of safeguards to prevent product diversion
 - d. Product supply chain (i.e., sources of products, where manufactured, testing lab used, transporter, distributor, etc.)
 - e. Procedure for ensuring quality of products and identifying, managing and disposing of unusable products.
 - f. Personnel policies and procedures
 - g. Approximate number of patients who will be served
 - h. Procedure for how hazardous materials (i.e., fertilizers, chemicals, etc.) will be stored, handled, used and disposed of.
 - i. Recycling and waste disposal procedure
 - j. Water management and conservation plan including disposal of contaminated water
 - k. Energy conservation plan and measures
- j) Security and Records Plan
 - a. Procedure and physical measures to prevent unauthorized access and theft
 - b. Record keeping procedures including chain of custody controls
- k) Odor Control Plan shall include:

a. Devices and techniques to prevent detection of odors

- I) Proof that you have applied for and/or received all required permits and licenses (i.e., entitlement, building, business license, etc.)
- m) Copy of social security card
- n) Proof of status as a qualified patient or primary caregiver
- o) List of licenses and/or permits for similar business activities issued to and/or revoked from the business or any person who is an owner and/or has decision making capabilities, or involved in the day to day operations of the business. Include type of permit/license, issued by, issued to, current status, reason for denial.
- p) List all persons who is an owner and/or has decision making capabilities, or involved in the day to day operations of the business and has been investigated and/or convicted of a felony and/or misdemeanor including but not limited to violent offenses, fraud, deceit, embezzlement, moral turpitude or illegal use, possession, transportation, and/or distribution of illegal substances and/or involved in a lawsuit or other litigation.
- q) Neighborhood Compatibility Plan
- r) Before any fees are collected, any such additional and further information as is deemed necessary by the Zoning Administrator or designee to administer this section or to show that the applicant or licensee is in compliance with the provisions of this chapter.

6-5.040 Exemptions.

Any medical cannabis facility operating in good standing with the City of Watsonville before July 1, 2015, shall be subject to an administrative review permit by the Zoning Administrator using the standards set forth in Section 6-5.030 and shall be exempt from application of an administrative use permit. Such permits shall be considered by the City to have been in good standing with this chapter as of July 1, 2015, for the purpose of Section 19328(C) of the Business and Professions Code of the State of California.

6-5.060 Grounds for denial.

- (a) The Zoning Administrator or designee may reject an application upon making any of the following findings:
 - (1) The applicant made one (1) or more false or misleading statements or omissions on the registration application or during the application process;
 - (2) The applicant is not the legal representative of the medical cannabis facility;

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- (3) The applicant fails to meet the requirements of this chapter or any regulation adopted pursuant to this chapter;
- (4) The medical cannabis facility or its location is in violation of any provision of this code, or of any State or local law which substantially affects the public health, welfare, and safety, or the facility or its location is not permitted in the proposed area, or the issuing or continuation of a regulatory permit would be contrary to the public health, welfare and safety;
- (5) The applicant, or any of its officers, directors, or owners, or any employee of the applicant or licensee who participates in the dispensing, cultivation, processing, manufacturing, or transporting of medical cannabis cooperative, licensee, or medical cannabis facility, has been convicted of a violent felony, a felony or misdemeanor involving fraud, deceit, or moral turpitude, or the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, with the exception of cannabis-related offenses, unless the applicant has completed all probation or parole within the last seven (7) years;
- (6) The applicant, or any of its officers, directors, owners, or managers, is a licensed physician making patient recommendations for medical cannabis;
- (7) The applicant, or any of its officers, directors, owners, or managers has been sanctioned by the City, the State of California, or any city for unregistered medical cannabis activities or has had a registration revoked under this chapter in the previous three (3) years;
- (8) The applicant did not pay to the City the required application and processing fees as set forth in Section 6-5.070.

(b) The Zoning Administrator or designee may place reasonable conditions upon registration if grounds exist for denial of the registration and those grounds may be removed by the imposition of those conditions.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.070 Fees and charges.

- (a) Prior to operating in the City of Watsonville, the operator of each medical cannabis facility shall timely and fully pay all fees associated with the registration of that facility. The fees shall be as set forth in the schedule of fees and charges established by resolution of the City Council, including, but not limited to, the following:
 - (1) "Application fee" for accepting a registration application; due and payable in full at the time a registration application is submitted;
 - (2) "Quarterly operating fee" for the cost to the City of operating a medical cannabis regulatory program; due and payable in full at the time the City issues a

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regulatory permit and every three (3) months thereafter. Such fee shall be set by Council resolution;

(3) "Regulatory permit renewal fee" for the cost to the City of processing an application to renew a regulatory permit; due and payable in full at the time application is made to renew a regulatory permit; this fee shall be equal to the administrative use permit fee;

(4) Any fees for inspection or investigation that are not included within the other fees associated with registration; due and payable in full upon request of the City.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.080 Change in location—Updated registration form.

(a) Any time an applicant or licensee changes the dispensing or cultivation location specified in the regulatory permit, it shall re-register with City Planning. The process and the fees for re-registration shall be the same as the process and fees set forth for registration in Section 6-5.030 and this section.

(b) Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this chapter, including any change in the applicant or licensee's ownership or management members, the applicant or licensee shall file an updated registration form with the Zoning Administrator for review along with a registration amendment fee.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.090 Renewal or revocation of regulatory permit.

(a) No regulatory permit issued under this chapter may be renewed unless:

(1) A new registration form has been filed with Planning as set forth in Section 6-5.030 a minimum of sixty (60) days prior to the expiration date of the regulatory permit;

(2) The annual renewal registration fee, as set forth in Section 6-5.070, has been paid to the City; and

(3) The applicant or licensee and its owners and managers all meet the requirements of this chapter for registration.

(b) The Zoning Administrator or designee may elect not to renew a regulatory permit issued under this chapter if:

(1) The applicant or licensee and its owners and managers have not complied at all times with all the requirements for registration as set forth in this chapter;

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- (2) Any of the standard permit conditions or circumstances included in Sections 6-5.110 through 6-5.170 as applicable, singularly or in combination, of this chapter have occurred; or
- (3) The Zoning Administrator or designee is aware of any other facts or circumstances which indicate that renewal of the regulatory permit will be detrimental to the health, safety, and welfare of the residents of the City.

(c) The Zoning Administrator or designee may revoke a regulatory permit issued under this chapter, upon such notice as deemed appropriate by the Zoning Administrator or designee, if:

- (1) The applicant or licensee and its owners and managers have not complied at all times with all the requirements for registration as set forth in this chapter;
- (2) Any of the conditions or circumstances included in Sections 6-5.110 through 6-5.170 as applicable, singularly or in combination, of this chapter have occurred; or
- (3) The Zoning Administrator or designee is aware of any other facts or circumstances which indicate that continued operation of the medical cannabis facility will be detrimental to the health, safety, and welfare of the residents of the City.

(d) Any medical cannabis facility that has been permitted by the City shall not be denied renewal of a regulatory permit based solely on the adoption of regulations that make that facility non-conforming.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.100 Limitations on City's liability.

(a) To the fullest extent permitted by law, the City shall not assume any liability whatsoever, with respect to approving any regulatory permit pursuant to this chapter or the operation of any medical cannabis facility approved pursuant to this chapter. As a condition of approval of a regulatory permit as provided in this chapter, the applicant or its legal representative shall:

- (1) Execute an agreement indemnifying the City from any claims, damages, injuries, or liabilities of any kind associated with the registration or operation of the medical cannabis facility or the prosecution of the applicant or licensee or its members for violation of Federal or State laws;
- (2) Maintain insurance in the amounts and of the types that are acceptable to the Zoning Administrator or designee;
- (3) Name the City as an additional insured on all City required insurance policies;

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- (4) Agree to defend, at its sole expense, any action against the City, its agents, officers, and employees related to the approval of a regulatory permit; and
- (5) Agree to reimburse the City for any court costs and attorney fees that the City may be required to pay as a result of any legal challenge related to the City's approval of a regulatory permit. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the operator of its obligation hereunder.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.110 Additional terms and conditions.

Based on the information set forth in the application, the Zoning Administrator or designee may impose reasonable terms and conditions on the proposed operations of the medical cannabis facility in addition to those specified in this chapter.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.120 Zoning and location.

(a) ~~No permit to operate a medical marijuana facility shall be issued except in the Industrial Park and General Industrial zoning designations.~~

(b) An applicant or licensee may have more than one (1) medical cannabis facility cultivation site upon which medical cannabis is cultivated, so long as each site is permitted.

Separation requirements:

	<u>Cultivation</u> ¹	<u>Dispensary</u> ²	<u>Manufacture</u> ¹	<u>Transport</u> ¹	<u>Distribution</u> ¹	<u>Testing</u> ¹
<u>School (K-12)</u>	<u>600'</u>	<u>600'</u>	<u>600'</u>	<u>600'</u>	<u>600'</u>	<u>600'</u>
<u>Park</u>	<u>600'</u>	<u>600'</u>	<u>600'</u>		<u>600'</u>	
<u>Residential Zone</u>	<u>300'</u>		<u>300'</u>		<u>300'</u>	
<u>Medical Cannabis Dispensary</u>		<u>600'</u>				
<u>Liquor Store</u>		<u>600'</u>				
<u>Faith Based Facility</u>	<u>600'</u>	<u>600'</u>	<u>600'</u>		<u>600'</u>	

¹ Separation distance measured from parcel line to parcel line

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2 Separation distance measured in a straight line from the nearest exterior wall of the medical cannabis dispensary lease space to the nearest parcel line.

(f) All medical cannabis cultivation operations, including all cannabis plants at any stage of growth, shall not be visible from the outside of any building.

(g) There shall be no “outdoor” cultivation permitted within the City of Watsonville, including, but not limited to, license type 1, 2, 3, or 4.

(h) The number of indoor cultivation facility licenses shall not exceed six (6). No more than six (6) parcels may hold a license for cultivation. Cultivation licenses shall become available on a first come first serve basis according to rules to be established by the City Manager. Any license shall automatically terminate if cultivation stops for ninety (90) days or more. The City Manager may adopt administrative rules to implement this subsection pursuant to Section 2-3.102.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016, as amended by § 1, Ord. 1338-16 (CM), eff. August 4, 2016)

6-5.130 Signage.

(a) Notwithstanding other sections of the City of Watsonville Municipal Code, exterior signage for the facility shall be limited to one (1) exterior building sign not to exceed fifteen (15) square feet in area.

(b) Door and/or window signage not to exceed ten (10) square feet in area; such signs shall not be directly illuminated except during operating hours.

(c) Cannabis facility signage shall not have any reference, through language or symbol, to cannabis.

(d) Signage shall otherwise be reviewed and approved by the City in accordance with Chapter 8-6.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.140 Standard conditions for all medical cannabis facilities.

(a) Any violation of this provision shall result in the immediate suspension of any permit authorized under this chapter, and pending investigation and a hearing, shall result in revocation of the permit at the election of the Zoning Administrator or designee.

(b) Medical cannabis facilities shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all medical cannabis products from the time of delivery until purchase by or distribution to a qualified patient or primary caregiver.

(c) Medical cannabis facilities shall have an electronic point of sale system that produces historical transactional data for review by the Zoning Administrator or designee for compliance and auditing purposes.

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(d) Each licensee shall maintain at the premises all records and documents required by this chapter and all the information and records listed below:

- (1) The name, address, and telephone number(s) of the owner, landlord and/or lessee of the location;
- (2) The name, address, and telephone number of each patient and primary caregiver, along with a copy of the written documentation provided by each qualified patient designating his or her primary caregiver;
- (3) The name, business address, and telephone number of each attending physician who provided a physician's recommendation for any patient of the licensee. The physician must be treating the patient for the medical condition for which medical cannabis is being recommended;
- (4) The records of all qualified patients with a valid identification card and primary caregivers with a valid identification card may be maintained by the applicant or licensee using only the identification card number issued by the State pursuant to California Health and Safety Code Section 11362.7 et seq., in lieu of the information required by Sections 6-5.190.B.2.a. through c., B.3, and B.4.;
- (5) Complete and up-to-date records regarding the amount of medical cannabis cultivated, produced, harvested, stored, packaged, transported or delivered;
- (6) Complete and up-to-date records regarding medical cannabis transfers from the applicant or licensee's cultivation site to dispensing location(s), including the date and time of the transfer; the name and address of the cultivation facility and the name and address of the supplier if different from the cultivation facility; the amount, form, type, batch and lot number of cannabis transferred; the time of departure from the cultivation facility; the time of arrival at the dispensing location; the names of the employees transporting the product; and the name of the employee who received the product at the dispensing location;
- (7) Complete and up-to-date records documenting each transfer of medical cannabis from the applicant or licensee's dispensing location to patients including the amount provided, the form or product category in which the medical cannabis was provided, the date and time provided, the name of the employee making the transfer, and the amount of monetary or other transaction;
- (8) All receipts of the licensee, including but not limited to all contributions and all expenditures incurred by the licensee for the cultivation and dispensing of medical cannabis;

(f) Records demonstrating compliance with State and Federal rules and regulations regarding reporting and taxation of income received; and

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(g) All medical cannabis facilities shall perform an inventory on cannabis products at least once per month and shall record the total quantity of each form of cannabis on the premises.

(h) All records required by this section shall be maintained by the applicant or licensee for a period of seven (7) years and shall be made available by the applicant or licensee to any City official or third party charged with enforcing the provisions of this code upon request, with or without a warrant.

(i) Each medical cannabis facility shall provide the Zoning Administrator or designee with the name, telephone number, and email address of an on-site community relations or staff person or other representative to whom the City can provide notice if there are operating problems associated with the medical cannabis facility or refer members of the public who may have any concerns or complaints regarding the operation of the medical cannabis facility. Each medical cannabis facility shall also provide the above information to all businesses and residences located within five hundred (500') feet of the medical cannabis facility within thirty (30) days of permit issuance, measured from property line to property line.

(j) During the first year of operation under this chapter, the owner, manager, and community relations representative from each medical cannabis facility holding a valid regulatory permit issued by the City shall attend a quarterly meeting with the Zoning Administrator and/or designee to discuss costs, benefits and other community issues arising as a result of implementation of the medical cannabis regulatory permit program authorized by this chapter. After the first year of operation, the owner, manager, and community relations representative from each such medical cannabis facility shall meet with the Zoning Administrator and/or designee when and as requested by the Zoning Administrator or designee.

(k) Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this chapter, including any change in the applicant or licensee's ownership or management members, the applicant or licensee shall file an updated registration form with the Zoning Administrator for review along with a registration amendment fee.

(l) The transport of medical cannabis shall only occur during daylight hours.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.150 Standard conditions for the cultivation of medical cannabis.

(a) The applicant shall prohibit loitering by persons outside the facility, either on the premises or within one hundred (100') feet of the premises.

(b) The cultivation of medical cannabis shall not create hazards due to the use or storage of materials, processes, products, chemicals, fertilizers, or wastes.

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- (c) The interior and exterior of the medical cannabis facility, including driveways, sidewalks, parking strips, fire access roads and streets on or adjacent to the premises shall be kept in a clean and safe condition.
- (d) Exterior lighting on the premises and location shall ensure the safety of the public and the members and employees of the applicant or licensee while not disturbing surrounding residential or commercial areas.
- (e) Each licensee shall operate in a manner such that the cultivation of medical cannabis does not adversely affect the health or safety of nearby properties through the creation of mold, mildew, dust, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, or other impacts.
- (f) Security cameras shall be installed throughout the facility to monitor both the interior and exterior of the building. The system shall have a thirty (30) day loop installed for all cameras and shall be monitored by a third party security company.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.160 Compliance.

- (a) All medical cannabis facilities shall pay any applicable sales, use, business or other tax, and all license, registration, or other fees pursuant to Federal, State, and local law.
- (b) All medical cannabis facilities and their related licensees or cooperatives shall fully comply with all the provisions of the Compassionate Use Act of 1996, the Medical Cannabis Program Act, the 2008 Attorney General Guidelines, any subsequently enacted State law or regulatory, licensing, or certification requirement, all applicable provisions of this code, and any specific, additional operating procedures and measures as may be imposed as conditions of approval of the regulatory permit.
- (c) Nothing in this chapter shall be construed as authorizing any actions which violate State or local law with regard to the cultivation, transportation, manufacture, provision, sale, transfer, or disposition of medical cannabis.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.170 Inspections and enforcement.

- (a) The Zoning Administrator or designee shall have the right to enter all medical cannabis facilities from time to time unannounced during the facility's hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this chapter, to inspect and copy records required to be maintained under this chapter, or to inspect and view recordings made by security cameras, all without requirement for a search warrant, subpoena, or court order.
- (b) Nothing in this chapter requires the disclosure of any patient's private medical record.

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(c) Operation of the medical cannabis facility in non-compliance with any conditions of approval or the provisions of this chapter shall constitute a violation of the City Code and shall be enforced pursuant to the provisions of this code.

(d) The Zoning Administrator or designee may summarily suspend or revoke a medical cannabis regulatory permit, or disqualify an applicant from the registration process, or elect not to renew a regulatory permit if any of the following, singularly or in combination, occur:

- (1) The Zoning Administrator or designee determines that the medical cannabis facility has failed to comply with any requirement of this chapter or any condition of approval or a circumstance or situation has been created that would have permitted the Zoning Administrator or designee to deny the regulatory permit under Section 6-5.060;
- (2) The cooperative, licensee, or medical cannabis facility has conducted itself or is being conducted in a manner that creates or results in a public nuisance;
- (3) Ownership is changed without the new owners securing a regulatory permit;
- (4) The applicant or licensee relocates to a different location or premises;
- (5) The medical cannabis facility fails to allow inspection and/or copying of the security recordings, the activity logs and records required under this chapter, or the premises by authorized City officials.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.180 Appeals.

Any decision regarding or pertaining to the regulatory permit process set forth in this chapter, or any action taken by the Zoning Administrator or designee pursuant hereto, may be appealed to the City Council. Such appeal shall be taken by filing with the City Clerk, within ten (10) days after notice of the action or decision complained of has been issued, a written statement setting forth the grounds for the appeal. The City Clerk shall transmit the written statement to the City Council and at its next regular meeting the Council shall set a time and place for a hearing on the appeal. Notice of the time and place of such hearing shall be mailed to the appellant. The decision of the City Council on such appeal shall be final and binding on all parties concerned.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

6-5.190 Violations.

- (a) Any violation of any of the provisions of this chapter is unlawful and a public nuisance.
- (b) Any violation of any of the provisions of this chapter shall constitute a misdemeanor violation and upon conviction thereof any violation shall be punishable by

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a fine not to exceed one thousand dollars (\$1,000.00), or by imprisonment in the City jail for a period of not more than six (6) months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.

(c) In lieu of issuing a misdemeanor citation, the City may issue an administrative citation, and/or assess an administrative fine of up to one thousand dollars (\$1,000.00) for each violation of this chapter.

(d) A separate offense occurs for each day any violation of this chapter is continued and/or maintained.

(e) The remedies provided herein are not to be construed as exclusive remedies, and in the event of violation, the City may pursue any proceedings or remedies otherwise provided by law.

(§ 1, Ord. 1326-16 (CM), eff. February 25, 2016)

**City of Watsonville
Community Development Department**

M E M O R A N D U M



DATE: **October 15, 2016**

TO: **Medical Cannabis Advisory Committee**

FROM: **Suzi Merriam, Acting CDD Director**

SUBJECT: **Conditions of Approval for Medical Cannabis Facilities**

MEETING DATE: **October 19, 2016**

RECOMMENDATION:

Staff recommends that the Medical Cannabis Advisory Committee review the proposed conditions of approval for medical cannabis facilities and provide direction to staff and the City Council regarding the proposal.

In addition, staff has begun incorporating the recommendations, thus far, from the Advisory Committee into a draft ordinance for review by the Committee (Attachment 2). This is a draft document which the Committee may review and discuss at the Advisory Committee meeting.

DISCUSSION:

Background: When cities consider approval of a special use permit, conditions are placed on the permit to ensure that the use will not cause adverse impacts to the health and safety of the community. When Watsonville Municipal Code Chapter 6-5 was adopted in January, conditions of approval were included in the Ordinance that address medical cannabis cultivation.

Proposal: The Medical Cannabis Advisory Committee is tasked with reviewing and making a recommendation to staff and City Council on additional conditions to be added to address all types of medical cannabis facilities including testing, dispensaries, manufacturing, distribution, food preparation and transport. In addition, since approval of Chapter 6-5 in January, additional regulations have been developed under modifications to MMRSA (Medical Marijuana Regulation and Safety Act), that provide better statewide guidance on operating procedures.

Staff has reviewed the conditions of approval from the cities of San Jose and Salinas and the counties of Monterey and Santa Cruz in generating the proposed conditions of approval that are included in Attachment 3. Many of the new conditions address operational standards that should become uniform throughout the state. These include:

Cultivation: meeting pesticide use requirements and being open to inspection by the County Agricultural Commissioner

Dispensaries: requiring on site, qualified security personnel during business hours, keeping a locked facility that requires customers to be “buzzed in” to the business.

Testing: standards for the operation of testing labs, including utilization of standard methods for testing and what exactly the labs should be testing for.

Food preparation: standards for the type of medical cannabis edibles that may be prepared and sold in the City, and food safety requirements.

Manufacturing: prohibition on the use of volatile solvents and/or alcohol in the extraction process.

Distribution and Transportation: requirements for the display of the Use Permit with all drivers and deliveries only occurring during daylight hours.

In addition, staff would like the Advisory Committee to consider whether the identification display requirements that the City of San Jose has adopted would be beneficial to the community. In San Jose, each employee of a medical cannabis facility is required to wear a photo ID issued by the Chief of Police when engaged in business. Each employee/owner/manager must renew the identification through the police department each year.

The goal and intent of the draft conditions of approval are to protect the health and safety of the Watsonville community while also creating standard conditions between the City of Watsonville and neighboring jurisdictions. By considering more recently adopted ordinances as well as more recent regulatory changes at the State level, staff has been able to compile some of the most up to date conditions for all medical cannabis businesses so that those facilities that do locate in Watsonville will provide a quality product while protecting the health and safety of the community.

ATTACHMENTS:

1. September 7, 2016 Medical Cannabis Advisory Committee meeting notes
2. Draft Chapter 6-5 with Advisory Committee Recommendations
3. Draft Conditions of Approval for medical cannabis facilities

6-5.130 Signage.

- (a) Notwithstanding other sections of the City of Watsonville Municipal Code, exterior signage for the facility shall be limited to one exterior building sign not to exceed fifteen square feet in area.
- (b) Door and/or window signage not to exceed ten square feet in area; such signs shall not be directly illuminated except during operating hours.
- (c) Signage shall otherwise be reviewed and approved by the City in accordance with section 6 or chapter 8 of this code.
- (d) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of the property. No outdoor storage of cannabis or cannabis products is permitted at any time.
- (e) The entrance to a medical cannabis facility shall be clearly and legibly posted with a notice that no person under the age of eighteen (18) years of age is permitted to enter upon the premises of the medical cannabis facility unless they are a qualified patient or a primary caregiver and they are in the presence of their parent or guardian.
- (f) Non-dispensary Cannabis facilities signage shall not have any reference, through language or symbol, to Cannabis.

6-5.140 Standard conditions for all cannabis facilities.

- (a) Any violation of this provision shall result in the immediate suspension of any permit authorized under this chapter, and pending investigation and a hearing, shall result in revocation of the permit at the election of the Zoning Administrator or designee.
- (b) All medical cannabis facilities and their related licensees or cooperatives shall fully comply with all the provisions of the Compassionate Use Act of 1996, the Medical cannabis Program Act, the 2008 Attorney General Guidelines, any subsequently enacted state law or regulatory, licensing, or certification requirement, all applicable provisions of this code, and any specific, additional operating procedures and measures as may be imposed as conditions of approval of the regulatory permit.
- (c) Nothing in this chapter shall be construed as authorizing any actions which violate state or local law with regard to the cultivation, transportation, manufacture, provision, sale, transfer, or disposition of medical cannabis.

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- (d) No collective shall cause or permit the sale, dispensing, or consumption of alcoholic beverages at the premises and/or location or in the parking area for the premises and/or location.
- (e) All medical cannabis and medical cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.
- (f) The premises or location shall be equipped with, and at all times be monitored by, a web-based closed-circuit television for security purposes. The camera and recording system must be of adequate quality, color rendition and resolution to allow the ready identification of any individual committing a crime anywhere on or adjacent to the premises or location. The system shall be fully functional prior to processing or cultivating of medical cannabis at the premises or location. The recordings of the monitoring shall be maintained for a period of not less than thirty days and shall be made available and accessible to the chief of police and any other city official charged with enforcing the provisions of this Code immediately upon request for review and copying, without the need for a search warrant, subpoena or court order. The collective shall also provide the chief of police with the URL address of any on-site web-based video surveillance to monitor remotely at any time without a warrant, subpoena or court order.
- (g) Exterior lighting on the premises and parking area lighting for the location shall be balanced and shall not result in glare on adjoining properties, shall complement the security systems required in this chapter to ensure that all areas of the location are visible, and shall provide increased lighting at all entrances to the premises. The lighting required in this subsection shall be turned on from dusk to dawn.
- (h) No person shall be in possession of any firearm while on the premises or location without having first obtained a license from the appropriate state or local agency authorizing the person to be in possession of such firearm.
- (i) Each permittee shall notify the City of Watsonville immediately after discovering any of the following: diversion, theft, loss, or any criminal activity involving the commercial medical cannabis operation; significant discrepancies identified during inventory; or any other breach of security.
- (j) A permittee shall not be delinquent in the payment of all applicable state and City taxes and fees.
- (k) When applicable, the permittee must legally hold all required State licenses under the Medical Marijuana Regulations and Safety Act (Business and

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Professions Code 19300, et seq), as it may be amended, and under all other applicable State laws.

- (l) At any time between 8:00 a.m. and 9:00 p.m. and without notice, City officials may enter the premises for the purpose of observing compliance of the medical cannabis facility operation with this Section, including access to and inspection of the facility's records, books, accounts, financial data, and any and all data relevant to its permitted activities for the purposes of conducting an audit or examination.
- (m) It is unlawful for any person having any responsibility over a medical cannabis facility to refuse to allow, impede, obstruct, or interfere with an inspection, or the review of the copying of records and monitoring (including recordings) including, but not limited to, the concealment, destruction, and falsification of any recordings or records.
- (n) Persons under the age of eighteen (18) years shall not be allowed on the premises of a medical cannabis facility and shall not be allowed to serve as a driver for a mobile delivery service unless such person is a qualified patient or a primary caregiver and they are in the presence of their parent or guardian.
- (o) It shall be unlawful and a violation of this Chapter for any person to employ any other person at a medical cannabis facility who is not at least eighteen (18) years of age.
- (p) Odor control devices and techniques shall be incorporated in all medical cannabis facilities to ensure that odors from cannabis are not detectable off-site. Medical cannabis facilities shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the medical cannabis facility that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the medical cannabis facility. As such, medical cannabis facilities must install and maintain the following equipment or any other equipment which the Chief or Police or his designee determines has the same or better effectiveness:
- (q) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;
- (r) An air system that creates negative air pressure between the medical cannabis facility's interior and exterior so that the odors generated inside the facility are not detectable on the outside of the facility.

- (s) All weighting devices must be maintained in compliance with local, state, or federal law and comply with applicable regulations regarding device registration with the Agricultural Commissioner.
- (t) All medical cannabis facilities shall follow all local, state, and federal requirements for solid waste and hazardous waste disposal. The County of Santa Cruz Environmental Health Division may inspect the medical cannabis facility at any time during business hours to ensure compliance with this section.
- (u) Medical cannabis facilities shall employ security personnel subject to the following requirements:
 - (1) All security personnel shall register and maintain valid registration status with the State of California's Department of Consumer Affairs. At no time shall any security personnel register with the state at any level that is less than that of a proprietary private security officer. Proof of application and registration for all security personnel shall be maintained by the collective and shall consist of copies of all relevant documentation including: application forms, receipts for application fees and live scan fees, and actual proof of registration.
 - (2) While on duty, all security personnel shall have a nameplate containing the security personnel's full name and the word "SECURITY" printed in bold, capital letters. The nameplate shall be exhibited prominently on the clothing, at chest level, and shall be visible and easily read at all times. The nameplate shall be a minimum of two inches high and four inches wide, with the required information printed in capital letters, at least three-fourths inches high and in a contrasting color. As an alternative to a nameplate, the security personnel's name and the word "SECURITY" may be embroidered on the security personnel's outermost garment with the required information meeting the above specifications and located at chest level.
- (v) Each permittee shall conspicuously display its permit on the premises. Each medical cannabis facility that engages in delivery services or in transportation services shall carry a copy of the permit in all vehicles that deliver or transport medical cannabis.
- (w) No permittee may hold a license from the State Department of Alcoholic Beverage Control to sell alcohol beverages, nor may the medical cannabis facility operation include a business that sells alcohol beverages. No alcohol may be stored, sold, dispensed or used on the premises.

6-5.150 Records.

- (a) Medical cannabis facilities shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all medical cannabis products from the time of delivery until purchase by or distribution to a qualified patient or primary caregiver.
- (b) Medical cannabis facilities shall have an electronic point of sale system that produces historical transactional data for review by the Zoning Administrator or designee for compliance and auditing purposes.
- (c) *On the fifteenth day of each month, the collective shall provide a detailed accounting of overhead expenses to its membership. Contributions for overhead expenses shall be made through direct billing or through in-kind contribution. Monetary contributions shall be made by cash, personal check, cashier's check or credit card. All accountings, billings, and contributions (whether in-kind, monetary or property) shall be fully documented, in writing and shall be submitted to the director of finance on a quarterly basis.*
- (d) Each medical cannabis facility shall have in place a point-of-sale tracking system to track and to report on all aspects of the medical cannabis facility including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and sale) and shall ensure that such information is compatible with the City's record-keeping systems. The system must have the capability to produce historical transactional data for review by the City of Watsonville. All information provided to the City pursuant to this subsection shall be confidential and shall not be disclosed, except as otherwise may be required under the law.
- (e) Each licensee shall maintain at the premises all records and documents required by this chapter and all the information and records listed below:
- (f) The name, address, and telephone number(s) of the owner, landlord and/or lessee of the location;
 - (1) The name, address, and telephone number of each patient and primary caregiver, along with a copy of the written documentation provided by each qualified patient designating his or her primary caregiver;
 - (2) The name, business address, and telephone number of each attending physician who provided a physician's recommendation for any patient of the licensee;
 - (3) The records of all qualified patients with a valid identification card and primary caregivers with a valid identification card may be maintained by the applicant or licensee using only the identification

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card number issued by the state pursuant to California Health and Safety Code Section 11362.7 et seq., in lieu of the information required by sections 6.5.190.B.2.a. through c., B.3, and B.4.;

(4) Complete and up-to-date records regarding the amount of medical cannabis cultivated, produced, harvested, stored, or packaged at its cultivation site;

(5) Complete and up-to-date records regarding medical cannabis transfers from the applicant or licensee's cultivation site to dispensing location(s), including the date and time of the transfer; the name and address of the cultivation facility and the name and address of the supplier if different from the cultivation facility; the amount, form, type, batch and lot number of cannabis transferred; the time of departure from the cultivation facility; the time of arrival at the dispensing location; the names of the employees transporting the product; and the name of the employee who received the product at the dispensing location;

(6) Complete and up-to-date records documenting each transfer of medical cannabis from the applicant or licensee's dispensing location to patients including the amount provided, the form or product category in which the medical cannabis was provided, the date and time provided, the name of the employee making the transfer, and the amount of monetary or other transaction;

(7) All receipts of the licensee, including but not limited to all contributions and all expenditures incurred by the licensee for the cultivation and dispensing of medical cannabis;

(8) Records demonstrating compliance with state and federal rules and regulations regarding reporting and taxation of income received; and

(9) All medical cannabis facilities shall perform an inventory on the first business day of each month and shall record the total quantity of each form of cannabis on the premises.

(g) All records required by this section shall be maintained by the applicant or licensee for a period of seven years and shall be made available by the applicant or licensee to the Zoning Administrator and any City official charged with enforcing the provisions of this code upon request.

6-5.160 Identification display requirements.

(a) Each owner, manager and individual member engaged in the cultivation, processing, manufacturing, transporting or dispensing of medical

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cannabis shall, at all times while engaged in the duties of his or her position for the collective, wear in plain sight, on his or her person and at chest level, a valid identification badge, issued by the chief of police and containing such information, including a suitable photograph, as the chief of police may require.

- (b) No owner, manager or individual member engaged in the cultivation, processing, manufacturing, transporting or dispensing of medical cannabis shall engage in any activities on behalf of the collective with which he or she is registered, without first obtaining a valid identification badge.
- (c) Identification badges shall expire one year after issuance.
- (d) Application for renewed identification badges shall be filed with the chief of police no later than thirty days prior to the expiration of the current identification badge.
- (e) Identification badges are the property of the City of San José and shall be immediately collected by the collective and provided to the chief of police within twenty-four hours of their expiration, or within twenty-four hours of the termination of the collective's relationship with the owner, manager or individual member participating in the cultivation, processing, manufacturing, transporting or dispensing of medical cannabis.

6-5.170 Operating Conditions for Medical Cannabis Dispensaries

- (a) Medical cannabis dispensaries may only be open between the hours of 8:00 a.m. and 9:00 p.m. and may operate seven days per week.
- (b) All medical cannabis and medical cannabis products shall be stored in a secured and locked safe room, safe or vault, and in a manner to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate use.
- (c) No applicant or dispensary shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the medical cannabis facility or in the parking area for the facility.
- (d) Medical cannabis may not be inhaled, smoked, eaten, ingested, vaporized, or otherwise used or consumed on the premises or in the parking areas of the premises.
- (e) The applicant or dispensary shall prohibit loitering by persons outside the facility, either on the premises or within one hundred feet of the premises.

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- (f) A sign shall be placed in a visible location near the reception of patients and at the register stating that it is a crime to distribute medical Cannabis to individuals without a recommendation to use Cannabis as a medicine.
- (g) The applicant or licensee shall maintain a database of individuals who violate any portion of this chapter and refuse service to those individuals
- (h) A copy of the regulatory permit issued by the City, and any conditions thereof, shall be posted on the premises in a prominent place where it may be readily viewed by any member of the general public.
- (i) Each applicant or licensee can operate in a manner such that the cultivation of medical cannabis does not adversely affect the health or safety of nearby properties through creation of mold, mildew, dust, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, or other impacts.
- (j) The cultivation of medical cannabis shall not create hazards due to the use or storage of materials, processes, products, chemicals, fertilizers, or wastes.
- (k) The interior and exterior of the medical cannabis facility, including driveways, sidewalks, parking strips, fire access roads and streets on or adjacent to the premises shall be kept in a clean and safe condition.
- (l) Consistent with the "Memorandum for all United States Attorneys," issued by the U. S. Department of Justice, from James M. Cole, Deputy Attorney General (known as the "Cole Memo"), the licensee or cooperative shall take all necessary and reasonable steps, including the refusal of service to any patient of the applicant or licensee, to prevent:
 - (1) The distribution of cannabis to minors;
 - (2) Revenue from the sale or distribution of cannabis from going to criminal enterprises, gangs and cartels;
 - (3) The diversion of cannabis from California to any other state;
 - (4) State-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (5) Violence and the use of firearms in the cultivation and distribution of cannabis;
 - (6) Drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;

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(7) Growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and

(8) Preventing cannabis possession or use on federal property.

(m) Any violation of this provision shall result in the immediate suspension of any permit authorized under this chapter, and pending investigation and a hearing, shall result in revocation of the permit at the election of the Zoning Administrator or designee.

(n) Verify the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen (18) years of age and that the potential customer has a valid doctor's recommendation. Doctor recommendations shall not be provided at the dispensary.

(o) Entrances into the dispensary shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access to and entry to the dispensary to separate it from the reception/lobby area. Individuals must show their medical cannabis card in order to gain access to the dispensary.

(p) Dispensaries may have on-site in the retail sales area of the dispensary only that quantity of cannabis and cannabis products reasonably anticipated to meet the daily demand readily available for sale.

(q) All restroom facilities shall remain locked and under the control of management.

(r) There shall be a minimum of one security personnel at the dispensary during its hours of operation. The security personnel shall provide security inside the premises, along the outside perimeter of the premises, at parking sites immediately adjacent to the premises and used by members of the collective, and at sidewalks adjacent to the collective's location.

6-5.180 Manufacturing

(a) The extraction and refinement of chemical compounds from medical cannabis by way of a solvent-based method utilizing compressed flammable gases or alcohol is prohibited. No collective shall possess, dispense or transport any medical cannabis manufactured by such method. All extraction and refinement equipment used by a collective shall be subject to review by, and approval of, the city pursuant to building codes.

6-5.190 Cultivation

(a) The licensee shall prohibit loitering by persons outside the facility, either on the premises or within one hundred (100') feet of the premises.

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- (b) The cultivation of medical cannabis shall not create hazards due to the use or storage of materials, processes, products, chemicals, fertilizers, or wastes.
- (c) *The medical cannabis facility shall follow all pesticide use requirements of local, state, and federal law. The Santa Cruz County Agricultural Commissioner may inspect the commercial cannabis business at any time during business hours to ensure compliance with this section.*
- (d) *Outdoor cultivation of cannabis is prohibited Citywide. All cultivation of cannabis must occur within a permanent, permitted structure.*
- (e) *Medical cannabis cultivation shall be conducted in accordance with state and local laws related to grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.*
- (f) *Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from pests, rodents, or other wildlife.*
- (g) *The cultivation of medical cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the facility, visitors to the area, neighboring properties, and the end users of the medical cannabis being cultivation, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the medical cannabis being cultivated; and to safeguard against the diversion of cannabis for non-medical purposes.*

6-5.200 Food Preparation

- (a) *All food products, food storage facilities, food-related utensils, equipment and materials shall be approved, used, managed and handled in accordance with Sections 113700-114437 of the California Health and Safety Code, and California Retail Food Code. All food products shall be protected from contamination at all times, and all food handlers must be clean, in good health and free from communicable diseases.*
- (b) *Baked products (e.g., brownies, bars, cookies, cakes), tinctures, and other non-refrigerated type items may be sold or distributed at a medical cannabis dispensary. The County of Santa Cruz Environmental Health Department may inspect the medical cannabis facility at any time during business hours to ensure compliance with this Section.*

(c) No edible medical cannabis products requiring refrigeration or hot-holding shall be sold or distributed at a medical cannabis facility operating under a permit issued pursuant to this Chapter.

6-5.210 Packaging of Medical cannabis.

(a) Prior to sale at a dispensary, medical cannabis products shall be labeled and in a tamper-evident package. Labels and packages of medical cannabis products shall meet the following requirements:

(1) Medical cannabis packages and labels shall not be made to be attractive to children.

(2) All medical cannabis product labels shall include the following information, prominently displayed and in a clear and legible font:

- (i.) Manufacture date and source.
- (ii.) The statement "SCHEDULE I CONTROLLED SUBSTANCE."
- (iii.) The statement "KEEP OUT OF REACH OF CHILDREN AND ANIMALS" in bold print.
- (iv.) The statement "FOR MEDICAL USE ONLY."
- (v.) The statement "THE INTOXICATING EFFECTS OF THIS PRODUCT MAY BE DELAYED BY UP TO TWO HOURS."
- (vi.) The statement "THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."
- (vii.) Label must list the total weight (in ounces or grams) of medical cannabis in the package.
- (viii.) A warning if nuts or other known allergens are used.
- (ix.) List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total.
- (x.) Clear indication, in bold type, that the product contains medical cannabis.
- (xi.) Identification of the source and date of cultivation and manufacture.
- (xii.) Any other requirement set by the bureau.
- (xiii.) Information associated with the unique identifier issued by the Department of Food and Agriculture pursuant to Section 11362.777 of the Health and Safety Code.

(b) Only generic food names may be used to describe edible medical cannabis products.

6-5.220 Delivery and Transportation

(a) Each medical cannabis facility that engages in delivery services or in transportation services shall carry a copy of the Use Permit in all vehicles that deliver or transport medical cannabis.

(b) Deliveries shall only occur during daylight hours.

6-5.230 Testing

- (a) A testing licensee shall not hold a license in another license category of this Chapter and shall not own or have ownership interest in a non-testing facility licensed pursuant to this Chapter.
- (b) A licensed testing service shall issue a certificate of analysis for each lot, with supporting data, to report the same information required in California Government Code Section 19344 in Chapter 3.5 of Division 8 or unless otherwise provided by law.
- (c) A licensed testing service shall, in performing activities concerning marijuana and marijuana products, comply with the requirements and restrictions set forth in applicable law and regulations.
- (d) Licensees shall use standard methods established by International Organization for Standardization approved by an accrediting body that is signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.
- (e) Licensees shall test for cannabinoids, contaminants, microbiological impurities, and other compounds spelled out in California Government Code Section 19344.
- (f) Licensees may conduct tests for individual qualified patients, but not certify them for resale or transfer to other licensees.

6-5.240 Community Relations.

- (a) Each medical cannabis facility shall provide the Zoning Administrator or designee with the name, telephone number, and email address of an on-site community relations or staff person or other representative to whom the City can provide notice if there are operating problems associated with the medical cannabis facility or refer members of the public who may have any concerns or complaints regarding the operation of the medical cannabis facility. Each medical cannabis facility shall also provide the above information to all businesses and residences located within five hundred (500') feet of the medical cannabis facility within thirty (30) days of permit issuance, measured from property line to property line.
- (b) During the first year of operation under this Chapter, the owner, manager, and community relations representative from each medical cannabis facility holding a valid regulatory permit issued by the City shall attend a quarterly meeting with the Zoning Administrator and/or designee to discuss costs, benefits and other community issues arising as a result of implementation of the medical cannabis regulatory permit program authorized by this chapter. After the first year of

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operation, the owner, manager, and community relations representative from each such medical cannabis facility shall meet with the Zoning Administrator and/or designee when and as requested by the Zoning Administrator or designee.