

**NOTICE OF INTENT TO CIRCULATE PETITION**

Notice is hereby given by the persons whose names appear hereon of their intention to circulate the petition within the City of Oceanside for the purpose of putting the Oceanside Safe Cannabis Act on the ballot for a vote of the people in an election to be called by the Oceanside City Council.

A statement of the reasons of the proposed action as contemplated in the petition is as follows:

**THE REASONS TO SUPPORT THE OCEANSIDE SAFE CANNABIS ACT**

The People of the City of Oceanside believe the City should fully implement California’s Adult Use of Marijuana Act. The People want legal, safe, taxed, and regulated commercial cannabis facilities, both medicinal and adult-use, to operate in Oceanside.

We ask everyone in Oceanside to join us and approve this Measure.

\_\_\_\_\_  
William Phears

\_\_\_\_\_  
Glen Hemingway

\_\_\_\_\_  
Kyle Krahel

THE ABOVE PROPONENTS OF THIS MEASURE REQUEST THAT A BALLOT TITLE AND SUMMARY BE PREPARED.

THE WRITTEN TEXT OF THE MEASURE IS ATTACHED ON THE FOLLOWING PAGES.

**AN INITIATIVE OF THE PEOPLE OF THE CITY OF OCEANSIDE  
REGARDING LEGAL CANNABIS**

NOW, THEREFORE, the People of the City of Oceanside, California, do ordain as follows:

**SECTION ONE. TITLE.**

The Measure shall be known, and may be cited, as the Oceanside Safe Cannabis Act.

**SECTION TWO. FINDINGS AND DECLARATIONS.**

The People of the City of Oceanside find and declare:

(a) In 1996, the voters of the State of California, including voters in the City of Oceanside, passed Proposition 215, the Compassionate Use Act (CUA), which allows the use of cannabis for medical purposes when recommended by a physician and excludes from criminal prosecution the patient and the primary caregiver, as defined.

(b) In 2003, the State of California enacted Senate Bill 420, the Medical Cannabis Program Act (MMPA), which established requirements for the issuance of voluntary identification cards; provided a defense to criminal charges related to the cultivation, possession, sale, or storage of medical cannabis; prohibited the distribution of cannabis for profit; exempted from prosecution qualified patients and designated primary caregivers who associate to collectively or cooperatively cultivate cannabis for medical purposes; required the Attorney General to issue guidelines for the security and non-diversion of medical cannabis; and allowed cities to adopt and enforce laws consistent with the MMPA.

(c) In 2015, the State of California enacted Senate Bill 643, Assembly Bill 266, and Assembly Bill 243, comprising the Medical Cannabis Regulation and Safety Act (MCRSA) and establishing a comprehensive regulatory framework for the production, transportation, and sale of medical cannabis.

(d) In 2016, the voters of the State of California, including voters in the City of Oceanside, passed Proposition 64, the Adult Use of Marijuana Act (AUMA), allowing for the adult use of cannabis and further clarifying state regulatory requirements.

(e) In 2017, the City of Oceanside created the Medical Cannabis Ad-hoc Committee to address the will of the voters of the City of Oceanside and to explore regulations to allow for cannabis retailers, cultivation, distributors, manufacturers, nurseries, and testing laboratories, which presented its recommendations to the City Council of the City of Oceanside in December 2017.

(f) In 2018, the City Council of the City of Oceanside introduced an ordinance amending the Oceanside Comprehensive Zoning Ordinance and Article XIII, Chapter 7, of the Oceanside City Code, which allowed for the amendment of regulations concerning commercial cannabis uses and the establishment and operation of specified commercial medicinal cannabis facilities only in designated zoning districts east of the coastal zone boundaries, subject to conditions and limitations. The amended text introduced new land use classifications (Article 4); updated commercial (Article 11), industrial (Article 13) and agricultural (Article 14) zoning district regulations; and modified regulated use provisions (Article 36). City Code Article XIII, Chapter 7, as amended, set forth the criteria and procedures for permits and licenses necessary to establish and operate commercial medicinal cannabis facilities within the City of Oceanside.

(g) The City Council of the City of Oceanside ignored the recommendations of its Ad-hoc Committee and enacted regulations which ignored the will of the voters by not allowing for safe, tested and regulated access to cannabis by not allowing cannabis dispensaries within the City.

(h) The City Council of the City of Oceanside did not implement a scheme to collect tax revenue from the cultivation and/or retail sales of cannabis.

(i) The communities that have been most harmed by cannabis prohibition are benefiting the least from the legal marijuana marketplace. It is estimated that less than one percent of the cannabis industry is owned or operated by people of color. Historically disproportionate arrest and conviction rates make it particularly difficult for people of color to enter the legal cannabis marketplace, as most States bar these individuals from participating. Some States and municipalities have taken proactive steps to mitigate inequalities in the legal cannabis marketplace and ensure equal participation in the industry.

(j) In the State of California, zoning is a local matter exercised by the cities pursuant to the police powers set forth in Article XI, Section 7, of the Constitution of the State of California.

(k) The voters of the City of Oceanside now desire the City to exercise its police powers to provide for the regulation and zoning of cannabis retailers, cultivation, distributors, manufacturers, nurseries, and testing laboratories.

### **SECTION THREE. REPEAL ARTICLE XIII OF CHAPTER 7 OF THE OCEANSIDE MUNICIPAL CODE.**

Article XIII of Chapter 7 of the Oceanside Municipal Code (Medical Cannabis Facilities) is hereby repealed and replaced by Article XIV of Chapter 7 (Commercial Cannabis Facilities).

### **SECTION FOUR. ADD ARTICLE XIV OF CHAPTER 7 TO THE OCEANSIDE MUNICIPAL CODE.**

Article XIV of Chapter 7 (Commercial Cannabis Facilities) is added to the Oceanside Municipal Code to read:

#### **Sec. 7.133 – Statement of the People’s Intent.**

The People of the City of Oceanside voted for the Oceanside Safe Cannabis Act because they believed the City should fully implement California’s Adult Use of Marijuana Act. The People want legal, safe, taxed, and regulated commercial cannabis facilities, both medicinal and adult-use, to operate in Oceanside. The construction of this Article shall be interpreted by the Courts and the City’s elected officials and staff as to most fully implement this statement of the People’s Intent.

#### **Sec. 7.134 – Definitions**

(a) All terms used in this article have the same definitions as in the applicable California State Law except as otherwise defined herein. These state laws include California Health and Safety Code Section 11362. 5 (Compassionate Use Act of 1996); California Health and Safety Code

Sections 11362.7 et seq. (Medical Cannabis Program Act); Medical Cannabis Regulation and Safety Act ("MMRSA"); Senate Bill 94 (Medicinal and Adult Use Cannabis Regulation and Safety Act "MAUCRSA"); The Medicinal and Adult-Use Cannabis Regulation and Safety Act (California Business & Professions Code Section 26000 et seq; Assembly Bill 133, codified at Business and Professions Code Sections 26001 through 26227.9; Health and Safety Code Section 11357; Revenue and Taxation Code Section 34010 through 55044 and all other applicable laws and regulations of the State of California related to cannabis as may be amended from time to time.

(b) The following terms shall be defined as follows:

"Applicant" means the person applying for a Local License pursuant to this Article.

"Cannabis Cultivation Facility" means a facility wherein medical or adult-use cannabis is propagated, planted, grown, harvested, dried, cured, graded, labeled, tagged for tracking or trimmed, or that does all or any combination of those activities. This definition excludes the cultivation of no more than six cannabis plants by a person twenty-one years of age or older for personal use in a private residence provided the cultivation is in a fully enclosed structure that is secure, not visible from a public space and otherwise exempt from state licensing requirements.

"Cannabis Distribution Site" means a location where medical or adult-use cannabis obtained from a licensed cannabis cultivator or cannabis products from a licensed cannabis manufacturer is temporarily stored prior to delivery to a licensed cannabis retailer or non-storefront cannabis retailer and as part of performing a cannabis distributor's duties under state law.

"Cannabis Distributor" means a person engaged in the procurement, sale, and transport of medical or adult-use cannabis and cannabis products between licensees.

"Cannabis Facility" means a commercial facility that engages in the cultivation, manufacturing, distribution, testing or retail sale of medical or adult-use cannabis. Cannabis facilities include Cannabis Nurseries, Cannabis Cultivation Facilities, Cannabis Testing Laboratories, Cannabis Retailers (including Non-Storefront Cannabis Retailers), Cannabis Manufacturing, Cannabis Distributors, Cannabis Microbusinesses, as well as any other cannabis business licensed under state law.

"Cannabis Manufacturing" means the production, preparation, propagation and compounding of cannabis and cannabis products. Cannabis Manufacturing includes, but is not limited to, the extraction of a substance from a cannabis plant, the infusion or mixture of cannabis into another substance, the preparation of an edible item that includes cannabis, and the packaging and labeling of cannabis or cannabis products. Cannabis Manufacturing does not include cannabis cultivation.

“Cannabis Manufacturing Facility” means a physical location where medical or adult-use Cannabis Manufacturing occurs in accordance with all relevant state laws governing cannabis manufacturing.

“Cannabis Microbusiness” means a facility wherein at least three of the following commercial uses are engaged: cultivation, manufacturing, distribution, and retail sales.

“Cannabis Nursery” means a facility that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of medical or adult-use cannabis.

“Cannabis Retailer” means a facility wherein medical or adult-use cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment that delivers cannabis and products as part of a retail sale in compliance with all applicable state laws.

“Cannabis Testing Laboratory” means a laboratory, facility, or entity that offers or performs tests of medical or adult-use cannabis or cannabis products and that is both of the following: (1) accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state; and, (2) licensed by the State of California to perform cannabis testing consistent with the California Business and Professions Code.

"Canopy" means the total combined indoor area for all locations on a property where cannabis is being cultivated, as measured by the horizontal extent of the plant or combination of plants at the widest point and measured in a straight line. This does not include aisles or walkways.

"Cultivation" has the same meaning as Section 26001(l) of the Business and Professions Code and shall include any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

“Dependent” has the same meaning ascribed to it by the Internal Revenue Service for individual income tax purposes and is determined by satisfaction of either the qualifying child tests or qualifying relative tests described in the most current version of the annual IRS Tax Guide for Individual

"Good Cause" for purposes of suspending, denying, or revoking a Local License, or for denying a Local License renewal, includes, but is not limited to, the following:

1. The Applicant or Licensee has had a Local License revoked by the City.
2. The Licensee or Applicant has violated any of the terms, conditions or provisions of this Chapter, of state law, of any regulations and/or rules promulgated pursuant to state

law, any applicable local rules and/or regulations, or any special terms or conditions placed upon a Cannabis Facility, state license, and/or Local License;

3. The Licensee or Applicant has made false statements, misrepresentations or material omissions on an application form, renewal form, or any other document submitted to the City;
4. The Applicant violates the commitments it made in its application, including any commitment to enter into and abide by a labor peace agreement;
5. The Licensee or Applicant has failed to provide all information required by this Chapter or has failed to pay the required fee;
6. The Applicant or Licensee has failed or refused to allow City officials to inspect security recordings, activity logs, or business records, of the licensed premises;
7. The Applicant or Licensee is owned by, has an officer or director who is, or is employing or financed in whole or in part by, a licensed physician making recommendations for medical cannabis; or,
8. Disqualifying Convictions or Acts, as defined at California Business and Professions Code section 26057.
9. For new applications, the City Manager or designee determines that issuance of the license would impair the health, safety or welfare of the public, impair the City's ability to prevent crime associated with cannabis, and/or impair the City's ability to ensure that cannabis grown, manufactured or sold remains secure and does not find its way to minors or illicit markets.
10. For applications for permit renewal, the Licensed Premises have been operated in a manner that adversely affects the public health, safety or welfare of the immediate neighborhood in which the Cannabis Facility is located, causes adverse economic impacts, increases crime, and/or increases the number of transients in the area. The City Manager must have a non-biased report and material facts against the applicant when making the determination. Simple complaints by concerned citizens do not justify impairment of public health.

"Industrial Hemp" means a fiber or oilseed crop, or both, that is limited to types of the plant *Cannabis sativa L.* having no more than three-tenths of one percent (0.3%) tetrahydrocannabinol (THC) contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom.

“Labor Peace Agreement” has the same meaning as in Section 26001(x) of the California Business and Professions Code.

"Legal Parcel" means a parcel of land for which one legal title exists. Where contiguous legal parcels are under common ownership or control, such legal parcels may at the option of the property owner be counted as a single parcel for purposes of this Article.

"Licensee" means a person who has been issued a state license and Local License pursuant to this initiative.

"Local License" means a Cannabis Facility permit issued by the City pursuant to this Article.

“Low Income” means an individual who currently (at the time of licensing) lives in a household with household income that is less than eighty percent (80%) of the current fiscal year median family income for the county of residence, as determined by the United States Department of Housing and Urban Development or its successor agency.

“Member of an Impacted Family” means an individual who, in the previous tax year, had a parent, legal guardian, child, spouse, or dependent, or was a dependent of an individual who, prior to the passage of Proposition 64, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any non-violent crime under the laws of California or any other jurisdiction relating to the sale, possession, use, cultivation, manufacture, or transport of cannabis.

“Non-Storefront Cannabis Retailer” means a facility wherein medical or adult -use cannabis obtained from a licensed cannabis cultivator or licensed cannabis distributor is stored and then offered either individually or in any combination, for retail sale, through delivery.

“Prior Cannabis Record” means to have been arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of California or any other jurisdiction relating to the sale, possession, use, cultivation, processing, or transport of cannabis prior to November 8, 2016.

“Resident of an Impoverished Area” means an individual who maintained a primary residence in census tracts where at least eighty percent (80%) of the households had incomes at or below the federal poverty level during the individual’s residency in such census tract, and who did so for a minimum of five (5) consecutive or ten (10) non-consecutive years.

"State License," "License," or "Registration" means a state license issued pursuant by the state licensing authority to authorize the cultivation, distribution, testing, manufacturing or dispensing of cannabis.

"State Licensing Authority" shall mean the Bureau of Cannabis Control and/or any other agency authorized to issue licenses for commercial cannabis activities or authorized to take disciplinary action against such license.

### **Sec. 7.135 – Local Licenses Required for Cannabis Facilities**

(a) It shall be unlawful for any person or entity to operate a Cannabis Facility in the City unless it has been granted a State License and a Local License pursuant to Oceanside City Code.

(b) Prior to initiating operations and as a continuing requisite to operating a Cannabis Facility, the legal representative of the persons wishing to operate a Cannabis Facility shall obtain a Local License from the City Manager or designee.

(c) The maximum number of Local Licenses issued by the City to Cannabis Facilities may not be limited by resolution of the City Council.

(d) The City Manager shall not consider the overall number of licensed Cannabis Facilities in the City as a factor in issuing or renewing licenses.

(e) The City of Oceanside shall process applications for Local Licenses with all reasonable speed and efficiency.

(f) Though cannabis business are allowed by right, an applicant must still apply to the City of Oceanside through the process set forth in this Article.

(g) Nothing in this Article shall permit a Cannabis Facility to operate at any time in a manner that is in violation of this Article, the Oceanside Zoning Ordinance, the City Building Code, Fire Code, or any other applicable state or local law or regulation.

(h) A Local License issued pursuant to this Article shall specify the date of issuance, the period of licensure, the name of the Licensee, the type of licensed conduct, and the address of the Cannabis Facility.

(i) All Local Licenses are valid for one year from the date of issuance. A Local License may be valid for less than the applicable license term if revoked, suspended, voluntarily surrendered, or otherwise disciplined.

(j) California Environmental Quality Act Review. Once this ordinance is adopted, the City of Oceanside shall determine whether adoption of this ordinance and various uses of land allowed under it are exempt from environmental review under the California Environmental Quality Act, and if necessary, conduct all appropriate reviews. The City shall conduct all environmental reviews with all reasonable speed and efficiency.

## **Sec. 7.136 – Local Licenses Application Process**

- (a) The Applicant shall file an application with the City Manager or designee upon a form provided by the City and shall pay an application fee as established by this initiative.
- (c) Application fees charged to obtain a Local License, or any other related permit fee, shall be limited to cost-recovery plus five percent (5%) of that amount.
- (d) The City shall expeditiously process an application for a Local License as soon as it receives a completed application and all required fees.
- (e) An Applicant shall have an opportunity to cure any incomplete application within thirty days of written notice of incompleteness by the City.
- (f) An application for a Local License shall include at least the following:
  - 1. Proof of organizational status, such as articles of incorporation or organization, taxpayer or employer identification number, bylaws or operating agreement, and other documentation as may be required by the City.
  - 2. A written report prepared by the Oceanside Police Department concerning the acceptability of the background of the Applicant. The written report shall include a criminal background check of any Applicant for a Local License, including background checks for any shareholder, partner, member, officer and/or director.
  - 3. Documentation establishing that the Applicant is, or will be, entitled to possession of the premises for which application is made. Evidence of lawful possession consists of a properly recorded deed, lease, evidence of ownership of the premises, written option for a lease or purchase, or other written documents acceptable to the City. The licensed premises shall only be the geographical area that is specifically and accurately described in executed documents verifying lawful possession. Licensees are not authorized to relocate to other areas or units within a building structure without first filing an application for a modification of the Local License and obtaining approval from the City.
  - 4. For applicants with ten or more employees, the applicant shall attest that the applicant will enter into a labor peace agreement and will abide by the terms of the agreement, and the applicant shall provide a copy thereof to the City. For applicants that have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating that within thirty calendar days of licensure the applicant will enter into and abide by the labor peace agreement.
  - 5. A floor plan designating all interior dimensions and the layout of the Cannabis Facility, including all limited access areas, areas of ingress and egress, and all security camera

locations. Such floor plan shall also show the principal uses of the floor area depicted therein and shall identify all areas where product will be located.

6. Name of third-party tracking software the Cannabis Facility will use for internal tracking.

7. A security plan for the proposed Cannabis Facility including the following security requirements:

- a. Video surveillance. The Cannabis Facility must be equipped with a video surveillance system that meets all of the requirements set forth in this subsection.
- b. Security cameras and digital storage of recordings shall be maintained in good condition and used in an on-going manner, 24 hours per day, seven days per week.
- c. The security system must maintain the amount of footage required by state law and regulations. Security footage shall be made available to the Oceanside Police Department immediately upon request.
- d. Security cameras must provide adequate and sufficient coverage for the facility, which must include, but need not be limited to, all restricted and limited access areas, all areas of ingress and egress, the public areas, storage areas, and any other areas as required by this Chapter and applicable provisions of state law.
- e. The video surveillance system must be equipped with a failure notification system that provides prompt notification to a security company licensed by the Department of Consumer Affairs, Bureau of Security & Investigative Services, of any surveillance interruption or complete failure of the surveillance system that lasts longer than fifteen minutes. The licensed alarm company must promptly report any such notification to the Oceanside Police Department. The video surveillance system shall have enough battery backup to support a minimum of one hour of recording in the event of a power outage.
- f. The Cannabis Facility shall have an audible interior and exterior security alarm system installed on all perimeter entry points and perimeter windows, operated, and monitored by a security company licensed by the Department of Consumer Affairs, Bureau of Security & Investigative Services, and approved by the City. "Perimeter entry points" includes, regardless of size, all doors, windows, hatches and/or points at which systems (such as HVAC systems) enter a structure.

8. Proof of compliance with the following signage requirements:

- a. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than twelve inches wide and twelve inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."
- b. Limited access areas shall be clearly identified by the posting of a sign which shall be not less than twelve inches wide and twelve inches long, composed of

letters not less than a half inch in height, which shall state "Limited Access Area-Authorized Personnel Only."

c. In addition to the requirements set forth in the Zoning Ordinance, signage shall be limited to the business name and address with no logos, advertising, banners, green crosses, or similar insignia.

9. A lighting plan showing that the Cannabis Facility's entrance(s) and all window areas shall be illuminated during evening hours. The Applicant shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, and other restrictions, and secure the necessary approvals and permits as needed.

10. All points of ingress and egress to a Cannabis Facility shall ensure the use of commercial-grade, nonresidential door locks and window locks.

11. Written authorization for the City to seek verification of the information contained within the application and authorization for the Oceanside Police Department to conduct the background check(s).

12. Any additional information that the City reasonably needs to process and fully investigate the application.

13. All application forms shall include a statement by the Applicant under penalty of perjury certifying that all information contained in the application is true and correct.

(g) The City Manager or designee is authorized to implement regulations, policies, and procedures consistent with this Chapter concerning the application forms, the information required of Applicants, and the application procedures to implement this Article.

(h) The City Manager or designee may reject an application upon finding the Applicant is in violation of this Article.

#### **Sec. 7.137 – Transfer of Ownership Interest, Modification or Other Material Changes**

(a) In addition to any requirements in this Article, a Local License must report any majority transfer of ownership interest, or significant modification of the Cannabis Facility, or change of location, or any other material change of the Cannabis Facility to the City Manager or designee on forms prescribed by the City.

(b) The Licensee must receive written approval from the City Manager or designee prior to any such transfer or change.

(c) The Licensee shall not make physical changes, alterations, or modifications to the Cannabis Facility that materially or substantially alter the Cannabis Facility from the plans approved by the

City without the prior written approval of the City. Material changes include but are not limited to: a decrease in the number of security cameras, the relocation of a security camera, an increase in the total square footage of the Cannabis Facility, or the addition, sealing off, or relocation of a wall, common entryway, doorway, or other means of public ingress and/or egress. Applications for material changes shall be made on forms prescribed by the City.

### **Sec. 7.138 – Renewal of a Local License**

(a) A Licensee may apply for the renewal of a Local License no less than thirty days prior to the Local License's expiration date. If the Licensee files a renewal application within thirty days prior to expiration, the Licensee shall provide a written explanation detailing the circumstances surrounding the late filing. The City may accept or reject such late filings at its discretion. The City may elect to administratively continue a Local License past its expiration date, provided that the Licensee has submitted a renewal application that is complete and pending final action.

(b) An application for renewal will only be accepted if it is accompanied by the requisite licensing fee.

(c) An application for renewal will only be accepted for Licensees that have ten or more employees if accompanied by a valid and current signed Labor Peace Agreement.

(d) Each application for renewal shall include updated information for any part of the application that has undergone a change in circumstance since the original application or last renewal filing and shall recertify all information submitted in prior applications.

(e) Unless the City has expressly authorized in writing the renewal of the Local License, a Local License is immediately invalid upon expiration and the Cannabis Facility shall cease operations. The City Manager or designee shall approve or deny the application for renewal with reasonable diligence.

(f) The city manager or designee shall reject an application for a local license upon a finding of Good Cause.

(g) The city manager or designee may place conditions upon the approval of any local license which are, in the opinion of the city manager or designee, reasonably related to the protection of the health, safety and welfare of the neighborhood in which the proposed cannabis facility is to be located and/or the general public.

(h) A local license issued by the City constitutes a revocable privilege. The applicant has the burden of proving its qualifications for a local license at all times.

(i) The City cannot deny a renewal of a Local License because any “sensitive use” was located within the “distance buffer” after the Licensee began lawful operation under its Local License.

This includes, but is not limited to, any “sensitive use” described in Section 5026 of the California Code of Regulations, Title 16, Division 42, Chapter 1. The “distance buffer” is the same distance described in Section 518 of the Zoning Ordinance of the City of Oceanside.

### **Sec. 7.139 – Cannabis Facility Operational Requirements**

- (a) Licensees shall comply with the requirements set forth in this Article. Failure to comply with any of these requirements after notice and a reasonable opportunity to cure shall be considered grounds for suspension and/or revocation of a Local License.
- (b) A Licensee shall make the Cannabis Facility premises, books, records and all other documents related to its operation available for inspection by any City officer or official for purposes of determining compliance with all applicable legal requirements.
- (c) Cannabis maintained at a Cannabis Facility shall be kept and stored in a secured manner within a limited access area or restricted access area at all times in compliance with the approved security plan.
- (d) On-site smoking, ingestion, or consumption of cannabis shall be prohibited on the premises of all Cannabis Facilities. The term "premises" as used in this subsection includes the actual building, as well as any accessory structures, common areas and parking areas. A sign shall be posted at each entrance of a Cannabis Facility that clearly and legibly states, "Smoking, ingestion, or consumption of cannabis on these licensed premises or in their vicinity is prohibited and a violation of the Oceanside City Code."
- (e) A Cannabis Facility shall not sell, provide, store, or distribute any product that would require that the seller possess a license issued by the California Department of Alcoholic Beverage Control.
- (f) A Cannabis Facility shall display a copy of its Local License issued pursuant to this Chapter in a conspicuous place near the entrance to the licensed premises.
- (g) A Cannabis Facility shall not permit a physician to evaluate patients or to provide recommendations for medical cannabis within its licensed premises. Cannabis Facilities shall not offer or provide any form of remuneration to a physician who recommends medical cannabis.
- (h) A Cannabis Facility must provide the City's Development Services Department and Police Chief with the name, phone number, and email address of an on-site community relations representative or staff person or other representative to whom the City can provide notice if there are operating problems associated with the Cannabis Facility or refer members of the public who may have complaints or concerns regarding the Cannabis Facility.

(i) No Cannabis Retailer may operate prior to 7:00 a.m. or after 10:00 p.m. If the City wishes to expand hours of operation in compliance with state law, the City may do so.

(j). A Cannabis Retailer shall have an onsite armed security guard licensed by the Bureau of Security and Investigative Services during operating hours.

**Sec. 7.140 – Cannabis Retailer Delivery.**

A Cannabis Retailer may engage in cannabis delivery directly from a Cannabis Retailer located within the City of Oceanside provided the approved Local License specifically permits deliveries and all required state licenses have been secured.

**Sec. 7.141 – Cannabis Facility Business License.**

The Local License required under the terms of this Chapter shall be in addition to any business licenses as required by in the City of Oceanside or State of California. The business license for any Cannabis Facility shall be deemed as Category II, High Level of Enforcement, and shall be subject to the rules, regulations and policies of this classification. The City may not charge more than cost-recovery plus five percent of that amount for a business license for a Cannabis Facility.

**Sec. 7.142 - Inspections**

Recordings made by security cameras, books, records and all other documents related to the Licensee's operation and access to the facility shall be made immediately available to the City Manager or designee upon written request; no search warrant or subpoena shall be needed to view the materials or access the facility.

**Sec. 7.143 – Suspension or Revocation of a Local License and Rights to Appeal**

(a) The City Manager or designee may suspend or revoke a Local License if any of the following conditions occur:

1. The City Manager or designee determines that the Licensee has failed to comply with this Article or any condition of approval or a circumstance or situation has been created that would have permitted the City Manager or designee to deny the Local License, following notice and a reasonable opportunity to cure; or.
2. The City Manager or designee determines that permitting the Licensee to continue to engage in the licensed activity would endanger the public health, safety or welfare.
3. Operations of the Cannabis Facility cease for more than ninety calendar days without permission from the City for a valid reason such as construction, other business improvements, or a natural disaster.

4. Ownership or location is changed without securing local approval.
5. The Licensee fails to allow inspection of the premises, security recordings, books, records or other documents by authorized City officials.
6. The Licensee's state license is revoked.

(b) Revocations and suspensions shall occur as part of a disciplinary process that comports with due process, including a noticed hearing with the option for representation by legal counsel.

(c) If the City Manager or designee summarily suspends a license temporarily, the Licensee is entitled to a noticed hearing with the option for representation by legal counsel within fifteen calendar days of the suspension. If the day of the hearing falls on a weekend or holiday, the hearing shall occur the next following business day. If requested by the Licensee only, the hearing can be held at a date later than fifteen calendar days of the suspension.

(d) Any decision regarding the denial, suspension or revocation of a Local License may be appealed pursuant to the procedures set forth in Chapter 15, Section 15.5(3) of the Oceanside Municipal Code.

#### **Sec. 7.144 – Onsite Consumption**

(a) An onsite consumption permit may be issued to existing Cannabis Retailers and Microbusinesses with retail in good standing. The City will classify this permit as an administrative permit that can be approved by the City's Planning Department. Any denial of this permit can be appealed to the Planning Commission and Council.

(b) If approved for an onsite consumption permit, the Retailer or Microbusiness with Retail is authorized to:

1. Sell cannabis and cannabis products to patrons for consumption on the licensed premises at the time of purchase only in an area designated as the cannabis consumption area and separated from the remainder of the premises, either by a secure door and having a separate ventilation system. The consumption area shall be accessible only from the interior of the Cannabis Retail premises; shall have a smoke and vapor-free area for employees to monitor the consumption area; and shall have a ventilation system that directs air from the consumption area to the outside of the building through a filtration system sufficient to remove detectable odor, smoke, and by-product of combustion and consistent with all applicable building codes and ordinances.
2. Sell for consumption on the premises one of the following to any one person per day:
  - a. Cannabis flower in quantities not to exceed one gram;

- b. Edible cannabis products limited to a maximum of ten (10) milligrams of tetrahydrocannabinol overall per single serving or a series of servings; or,
- c. Cannabis concentrates not to exceed .5 grams.

**Sec. 7.145 – Industrial Hemp**

(a) Business licenses in the City for Industrial Hemp will be made available sixty days after the State of California develops final regulations for Industrial Hemp production and licensing.

(b) A Business License for an Industrial Hemp agricultural activity may be revoked or suspended due to legitimate loitering, significant odor, or noise complaints, upon City confirmation of the smell, noise, or loitering; non-compliance with the regulations specified in this ordinance, following City confirmation of the non-compliance; or non-compliance with other applicable state or local regulation following City or state confirmation of the non-compliance. The Licensee shall have a reasonable opportunity and time to cure the complaint or possible non-compliance as defined in this section before being subject to suspension, penalty, or revocation of the Business License.

**Sec. 7.146 – Cannabis Facility Employee Requirements**

No person shall be employed by a Cannabis Facility without undergoing a background check. Employees shall be disqualified only for disqualifying convictions or acts, as defined at California Business and Professions Code section 26057, subdivisions (b)(4) through (b)(7).

**Sec. 7.147– Good-Faith Effort for Equity in Employment**

(a) All Cannabis Local Licensees shall undertake good-faith efforts to ensure that at least one-quarter of the Licensee’s full-time and part-time employees meet one of the following:

- 1. Have a Prior Cannabis Conviction;
- 2. Are Low Income;
- 3. Are a Member of an Impacted Family; or,
- 4. Are a Resident of an Impoverished Area.

(b) Annually, all Licensees shall send to the City of Oceanside certification, stating either:

- 1. That at least 25% of the Licensee’s full-time and part-time employees meet one of the criteria above, or,
- 2. That the Licensee has hired such employees to the extent feasible, and describing the Licensee’s employment outreach and recruitment strategies, including providing employment opportunities to persons who meet one of the four criteria above and (b) that the Licensee transmitted all job openings to the City of Oceanside agency responsible for workforce development for public posting.

## Sec. 7.148 – Cannabis Social Equity Program

(a) The City of Oceanside shall establish a Cannabis Social Equity Program to ensure that the public benefits of this Article are shared equally among all residents.

(b) The City shall establish a Cannabis Social Equity Fund (the “Fund”) to support the Cannabis Social Equity Program and eligible Program participants from funding sources selected by the City. The City shall apply for applicable state grants for local equity programs. The Fund monies may be used for any purpose directly related to the Program and approved by the Commission. Without limitation, Fund monies may be used to:

1. Provide financial support for Social Equity Program participants, including low- or no-interest loans or small grants for participants’ start-up costs;
2. Offset local fee revenue losses associated with offering fee relief for Social Equity Program participants; and
3. Support programs and services that benefit and contribute to the operational success of Social Equity Program participants, such as programs and services that offer:
  - a. Workforce development;
  - b. Access to affordable commercial real estate;
  - c. Access to investment and financing;
  - d. Access to legal and consulting services;
  - e. Assistance with licensing and regulatory compliance; and,
  - f. Technical training related to cannabis operations.

(c) To qualify for the Social Equity Program, at least fifty-one percent (51%) of the applicant’s business must be owned and operated by one or more individuals and who meet one of the following criteria:

1. Have a Prior Cannabis Conviction and be at least one (1) of the following:
  - a. Low Income;
  - b. A Member of an Impacted Family; or,
  - c. A Resident of an Impoverished Area.
2. Currently be at least two of the following:
  - a. Low Income;
  - b. A Member of an Impacted Family; or,
  - c. A Resident of an Impoverished Area.

Such individuals are hereinafter referred to as “Qualifying Individuals”.

(d) The City of Oceanside shall issue guidance on acceptable forms of evidence of Social Equity Program eligibility.

(e) Participants in the Social Equity Program shall be eligible to receive the following benefits:

1. Waived application and initial licensing fees;
2. Financial support from the Social Equity Fund, including low- or no-interest loans or small grants for participants’ start-up costs;

3. Access to City events and information intended to facilitate introductions between potential licensees and investors;
4. Waived or reduced City of Oceanside fees related to securing cannabis-related local land use entitlements and permits, building permits and inspections; and
5. Waived or reduced annual license renewal fees, as follows:
  - a. 75% reduction in first annual license renewal fees;
  - b. 50% reduction in second annual license renewal fees; and,
  - c. 25% reduction in third annual license renewal fees.

(f) The City of Oceanside shall verify the eligibility of all Participants in the Social Equity Program.

(g) Applicants will be required to disclose all business formation documents for their businesses, as well as any resolutions or consents of the board of directors or managers, any shareholder or limited liability company member consents and agreements (including, but not limited to, voting agreements), and any material agreements (including, but not limited to, service, licensing and royalty agreements, and real estate leases and agreements) that distribute business revenue and/or profits to any other party.

(h) The disclosure requirement will be a continuing obligation for all Social Equity Program participants, who shall make their business records open to inspection by the City of Oceanside upon reasonable notice.

(i) The ownership interests held by Qualifying Individuals may not be diluted through additional capital contributions into the business during the initial application process.

(j) The ownership interests of Qualifying Individuals may not be transferred or sold during the initial application process provided, however, the Qualifying Individuals in a single business may transfer their ownership interests among each other at any time during the application process with prior written notice to the City.

#### **Sec. 7.149 – Cannabis Social Equity Commission**

The City of Oceanside shall establish a Cannabis Social Equity Commission (“Commission”) to advise the City Council on the ongoing implementation of this Act and the administration of the Cannabis Social Equity Fund. The Commission shall include individuals with Prior Cannabis Records, individuals from Disproportionately Impacted Areas, members of impacted communities, and social justice advocates.

**Sec. 7.150– Locals Preference**

The City of Oceanside shall evaluate and process applications for all Cannabis Facilities to award a preference for locally-owned businesses, meaning businesses owned and operated by Oceanside residents. The City Council shall create policies and procedures, as permitted by state and federal law, to accomplish this objective.

**SECTION FIVE. ADD ARTICLE 5 TO THE ZONING ORDINANCE OF THE CITY OF OCEANSIDE**

**Sec. 510 Statement of the People’s Intent**

The People of the City of Oceanside voted for the Oceanside Safe Cannabis Act because they believed the City should fully implement California’s Adult Use of Marijuana Act. The People want legal, safe, taxed, and regulated commercial cannabis facilities, both medicinal and adult-use, to operate in Oceanside. The Zoning Ordinance of the City of Oceanside shall be interpreted by the Courts and the City’s elected officials and staff as to most fully implement this statement of the People’s Intent.

**Sec. 511 Zoning for Cannabis Retailers**

(a) For the purposes of this Article, a “Cannabis Retailer” means a facility wherein medical or adult-use cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment that delivers cannabis and products as part of a retail sale, with a Local License and State License under Article XIV of the Oceanside Municipal Code.

(b) For the purposes of this Article, a “Cannabis Retailer” includes a “Non-Storefront Cannabis Retailer” wherein medical or adult -use cannabis obtained from a licensed cannabis cultivator or licensed cannabis distributor is stored and then offered either individually or in any combination, for retail sale, through delivery.

(c) Cannabis Retailers are permitted in Commercial Zones and Industrial Zones of type IL, IG, and IP, as a “small-scale facility.”

(d) A Cannabis Retailer shall be required to be separated from a qualifying “sensitive use” as described in Section 5026 of the California Code of Regulations, Title 16, Division 42, or any successor or amended section. To be a qualifying “sensitive use,” the “sensitive use” must have been in operation and fully compliant with all city codes, regulations and ordinances for a minimum of twelve months prior to the date of application of the Regulated Use referenced in this Article.

(e) A Cannabis Retailer shall not be required to be separated from another Cannabis Facility located on the same parcel or contiguous parcels under common ownership. No other separation requirements shall apply.

**Sec. 512        Zoning for Cannabis Microbusinesses**

(a) For the purposes of this Article, a “Cannabis Microbusiness” means a Cannabis Facility with a Local License and State License under Article XIV of the Oceanside Municipal Code, wherein at least three of the following commercial uses are engaged: cultivation, manufacturing, distribution, and retail sales.

(b) Cannabis Microbusinesses are permitted in Industrial Zones of type IL, IG, and IP.

(c) A Cannabis Microbusiness shall be required to be separated from a qualifying “sensitive use” as described in Section 5026 of the California Code of Regulations, Title 16, Division 42. To be a qualifying “sensitive use,” the “sensitive use” must have been in operation and fully compliant with all city codes, regulations and ordinances for a minimum of twelve months prior to the date of application of the Regulated Use referenced in this Article.

(e) A Cannabis Microbusiness shall not be required to be separated from another Cannabis Facility located on the same parcel or contiguous parcels under common ownership. No other separation requirements shall apply.

**Sec. 513        Zoning for Cannabis Testing Laboratories**

(a) For the purposes of this Article, a “Cannabis Testing Laboratory” means a laboratory, facility, or entity that offers or performs tests of medical or adult-use cannabis or cannabis products and that is (1) accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state; (2) licensed by the State of California to perform cannabis testing consistent with the California Business and Professions Code; and (3) licensed by the City of Oceanside under Article XIV of the Oceanside Municipal Code,

(b) Cannabis Testing Laboratories are permitted in industrial zones.

**Sec. 514        Zoning for Cannabis Nurseries**

(a) For the purposes of this Article, a “Cannabis Nursery” means a facility, with a Local License and State License under Article XIV of the Oceanside Municipal Code, that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of medical or adult-use cannabis.

(b) A Cannabis Nursery shall take place in the interior of a fully enclosed, secured structure as required by the Local License. No light source used to cultivate cannabis shall be visible from a public right of way or from any adjacent property. A Cannabis Nursery shall not be subject to an Agricultural Activity Permit.

(c) Cannabis Nurseries under 2,000 square feet of canopy are permitted in commercial zones.

(d) Cannabis Nurseries of any canopy size are permitted in the Industrial Zones of type IL, IG, and IP, and Agricultural (A) Zone.

(e) A Cannabis Nursery shall be required to be separated from a qualifying “sensitive use” as described Section 8102 (x) of the California Code of Regulations, Title 3, Division 8, Chapter 1. To be a qualifying “sensitive use,” the “sensitive use” must have been in operation and fully compliant with all city codes, regulations and ordinances for a minimum of twelve months prior to the date of application of the Regulated Use referenced in this Article. No other separation requirements shall apply.

(f) A Cannabis Nursery shall not be required to be separated from another Cannabis Facility located on the same parcel or contiguous parcels under common ownership.

#### **Sec. 515      Zoning Regulations for Cannabis Distribution Sites**

(a) For the purposes of this Article, a “Cannabis Distribution Site” means a location, with a Local License and State License under Article XIV of the Oceanside Municipal Code, where medical or adult-use cannabis obtained from a licensed cannabis cultivator or cannabis products from a licensed cannabis manufacturer is temporarily stored prior to delivery to a licensed cannabis retailer or non-storefront cannabis retailer and as part of performing a cannabis distributor's duties under state law.

(b) Cannabis distribution shall take place in the interior of a fully enclosed, secured structure as required by the Local License. A Cannabis Distribution Site with an approved Local License and State License shall not be required to be separated from another Cannabis Facility located on the same parcel or contiguous parcels under common ownership.

(c) Cannabis Distribution Sites are permitted in the Industrial Zones of type IL, IG, and IP, and Agricultural (A) Zone.

(d) A Cannabis Distribution Site shall be required to be separated from a qualifying “sensitive use” as described in Section 5026 of the California Code of Regulations, Title 16, Division 42. To be a qualifying “sensitive use,” the “sensitive use” must have been in operation and fully compliant with all city codes, regulations and ordinances for a minimum of twelve months prior to the date of application of the Regulated Use referenced in this Article. No other separation requirements shall apply.

**Sec. 516      Zoning Regulations for Cannabis Cultivation Facilities**

(a) For the purposes of this Article, a “Cannabis Cultivation Facility” means a facility, with a Local License and State License under Article XIV of the Oceanside Municipal Code, wherein medical or adult-use cannabis is propagated, planted, grown, harvested, dried, cured, graded, labeled, tagged for tracking or trimmed, or that does all or any combination of those activities. This definition excludes the cultivation of no more than six cannabis plants by a person twenty-one years of age or older for personal use in a private residence provided the cultivation is in a fully enclosed structure that is secure, not visible from a public space and otherwise exempt from state licensing requirements.

(b) Cannabis cultivation shall take place in the interior of a fully enclosed, secured structure as required by the Local License. No light source used to cultivate cannabis shall be visible from a public right of way or from any adjacent property.

(c) A Cannabis Cultivation Facility shall not be subject to an Agricultural Activity Permit.

(d) Cannabis Cultivation Facilities are permitted in the Agricultural (A), Light Industrial (IL), and General Industrial (IG) zones.

(e) A Cannabis Cultivation Facility shall be required to be separated from a qualifying “sensitive use” as described Section 8102 (x) of the California Code of Regulations, Title 3, Division 8, Chapter 1. To be a qualifying “sensitive use,” the “sensitive use” must have been in operation and fully compliant with all city codes, regulations and ordinances for a minimum of twelve months prior to the date of application of the Regulated Use referenced in this Article. No other separation requirements shall apply.

(f) A Cannabis Cultivation Facility shall not be required to be separated from another Cannabis Facility located on the same parcel or contiguous parcels under common ownership.

**Sec. 517      Zoning Regulations for Cannabis Manufacturing Facilities**

(a) For the purposes of this Article, a “Cannabis Manufacturing Facility” means a physical location, with a Local License and State License under Article XIV of the Oceanside Municipal Code, where medical or adult-use Cannabis Manufacturing occurs in accordance with all relevant state laws governing cannabis manufacturing. “Cannabis Manufacturing” means the production, preparation, propagation and compounding of cannabis and cannabis products. Cannabis Manufacturing includes, but is not limited to, the extraction of a substance from a cannabis plant, the infusion or mixture of cannabis into another substance, the preparation of an edible item that includes cannabis, and the packaging and labeling of cannabis or cannabis products. Cannabis Manufacturing does not include cannabis cultivation.

(b) Cannabis manufacturing shall take place in the interior of a fully enclosed, secured structure as required by the Local License.

(c) Cannabis Manufacturing Facilities are permitted in Industrial Park (IP), Light Industrial (IL), General Industrial (IG) and Agricultural (A) zones.

(d) Cannabis Manufacturing Facilities shall be required to be separated from a qualifying “sensitive use” as described Section 40128 of the California Code of Regulations, Title 17, Division 1, Chapter 13, Subchapter 1. To be a qualifying “sensitive use”, the “sensitive use” must have been in operation and fully compliant with all city codes, regulations and ordinances for a minimum of twelve months prior to the date of application of the Regulated Use referenced in this section. No other separation requirement shall apply.

(e) A Cannabis Manufacturing Facility with an approved Local License and State License shall not be required to be separated from another Cannabis Facility located on the same parcel or contiguous parcels under common ownership.

#### **Sec. 518 Measurement of Distances**

The measurement of distance between the Cannabis Regulated Use and a “sensitive use” as defined in Section 5026 of the California Code of Regulations, Title 16, Division 42 or Section 40128 of the California Code of Regulations, Title 17, Division 1, Chapter 13, Subchapter 1, shall be measured as 600 feet from the front door of the Cannabis Regulated Use and the property line of the sensitive use in the most direct and legal path of travel. The direct and legal pedestrian path of travel includes crossing of streets only at street corners and via marked crosswalks.

#### **Sec. 519 Industrial Hemp**

(a) Industrial Hemp shall be allowed in agricultural zones.

(b) Industrial Hemp shall be cultivated in compliance with the California Food and Agricultural Code, Division 24, as well as any relevant regulations for agriculture and agricultural products in the Oceanside City Code.

### **SECTION SIX. EXISTING CANNABIS FACILITIES**

Those cannabis facilities who have a City License as of the effective date this measure will have one year from the effective date of this measure to comply with the requirements of this measure, with the exception, if applicable, of zoning and distance requirements. Facilities with non-conforming zoning and distance requirements under this measure shall continue to operate and be eligible for renewal as a previously approved, nonconforming uses of land.

## **SECTION SEVEN. TAXATION**

For the first ten years after the effective date of this measure, the City shall assess and collect excise taxes on Cannabis Facilities licensed to operate in the City at rates set by the City Council but not to exceed the following rates:

(a) Five percent on gross receipts from the sales from Cannabis Retailers, Non-Storefront Cannabis Retailers, Cannabis Manufacturing, Cannabis Distribution, and Cannabis Microbusinesses that have retail, distribution, or manufacturing; and

(b) Two dollars per dry ounce of cannabis flower from Cannabis Cultivators and the cultivation activities of a Cannabis Microbusiness.

The City Council, after the first ten years of this measure, may exceed these rates by resolution.

## **SECTION EIGHT. COMMUNITY BENEFITS**

1. The City Council may use a portion of the revenue from any Cannabis Excise Tax to fund community benefits for any “Impoverished Area” of the City.

2. An “Impoverished Area” means any census tract where at least eighty percent of the households had incomes at or below the federal poverty level for a minimum of five consecutive or ten non-consecutive years.

3. Procedures for collection and distribution of these “Community Benefits Funds” shall be established by ordinance.

4. At least once annually, the City Manager shall prepare a plan to raise and spend “Community Benefits Funds” in Impoverished Areas of the City. The City Manager shall send a written request to each neighborhood council (or equivalent group) to submit input on the community needs in Impoverished Areas of the City. The City Manager shall make a diligent effort to receive input from individuals or groups that represent residents adversely impacted by a prior arrest or other criminal justice system involvement.

5. The City Council shall review the City Manager’s plan to raise and spend all “Community Benefits Funds” in the City at a regularly scheduled City Council meeting.

## **SECTION NINE. EFFECTIVE DATE**

This Measure shall be considered adopted if approved by a majority of the voters at an election to be called by the Oceanside City Council. This Measure shall be considered as adopted upon the date that

the vote is declared by the Oceanside City Council; and shall go into effect ten days after that date. Any provision of this measure applicable inside the Coastal Overlay Zone, which is subject to the California Coastal Commission's jurisdiction, shall not take effect until the date the California Coastal Commission unconditionally certifies that provision as a local coastal program amendment.

**SECTION TEN. SEVERABILITY**

If any part of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

**SECTION ELEVEN. ALTERNATE MEASURES**

This measure is inconsistent with and intended as an alternative to any other initiative or measure placed on the same ballot that addresses the same subject matter as this measure. In the event that this measure and another initiative or measure addressing the same subject matter as this measure, or any part thereof, is approved by a majority of voters at the same election, and this measure receives a greater number of affirmative votes than any other such initiative or measure, this measure shall prevail and control in its entirety and said other initiative or measure shall be rendered void and without any legal effect.

**SECTION TWELVE. ELECTION DATE**

The City Council shall make all reasonable efforts to expeditiously place this measure on the ballot of the next General Election held after the measure has qualified.

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**PURSUANT TO SECTION THREE ABOVE, THE FOLLOWING TEXT FROM ARTICLE XIII OF CHAPTER 7 OF THE OCEANSIDE MUNICIPAL CODE (MEDICAL CANNABIS FACILITIES) IS SHOWN IN STRIKEOUT BELOW TO INDICATE ITS REPEAL.**

**~~Sec. 7.115. Purpose and intent. —~~**

~~The purpose of this chapter is to permit medical cannabis facilities, as defined herein, to operate within the city subject to the approval of: 1. A local license in accordance with the criteria and procedures set forth in this chapter; 2. A conditional use permit validly issued by the city pursuant to the Oceanside Zoning Ordinance; and 3. A state license required by applicable provisions of state law. The local license shall only permit medical cannabis cultivation authorized by state licenses M-Type 1A (specialty indoor), M-Type 2A (small indoor), M-Type 3A (indoor-medium), M-Type 1B (specialty mixed-light), M-Type 2B (specialty mixed-light small), M-Type 3B (specialty mixed-light medium). In addition, the local license shall only permit medical cannabis testing laboratories authorized by state license M-Type 8, medical cannabis nurseries authorized by state license M-Type 4, medical cannabis distribution authorized by state license M-Type 11, medical cannabis nonstorefront delivery establishments~~

authorized by M-Type 9, and medical cannabis manufacturing level 1 authorized by state license M-Type 6 for sites that manufacture medical cannabis products using nonvolatile solvents or no solvents.

**Sec. 7.116. – Definitions. —**

(a) The following terms shall be defined as follows:

*Applicant* means the person applying for a local license pursuant to this chapter.

*Canopy* means the total combined indoor area for all locations on a property where medical cannabis is being cultivated, as measured by the horizontal extent of the plant or combination of plants at the widest point and measured in a straight line. This does not include aisles or walkways.

*Cultivation* has the same meaning as section 26001(1) of the Business and Professions Code and shall include any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of medical cannabis.

*Good cause* for purposes of denying a local license, for revoking a local license, or for denying a local license renewal, includes, but is not limited to, the following:

- (1) The licensee or applicant has violated any of the terms, conditions or provisions of this chapter, of state law, of any regulations and/or rules promulgated pursuant to state law, any applicable local rules and/or regulations, or any special terms or conditions placed upon its conditional use permit, state license, and/or local license;
- (2) For new applications, the city manager or designee determines that issuance of the license would impair the health, safety or welfare of the public, cause negative impacts to property values, cause odor created by cannabis plants to impact adjacent properties, impair the city's ability to prevent crime associated with cannabis, and/or impair the city's ability to ensure that cannabis grown, manufactured or sold remains secure and does not find its way to minors, or illicit markets. For applications for permit renewal, the licensed premises have been operated in a manner that adversely affects the public health, safety or welfare or the safety of the immediate neighborhood in which the medical cannabis facility is located, causes adverse economic impacts, increased crime, decreased property values and/or an increase in the number of transients in the area;
- (3) The licensee or applicant has made false statements, misrepresentations or material omissions on an application form, renewal form, or any other document submitted to the city;
- (4) The licensee or applicant has failed to provide all required information required by this chapter, or has failed to pay the required fee.
- (5) The applicant or licensee's criminal history does not indicate that the applicant or licensee is of good moral character; or the applicant or licensee has been convicted of an offense identified in section 7.127(f), or any offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the city may consider, among other things, the factors as set forth in section 19323(b) of the Business and Professions Code;

- (6) The licensee or applicant is employing or being financed in whole or in part by any person whose criminal history indicates that person is not of good moral character;
- (7) The applicant or licensee has failed or refused to allow city officials to inspect security recordings, activity logs, or business records, of the licensed premises;
- (8) The applicant or licensee is owned by, has an officer or director who is, or is employing or financed in whole or in part by, a licensed physician making recommendations for cannabis;
- (9) The applicant or licensee has had a local license revoked by the city; or
- (10) The applicant or licensee operated a cannabis business in violation of this chapter, the Oceanside Zoning Ordinance, or any other applicable state or local law.

*Legal parcel* means a parcel of land for which one legal title exists. Where contiguous legal parcels are under common ownership or control, such legal parcels may at the option of the property owner be counted as a single parcel for purposes of this chapter.

*Licensee* means a person who has been issued a state license, local license and a conditional use permit pursuant to this chapter and the Oceanside Zoning Ordinance.

*Local license* means a medical cannabis facility permit issued by the city pursuant to this chapter.

*Medical cannabis* has the same meaning as section 26001(ai) of the Business and Professions Code.

*Medical cannabis cultivation facility* means a facility wherein cannabis is propagated, planted, grown, harvested, dried, cured, graded, labeled, tagged for tracking or trimmed, or that does all or any combination of those activities for medicinal purposes consistent with California law. This definition excludes the cultivation of no more than six (6) nonmedical cannabis plants by a person twenty-one (21) years of age or older for personal use in a private residence provided the cultivation is in a fully enclosed structure that is secure, not visible from a public space and otherwise exempt from state licensing requirements.

*Medical cannabis delivery establishment (M-Type 9 non-storefront retailer)* means a non-storefront retailer conducting retail medical cannabis sales exclusively by delivery as defined in Business and Professions Code section 26001(p) and applicable state regulations. For the purpose of licensing, a medical cannabis delivery non-storefront shall not be considered a medical marijuana dispensary.

*Medical cannabis dispensary* means a facility wherein medical cannabis, medical cannabis products, are offered, either individually or in any combination, for retail sale, including an establishment that delivers medical cannabis and medical cannabis products as part of a retail sale in compliance with all applicable state laws.

*Medical cannabis distribution site.* A location where medical cannabis obtained from a licensed medical cannabis cultivator or medical cannabis products from a licensed manufacturer is temporarily stored, prior to delivery to a licensed medical cannabis dispensary and as part of performing a distributor's

duties under state law. A medical cannabis distributor is a person engaged in the procurement, sale, and transport of medical cannabis and medical cannabis products between licensees.

*Medical cannabis facility* shall refer to a medical cannabis cultivation facility, a medical cannabis testing laboratory, a medical cannabis manufacturer, a medical cannabis delivery establishment (M-Type 9 non-storefront retailer) and/or medical cannabis distributor.

*Medical cannabis manufacturer* means a facility involving production, preparation, propagation and compounding of medical cannabis and medical cannabis products, without the use of a volatile solvent. Nonvolatile medical cannabis manufacturing includes and is limited to the extraction of a substance from a cannabis plant with nonvolatile solvents, the infusion of mixture of medical cannabis into another substance, the preparation of an edible item that includes medical cannabis, and the packaging and labeling of medical cannabis or medical cannabis products. Nonvolatile medical cannabis manufacturing does not include cannabis cultivation.

*Medical cannabis nursery* means a facility that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of medical cannabis.

*Medical cannabis testing laboratory* means a laboratory, facility, or entity that offers or performs tests 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 commercial cannabis activity in the state; and
- (2) Licensed by the state of California to perform medical cannabis testing consistent with Business and Professions Code section 26001.

*State law(s)* shall mean and include California Health and Safety Code section 11362.5 (Compassionate Use Act of 1996); California Health and Safety Code sections 11362.7 through 11362.83 (Medical Cannabis Program Act); Medical Marijuana Regulation and Safety Act ("MMRSA"), Senate Bill 94 (Medicinal and Adult Use Cannabis Regulation and Safety Act "MAUCRSA"), Assembly Bill 133, codified at Business and Professions Code sections 26001 through 26227.9; Government Code sections 11553 through 11553.5; Health and Safety Code section 11357; Revenue and Taxation Code section 34010 through 55044 and all other applicable laws of the state of California related to cannabis as may be amended from time to time.

*State license, license, or registration* means a state license issued pursuant by the state licensing authority to authorize the cultivation, distribution, testing, manufacturing or dispensing of medical cannabis.

*State licensing authority* shall mean the Bureau of Cannabis Control and/or any other agency authorized to issue licenses for the commercial cannabis activities or authorized to take disciplinary action against such license.

(b) Words and phrases not specifically defined in this Code shall have the meaning ascribed to them as defined in the following sources:

- (1) The Compassionate Use Act of 1996 (California Health and Safety Code section 11362.5).
- (2) The Medical Cannabis Program Act (California Health and Safety Code sections 11362.7 through 11362.83).
- (3) The Medical Marijuana Regulation and Safety Act (California Business and Professions Code sections 19300 through 19360) as may be amended from time to time.
- (4) Assembly Bill 133, codified at Business and Professions Code sections 26001 through 26227.9; Government Code sections 11553 through 11553.5; Health and Safety Code section 11357; Revenue and Taxation Code section 34010 through 55044.
- (5) Senate Bill 94 (Medicinal and Adult Use Cannabis Regulation and Safety Act "MAUCRSA").

**Sec. 7.117. — Medical cannabis facilities permitted. —**

(a) Subject to compliance with this chapter, all applicable provisions of the Oceanside Zoning Ordinance, and all other applicable state and local laws and regulations, medical cannabis facilities may be operated within the city. Except as provided in section 7.126(12), medical cannabis dispensaries are prohibited in the city.

(b) The maximum number of local licenses issued by the city may be limited by resolution of the city council. Such limitation may be based on number of local licenses, the aggregate area of medical cannabis facilities, or any other measure determined by the city council. Unless otherwise authorized by the city council, no more than two (2) local licenses may be issued by the city manager or designee to permit a medical cannabis delivery establishment (M-Type 9 non-storefront retailer) located in Oceanside.

(c) A local license issued pursuant to this chapter shall specify the date of issuance, the period of licensure, the name of the licensee, and the address of the medical cannabis facility.

**Sec. 7.118. — License in addition to other permit. —**

The local license required under the terms of this chapter shall be in addition and supplemental to any business license or any permit required by any ordinance of the city. The applicant shall pay all applicable business license administrative fees and taxes required by applicable law. The business license for any medical cannabis facility shall be deemed as Category II, High Level of Enforcement and shall be subject to the rules, regulations and policies of this classification.

**Sec. 7.119. — Permits required. —**

(a) Prior to initiating operations, and as a continuing requisite to operating a medical cannabis facility, the legal representative of the persons wishing to operate a medical cannabis facility shall first obtain a local license from the city manager or designee and then a conditional use permit pursuant to all applicable provisions of the Oceanside Zoning Ordinance. The applicant shall file an application with the city manager or designee upon a form provided by the city and shall pay an application fee as established by resolution adopted by the city council as amended from time to time.

(b) Nothing in this section shall permit a medical cannabis facility to operate at any time in a manner that is in violation of this chapter, the Oceanside Zoning Ordinance, the City Building Code, Fire Code, or any other applicable state or local law or regulation.

(c) It shall be unlawful for any person or entity to operate a medical cannabis facility in the city unless it has been granted a state license, a local license pursuant to this chapter, and a conditional use permit as required by the Oceanside Zoning Ordinance.

**Sec. 7.120. Local license application process.**

All applications for local licenses pursuant to this chapter shall be made upon current forms prescribed by the city and shall include a statement by the applicant under penalty of perjury certifying that all of the information contained in the application is true and correct. The city shall not receive or act upon an application for the issuance of a local license pursuant to this chapter until a completed application and the fee established by resolution of the city council is submitted to the city. An applicant shall have an opportunity to cure any incomplete application within thirty (30) days of written notice of incompleteness by the city. An application for a local license shall include at least the following:

(1) Proof of organizational status, such as articles of incorporation, taxpayer or employer identification number, by laws, organizational minutes, partnership agreements, and other documentation as may be required by the city.

(2) A written report prepared by the Oceanside police department concerning the acceptability of the background of the applicant. The written report shall include a criminal background check of any applicant for a local license, including background checks on any management personnel who are responsible for the day-to-day operations and activities of the medical cannabis facility and any shareholder, partner, member, officer and/or director.

(3) Documentation establishing that the applicant is, or will be, entitled to possession of the premises for which application is made. Evidence of lawful possession consists of a properly recorded deed, lease, evidence of ownership of the premises, or other written documents acceptable to the city. The licensed premises shall only be the geographical area that is specifically and accurately described in executed documents verifying lawful possession. Licensees are not authorized to relocate to other areas or units within a building structure without first filing an application for a modification of the local license, obtaining a conditional use permit for the new premises, and obtaining approval from the city.

(4) An operating plan for the proposed medical cannabis facility including the following information:

a. A general description of the types of products to be cultivated, tested, manufactured, or distributed at the medical cannabis facility;

b. A floor plan designating all interior dimensions and the layout of the medical cannabis facility, including all limited access areas, areas of ingress and egress, and all security camera locations. Such floor plan shall also show the principal uses of the floor area depicted therein and shall identify all areas where product will be located;

c. An employee list; and d. Name of third-party tracking software the medical cannabis facility will use to track the medical cannabis.

(5) A security plan for the proposed medical cannabis facility including the following security requirements:

a. *Video surveillance.* The medical cannabis facility must be equipped with a video surveillance system that meets all of the requirements set forth in this subsection.

i. Security cameras and digital storage of recordings shall be maintained in good condition and used in an on-going manner, twenty-four (24) hours per day, seven (7) days per week.

ii. The security system must maintain at least one hundred twenty (120) concurrent hours of digitally recorded video for each security camera in the licensed premises. Security footage should be stored in an MPEG4, MJPEG, H.264, or another format approved by the city in writing and the recorded video shall be made available to the Oceanside police department immediately upon request.

iii. Security cameras must provide adequate and sufficient coverage for the facility, which must include but need not to be limited to, all restricted and limited access areas, all areas of ingress and egress, the public areas, storage areas, and any other areas as required by this chapter and applicable provisions of state law.

iv. The video surveillance system must be equipped with a failure notification system that provides prompt notification to a security company licensed by the department of consumer affairs, bureau of security and investigative services, of any surveillance interruption or complete failure of the surveillance system that lasts longer than fifteen (15) minutes. The licensed alarm company must promptly report any such notification to the Oceanside police department.

v. The video surveillance system shall have sufficient battery backup to support a minimum of one hour of recording in the event of a power outage.

vi. The video surveillance system shall stream a live feed accessible to the Oceanside police department via a secure internet portal, virtual private network or other form of secure remote access.

b. *Alarm system.* The medical cannabis facility shall have an audible interior and exterior security alarm system installed on all perimeter entry points and perimeter windows, operated, and monitored by a security company licensed by the department of consumer affairs, bureau of security and investigative services, and approved by the city. "Perimeter entry points" includes, regardless of size, all doors, windows, hatches and/or points at which systems (such as HVAC systems) enter a structure.

c. *Signage requirement.* The medical cannabis facility must comply with the following signage requirements.

i. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."

ii. Limited access areas shall be clearly identified by the posting of a sign which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than a half inch in height, which shall state, "Limited Access Area—Authorized Personnel Only."

iii. In addition to the requirements set forth in the zoning ordinance and applicable CUP, signage shall be limited to the business name and address with no logos, advertising, banners, green crosses, or similar insignia.

d. *Lighting.* The medical cannabis facility's entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the city's lighting standards regarding fixture type, wattage, illumination levels, shielding, and other restrictions, and secure the necessary approvals and permits as needed.

e. *Commercial grade locks.* All points of ingress and egress to a medical cannabis facility shall ensure the use of commercial grade, nonresidential door locks and window locks.

(6) Written authorization for the city to seek verification of the information contained within the application and authorization for the Oceanside police department to conduct the background check(s).

(7) Any additional information that the city may request to process and fully investigate the application. The additional information must be provided to the city no later than thirty (30) days after the date of the request unless otherwise specified by the city. Failure to provide such additional information by the requested deadline may result in denial of the application.

#### **~~Sec. 7.121. — Grounds for denial or revocation; conditions of approval.~~**

(a) The city manager or designee shall reject an application for a local license upon a finding of good cause.

(b) The city manager or designee may place conditions upon the approval of any local license which are, in the opinion of the city manager or designee, reasonably related to the protection of the health, safety and welfare of (i) the neighborhood in which the proposed medical cannabis facility is to be located and/or (ii) the general public.

(c) All persons who are engaged in or who are attempting to engage in a medical cannabis activity in any form shall do so only in strict compliance with the terms, conditions, limitations and restrictions of state law, this chapter, the Oceanside Zoning Ordinance, and all other applicable state and local laws and regulations.

(d) The city manager or designee is authorized to implement policies and procedures consistent with this chapter concerning the application, the information required of applicants, and the application procedures to implement this chapter.

(e) A local license issued by the local licensing authority constitutes a revocable privilege. The applicant has the burden of proving its qualifications for a local license at all times.

#### **~~Sec. 7.122. — Transfer of ownership interest, modification or other material changes.~~**

In addition to any requirements in this chapter, the transfer of ownership interest, modification of a cannabis facility, and/or change of manager, location or other material change of the medical cannabis facility shall comply with the following:

(1) The licensee shall report the transfer of ownership interest, modification of medical cannabis facility, and/or change of manager, location or other material change of the medical cannabis facility to the city manager or designee on forms prescribed by the local licensing authority and

must receive written approval from the city manager or designee prior to any such transfer or change.

(2) A licensee shall not make physical change, alteration, or modification of the medical cannabis facility that materially or substantially alters the medical cannabis facility from the plans approved by the city without the prior written approval of the city. Material changes include, but are not limited to: a decrease in the number of security cameras, the relocation of a security camera identified in the application submitted pursuant to section 7.120, an increase in the total square footage of the medical cannabis facility or the addition, sealing off, or relocation of a wall, common entryway, doorway, or other means of public ingress and/or egress. Applications for modifications of a medical cannabis facility shall be made on forms prescribed by the city.

(3) For a transfer of ownership interest, a change in location or a change of manager, the city shall require a new local license pursuant to this section 7.119.

(4) No licensee may sublet any portion of a licensed premises for any purpose without prior written city approval.

#### **Sec. 7.123. — Renewal of a local license. —**

(a) A licensee may apply for the renewal of a local license no less than thirty (30) days prior to the local license's expiration date. If the licensee files a renewal application within thirty (30) days prior to expiration, the licensee shall provide a written explanation detailing the circumstances surrounding the late filing. The city may accept or reject such late filing in its discretion. The city may elect to administratively continue a local license past its expiration date, provided that the licensee has submitted a renewal application that is complete and pending final action.

(b) An application for renewal will only be accepted if it is accompanied by the requisite licensing fee.

(c) Each application for renewal shall include updated information for any part of the application that has undergone a change in circumstance since the original application or last renewal filing and shall recertify all information submitted in prior application(s).

(d) Unless the city has expressly authorized in writing the renewal of the local license, a local license is immediately invalid upon expiration and the medical cannabis facility shall cease operations. The city manager or designee shall approve or deny the application for renewal based upon the grounds set forth in section 7.121.

(e) All local licenses are valid for one year from the date of issuance. A local license may be valid for less than the applicable license term if revoked, suspended, voluntarily surrendered, or otherwise disciplined.

#### **Sec. 7.124. — Limitations on city's liability. —**

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

(1) Execute an agreement indemnifying the city from any claims, damages, liabilities or other obligations of any kind associated with the operation of the medical cannabis facility;

- (2) Maintain insurance in the amounts and of the types that are acceptable to the city attorney;
- (3) Name the city as an additional insured on all city required insurance policies and submit proof of endorsements;
- (4) Agree to defend, at its sole expense and with counsel of the city's choice, any action against the city, its agents, officers, and/or employees related to the approval of a local license and/or conditional use permit; and
- (5) Agree to reimburse the city for any court costs and attorney fees that the city may be required to pay as a result of any legal challenge related to the city's approval of a local license and/or conditional use permit.
- (6) Deposit with the city security in an amount determined in the judgment of city manager and city attorney that may be used by the city as, when and to the extent necessary to satisfy the applicant's obligations under this section. The security required by this paragraph shall be in the form of cash or any other form approved by the city in its sole and absolute discretion.
- (7) Expressly acknowledge in writing that (i) the city incurs no liability whatsoever as a result of the city's issuance of a local license pursuant to this chapter, a conditional use permit pursuant to the Oceanside Zoning Ordinance and/or approval of the security plan required by this chapter, (ii) the applicant is aware that the cultivation of cannabis may violate federal law, including, without limitation, the Controlled Substances Act, 21 U.S.C. § 801 et seq., and (iii) the applicant assumes all liability for such violation.

**Sec. 7.125. — Additional terms and conditions. —**

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

**Sec. 7.126. — Medical cannabis facility operational requirements. —**

Licenses shall comply with the requirements set forth in this chapter. Failure to comply with any of these requirements shall be considered grounds for suspension and/or revocation of a local license.

- (1) *General obligation to operate in compliance.* A licensee shall comply fully with all of the applicable restrictions and mandates in this chapter, the Oceanside Zoning Ordinance, the applicable CUP, all applicable state and local laws, all requirements of the state and local licenses, and the security plan required by section 7.120.
- (2) *General obligation to pay taxes.* A licensee shall pay any applicable taxes pursuant to federal, state, and local laws.
- (3) *Inspection of premises and records.* A licensee shall make the medical cannabis facility premises, books, records and all other documents related to its operation available for inspection by any city officer or official for purposes of determining compliance with all applicable legal requirements.
- (4) *Secure storage of product.* Medical cannabis maintained at a medical cannabis facility shall be kept and stored in a secured manner within a limited access area or restricted access area at all times in compliance with the approved security plan.
- (5) *Prohibition on cannabis consumption on premises.* On-site smoking, ingestion, or consumption of cannabis shall be prohibited on the premises of all medical cannabis facilities.

The term "premises" as used in this subsection includes the actual building, as well as any accessory structures, common areas and parking areas. A sign shall be posted at each entrance of a cannabis facility that clearly and legibly states, "Smoking, ingestion, or consumption of cannabis on these licensed premises or in their vicinity is prohibited and a violation of the Oceanside City Code."

*(6) Prohibition on alcohol sales, distribution, or consumption on licensed premises.* A medical cannabis facility shall not sell, provide, store, or distribute any product that would require that the seller possess a license issued by the California Department of Alcoholic Beverage Control.

*(7) Display of license and conditional use permit.* A medical cannabis facility shall display a copy of its local license issued pursuant to this chapter and conditional use permit issued pursuant to the Oceanside Zoning Ordinance in a conspicuous place at the entrance to the licensed premises.

*(8) No physician evaluations on licensed premises.* A medical cannabis facility shall not permit a physician to evaluate patients or to provide recommendations for cannabis within its licensed premises. Medical cannabis facilities shall not offer or provide any form of remuneration to a physician who recommends cannabis.

*(9) Community relations designee.* A medical cannabis facility must provide the city's development services department and police chief with the name, phone number, facsimile number, and email address of an on-site community relations representative or staff person or other representative to whom the city can provide notice if there are operating problems associated with the medical cannabis facility or refer members of the public who may have complaints or concerns regarding the medical cannabis facility.

*(10) Seed to sale tracking required.* Until such a time that the State of California fully implements section 19335 of the Business and Professions Code, a medical cannabis facility must utilize third-party software that tracks all sales, transfers, purchases, receipts, deliveries of medical cannabis and medical cannabis products. The software must be capable of producing electronic shipping manifests, tracking all cannabis inventory in possession of the medical cannabis facility, promptly identifying a discrepancy in the stock, and tracking cannabis from a qualified patient or primary caregiver back to its source.

*(11) Unique identifiers.* A medical cannabis facility must comply with the unique identification program promulgated by the city manager; provided, however, that any unique identification program promulgated by the city manager shall, pursuant to section 11362.777(t)(2) of the Health and Safety Code, adhere to the requirements set by the California Department of Food and Agriculture and be the equivalent to those administered by the California Department of Food and Agriculture.

*(12) Delivery requirements.* A state and local licensed medical cannabis dispensary located outside of the city may engage in medical cannabis delivery directly from the dispensary to qualified patients or primary caregivers within Oceanside subject to the following conditions:

- a. All drivers shall be twenty-one (21) years of age or older, and shall possess a valid California driver's license.
- b. The delivery vehicles shall not advertise any commercial cannabis activity nor shall it advertise the name of the dispensary.

- e. Deliveries shall be directly to the residence or business address of the qualified patient who possesses an identification card issued pursuant to Health and Safety Code section 11362.71 et seq. or that person's primary caregiver. Any other delivery or transaction is prohibited. The qualified patient or primary caregiver shall maintain a copy of the delivery request and make it available to law enforcement officers upon request as required by Health and Safety Code section 19340(e).
- d. Delivery drivers shall not transport medical cannabis in excess of the limits established the state licensing authority.
- e. All orders shall be packaged by name of the qualified patient. The delivery driver shall maintain a copy of the delivery request and make it available upon request to law enforcement officers as required by Health and Safety Code section 19340(d).
- f. Deliveries shall occur only between the hours of 8:00 a.m. and 9:00 p.m.
- g. Prior to the issuance and renewal of the business license, the applicant shall present proof that each delivery vehicle is properly registered with California Department of Motor Vehicles.
- h. The licensee shall maintain automobile liability insurance from an insurance company admitted by the Insurance Commissioner of the State of California to transact the business of insurance in the state which shall be for a combined single limit for bodily injury and property damage liability of not less than one million dollars (\$1,000,000.00).
- i. The applicant shall obtain a business license from the business license division of the city in accordance with all applicable provisions of chapter 15 of the Oceanside City Code with the written approval of the city attorney and police chief. The applicant shall furnish proof of its state license and local approval to operate a medical cannabis dispensary outside of the city.

A medical cannabis delivery establishment in Oceanside (M-Type 9 non-storefront retailer) shall comply with all applicable state licensing requirements, including applicable regulations in Title 16 of the California Code of Regulations as amended from time to time and the requirements in this section 7.126(12).

(13) *Hours of operation.* A medical cannabis facility may operate only during hours of operation as permitted by the applicable zoning ordinance, or more restrictive hours set forth in the applicable conditional use permit.

(14) *Security.* A medical cannabis facility shall utilize onsite armed and state licensed security staff twenty four (24) hours a day, seven (7) days a week unless otherwise approved in writing by the police chief.

(15) A medical cannabis facility shall not maintain cash overnight. A commercial grade safe shall be used to store all cash during hours of operation. All cash proceeds shall be transferred to and from the medical cannabis facility in accordance with the requirements of the approved security plan.

**Sec. 7.127. — Employee permits. —**

(a) No person shall be employed by a medical cannabis facility without a valid cannabis facility employee permit issued by the city to such person. A medical cannabis facility shall promptly

supplement the information provided as part of its application pursuant to section 7.120 with the names of all employees within thirty (30) days of any change in the information originally submitted.

(b) The city manager, or designee, shall grant, deny and renew medical cannabis facility employee permits. The application for a permit shall be made on a form provided by the city manager, or his or her designee. An original and two (2) copies of the completed and sworn permit application shall be filed with the city manager. The completed application shall contain the following information and be accompanied by the following documents: (1) The employee's legal name and any other names used by the employee. (2) The employee's age, date and place of birth. (3) The employee's present residence address and telephone number. (4) Whether the employee has been convicted of a criminal offense in the past ten (10) years as of the date of the application. (5) A photocopy of the employee's state issued driver's license or identification card and social security number. (6) Satisfactory written proof that the employee is at least twenty-one (21) years of age. (7) The employee's fingerprints on a form provided by the Oceanside police department and a color photograph clearly showing the employee's face. (8) If the application is made for the purpose of renewing a license, the employee shall attach a copy of the license to be renewed.

(c) The completed application shall be accompanied by a non-refundable application fee as set by resolution of the city council.

(d) Upon receipt of an application and payment of the application fees, the city manager or designee shall immediately stamp the application as received, issue a temporary license to the employee which shall be valid for fifteen (15) days unless earlier terminated by the denial of a medical cannabis facility employee permit, and promptly investigate the application.

(e) If the city manager or designee determines that the employee has completed the application improperly or the application is otherwise incomplete, the city manager or designee shall notify the employee of such fact within ten (10) business days of the date of receipt of the application, including the reasons the application is not complete. The city manager or designee shall, in such event, grant the employee an extension of time of ten (10) days to complete the application properly. In addition, the employee may request an extension, not to exceed ten (10) days, of the time for the city manager or designee to act on the application. The time period for granting or denying a permit shall be stayed during the period in which the applicant is granted an extension.

(f) Within fifteen (15) days after receipt of the properly completed application, the city manager or designee shall grant or deny the application and so notify the employee. The city manager or designee shall grant the application and issue the permit unless the application is denied for one or more of the following reasons:

- (1) The employee has made any false, misleading, or fraudulent statement in the application;
- (2) The employee is under twenty-one (21) years of age;
- (3) The employee is a gang member or associate as documented by applicable law enforcement agencies;
- (4) The medical cannabis facility employee permit is to be used for employment in a business prohibited by state or local laws, ordinances, or regulations;
- (5) Within the preceding ten (10) years, the employee has been convicted of any of the following:
  - a. Possession of a controlled substance for sale pursuant to Health and Safety Code section 11351.

- b. Sale of a controlled substance pursuant to Health and Safety Code section 11352.
- c. Any violent crime, as defined by Penal Code section 667.5.
- d. Any crime considered a "strike" pursuant to Penal Code section 1192.7(c).
- e. Any felony offense or crime of moral turpitude as determined by applicable case law.
- f. Such other crimes or offenses as may be determined by the city council by resolution.
- g. The city manager or designee determines issuance of the license would impair the health, safety or welfare of the public, cause negative impacts to property values, cause odor created by cannabis plants to impact adjacent properties, impair the city's ability to prevent crime associated with cannabis, and/or impair the city's ability to ensure that cannabis grown, manufactured or sold remains secure and does not find its way to minors, or illicit markets.

(g) The medical cannabis facility employee permit, if granted, shall state on its face the name of the person to whom it is granted, and the expiration date. The city manager shall provide each person issued a medical cannabis facility employee permit with an identification card containing the employee's name, address, photograph, and permit number. Both the permit and identification card shall be available for inspection at all times during which the employee is on the premises of the medical cannabis facility. (h) The city manager or designee may revoke an employee permit for good cause and/or for any of the following reasons set forth in this section 7.127(f) that would have provided grounds for denial of the permit.

**Sec. 7.128. — Inspections and enforcement.**

(a) Recordings made by security cameras, books, records and all other documents related to the licensee's operation and access to the facility shall be made immediately available to the city manager or designee upon written request; no search warrant or subpoena shall be needed to view the materials or access the facility.

(b) Operation of the licensee's facility in non-compliance with any conditions of approval or the provisions of this chapter shall constitute a violation of the City Code and shall be enforced pursuant to the provisions of this Code.

(c) The city manager or designee may summarily suspend or revoke a local license if any of the following, singularly or in combination, occur:

- (1) The city manager or designee determines that the licensee has failed to comply with this chapter or any condition of approval or a circumstance or situation has been created that would have permitted the city manager or designee to deny the local license.
- (2) Operations cease for more than ninety (90) calendar days.
- (3) Ownership is changed without securing a local license.
- (4) The licensee fails to allow inspection of the premises, security recordings, books, records or other documents by authorized city officials.
- (5) The licensee fails to possess and/or maintain a valid state license or conditional use permit.

**Sec. 7.129. — Appeals.**

Any decision regarding the denial, suspension or revocation of a local license may be appealed pursuant to the procedures set forth in chapter 15, section 15.5(3) of this Code.

**Sec. 7.130. — Permits not transferable. —**

~~Notwithstanding any provision to the contrary set forth in this chapter, local licenses issued pursuant to this chapter are not transferable.~~

**Sec. 7.131. — Violations. —**

~~(a) Any violation of any of this chapter is unlawful and a public nuisance.~~

~~(b) Any violation of any of the provisions of this chapter shall constitute a misdemeanor violation and upon conviction thereof any violation shall be punishable by a fine not to exceed one thousand dollars (\$1,000.00), or by imprisonment for a period of not more than six (6) months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.~~

~~(c) The city may issue an administrative citation for each violation of this chapter pursuant to the procedures set forth in chapter 1 of this Code, provided, however, that notwithstanding the provisions of any other section of this Code, the penalty amounts of administrative citations issued for violations of this chapter shall be as follows which the city council may periodically adjust by resolution:~~

~~(1) For the first administrative citation, the penalty shall be ten thousand dollars (\$10,000.00).~~

~~(2) For the second and any subsequent administrative citation, the penalty shall be twenty thousand dollars (\$20,000.00).~~

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

**Sec. 7.132. — Regulations. —**

~~The city manager, in consultation with the city attorney, is authorized to promulgate such regulations as may be necessary or convenient to implement this chapter.~~