



City Council Staff Report

DATE: December 14, 2016 CONSENT CALENDAR

SUBJECT: SECOND READING AND ADOPTION OF ORDINANCE NO. 1908 AND 1909 AMENDING THE PALM SPRINGS MUNICIPAL CODE RELATING TO MEDICAL CANNABIS REGARDING THE DEVELOPMENT STANDARDS FOR MEDICAL CANNABIS FACILITIES IN VARIOUS ZONING DISTRICTS, MEDICAL CANNABIS BUSINESSES IN THE CITY,

FROM: David H. Ready, City Manager

BY: Office of the City Clerk

SUMMARY:

The City Council will consider adoption of Ordinance Nos. 1908 and 1909.

RECOMMENDATION:

- 1) Waive the second reading of the ordinance text in its entirety and adopt Ordinance No. 1908, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTIONS 93.23.15, 92.17.2.00, AND SUBSECTION F OF SECTION 92.17.2.03 OF THE PALM SPRINGS MUNICIPAL CODE RELATING TO MEDICAL CANNABIS FACILITIES; AMENDING SECTIONS 92.15.01.C, 92.16.01.C, 92.17.01.C, 92.17.1.02, 92.17.2.00, AND 92.17.2.01.C RELATING TO MEDICAL CANNABIS MANUFACTURING AND MEDICAL CANNABIS TESTING FACILITIES IN THE C-M, M-1-P, M-1, M-2, AND E-1 ZONES OF THE CITY; AND AMENDING SECTIONS 92.14.01.A, 92.14.1.01.A, 92.15.01.A, 92.16.01.A, 92.17.01.A, AND 92.18.01.A RELATING TO MEDICAL CANNABIS DISPENSARY FACILITIES IN THE C-2, H-C, C-M, M-1-P, M-1, M-2, AND A ZONES OF THE CITY." and
- 2) Waive the second reading of the ordinance text in its entirety and adopt Ordinance No. 1909, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADDING CHAPTER 5.45 TO, AND AMENDING SECTION 5.35.100 OF, THE PALM SPRINGS MUNICIPAL CODE, RELATING TO MEDICAL CANNABIS BUSINESSES IN THE CITY OF PALM SPRINGS."

STAFF ANALYSIS:

On December 7, 2016, Ordinance Nos. 1908 and 1909 were introduced for first reading, as noted below:

Item No. 1.B.

ACTION: 1) Waive the reading of the text in its entirety, read by title only, and introduce on first reading Ordinance No. 1908, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTIONS 93.23.15, 92.17.2.00, AND SUBSECTION F OF SECTION 92.17.2.03 OF THE PALM SPRINGS MUNICIPAL CODE RELATING TO MEDICAL CANNABIS FACILITIES; AMENDING SECTIONS 92.15.01.C, 92.16.01.C, 92.17.01.C, 92.17.1.02, 92.17.2.00, AND 92.17.2.01.C RELATING TO MEDICAL CANNABIS MANUFACTURING AND MEDICAL CANNABIS TESTING FACILITIES IN THE C-M, M-1-P, M-1, M-2, AND E-1 ZONES OF THE CITY; AND AMENDING SECTIONS 92.14.01.A, 92.14.1.01.A, 92.15.01.A, 92.16.01.A, 92.17.01.A, AND 92.18.01.A RELATING TO MEDICAL CANNABIS DISPENSARY FACILITIES IN THE C-2, H-C, C-M, M-1-P, M-1, M-2, AND A ZONES OF THE CITY;" and 2) Waive the reading of the text in its entirety, read by title only, and introduce on first reading Ordinance No. 1909, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADDING CHAPTER 5.45 TO, AND AMENDING SECTION 5.35.100 OF, THE PALM SPRINGS MUNICIPAL CODE, RELATING TO MEDICAL CANNABIS BUSINESSES IN THE CITY OF PALM SPRINGS;" as amended.

Motion by Councilmember Kors, seconded by Councilmember Roberts, and carried by a majority roll call vote:


AYES: Councilmember Foat, Councilmember Kors, Councilmember Roberts, and Mayor Moon.

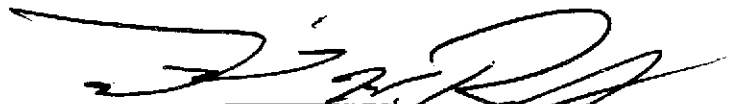
NOES: None.

ABSENT: None.

ABSTAIN: Mayor Pro Tem Mills.

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


James Thompson
City Clerk


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

/kdh

Attachments:

Ordinance No. 1908

Ordinance No. 1909

ORDINANCE NO. 1908

AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTIONS 93.23.15, 92.17.2.00, AND SUBSECTION F OF SECTION 92.17.2.03 OF THE PALM SPRINGS MUNICIPAL CODE (PSMC) RELATING TO MEDICAL CANNABIS FACILITIES; AMENDING SECTIONS 92.15.01.C, 92.16.01.C, 92.17.01.C, 92.17.1.02, 92.17.2.00, AND 92.17.2.01.C RELATING TO MEDICAL CANNABIS MANUFACTURING AND MEDICAL CANNABIS TESTING FACILITIES IN THE C-M, M-1-P, M-1, M-2, AND E-1 ZONES OF THE CITY; AND AMENDING SECTIONS 92.14.01.A, 92.14.1.01.A, 92.15.01.A, 92.16.01.A, 92.17.01.A, 92.17.1.01.A, AND 92.18.01.A RELATING TO MEDICAL CANNABIS DISPENSARY FACILITIES IN THE C-2, H-C, C-M, M-1-P, M-1, M-2, AND A ZONES OF THE CITY.

City Attorney Summary

This Ordinance amends provisions of the City's Zoning Code to establish additional zoning regulations for certain medical facilities that could be permitted under the implementation of the Medical Cannabis Regulation and Safety Act. This Ordinance will only go into effect upon the effective date of Ordinance No. 1909, the Comprehensive Medical Cannabis Ordinance.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS ORDAINS:

SECTION 1. Sections 92.15.01.C (C-M Zone), 92.16.01.C (M-1-P Zone), 92.17.01.C (M-1 Zone), 92.17.1.02.C (M-2 Zone), and 92.17.2.01.C (E-I Zone) are amended to add Medical Cannabis Manufacturing Facility and Medical Cannabis Testing Facility as uses permitted by Land Use Permit in such zones.

SECTION 2. Sections 92.14.01.A (C-2 Zone), 92.14.1.01.A (Highway Commercial Zone), 92.15.01.A (C-M Zone), 92.16.01.A (M-1-P Zone), 92.17.01.A (M-1 Zone), 92.17.1.01.A (M-2 Zone), and 92.18.01.A (Airport Zone) are amended to add Medical Cannabis Dispensary use as a permitted use in such zones.

SECTION 3. Section 92.17.2.00 of the Palm Springs Municipal Code is amended to read:

92.17/2/00 "E-I" Energy Industrial Zone.

The "E-I" energy industrial zone is intended to provide areas for alternative energy development and limited industrial and cultivation uses in those areas which by virtue of strong prevailing winds are ideally suited for large-scale development of wind energy. Alternative energy development is intended as the principal land use. The retention of open space is encouraged. No industrial use shall be permitted which, by the nature of its development or operation, will in any way adversely affect the resort environment of the City.

SECTION 4. Subsection F of Section 92.17.2.03 of the Palm Springs Zoning Ordinance is amended to read:

F. Coverage.

Where a site is developed or approved for wind energy or other alternative energy purposes, any industrial use thereon shall not occupy an area greater than fifteen (15) percent of any lot or planned development. Where a site is not so developed or approved, coverage shall not exceed sixty (60) percent of any lot or planned development.

SECTION 5. Section 93.23.15 of the Palm Springs Municipal Code is amended to read:

93.23.15 Special Standards for Specified Medical Cannabis Facilities.

A. No land use entitlement, permit (including building permit) approval, site plan, certificate of occupancy, zoning clearance, or other land use authorization for a MCCC, Medical Cannabis Dispensary (MCD), Medical Cannabis Manufacturing Facility (MCMF), Medical Cannabis Cultivation Facility (MCCF), or Medical Cannabis Testing Facility (MCTF) (collectively "Medical Cannabis Facilities") shall be granted or permitted except in conformance with this Section.

B. Medical Cannabis Facilities shall be permitted only upon application and approval of a regulatory permit in accordance with the criteria and process set forth in Chapter 5.35 or 5.45 of this Code. Prior to initiating operations and as a continuing requisite to conducting operations, the legal representative of the persons wishing to operate a Medical Cannabis Facility shall obtain a regulatory permit from the City Manager under the terms and conditions set forth in Chapter 5.35 or Chapter 5.45 of this Code and shall otherwise fully comply with the provisions of this Section.

C. No MCCC, MCD, MCMF, or MCTF shall be established, developed, or operated within two-hundred fifty (250) feet of Palm Canyon Drive or any residential zone property; within five hundred (500) feet of a school, public playground or park, child care or day care facility, or youth center. All distances shall be measured in a straight line, without regard to intervening structures, from the nearest property line of the property on which the MCCC, MCD, MCMF, MCTF is, or will be located, and to the nearest property line of those uses described in this Subsection. Administrative modifications for this standard may be granted by the City Council pursuant to Section 94.06.01.B. Any MCMF in excess of ten thousand (10,000) square feet shall operate only within the E-I and the M-2 Zones.

D. A Medical Cannabis Facility is not and shall not be approved as an accessory use to any other use permitted by this Zoning Code. MCCC and MCCF facilities may be located on the same parcel or on the same premises as otherwise permitted by this Zoning Code.

E. Except within the E-I Zone, where M-2 standards shall apply, a Medical Cannabis Facility shall be parked at a rate of one (1) space for every two hundred fifty (250) gross

square feet of office space, and one (1) space for every eight hundred (800) feet of warehouse/cultivation space. Administrative modifications for this standard may be granted by the City Council pursuant to Section 94.06.01.B.

SECTION 6. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage or upon the effective date of Ordinance No. 1909, whichever occurs last.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 14TH DAY OF DECEMBER, 2016.

ROBERT MOON, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, California, do hereby certify that Ordinance No. 1908 is a full, true, and correct copy, and was introduced at a regular meeting of the Palm Springs City Council on 7th day of December, 2016, and adopted at a regular meeting of the City Council held on the 14th day of December, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California

ORDINANCE NO. 1909

AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADDING CHAPTER 5.45 TO, REPEALING SUBSECTION C(1) OF SECTION 5.35.340 OF, AND AMENDING SECTION 5.35.100 OF, THE PALM SPRINGS MUNICIPAL CODE, RELATING TO MEDICAL CANNABIS BUSINESSES IN THE CITY OF PALM SPRINGS.

City Attorney's Summary

This Ordinance implements the provisions of the Medical Cannabis Regulation and Safety Act provides for the provision of medical 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 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. It is the purpose and intent of MCRSA to accommodate the needs of the seriously ill 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.

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

N. This Ordinance provides regulations for the local permitting of medical marijuana operations under specified conditions in the unincorporated areas of the City.

O. Chapter 5.45 is intended to establish criteria for issuing local permits pursuant to the MCRSA and to establish an effective regulatory and enforcement system consistent with the guidance issued by the United States Department of Justice.

P. 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.

Q. 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 for medical purposes, as long as the administration of those schemes is consistent with the aims of federal law.

R. The City Council recognizes that the investigation and research of the therapeutic uses for medical cannabis and natural cannabis-derived compounds continues to progress, with at least some demonstrated positive impact on users following the advisement and encouragement of their health care providers, for a variety of ailments, including severely debilitating and terminal illnesses.

S. The City Council recognizes, upon consultation with law enforcement, that supply chains for medical 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.

T. 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.

U. 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.

V. The City Council desires to establish reasonable regulations on the operation of medical 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.

W. Medical cannabis related businesses will continue to 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

X. 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.

Y. 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. Due to the locational requirements of the City for medical cannabis businesses provided in related ordinances initiated, introduced, and/or adopted contemporaneously with this Ordinance, the number of medical cannabis businesses within the various categories provided under State Law and this Ordinance will be limited and the medical 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 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 (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 5.35 of the Palm Springs Municipal Code is renamed
“Initial Medical Cannabis Regulation Program.”

SECTION 2. Subsection C (1) of Section 5.35.340 of the Palm Springs Municipal
Code is repealed.

SECTION 3. Section 5.35.100 of the Palm Springs Municipal Code is amended
to read:

Section 5.35.100. General Provisions.

A. The provisions of this Chapter shall apply solely to medical cannabis collectives or cooperatives permitted and approved by the City Council and commenced operations prior to October 1, 2016. Any such permitted and approved medical cannabis collective or cooperative that commenced operation prior to July 1, 2015 may at the option of the operator continue to operate pursuant to this Chapter until January 1, 2026 or such other date as may be established by the State and engage in cultivation, dispensing, manufacturing, and/or transportation and distribution activities as may be allowed under Chapter 5.45 of this Code.

B. Any permitted and approved medical cannabis collective or cooperative that lawfully commenced operation after July 1, 2015 shall (1) apply for a permit or permits pursuant to Chapter 5.45 of this Code, (2) commence operations pursuant to such permit or permits, and (3) cease operations under any permit under this Chapter 5.35 prior to July 1, 2018, or such later date as the City Council may set by resolution. Upon the approval of one or more permits pursuant to Chapter 5.45 and issuance of related state licenses for cultivation or dispensing medical cannabis under state laws, all rights to continue to operate cultivation and/or dispensing as a medical cannabis collective or cooperative pursuant to this Chapter 5.35 shall cease and shall no longer be in force or effect and shall not be renewed, re-issued, or extended.

C. Except as otherwise expressly provided in this Section, no permit or approval for a medical cannabis collective or cooperative pursuant to Chapter 5.35 shall be approved or maintained.

SECTION 4. Chapter 5.45 is added to the Palm Springs Municipal Code 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 5.45.060. Medical Cannabis Business Permit Required to Engage in Medical Cannabis Business.**
- Section 5.45.070. Commercial Medical Cannabis Permit Required.**
- Section 5.45.080. Commercial Medical Cannabis Permit Application Process.**
- 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 5.43.200. 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.**

Section 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 which violate state or federal law. The provisions of this Chapter are in addition to any other permits, licenses, and approvals which 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, except that any permit for or approval of a medical collective or cooperative approved by the City Council on or approved by July 1, 2015 shall be administered pursuant to the provisions of Chapter 5.35 of this Code.

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 marijuana plant for medical purposes and is therefore a "cannabis or marijuana collective" as defined in Section 3.35.020 of this Code and is therefore responsible for the payment of a cannabis and marijuana tax under the provisions of Chapter 3.35 of this Code.

Section 5.45.020. Legal Authority.

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, and the provisions of the Medical Cannabis Regulation and Safety Act (hereinafter "MCRSA"), 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.

Section 5.45.030. Prohibition on Cultivation and Business Unless Authorized.

Except as specifically authorized in this Chapter or Chapter 5.35, 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.

Section 5.45.040. 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. 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, 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.

Section 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 (18) 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 ten (10) 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 areas occupied by any portion of a cannabis plant, inclusive of all vertical planes, whether contiguous or noncontiguous on any one site.

"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 19332(g), 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 the MCRSA, 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 MCRSA, 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 license for distribution, required by state law to engage in the business of purchasing medical cannabis from a licensed cultivator, or medical cannabis products from a license manufacturer, for sale to a licensed dispensary.

“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 19300) 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 MCRSA.

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

"MCRSA" means the Medical 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 19300 *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 MCRSA to engage in medical cannabis activity.

"Testing laboratory" means a facility, entity, or site in the City that offers or performs test 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 19300 *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 the MCRSA.

Section 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 approved under the provisions of Chapter 5.35 of this Code may continue to operate as a collective or cooperative as provided 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 and the provisions of State Law.

Section 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.

Section 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 ten (10) 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 ten (10) percent or more financial interest in the entity.

8. All land all owners, supervisors, employees, and persons having a ten (10) 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 (18) 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 therefore.
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 19300 *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 marijuana 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.

Section 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.

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 ten (10) 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 (18) 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.

Section 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 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.

Section 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 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.

Section 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 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.

Section 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 will not be associated with any other form of commercial medical 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.

Section 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 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.

Section 5.45.100. Commercial Medical Cannabis Permit Renewals.

A. Each commercial medical 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.

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.

Section 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.

Section 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, 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, including but not limited to a verification of the amount of taxes required to be paid during any period.

Section 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.

Section 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 form approved by the City Attorney before any medical cannabis business permit regarding the following:

1. Applicant shall agree to indemnify, defend (at applicant's sole cost and expense), and hold the City of Palm Springs, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in

any way related to, the City's issuance of the medical cannabis business permit, the City's decision to approve the operation of the medical cannabis business or activity, to process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the medical cannabis business or any of its officers, employees or agents.

2. Maintain insurance at coverage limits, and with conditions thereon as determined necessary and appropriate from time to time by the City Manager.

3. Reimburse the City of Palm Springs for all costs and expenses, including but not limited to attorney fees and costs and court costs, which the City of Palm Springs may be required to pay as a result of any legal action of any kind related to the applicant's medical cannabis business permit, or related in any way any activity of the applicant in conjunction with the operation of the any medical cannabis activity. The City of Palm Springs may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

4. Applicant shall keep the City and law enforcement updated with the names, addresses, and relevant criminal histories of all employees, facility managers, and other relevant parties for the medical cannabis business at all times. Relevant criminal histories shall include any drug-related or felony convictions, the nature of such offenses, and the sentences received for such convictions.

5. Permits issued pursuant to this Chapter are not transferable to any third parties except as provided in Section 5.45.120.

Section 5.43.200. Commercial Medical Cannabis Operating Requirements.

A. Throughout the term of the commercial medical cannabis permit, each permittee shall not violate this Chapter and shall comply with all of the following:

1. It shall be a violation of this Chapter for a permittee to cultivate, process, manufacture, test, distribute, transport, deliver, provide or allow to be provided cannabis to any person except those persons who are qualified patients or primary caregivers who are in possession of an identification card, or have a verifiable written recommendation from a licensed physician for medical cannabis.

2. Each permittee of a medical cannabis business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a medical cannabis business permit issued pursuant to this Chapter), or at any time upon reasonable request of the City, each medical cannabis business shall file a sworn statement detailing the number of sales by the medical cannabis business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month

basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.

3. Each permittee of a medical cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the medical cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the medical cannabis business. The register required by this paragraph shall be provided to the City Manager or his/her designee(s) upon a reasonable request.

4. The permittee shall post or cause to be posted on site all required city and state permits and licenses required to operate. Such posting shall be in a central location, visible to the patrons, at the operating site, and in all vehicles that deliver or transport medical marijuana.

5. Each permittee of a medical cannabis business shall maintain a record of all persons, patients, collectives and primary caregivers served by the medical cannabis business, for a period of no less than four (4) years.

6. Each permittee of a medical cannabis business shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase by or distribution to a qualified patient or primary caregiver.

7. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA) regulations, each medical cannabis business shall allow City of Palm Springs officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted medical cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City.

8. The permittee shall maintain clear and adequate records and documentation demonstrating that all cannabis or cannabis products have been obtained from and are provided to other permitted and licensed cannabis operations. The City shall have the right to examine, monitor, and audit such records and documentation, which shall be made available to the City upon request.

9. All medical cannabis manufacturing facilities shall operate within a legal structure that is compliant with all applicable State and local laws.

10. All medical cannabis businesses must pay all applicable sales taxes and fees pursuant to all federal, State, and local laws and the owner and/or operator shall not be delinquent in the payment of such taxes and fees.

11. On-site smoking, ingestion, or consumption of cannabis or alcohol shall be prohibited on the premises of all medical cannabis manufacturing facilities. The term "premises" as used in this Subsection includes the actual medical cannabis manufacturing building, as well as any accessory structures and parking areas. The medical cannabis manufacturing facility building entrance shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming cannabis or alcohol on the premises or in the vicinity of the facility is prohibited.
12. Signage for all medical cannabis manufacturing facilities shall be limited to name of business only, shall be in compliance with the City's sign code, and shall contain no advertising of any companies, brands, products, goods, or services. Signage shall not include any drug-related symbols.
13. Alcoholic beverages shall not be sold, stored, distributed, or consumed on the premises. Medical cannabis manufacturing facilities shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages. In addition, alcoholic beverages shall not be provided, stored, kept, located, sold, dispensed, or used on the premises of any medical cannabis manufacturing facility.
14. Physician services shall not be provided on the premises. "Physician services" includes without limitation the evaluation of patients for the issuance of a medical marijuana recommendation or card. "Physician services" does not include social services, including counseling, help with housing and meals, hospice, and other care referrals which may be provided on site.
15. The building in which any medical cannabis business facility is located, as well as the operations as conducted therein, shall fully comply with all applicable rules, regulations, and laws including, but not limited to, zoning and building codes, the City's business license ordinances, the Revenue and Taxation Code, the Americans with Disabilities Act, and the MCRSA. Compliance with all requirements of State law pertaining to medical cannabis manufacturing is also required.
16. The canopy area of medical cannabis located at any premises shall not exceed the maximum canopy limits set by State law and the limits set forth in City's use permit issued pursuant to Title 20 or Title 21 of the Palm Springs Municipal Code. The commercial medical cannabis permit shall specify the canopy limit allowed by the permit.
17. No person who is less than eighteen (18) years of age may be employed or otherwise engaged in the operation of the permittee. No person under the age of eighteen (18) shall be allowed on the premises.
18. Odor prevention devices and techniques, such as a ventilation system with a carbon filter, shall be incorporated to ensure that odors from cannabis are not detectable off site.
19. No medical cannabis or medical cannabis products, or graphics depicting cannabis or cannabis products shall be visible from the exterior of the premises.

20. 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 sale.
21. Each permittee shall be responsible and liable for safety and security in and around the commercial medical cannabis operation, and shall provide adequate security on the premises, including lighting and alarms, to ensure the safety of persons and to protect the premises from theft and other crimes. Each permittee shall install and maintain in proper working order, video monitoring equipment capable of providing surveillance of both interior and exterior areas of the permitted establishment. Each permittee shall maintain such surveillance video tapes for a period of at least thirty (30) days and shall make such videotapes available to the City upon demand.
22. Each permittee shall provide the City Manager with the name, telephone number, facsimile number, and e-mail address of a community relations contact to whom the public can provide notice of problems associated with the commercial medical cannabis operation. The permittee shall make a good faith effort to resolve problems without the need for intervention by the City.
23. Any new supervisors, employees or other persons otherwise engaged in the operation of the commercial medical cannabis operation must submit their information to the City Manager within ten (10) days prior to their new ownership, employment or engagement, including fingerprints and other necessary information for a criminal background check.
24. No supervisor, employee, or other persons otherwise engaged in the operation of the commercial medical cannabis operation may have 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.
25. The property owner(s) who own(s) the premises where the commercial cannabis operation is located must at all times have all necessary land use entitlements that run with the land as required by this Code and the land use entitlements must be operative.
26. When applicable, the permittee must legally hold all required State licenses under the Medical Marijuana Regulation and Safety Act (Business and Professions Code Section 19300 *et seq.*), as it may be amended, and under all other applicable State laws.
27. The permittee shall comply with all required city permits, state licenses, city regulations, and state laws and regulations, including without limitation, City building, zoning, and health codes. The owner shall be responsible for the payment of all required inspection fees, permit fees, and taxes. with all applicable Federal, State and local laws, ordinances and regulations.

28. No permittee shall display upon or in proximity to, or referring to the location or premises of the medical cannabis facility, use, publish, or exhibit, or permit to be used, or published, any sign, advertisement, display, notice, symbol, or other device which uses misleading, deceptive, or false advertising. No permittee shall falsely represent, claim, or advertise the content, nature, quality, attributes, or effects of any product or service provided by, or on the premises of, the commercial cannabis operation.

B. A permittee shall comply with the following cultivation, manufacture, waste, and storage requirements:

1. Each permittee must follow all pesticide use requirements of local, State and Federal law.

2. Each permittee must maintain all weighing devices in compliance with local, State or Federal law and comply with Chapter 7.60 of the Palm Springs Municipal Code regarding device registration with the City.

3. Each permittee must follow all local, State and Federal requirements for waste disposal.

4. In no case shall any hazardous, flammable or explosive substances be used to process or manufacture cannabis products on site.

5. Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife.

6. 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.

7. Baked products (e.g., brownies, bars, cookies, etc.), tinctures, and other non-refrigerated type items may be sold or distributed at a medical cannabis business.

C. At any time and without notice, City officials may enter the premises for the purpose of observing compliance of the commercial medical cannabis operation with this Section, including access to and inspection of the commercial medical cannabis operation's records, books, accounts, financial data, and any and all data relevant to its permitted activities for the purpose of conducting an audit or examination.

D. It is unlawful for any person having any responsibility over a commercial medical cannabis operation 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.

Section 5.45.205. Miscellaneous Operating Requirements.

A. Additional Requirements for Dispensaries.

1. Dispensaries shall be located only in zoning districts that specifically provide for this use.
2. Dispensaries shall implement and maintain sufficient security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products in compliance with Section 19334 of the California Business and Professions Code and any rules promulgated by the licensing authority. Security measures shall include, but are not limited to, the following:
 - a. Prevent individuals from loitering on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary;
 - b. Establish limited access areas accessible only to authorized dispensary personnel;
 - c. Store all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis and cannabis products used for display purposes, samples or immediate sale;
 - d. Install security cameras on site; and
 - e. Provide for on-site security personnel meeting the requirements and standards contained within Chapter 5.52 of the Palm Springs Municipal Code. On-site security shall not carry firearms or other lethal weapons.
3. If the dispensary operations are proposed to include transportation and distribution, all employees of a dispensary delivering medical cannabis or medical cannabis products shall carry a copy of the documentation listed below when making deliveries. This information shall be provided upon request to law enforcement officers and to employees of state and local agencies enforcing this Chapter.
 - a. A copy of the dispensary's current permits, licenses, and entitlements authorizing them to provide transportation and distribution services;
 - b. The employee's government-issued identification;
 - c. A copy of the transportation and distribution request; and
 - d. Chain of custody records for all goods being delivered.
4. Dispensaries shall ensure that all cannabis and cannabis products at the dispensary are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations.

5. Dispensaries shall not distribute any medical cannabis or medical cannabis product unless the medical cannabis and medical cannabis products are labeled and in a tamper-evident package in compliance with Section 19347 of the California Business and Professions Code and any additional rules promulgated by the licensing authority and such label shall include the name and contact information of the dispensary that dispensed the medical cannabis.

6. Possession or transportation and distribution of any other form of illegal drugs without proper legal authorization shall be grounds for revocation of permits.

B. Additional Requirements for Medical Cannabis Cultivation.

1. Medical cannabis cultivation shall be located only in zoning districts that specifically provide for this use.

2. Medical cannabis cultivation shall comply with all of the following regulations:

a. Until a program for the identification of permitted medical marijuana plants at a cultivation site is created by the California Department of Food and Agricultural, cultivators shall implement a City approved unique identification protocol. Unique identifiers shall be attached at the base of each plant and shall be traceable through the supply chain back to the cultivation site. Once a state program has been established, all cultivation activities permitted under this Chapter shall comply with the state requirements for unique identifiers and the trace and track program.

b. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of medical cannabis or medical cannabis products shall be provided and maintained. If on-site security is utilized, such on-site security shall not use or possess firearms or other lethal weapons.

c. Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife.

d. Water conservation measures, water capture systems, or grey water systems shall be incorporated in medical cannabis cultivation operations in order to minimize use of water where feasible.

e. On-site renewable energy generation shall be required for all indoor medical cannabis cultivation activities, if feasible. Renewable energy systems shall be designed to have a generation potential equal to or greater than one-half of the anticipated energy demand.

f. Cannabis plants shall not be visible from offsite. No visual markers indicating that cannabis is cultivated on the site shall be visible from offsite.

g. The owner shall ensure that the total canopy size of medical cannabis cultivated at the site does not exceed the cumulative canopy size authorized by State law or regulation. The owner and its licensees and permittees, operating on a site permitted pursuant to this Chapter, and with a commercial medical cannabis permit required pursuant to this Chapter, shall ensure that the total canopy size of cannabis cultivation does not individually exceed the amounts authorized by City permits and State law.

C. Additional Requirements for Medical Cannabis Manufacturing.

1. Medical cannabis manufacturing shall be located only in zoning districts that specifically provide for this use.

2. Regulations. Medical cannabis manufacturing shall comply with all of the following regulations:

a. The manufacturing of food or other products infused with or which otherwise contain cannabis may be manufactured within the appropriate manufacturing zoning districts subject to the regulations set forth in this Chapter, and subject to whatever additional regulations may be promulgated hereunder by an ordinance or resolution of the City Council. Except as otherwise provided in this Chapter, all cannabis manufacturing within the City is prohibited.

b. Medical cannabis manufacturing is a use permitted subject to a land use permit only on properties within specific zone districts as expressly provided in the City's Zoning Code.

c. Medical cannabis manufacturing facilities may be located within the same building or structure as an indoor medical cannabis cultivation facility only if the medical cannabis manufacturing facility is located in separate rooms of the building or structure, and only if the medical cannabis manufacturing facility has its own separate entrance into the building or structure.

d. Subject to the further requirements of this Section, only State manufacturer license classification type 6 level 1 or type 7 will be allowed to operate in the City using nonvolatile solvents in accordance with the MCRSA and Business and Professions Code Sections 19300.7 and 19341. The Health Official shall determine if manufacturing operations are "volatile."

e. All cannabis manufacturing operations shall ensure that cannabis is obtained from permitted and licensed cultivation sources and shall implement best practices to ensure that all manufactured cannabis products are properly stored, labeled, transported, and inspected prior to distribution at a legally permitted and licensed dispensary.

f. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of medical cannabis or medical

cannabis products shall be provided and maintained. Security measures shall include, but are not limited to, the following:

- i. Prevent individuals from loitering on the premises of the manufacturing facility if they are not engaging in activity expressly related to the operations of the manufacturing facility;
 - ii. Store all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;
 - iii. Install security cameras on site; and
 - iv. Provide for on-site security personnel meeting the requirements and standards contained within Chapter 5.52 of the Palm Springs Municipal Code. On-site security shall not use or possess firearms or other lethal weapons.
- g. Any employees of a medical cannabis manufacturing facility operating potentially hazardous equipment shall be trained on the proper use of equipment and on the proper hazard response protocols in the event of equipment failure. In addition, employees handling edible cannabis products or ingredients shall be trained on proper food safety practices.
- h. Medical cannabis manufacturing is allowed only within fully enclosed and secure structures that are inaccessible to minors.
- i. Medical cannabis manufacturing shall not exceed the square footage authorized pursuant to the Land Use Permit.
- j. From any public right-of-way, there shall be no visible exterior evidence of any medical cannabis manufacturing activity.
- k. Medical cannabis manufacturing shall not adversely affect the health or safety of the nearby residents by creating dust, glare, heat, noise, smoke, traffic, vibration, or other impacts, and shall not be hazardous due to use or storage of materials, processes, products, or wastes.
- l. All medical cannabis manufacturing facilities shall fully comply with all of the applicable restrictions and mandates set forth in State law. All medical cannabis manufacturing facilities shall comply with all size requirements for such facilities as imposed by State law. Medical cannabis manufacturing facilities shall not engage in any activities not allowed by medical cannabis manufacturing facilities pursuant to State law. All medical cannabis manufacturing facilities shall comply with all horticultural, labeling, processing, and other standards required by State law.
- m. There is no set restriction on the hours of operation of medical cannabis manufacturing facilities; however, restricted hours of operation

may be established as a condition of approval of the manufacturing permit or the applicable Land Use Permit.

n. Medical cannabis manufacturing facilities shall not distribute, sell, dispense, or administer cannabis from the facility to the public. Medical cannabis manufacturing facilities shall not be operated as medical cannabis dispensaries.

o. The operators of all medical cannabis manufacturing facilities shall provide the City Manager with the name, phone number, facsimile number, and email address of an on-site representative to whom the City and the public can provide notice if there are any operational problems associated with the medical cannabis manufacturing facility. All medical cannabis manufacturing facilities shall make every good faith effort to encourage residents and the public to call this representative to resolve any operational problems before any calls or complaints are made to the City or law enforcement.

p. All finished products produced by a medical cannabis manufacturing facility must be labeled in compliance with the MCRSA, Business and Profession Code Section 19347, and the labeling requirements outlined by the State Department of Public Health.

q. All finished products produced by a medical cannabis manufacturing facility must be packaged in child resistant containers prior to leaving the facility or becoming commercially available in accordance with the MCRSA, Business and Profession Code Section 19347, the State Department of Public Health regulations, and other applicable State laws.

r. All batches of final cannabis products must be tested by a qualified third party testing facility prior to distribution to a dispensary as required by the MCRSA, Business and Professions Code Sections 19326, 19341, and 19342, and the State Department of Public Health regulations.

s. Medical cannabis manufacturing facilities shall only use nonvolatile solvents that have been approved by the State Department of Public Health for medical cannabis level 1 manufacturing. Until such time as any such nonvolatile solvents are approved by the State Department of Public Health for medical cannabis level 1 manufacturing, medical cannabis manufacturing facilities shall only use nonvolatile solvents that have been approved by the Food and Drug Administration for the processing and preparation of botanical dietary supplements or food grade products.

t. All processing and analytical testing devices used for medical cannabis manufacturing facilities must be UL listed, or otherwise approved for the intended use by the City's Building Official or the Fire Department. Any processing devices using only non-pressurized water are exempt from such approval.

u. Unless otherwise prohibited, all processing devices used by a medical cannabis manufacturing facility that utilize hydrocarbons or otherwise flammable solvents must operate in a closed loop, or in such a way that all solvent material is recovered in the process. All hazardous material must be disposed of in a manner which is compliant with all local, State, and federal guidelines for the disposal of hazardous materials.

D. Additional Requirements for Medical Cannabis Testing Facilities.

1. Medical cannabis testing facilities shall be located only in zoning districts that specifically provide for this use.

2. Medical cannabis testing facilities shall comply with all of the following regulations:

a. Medical cannabis testing facilities shall be located only in zoning districts that specifically provide for this use.

b. Medical cannabis testing facilities shall be independent from all other persons and entities involved in the medical cannabis industry.

c. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of medical cannabis or medical cannabis products shall be provided and maintained. Security measures shall include, but are not limited to, the following:

i. Prevent individuals from loitering on the premises of the testing facility if they are not engaging in activity expressly related to the operations of the testing facility;

ii. Store all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;

iii. Install security cameras on site; and

iv. Provide for on-site security personnel meeting the requirements and standards contained within Chapter 5.52 of the City of Palm Springs Code. On-site security shall not use or possess firearms or other lethal weapons.

d. Medical cannabis testing facilities shall adopt standard operating procedures using methods consistent with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17020 and ISO/IEC 17025 to test medical cannabis and medical cannabis products that are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.

e. Medical cannabis testing facilities shall obtain samples for testing according to a statistically valid sampling method.

f. Medical cannabis testing facilities shall analyze samples according to either the most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia or a scientifically valid methodology that is demonstrably equal or superior to the most recent cannabis inflorescence monograph.

g. If a test result falls outside the specifications authorized by law or regulation, the medical cannabis testing facility shall follow a standard operating procedure to confirm or refute the original result.

h. Medical cannabis testing facilities shall destroy the remains of any samples of medical cannabis or medical cannabis product tested upon completion of the analysis.

i. A licensed testing laboratory shall issue a certificate of analysis for each lot, with supporting data, to report both of the following:

i. Whether the chemical profile of the lot conforms to the specifications of the lot for compounds, including, but not limited to, all of the following:

- (1) Tetrahydrocannabinol (THC).
- (2) Tetrahydrocannabinolic Acid (THCA).
- (3) Cannabidiol (CBD).
- (4) Cannabidiolic Acid (CBDA).
- (5) The terpenes described in the most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.
- (6) Cannabigerol (CBG).
- (7) Cannabinol (CBN).
- (8) Any other compounds required by the Department of Public Health.

ii. That the presence of contaminants does not exceed the levels that are the lesser of either the most current version of the American Herbal Pharmacopoeia monograph or those set by the California Department of Public Health. For purposes of this paragraph, contaminants include, but are not limited to, all of the following:

- (1) Residual solvent or processing chemicals.
- (2) Foreign material, including, but not limited to, hair, insects, or similar or related adulterant.
- (3) Microbiological impurity, including total aerobic microbial count, total yeast mold count, *P. aeruginosa*,

aspergillus spp., s. aureus, aflatoxin B1, B2, G1, or G2, or ochratoxin A.

(4) Whether the batch is within specifications for odor and appearance.

E. Additional Requirements for Medical Cannabis Transportation and Distribution.

1. Medical cannabis transportation and distribution facilities shall be located only in zoning districts that specifically provide for this use.

2. Medical cannabis transportation and distribution facilities shall comply with all of the following requirements.

a. Medical cannabis and medical cannabis products shall only be transported between permitted and licensed commercial medical cannabis operations.

b. Prior to transporting medical cannabis or medical cannabis products, the transporter shall complete an electronic shipping manifest. The shipping manifest shall include the unique identifier information from the cultivation source.

c. A physical copy of the shipping manifest shall be maintained during transportation and shall be made available upon request to law enforcement or any agents of the State or City charged with enforcement of this Chapter.

d. Distribution facilities shall maintain appropriate records of transactions and shipping manifests. An organized and clean method of storing and transporting medical cannabis and medical cannabis products shall be provided to maintain a clear chain of custody.

e. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of medical cannabis or medical cannabis products shall be provided and maintained. Security measures at distribution facilities shall include, but are not limited to, the following:

i. Prevent individuals from loitering on the premises of the distribution facility if they are not engaging in activity expressly related to the operations of the distribution facility;

ii. Store all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;

iii. Install security cameras on site; and

iv. Provide for on-site security personnel meeting the requirements and standards contained within Chapter 5.52 of the City of Palm Springs Code. On-site security shall not use or possess firearms or other lethal weapons.

- f. Distributors shall ensure that appropriate samples of medical cannabis or medical cannabis products are tested by a licensed testing facility prior to distribution.
- g. Prior to distribution, the distributor shall inspect medical cannabis or medical cannabis products for quality assurance.
- h. Medical cannabis and medical cannabis products shall be packaged and labeled in accordance with the requirements of state law.
- i. Alternative fuel vehicles shall be provided as part of a medical cannabis transportation fleet.

Section 5.45.210. Security Measures

A. A permitted medical cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing medical cannabis or medical cannabis products, and to deter and prevent the theft of medical cannabis or medical cannabis products at the medical cannabis business. Except as may otherwise be determined by the City Manager or his/her designee(s), these security measures shall include, but shall not be limited to, all of the following:

- 1. Preventing individuals from remaining on the premises of the medical cannabis business if they are not engaging in an activity directly related to the permitted operations of the medical cannabis business.
- 2. Establishing limited access areas accessible only to authorized medical cannabis business personnel.
- 3. Except for live growing plants which are being cultivated at a cultivation facility, all medical cannabis and medical cannabis products shall be stored in a secured and locked room, safe, or vault. All medical cannabis and medical cannabis products, including live plants which are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes or for immediate sale at a dispensary.
- 4. Installing 24-hour security surveillance cameras and used in an on-going manner with at least two hundred and forty (240) concurrent hours of digitally recorded documentation of at least HD-quality in a format approved by the City Manager to monitor all entrances and exits to and from the premises, all interior spaces within the medical cannabis business which are open and accessible to the public, and all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis, including cultivation areas and any other areas as determined by the City Manager. The medical cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the City Manager or his/her designee(s), and the City's Police Department, and that it is compatible with the City's software and hardware. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the City Manager or his/her designee(s)

and to the City's police department. Video recordings shall be maintained for a minimum of ninety (90) days, and shall be made available to the City Manager or law enforcement upon verbal request. No search warrant or subpoena shall be required to view recorded materials. Any disruption in security camera images shall be cured expeditiously in good faith.

5. Panic buttons shall be installed in all medical cannabis businesses.
6. Alarmed with an alarm system that is operated, maintained, and operated by a reputable security company.
7. Any bars installed on the windows or the doors of the medical cannabis business shall be installed only on the interior of the building.
8. Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the City Manager or his/her designee(s), with such approval not to be unreasonably withheld.
9. Each medical cannabis business shall have the capability to remain secure and operational during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
10. The entrances and all window areas shall be illuminated during evening hours. The facility shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etcetera, and shall secure the necessary lighting approvals and permits as needed.
11. The City Manager and law enforcement shall have the right to enter the indoor medical marijuana cultivation facility at any time unannounced for the purpose of making reasonable inspections to observe and enforce compliance with this Section and all laws of the City and the State.

B. Each medical cannabis business shall identify a designated security representative or liaison to the City of Palm Springs, who shall be reasonably available to meet with the City Manager or his/her designee regarding any security related measures or and operational issues.

C. As part of the application and permitting process each medical cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency.

D. The medical cannabis business shall cooperate with the City whenever the City Manager or his designee makes a request, upon reasonable notice to the medical cannabis business, to inspect or audit the effectiveness of any security plan or of any other requirement of this Chapter.

E. A medical cannabis business shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following:

1. Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee.
2. Diversion, theft, loss, or any criminal activity involving the medical cannabis business or any agent or employee of the medical cannabis business.
3. The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the medical cannabis business.
4. Any other breach of security.

Section 5.45.220. Packaging and Labeling Requirements.

Prior to the sale or the transportation and distribution of medical cannabis or medical cannabis product the same shall be labeled and in a tamper-evident packaging. Labels and packages shall at least meet all of the following minimum requirements:

- A. Packages and labels shall not be made to be attractive to children.
- B. Product labels shall include the following information displayed in a clear and legible font:
 1. Manufacture date and source;
 2. The statement "SCHEDULE I CONTROLLED SUBSTANCE";
 3. The statement "KEEP OUT OF REACH OF CHILDREN AND ANIMALS" in bold typeface;
 4. The statement "FOR MEDICAL USE ONLY";
 5. The statement "THE INTOXICATING EFFECTS OF THIS PRODUCT MAY BE DELAYED BY UP TO TWO HOURS"; and
 6. The statement "THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION".
- C. For packages containing only dried flowers, the net weight of the cannabis in the package.
- D. A warning if nuts or other known allergens are used.
- E. 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.
- F. Clear indication, in bold typeface, that the product contains cannabis.

G. Identification of the source and date of cultivation and manufacture and the name and business phone number of the permittee seller of the product.

H. Only generic food names may be used to describe edible cannabis products.

Section 5.45.400. General Authority of City Manager

A. The City Manager may delegate an act required to be performed pursuant to this Chapter to any Code Enforcement Officer or Official of the City, including without limitation the Chief of Police, the Fire Chief, the Building Official, the Finance Director, the City Attorney, or any designee of such officers or officials, including day-to-day operations.

B. The City Manager or the City Manager's designees as provided in Subsection A above shall have all the powers of any peace officer to:

1. Investigate violations or suspected violations of this Chapter, Chapter 5.35, Chapter 3.35, and Section 93.23.15, and any other laws or regulations pertaining to Medical Cannabis in this City, and any resolutions or regulations promulgated pursuant to such provisions, and make arrests, with or without warrant, for any violation thereof, if, during an officer's exercise of powers or performance of duties pursuant to such laws, probable cause exists that a crime related to such laws has been or is being committed.
2. View, duplicate, and/or take possession of recordings made by the security cameras shall be made available to the City Manager upon verbal request; no search warrant or subpoena shall be needed to view the recorded materials.
3. The City Manager shall have the right to enter a medical cannabis business or facility from time to time unannounced for the purpose of making reasonable inspections to observe and enforce compliance with this Chapter and all laws of the City and State of California.
4. Serve all warrants, summonses, subpoenas, administrative citations, notices or other processes relating to the enforcement of laws regulating Medical Cannabis and Cannabis-Infused Product.
5. Assist or aid any law enforcement officer in the performance of his or her duties upon such law enforcement officer's request or the request of other local officials having jurisdiction.
6. Inspect, examine, or investigate any medical cannabis business and/or facility or any property where medical cannabis or cannabis-infused product are grown, stored, cultivated, manufactured, tested, distributed, or sold, and any books and records in any way connected with any permitted activity.
7. Require any Permittee, upon demand, to permit an inspection of any medical cannabis business or facility during business hours or at any time of apparent operation, including without limitation any cannabis equipment, and Cannabis accessories, or books and records; and, to permit the testing of or examination of medical cannabis or cannabis-infused product.

8. Require Applicants to submit complete and current applications and fees and other information the City Manager deems necessary to make permitting decisions and approve material changes made by any applicant or permittee;

9. Conduct investigations into the character, criminal history, and all other relevant factors related to suitability of all applicants and permittees for medical cannabis permits and such other persons with a direct or indirect interest in an applicant or permittee, as the City Manager may require; and

10. Exercise any other power or duty authorized by law.

C. Applicants and Permittees Shall Cooperate with City Manager Employees

1. Applicants and Permittees must cooperate with employees and investigators of the City Manager who are conducting inspections or investigations relevant to the enforcement of laws and regulations related to this Chapter.

2. No Applicant or Permittee shall by any means interfere with, obstruct or impede the City Manager or employee or investigator of the City Manager from exercising their duties under the provisions of this Chapter and all rules promulgated pursuant to it. This would include, but is not limited to:

a. Threatening force or violence against an employee or investigator of the City Manager, or otherwise endeavoring to intimidate, obstruct, or impede employees or investigators of the City Manager, their supervisors, or any peace officers from exercising their duties. The term "threatening force" includes the threat of bodily harm to such individual or to a member of his or her family;

b. Denying employees or investigators of the City Manager access to a medical cannabis business or facility during business hours or times of apparent activity;

c. Providing false or misleading statements;

d. Providing false or misleading documents and records;

e. Failing to timely produce requested books and records required to be maintained by the Permittee; or

f. Failing to timely respond to any other request for information made by the City Manager in connection with an investigation of the qualifications, conduct or compliance of an applicant or permittee.

D. Administrative Hold. To prevent destruction of evidence, diversion or other threats to public safety, while permitting a Permittee to retain its inventory pending further investigation, a City Manager investigator may order an administrative hold of medical cannabis or cannabis-infused product pursuant to the following procedure:

1. If during an investigation or inspection of a permittee, the City Manager develops reasonable grounds to believe certain medical cannabis or cannabis-infused product constitute evidence of acts in violation of this Chapter or rules

promulgated pursuant to it, or otherwise constitute a threat to the public safety, the City Manager may issue a notice of administrative hold of any such medical cannabis or cannabis-infused product. The notice of administrative hold shall provide a documented description of the medical cannabis or cannabis-infused product to be subject to the administrative hold.

2. The Permittee shall completely and physically segregate the Medical Cannabis or Cannabis-Infused Product subject to the administrative hold in a separate area of the Location under investigation, where it shall be safeguarded by the Permittee. Pending the outcome of the investigation and any related disciplinary proceeding, the Permittee is prohibited from selling, giving away, transferring, transporting, or destroying the Medical Cannabis or Cannabis-Infused Product subject to the administrative hold.

3. Following an investigation, the City Manager may lift the administrative hold, order the continuation of the administrative hold, or seek a Final Agency Order for the destruction of the Cannabis.

4. Any decision or action of the City Manager pursuant to this Subsection is subject to appeal pursuant to Section 2.05 of this Code.

E. Voluntary Surrender of Medical Cannabis or Cannabis-Infused Product. A Permittee, prior to a Final Order and upon mutual agreement with the City Manager, may elect to waive a right to a hearing and any associated rights, and voluntarily surrender any Medical Cannabis or Cannabis-Infused Product to the City Manager. Such voluntary surrender may require destruction of any Medical Cannabis or Cannabis-Infused Product in the presence of a City Manager.

Section 5.45.410. Suspension or Revocation of Commercial Medical Cannabis Permit.

A. Any of the following shall be grounds for suspension or revocation of a commercial medical cannabis permit,

1. Failure to comply with one or more of the terms and conditions of the commercial medical cannabis permit or applicable land use entitlement;

2. The commercial medical cannabis permit was granted on the basis of false material information, written or oral, given willfully or negligently by the applicant;

3. Any act or omission by an owner or permittee in contravention of the provisions of this Chapter;

4. Any act or omission by a permittee in contravention of State law or the Palm Springs Municipal Code;

5. Any act or omission by a permittee that results in the suspension or revocation of the applicable land use permit issued under the Zoning Ordinance for the commercial medical cannabis activities;
 6. Any act or omission by a permittee that results in the denial, revocation or suspension of the owner's or permittee's State license;
 7. An owner's or permittee's failure to take appropriate action to evict or otherwise remove persons conducting commercial medical cannabis activities who do not maintain the necessary permits or licenses in good standing with the City or State;
 8. Possession or transportation and distribution of any other form of illegal drugs without proper legal authorization;
 9. Failure to pay applicable State or City taxes on commercial cannabis activity; or
 10. Conduct of the commercial medical cannabis operations in a manner that constitutes a nuisance, where the owner or permittee has failed to comply with reasonable conditions to abate the nuisance.
- B. The City Manager shall specify in writing the reasons for the suspension or revocation 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.
- C. In the event a civil action is initiated to obtain enforcement of the decision of the City Manager or the City Council, and judgment is entered to enforce the decision, the person against whom the order of enforcement has been entered shall be liable to pay the City's total costs of enforcement, including reasonable attorney fees.
- D. If neither permittee nor owner, nor their authorized representatives, appear at any noticed hearing, such failure to appear shall constitute an abandonment of the hearing request and a failure to exhaust administrative remedies.

Section 5.45.420. Service.

Wherever this Chapter requires the City to serve notice to an applicant, permittee, or property owner such notice shall be given by the City Manager, in writing, and shall be delivered either by personal delivery or by certified U.S. mail, postage prepaid, return receipt requested. In addition, any such notice may be posted at the physical address of the premises on the date of the mailing of notice.

Section 5.45.430. Enforcement and Penalties.

- A. The remedies provided by this Chapter are cumulative and in addition to any other remedies available at law or in equity.

SECTION 5. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this ordinance. The City Council declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 6. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 14th DAY OF DECEMBER, 2016.

ROBERT MOON, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Ordinance No. 1909 is a full, true and correct copy, and was introduced at a regular meeting of the Palm Springs City Council on the 7th day of December, 2016, and adopted at a regular meeting of the City Council held on the 14th day of December, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California