

ORDINANCE NO. 775

AN ORDINANCE OF THE CITY COUNCIL OF CATHEDRAL CITY, CALIFORNIA, AMENDING SECTIONS 3.48, 5.88, 13.80 OF THE CATHEDRAL CITY MUNICIPAL CODE RELATING TO MEDICAL CANNABIS

WHEREAS, in 1996, the voters of the State of California approved Proposition 215 (codified as California Health and Safety Code Section 11362.5 and entitled "The Compassionate Use Act of 1996"), decriminalizing the use of cannabis for medical purposes; and

WHEREAS, in 2003, the California Legislature adopted SB 420, the Medical Marijuana Program, codified as California Health and Safety Code Section 11362.7 et. seq., which permits Qualified Patients and their Primary Caregivers to associate collectively or cooperatively to cultivate Medical Cannabis without being subject to criminal prosecution; and

WHEREAS, in 2008, the Attorney General of the State of California set forth Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use ("Guidelines"); and

WHEREAS, recently in October 2015, the State of California adopted AB 243, AB 266, and SB 643 (the "Medical Marijuana Regulation and Safety Act" or the "MMRSA") to clarify legal requirements pertaining to Medical Cannabis; and

WHEREAS, the MMRSA and California Supreme Court empowers local incorporated cities and counties to enact laws or regulations pertaining to Medical Cannabis cultivation, dispensing, manufacturing, or distribution pursuant to zoning powers that the city's or county's governing body allows which include expanding and allowing or restricting, banning and prohibiting such activity within the locality; and

WHEREAS, Cathedral City supports the right of patients with debilitating medical conditions to have safe access to Medical Cannabis; and

WHEREAS, it is necessary for Cathedral City to adopt regulations for the purpose of facilitating safe access of Medical Cannabis to patients; and

WHEREAS, Cathedral City currently regulates Medical Cannabis dispensaries in the City pursuant to the Guidelines and State Law; and

WHEREAS, Cathedral City desires to license and permit the regulated cultivation of Medical Cannabis pursuant to State Law;

WHEREAS, Cathedral City intends to adopt further regulations governing Medical Cannabis Businesses and "Commercial Cannabis Activity," as such term is defined in State Law; and

WHEREAS, it is the purpose and intent of this Chapter to regulate Medical Cannabis in a manner that is consistent with State Law and which promotes the health, safety, and general welfare of citizens of Cathedral City and limits impacts associated with Medical Cannabis cultivation; and

WHEREAS, nothing in this Section shall be construed to allow persons to engage in conduct that endangers others or causes a public nuisance as defined herein, allow the use or diversion of cannabis for nonmedical purposes, or allow any activity relating to the cultivation, distribution or consumption of cannabis that is otherwise illegal under California State Law.

NOW, THEREFORE, THE CATHEDRAL CITY COUNCIL DOES ORDAIN AS FOLLOWS:

Section 1. The above recitals are true and correct and incorporated herein.

Section 2. Chapter 3.48 of the Cathedral City Municipal Code is hereby amended to read as follows, with additions underlined and deletions struck through:

Chapter 3.48 MEDICAL CANNABIS AND MARIJUANA TAX

3.48.005 Purpose of Chapter.

This Chapter shall be known as the "Medical Cannabis Tax" and is enacted solely to raise revenue for the general governmental purposes of the City and not for purposes of regulation or raising revenues for regulatory purposes. All of the Proceeds from the tax imposed by this Chapter shall be placed in the City's general fund and used for the usual current expenses of the City.

3.48.010 Imposition of tax.

Every person engaged in operating or otherwise conducting a ~~cannabis or marijuana collective and/or dispensary~~ (collectively referred to herein as "collective") **any Medical Cannabis Business**, and regardless of whether such collective ~~collective~~ **Medical Cannabis Business** has a permit pursuant to Chapter 9.108 of this ~~Code~~, shall pay a **Medical Cannabis and marijuana** tax of fifteen cents for each one dollar of ~~Proceeds~~ or fractional part thereof.

3.48.020 Definitions.

For purposes of this ~~e~~Chapter:

A. **“Medical Cannabis Business”** A ~~“cannabis or marijuana collective”~~ means ~~any activity regulated or permitted by Chapter 9.108 of this Code, or California Health and Safety Code Section 11362.5, et seq., as may be amended from time to time, or any other activity or business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, providing, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the marijuana plant for medical purposes.~~ **means any Person engaged in Commercial Cannabis Activity, pursuant to Sections 19300.5 (k), (aj) of the California Business and Professions Code.**

B. “Proceeds” means **G**ross **R**ceipts of any kind, including without limitation, membership dues; the value of in-kind contributions; reimbursements provided by members **Medical Cannabis Patients and Primary Caregivers as those terms are defined in Chapter 5.88** ~~regardless of form~~; any payments made; and anything else of value obtained by a **Medical Cannabis Business** ~~cannabis or marijuana collective.~~

C. **“Gross Receipts” except as otherwise specifically provided, means the total amount actually received or receivable from all sales; the total amount or compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise; discounts, rents, royalties, fees, commissions, dividends, and gains realized from trading in stocks or bonds, however designated. Included in “Gross Receipts” shall be all receipts, cash, credits and property of any kind or nature, without any deduction there from on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded there from: (1) Cash discounts allowed and taken on sales; (2) Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as Gross Receipts; (3) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser; (4) Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in Gross Receipts; (5) Receipts from investments where the holder of the investment receives only interest and/or dividends, royalties, annuities and gains from the sale or exchange of stock or securities solely for a person’s own account, not derived in the ordinary course of a business; (6) Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer’s business; (7) Cash value of sales, trades or transactions between departments or units of the same business; (8) Whenever there are included within the Gross Receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the Gross Receipts in the**

year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected, they shall be included in the amount of Gross Receipts for the period when they are recovered; (9) Transactions between a partnership and its partners; (10) Receipts from services or sales in transactions between affiliated corporations. An affiliated corporation is a corporation: (a) The voting and non-voting stock of which is owned at least eighty percent by such other corporation with which such transaction is had; or (b) Which owns at least eighty percent of the voting and non-voting stock of such other corporation; or (c) At least eighty percent of the voting and non-voting stock of which is owned by a common parent corporation which also has such ownership of the corporation with which such transaction is had; (11) Transactions between a limited liability company and its member(s), provided the limited liability company has elected to file as a Subchapter K entity under the Internal Revenue Code and that such transaction(s) shall be treated the same as between a partnership and its partner(s) as specified in Subsection (9) above; (12) Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar; (13) Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the finance department with the names and the addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustees.

3.48.030 Payment obligation.

All taxpayers subject to this eChapter must pay the full tax imposed by this eChapter regardless of any rebate, exemption, incentive, or other reduction set forth elsewhere in this eCode, except as enacted pursuant to Section 3.48.040 of this Code or as required by California or federal law. Failure to pay the tax shall be subject to penalties, interest charges, and assessments as the eCity Ceouncil may establish and the eCity may use any or all other code enforcement remedies provided in the Charter and this eCode. No provision in this eCode can lower the tax rate set forth in this Ssection or otherwise reduce the amount of taxes paid hereunder unless the provision specifically states that the reduction applies.

3.48.040 City Ceouncil authorization to adjust rates.

The City Ceouncil may impose the tax authorized by this eChapter at a lower rate and, **notwithstanding Section 3.48.030 of this Code**, may establish exemptions, incentives, or other reductions, and penalties and interest charges or assessments for failure to pay the tax in a timely manner, as otherwise allowed by the Charter and California law. No action by the City Ceouncil under this Ssection shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction, and restoring the maximum tax specified in this eChapter.

3.48.050 Payment of tax does not authorize activity.

The payment of the tax required pursuant to this eChapter shall not be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner. Nothing in this eChapter implies or authorizes that any activity connected with the distribution or possession of cannabis is legal under State Law unless otherwise authorized and allowed in strict and full conformance to the provisions of this eCode, including, without limitation, the provisions of Chapter 9.108 and Chapter 5.88. Nothing in this eChapter shall be applied or construed as authorizing the sale of marijuana cannabis by any illegal or unlawful business, or any business in violation of any ordinance of the City.

3.48.060 Medical Cannabis and marijuana tax is not a sales tax.

The Medical Cannabis and marijuana tax provided for under the provisions of this eChapter is not a sales or use tax and shall not be calculated or assessed as such. The Medical Cannabis and marijuana tax shall not be separately identified or otherwise specifically assessed or charged to any member, Medical Cannabis Patient or caretaker Primary Caregiver, as those terms are defined in Chapter 5.88.

3.48.070 Amendments and administration.

A. This eChapter as originally enacted was submitted to the voters for approval and was approved by the voters by majority vote in 2014. Any amendment to Section 3.48.010 to increase the tax above the rate expressly provided in such Section shall not become effective until such amendment is approved by the voters. The voters expressly authorize the City Council to amend, modify, change, or revise any other provision of this eChapter as the City Council deems in the best interest of the City.

B. The City Manager or the City Manager's designee shall promulgate rules, regulations, and procedures to implement and administer this Chapter to ensure the efficient and timely collection of the tax imposed by this Chapter, including, without limitation, formulation and implementation of penalties and interest to be assessed for failure to pay the tax as provided.

C. The City Manager or the City Manager's designee shall annually review the Medical Cannabis taxes imposed by this Chapter and publish a report detailing the total amount of revenue raised from the Medical Cannabis tax. ~~The City Manager or the City Manager's designee shall annually audit the Medical Cannabis and marijuana taxes imposed by this chapter to verify that revenues have been properly expended in accordance with the law.~~

D. Pursuant to California Constitution Article XIII B, the appropriation limit for the City is increased to the maximum extent over the maximum period of time allowed

under law consistent with the revenues generated by the Medical Cannabis and marijuana tax.

3.48.080 Returns and remittances.

The tax shall be due and payable as follows:

- A. **All taxpayers subject to this Chapter shall, on or before the last day of the month following the close of each calendar month or such different reporting period as may be established by the City Manager or the City Manager's designee, file a tax return with the City Manager or the City Manager's designee on forms provided by the City Manager or the City Manager's designee, of the total Proceeds and the amount of tax owed for the preceding calendar month.**
- B. **The return shall be filed whether or not Proceeds have been made or taxes are owed during the month.**
- C. **Each such return shall contain a declaration under penalty of perjury, executed by the taxpayer or authorized agent, that to the best of the signatory's knowledge, the statements in the return are true, correct and complete.**
- D. **The same basis for accounting used by a Medical Cannabis Business for keeping books and records under Chapter 9.108 of this Code shall be used for reporting and remitting under this Chapter.**
- E. **At the time the return is filed, the full amount of the tax owed for the preceding calendar month shall be remitted to the City Manager or the City Manager's designee.**
- F. **All taxes collected by a Medical Cannabis Business pursuant to this Chapter shall be separately held in trust for the account of the City until payment thereof is made to the City Manager or the City Manager's designee.**
- G. **The City Manager or the City Manager's designee may establish either shorter or longer reporting periods if the City Manager or the City Manager's designee deems it necessary or desirable in order to insure collection of the tax or to increase the efficiency of administration.**
- H. **Returns and accrued tax payments are due immediately upon cessation of business for any reason.**

- I. Returns and taxes not received by the City Manager or the City Manager's designee on or before the due date as provided in this Section are delinquent and subject to the penalties imposed under Sections 3.48.090.
- J. Returns filed and taxes remitted by mail shall be deemed timely filed only if the envelope or similar container enclosing the returns and taxes is addressed to the City Manager or the City Manager's designee, has sufficient postage, and bears a United States postmark or a postage meter imprint prior to midnight on the last day for reporting and remitting without penalty. If the envelope or other container bears a postage meter imprint as well as a United States Post Office cancellation mark, the latter shall govern in determining whether the filing and remittance are timely.
- K. The City Manager or the City Manager's designee is not required to send a delinquency or other notice or bill to any person subject to the provisions of this Chapter; and failure to send such notice or bill shall not affect the validity of any tax or penalty due under the provisions of this Chapter.

3.48.090 Failure to pay tax.

- A. Any person who fails or refuses to pay any tax required to be paid pursuant to this Chapter on or before the due date shall pay penalties and interest as follows:
 - 1. A penalty equal to twenty-five percent of the amount of the tax in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at a rate established by resolution of the City Council; and
 - 2. An additional penalty equal to twenty-five percent of the amount of the tax if the tax remains unpaid for a period exceeding one calendar month beyond the due date, plus interest on the unpaid tax and interest on the unpaid penalties calculated at the rate established by resolution of the City Council.
- B. Whenever a check is submitted in payment of a tax and the check is subsequently returned unpaid by the bank upon which the check is drawn, and the check is not redeemed prior to the due date, the taxpayer will be liable for the tax amount due plus penalties and interest as provided for in this Section plus any amount allowed under State Law.

- C. The tax due shall be that amount due and payable from January 1, 2014 or the first date on which the Medical Cannabis Business first operated in the City, whichever date occurred last, together with applicable penalties and interest calculated in accordance with Subsection A of this Section.
- D. The City Manager may waive the first and second penalties of twenty-five percent each imposed upon any person if:
 - 1. The person provides evidence satisfactory to the City Manager that failure to pay timely was due to circumstances beyond the control of the person and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, and the person paid the delinquent business tax and accrued interest owed the City prior to applying to the City Manager for a waiver.
 - 2. The waiver provisions specified in this subsection shall not apply to interest accrued on the delinquent tax and a waiver shall be granted only once to the same person or entity during any twenty-four month period.

3.48.100 Refunds.

- A. No refund shall be made of any tax collected pursuant to this Chapter, except as provided in this Section.
- B. No refund of any tax collected pursuant to this Chapter shall be made because of the discontinuation, dissolution, or other termination of a Medical Cannabis Business.
- C. Any person entitled to a refund of taxes paid pursuant to this Chapter may elect in writing to have such refund applied as a credit against the Medical Cannabis Business' taxes for the next calendar month.
- D. Whenever the amount of any tax, penalty, or interest has been overpaid, paid more than once, or has been erroneously or improperly collected or received by the City under this Chapter, the overpayment may be refunded as provided in subsections E-G of this Section, provided a claim in writing under penalty of perjury stating the specific grounds upon which the claim is founded is filed with the City Manager or the City Manager's designee within three years of the date of payment. The claim shall be on forms available from the City Manager or the City Manager's designee.
- E. The City Manager or the City Manager's designee shall have the right to examine and audit all the books and business records of the claimant in

order to determine the eligibility of the claimant to the claimed refund. No claim for refund shall be allowed if the claimant therefore refuses to allow such examination of claimant's books and business records after request by the City Manager or the City Manager's designee to do so.

- F. The City Manager or the City Manager's designee shall initiate a refund of any tax that has been overpaid or erroneously collected whenever the overpayment or erroneous collection is uncovered by a City audit of tax receipts. In the event that the tax was erroneously paid and the error is attributable to the City, the entire amount of the tax erroneously paid shall be refunded to the claimant. If the error is attributable to the claimant, the City shall retain the amount set forth in this resolution from the amount to be refunded to cover expenses.

3.48.110 Enforcement.

- A. It shall be the duty of the City Manager to enforce each and all of the provisions of this Chapter. The chief of police shall render such assistance in the enforcement of this Chapter as may from time to time be required by the City Manager.
- B. For purposes of administration and enforcement of this Chapter generally, the City Manager, with the concurrence of the City Attorney, may from time to time promulgate administrative rules and regulations.
- C. The City Manager shall have the power to audit and examine all books and records of Medical Cannabis Businesses as well as persons engaged in the operation of a Medical Cannabis Business, including both state and federal income tax returns, California sales tax returns, or other evidence documenting the Gross Receipts of a Medical Cannabis Business or persons engaged in the operation of a Medical Cannabis Business, for the purpose of ascertaining the amount of tax, if any, required to be paid by the provisions of this Chapter, and for the purpose of verifying any statements or any item thereof when filed by any person pursuant to the provisions of this Chapter. If such Medical Cannabis Business or person, after written demand by the City Manager, refuses to make available for audit, examination or verification such books, records, or equipment as the City Manager requests, the City Manager may, after full consideration of all information within the City Manager's knowledge concerning the Medical Cannabis Business and its business and activities of the person so refusing, make an assessment in the manner provided in Section 3.48.090.
- D. The conviction and punishment of any person for failure to pay the required tax shall not excuse or exempt such person from any civil action for the tax debt unpaid at the time of such conviction. No civil

action shall prevent a criminal prosecution for any violation of the provisions of this Chapter or of any State Law requiring the payment of all taxes.

- E. Any person violating this Chapter or any rules promulgated pursuant to this Chapter, or knowingly or intentionally misrepresenting to any officer or employee of the City any material fact in procuring a certificate or document from the City shall be guilty of an infraction violation and upon conviction thereof shall be punishable by a fine not more than five hundred dollars, in addition to any other penalties or fees imposed pursuant to this Chapter.

3.48.120 Debts; Deficiencies; Assessments.

- A. The amount of any tax, penalties, and interest imposed by the provisions of this Chapter shall be deemed a debt to the City and any person operating a Medical Cannabis Business without first having procured a business license pursuant to Chapter 3.28, Local License pursuant to Chapter 5.88, and conditional use permit pursuant to Chapter 9.108 of this Code shall be liable in an action in the name of the City in any court of competent jurisdiction for the amount of the tax, and penalties and interest imposed on such Medical Cannabis Business.
- B. Any and all alleged deficiencies identified by the City Manager shall be addressed in accordance with Section 3.26.150 of this Code; except that the City Manager may engage in any of the privileges or assume any of the duties delegated to the Tax Administrator.

Section 3. Chapter 5.88 of the Cathedral City Municipal Code is hereby amended to read as follows with additions underlined and deletions struckthrough:

Chapter 5.88 Medical Cannabis Businesses

5.88.010 Purpose and intent.

- A. This Chapter shall provide for the regulation and licensing of Medical Cannabis Businesses throughout the City in conformance with applicable state and local laws and regulations pertaining to Medical Cannabis.
- B. The City Council finds that it is necessary for Cathedral City to adopt local licensing standards for Medical Cannabis Businesses for the purpose of facilitating safe access of ~~M~~medical ~~C~~eannabis to Medical Cannabis Ppatients.
- C. The purpose of this Chapter is to regulate all Commercial Cannabis Activity in Cathedral City, as defined in the MMRSA, to the extent authorized by State Law and in a manner designed to minimize negative impacts on the City and

neighboring uses, and promote the health, safety, morals, and general welfare of residents and businesses within the City.

5.88.015 Findings.

The City Council finds and determines that local licensing standards pertaining to Medical Cannabis Business activities are necessary to protect the public health and safety. The City Council further finds that public health and safety is best served by the adoption of the ordinance codified in this Chapter.

5.88.020 Relationship to other laws.

Except as otherwise specifically provided herein, this Chapter incorporates the requirements and procedures set forth in the MMRSA. In the event of any conflict between the provisions of this Chapter and the provisions of the MMRSA or any other applicable state or local law, the more restrictive provision shall control.

5.88.025 General definitions.

Unless otherwise defined herein, the terms in this Chapter shall have the same meaning as set forth in the MMRSA and any rules promulgated pursuant thereto. In addition, the following terms shall be defined as follows:

- A. **“Advertising” means the act of providing consideration for the publication, dissemination, solicitation, or circulation, visual, oral, or written, to induce directly or indirectly any Person to patronize a particular Medical Cannabis Business, or to purchase particular Medical Cannabis. “Advertising” includes marketing, but does not include packaging and labeling. “Advertising” proposes a commercial transaction or otherwise constitutes commercial speech.**
- B. “Applicant” has the same meaning as that term is defined by Section 19300.5(b) of the California Business and Professions Code.
- C. “Cannabis Concentrate” has the same meaning as the term is defined by Section 19300.5(g) of the California Business and Professions Code.
- D. **“Child-Resistant Packaging” means special packaging that is:**
 - 1. **Designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly as defined by 16 C.F.R. 1700.20 (1995);**
 - 2. **Opaque so that the packaging does not allow the product to be seen without opening the packaging material; and**
 - 3. **Re-sealable for any product intended for more than a single use or containing multiple servings.**

- E. "City" means Cathedral City, California.
- F. "City Manager" shall mean the City Manager of the ~~Ceity of Cathedral City~~ or duly authorized designee.
- G. "Commercial Cannabis Activity" has the same meaning as that term is defined by Section 19300.5(k) of the **California** Business and Professions Code, including the exclusion in Section 19319 of the **California** Business and Professions Code related to Qualified Patients and Primary Caregivers, **and extending that exclusion to ID Card Holders.**
- H. "Community Development Director" or ~~"Director"~~ shall mean the community development director of the ~~City of Cathedral City~~ or duly authorized designee.
- I. **"Container" means the sealed package in which Medical Cannabis or Manufactured Cannabis is placed for sale and that has been labeled according to the requirements set forth in this Chapter.**
- J. **"Contaminant" means any pesticide, residual solvent or microbiological organism or product thereof.**
- K. "Cultivation Site" has the same meaning as that term is defined by Section 19300.5(x) of the **California** Business and Professions Code.
- L. "Delivery" has the same meaning as that term is defined by Section 19300.5(m) of the **California** Business and Professions Code.
- M. "Dispensary" has the same meaning as that term is defined by Section 19300.5(n) of the **California** Business and Professions Code, except a facility that does not sell Medical Cannabis or Medical Cannabis Products shall not qualify as a Dispensary.
- N. "Edible Cannabis Product" has the same meaning as that term is defined by Section 19300.5(s) of the **California** Business and Professions Code.
~~"Enclosed Locked Structure," means a structure that: 1) does not allow for the visibility of the interior from the outside; 2) is secured with a lock; 3) is completely surrounded on all sides by a wall; and 4) is roofed. Enclosed Locked Structures may include greenhouses and accessory buildings. All Enclosed Locked Structures shall comply with the City Building Code, Fire Code, and all other applicable laws.~~
~~"Financial Interest" has the same meaning as that term is defined in Section 650.1 of the Business and Professions Code.~~
- O. **"Exit-Package" means a sealed Container or package provided at the retail point of sale, in which any Medical Cannabis or Medical Cannabis Product already within a Container are placed.**

P. "Good Cause" for purposes of refusing or denying an initial ~~conditional use permit~~ Local License issuance, for revoking a ~~conditional use permit~~ Local License, or for refusing or denying a ~~conditional use permit~~ Local License renewal or reinstatement, means:

1. The Applicant or Licensee ~~or Applicant~~ has violated any of the terms, conditions or provisions of this Chapter, of State Law, of any regulations and rules promulgated pursuant to State Law, any applicable local rules and regulations, or any special terms or conditions placed upon its conditional use permit, State License, or Local License;
2. The Licensed Premises has been operated in a manner that adversely affects the public health, safety or welfare or the safety of the immediate neighborhood in which the establishment is located;
3. The Applicant or Licensee ~~or Applicant~~ has knowingly made false statements, misrepresentations or material omissions on an application form, renewal form, or any other document submitted to the City;
4. 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 that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made; except that if the Local Licensing Authority determines that the Applicant or Licensee is otherwise suitable to be issued a Local License and granting the Local License would not compromise public safety, the Local Licensing Authority shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the Applicant or Licensee, and shall evaluate the suitability of the Applicant or Licensee to be issued a Local License based on the evidence found through the review. 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 Local Licensing Authority shall consider the factors as set forth in Section 19323(b)(5) of the California Business and Professions Code;
5. The Licensee or Applicant is employing or allowing to volunteer ~~or being financed in whole or in part by~~ any Person whose criminal history indicates that Person is not of Good Moral Character;
6. The Applicant or Licensee fails to allow inspection of the security recordings, activity logs, or business records of the Licensed Premises by City officials;
7. An Owner of ~~The Applicant or Licensee is owned by, or has an officer or director who~~ is a licensed Pphysician making recommendations providing Written Documentation to Qualified Patients for Medical Cannabis; or

8. The Applicant or Licensee operated a Medical Cannabis Business in violation of Section 5-88-035 Title 5 or Title 9 of this Code.

Q. "Good Moral Character" means having a personal history that demonstrates the propensity to serve the public in the licensed area in a manner that reflects openness, honesty, fairness, and respect for the rights of others and for the law. In determining Good Moral Character, the following standards shall apply:

1. A judgment of guilt in a criminal prosecution or a judgment in a civil action shall not be used, in and of itself, as proof of an individual's person's lack of Good Moral Character. Such judgment may be used as evidence in the determination, and when so used the individual person shall be notified and shall be permitted to rebut the evidence by showing that at the current time he has the ability to, and is likely to serve the public in a fair, honest and open manner, that he is rehabilitated, or that the substance of the former offense is not substantially related to the occupation or profession for which he seeks to be licensed.
2. Notwithstanding Chapter 2 of Division 1.5 of the California Business and Professions Code, a prior conviction where the sentence, including any term of probation, incarceration, or supervised release is completed for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance, is not considered substantially related, and shall not be the sole ground for denial of a Local License, except that any of the following convictions shall be deemed substantially related and may be the sole grounds for denying a Local License or conditional use permit: Except in the event of:
 - a. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or
 - b. A felony conviction for selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor; or (b)
 - c. A felony conviction for drug trafficking with enhancements pursuant to Sections 11370.4 or 11379.8 of the California Health and Safety Business and Professions Code, and ~~notwithstanding Chapter 2 of Division 1.5 of the Business and Professions Code, a prior conviction where the sentence, including any term of probation, incarceration, or supervised release is completed for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance, is not considered substantially related, and shall not be the sole ground for denial of a license.~~
3. Conviction for any controlled substance felony subsequent to Local Licensure

issuance of a Local License shall be grounds for revocation of a Local License or denial of the renewal of a Local License.

- R. "Identification Card" or "ID Card" means a valid identification card issued pursuant to Section 11362.7 et. seq. of the California Health and Safety Code.
- S. **"Identification Card Holder" or "ID Card Holder" means an individual who is a Qualified Patient who has applied for and received a valid ID Card pursuant to Article 2.5 of Chapter 6 of Division 10 of the California Health and Safety Code.**
- T. "Licensed Premises" means the premises specified in an application for a Local License or modification of Licensed Premises under this Chapter, which is are owned or in possession of the Applicant or Licensee and within which the Applicant or Licensee is authorized to cultivate, manufacture, distribute, test, or sell Medical Cannabis in accordance with the provisions of this Chapter, Chapter 9.108, the MMRSA, and any rules adopted thereto.
- U. "Licensee" means a Person who has been issued a Local License pursuant to this Chapter and a conditional use permit issued pursuant to Chapter 9.108.
- V. "Limited Access Area" means ~~and shall be~~ a building, room or other area ~~upon~~ that is part of the Licensed Premises where Medical Ceannabis is grown, cultivated, stored, weighed, displayed, packaged, or sold to other Medical Cannabis Businesses, under control of the Licensee, with limited access to only authorized personnel.
- W. "Local License" means a business license granted by the Local Licensing Authority, pursuant to this Chapter.
- X. "Local Licensing Authority" means the City Manager or its designee.
- Y. "Manufactured Cannabis" has the same meaning as that term is defined by Section 19300.5(ae) of the California Business and Professions Code.
- Z. **"Manufacturing Site" has the same meaning as that term is defined by 19300.5 (af) of the California Business and Professions Code.**
- AA. "Medical Cannabis" has the same meaning as that term is defined by Section 19300.5(ag) of the California Business and Professions Code and shall include Manufactured Cannabis.
- BB. "Medical Cannabis Business" means any Person engaged in Commercial Cannabis Activity pursuant to Sections 19300.5 (k), (aj) of the California Business and Professions Code including a ~~Medical Cannabis Collective or Cooperative.~~
~~"Medical Cannabis Collective or Cooperative" or "Cooperative" means any group~~

~~that is collectively or cooperatively cultivating and distributing cannabis for medical purposes that is organized in the manner set forth in the August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use as may be amended from time to time, that is on file in the office of the City clerk, and subject to the provisions of California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996), and California Health and Safety Code Sections 11362.7 to 11362.83 (Medical Marijuana Program Act).~~

CC. **“Medical Cannabis Patient” means both a Qualified Patient without an Identification Card and an ID Card Holder.**

DD. Medical Marijuana Regulation and Safety Act” or “MMRSA” means Chapter 3.5 of Division 8 of the **California Business and Professions Code, Section 147.5 of the California Labor Code, Section 31020 of the California Revenue and Taxation Code, Section 12029 of the California Fish and Game Code, Sections 11362.769 and 11362.777 of the California Health and Safety Code, and Section 13276 of the California Water Code.**

EE. “Owner” means, pursuant to Section 19300.5(b) of the **California Business and Professions Code**, owner of a Medical Cannabis Business, including all ~~persons or entities~~ having ownership interest other than a security interest, lien, or encumbrance on property that will be used by the **Medical Cannabis Business** facility.

1. If ~~an~~ **the** Owner is an entity, “Owner” includes within the entity each ~~person~~ participating in the direction, control, or management of, or having a financial interest in, the proposed facility **Medical Cannabis Business**.
2. If ~~an~~ **Owner** ~~the Applicant~~ is a publicly traded company, “Owner” means the chief executive officer or any Person with an aggregate ownership interest of 5 percent or more **in such company**.

FF. “Person” has the same meaning as that term is defined by Section 19300.5(a) of the **California Business and Professions Code**.

GG. “Physician,” as used in this Chapter, shall **mean an individual who possesses a license in good standing to practice medicine or osteopathy from the state of California** ~~mean a medical doctor licensed by the state of California to practice as such.~~

HH. “Primary Caregiver” shall have the meaning set forth in Section 11362.7(d) of the California Health and Safety Code.

II. “Protected Health Information” means documentation of a **Medical Cannabis Qualified Patient’s** ~~or ID Card holder’s~~ medical history or condition, pursuant to 45 CFR § 160.103, other than a Physician’s recommendation **Written**

Documentation, an identification eCard issued pursuant to **California** Health and Safety Code Section 11362.7 **et seq.**, or the written designation of a Primary Caregiver by a **Medical Cannabis** Qualified Patient or ID Card holder. Protected Health Information shall not include information conveyed by a Primary Caregiver or ~~Qualified~~ **Medical Cannabis** Patient or ID Card holder to a Dispensary regarding such ~~Qualified~~ **Medical Cannabis** Patient's medical condition, information conveyed by a Primary Caregiver ~~or~~ **Medical Cannabis**, ~~Qualified~~ Patient or ID Card holder to a Dispensary regarding efforts to ameliorate or otherwise address symptoms associated with such ~~Qualified~~ **Medical Cannabis** Patient's or ID Card holder's medical condition, or information regarding the risks and benefits of Medical Cannabis provided to a Primary Caregiver, ~~Qualified~~ **or** **Medical Cannabis** Patient or ID Card holder.

- JJ. "Qualified Patient" shall have the meaning set forth in Section 11362.7(f) of the California Health and Safety Code.
- KK. "Restricted Access Area" means all **an** areas where Medical Cannabis is sold, possessed for sale, displayed, or dispensed for sale to ~~Qualified~~ **Medical Cannabis** Patients, ID Card holders, and Primary Caregivers and where ~~no one~~ without a valid doctor's recommendation is permitted.
- LL. "Seed to Sale Software" means the track and trace inventory control system established pursuant to Section 19335 of the **California** Business and Professions Code that utilizes a unique identifier pursuant to Section ~~443672.7(d)~~ **11362.777(e)** of the California Health and Safety Code and tracks transfers of Medical Cannabis from **seed** through sale. Until such a time that the State of California implements Section 19335 of the **California** Business and Professions Code, the "Seed to Sale Software" shall refer to the third-party tracking software required by Section 5.86.065(A)(156) of Cathedral City Municipal Code.
- MM. "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 to 11362.83 (Medical Marijuana Program Act); the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use issued in August, 2008, (~~hereinafter~~ "Guidelines") as such guidelines may be revised from time to time by action of the Attorney General; **the** MMRSA, and all other applicable laws of the state of California.
- NN. "State License" has the same meaning as that term is defined by Section 19300.5(ak) of the **California** Business and Professions Code.
- OO. "State Licensing Authority" shall mean the Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs, the ~~State~~ Department of Public Health, or any other state agency responsible for the issuance, renewal, or

reinstatement of a State License issued under the ~~MMRSA~~ pursuant to Chapter 3.5 of Division 8 of the California Business and Professions Code or the any State agency authorized to take disciplinary action against such State License.

PP. “Unrecognizable” means Medical Cannabis or Medical Cannabis plant material rendered indistinguishable from any other plant material.

QQ. “Written Documentation” shall have the meaning set forth in Section 11362.7(i) of the California Health and Safety Code.

5.88.030 Local License in addition to business license or other permit.

The Local License required under the terms of this Chapter shall be in addition and supplemental to any additional business license or any permit required by any ordinance of the City. ~~Notwithstanding anything herein to the contrary, the issuance of a Local License under this Chapter shall satisfy any requirements of Chapter 3.28 of this Code.~~

5.88.035 Local License required.

- A. On and after July 1, 2016, it shall be unlawful to operate any Medical Cannabis Business in Cathedral City without first having obtained a Local License under this Chapter.
- B. Notwithstanding the above, a Medical Cannabis Business that was issued a conditional use permit before January 1, 2016 and has submitted applications for a Local License under this Chapter on or before July 1, 2016 may continue in operation on and after July 1, 2016, provided that the Medical Cannabis Business is in good standing, until final action by the City on the business's Local License application.
- C. Nothing in this Section shall permit a Medical Cannabis Business to operate at any time in a manner that is in violation of Section 5.88.065 of this Chapter, the City Building Code, City Fire Code, and all other applicable state and local laws.
- D. Except as otherwise permitted by the MMRSA, beginning January 1, 2018, it shall be unlawful for a Medical Cannabis Business to operate in the City unless it has been granted a State License.
- E. Notwithstanding subsection 5.88.035(~~BD~~), any Medical Cannabis Business that has: (1) submitted an application for a State License prior to January 1, 2018 and (2) been in operation and good standing on or before January 1, 2018 may continue operations until its State License has been approved or denied by the State Licensing Authority. A Medical Cannabis Business shall be considered to be “in operation,” “in good standing,” and “operating in compliance with local

zoning ordinances and other state and local requirements” for purposes of this ~~S~~section and Section 19321(c) of the California Business and Professions Code if the business has been issued a conditional use permit in accordance with Title 9 of this Code ~~Chapter 9.108 and Chapter 9.72 of the Cathedral City Municipal City Code~~, is exercising any of the privileges of its permit, and has applied for a Local License on or before January 1, 2018.

- F. All Medical Cannabis Businesses shall acquire an approved conditional use permit pursuant to Chapters 9.108 and 9.72 of the Cathedral City Municipal Code prior to commencing operations.

5.88.040 Local License application process.

- A. The Local Licensing Authority shall not accept an application for a Local License prior to April 1, 2016.
- B. All applications for Local Licenses required pursuant to this Chapter shall be made upon current forms prescribed by the Local Licensing Authority. All applications for Local Licenses must include application and permitting fees as established by resolution and adopted by the City Council as amended from time to time.
- C. The Local Licensing Authority shall not receive or act upon an application for the issuance of a Local License pursuant to this Chapter until it is established that the Applicant is, or will be, entitled to possession of the Licensed Premises for which application is made. Evidence of lawful possession consists of properly executed deeds of trust, leases, evidence of ownership of the Licensed Premises, or other written documents acceptable to the Local Licensing Authority.
- D. 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 a change of location or modification of Licensed Premises application, obtaining a conditional use permit for the new Licensed Premises, and obtaining approval from the Local Licensing Authority.
- E. Licensees are not authorized to sublet any portion of a Licensed Premises for any purpose, unless all necessary applications to modify the existing Licensed Premises to accomplish any subletting have been approved by the Local Licensing Authority.
- F. Applicants must submit a complete application to the Local Licensing Authority before it will be accepted. An Applicant shall have an opportunity to cure any incomplete application within thirty (30) days of written notice of incompleteness by the Local Licensing Authority. The Local Licensing Authority may impose

additional requirements necessary for making a determination of completeness and further submission of the application to the Local Licensing Authority for consideration of approval.

- G. All applications must be accompanied by a full remittance for the whole amount of the application and permit fees.
- H. The chief of police or designee shall conduct a criminal background check of any Applicant for a ~~Medical Cannabis Business~~ Local License, including background checks on any Person that is an Owner of the Applicant Medical Cannabis Business, any Person who is managing or is otherwise responsible for the activities of the Medical Cannabis Business, ~~and any officer or director~~, and shall prepare a report to the Community Development ~~D~~irector (for incorporation into the report provided to the Local Licensing Authority) on the acceptability of the background of the Applicant and such other Persons requiring background checks as set forth herein.
- I. An Applicant shall file with the Local Licensing Authority the following at the time of application for a Local License:
 - 1. An operating plan for the proposed Medical Cannabis Business including the following information:
 - a. A general description of the types of products and services to be provided by the facility;
 - b. A floor plan designating all interior dimensions of the Licensed Premises and the layout of the Medical Cannabis Business, including all Limited Access Areas, areas of ingress and egress, and all security cameras. Such floor plan shall also show the principal uses of the floor area depicted therein; For Cultivation Sites, such floor plan shall distinguish all dimensions of areas in which plants are located;
 - c. An employee list;
 - d. For a Dispensary, an estimate of the size of the group of ~~ID-Card holders and/or Qualified~~ Medical Cannabis Patients who will be served by the Dispensary and a statement confirming whether Delivery service of Medical Cannabis to any location outside the Dispensary will be provided and the extent of such service, and in the event Delivery service is provided, a detailed Delivery plan detailing how the Dispensary will comply with all requirements of this Chapter, Chapter 9.108, the MMRSA, and any other applicable state or local law; and
 - e. Any additional document(s) or information reasonably requested by the Local Licensing Authority.

2. For an Applicant seeking a Cultivation Site, a statement must be provided declaring the Applicant is an "agricultural employer," as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 (Section 1140.4(c) of the California Labor Code), to the extent not prohibited by law.
3. Authorization for the Local Licensing Authority and Community Development Director to seek verification of the information contained within the application and authorization for the chief of police to conduct background checks as set forth in subsection 5.88.040(H) above.
4. Each Applicant shall provide any additional information that the Local Licensing Authority may request to process and fully investigate the application. The additional information must be provided to the Local Licensing Authority no later than thirty days of the request unless otherwise specified by the Local Licensing Authority. Failure to provide such additional information by the requested deadline may result in denial of the application.
5. Proof of the nature of the Medical Cannabis Business's organizational status, such as articles of incorporation, by-laws, organizational minutes, partnership agreements, and other documentation may be required by the City.
6. If the Local Licensing Authority issues the Local License, it shall thereafter issue said Local License only after the Applicant has paid the licensing fee and has posted with the Local Licensing Authority a good and sufficient surety bond in the principal amount of \$5,000 executed as surety by a corporate surety in the State of California and as a principal by the Applicant. The form of the bond shall have been approved by the City attorney and shall have been given to insure good faith and fair dealing on the part of the Applicant and as a guarantee of indemnity for any and all loss, damage, theft, or other unfair dealings suffered by any patron or customer of the Applicant within the City during the term of the Local License. The Local License fee and term of bond shall be prorated between date of issuance and date of expiration. The Local Licensing Authority, in its sole discretion, may waive the requirement to post a bond if it finds that it would be impracticable to require the Licensee to obtain and post a bond.
7. A Local License provided and 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 Licensed Premises.

5.88.045 Grounds for denial of Local License.

- A. A Local License provided by this Chapter shall not be issued to or held by any ~~P~~erson or ~~entity~~ prohibited as Licensees under the provisions of this Chapter or the MMRSA.

- B. The Local Licensing Authority may deny the grant or renewal of a Local License for Good Cause as defined in Section 5.88.025(~~LP~~) of this Chapter.
- C. The Local Licensing Authority may place conditions upon the approval of any Local License which are, in the opinion of the Local Licensing Authority, reasonably related to the protection of the health, safety and welfare of the neighborhood in which the proposed Licensed Premises is to be located and of the general public.
- D. 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.
- E. All Persons who are engaged in or who are attempting to engage in Commercial Cannabis Activity in any form shall do so only in strict compliance with the terms, conditions, limitations and restrictions the MMRSA, this Chapter, the provisions of Chapters ~~9.108 and 9.72~~ Title 9 of the ~~City~~ Cathedral City Municipal Code, and all other State and local laws and regulations.
- F. The Local Licensing Authority is authorized to make policies and procedures consistent with the intent and spirit of this Chapter concerning the applications, the application process, the information required of Applicants, the application procedures, and the administration and procedures to be used and followed in the application process.

5.88.050 Notification and approval of ~~t~~Transfer of ~~o~~Ownership interest, change of financial interest, change of location alteration or modification of Licensed Premises and other material changes, change of manager, change of location.

In addition to any requirements in Chapter 9.108 and Chapter 9.72 of this Code, the following requirements apply to for transfer of ownership interest, transfer of location change of Financial Interest, or modification of Licensed Premises of a Local License, **and change of manager and location of a Medical Cannabis Business.** In the event of a conflict between this Section and other provisions of this Code, the provisions of this Section 5.88.050 shall control.

- A. Change of ~~o~~Ownership interest to a new Owner or ~~Financial Interest~~. Subsequent to the issuance of a Local License, the Licensee shall report any transfer of ownership or change of financial interest of the Owner or Licensee in the Medical Cannabis Business to a new Owner to the Local Licensing Authority on forms prescribed by the Local Licensing Authority and receive written approval from the Local Licensing Authority prior to any transfer or change. **Notwithstanding anything herein to the contrary, no transfer of ownership of a Local License may be approved unless the transfer of**

ownership of the conditional use permit has been approved pursuant to Chapter 9.72 of this Code.

- B. **Modification of Licensed Premises.** A Licensee shall not make physical change, alteration, or modification of the Licensed Premises that materially or substantially alters the Licensed Premises from the plans approved by the Local Licensing Authority without the prior written approval of the Local Licensing Authority and the planning commission as required by Chapter 9.108. Material changes include, but are not limited to: an increase or decrease in the total square footage of the Licensed Premises 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 **Licensed Premises** shall be made on forms prescribed by the Local Licensing Authority.
- C. **Change in Manager.** A Medical Cannabis Business shall provide the City Manager written notification of any change in manager of the Medical Cannabis Business within ten business days of the change.
- D. **Change of Location.**
1. A Licensee may apply to the Local Licensing Authority to change the location previously approved for such Local License to any other place in Cathedral City, but it shall be unlawful to cultivate, manufacture, distribute, test, store or sell Medical Cannabis at any such place or location until express permission to do so is granted by Local Licensing Authority and the City has issued a conditional use permit to the Licensee at the new location. Applications for changes of location shall be made on forms prescribed by the Local Licensing Authority.
 2. In permitting a change of location, the Local Licensing Authority shall consider all reasonable restrictions that are placed upon the current Local License and/or which may be placed upon the new location by the Local Licensing Authority pursuant to this Chapter and provided the new location complies with the provisions of Chapter 9.108.

5.88.055 Renewal of a Local License.

- A. A Medical Cannabis Business may apply for the renewal of a Local License no less than 30 days prior to the Local License's expiration date. If the Medical Cannabis Business files a renewal application within 30 days prior to expiration, the Medical Cannabis Business must provide a written explanation detailing the circumstances surrounding the late filing. The Local Licensing Authority may accept or reject such late filing in its discretion. The Local Licensing Authority may elect to administratively continue a Local License past **its** expiration date, provided that the Licensee has submitted a renewal application that is pending final action.

- B. An application for renewal will only be accepted if it is accompanied by the requisite licensing fees.
- 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.
- D. All Owners of the Medical Cannabis Business must be fingerprinted each year at renewal if required in the discretion of the Local Licensing Authority or Chief of Police.
- E. Unless administratively continued pursuant to subsection 5.88.055(A) above, a Local License is immediately invalid upon expiration and the Medical Cannabis Business shall cease operations.
- F. All Local Licenses are valid for one year. A Local License may be valid for less than the applicable license term if revoked, suspended, voluntarily surrendered, or otherwise disciplined.

5.88.060 Appeal of Local License.

Any decision regarding the Local Licensing Authority's approval, conditional approval, denial, or revocation of a Local License may be appealed to the City Council in accordance with the provisions of Sections 2.04.100 *et seq.* of this Code.

5.88.065 Medical Cannabis Business Operational Requirements.

- A. Requirements Applicable to all Medical Cannabis Businesses. A Medical Cannabis Business must comply with the requirements set forth in this subsection. Failure to comply with any of these requirements shall be considered grounds for disciplinary action.
 - 1. General Obligation to Operate in Compliance. A Medical Cannabis Business shall comply fully with all of the applicable restrictions and mandates set forth in State and local laws.
 - 2. General Obligation to Pay Taxes. A Medical Cannabis Business must pay any applicable sales tax pursuant to federal, state, and local law, and all other legally required taxes and fees, including but not limited to, the Medical Cannabis Tax required by Chapter 3.48.
 - 3. General Obligation for Compliant Facilities. The Licensed Premises as well as all operations as conducted therein, shall fully comply with all applicable rules, regulations, and laws including, but not limited to, Chapter 9.108 of this Code requiring application and issuance of a conditional use permit, the California Revenue and Taxation Code, the Americans with Disabilities Act, and all applicable State Laws.
 - 4. Volunteer and Employee Background Checks. Prior to commencing any work within or on behalf of a Medical Cannabis Business, all volunteers or

employees must have completed, and the Licensee shall keep on file at the Licensed Premises, a sufficient and current background check that demonstrates compliance with the suitability requirements set forth in Section 5.88.045(B).

- a. A background check will be considered sufficient provided that it was conducted by the Cathedral City Police Department or any other entity determined to be satisfactory by the Cathedral City Police Department.
 - b. A background check will be considered current provided that the report was issued no longer than 12 months prior to any date in which the volunteer or employee worked at the Licensed Premises.
 - c. Medical Cannabis Businesses must maintain a complete register of the all volunteers and employees that work at the Licensed Premises. This register must include:
 1. The individual's complete name, address, and last known telephone number;
 2. The individual's hire date and, if applicable date of termination;
 3. A copy of each background check required under subparagraph (A)(4);
 4. A copy of the written notification provided to the City Manager after any felony criminal charge or conviction pursuant to subsection 5.88.065(A)(5).
 - d. The register and required records must be made available for inspection by any City officer or official for purposes of determining compliance with the requirements of this Chapter.
5. Notification Required for Arrests or Convictions. A Medical Cannabis Business shall notify the City Manager in writing of any felony criminal charge or felony conviction against any manager, employee, or Owner of the Medical Cannabis Business within ten days of such ~~person's~~ **individual's** arrest or felony summons and within ten days of the disposition of any arrest summons. Failure to make proper notification to the City Manager may be grounds for disciplinary action. Licensees shall cooperate in any investigation conducted by the Local Licensing Authority.
6. Employees and Volunteers Age Requirement. A Medical Cannabis Business shall not employ **an individual** ~~person~~ less than eighteen years of age, nor may a Medical Cannabis Business permit **an-individual** ~~person~~ less than eighteen years of age to volunteer at the Medical Cannabis Business.
7. Age Restricted Limited Access Areas. A Medical Cannabis Business may not

permit an **individual** person less than eighteen years of age to enter, or be within, a Limited Access Area.

8. Secure Storage of Product. Medical Cannabis possessed by a Medical Cannabis Business shall be kept and stored in a secured manner within a Limited Access Area or Restricted Access Area at all times.
9. Prohibition on Cannabis Consumption on Licensed Premises. Smoking, ingestion, or consumption of cannabis shall be prohibited on the **Licensed Premises** of all Medical Cannabis Businesses. The term "**Licensed 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 Medical Cannabis Business 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 Cathedral City Municipal Code."
10. Prohibition on Alcohol Sales, Distribution, or Consumption on Licensed Premises. A Medical Cannabis Business shall not sell, provide, store, or distribute any product that would require that the seller possess an alcoholic beverage license under State Law.
11. Outdoor Signage. Signage for a Medical Cannabis Business that is viewable from the exterior of the Medical Cannabis Business shall comply with all local signage laws applicable to the Licensed Premises, including Chapter 9.62 of this Code. Signage may not be designed to appeal to children, or contain any false or misleading statements, or make any misrepresentations.
12. **Advertising. A Medical Cannabis Business shall not engage in Advertising that is direct towards individuals less than 18 years of age.**
13. Display of License and Conditional Use Permit. A Medical Cannabis Business shall display a copy of its Local License issued pursuant to this Chapter and conditional use permit issued pursuant to Chapter 9.108 in a conspicuous place at the entrance to the Licensed Premises.
14. No Physician Evaluations on Licensed Premises. A Medical Cannabis Business shall not permit a **physician** to evaluate **Medical Cannabis Patients** or to provide recommendations **Written Documentation** for Medical Cannabis within its Licensed Premises. Medical Cannabis Businesses shall not offer or provide any form of remuneration to a **physician** who recommends **provides Written Documentation for** Medical Cannabis.
15. Community Relations Designee. A Medical Cannabis Business must provide the Community Development Director with the name, phone number,

facsimile number, and email address of an on-site community relations representative or staff person member or other representative to whom the City can provide notice if there are operating problems associated with the Medical Cannabis Business or refer members of the public who may have complaints or concerns regarding the Medical Cannabis Business. The Medical Cannabis Business shall also provide this contact information to all neighboring businesses located within one hundred feet of the Medical Cannabis Business, as measured in a straight line without regard to intervening structures, between the front doors of each establishment.

16. Seed to Sale Tracking Required. Until such a time that the State of California fully implements ~~S~~section 19335 of the **California** Business and Professions Code, a Medical Cannabis Business must utilize Seed to Sale Software, third-party software that tracks all sales, transfers, purchases, receipts, deliveries of Medical Cannabis and ~~Medical~~ **Manufactured** Cannabis ~~Products~~. The software must be capable of producing electronic shipping manifests, tracking all Medical Cannabis inventory in possession of the Medical Cannabis Business, promptly identifying a discrepancy in the stock, and tracking Medical Cannabis from a ~~Qualified~~ **Medical Cannabis** Patient; ~~ID Card Holder~~, or Primary Caregiver back to its source in the event of a serious adverse event.
17. Accurate Weights and Measures. Scales and weighing mechanisms used by a Medical Cannabis Business must be able to weigh to within 1/100th of a gram, shall be maintained in good working order and shall be subject to annual inspection by either a Riverside County Agricultural Commissioner's Office Weights and Measures official or a licensed scale company.
18. **Waste Disposal.**
 - a. **Chemical, Dangerous and Hazardous Waste.** Disposal of chemical, dangerous or hazardous waste must be conducted in a manner consistent with federal, state and local laws, regulations, rules or other requirements. This may include, but is not limited to, the disposal of all Pesticide or other chemicals used in the cultivation process, certain solvents or other chemicals used in the production of Cannabis Concentrate.
 - b. **Medical Cannabis Waste.** Medical Cannabis waste must be made unusable and Unrecognizable prior to leaving the Licensed Premises by grinding it and incorporating it with 50% non-Medical Cannabis waste.
 - a. **A Medical Cannabis Business may compost Medical Cannabis waste onsite, in accordance with this provision and all other applicable laws, rules, and regulations.**

- b. **If necessary to protect the health and safety of individuals working on a Licensed Premises, a Medical Cannabis Business may permit its employees to grind the stalk of a Medical Cannabis plant outside of its Licensed Premises provided all grinding activities occur within 20 feet of the Licensed Premises and cannot be seen from any public street.**

19. General Sanitary Requirements. A Medical Cannabis Business must ensure that its Licensed Premises are maintained in a sanitary manner and activities on its Licensed Premises are conducted in a sanitary manner.

- a. All facilities of a Medical Cannabis Business must have adequate and sufficient access to bathrooms and hand-washing facilities with running water at a suitable temperature.
- b. Hand-washing facilities shall be located where good sanitary practices require employees or volunteers to wash or sanitize their hands, and provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices.
- c. All employees and volunteers that engage in the preparation or dispensing of Edible Cannabis Products must comply with the provisions of all relevant state and local laws regarding the preparation, distribution, and sale of food.

20. Security Requirements. The Licensed Premises of a Medical Cannabis Business must comply with all of the following security requirements:

- a. Video Surveillance. The Licensed Premises must be equipped with a video surveillance system that meets all of the requirements set forth in this subsection.
 - 1. Security cameras and digital storage of recordings shall be maintained in good condition and used in an on-going manner, twenty-four hours per day, seven days per week.
 - 2. The security system must maintain at least one hundred twenty 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 Local Licensing Authority in writing.
 - 3. Security Cameras must provide adequate and sufficient coverage for the facility, which must include but need to be limited to, all Restricted Access Areas and Limited Access Areas, all areas of ingress and egress, point of sale, the public areas, storage areas, and any other areas as required by this Chapter and the MMRSA. Notwithstanding anything herein to the contrary, in the interior

locations, cameras shall be positioned so as not to view or otherwise record **Medical Cannabis Patients'** Protected Health Information, such as those **Medical Cannabis Patient** records visible on computer screens or other printed files, the confidentiality of which shall be maintained in accordance with applicable federal or State Laws.

4. The video surveillance system must be equipped with a failure notification system that provides prompt notification to the manager of record of the Licensed Premises of the Medical Cannabis Business of any surveillance interruption or complete failure of the surveillance system that lasts longer than 15 minutes.
 5. The video surveillance system shall have sufficient battery backup to support a minimum of fifteen minutes of recording in the event of a power outage.
- b. **Alarm System.** The Licensed Premises 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.
 - c. **Signage Requirement.** The Licensed Premises must comply with the following signage requirements.
 1. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than 12 inches wide and 12 inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."
 2. Limited Access Areas shall be clearly identified by the posting of a sign which shall be not less than 12 inches wide and 12 inches long, composed of letters not less than a half inch in height, which shall state, "Limited Access Area – Authorized Personnel Only."
 - d. **Lighting.** The business entrance(s) and all window areas shall be illuminated during evening hours. The applicant **Medical Cannabis Business** shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed.
 - e. **Commercial-grade Locks.** All points of ingress and egress to a Licensed Premises shall ensure the use of commercial-grade, nonresidential door locks or window locks.

f. Notification of Local Licensing Authority and Law Enforcement. A Medical Cannabis Business shall notify the Local Licensing Authority and the appropriate law enforcement authorities within 24 hours after discovering any of the following:

1. Significant discrepancies identified during inventory;
2. Diversion, theft, loss, or any criminal activity involving the dispensary or any agent or employee of the dispensary;
3. The loss or unauthorized alteration of records related to Medical Cannabis, Medical Cannabis Patients, Primary Caregivers, or Dispensary employees or agents; or
4. Any other breach of security.

B. Operational Requirements Applicable to Dispensaries. A Dispensary must comply with the requirements set forth in this subsection and subsection (A). Failure to comply with any of these requirements shall be considered grounds for disciplinary action.

1. Limited Hours of Operation. A Dispensary may only be open to the public and serve **Medical Cannabis** Patients between the hours of eight (8:00) a.m. and ten (10:00) p.m.

2. Restricted Access Area.

a. Restricted Access Areas shall be secured and maintained separately from any lobby or waiting area, and shall be clearly identified by the posting of a sign which shall be not less than 12 inches wide and 12 inches long, composed of letters not less than a half inch in height, which shall state, "Restricted Access Area – Only Qualified **Medical Cannabis** Patients, and Primary Caregivers, and ~~ID Card holders~~ Allowed."

b. A Restricted Access Area must be supervised by a staff member at all times when Qualified **Medical Cannabis** Patients, ~~ID Card holders~~ or Primary Caregivers are present to ensure that only Qualified **Medical Cannabis** Patients, ~~ID Card holders~~ or Primary Caregivers are permitted to enter. When allowing a Qualified **Medical Cannabis** Patient, ~~ID Card holder~~ or Primary Caregiver access to a Restricted Access Area, staff members shall make reasonable efforts to limit the number of Qualified **Medical Cannabis** Patients and Primary Caregivers in relation to the number of staff members in the Restricted Access Area at any time.

- c. The display of Medical Cannabis for sale is allowed only in Restricted Access Areas and shall not be visible from outside the Licensed Premises.
 - d. A Dispensary may not permit an individual person less than eighteen (18) years of age into its Restricted Access Area unless that individual person is verified by the Dispensary as a Medical Cannabis Qualified Patient, or Primary Caregiver, ~~or ID Card holder~~ and accompanied by the ~~person's~~ individual's parent or legal guardian.
3. Sales Limited to Qualified **Medical Cannabis** Patients, ID Card holders and Primary Caregivers.
 - a. A Dispensary may not permit persons individuals into its Restricted Access Area unless an employee has verified that the individual is a Medical Cannabis Patient, ~~n ID Card holder, Qualified Patient, or a~~ Medical Cannabis Patient's Primary Caregiver ~~for a patient who has a valid recommendation from their physician recommending the use of cannabis. The Dispensary employee may either contact the recommending Pphysician that provided the Written Documentation,~~ or, in the case of an registry identification Card, use the California Department of Health Medical Marijuana Program Internet Web Site, in order to perform such verification. Such verification must occur at least annually, and a physical or digital record shall be kept of such verification. A Written Documentation recommendation that is more than twelve (12) months old, unless the recommendation Written Documentation expressly states that it has a longer term or does not expire, shall not be considered a valid Written Documentation recommendation.
 - b. A Dispensary shall not distribute, sell, or dispense Medical Cannabis to anyone other than Medical Cannabis ID Card holders, Qualified Patients or their Primary Caregivers.
4. Non-Medical Cannabis Sales. Dispensaries may sell or otherwise provide equipment, supplies, and general information related to Medical Cannabis to Qualified Medical Cannabis Patients, ~~ID Card Holders~~ or Primary Caregivers, provided that such material is only displayed or sold in the Restricted Access Area.
5. Electronic Point-of-Sale System Required. Dispensaries must have an electronic point of sale system that is either part of their Seed to Sale Software or integrates with their Seed to Sale Software. The electronic point of sale system must be capable of producing an electronic or automatic paper record for all transactions associated with any product sold, rented, or

otherwise provided to the Medical Cannabis Patients and Primary Caregivers.

6. No Sales of Expired Product. A Dispensary may not sell any expired products, Medical Cannabis or Medical **Manufactured** Cannabis Product. A Dispensary shall not alter, edit, or adjust in any manner an expiration date on any item or product once affixed by its manufacturer.
 7. Acceptable Forms of Payment. The City Manager may adopt regulations that prohibit a Dispensary from accepting certain forms of payment from **Medical Cannabis** Qualified Patients, **and** Primary Caregivers, ~~and ID Card Holders~~ for Medical Cannabis. A Dispensary may accept cash payments unless the City Manager has adopted a regulation prohibiting the acceptance of cash.
 8. Handling of Edible Cannabis Products. A Dispensary that possesses Edible Cannabis Products shall comply with the provisions of all relevant state and local laws regarding the storage, handling, and sale of food.
- C. Operational Requirements Applicable to Manufacturing Sites and any Medical Cannabis Business Engaged in the Preparation or Distribution of Manufactured Cannabis. A Manufacturing Site and any Medical Cannabis Business Engaged in the Preparation or Distribution of Manufactured Cannabis must comply with the requirements set forth in this subsection and Subsection (A). Failure to comply with any of these requirements shall be considered grounds for disciplinary action.**
1. Limitation on Edible Cannabis Product Types. Edible Cannabis Products shall be limited to those cottage food product items approved in the California Homemade Food Act, Section 114365.5 of California Health and Safety Code, and listed on the California Department of Public Health's "Cottage Food Operations" Internet Web site.
 2. Pre-Packaged Edible Cannabis Products Only. Edible Cannabis Products must individually packaged and ready for sale by a Medical Cannabis Business prior to sale or transfer to another Medical Cannabis Business.
 3. Expiration Date. A Medical Cannabis Business engaged in the production of Manufactured Cannabis, including an Edible Cannabis Product, that is perishable shall assign an expiration-date or use-by date, whichever is appropriate, to all perishable Manufactured Cannabis. Once an expiration date or use-by date is assigned to Manufactured Cannabis, it shall be unlawful for a Person to alter that date or affix a new label with a later use-by or expiration date.

4. Food-Handling Requirements.

- a. **An Owner, employee or volunteer that produces Edible Cannabis Products must be a state certified food handler. The valid certificate number of such Owner, employee or volunteer must be on record at the Manufacturing Site where that individual produces Edible Cannabis Products.**
- b. **Any facility used by a Medical Cannabis Business to produce Edible Cannabis Products shall be constructed, operated and inspected in accordance with the applicable Building Code and applicable food safety requirements.**
- c. **A Medical Cannabis Business that produces Edible Cannabis Products must comply with the provisions of all relevant state and local laws regarding the preparation, distribution, and sale of food; which shall include but not be limited to hand-washing requirements, use of gloves for packaging, and policies prohibiting individuals suffering from symptoms associated with communicable diseases or infections from engaging the production of Edible Cannabis Products.**

5. Extraction Requirements.

- a. **Prior to engaging in the extraction of Medical Cannabis or the production of any Cannabis Concentrate, a Medical Cannabis Business must receive approval from the City Manager. In order to obtain approval, the Medical Cannabis Business must complete all required forms and pay any required fees. These forms must detail all types of extraction and production of Cannabis Concentrate to occur on the Licensed Premises. The City Manager shall only approve a Medical Cannabis Business to engage in the extraction of Medical Cannabis or the production of Cannabis Concentrate after any necessary facility reviews have been conducted by the Building Department or Fire Department. Once approved, a Medical Cannabis Business may only engage in the types of extraction of Medical Cannabis or production of Cannabis Concentrate explicitly listed on the forms submitted to the City Manager. The City Manager shall develop procedures for approval of Medical Cannabis extraction plans.**
- b. **Within the limitations set forth by State Law, a Medical Cannabis Business extracts Medical Cannabis or produces Cannabis Concentrate using a solvent must use a professional-grade, closed-loop extraction system capable of recovering the solvent used.**

D. Operational Requirements Applicable to Cultivation Site and any Medical Cannabis Business Engaged in the Cultivation of Medical Cannabis. A Cultivation Site and any Medical Cannabis Business Engaged in the Cultivation of Medical Cannabis must comply with the requirements set forth in this subsection and Subsection (A). Failure to comply with any of these requirements shall be considered grounds for disciplinary action.

1. Compliance with the federal Worker Protection Standard (40 CFR 170).
2. The cultivation of Medical Cannabis must be conducted in accordance with all applicable federal, state, and local laws and regulations governing the use of pesticides.
3. The use of pesticides must be recorded in a log in accordance with 16 CCR § 1970.
4. The cultivation of Medical Cannabis shall be conducted in a secure manner and shall not be visible from a public street as used in this subsection 5.88.065 (D)(4), the term "visible" means capable of being seen, whether or not legible, without visual aid by an **individual person** of normal acuity.
5. A Licensee may not distribute, sell, dispense, or administer Medical Cannabis on the Licensed Premises of a Cultivation Site except for as authorized by the MMRSA and other applicable State Law. Licensees issued a conditional use permit for multiple license types at the same physical address shall maintain clear separation from all cultivation, manufacturing, and dispensing activities.

5.88.070 Packaging and Labeling.

- A. **Compliance with State Law. All packaging and labeling of Medical Cannabis by a Medical Cannabis Business must, at a minimum meet the requirements of California Business and Professions Code Section 19347, as the same may be amended from time-to-time or superseded or replaced by subsequent State legislation or by any State department or division.**
- B. **Tamper-Evident Packaging Required. Medical Cannabis sold or transferred by a Medical Cannabis Business to a Dispensary, Medical Cannabis Patient or Primary Caregiver must be in tamper-evident packaging.**
- C. **Child-Resistant Packaging Required. A Dispensary must ensure that all Edible Cannabis Products are placed within a Container or Exit-Package that uses Child-Resistant Packaging prior to sale to a Medical Cannabis Patient or Primary Caregiver, except that a Dispensary may sell Edible Cannabis Products without any Child-Resistant Packaging and may remove any Child-Resistant Packaging if the Medical Cannabis Patient or**

Primary Caregiver provides written authorization signed by his or her Physician stating that it would be unreasonably difficult for the Medical Cannabis Patient to open Child-Resistant Packaging.

- D. Cannot be Attractive To Children. Medical Cannabis packaging and labeling may not be designed to appeal to children, including but not limited to, cartoon characters or similar images.
- E. State-Mandated Warnings. Until such time as the State has adopted packaging and labeling regulations pursuant to the MMRSA, a Dispensary shall provide each Medical Cannabis Patient that purchases Medical Cannabis or Manufactured Cannabis with a card or document containing the following warnings, in lettering not smaller than 1/16 of an inch:
1. “SCHEDULE I CONTROLLED SUBSTANCE.”
 2. “KEEP OUT OF REACH OF CHILDREN AND ANIMALS” in bold print.
 3. “FOR MEDICAL USE ONLY.”
 4. “THE INTOXICATING EFFECTS OF THIS PRODUCT MAY BE DELAYED BY UP TO TWO HOURS.”
 5. “THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”
- F. Net Weight. For packages containing only dried flower, the net weight of Medical Cannabis in the package.
- G. Allergens. For packages containing Manufactured Cannabis, warning if nuts or other known allergens.
- H. Labeling Test Results.
1. Until three Testing Laboratories are registered and accredited in accordance with Section 19342 (a) of the California Business and Professions Code, a Medical Cannabis Business may label Medical Cannabis or Manufactured Cannabis based on the results of an on-site test as permitted by this Chapter provided that the label clearly indicates that the product has not been tested by a certified testing facility and that any representation made regarding potency, Contaminants, or any other testing is based upon results that do not come from a certified testing facility. Further, the Medical Cannabis Business may not make any claims that the product is safe for consumption based on the results of an on-site test.
 2. After three Testing Laboratories are registered and accredited in accordance with Section 19342 (a) of the California Business and

Professions Code, all labels related to potency, contaminants, or any other testing must be based on test results from a Testing Laboratory registered and accredited in accordance with Section 19342 (a) of the California Business and Professions Code.

5.88.075 Testing Requirements

- A. Voluntary Testing. A Medical Cannabis Business may transfer a sample of Medical Cannabis or Manufactured Cannabis to a testing facility licensed or permitted by its governing local authority for purposes of potency or Contaminant testing.
- B. Compliance with State Testing Requirements. A Medical Cannabis Business must comply with all testing requirements set forth by the State.
- C. On-Site Testing. Nothing in this Section shall prohibit a Medical Cannabis Business from performing on-site testing of any Medical Cannabis or Manufactured Cannabis in its possession for quality assurance, potency or Contaminants

5.88.080 Transportation and Delivery

- A. Applicability. This Section shall apply to Medical Cannabis Businesses with a valid Local License and does not apply to any other Person engaged in the transportation of Medical Cannabis for personal or commercial purposes.
- B. Transportation Authorized. When conducted in accordance with this Code, State Law, and the laws of any other relevant local jurisdiction, a Medical Cannabis Business with a valid Local License may transport Medical Cannabis between Medical Cannabis Businesses and, pursuant to paragraph K, may deliver Medical Cannabis to Medical Cannabis Patients and Primary Caregivers.
- C. Transportation, Delivery, and Receipt limited to California. A Medical Cannabis Business with a valid Local License may not transport Medical Cannabis to or from another Medical Cannabis Business outside the State of California; nor may a Medical Cannabis Business with a valid Local License Delivery Medical Cannabis to a Medical Cannabis Patient or Primary Caregiver outside the State of California.
- D. Persons Authorized to Transport. An individual may only transport Medical Cannabis on behalf of a Medical Cannabis Business with a Local License if the individual:
 - 1. Is an employee of the Medical Cannabis Business and is listed on the Medical Cannabis Business's employee list;

2. Has passed a sufficient criminal background required pursuant to Section 5.88.040(H) and the employing Medical Cannabis Business possesses all records required pursuant to Section 5.88.090 on its Licensed Premises;
3. Possesses a copy of the Medical Cannabis Businesses Local License; and
4. Possesses a copy of a transportation manifest that meets all the requirements of Paragraph G.

E. Motor Vehicle Required. A Medical Cannabis Business with a Local License may only transport Medical Cannabis between Licensed Premises by way of motor vehicle unless the transport is between two Licensed Premises that are within the same building or at the same street address.

F. Secure Transport Required. A Medical Cannabis Business with a Local License shall transport Medical Cannabis in a manner that is secure and not visible from outside the vehicle.

G. Transportation Manifest.

1. A Medical Cannabis Business must create a transportation manifest in accordance with this Chapter for every transport and Delivery of Medical Cannabis. A Medical Cannabis Business must ensure that a copy of the appropriate transportation manifest accompanies every transport and Delivery of Medical Cannabis and is kept for retention by the originating Medical Cannabis Business
2. If a Medical Cannabis Businesses makes multiple pick-ups or deliveries during a single trip, then a separate transportation manifest shall be required for each pick-up or Delivery.
3. For any transport between two Medical Cannabis Businesses, a transportation manifest will be deemed sufficient if it accurately reflects:
 - i. All Medical Cannabis that will be transported to the address reflected on the Manifest, accurately inventoried to include the weight of any raw Medical Cannabis or Cannabis Concentrate and the number of individual Manufactured Cannabis products;
 - ii. Departure date and approximate time of departure;
 - iii. Arrival date and approximate time of arrival;
 - iv. Name, address, Local License number and CUP number (or, for

Medical Cannabis Businesses outside of Cathedral City, a similar number issued by the Medical Cannabis Business's local jurisdiction) of the originating Medical Cannabis Business;

- v. **Name, address, Local License and CUP number (or, for Medical Cannabis Businesses outside of Cathedral City, a similar number issued by the Medical Cannabis Business's local jurisdiction) of the receiving Medical Cannabis Business;**
 - vi. **Delivery vehicle make, model, and license plate number; and**
 - vii. **Name and signature of the individual transporting the Medical Cannabis.**
4. **For any transport between a Medical Cannabis Business and a Medical Cannabis Patient or Primary Caregiver, a transportation manifest shall be deemed sufficient if it accurately reflects:**
- i. **All Medical Cannabis that will be transported, accurately inventoried;**
 - ii. **Departure date and approximate time of departure;**
 - iii. **Arrival date and approximate time of arrival;**
 - iv. **Name, address, Local License number and CUP number of the originating Medical Cannabis Business;**
 - v. **Name and address of the individual requesting the Delivery;**
 - vi. **Delivery vehicle make, model, and license plate number; and**
 - vii. **Name and signature of the individual transporting the Medical Cannabis.**

H. Preparation of Medical Cannabis for Transportation.

- 1. **All Medical Cannabis must be appropriately and completely tracked in a Medical Cannabis Business's Inventory Tracking System prior to engaging in a transfer or transport. This must include verifying and documenting the weight of any raw Medical Cannabis or Cannabis Concentrate and the number of individual Manufactured Cannabis products being transported.**
- 2. **Preparations for the transport or transfer of Medical Cannabis must be conducted in a Limited Access Area on camera.**

I. Receiving Medical Cannabis.

- 1. A Medical Cannabis Business with a Local License may not receive Medical Cannabis unless the transport is accompanied by a transportation manifest that meets all of the requirements set forth in Paragraph (G). The receiving Medical Cannabis Business must retain copies of transportation manifests associated with all deliveries of Medical Cannabis.**
- 2. Immediately upon receipt, all Medical Cannabis must be appropriately and completely tracked in the receiving Medical Cannabis Business's Inventory Tracking System. This must include verifying and documenting the weight of any raw Medical Cannabis or Cannabis Concentrate and the number of individual Manufactured Cannabis products being transported.**

J. Perishable Manufactured Cannabis. A Medical Cannabis Business must provide adequate refrigeration when engaged in the transport of perishable Manufactured Cannabis.

K. Delivery of Medical Cannabis to Medical Cannabis Patients. Notwithstanding Section 5.88.065 a Dispensary may deliver Medical Cannabis to a Medical Cannabis Patient or Primary Caregiver provided the Dispensary has been approved by the Local Licensing Authority to conduct Deliveries and the Delivery is conducted in accordance with any relevant State Laws, this Code, any applicable local laws in the Delivery location, and any requirements imposed upon the Dispensary by the City Manager in approving an application to conduct Deliveries.

- 1. Delivery Limited to Authorized Locations. A Dispensary shall only deliver Medical Cannabis to a city, county, or city and county in which Delivery of Medical Cannabis is not expressly prohibited by ordinance.**
- 2. Application to Conduct Deliveries. A Dispensary shall not deliver Medical Cannabis to Medical Cannabis Patients or Primary Caregivers until the Local Licensing Authority approves in writing its application to conduct Deliveries. An application to conduct Deliveries must comply with the following requirements:**
 - i. The application must be made on current forms proscribed by the Local Licensing Authority.**
 - ii. The application must be submitted in conjunction with any applicable fees set forth by the Local Licensing Authority.**
 - iii. The application must sufficiently demonstrate that the Dispensary**

has developed standard operating procedures that require all employees conducting a Delivery to do so in accordance with this Code and any rules promulgated thereto.

- iv. The application must sufficiently demonstrate that the Dispensary has developed standard operating procedures that ensure the safety and security of employees engaging in Delivery and the and security of all Medical Cannabis being delivered, including procedures to prevent diversion.
3. Address Required. A Medical Cannabis Business may only deliver Medical Cannabis to a Medical Cannabis Patient or Primary Caregiver at a specific address requested by the recipient and that matches the address listed on the transportation manifest. Deliveries to public parks and schools are expressly prohibited.
 4. Special Requirements for Deliveries to Medical Cannabis Patients and Primary Caregivers.
 - i. Prior to transporting Medical Cannabis to a Medical Cannabis Patient or Primary Caregiver, a Medical Cannabis Business must verify that the individual requesting a Delivery is a Medical Cannabis Patient or Primary Caregiver in accordance with the requirements set forth in Section 5.88.065(B)(3).
 - ii. Upon arrival at the Delivery address and prior to transferring any Medical Cannabis, a Medical Cannabis Business must verify and confirm that the identity of the recipient is the same as the Medical Cannabis Patient or Primary Caregiver that requested the Delivery and whose patient status was confirmed as required by this Chapter.
 5. Incident Reports. A Medical Cannabis Business shall report to the City Manager and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents such as thefts or suspicious activity, that occur during transport, within 24 hours
- L. An employee transporting Medical Cannabis pursuant to this Chapter must take a direct route from the Medical Cannabis Business to the destination of the other Medical Cannabis Business, Medical Cannabis Patients, or Primary Caregivers, and may not make any stops other than those necessary in the ordinary course of business.

5.88.085 Visitor Requirements.

A. Visitors.

1. Any individual permitted to enter a Limited Access Area who is not an Owner, employee, or volunteer that has undergone a background check in accordance with Sections 5.88.040(H) and 5.88.065(A)(4) and is listed on the Licensed Premises employee list shall be considered a visitor.
 2. Any individual permitted into a Restricted Access Area who is not a Medical Cannabis Patient, Primary Caregiver, or an Owner, employee, or volunteer that has undergone a background check in accordance with Sections 5.88.040(H) and 5.88.065(A)(4) and is listed on the Licensed Premises employee list shall be considered a visitor.
 3. Notwithstanding the above, State and local employees, or their official designees, shall be considered not be considered a visitor provide the individual is on the Licensed Premises for purposes of official government business.
- B. Visitors Identification and Record Requirements. Prior to permitting a visitor into a Restricted Access Area or Limited Access Area, a Medical Cannabis Business must check the individual's valid government issued identification. The visitor shall be required to sign the Medical Cannabis Business's visitor log, which must include the individual's name, date of entry, and purpose for entry.
- C. Visitors must be at least 18 Years of Age. A Medical Cannabis Business may not permit a visitor who is less than 18 years of age to enter a Restricted Access Area or Limited Access Area.
- D. Visitors Prohibited Conduct. A Visitor shall not be permitted to engage in the cultivation, preparation, processing, manufacturing, packaging, labeling, transportation, or sale of Medical Cannabis.

5.88.090 Maintenance of Records Required.

- A. Maintenance and Inspection of Records Required. Medical Cannabis Businesses shall keep and maintain all records specified in the MMRSA, Chapter 9.108 of this Code and this Chapter and shall make the same available for inspection and examination of the Local Licensing Authority or its duly authorized representatives at all times of apparent operation. A failure to maintain such records and to allow for inspection of the same as well as a failure to allow the inspection of the Licensed Premises by the Local Licensing Authority shall constitute a violation of this Chapter and such violation may, in the discretion of the Local Licensing Authority, form or constitute the basis for a suspension, a suspension, fines and/or revocation of the Licensee's Local License.
- B. Additional Record Keeping Requirements. In addition to all record keeping

requirements set forth in the MMRSA and this Code, a Medical Cannabis Business must also maintain the following records:

- 1. Medical Cannabis Patient Records, which must include a copy of the Physician's Written Documentation or valid Identification Card, and, if using a Primary Caregiver, a written authorization from the Medical Cannabis Patient to be represented by such Primary Caregiver;**
 - 2. A diagram of the Licensed Premises containing all of the elements set forth in Section 5.88.040(l)(1)(b);**
 - 3. All required records relating to inventory tracking, transportation, and testing.**
- C. Loss of Records and Data. Any loss of electronically maintained records shall not be considered a mitigating factor for violations of this rule. Medical Cannabis Businesses are required to exercise due diligence in preserving and maintaining all required records.**

5.88.09570 Confidentiality of information.

- A. The City's review of information submitted or maintained pursuant to this Chapter shall preserve the confidentiality of all information about **Applicants**, Licensees, ~~Applicants~~, Owners, employees, members, or volunteers, **Medical Cannabis Patients**, or **Primary Caregivers** to the maximum extent consistent with state and local law. The City shall incur no liability for the inadvertent or negligent disclosure of such information. Disclosure of any ~~Licensee or Applicant~~ or **Licensee** information to the City for purposes of this Chapter shall not be deemed a waiver of confidentiality.
- B. The City shall treat all financial information provided pursuant to this Chapter as ~~confidential information~~ **financial data in accordance with the California Public Records Act (California Government Code §§ 6254(n)).**
- C. Information identifying the names, addresses, or social security numbers of Qualified Patients, ID Card ~~H~~holders, their medical conditions, **or any treatment proscribed, recommended, or discussed, or disclosed,** or the names of their Primary Caregivers, received and contained by a Medical Cannabis Business or any City official **pursuant to this Chapter** are hereby deemed "medical information" within the meaning of the Confidentiality of Medical Information Act (**California Civil Code § 56, et seq.**) and shall not be disclosed by the Medical Cannabis Business or by any City official except in accordance with the restrictions on disclosure of "individually identifiable information" under the Confidentiality of Medical Information Act (**California Civil Code § 56, et seq.**).
- D. Within 24 hours of receiving any request to disclose the name, address, or social

security number of a Qualified Medical Cannabis Patient or ID Card holder, their medical condition, or the name of their Primary Caregiver, the Medical Cannabis Business or any City official shall contact the Medical Cannabis Patient and inform the Medical Cannabis Patient of the request and if the request was made in writing, a copy of the request.

- E. Notwithstanding Section 56.10 of the California Civil Code, neither a Medical Cannabis Business nor any City official, shall disclose, nor shall they be ordered by agency or court to disclose, the names, addresses, or social security numbers of Medical Cannabis Patients, their medical conditions, or the names of their Primary Caregivers, sooner than the 10th day after which the Medical Cannabis Patient whose records are sought to be disclosed has been contacted.
- F. The information required by Section 5.88.065 and Section 5.88.090, recordings from security cameras, shall be confidential and shall not be subject to public inspection or disclosure except to City employees for purposes of law enforcement.
- G. In order to protect confidentiality, Dispensaries shall not collect or maintain Protected Health Information. A Dispensary shall maintain membership records and information about members Medical Cannabis Patients and Primary Caregivers that use such Dispensary in a manner that ensures that the information will not be disclosed except as required by this Chapter or other laws. If a Dispensary maintains information conveyed by a Member Medical Cannabis Patient or Primary Caregiver to a Dispensary regarding such Medical Cannabis Patient's Member's medical condition, information conveyed by a Member Medical Cannabis Patient to a Dispensary regarding efforts to ameliorate or otherwise address symptoms associated with such Member Medical Cannabis Patient's medical condition, or information regarding Medical Cannabis, ~~Medical Cannabis~~ Products and/or Manufactured Cannabis Edibles provided to a Medical Cannabis Patient Member, such information shall be kept in a manner that is in compliance with the Confidentiality of Medical Information Act (California Civil Code § 56, et seq.). Membership Lists of Medical Cannabis Patients and Primary Caregivers that use such Dispensary shall be available to City employees charged with the administration of this Chapter for inspection on site without a warrant during business hours or by appointment.

5.88.10075 Limitations on City's liability.

To the fullest extent permitted by law, the City shall not assume any liability whatsoever, with respect to approving any Local License pursuant to this Chapter or the operation of any Medical Cannabis Business approved for such Local License pursuant to this Chapter. As a condition of approval a Local License granted under this Chapter, the Applicant or its legal representative shall:

- A. Execute an agreement indemnifying and holding the City harmless from any and

all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation of federal law associated with the operation of the Medical Cannabis Business and Delivery of Medical Cannabis as provided in this Chapter; and

- B. Maintain insurance in the amounts and of the types that are acceptable to the City pursuant to guidelines and policies set forth by the Local Licensing Authority; and
- C. Name the City as an additionally insured on all Ceity-required insurance policies; and
- D. Agree to defend, at its sole expense, any action against the City, its agents, officers, and employees related to the approval of a Local License or conditional use permit or the operation of the Medical Cannabis Business; and
- E. 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 (or federal enforcement action) related to the City's approval of a Local License or conditional use permit. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the operator of its obligation hereunder.

5.88.105080 Inspections.

- A. Recordings made by security cameras at any Medical Cannabis Business shall be confidential and not subject to public inspection or disclosure; except that such recordings shall be made immediately available to the Local Licensing Authority, the City Manager, the chief of police or their designee upon verbal request for law or regulatory enforcement and criminal investigation purposes.
- B. The Local Licensing Authority, the City Manager, or their designated code enforcement officers shall have the right to enter all Medical Cannabis Businesses from time to time unannounced for the purpose of making reasonable inspections to observe and enforce compliance with this Chapter. Such inspections shall be limited to observing the Licensed Premises for purposes of determining whether the Medical Cannabis Business is being operated or maintained in compliance with this Code, State Law, and other applicable laws and regulations.
- C. The **Community Development** Director or the City Manager shall have the right to inspect membership records **of Medical Cannabis Patients and Primary Caregivers that use such Dispensary** for the sole purpose of determining whether all **such individuals** members of the ~~Dispensary's related collective or cooperative~~ are qualified **to use the Dispensary**. Such inspections of ~~membership~~ records shall not be used for any other purposes, nor shall the

records be removed off-site by the City without a court order.

- D. The City Manager may delegate an act required to be performed pursuant to this Section to any code enforcement officer or official of the City, including without limitation the chief of police, the fire chief, the building official, the finance director, the City attorney, or any designee of such officers or officials, including day-to-day operations.
- E. Applicants and Licensees must cooperate with employees and investigators of the City Manager who are conducting inspections or investigations relevant to the enforcement of laws and regulations related to this Chapter.

5.88.110085 Enforcement.

- A. In addition to any other civil or criminal sanction prescribed by California law or rules promulgated pursuant thereto, the Local Licensing Authority has the power, on its own motion or on complaint, after investigation and opportunity for a public hearing at which the Licensee shall be afforded an opportunity to be heard, to fine, restrict, suspend or revoke a Local License for Good Cause or for a violation by the Licensee or by any of the agents or employees of the Licensee of the provisions of this Chapter, the MMRSA and/or of any of the other terms, conditions or provisions of the State or Local License.
- B. Operation of the Medical Cannabis Business in non-compliance with any conditions of approval or the provisions of this Chapter, Chapter 9.108 or Chapter 9.72 shall constitute a violation of this Code and shall be enforced pursuant to the provisions of this Chapter and this Code.
- C. The Local Licensing Authority in its discretion may revoke or elect not to renew any Local License if it determines that the Licensed Premises have been inactive, without reasonable cause as determined by the Local Licensing Authority, for a period of at least one year.

5.88.115090 Compliance with State Law.

- A. To the extent the state has adopted or adopts in the future any additional or stricter laws or regulations governing the sale or distribution of Medical Cannabis, the additional or stricter regulations shall control the establishment or operation of any Medical Cannabis Business in Cathedral City. Compliance with any applicable State Law or regulation shall be deemed an additional requirement for issuance or denial of any Local License under this Chapter, and noncompliance with any applicable State Law or regulation shall be grounds for fines, administrative action, revocation, or suspension of any Local License issued hereunder.
- B. Any Medical Cannabis Business licensed pursuant to this Chapter may be

required to demonstrate, upon demand by the Local Licensing Authority or by law enforcement officers that the source and quantity of any Medical Cannabis found upon the Licensed Premises is in full compliance with any applicable local or State Law or regulation.

5.88.120 Suspension, Fine in Lieu of Suspension, or Revocation of Local License.

- A. After an investigation, notice and hearing pursuant to the procedures set forth in Sections 5.01.020 and Title 13, the Local Licensing Authority or his designee shall suspend or revoke an existing Medical Cannabis Business Local License, or permit the Medical Cannabis Business to pay a fine in lieu of suspension, as shall be found to be necessary to assure the preservation of the public health and safety, if the evidence presented established that one of the following conditions exist:**
- 1. A Licensee transfers ownership interest to a new Owner in its Medical Cannabis Business without receiving prior approval pursuant to Section 5.88.050 A;**
 - 2. A Licensee fails to maintain sufficient and current background checks and permit an individual with a disqualifying criminal record to volunteer or work at the Licensed Premises pursuant to Section 5.88.065 A.4;**
 - 3. A Licensee sells Medical Cannabis to any individual under 18 years of age other than a Medical Cannabis Patient pursuant to Section 5.88.065 B.3b;**
 - 4. A Licensee engages in the privileges of a Medical Cannabis Business Licensee outside of its Licensed Premises;**
 - 5. A Licensee fails to track all Medical Cannabis inventory pursuant to Section 5.88.065 A.16; or**
 - 6. More than thirty days have elapsed since a tax, fee, fine, any form of regulatory assessment or judgment for monetary damages, irrespective of any other form of relief set out in the judgment, which is to be paid to the city has been imposed against a Medical Cannabis Business, and said sum remains owing.**
- B. In the event that it is a Licensee's first violation within a twenty-four month period subject to sanction pursuant to paragraph A, the Local Licensing Authority may issue a suspension of up to 5 days. The Licensee may elect to pay a fine in lieu of suspension of up to \$5000 per day.**
- C. In the event that it is a Licensee's second violation within a twenty-four**

month period subject to sanction pursuant to paragraph A, the Local Licensing Authority may revoke the License, issue a suspension of up to 10 days. The Licensee may elect to pay a fine in lieu of suspension of up to \$5,000 per day.

- D. In the event that it is a Licensee's third violation within a twenty-four month period subject to sanction pursuant to paragraph A, the Local Licensing Authority may revoke the License or issue a suspension of up to 30 days.

5.88.12500 Public Nuisance. Unlawful acts, violations

~~A. Public Nuisance.~~ Unless otherwise expressly authorized by this Chapter, it is unlawful and it shall be a public nuisance subject to the provisions of **Section 13.80.240 and** Chapter 13.90 of this Code, to establish, maintain, or operate a Medical Cannabis Business within the Ceity without having received a Local License pursuant to this Chapter and a conditional use permit pursuant to Chapters 9.108 and Chapter 9.72 of this Code.

5.88.130 Infraction B. Violations.

- A. ~~The City Manager may establish a schedule of fines, suspension, or revocation as the standard punishment for specific violations of this Chapter. Any violation without a scheduled punishment~~ **of this Chapter or any rules promulgated pursuant to this Chapter by the Person responsible for committing, causing or maintaining such violation** shall constitute an infraction violation which shall be subject to the provisions set forth in Chapter ~~13.65~~ **Sections 13.65.010, 13.65.015, 13.65.020, 13.65.025, 13.65.030, 13.65.040,** including but not limited to the imposition of any and all criminal penalties set forth therein.
- B. **The Local Licensing Authority may, in its sole discretion, treat any violation of this Chapter that is not abated and remedied within 30 days of conviction as subject to the penalties set forth in Section 5.88.120.**

5.88.135 Civil Fines.

Any Person convicted of an infraction violation shall, for each separate violation of this Chapter, be subject to:

- A. **A fine in an amount not to exceed two hundred fifty dollars for a first conviction of an offense;**
- B. **A fine in an amount not to exceed five hundred dollars for a second conviction of the same offense within a twelve-month period of the date of the first offense;**

- C. A fine in an amount not to exceed seven hundred fifty dollars for a third conviction of the same offense within a twelve-month period of the date of the first offense; and
- D. A fine of one thousand dollars for the fourth and subsequent convictions of the same offense within a twelve-month period of the date of the first offense.

5.88.140 Cathedral City Medical Cannabis Task Force.

The purpose of this Section is to ensure that Medical Cannabis provision in Cathedral City is conducted in a safe and orderly manner to protect the welfare of Medical Cannabis Patients and the community.

- A. Medical Cannabis Task Force Established. No later than October 1, 2016, the City Manager shall designate no less than nine members and no greater than fifteen members to the Cathedral City Medical Cannabis Task Force.

- 7. The City Manager shall serve as the Chair of the Task Force;

- 8. The Medical Cannabis Task Force shall consist of at least one representative from the following groups:

- i. Cathedral City Police Department;
 - ii. Cathedral City Fire Department;
 - iii. Cathedral City Planning Department;
 - iv. Cathedral City Mayor's Office;
 - v. A Medical Cannabis Patient;
 - vi. An Owner of a Dispensary;
 - vii. An Owner of a Cultivation Site;
 - viii. An Owner of a Manufacturing Site; and
 - ix. An interested member of the Cathedral City Community, who must be a resident.

- B. Bi-Annual Meetings Required. The Medical Cannabis Task force shall meet no less than twice per calendar year.

- C. Attendance Required. A member of the Medical Cannabis Task Force shall be required to attend all Task Force meetings unless the Chair of the Task Force excuses an absence.
- D. Task Force. The Medical Cannabis Task Force shall discuss and propose amendments to this Code or any rules or regulations promulgated thereto to improve the efficacy of the regulatory system or public safety associated with the operation of a Medical Cannabis Business. In making recommendations, the Task Force shall consider the operability of any recommendation for the City and Medical Cannabis Businesses, reasonable and safe access to Medical Cannabis by Medical Cannabis Patients, and impacts to the community. The Task Force shall not make any recommendations that, if adopted, would make it unreasonably impracticable for a Medical Cannabis Patient to obtain Medical Cannabis or to operate a Medical Cannabis Business.

Section 4. Chapter 13.80 of the Cathedral City Municipal Code is hereby amended to read as follows, with additions underlined and deletions struckthrough:
Chapter 13.80 PUBLIC NUISANCES

13.80.240 Medical ~~marijuana dispensaries~~ Cannabis Businesses

It is unlawful and it shall be a public nuisance subject to the provisions of Chapter 13.90 of this eCode, to establish, maintain, or operate a ~~m~~Medical Cannabis Business ~~marijuana dispensary~~ within the eCity without complying with the provisions of and having received a Local License pursuant to Chapter 5.88 and a conditional use permit pursuant to as ~~required under Chapters 9.108 and 9.72 and 9.108~~ of this eCode. The term "~~m~~Medical Cannabis Business ~~marijuana dispensary~~" shall have the definition set forth in Section 9.108.030 of this eCode and the term "Local License" shall have the definition set forth in Section 5.88.025 of this Code.

Section 5. ENVIRONMENTAL FINDINGS

The City Council finds that this Ordinance is Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15303(c), as it would only permit projects consisting of a limited number of new, small facilities; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure.

Section 6. SEVERABILITY

The City Council declares that, should any provision, section, paragraph, sentence or word of this ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Ordinance as hereby adopted shall remain in full force and effect.

Section 7. EFFECTIVE DATE

This Ordinance shall take effect thirty (30) days after certification.

Section 8. REPEAL OF CONFLICTING PROVISIONS

Except as otherwise provided in this Ordinance, all the provisions of the Cathedral City Municipal Code as heretofore adopted that are in conflict with the provisions of this Ordinance are hereby repealed as of the Effective Date.

Section 9. POSTING

The City clerk shall within 15 days after passage of this Ordinance, cause it to be posted in at least three (3) designated public places; shall certify to the adoption and posting of this Ordinance; and shall cause this Ordinance and its certification, together with proof of posting, to be entered in the Book of Ordinances of this City.

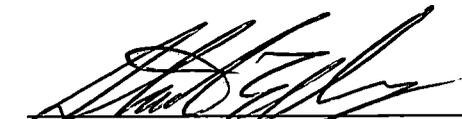
The foregoing Ordinance was introduced at the March 9, 2016 City Council Meeting and adopted by the City Council of the City of Cathedral City at its meeting held March 23, 2016, by the following vote:

Ayes: Council Members Aguilar, Carnevale and Kaplan; Mayor Pro Tem Pettis and Mayor Henry

Noes: None

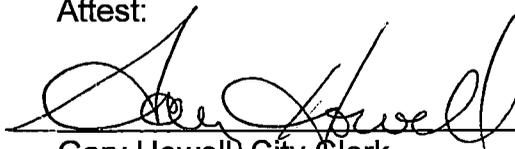
Abstain: None

Absent: None



Stanley E. Henry, Mayor

Attest:



Gary Howell, City Clerk

Approved as to Form:



Eric S. Vail, City Attorney