



OFFICE OF THE CITY ATTORNEY  
Long Beach, California

**NB-24**

CHARLES PARKIN  
City Attorney

MICHAEL J. MAIS  
Assistant City Attorney

MONTE H. MACHIT  
Assistant City Attorney

PRINCIPAL DEPUTIES

Gary J. Anderson  
Dominic Holzhaus  
Anne C. Lattime

DEPUTIES

C. Geoffrey Allred  
Richard F. Anthony  
William R. Baerg  
Kendra L. Carney  
LaTasha N. Corry  
Charles M. Gale  
Haleh R. Jenkins  
Michele L. Levinson  
Barbara J. McTigue  
Lauren E. Misajon  
Howard D. Russell  
Arturo D. Sanchez  
Linda T. Vu  
Amy R. Webber  
Theodore B. Zinger

August 2, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

RECOMMENDATION:

1. Receive and file a Medical Marijuana Initiative-Analysis report from the City Manager regarding the proposed initiative petition entitled Regulation of Medical Marijuana Businesses;
2. Adopt a Resolution calling for the placement of a voter-petition initiative measure on the ballot for the November 8, 2016 special election to repeal the City's ban on medical marijuana businesses; adopt new regulations to permit and regulate medical marijuana businesses; to repeal the City's current recreational marijuana business license tax; and to reduce the City's current rate of medical marijuana business license taxes;
3. Adopt a Resolution providing for the filing of primary and rebuttal arguments and setting rules for the filing of written arguments regarding the voter-petition initiative measure to be submitted at the November 8, 2016 special municipal election;
4. Adopt a Resolution calling for the placement of a tax measure on the ballot for the November 8, 2016 special election to amend and update the City's existing marijuana business license tax;
5. Adopt a Resolution providing for the filing of primary and rebuttal arguments and setting rules for the filing of written arguments regarding a City tax measure to be submitted at the November 8, 2016 special municipal election;
6. Adopt a Resolution requesting the Board of Supervisors of the County of Los Angeles to authorize and order the consolidation of a citywide special municipal election with the statewide general election to be held on November 8, 2016, and determining and declaring that the City will pay to the County reasonable and actual expenses incurred by the County on account of the consolidation of this election; and

7. Adopt a Resolution requesting the Board of Supervisors of the County of Los Angeles to render specified services to the City relating to the conduct of a special municipal election to be held on November 8, 2016.

## DISCUSSION

On July 12, 2016, the City Council voted to receive and file the City Clerk certification of the petition regarding the Regulation of Medical Marijuana Businesses. In addition, the City Council voted to submit the Regulation of Medical Marijuana Businesses proposed initiative ordinance, without alteration, to a vote of the electorate on Tuesday, November 8, 2016. Further, the City Council requested that the City Manager prepare a report regarding the impacts of the proposed initiative.

On July 19, 2016, the City Council voted to request the City Attorney to prepare a ballot initiative to amend and update the City's existing Marijuana Business License Tax for a vote of the electorate on Tuesday, November 8, 2016.

Pursuant to Proposition 218 (California Constitution, Article XIIC, Section 2(b)) any measure proposing to impose a new general tax, or increase or extend an existing general tax must be consolidated with a regularly scheduled election for members of the City Council, unless the City Council makes certain emergency findings by unanimous vote to place the measure on a special election at another date. Therefore, based upon the California Constitution, in order for the City Council to place the attached Marijuana Business License Tax, as a general tax, on the ballot in November of 2016, the City Council must, by unanimous vote, make certain emergency findings as identified in the attached Resolution. Emergency findings are not required to place a special tax on the November 8, 2016 ballot.

As requested by the City Council, the proposed Marijuana Business License Tax measure establishes a gross receipts tax of 6% on medical marijuana dispensaries and delegates authority to increase that tax to a maximum rate of 8% by a majority vote of the City Council; establishes a gross receipts tax of 8% on the non-medical sale of marijuana for adult use and delegates authority to increase that tax to a maximum rate of 12% by a majority vote of the City Council; establishes a gross receipts tax of 6% on any business located in Long Beach that engages in manufacturing, testing, processing, distributing, packaging or labeling of marijuana products (medical or non-medical) for wholesale to other retail marijuana businesses that will sell those products to customers and delegates authority to increase that tax to a maximum rate of 8% by a majority vote of the City Council; and establishes a tax of \$12 per square foot of space dedicated to the cultivation of marijuana (canopy area), and delegates authority to increase that tax to a maximum rate of \$15 per square foot by majority vote of the City Council. In addition this per square foot tax

Honorable Mayor and City Council  
August 2, 2016  
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will be subject to a Consumer Price Index (CPI) increase. The proposed Marijuana Business License Tax does conflict with the tax provisions or sections of the Kelton initiative regarding the Regulation of Medical Marijuana Businesses but does not conflict or challenge the other sections of the Kelton initiative that qualified for the ballot through signature gathering.

#### TIMING CONSIDERATIONS

Adoption of the recommended actions will facilitate the timely filing of the proposed initiative ordinance and the City Council Marijuana Business License Tax ordinance with the Los Angeles County Registrar-Recorder/County Clerk and the appointment of argument writers as required by the Long Beach Municipal Code.

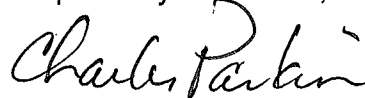
#### FISCAL IMPACT

The City Clerk has estimated the cost to consolidate the foregoing measures on the Statewide General Election ballot to be approximately \$538,000.

#### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHARLES PARKIN  
City Attorney

CP:kjm

A16-01453

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Attachments



Date: August 2, 2016  
To: Patrick H. West, City Manager *T.M.*  
From: John Gross, Director of Financial Management *JG*  
For: Mayor and Members of the City Council  
Subject: **Medical Marijuana Initiative – Analysis**

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On July 12, 2016, the City Council approved a motion requesting an impact report regarding the initiative for the Regulation of Medical Marijuana Businesses, which will appear as a ballot measure for the November 8, 2016 election (Ballot Measure). If the Ballot Measure is approved, it will require substantial City resources and staffing related to: 1) approval and regulation of permitted businesses; 2) closing, or moving into compliance, any unsanctioned facilities; and 3) expected increased public safety service demands. The Ballot Measure also provides for taxes on medical marijuana businesses. Based on an analysis by Financial Management, it is projected that the expenditures associated with the Ballot Measure will significantly exceed the tax revenues generated.

This memo provides a summary of the key features of the Ballot Measure, legal issues, possible numbers of medical marijuana businesses, regulation and enforcement issues, general health and public safety issues, and fiscal impact.

Attached to this summary is the full report by Financial Management that provides background information and details.

### **Key Features of the Ballot Measure**

- Provides for a multi-level business license application process that gives preference to the business entities (not necessarily the people) that participated in the 2010 City medical marijuana dispensary lottery.
- Requires licensed medical marijuana businesses to adhere to State regulations that will be put into place by 2018.
- Allows an estimated 26-32 dispensaries (retail stores), based on population, which can be located in all areas of the City except those zoned exclusively for residential use. Locations are further limited by certain buffers zones including a 1,000 feet separation from other retail dispensaries.
- Allows an unlimited number of cultivation, manufacturing and other non-retail marijuana businesses. These facilities will be limited from operating in residential areas and with certain buffer zones, but there is no requirement of separation (buffer) between these facilities types and other marijuana businesses, including dispensaries.

- Imposes very tight implementation timeframe that may be disruptive to City operations and may not be able to be achieved.
- The Ballot Measure prohibits Police from entering a permitted marijuana business without permission or a search warrant.
- A nine person citizen “Task Force”, composed mostly of members aligned with marijuana interests, must opine on the validity of proposed administrative citations for violations of marijuana regulations. The “Task Force” does not review administrative citations for non-sanctioned violations.
- Prohibits the assessment of regulatory fees on marijuana businesses for the recovery of application, regulation (inspection and compliance), and enforcement costs of marijuana regulations.
- Reduces medical marijuana tax rates from those previously approved by Long Beach voters, and eliminates the tax previously approved by voters on recreational marijuana.

#### **Number of Marijuana Businesses – Sanctioned and Unsanctioned**

- The number of sanctioned cultivation and manufacturing locations that will be established in Long Beach are unknown but over time there may be a high number of illegal businesses, as well as an unlimited number of sanctioned cultivation and manufacturing locations as allowed by the Ballot Measure. At this time it appears Long Beach may be the only large municipality in the area that allows manufacturers, cultivators and other non-dispensary businesses if this ballot measure passes.
- Based on experience that Long Beach and other California jurisdictions have had with legalized medical marijuana businesses, it is likely that a substantial number of unsanctioned dispensaries, cultivation, and manufacturing facilities will operate in Long Beach, including operations in residential areas.
- There are external factors could impact City medical marijuana operations and/or revenue. This includes the results of the November election for the statewide initiative “The Control, Regulate and Tax Adult Use of Marijuana Act” (AUMA) that would allow recreational marijuana business and impose a 15% excise tax on recreation marijuana and end the sales tax on medical marijuana. Actions by neighboring governments to allow or not allow marijuana businesses could also have an impact.

#### **Regulation and Enforcement:**

- The initial licensing process is expected to be relatively burdensome with a special prioritization process for applicants, along with extensive plan review and facility inspections to ensure public safety. The Ballot Measure proscribes short timeframes and the City may not have the resources to handle the intensive licensing process. As a result, the Ballot Measure’s required timeframes may not be met due to delays in the

application process, including the possibility of delays or adverse ramifications to other City functions such as the processing of building plans or of business license revenue collection. Any processing issues are expected to be temporary.

- It is believed the City can impose safe medical marijuana operating regulations until appropriate State regulations are in place in 2018. However, the potential surge in both new sanctioned and unsanctioned medical marijuana businesses may make it difficult to properly enforce the regulations, as both staffing resources and the anticipated tax revenue will not be immediately available to the City.
- The City will treat sanctioned and unsanctioned marijuana businesses similarly to businesses where there are special public safety concerns and neighborhood impacts that need to be addressed.
- Regular public safety related inspections of sanctioned business will occur and financial audits will also be conducted.
- The City Manager's Office is expected to serve as the central point of contact by establishing a Medical Marijuana Coordination Center and will manage the overall medical marijuana program, but the program will operate on a day-to-day basis at the departmental level. Departments involved will include Police, Financial Management (Business Licensing and Cashiering), Development Services (Code Enforcement and Building Inspection), Health, Fire, the City Attorney, and the City Prosecutor.
- Most complaint calls are initially expected to come through 911. If considered non-emergency, the calls are planned to be routed to the Medical Marijuana Coordination Center in the City Manager's Office. Non-emergency Councilmember complaints will similarly be directed to the Medical Marijuana Coordination Center.
- The Coordination Center will advise departments of complaints and initially categorize them as to the level of public safety concern. Departments will then handle as resources and priorities permit.
- Our analysis assumes that complaints concerning sanctioned medical marijuana businesses will normally be handled, at least initially, by a Code Enforcement and Business License team. Police will accompany staff whenever deemed appropriate to ensure that enforcement staff are comfortable about their safety.
- Investigations of complaints or the handling of issues with regard to unsanctioned operations/businesses, will normally be handled by a multi-department team led by the Police Department. The focus will be on public safety. The departments will perform inspections and use the appropriate enforcement tools available, including but not limited to full clean-outs of product and supplies, administrative citations, civil lawsuits, and criminal prosecution (typically for municipal violations).

- While safety and other violations for sanctioned businesses are not expected to be a major problem, they may occur and, if they do, will be treated as any other sanctioned and lawfully operating business that involves public safety concerns. As necessary, interdepartmental teams of staff may be used.
- The regulatory approach used by the City will be regularly reviewed and adjusted for changes in legal interpretations and to better reflect regulatory and enforcement needs and available funding.
- Based on past experience in Long Beach, some unsanctioned/illegal marijuana operations may take months or even years to close. A lien sale of the landlord's property after the issuance of administrative citations may be one of the more dramatic and effective enforcement mechanisms, albeit slow. Overall, closing unsanctioned or illegal operations can be a long, costly process.

### **Legal Issues**

- The language of the Ballot Measure is such that litigation is expected both with regard to both sanctioned and unsanctioned marijuana operations. It is also expected to be costly.
- Litigation and associated challenges to the Ballot Measure and its regulation and enforcement could significantly affect when and how the Ballot Measure is fully implemented and how it is enforced.
- Significant and ongoing City Attorney and City Prosecutor support is expected to be needed for the civil and criminal complaints that will be made by the City, primarily against unsanctioned operations and/or their landlords, and, if needed, against sanctioned businesses that fail to comply with regulations. The City Attorney's Office will also be needed to defend litigation against the City.

### **General Health and Public Safety Impacts**

- It is expected that the Ballot Measure, by authorization of medical marijuana businesses will cause a general increase in emergency medical services and more incidents requiring a police response. This conclusion is based on previous experience in Long Beach and the ongoing experience in Colorado. This can result in an increase in general response times for service calls and also create a need for additional health services associated with misuse prevention.
- Departments are recommending that these impacts be mitigated through increased City services. The fiscal impact section includes these potential impacts.

### Fiscal Impact

- The net cost of the Ballot Measure is difficult to estimate because it presents many “first time” situations and also some legal uncertainty. As a result of these difficulties an estimated range of cost was projected with the mid-point being used as the logical “best estimate.”
- The net ongoing cost (expenses minus any marijuana tax revenues) of regulation, enforcement and addressing general public safety impacts of the authorization is expected to be between \$3.3 million and \$5.1 million a year with the “best estimate” being the medium level of \$5.1 million as shown in the table below. This is based on the service levels initially recommended by the various Departments involved. It is possible that over an extended period of time (probably years), these ongoing costs could go down as the number of illegal businesses and compliance problems eventually goes down.

**Summary of Projected Net Medical Marijuana Net Enforcement and Regulation Costs**

| \$ in millions                    | Low        | Medium      | High        |
|-----------------------------------|------------|-------------|-------------|
| Revenue from Ballot Measure Taxes | 3.3        | 6.1         | 12.5        |
| Sales Tax (Inclusive of Meas A)   | 0.6        | 1.0         | 1.0         |
| <b>Total Ongoing Revenue</b>      | <b>3.9</b> | <b>7.1</b>  | <b>13.5</b> |
| Regulation and Enforcement        | 6.9        | 8.5         | 13.9        |
| Related Health & Safety Costs     | 0.3        | 3.7         | 4.1         |
| <b>Total Ongoing Expenses</b>     | <b>7.2</b> | <b>12.2</b> | <b>18.0</b> |
| <b>Net Ongoing Cost</b>           | <b>3.3</b> | <b>5.1</b>  | <b>4.4</b>  |
| One-time Admin and Enforcement    | 1.9        | 2.1         | 3.2         |
| One-time Related Health & Safety  | 0.0        | 0.3         | 0.4         |
| <b>Total One-time Expenses</b>    | <b>1.9</b> | <b>2.4</b>  | <b>3.6</b>  |

- The first year net cost (FY 17) could potentially be higher than the ongoing net cost due to start-up and lower revenue in the first year, but delays in ability to staff up could also serve to reduce costs in the first year from what they otherwise would be, although service problems may occur. However, there will be one-time costs incurred in FY 17 which will increase the fiscal impact and require one-time funds in FY 17. One-time costs are estimated to range between \$1.9 million and \$3.6 million as shown in the table above.
- The Ballot Measure sets recreational taxes to zero; this analysis does not include the potential impact of lost tax revenue from the diversion of medical marijuana sales to recreational sales that could result from AUMA potentially passing this November. In addition, if AUMA passes, no sales tax can be collected on medical marijuana. This



would adversely impact City medical marijuana revenues from that projected in this analysis.

## Conclusion

If the ballot measure is approved by voters, staff members will need to immediately begin working on implementation of the law as the ordinance goes into effect 10 days after the results are certified by City Council. This will divert a significant amount of personnel, resources and City staff time to this new business use and will mean that the costs will start immediately, including one-time startup costs. In addition, revenues are expected to be lower in the first year due to timing of the implementation and opening of the marijuana businesses. Actual costs and revenues will vary as these are based on a set of assumptions that could change. Staff will work to identify options for City Council to fund the expected shortfall; however, this may require redirecting funds from other purposes or using the City's operating reserves.

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## ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY  
LAURA L. DOUD, CITY AUDITOR  
DOUG HAUBERT, CITY PROSECUTOR  
TOM MODICA, ASSISTANT CITY MANAGER  
ARTURO SANCHEZ, DEPUTY CITY MANAGER  
REBECCA JIMENEZ, ASSISTANT TO THE CITY MANAGER

**ATTACHMENT:  
MEDICAL MARIJUANA BALLOT MEASURE FISCAL IMPACT ANALYSIS**

The following analysis has been prepared in response to City Council request for a report on the measure titled "Regulation of Medical Marijuana Businesses," which has qualified for the November ballot through voter petition. The report provides a projection of the fiscal impact of the measure, should it pass, as well as a discussion of the regulatory and enforcement model proposed by city staff.

The model of enforcement described in this report is subject to change for a number of reasons. First, although State lawmakers passed the Medical Marijuana Regulation and Safety Act (MMRSA) in October 2015, the agencies responsible for setting rules under MMRSA are not expected to issue final rulings until 2018. Second, if the local medical marijuana ballot measure is approved, there will be a period where Departments will need to reassess the efficiency and effectiveness of the selected regulatory approach, and adjust where necessary. These adjustments will almost certainly have budgetary impacts to the City.

The same is true of the revenue projections developed for this report. The marijuana market is constantly changing as it becomes legalized, and therefore any projections made by staff of anticipated revenues should be interpreted as best estimates as of a point in time.

**Medical Marijuana Business Types**

Earlier versions of medical marijuana ordinances considered by City Council focused primarily on Dispensary and Cultivation sites, setting limits on the number of permits allowed. In contrast, the ballot measure to be voted upon in November explicitly states that "each State license type available in the Medical Marijuana Regulation and Safety Act (MMRSA) is eligible to apply for a City Business License Permit." These permit types include:

- Dispensaries – Facilities where medical marijuana products are offered for retail sale, including through delivery services.
- Cultivators – Businesses involved in planting, growing, harvesting, drying, curing, grading or trimming medical marijuana.
- Testing – Facilities that perform tests of medical marijuana products.
- Manufacturers – Locations that produce manufactured medical marijuana products (edibles, oils, concentrates, etc) through extraction methods.
- Distributors – Businesses licensed to purchase medical marijuana from a Cultivator or Manufacturer, for sale to a Dispensary.
- Transporters – Businesses licensed to transfer medical marijuana products from one licensed location to another.

The ballot measure goes on to state that "the number of licensed and permitted Medical Marijuana Dispensaries shall be limited to not less than one Medical Marijuana Dispensary business for every eighteen thousand residents in the City of Long Beach or not more than one Medical Marijuana Dispensary business for every fifteen thousand residents." Using

current population surveys, this translates to a minimum of 26 and maximum of 32 Dispensaries. For projection purposes, staff is assuming the maximum number of Dispensary permits will be awarded. This is consistent with past experience with the medical marijuana business application process in Long Beach, where there was far greater demand for permits than what was made available.

Following review of the ordinance with the City Attorney’s Office, it has become clear that the maximum and minimum ratios apply only to Dispensary permits. There is no limit to the number of other business permit types, so long as applicants meet the minimum zoning restrictions, buffers, operating conditions, and application requirements specified in the ballot measure. Without a cap on other business types, staff believes that over one-hundred Cultivation and Manufacturing facilities could open in Long Beach, based on experiences from other cities in the nation that did not have a cap.

The measure also reduces the medical marijuana business license tax rates approved by Long Beach voters in 2014. The table below summarizes the new rates that would be applied to the various permit types:

*Table 1: Medical Marijuana Business License Tax Rates*

| <b>MMJ Business Type</b> | <b>Type of Tax</b> | <b>Current</b>               | <b>Ballot Measure</b>   |
|--------------------------|--------------------|------------------------------|-------------------------|
| Dispensaries             | Gross Receipts     | 6%<br>(Min 0% - Max 10%)     | 6%<br>(Min 0% - Max 6%) |
| Cultivators              | Sq. Ft.            | \$15<br>(Min \$0 - Max \$50) | \$10                    |
| Manufacturers            | Gross Receipts     | 6%<br>(Min 0% - Max 10%)     | 0%*                     |
| Testing Sites            | Gross Receipts     | 6%<br>(Min 0% - Max 10%)     | 0%*                     |
| Transporters             | Gross Receipts     | 6%<br>(Min 0% - Max 10%)     | 0%*                     |
| Distributors             | Gross Receipts     | 6%<br>(Min 0% - Max 10%)     | 0%*                     |

*\*Note: According to the measure, these business types will pay an annual fee of 150% of the average business license rate for personal service businesses in Long Beach, or \$1,000 per year, whichever is more.*

Given that Long Beach has very low business license fees (150% of the average business license fee in Long Beach is approximately \$450), the effective tax rate for Manufacturing, Distribution, Transportation, and Testing businesses will be \$1,000 per license per year.

It should also be noted that the ballot measure repeals taxes on recreational marijuana set forth in the Long Beach Municipal Code. If the ballot measure passes, Long Beach will no longer have the authority to charge a gross receipts or square footage tax on recreational marijuana businesses. Although these business types currently are not allowed under California State law, a statewide initiative has been placed on the November ballot to legalize and regulate adult use and sale of nonmedical marijuana. This measure, titled “The Control, Regulate and Tax Adult Use of Marijuana Act” (AUMA), would also exempt

medical marijuana users from the state sales tax, which includes the local share of 2% in Long Beach. The fiscal impact summary tables presented later in this report estimate the effect AUMA would have on local sales tax revenues if approved by voters. However, it is possible that even after excluding sales tax revenues under AUMA, projections will be overstated, particularly if a portion of medical marijuana users begin making purchases through the recreational marijuana market.

### **Assumptions**

The following section describes the assumptions used by staff in preparing this report. The assumptions informed the cost estimates provided by Departments, as well as the revenue projections developed by staff. The assumptions fall into three main categories:

1. Interpretations of the proposed ordinance;
2. Market based assumptions of the number of sanctioned businesses that will open in Long Beach; and
3. Estimates for the number of unsanctioned businesses.

### Interpretation of the Ordinance

At this time, there is uncertainty regarding the correct interpretation of various aspects of the ballot measure. In instances where multiple interpretations were possible, staff assumed a single position in order to provide consistency in the report. However, some issues may ultimately need to be settled through the litigation process, particularly when conflicting interpretations could favor certain stakeholders over others.

Key interpretations of the ballot measure made by staff include the following:

- *The maximum number of permits established in the measure applies only to Medical Marijuana Dispensaries. There is no limit to the number of other business types that may operate in the City –* Although there is general agreement among staff that this is the best interpretation of the ballot measure, staff is aware that alternate readings are possible. A separate interpretation is that the cap on the maximum number of businesses applies to all business types. While staff believes this to be an unlikely outcome should the issue be decided through litigation, the fiscal impact report includes projections for a scenario (considered “Low”) where the maximum cap on permits applies to all business types.
- *The buffer zones defined in the initiative may only be adjusted through a vote of the people.* Should the measure pass, the buffer requirements would be as follows:
  - Medical Marijuana Businesses could operate anywhere other than areas zoned exclusively for residential. Areas that Medical Marijuana Businesses could operate in include commercial, industrial, and areas zoned for multiple uses (e.g. commercial and residential);
  - Medical Marijuana Businesses must operate outside of a one-thousand foot radius of schools or public beaches, and a six-hundred foot radius of public parks or libraries;

- Medical Marijuana Dispensaries must operate outside of a one-thousand foot radius of another Medical Marijuana Dispensary. This restriction does not apply to other business types. For instance, the ballot measure places no restriction on the proximity of Cultivation or Manufacturing businesses to one another or to Dispensaries.
- *The Long Beach Police Department will be able to participate in the cross-departmental team-based approach to regulating licensed medical marijuana facilities, when necessary, to ensure staff and/or public safety.* Certain sections of the ballot measure appear to conflict with this assumption. The measure states that the Police Department will only be allowed to enter a licensed Medical Marijuana Business if invited by the business manager or owner, in the case of an emergency, or through a search warrant, subpoena or court order. For purposes of this report, staff is assuming that the Police Department will still be able to accompany staff from other Departments into licensed facilities in response to complaints made by the public.
- *Regulatory fees to recover the cost of regulating sanctioned businesses are prohibited under the proposed initiative* – Earlier fiscal impact reports prepared by staff included a marijuana regulatory fee as a potential source of revenue to recoup enforcement costs of sanctioned businesses. This report does not include regulatory fees as a potential revenue source.
- *Ultimate authority to cite businesses for violation of the requirements set forth in the ballot measure rests with Departments and not the nine-member Task Force established by the measure* – The ballot measure states that “a Task Force finding of no violation or that a violation has been cured shall not be considered as a violation by the City Manager.” At this point in time, it is unclear whether this language grants the Task Force authority over determining the validity of citations issued to medical marijuana businesses. Pursuant to the City Charter, the City Manager has the authority to see that all laws and ordinances are enforced. The City Attorney believes the ballot measure authorizes unlawful delegation of administrative authority to the Task Force and that, ultimately, City Manager Departments retain this authority. Should a court determine that the ballot measure supersedes this power, the overall enforcement process for licensed businesses may be slowed substantially pending Task Force review, and enforcement costs may increase.

### Market Based Assumptions

Given that there does not appear to be a limit on the number of Cultivation, Manufacturing or Distribution sites, staff utilized a market-driven approach to determining the number of businesses that should be expected to open in the City. To help complete the market analysis, staff hired consulting firm Hinderliter, de Llamas & Associates (HdL), which has extensive experience working with cities in California to develop medical marijuana ordinances and provide revenue projections. HdL is also able to utilize client-granted access to business level sales tax data from every city and county in California to estimate a per-Dispensary gross receipts, broken out by geographic region.

Next, staff contacted multiple cities in California also developing medical marijuana ordinances in order to learn from their experiences and projections. HdL was also able to inform staff of estimates being used internally by other cities that are contracting with HdL's

medical marijuana consulting practice. Some of the projections being used by other cities serve as the basis for the “Medium” projection scenario presented later in this report.

Finally, staff researched Colorado cities similar in size to Long Beach to learn from their experiences in regulating medical marijuana. For proper comparison, staff sought to identify only those cities that did not initially set a cap on the number of Cultivation and Manufacturing businesses that could operate within city boundaries. Staff was able to identify two cities that met both criteria – Denver (pop. 600,158) and Colorado Springs (pop. 416,427). The following table provides a summary of data made available by the Colorado Department of Revenue, which tracks the number of medical and recreational businesses by license type and City:

*Table 2: Comparable License Data*

| <b>Colorado Medical Marijuana Business License Data</b> |                   |                             |                             |
|---|-------------------|-----------------------------|-----------------------------|
| <b>City</b>   | <b>Population</b> | <b>Cultivation Licenses</b> | <b>Manufacture Licenses</b> |
| Denver  | 600,158           | 366                         | 109                         |
| Colorado Springs  | 416,427           | 153                         | 47                          |

The license figures presented above are not entirely comparable to Long Beach, given the fact that initially in Colorado, all medical marijuana Dispensaries were required to grow 70% of their own product. This may have had the effect of inflating the number of businesses seeking a Cultivation licenses. Therefore, the Colorado data has been utilized by staff to create the “High” scenario for projections discussed later.

Unsanctioned Business Assumptions

Based on past experience with unsanctioned businesses following the brief legalization of medical marijuana in Long Beach, staff anticipates an increase in the number of unsanctioned businesses operating in Long Beach should the measure pass. This experience is consistent with outcomes in other cities following the approval of medical marijuana ordinances. The medical marijuana enforcement model proposed by staff in this report anticipates a range of approximately fifty to one hundred unsanctioned businesses opening in Long Beach. It is expected that the majority of these unsanctioned businesses will be Dispensaries, as other business types will not experience the same restrictions to market entry.

**Business License Projections**

Using the various assumptions described above, staff has prepared expense and revenue projections for the three scenarios shown in Table 3. Departments used these scenarios to identify additional positions and other resources necessary to properly regulate the proposed ballot measure and address possible health and safety impacts of legalized marijuana. The scenarios were also used to estimate new revenues collected from the medical marijuana industry. The business license projections are intended to be treated as a range that the City should be prepared to handle, whatever the outcome turns out to be.

Table 3: Long Beach Medical Marijuana License Projections

| PERMIT TYPE                    | Total Number of Licenses |           |            |
|--------------------------------|--------------------------|-----------|------------|
|                                | LOW                      | MEDIUM    | HIGH       |
| Dispensaries                   | 12                       | 32        | 32         |
| Cultivators                    | 12                       | 32        | 100        |
| Manufacturers                  | 4                        | 8         | 50         |
| Distributors/Transporters      | 4                        | 4         | 4          |
| <b>Total Permit Holders</b>    | <b>32</b>                | <b>76</b> | <b>186</b> |
| <i>Unsanctioned Businesses</i> | <i>50</i>                | <i>75</i> | <i>100</i> |

A number of factors not considered in this analysis could have a significant impact on the number of Cultivators, Manufacturers, and other business types to open in Long Beach. For example, if voters approve the ballot measure this November, Long Beach will become one of the earliest adopters of legal Cultivator and Manufacturer business types in Southern California. Should other surrounding cities, most notably Los Angeles, continue to ban these business types, Long Beach could be well placed strategically to supply medical marijuana products to Los Angeles County and Orange County markets. With bans in other jurisdictions, low taxes rates on facilities not connected with a Long Beach Dispensary, and no cap on the number of businesses, Long Beach could experience a proliferation of Manufacturing and Cultivation business types.

In the short term, the total number of medical marijuana businesses that open in Long Beach may be restricted by the amount of available property for lease or purchase. Currently, Long Beach vacancy rates are at historical lows in areas zoned for Industrial or Commercial use. Staff believes this will have an impact on the number of Cultivation businesses that can open within the first year after the measure takes effect.

However, in the long term staff does not anticipate the current availability of properties to have a limiting effect on the number of marijuana businesses that will open. Vacancy rates are cyclical, and in the long run the amount of available space that medical marijuana businesses can operate in will depend on their ability to pay at or above market rates. Research conducted by staff finds that medical marijuana businesses are frequently able to pay significantly above market rate, with evidence in other cities of paying up to five times the listed rate. In Denver, Colorado, the industrial real estate market saw sharp spikes in lease prices following legalization of marijuana. This created a challenging market for other small to medium sized industrial tenants looking to find suitable space. Consequently, staff does not anticipate the current availability of industrial or retail space to be a determining factor in the number of businesses that will open in the long run.

### **Projected Regulatory/Enforcement Costs**

Staff has prepared a recommended approach to the regulation and enforcement of medical marijuana businesses under the proposed ballot measure. The approach is subject to change as State Agencies finalize rules under MMRSA, which is not expected to be completed until 2018. It is believed that the City can provide acceptable medical marijuana safety regulations until such time. The enforcement model will be adjusted as Departments develop greater expertise in regulating medical marijuana businesses.

The overall approach can be separated into two categories: sanctioned and unsanctioned businesses.

### Sanctioned Businesses

The City Manager's Office will serve as the central point of contact for medical marijuana issues, and will manage overall medical marijuana programs, but the program will operate on a day-to-day basis at the departmental level. Other participating Departments will include Financial Management, Development Services, Health, Police, Fire, City Attorney and City Prosecutor.

Most complaint calls are initially expected to come through 911. If considered non-emergency, the calls will be routed to a Medical Marijuana Coordination Center in the City Manager's Office. The Coordination Center will advise Departments of complaints and initially categorize them as to level of public safety concern. Departments will then handle these complaints as resources and priorities permit.

Complaints arising from sanctioned businesses will be handled primarily by Code Enforcement and Business License Inspection staff. Inspection staff from other Departments such as Health and Fire will assist when needed, such as during visits to Cultivation and Manufacturing facilities which may create hazardous material and fire safety concerns. Police will accompany staff, including into the business, whenever deemed appropriate to ensure public safety.

While safety and other violations for licensed businesses are not expected to be a major problem, they may occur and, if they do, will be treated as any other licensed and lawfully operating business which also involves public safety concerns would be treated. As necessary, interdepartmental teams of staff may be used. This may include staff from the Office of the City Attorney or City Prosecutor if there are any violations of municipal laws by sanctioned businesses that require administrative hearings or criminal prosecution.

The ballot measure sets deadlines for when the City must begin accepting applications, complete a review of applications, establish priority rankings, and begin issuing business licenses. These deadlines are not likely possible for staff to meet without substantially impacting other work, such as business license revenue collection, plan checks and building inspections.

### Unsanctioned Businesses

Based on past experience, enforcement against illegal marijuana businesses will be difficult and time consuming. In some cases, the process to successfully close an unsanctioned business could take months, if not years to complete. The maximum penalties assessed by the City are often far outweighed by the profit of running an unsanctioned business.

Enforcement of unsanctioned businesses will be handled by a multi-department team led by the Police Department. Under the proposed model, a full Police team will be devoted to conducting search warrants on unsanctioned operators and could perform full clean-outs of product and supplies to ensure unlicensed businesses are not reestablished if deemed appropriate. In addition, Business License and Code Enforcement staff will issue administrative citations. The citations will generally be issued as part of an overall team



enforcement program in response to complaints or following police action. Business License and Code Enforcement staff will not be expected to actively seek out and identify unsanctioned businesses.

The Office of the City Attorney expects to provide legal support in pursuing civil action against unsanctioned businesses, which is a strategy that has found some success in closing down unlicensed facilities in other cities. The City Prosecutor will also be involved in criminal litigation of unsanctioned businesses.

The Health and Fire Departments anticipate being involved in the oversight of environmental hazard clean-ups that could arise from unsanctioned businesses, particularly at Cultivation and Manufacturing locations. The Fire Department will issue red tags for businesses operating in hazardous facilities, as it has done in the past.

Summary of Costs

The table below summarizes the estimated cost of implementing the recommended approach to enforcement. Costs are provided for the three scenarios described in the “Business License Projections” section. This includes a Low scenario of 32-sanctioned and 50-unsanctioned businesses, a Medium scenario of 76-sanctioned and 75-unsanctioned businesses, and a High scenario of 186-sanctioned and 100-unsanctioned businesses.

Costs have been further broken out into two categories: 1) Administration & Enforcement and 2) Health & Safety Impacts. The first category, Administration and Enforcement, summarizes the direct costs incurred by Departments in implementing the measure. This includes activities such as application review, site inspection, tax payment collection and enforcement activity for both sanctioned and unsanctioned businesses. The second category, Health and Safety Impacts, summarizes the indirect costs to the City as a result of sanctioning medical marijuana activities. This includes anticipated increased calls for services from Police and Fire Departments.

*Table 4: Summary of Estimated Ongoing Department Regulatory/Enforcement Costs*

| ALL DEPARTMENTS              | LOW          |                     | MEDIUM       |                      | HIGH          |                      |
|------------------------------|--------------|---------------------|--------------|----------------------|---------------|----------------------|
|                              | FTE          | Annual Cost         | FTE          | Annual Cost          | FTE           | Annual Cost          |
| Total Ongoing Costs          | 42.57        | \$ 6,900,947        | 54.27        | \$ 8,529,186         | 88.46         | \$ 13,869,402        |
| Administration & Enforcement | 42.57        | \$ 6,900,947        | 54.27        | \$ 8,529,186         | 88.46         | \$ 13,869,402        |
| Health & Safety Impacts      | 3.00         | \$ 320,000          | 24.00        | \$ 3,696,340         | 25.00         | \$ 4,113,826         |
| <b>Total Ongoing Costs</b>   | <b>45.57</b> | <b>\$ 7,220,947</b> | <b>78.27</b> | <b>\$ 12,225,526</b> | <b>113.46</b> | <b>\$ 17,983,228</b> |

Departments have also calculated one-time costs expected in the first year of enforcement. These costs are in addition to the ongoing costs identified above.

*Table 5: Summary of Estimated One-Time Department Regulatory/Enforcement Costs*

| ALL DEPARTMENTS              | LOW                 | MEDIUM              | HIGH                |
|------------------------------|---------------------|---------------------|---------------------|
| Total One-Time Requirements  | One-Time Cost       | One-Time Cost       | One-Time Cost       |
| Administration & Enforcement | \$ 1,917,225        | \$ 2,140,401        | \$ 3,237,278        |
| Health & Safety Impacts      | \$ -                | \$ 282,000          | \$ 372,000          |
| <b>Total One-Time Costs</b>  | <b>\$ 1,917,225</b> | <b>\$ 2,422,401</b> | <b>\$ 3,609,278</b> |

For more information on costs and duties broken out by Department, see Exhibit A to this report.

**Projected Revenues**

The rapid evolution of the medical marijuana industry, the recent adoption of Medical Marijuana Regulation and Safety Act and the potential legalization of recreational marijuana, make forecasting revenue from taxation extremely difficult. Even states that have legalized the recreational use of marijuana have found accurately forecasting tax revenue a difficult task. In Colorado, marijuana tax revenue came in 42% lower than projected in the first fiscal year of retail marijuana. The State of Washington decided not to budget any marijuana tax revenue for the first year of retail legalization, and Alaska decided not to even conduct a revenue forecast due to the lack of data.

To assist with inherent difficulty in projecting revenues for the marijuana market, the Financial Management Department contracted with HdL, a consulting firm that specializes in local government revenue projections. HdL has access to sales tax data on over 1,408 active registered accounts in California related to the retail sale of medical marijuana. Using this dataset, HdL created a model to estimate a range of revenue projections for the City’s gross receipts tax, cultivation square footage tax, and local sales tax.

See the table below for a summary of anticipated revenues, by medical marijuana business type. The projections also utilize the Low, Medium, and High scenarios described earlier in this report.

*Table 6: Summary of Estimated Revenues*

| Total Revenues for All Medical Marijuana Businesses   |  | Low       |                    | Medium    |                    | High       |                     |
|---|--|-----------|--------------------|-----------|--------------------|------------|---------------------|
| Business Type   | Capture Rate   | # of Lic. | Revenues           | # of Lic. | Revenues           | # of Lic.  | Revenues            |
| Dispensary  | Gross Receipts Tax (6%)  | 12        | \$1,838,664        | 32        | \$3,074,688        | 32         | \$3,074,688         |
|   | Sales Tax (2%)   |           | \$612,888          |           | \$1,024,896        |            | \$1,024,896         |
| Cultivator  | Cultivation Sq. Ft. Tax (\$10)   | 12        | \$1,480,000        | 32        | \$3,000,000        | 100        | \$9,420,000         |
| Manufacturer  | 150% of Avg. Bus. Lic. Tax or \$1,000 per permit (whichever is higher) | 4         | \$4,000            | 8         | \$8,000            | 50         | \$50,000            |
| Transporter/<br>Distributor                           | 150% of Avg. Bus. Lic. Tax or \$1,000 per permit (whichever is higher) | 4         | \$4,000            | 4         | \$4,000            | 4          | \$4,000             |
| <b>Total Permits/Revenues*</b>                        |  | <b>32</b> | <b>\$3,939,552</b> | <b>76</b> | <b>\$7,111,584</b> | <b>186</b> | <b>\$13,573,584</b> |
| <i>Total Permits/Revenues (assuming AUMA passage)</i> |  | <i>32</i> | <i>\$3,326,664</i> | <i>76</i> | <i>\$6,086,688</i> | <i>186</i> | <i>\$12,548,688</i> |

*Note: Total revenues exclude testing facilities. Revenues from this business type is expected to be minimal.*

The below-the-line projections assuming AUMA passage adjust for the fact that medical marijuana will be exempted from sales tax if the statewide measure is approved by voters. However, it is possible that even after excluding sales tax revenues under AUMA, staff projections shown in Table 6 will be overstated, particularly if a portion of medical marijuana users begin making purchases through the recreational marijuana market as this ballot measure eliminates the recreational marijuana tax rate. For more information on revenues broken out by business type, see Exhibit B to this report.

## Timeline

If the ballot measure is approved by voters, staff members from all Departments identified in this report will need to immediately begin working on implementation of the law. The measure sets strict deadlines for when the City must begin accepting applications, complete a review of applications, establish priority rankings, and begin issuing business licenses. The following table provides an estimate of when certain responsibilities of the City would need to be completed:

*Table 7: Estimated Timeline*

| <b>Date</b>      | <b>Process</b>  | <b>Notes</b>   |
|------------------|---|--|
| 11/8/2016        | Ballot Measure Voted Upon   | <i>Following steps assume passage.</i>   |
| 12/23/2016       | Ordinance takes effect  | <i>10 days after City Council adopts certified results.</i>                      |
| 1/2/2017         | Business license application made available   | <i>Required 10 days after initiative takes effect.</i>                           |
| 1/22/2017        | Application period opens  | <i>If submitted application incomplete, City must promptly notify applicant.</i> |
| 2/21/2017        | Application period closes   | <i>30 days after open of application period.</i>                                 |
| 4/7/2017         | City completes review of applications and assigns points based on system outlined in initiative | <i>45 days after close of application period.</i>                                |
| 4/12/2017        | City posts point priority rankings on its website   | <i>Maximum of 5 days after review completed.</i>                                 |
| <b>4/13/2017</b> | <b>City issues business licenses</b>  |  |
| 4/27/2017        | Public lottery (if required) for applicants that tied for the most number of points             | <i>Deadline to complete lottery. Lottery could be held sooner.</i>               |

For purposes of this analysis, the fiscal impact projections assume staff to be hired and businesses to begin operation in accordance with the estimated timeline above. Should there be delays, the “Ramp Up” period used to calculate revenues and expenditures in FY 17 will be shortened. This may serve to reduce both anticipated revenues and expected expenditures in the first fiscal year. However, there will be one-time costs incurred in FY 17, regardless of adjustments made to the timeline above. The FY 18 period represents the cost and revenues under a full year of operations for medical marijuana business and city staff enforcement.

## Summary of Projected Fiscal Impact

A summary of the projected fiscal impact of the proposed ballot measure is summarized in Tables 8, 9 and 10. In all three scenarios, staff projects costs to exceed revenues, creating a deficit in the General Fund.

Table 8: Summary of Fiscal Impact (Low Cost & Revenue Projections)

| <b>Projected Medical Marijuana Expense and Revenues</b>                                    |                       |                       |
|--|-----------------------|-----------------------|
| <b>At <u>Low</u> Cost and Revenue Projections</b>  |                       |                       |
| <b>(12 Dispensaries, 12 Cultivators, 4 Manufacturers, 4 Distributors, 50 Unsanctioned)</b> |                       |                       |
|  | <b>FY 17</b>          | <b>FY 18</b>          |
| <b>Revenues</b>  | <b>Ramp Up</b>        | <b>Annual</b>         |
| Gross Receipts Tax Revenue (at 6%)   | \$ 766,110            | \$ 1,838,664          |
| Sales Tax Revenue (2%)   | \$ 255,370            | \$ 612,888            |
| Cultivation Square Footage Tax Revenue (at \$10)   | \$ 616,667            | \$ 1,480,000          |
| Manufacturer/Distributor Bus. Lic. Revenue (\$1,000/year)                                  | \$ 3,333              | \$ 8,000              |
| <b>Total Revenues</b>  | <b>\$ 1,641,480</b>   | <b>\$ 3,939,552</b>   |
| <b>Expenditures</b>  |                       |                       |
| Ongoing Admin & Enforcement Costs  | \$ (4,585,646)        | \$ (6,900,947)        |
| Estimated Health & Safety Impacts  | \$ (149,918)          | \$ (320,000)          |
| One-Time Admin & Enforcement Costs   | \$ (1,917,225)        |                       |
| One-Time Health & Safety Costs   | \$ -                  | \$ -                  |
| <b>Total Expenditures</b>  | <b>\$ (6,652,789)</b> | <b>\$ (7,220,947)</b> |
| <b>Total Estimated Surplus/(Shortfall)</b>   | <b>\$ (5,011,309)</b> | <b>\$ (3,281,395)</b> |
| <i>AUMA Sales Tax Exemption on Medical Marijuana</i>                                       | <i>\$ (255,370)</i>   | <i>\$ (612,888)</i>   |
| <i>Estimated Surplus/(Shortfall) - Assuming AUMA Passage</i>                               | <i>\$ (5,266,679)</i> | <i>\$ (3,894,283)</i> |

Table 9: Summary of Fiscal Impact (Medium Cost & Revenue Projections)

| <b>Projected Medical Marijuana Expense and Revenues</b>                                    |                        |                        |
|--|------------------------|------------------------|
| <b>At <u>Medium</u> Cost and Revenue Projections</b>                                       |                        |                        |
| <b>(32 Dispensaries, 32 Cultivators, 8 Manufacturers, 4 Distributors, 75 Unsanctioned)</b> |                        |                        |
|  | <b>FY 17</b>           | <b>FY 18</b>           |
| <b>Revenues</b>  | <b>Ramp Up</b>         | <b>Annual</b>          |
| Gross Receipts Tax Revenue (at 6%)   | \$ 1,281,120           | \$ 3,074,688           |
| Sales Tax Revenue (2%)   | \$ 427,040             | \$ 1,024,896           |
| Cultivation Square Footage Tax Revenue (at \$10)   | \$ 1,250,000           | \$ 3,000,000           |
| Manufacturer/Distributor Bus. Lic. Revenue (\$1,000/year)                                  | \$ 5,000               | \$ 12,000              |
| <b>Total Revenues</b>  | <b>\$ 2,963,160</b>    | <b>\$ 7,111,584</b>    |
| <b>Unbudgeted Expenditures</b>   |                        |                        |
| Ongoing Admin & Enforcement Costs  | \$ (5,780,858)         | \$ (8,529,186)         |
| Estimated Health & Safety Impacts  | \$ (2,930,547)         | \$ (3,696,340)         |
| One-Time Admin & Enforcement Costs   | \$ (2,140,401)         |                        |
| One-Time Health & Safety Costs   | \$ (282,000)           | \$ -                   |
| <b>Total Expenditures</b>  | <b>\$ (11,133,806)</b> | <b>\$ (12,225,526)</b> |
| <b>Total Estimated Surplus/(Shortfall)</b>   | <b>\$ (8,170,646)</b>  | <b>\$ (5,113,942)</b>  |
| <i>AUMA Sales Tax Exemption on Medical Marijuana</i>                                       | <i>\$ (427,040)</i>    | <i>\$ (1,024,896)</i>  |
| <i>Estimated Surplus/(Shortfall) - Assuming AUMA Passage</i>                               | <i>\$ (8,597,686)</i>  | <i>\$ (6,138,838)</i>  |

*Table 10: Summary of Fiscal Impact (High Cost & Revenue Projections)*

| <b>Projected Medical Marijuana Expense and Revenues</b>                                       |                        |                        |
|---|------------------------|------------------------|
| <b>At High Cost and Revenue Projections</b>   |                        |                        |
| <b>(32 Dispensaries, 100 Cultivators, 50 Manufacturers, 4 Distributors, 100 Unsanctioned)</b> |                        |                        |
|   | <b>FY 17</b>           | <b>FY 18</b>           |
| <b>Revenues</b>   | <b>Ramp Up</b>         | <b>Annual</b>          |
| Gross Receipts Tax Revenue (at 6%)  | \$ 1,281,120           | \$ 3,074,688           |
| Sales Tax Revenue (2%)  | \$ 427,040             | \$ 1,024,896           |
| Cultivation Square Footage Tax Revenue (at \$10)  | \$ 3,925,000           | \$ 9,420,000           |
| Manufacturer/Distributor Bus. Lic. Revenue (\$1,000/year)                                     | \$ 22,500              | \$ 54,000              |
| <b>Total Revenues</b>   | <b>\$ 5,655,660</b>    | <b>\$ 13,573,584</b>   |
| <b>Unbudgeted Expenditures</b>  |                        |                        |
| Ongoing Admin & Enforcement Costs   | \$ (9,774,022)         | \$ (13,869,402)        |
| Estimated Health & Safety Impacts   | \$ (3,306,116)         | \$ (4,113,826)         |
| One-Time Admin & Enforcement Costs  | \$ (3,237,278)         |                        |
| One-Time Health & Safety Costs  | \$ (372,000)           | \$ -                   |
| <b>Total Expenditures</b>   | <b>\$ (16,689,417)</b> | <b>\$ (17,983,228)</b> |
| <b>Total Estimated Surplus/(Shortfall)</b>  | <b>\$ (11,033,757)</b> | <b>\$ (4,409,644)</b>  |
| <i>AUMA Sales Tax Exemption on Medical Marijuana</i>  | <i>\$ (427,040)</i>    | <i>\$ (1,024,896)</i>  |
| <b>Estimated Surplus/(Shortfall) - Assuming AUMA Passage</b>                                  | <b>\$ (11,460,797)</b> | <b>\$ (5,434,540)</b>  |

Should the number of licenses for any business type fall outside of this range, the cost and revenue projections provided by staff could be significantly different from what has been presented.

### **Conclusion**

Staff has projected a one-time funding shortfall under all projection scenarios in FY 17. As new revenues are unreliable in the first year until a collection pattern has been established there is a risk that the shortfall could be greater than indicated in this report. On the expense side, as the measure dictates the timeline, there will be one-time costs needed right away to implement the measure. In addition, since the new positions identified in this report would require some time to fill through the hiring process, Departments will require the temporary use of outside consultants to assist in completing regulatory and enforcement tasks. Departments will also need to rely on existing staff to absorb medical marijuana tasks in their existing duties. This may cause delays in other areas as Departments adjust to new responsibilities under the law. If voters approve the measure, staff will work to identify options for City Council to fund this shortfall so that Departments can begin acquiring the resources they need to regulate the medical marijuana market immediately. However, this may require redirecting funds from other purposes or using the City's operating reserves.

Staff will have a better understanding of any ongoing operational surplus or deficit resulting from the measure once businesses begin applying for permits. Should the medical marijuana measure create ongoing operational deficits in FY 18 and beyond, staff will present City Council with options for how to deal with shortfalls as part of future budget

processes. In general, under the Measure, ongoing tax revenues appear inadequate to support ongoing regulation and enforcement costs under all three scenarios as summarized in Table 11. At the higher end, revenues increase, but so do costs to regulate, enforce, and maintain public safety response times. If recreational marijuana is approved this fall, the gross receipts tax for recreational dispensaries is set to zero. No analysis was done for this possibility, but with a zero tax rate for recreational marijuana use, and the anticipated diversion of sales from medical to recreational marijuana, the City's ability to generate revenue will likely be significantly reduced while costs could go up even further.

*Table 11: Summary of Projected Net Ongoing Costs*

| \$ in millions                    | Low        | Medium      | High        |
|-----------------------------------|------------|-------------|-------------|
| Revenue from Ballot Measure Taxes | 3.3        | 6.1         | 12.5        |
| Sales Tax (Inclusive of Meas A)   | 0.6        | 1.0         | 1.0         |
| <b>Total Ongoing Revenue</b>      | <b>3.9</b> | <b>7.1</b>  | <b>13.5</b> |
| Regulation and Enforcement        | 6.9        | 8.5         | 13.9        |
| Related Health & Safety Costs     | 0.3        | 3.7         | 4.1         |
| <b>Total Ongoing Expenses</b>     | <b>7.2</b> | <b>12.2</b> | <b>18.0</b> |
| <b>Net Ongoing Cost</b>           | <b>3.3</b> | <b>5.1</b>  | <b>4.4</b>  |
| One-time Admin and Enforcement    | 1.9        | 2.1         | 3.2         |
| One-time Related Health & Safety  | 0.0        | 0.3         | 0.4         |
| <b>Total One-time Expenses</b>    | <b>1.9</b> | <b>2.4</b>  | <b>3.6</b>  |

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EXHIBIT A: DEPARTMENTAL RESPONSIBILITIES AND COSTS  
 EXHIBIT B: REVENUE BY BUSINESS TYPE

## EXHIBIT A: DEPARTMENTAL RESPONSIBILITIES AND COSTS

The departmental responsibilities to administer and enforce the measure along with associated potential health and safety impacts are detailed below.

### Financial Management

#### *Sanctioned Businesses*

The initial application intake, review and licensing process will require a significant investment of Business Licensing staff time for sanctioned businesses. After that, the additional sanctioned businesses are not expected to materially increase workload for existing Business License Inspectors, but significant contractual costs are expected for outside audits for compliance with cash controls/reporting and for audits to help ensure the accuracy of the self-reporting of taxes. Commercial Services will receive and count taxes paid by the sanctioned medical marijuana businesses. Due to the industry's difficulties with accessing traditional banking resources, tax payments are expected to be made entirely in cash. Since these payments are expected to be relatively large, the Commercial Services Bureau will require additional staff, security and equipment.

The anticipated number of licensed business locations are not expected to have a significant impact on staffing and departmental costs since, once properly licensed, it is assumed that these businesses will remain in compliance and submit tax payments in a timely manner. However, should a significant number of licensed violations occur, enforcement of sanctioned businesses could be costly. These potential costs have not been included in the fiscal analysis.

#### *Unsanctioned Businesses*

Unsanctioned businesses, anticipating most locations will be Dispensaries, are expected to create a substantial workload for Business License Inspectors for citations and associated follow-up. The Business Services Bureau will issue business licenses to sanctioned medical marijuana businesses and cite unsanctioned businesses that are brought to its attention, treating them similar to other illegal businesses that operate in the City. This type of enforcement is slow and labor intensive and is expected to take a significant amount of time to achieve compliance. This could include filing legal proceedings in order to achieve compliance.

The Bureau is not planning to actively seek to identify unsanctioned business, but it is likely that many will be identified by complaints originating from the community, sanctioned medical marijuana businesses, other businesses operating next to an unsanctioned medical marijuana business or by the Police Department. Additional inspectors and associated support are expected to be required based on historical workloads. At this time, it is not envisioned that unsanctioned businesses will voluntarily pay taxes; however, if this is the case, it could impact the level of staffing and equipment needed in Commercial Services.

Business License anticipates spending the majority of the additional requested time and resources on enforcement towards unsanctioned dispensary locations. These costs are viewed as a scalable model based on the total number of unsanctioned location projections

and the enforcement strategy adopted. If the number of unsanctioned locations exceeds the estimates, then additional staff and resources may be required to maintain the expected level of enforcement.

*Table 1: Financial Management Costs*

| FINANCIAL MANAGEMENT  | LOW         |                   | MEDIUM      |                     | HIGH        |                     |
|---|-------------|-------------------|-------------|---------------------|-------------|---------------------|
|   | FTE         | Annual Cost       | FTE         | Annual Cost         | FTE         | Annual Cost         |
| <b>Administration &amp; Enforcement</b>   |             |                   |             |                     |             |                     |
| <b><i>Business Licensing</i></b>  |             |                   |             |                     |             |                     |
| • License Inspector   | 2.00        | \$ 180,000        | 4.00        | \$ 360,000          | 4.00        | \$ 360,000          |
| • Assistant Administrative Analyst  | 1.00        | \$ 40,000         | 1.00        | \$ 40,000           | 1.00        | \$ 40,000           |
| • Contract Auditor  | -           | \$ 300,000        | -           | \$ 350,000          | -           | \$ 400,000          |
| <b><i>Commercial Services</i></b>   |             |                   |             |                     |             |                     |
| • Customer Services Representative (Cashier)                                      | 1.00        | \$ 80,000         | 1.00        | \$ 80,000           | 1.00        | \$ 80,000           |
| • Police Officer - Lobby Security   | 1.00        | \$ 143,000        | 1.00        | \$ 143,000          | 1.00        | \$ 143,000          |
| • Armored Car Service   | -           | \$ 30,000         | -           | \$ 60,000           | -           | \$ 60,000           |
| • Misc. Operating Expense (Internal Support, Materials & Supplies, Overhead, etc) | -           | \$ 7,250          | -           | \$ 7,250            | -           | \$ 7,250            |
| <b>Total</b>  | <b>5.00</b> | <b>\$ 780,250</b> | <b>7.00</b> | <b>\$ 1,040,250</b> | <b>7.00</b> | <b>\$ 1,090,250</b> |

| FINANCIAL MANAGEMENT  | LOW                  | MEDIUM               | HIGH                 |
|---|----------------------|----------------------|----------------------|
| <b>Admin &amp; Enforcement (One-Time)</b>                             | <b>One-Time Cost</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> |
| • Vehicles purchase for inspectors                                    | \$ 72,200            | \$ 144,400           | \$ 144,400           |
| • Cashiering equipment  | \$ 25,000            | \$ 25,000            | \$ 25,000            |
| • Reconfiguration and Reinforcement of cashiering facilities          | \$ 64,000            | \$ 64,000            | \$ 64,000            |
| • Video security cameras  | \$ 70,000            | \$ 70,000            | \$ 70,000            |
| • Consultant for initial application                                  | \$ 25,000            | \$ 25,000            | \$ 25,000            |
| • Programming for Business License Information and Cashiering Systems | \$ 150,000           | \$ 150,000           | \$ 150,000           |
| <b>Total</b>  | <b>\$ 406,200</b>    | <b>\$ 478,400</b>    | <b>\$ 478,400</b>    |

Police

*Sanctioned Businesses*

The Police Department will participate in a cross-departmental team-based approach to regulating sanctioned businesses as needed. Depending on the number of medical marijuana licenses issued, the Police Department will require between 2.5 to 5.0 FTE Police Officers to assist other Departments in this team-based approach and respond to calls for service. The proposed measure restricts the ability of Police Officers to enter medical marijuana facilities without a warrant, so officers will not play an active role in the administrative oversight of sanctioned businesses. However, Police will accompany staff, including into the business, whenever deemed appropriate to ensure public safety.



The Police Department anticipates additional workload to track, analyze, and manage data related to medical marijuana businesses. It is estimated that \$10,000 in overtime will be required to perform data entry and analysis.

#### *Unsanctioned Businesses*

In addition to administrative citations, it is likely that criminal prosecution will be required to keep unsanctioned businesses from continuing to operate. Under this proposed model, a full team will be devoted to conducting search warrants on unsanctioned marijuana businesses and will perform full clean-outs of product, supplies, and paraphernalia to ensure unlicensed businesses are not reestablished whenever deemed appropriate.

Police Department responsibilities will include executing search warrants, stings, and performing complete shut downs of unsanctioned businesses as appropriate. This will increase workload significantly and cannot be absorbed within existing staffing levels. The Police Department plans to use a full-time 11-person team to deal with unsanctioned businesses under the “Low” and “Medium” enforcement models, which will cost \$1.7 million annually. Under Police Department assumptions for the “high” scenario, the Department will likely need two 11-person teams to enact full enforcement at a cost of \$3.3 million.

#### *Potential Health and Safety Impacts*

History has shown that crime increases in the areas around both sanctioned and unsanctioned businesses. To counter this, LBPD is estimated to need at least 16 additional patrol officers to handle the new calls for service, an additional narcotics K-9, and 200 additional hours of helicopter flight time. Drug Recognition Expert (DRE) training will assist officers in detection, identification, and investigation of marijuana impaired drivers. Outside of reactive enforcement, community and educational outreach would be a key component for LBPD. Four additional public resource officers (one in each division) will serve as liaisons with their respective communities, handling complaints and working with stakeholders to ensure a safe environment. An educational component will be key to proactive enforcement and would be handled by drug awareness outreach by officers on overtime with Long Beach Unified School District.

It must also be noted that these staffing models only focus on medical marijuana facilities. November’s statewide ballot initiative legalizing recreational marijuana could greatly expand the number of dispensaries and cultivation sites, if permitted by the City. It would be expected that enforcement costs would be significantly higher if recreational marijuana is legalized.

Table 2: Police Department Costs

| POLICE DEPARTMENT                              | LOW          |                     | MEDIUM       |                     | HIGH         |                     |
|--|--------------|---------------------|--------------|---------------------|--------------|---------------------|
| Administration & Enforcement                   | FTE          | Annual Cost         | FTE          | Annual Cost         | FTE          | Annual Cost         |
| <b><u>Sanctioned Enforcement</u></b>           |              |                     |              |                     |              |                     |
| • Detectives                                   | 2.50         | \$ 367,517          | 3.50         | \$ 514,523          | 5.00         | \$ 735,033          |
| • Clerk Typist III Overtime                    | -            | \$ 10,000           | -            | \$ 10,000           | -            | \$ 10,000           |
| <b><u>Unsanctioned Enforcement</u></b>         |              |                     |              |                     |              |                     |
| • Sergeant                                     | 1.00         | \$ 187,688          | 1.00         | \$ 187,688          | 2.00         | \$ 375,377          |
| • Detectives                                   | 8.00         | \$ 1,176,053        | 8.00         | \$ 1,176,053        | 16.00        | \$ 2,352,107        |
| • Clerk Typist III                             | 1.00         | \$ 77,017           | 1.00         | \$ 77,017           | 2.00         | \$ 154,034          |
| • Administrative Analyst II                    | 1.00         | \$ 118,683          | 1.00         | \$ 118,683          | 2.00         | \$ 237,367          |
| <b><u>Other Costs</u></b>                      |              |                     |              |                     |              |                     |
| • Technology/Radio & Disposable Clothing Costs | -            | \$ 52,190           | -            | \$ 56,167           | -            | \$ 104,379          |
| • Fleet O/M & Capitalization                   | -            | \$ 57,444           | -            | \$ 57,444           | -            | \$ 129,249          |
| <b>Total</b>                                   | <b>13.50</b> | <b>\$ 2,046,592</b> | <b>14.50</b> | <b>\$ 2,197,576</b> | <b>27.00</b> | <b>\$ 4,097,545</b> |

| POLICE DEPARTMENT                              | LOW      |             | MEDIUM       |                     | HIGH         |                     |
|--|----------|-------------|--------------|---------------------|--------------|---------------------|
| Health & Safety Impacts                        | FTE      | Annual Cost | FTE          | Annual Cost         | FTE          | Annual Cost         |
| • Police Resource Officer                      | -        | \$ -        | 4.00         | \$ 588,027          | 4.00         | \$ 588,027          |
| • Police Officer                               | -        | \$ -        | 16.00        | \$ 2,352,107        | 16.00        | \$ 2,352,107        |
| • Drug Recognition Expert Training             | -        | \$ -        | -            | \$ 150,000          | -            | \$ 150,000          |
| • Police Officer-OT                            | -        | \$ -        | -            | \$ 25,000           | -            | \$ 25,000           |
| • 200 Helicopter Hours                         | -        | \$ -        | -            | \$ -                | -            | \$ 298,800          |
| • Additional K-9                               | -        | \$ -        | -            | \$ -                | -            | \$ 23,186           |
| • Technology/Radio & Disposable Clothing Costs | -        | \$ -        | -            | \$ 79,540           | -            | \$ 79,540           |
| • Fleet O/M & Capitalization                   | -        | \$ -        | -            | \$ 86,166           | -            | \$ 86,166           |
| <b>Total</b>                                   | <b>-</b> | <b>\$ -</b> | <b>20.00</b> | <b>\$ 3,280,840</b> | <b>20.00</b> | <b>\$ 3,602,826</b> |

| POLICE DEPARTMENT                         | LOW                  | MEDIUM               | HIGH                 |
|---|----------------------|----------------------|----------------------|
| <b>Admin &amp; Enforcement (One-Time)</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> |
| • New Vehicles                            | \$ 188,000           | \$ 188,000           | \$ 376,000           |
| <b>Total</b>                              | <b>\$ 188,000</b>    | <b>\$ 188,000</b>    | <b>\$ 376,000</b>    |

| POLICE DEPARTMENT                              | LOW                  | MEDIUM               | HIGH                 |
|--|----------------------|----------------------|----------------------|
| <b>Healthy &amp; Safety Impacts (One-Time)</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> |
| • New Vehicles                                 | \$ -                 | \$ 282,000           | \$ 282,000           |
| • K-9 Start-Up Cost                            | \$ -                 | \$ -                 | \$ 90,000            |
| <b>Total</b>                                   | <b>\$ -</b>          | <b>\$ 282,000</b>    | <b>\$ 372,000</b>    |

## Development Services

### *Sanctioned and Unsanctioned Businesses*

Development Services anticipates potential medical marijuana businesses will start submitting building plans immediately following the election. Consequently, prior to the election, Building and Safety staff will need to work with a consultant to develop standards for each type of medical marijuana business to have standards by which the building plans can be checked and inspected. Staff also expects to spend a lot of time answering numerous inquiries from potential applicants regarding various design and regulation requirements. Staff will have to balance the reviews of these plans with other critical work and so there will be delays. The medical marijuana business submittals will impact the Permit Center at a time when the volumes are already anticipated to be high due to the triennial code change that goes into effect January 1, 2017. Plan review of all types of projects could be affected in the short term including restaurants, downtown mixed-use developments, and proposed retail developments. The City will attempt to alleviate the delay through additional staffing and contract support.

Building inspection demand will also experience an upswing. Response times could be delayed but, to the extent possible, Development Services will bring on consultant staff to assist with the increased demand. However, demand for contract consultant inspectors is high in the Los Angeles region and supply may not be available to keep up with demand.

Because medical marijuana businesses require specialized knowledge of land use regulations, the Department anticipates three to four Planning professionals will be needed to provide focused service for these applicants. This will require redistribution of daily operational workload to other staff. The greatest impact is expected immediately following the effective date of the ordinance as potential businesses make inquiries about Planning requirements. Therefore, the delays in the Planning and Building processes are expected to be temporary as the first businesses work to get established.

In addition to impacts to Planning and Building processes, staff will be expected to respond to complaints arising from both sanctioned and illegal, unsanctioned business operations. It is expected that staff will be informed of nuisance activities (e.g., noise and loitering), illegal construction or illegal business operations by the public and the Coordination Center, and Code Enforcement Inspection staff will be required to investigate and issue citations, as necessary, for violations of Building and Safety codes or other City regulations. The Department anticipates that illegal, unsanctioned medical marijuana businesses will begin opening immediately if the ballot initiative passes and will be exceedingly difficult to close. As part of the team, Code Enforcement will issue administrative citations, however the relatively minimal penalties assessed through the citation process is an inadequate deterrent when compared to the profit of running this type of business. Therefore, criminal prosecution may also be needed. Once an illegal business is removed from a premises, Code Enforcement staff will work with the property owner to remove unpermitted construction related to the illegal business's operations. Given currently available staff, Code Enforcement does not have adequate resources to respond to this increase in calls for service and anticipates generating an 8- to 12-week backlog to respond to standard code enforcement complaints that protect health and safety, such as unpermitted construction, substandard buildings, and land use violations. Additional FTE's will be

required to maintain current response times and address code enforcement and nuisance abatement issues. Depending on the scenario, Development Services anticipates the need for 8, 13, or 24 additional staff including clerical assistance, with approximately 2, 3 and 10 inspectors assigned to sanctioned businesses and 6, 7 and 10 assigned to unsanctioned.

*Table 3: Development Services Costs*

| DEVELOPMENT SERVICES   | LOW         |                     | MEDIUM       |                     | HIGH         |                     |
|--|-------------|---------------------|--------------|---------------------|--------------|---------------------|
|  | FTE         | Annual Cost         | FTE          | Annual Cost         | FTE          | Annual Cost         |
| • Principal Building Inspector   | 2.00        | \$ 297,332          | 2.00         | \$ 297,332          | 5.00         | \$ 743,330          |
| • Senior Combination Building Inspector - Building                                 | 1.00        | \$ 133,026          | 3.00         | \$ 399,078          | 4.00         | \$ 532,104          |
| • Combination Building Inspector   | 4.00        | \$ 494,688          | 5.00         | \$ 618,360          | 11.00        | \$ 1,360,392        |
| • Clerk Typist III   | 1.00        | \$ 76,275           | 3.00         | \$ 228,825          | 4.00         | \$ 305,100          |
| • Misc. Operating Expenses (Internal Support, Materials & Supplies, Overhead etc.) | -           | \$ 246,348          | -            | \$ 395,604          | -            | \$ 736,044          |
| <b>Total</b>   | <b>8.00</b> | <b>\$ 1,247,669</b> | <b>13.00</b> | <b>\$ 1,939,199</b> | <b>24.00</b> | <b>\$ 3,676,970</b> |

| DEVELOPMENT SERVICES                      | LOW                  | MEDIUM               | HIGH                 |
|---|----------------------|----------------------|----------------------|
| <b>Admin &amp; Enforcement (One-Time)</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> |
| • Buffer Zone Map Creation                | \$ 668               | \$ 668               | \$ 668               |
| • Training                                | \$ 28,209            | \$ 28,209            | \$ 28,209            |
| • Special Development Consultant          | \$ 25,000            | \$ 25,000            | \$ 25,000            |
| • New Vehicles                            | \$ 152,520           | \$ 244,032           | \$ 457,560           |
| <b>Total</b>                              | <b>\$ 206,397</b>    | <b>\$ 297,909</b>    | <b>\$ 511,437</b>    |

## Health and Human Services

### *Sanctioned and Unsanctioned Businesses*

The Health Department anticipates inspecting sanctioned medical marijuana facilities, which are involved in dispensing, cultivating, manufacturing, and distributing medical marijuana. The Health Department currently charges a permit fee for both hazardous waste and food safety inspections. Inspections of this nature for licensed facilities would be covered under current charges. As part of the inspection process, Health Department staff would also verify medical marijuana Testing certificates.

The Health Department also currently addresses environmental health hazards. Additional staff time will be required to address these hazards and be involved in the oversight of environmental clean-ups that could arise at unsanctioned cultivation facilities. These clean-ups are performed at a substantial cost in contractor fees and City resources. The need for hazardous waste clean-up is unpredictable in nature, as is the ability to recoup the cost of clean-up from violators. Therefore, clean-up expense will be regularly revisited and the budget will be adjusted as events occur.

### *Potential Health and Safety Impacts*

Communities that have medical marijuana dispensaries have seen an increase in marijuana use among youth. Currently LBUSD does not provide drug prevention programming beyond elementary school and drug treatment options do not exist for youth within Long Beach who have health coverage through Medi-Cal or are uninsured. It is anticipated that DHHS will need to work with the schools and our non-profit partners to increase opportunities for prevention and to offer a place for youth to turn for treatment interventions.

To coordinate prevention and treatment activities, Health Educators will coordinate with school personnel in the 26 public middle and 14 public high schools in Long Beach to provide school-based prevention programming, reaching approximately 50,000 students. The Health Educators will spearhead programming designed to address risk and protective factors associated with use of cannabis. Strategies will include: 1) implementing evidence-based campus-wide awareness campaigns; 2) conducting evidence-based interventions in classrooms; 3) meeting individually with students; and 4) referring students as needed to treatment.

Drug treatment options do not exist for youth within Long Beach who have health coverage through Medi-Cal or are uninsured. A Licensed Clinical Social Worker will provide interventions for youth who are experiencing marijuana or other substance-related issues. The Licensed Clinical Social Worker will; 1) offer youth evidence based interventions, such as the five session Motivational Enhancement Therapy and Cognitive Behavioral Therapy for Adolescent Cannabis Users; 2) provide opportunities for group support; and 3) provide referrals and linkages to community-based service providers and support programs.

The actual number of youth who need interventions and education will be monitored after the ordinance takes effect and, should additional staffing or resources be required, the Department will request a budget enhancement at a later date.

*Table 4: Health Department Costs*

| HEALTH AND HUMAN SERVICES   | LOW         |                   | MEDIUM      |                   | HIGH        |                   |
|---|-------------|-------------------|-------------|-------------------|-------------|-------------------|
|   | FTE         | Annual Cost       | FTE         | Annual Cost       | FTE         | Annual Cost       |
| • Environmental Health Specialist ( <i>Dispensaries</i> )                       | 0.18        | \$ 24,666         | 0.50        | \$ 65,777         | 0.50        | \$ 65,777         |
| • Haz Mat Specialist ( <i>Unsanctioned</i> )                                    | 1.09        | \$ 150,326        | 1.09        | \$ 150,326        | 1.09        | \$ 150,326        |
| • Haz Mat Specialist/Env Health Specialist ( <i>Cultivation/Manufacturing</i> ) | 0.24        | \$ 31,981         | 0.62        | \$ 79,951         | 2.27        | \$ 291,821        |
| • Environmental Health Specialist ( <i>Distribution</i> )                       | 0.06        | \$ 8,222          | 0.06        | \$ 8,222          | 0.10        | \$ 8,222          |
| • Haz Mat Cleanup Costs   | -           | \$ 352,024        | -           | \$ 352,024        | -           | \$ 352,024        |
| On-going Training   | -           | \$ 5,000          | -           | \$ 5,000          | -           | \$ 5,000          |
| <b>Total</b>  | <b>1.57</b> | <b>\$ 572,219</b> | <b>2.27</b> | <b>\$ 661,300</b> | <b>3.96</b> | <b>\$ 873,170</b> |

| HEALTH AND HUMAN SERVICES         | LOW         |                   | MEDIUM      |                   | HIGH        |                   |
|-----------------------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| Health & Safety Impacts           | FTE         | Annual Cost       | FTE         | Annual Cost       | FTE         | Annual Cost       |
| • Health Educators                | 2.00        | \$ 191,000        | 3.00        | \$ 286,500        | 4.00        | \$ 382,000        |
| • Licensed Clinical Social Worker | 1.00        | \$ 129,000        | 1.00        | \$ 129,000        | 1.00        | \$ 129,000        |
| <b>Total</b>                      | <b>3.00</b> | <b>\$ 320,000</b> | <b>4.00</b> | <b>\$ 415,500</b> | <b>5.00</b> | <b>\$ 511,000</b> |

| HEALTH AND HUMAN SERVICES           | LOW              | MEDIUM            | HIGH              |
|-------------------------------------|------------------|-------------------|-------------------|
| Admin & Enforcement (One-Time)      | One-Time Cost    | One-Time Cost     | One-Time Cost     |
| • Staff Training                    | \$ 30,000        | \$ 30,000         | \$ 30,000         |
| • System Upgrades- Envision - Forms | \$ 15,000        | \$ 15,000         | \$ 15,000         |
| • Plan Check Consulting for Initial | \$ 52,928        | \$ 79,392         | \$ 264,641        |
| <b>Total</b>                        | <b>\$ 97,928</b> | <b>\$ 124,392</b> | <b>\$ 309,641</b> |

## Fire

### *Sanctioned and Unsanctioned Businesses*

The Fire Department anticipates that it will require additional resources to assist in the review and inspection of both sanctioned and unsanctioned facilities. Cultivation and manufacturing sites will require highly specialized fire suppression and alarm systems. The Department will be expected to review plans for these facilities and inspect legal and illegal businesses for structural, fire, and other hazards. Additionally, these business types are likely to have on hand chemicals and equipment that must be stored and installed properly. This includes high voltage electrical equipment and flammable lighting systems.

The Fire Department will issue red tags for businesses operating in hazardous facilities, as it has done in the past. The additional FTE's will allow for the approval, inspection and team-based enforcement of sanctioned facilities, and will also participate in team-based enforcement of unsanctioned medical marijuana facilities. It should be noted that these staffing models only focus on medical marijuana facilities and if the November ballot initiative legalizing recreational marijuana is passed, it could greatly expand the potential number of dispensaries and cultivation sites, if permitted by the City, which would increase staffing levels and enforcement costs.

Because of the workload that the new inspections would place on our current engines which respond to fires and emergency calls, overall response times would be adversely impacted. To eliminate the adverse impacts of the marijuana inspections, the Fire Department proposes the implementation of a Business Inspection Unit. This Unit, comprised of four sworn fire staff, will conduct inspections that would otherwise have been completed by engine companies in the field, including assemblies, larger residential complexes, and sanctioned marijuana facilities. By consolidating these duties in the Fire Prevention Bureau, engine companies will no longer be placed out of service to conduct these inspections, thereby making more resources available to respond to an increasing number of emergency incidents. The Inspection Unit could be phased in as the number of sanctioned and unsanctioned businesses increases.

### *Potential Health and Safety Impacts*

The Fire Department anticipates potential increases in both fire and paramedic responses to traffic accidents and emergency room transports related to marijuana use. The Fire Department also expects to see an increase in structure fires and injuries, due to the nature of THC extraction operations in both sanctioned and unsanctioned facilities. The use of CO2 in cultivation and flammable gasses in both cultivation and illegal THC extraction will also likely result in an increase in Hazardous Material Unit responses. Further, Fire Chiefs of large cities in Oregon and Colorado, where both recreational and medicinal marijuana have been legalized, have reported a 3 to 5% increase in annual emergency responses that are directly attributable to marijuana usage. If this trend were to happen in Long Beach, a 3% increase in emergency responses would equate to an additional 2,130 annual responses; a 5% increase would equate to an additional 3,550 annual responses. The Fire Department will monitor the call volume and Fire Department response. Should additional staffing or resources be required, the Department will request a budget enhancement at a later date.

*Table 5: Fire Department Costs*

| FIRE DEPARTMENT                        | LOW         |                   | MEDIUM      |                   | HIGH        |                     |
|--|-------------|-------------------|-------------|-------------------|-------------|---------------------|
| Administration & Enforcement           | FTE         | Annual Cost       | FTE         | Annual Cost       | FTE         | Annual Cost         |
| <b><i>Fire Prevention</i></b>          |             |                   |             |                   |             |                     |
| • Fire Plan Checker II                 | 1.00        | \$ 160,789        | 1.00        | \$ 160,789        | 1.00        | \$ 160,789          |
| • Firefighter (Inspector)              | 1.00        | \$ 156,280        | 1.00        | \$ 156,280        | 2.00        | \$ 312,560          |
| • Deputy Fire Marshal                  | 0.20        | \$ 36,244         | 0.20        | \$ 36,244         | 0.20        | \$ 36,244           |
| <b><i>Business Inspection Unit</i></b> |             |                   |             |                   |             |                     |
| • Fire Captain                         | -           | \$ -              | 1.00        | \$ 197,430        | 1.00        | \$ 197,430          |
| • Fire Engineer                        | -           | \$ -              | -           | \$ -              | 1.00        | \$ 166,750          |
| • Firefighter                          | -           | \$ -              | -           | \$ -              | 2.00        | \$ 312,560          |
| • Misc. Operating Expense              | -           | \$ 21,696         | -           | \$ 25,423         | -           | \$ 47,452           |
| <b>Total</b>                           | <b>2.20</b> | <b>\$ 375,009</b> | <b>3.20</b> | <b>\$ 576,166</b> | <b>7.20</b> | <b>\$ 1,233,785</b> |

| FIRE DEPARTMENT                | LOW              | MEDIUM           | HIGH              |
|--------------------------------|------------------|------------------|-------------------|
| Admin & Enforcement (One-Time) | One-Time Cost    | One-Time Cost    | One-Time Cost     |
| <b><i>Fire Prevention</i></b>  |                  |                  |                   |
| • New Vehicle                  | \$ 60,000        | \$ 90,000        | \$ 210,000        |
| • Uniforms                     | \$ 1,200         | \$ 4,200         | \$ 13,800         |
| <b>Total</b>                   | <b>\$ 61,200</b> | <b>\$ 94,200</b> | <b>\$ 223,800</b> |

City Manager

*Sanctioned and Unsanctioned Businesses*

Because of the evolving nature of California legislation on this industry, and the impacts of both sanctioned and unsanctioned businesses on City resources, it is prudent for senior staff in the City Manager’s Office to be involved on an ongoing basis. The City Manager’s Office manages medical marijuana regulatory programs in other California cities, as it is a complex regulatory program that requires direction and coordination with a multitude of Departments. Therefore, a Medical Marijuana Coordination Center will be established in the City Manager’s Office. The Assistant to the City Manager position will provide the City

Council and community with a central point of contact for medical marijuana issues, and will direct and coordinate interdepartmental efforts, and lead the work of the cross-departmental enforcement team. The position will assess evolving policy and industry standards, and maintain a dialogue with state officials regarding license compliance and appropriate enforcement methods. In addition, the City Manager's Office will be involved in active policy coordination and oversight with direct reports to the entire City Council. The Administrative Analyst position will track data from the respective Departments related to calls for service and impacts to neighborhoods. The position will also research best policies and practices in order to provide City Council and Departments with current information on the most efficient and effective strategies for enforcement. Lastly, the Administrative Aide will assist with call taking and clerical tasks.

*Table 6: City Manager Costs*

| CITY MANAGER                    | LOW         |                   | MEDIUM      |                   | HIGH        |                   |
|---------------------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
|                                 | FTE         | Annual Cost       | FTE         | Annual Cost       | FTE         | Annual Cost       |
| • Assistant to the City Manager | 1.00        | \$ 148,000        | 1.00        | \$ 148,000        | 1.00        | \$ 148,000        |
| • Administrative Analyst        | 1.00        | \$ 118,683        | 1.00        | \$ 118,683        | 1.00        | \$ 118,683        |
| • Administrative Aide           | 0.30        | \$ 27,048         | 0.30        | \$ 27,048         | 0.30        | \$ 27,048         |
| <b>Total</b>                    | <b>2.30</b> | <b>\$ 293,732</b> | <b>2.30</b> | <b>\$ 293,732</b> | <b>2.30</b> | <b>\$ 293,732</b> |

| CITY MANAGER                   | LOW           | MEDIUM        | HIGH          |
|--------------------------------|---------------|---------------|---------------|
| Admin & Enforcement (One-Time) | One-Time Cost | One-Time Cost | One-Time Cost |
| • (None)                       | \$ -          | \$ -          | \$ -          |
| <b>Total</b>                   | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>   |

### City Attorney

#### *Sanctioned and Unsanctioned Businesses*

Since 2010, the City Attorney has dedicated significant staff and related resources to tasks relating to medical marijuana regulation. The City Attorney has provided legal advice and support in writing and interpreting City ordinances, relevant state and federal legislation and case law related directly to medical marijuana. The City Attorney has conducted numerous medical marijuana related administrative hearings and has handled an unprecedented amount of medical marijuana related litigation.

The City Attorney expects that significant legal staff time will be required in the future because of the evolving nature of the industry. In 2015, the State enacted the Medical Marijuana Regulatory and Safety Act (MMRSA). As the State implements new regulations in support of MMRSA, it is anticipated that significant legal staff time will be needed to insure that the City's medical marijuana providers are fully compliant with all City and State regulations. If the most recent initiative petition relating to medical marijuana passes in November 2016, the establishment of sanctioned and unsanctioned businesses will result in further and extensive legal support from the City Attorney's office. Additionally, a large amount of staff time will be required to initiate and defend medical marijuana litigation and administrative proceedings. For these reasons, the City Attorney's Office will continue to be significantly involved in the legal issues surrounding medical marijuana.



Table 7: City Attorney Costs

| CITY ATTORNEY                | LOW         |                     | MEDIUM      |                     | HIGH         |                     |
|------------------------------|-------------|---------------------|-------------|---------------------|--------------|---------------------|
|                              | FTE         | Annual Cost         | FTE         | Annual Cost         | FTE          | Annual Cost         |
| Administration & Enforcement |             |                     |             |                     |              |                     |
| • Deputy City Attorney       | 4.00        | \$ 840,000          | 4.00        | \$ 840,000          | 6.00         | \$ 1,260,000        |
| • Legal Assistant I-IV       | 3.00        | \$ 382,500          | 3.00        | \$ 382,500          | 4.00         | \$ 510,000          |
| <b>Total</b>                 | <b>7.00</b> | <b>\$ 1,222,500</b> | <b>7.00</b> | <b>\$ 1,222,500</b> | <b>10.00</b> | <b>\$ 1,770,000</b> |

| CITY ATTORNEY                       | LOW               | MEDIUM            | HIGH                |
|-------------------------------------|-------------------|-------------------|---------------------|
|                                     | One-Time Cost     | One-Time Cost     | One-Time Cost       |
| Admin & Enforcement (One-Time)      |                   |                   |                     |
| • Office Equipment & Furnishing     | \$ 70,000         | \$ 70,000         | \$ 100,000          |
| • Outside Legal Council (Temporary) | \$ 700,000        | \$ 700,000        | \$ 1,000,000        |
| <b>Total</b>                        | <b>\$ 770,000</b> | <b>\$ 770,000</b> | <b>\$ 1,100,000</b> |

### City Prosecutor

#### *Sanctioned and Unsanctioned Businesses*

The City Prosecutor's Office prosecutes all adult misdemeanor crimes occurring in the City of Long Beach including, but not limited to, assaults, domestic violence, drug possession, vehicular manslaughter, and driving under the influence of drugs or alcohol. The Office handles approximately 14,000 cases annually.

The City Prosecutor's Office has been involved in the enforcement of the City's medical marijuana ordinances since 2010. During this period, it was found that criminal prosecution was needed to successfully shut down certain unsanctioned dispensaries – which are, by definition, illegal – who were unlikely to abide by City regulations and administrative citations, and other administrative attempts to shut them down. With the diligent work of the Police Department, the City Prosecutor's Office was able to close rogue dispensaries operating while LBMC chapters 5.87 and 5.89 have been in force through criminal prosecution of the dispensary operators and property owners. To do this, in addition to a through police investigation, it requires the filing of criminal charges, appearances in court, defending against challenges to the ordinances, and the devotion of thousands of attorney hours.

Since 2010, the City Prosecutor has prosecuted over 650 individuals under the City's medical marijuana ordinances. This does not include the medical marijuana cases that were reviewed, but ultimately rejected for lack of evidence. This also does not include incidents that may involve marijuana dispensaries where the crime did not include dispensary operations (e.g., impaired driving, theft, battery, etc.).

Under the proposed marijuana initiative, the City Prosecutor expects to continue being involved in criminal prosecution, due process, state and federal law pre-emption, and other issues relating to medical marijuana. Under this initiative, the City Prosecutor has the sole responsibility of criminally prosecuting persons who violate the ordinance. Under the initiative as written, criminal prosecution by the City Prosecutor may be the most expedient way to close unsanctioned dispensaries.

The increased scope and number of sanctioned businesses under the initiative will require additional prosecution resources to be allocated as, from experience, it is anticipated that the number of unsanctioned (illegal) businesses will be proportional to the number of sanctioned businesses.

*Potential Health and Safety Impacts*

Additionally, there are ancillary costs that must be considered. With the increased availability of marijuana necessarily comes a greater incidence of driving under the influence (DUI) crimes. Indeed, since legalizing marijuana, the State of Colorado found an increase in the number of persons driving under the influence of marijuana to the point where approximately 12% of all DUIs in Colorado now involve marijuana. In contrast, marijuana DUIs currently account for less than 1% of the current DUI caseload. Likewise, from the past ordinances, the City Prosecutor’s Office has found an increase in petty theft crimes attributable to persons seeking to obtain marijuana.

The actual number of prosecutions will be monitored after the ordinance takes effect and, should additional staffing or resources be required, the Department will request a budget enhancement at a later date.

*Table 8: City Prosecutor Costs*

| CITY PROSECUTOR | LOW         |                   | MEDIUM      |                   | HIGH        |                   |
|-----------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
|                 | FTE         | Annual Cost       | FTE         | Annual Cost       | FTE         | Annual Cost       |
| • Prosecutor    | 2.00        | \$ 254,975        | 3.00        | \$ 382,463        | 4.00        | \$ 509,950        |
| • Paralegal     | 1.00        | \$ 108,000        | 2.00        | \$ 216,000        | 3.00        | \$ 324,000        |
| <b>Total</b>    | <b>3.00</b> | <b>\$ 362,975</b> | <b>5.00</b> | <b>\$ 598,463</b> | <b>7.00</b> | <b>\$ 833,950</b> |

| CITY PROSECUTOR                           | LOW                  | MEDIUM               | HIGH                 |
|---|----------------------|----------------------|----------------------|
| <b>Admin &amp; Enforcement (One-Time)</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> | <b>One-Time Cost</b> |
| • Office Equipment & Furnishings          | \$ 72,500            | \$ 72,500            | \$ 81,000            |
| • Temporary Prosecutor Position           | \$ 115,000           | \$ 115,000           | \$ 157,000           |
| <b>Total</b>                              | <b>\$ 187,500</b>    | <b>\$ 187,500</b>    | <b>\$ 238,000</b>    |

## EXHIBIT B: REVENUE BY BUSINESS TYPE

The revenues associated with the medical marijuana business types are detailed below.

### Dispensary Gross Receipts Business License Tax Revenues

The ballot measure sets a maximum business license tax rate of 6% on Dispensaries, while eliminating the gross receipts tax on all other business types. The following tables summarize the projected revenues from this tax on Dispensaries. The tables provide estimates for both a 12 Dispensary model (Low), as well as a 32 Dispensary model (Medium and High). The figures were derived by HdL by analyzing the gross receipt sales tax data of all active Dispensaries located in Los Angeles County and surrounding areas.

*Table 1: Gross Receipts Revenues*

#### **Estimated Gross Receipts Business License Tax**

| <b>Dispensaries</b>                     | <b>Low</b>         | <b>Medium &amp; High</b> |
|---|--------------------|--------------------------|
| Number of Dispensaries                  | 12                 | 32                       |
| Estimated Gross Receipts Per Dispensary | \$2,553,700        | \$1,601,400              |
| Total Gross Receipts                    | \$30,644,400       | \$51,244,800             |
| Gross Receipts Tax Rate                 | 6.0%               | 6.0%                     |
| <b>Gross Receipts Tax</b>               | <b>\$1,838,664</b> | <b>\$3,074,688</b>       |

### Local Sales Tax Revenues

The sale of medical marijuana is currently subject to the State Sales Tax, with 2%, or \$0.02 of every \$1.00 in sales going to the City. The tax is applied to gross receipts at the point of sale, which would apply only to Dispensaries. Revenues have been projected using the same methodologies as those outlined in the section above.

*Table 2: Sales Tax Revenues*

#### **Estimated Local Sales Tax**

| <b>Dispensaries</b>                     | <b>Low</b>       | <b>Medium &amp; High</b> |
|---|------------------|--------------------------|
| Number of Dispensaries                  | 12               | 32                       |
| Estimated Gross Receipts Per Dispensary | \$2,553,700      | \$1,601,400              |
| Total Gross Receipts                    | \$30,644,400     | \$51,244,800             |
| Gross Receipts Tax Rate                 | 2.0%             | 2.0%                     |
| <b>Gross Receipts Tax</b>               | <b>\$612,888</b> | <b>\$1,024,896</b>       |

### Cultivation Square Footage Business License Tax Revenues

The ballot measure does not set a limit to the number of Cultivation businesses that can operate in the city. Therefore, revenue tables for the square footage tax are based on the Low, Medium and High business license projections described earlier in this report.

*Table 3: Cultivation Square Footage Revenues*

**Estimated Cultivation Square Footage Business License Tax**

| Permit Type                                      | Low                |                | Medium             |                | High               |                |
|--|--------------------|----------------|--------------------|----------------|--------------------|----------------|
|  | No. of Permits     | Total Sq. Ft.  | No. of Permits     | Total Sq. Ft.  | No. of Permits     | Total Sq. Ft.  |
| Type 1A Cultivation Sites (5,000 sq. ft)         | 4                  | 20,000         | 16                 | 80,000         | 50                 | 250,000        |
| Type 2A Cultivation Sites (10,000 sq. ft)        | 4                  | 40,000         | 11                 | 110,000        | 34                 | 340,000        |
| Type 3A Cultivation Sites (22,000 sq. ft)        | 4                  | 88,000         | 5                  | 110,000        | 16                 | 352,000        |
| <b>Total Cultivation Sites (permits/sq. ft.)</b> | <b>12</b>          | <b>148,000</b> | <b>32</b>          | <b>300,000</b> | <b>100</b>         | <b>942,000</b> |
| <b>Total Projected Revenues</b>                  | <b>\$1,480,000</b> |                | <b>\$3,000,000</b> |                | <b>\$9,420,000</b> |                |

Manufacturing, Transporter and Distributor Business License Tax Revenues

Manufacturing, Transporter and Distributor businesses will be taxed annually at a flat rate of \$1,000 per license. As with Cultivators, the ballot measure does not set a limit to the number of businesses that can operate with the Manufacturer, Transporter or Distributor license type. Therefore, the business license tax revenues generated from these businesses are also based on the Low, Medium and High business license projections described earlier in this report.

*Table 4: Manufacturing, Transporter and Distributor Revenues*

**Estimated Manufacturing Business License Tax**

| Permit Type                               | Low            |                    | Medium         |                    | High           |                    |
|---|----------------|--------------------|----------------|--------------------|----------------|--------------------|
|   | No. of Permits | Total Tax Revenues | No. of Permits | Total Tax Revenues | No. of Permits | Total Tax Revenues |
| Type 6 Manufacturing Sites (non-volatile) | 2              | \$2,000            | 4              | \$4,000            | 25             | \$25,000           |
| Type 7 Manufacturing Sites (volatile)     | 2              | \$2,000            | 4              | \$4,000            | 25             | \$25,000           |
| <b>Total Projected (permits/revenues)</b> | <b>4</b>       | <b>\$4,000</b>     | <b>8</b>       | <b>\$8,000</b>     | <b>50</b>      | <b>\$50,000</b>    |

**Estimated Transporter & Distributor Business License Tax**

| Permit Type                               | Low, Medium & High |                    |
|---|--------------------|--------------------|
|   | No. of Permits     | Total Tax Revenues |
| Types 11 & 12 (Transporter & Distributor) | 4                  | \$4,000            |
| <b>Total Projected (permits/revenues)</b> | <b>4</b>           | <b>\$4,000</b>     |

RESOLUTION NO. RES-16-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALLING FOR THE PLACEMENT OF A VOTER-PETITION INITIATIVE MEASURE ON THE BALLOT FOR THE NOVEMBER 8, 2016 SPECIAL ELECTION TO REPEAL THE CITY'S BAN ON MEDICAL MARIJUANA BUSINESSES; ADOPT NEW REGULATIONS TO PERMIT AND REGULATE MEDICAL MARIJUANA BUSINESSES; TO REPEAL THE CITY'S CURRENT RECREATIONAL MARIJUANA BUSINESS LICENSE TAX; AND TO REDUCE THE CITY'S CURRENT RATE OF MEDICAL MARIJUANA BUSINESS LICENSE TAXES

WHEREAS, pursuant to the California Elections Code, a petition has been filed with the City Council of the City of Long Beach ("City") proposing an ordinance which would (i) repeal the City's current ban on medical marijuana businesses under Long Beach Municipal Code (L.B.M.C.) Chapter 5.89, (ii) adopt a new L.B.M.C. Chapter 5.90 to permit and regulate medical marijuana businesses within the City, (iii) repeal the recreational marijuana business license taxes currently set forth in L.B.M.C. Section 3.80.260, and (iv) reduce the maximum rate and methodology of marijuana business license taxes currently set forth in L.B.M.C. Section 3.80.261 (the "Kelton Measure"), a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the City Clerk's office has examined the records of voter registration and ascertained that the petition was signed by the requisite number of voters, and has so certified; and

WHEREAS, the City Council has not voted in favor of adoption of the Kelton Measure and therefore, pursuant to the California Elections Code, adopted Resolution

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lona Beach, CA 90802-4664

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CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lona Beach, CA 90802-4664

1 No. 16-0059 to place the Kelton Measure before the City's voters on the November 8,  
2 2016 special election ballot; and

3 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
4 follows:

5 Section 1. Incorporation of Recitals. The foregoing recitals are true and  
6 correct and are hereby incorporated and made an operative part of this Resolution.

7 Section 2. Submission of Measure. Pursuant to the California Elections  
8 Code and any other applicable requirements of the laws of the State of California relating  
9 to charter cities, the City Council, by a majority vote, hereby calls and orders to be held in  
10 the City of Long Beach on Tuesday, November 8, 2016, a Special Municipal Election for  
11 the purpose of submitting the Kelton Measure to the qualified electors of the City. The  
12 Kelton Measure shall become effective if a majority of the qualified voters of the City of  
13 Long Beach voting on the Kelton Measure set forth in Section 3, below, vote in favor of  
14 the Kelton Measure, unless the provisions of any other competing or conflicting ballot  
15 measure receives a sufficient number of affirmative votes to control as specified in the  
16 California Elections Code.

17 Section 3. Ballot Language. The City Council, pursuant to Elections  
18 Code Section 9215, hereby orders that the following question be submitted to the  
19 qualified electors of the City of Long Beach at the election to be held on November 8,  
20 2016:

|  |     |
|--|-----|
| "REGULATION OF MEDICAL MARIJUANA BUSINESSES<br><br>Shall an ordinance be adopted repealing the City's ban on marijuana businesses, reducing the City's tax on recreational and medical marijuana, and adopting regulations permitting approximately 32 retail medical marijuana businesses located in areas not zoned exclusively for residential use with minimum distance restrictions from sensitive uses, and providing for the establishment of an unspecified number of marijuana cultivation, distribution, manufacturing and testing businesses?"<br>" | YES |
|  | NO  |

1                   Section 4.   Impartial Analysis. Pursuant to the Long Beach Municipal  
2 Code and the California Elections Code Section 9280, the City Council hereby directs the  
3 City Clerk to transmit a copy of the Regulation of Medical Marijuana Businesses  
4 ordinance to the City Attorney. The City Attorney shall prepare an impartial analysis of  
5 the Measure, not to exceed 500 words in length, showing the effect of the Measure on  
6 the existing law and the operation of the Measure, and transmit such impartial analysis to  
7 the City Clerk not later than the deadline for submittal of primary arguments for or against  
8 the Kelton Measure.

9                   The impartial analysis shall include a statement indicating whether the  
10 Measure was placed on the ballot by a petition signed by the requisite number of voters  
11 or by the City Council. In the event the entire text of the Measure is not printed on the  
12 ballot, nor in the voter information portion of the sample ballot, there shall be printed  
13 immediately below the impartial analysis, in no less than 10-point bold type, the following:  
14 **“The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. If**  
15 **you desire a copy of the ordinance or measure, please call the Office of the City**  
16 **Clerk at (562) 570-6101 and a copy will be mailed at no cost to you.”**

17                   Section 5.   Conduct of Election. In all particulars not recited in this  
18 resolution, the election shall be held and conducted as provided by law for holding  
19 municipal elections.

20                   Section 6.   Notice; City Clerk Authorization. Notice of the election is  
21 hereby given. Additionally, the City Clerk is authorized, instructed and directed to  
22 procure and furnish any and all official ballots, notices, printed matter and all supplies,  
23 equipment and paraphernalia that may be necessary in order to properly and lawfully  
24 conduct the election.

25                   Section 7.   Election Costs. The City Treasurer is hereby authorized and  
26 directed to appropriate the necessary funds to pay for the City's cost of placing the  
27 Measures on the election ballot.

28





OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lona Beach, CA 90802-4664

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Exhibit "A"  
Voter-Petition Initiative Measure (Kelton Measure)

[attached behind this page]

Shall a ballot measure be submitted to the voters of the City of Long Beach at a general municipal election or, alternatively, at a regular municipal election, that will tax, regulate and allow Medical Marijuana Businesses to operate in the City of Long Beach?

If approved by the voters of the City of Long Beach, that measure (hereinafter, the "Measure") shall amend the Division II of Chapter 3.80 of the Long Beach Municipal Code regarding the business license tax on Marijuana Businesses by repealing Section 3.80.260, and amending Section 3.80.261, as follows:

**"THE PEOPLE OF THE CITY OF LONG BEACH DO ORDAIN AS FOLLOWS:**

Section 1. Repeal. Section 3.80.260 of the Long Beach Municipal Code is hereby repealed in its entirety.

Section 2. Amendment. Subsections (A)(1), (4), (7), (8) and (9), Subsections (B)(1), (2), (3) and (4), Subsection (E), Subsection (F), Subsection (H), Subsection (I), Subsection (J) and Subsection (K) of Section 3.80.261 of the Long Beach Municipal Code, are hereby amended as follows:

**A. Annual Business License Tax.**

1. Every Marijuana Business and Marijuana Cultivation Facility, whether it is a "not for profit," a "non-profit," or a "Non-Profit Organization," as defined in this Section, or a for-profit business, shall pay an annual business license tax in accordance with Chapter 3.80 of this Code and the Sections and Subsections hereunder.

\* \* \*

4. For the purposes of this Section, "Marijuana Business" shall mean any activity that involves, but is not limited to transporting, dispensing, delivering, selling at retail or wholesale, manufacturing, compounding, converting, processing, preparing, storing, packaging or testing, any part of the plant cannabis sativa L, or any of its derivatives.

\* \* \*

7. For the purposes of this Section, "Square Foot" or "Square Footage" shall mean the area of cultivation canopy, measured by the aggregate area of vegetative growth of live marijuana plants on the premises.

8. For the purposes of this Section, a "Marijuana Cultivation Facility" or "Grow Site" shall mean the Square Footage of any place or location where marijuana or any of its derivatives is cultivated, grown, or harvested.

9. For the purposes of this Section, "Marijuana Dispensary" shall mean any activity that involves, but is not limited to dispensing, delivering, and selling at retail any part of the plant cannabis sativa L, or any of its derivatives.

**B. Business license tax rates for Marijuana Dispensaries and Cultivation Facilities.**

1. Every Marijuana Dispensary shall pay business tax at a rate of six percent (6%) of Gross Receipts.

2. Notwithstanding the tax rate of six percent (6%) of Gross Receipts imposed under Subsection B.1., the City Council may in its discretion at any time by ordinance implement a lower tax rate for Marijuana Dispensaries, as defined in such ordinance, subject to the maximum rate of six percent (6%) of Gross Receipts. The City Council may by ordinance increase any such tax rate from time to time, not to exceed the maximum tax rate of six percent (6%) of Gross Receipts established under Subsection B.1.

3. The owner, operator, or lessee of any "Cultivation Facility" or "Grow Site" existing to supply marijuana to a Marijuana Business shall pay a tax at a rate of ten dollars (\$10.00) per Square Foot.

4. All Marijuana Businesses and Marijuana Cultivation Facilities shall pay a minimum tax of one thousand dollars (\$1,000.00) annually.

\* \* \*

E. Annual Adjustment. [Deleted]

F. Reporting and Remittance.

Each Marijuana Business shall report to the City any Gross Receipts received during the reporting period and shall likewise remit to the City the taxes due and owing during said period. For purposes of this Section, taxes shall begin to accrue on the date that a person or entity first receives a business license or other permit to operate as a Marijuana Business or Marijuana Cultivation Facility. Square Footage payments shall be made quarterly.

\* \* \*

H. Records Inspection.

Whenever it is necessary to examine any books or records, including tax returns, of any Marijuana Business or Marijuana Cultivation Facility in the City to ascertain the amount of any tax due pursuant to this Section, the City shall have the power and authority to examine such necessary books and records at any reasonable time including, but not limited to, during normal business hours. Records must be maintained for no less than seven (7) years.

I. Suspension, Revocation and Appeal.

The provisions of Sections 3.80.429.1 (Suspension or Revocation) and Section 3.80.429.5 (Appeal of License Revocation) shall apply in the case of Marijuana Businesses or Marijuana Cultivation Facility governed by this Section.

J. Application of Provisions.

No business license permit issued under the provisions of this Article, or the payment of any tax required under the provisions of this Article, shall be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner under California law.

**K. Operative Date.**

The business license tax on Marijuana Businesses and Marijuana Cultivation Facilities shall become operative upon the effective date of the repeal of Section 5.89 of the Long Beach Municipal Code (banning the sale of marijuana in the City of Long Beach) and adoption of Chapter 5.90 of the Long Beach Municipal Code establishing a regulatory scheme to permit cultivation, dispensing or sale of medical marijuana.”

\* \* \*

The Measure shall amend Title 5 of the Long Beach Municipal Code by repealing Chapter 5.89, and by adding Chapter 5.90, to regulate commercial cannabis activities and marijuana businesses, as follows:

**Section 3. Repeal.** Chapter 5.89 of Title 5 of the Long Beach Municipal Code is hereby repealed in its entirety.

**Section 4. Amendment.** Title 5 of the Long Beach Municipal Code is hereby amended to add a new Chapter 5.90, as follows:

**Chapter 5.90 MEDICAL MARIJUANA BUSINESSES**

**5.90.010 PURPOSE AND INTENT**

The purpose of this Chapter is to regulate and restrict marijuana businesses, cultivation and other commercial cannabis activities to protect the neighborhoods, public health, safety, and welfare of the residents and patients of the City of Long Beach.

**5.90.020 APPLICATION AND DEFINITIONS**

This Chapter applies to persons or entities that seek to engage in or are engaging in commercial cannabis activity. For purposes of this Chapter, “commercial cannabis activity” is defined by California Business & Professions Code section 19300.5 (k) and includes the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product. The definitions set forth in California Business & Professions Code section 19300.5 and Health and Safety Code Sections 11362 *et seq.* shall apply to this Chapter and are hereby incorporated by reference. The following definitions shall apply to this Chapter:

“Applicant” means the following: (1) The owner or owners of a proposed Medical Marijuana Business, including all persons or entities having an ownership interest greater than ten (10) percent in the business; (2) If the owner is an entity, “owner” includes within the entity each person participating in the direction, control, or management of, or having an ownership interest greater than 10 percent in the proposed business; (3) If the Applicant is a publicly traded company, “owner” means the chief executive officer or any person or entity with an aggregate ownership interest greater than ten percent

“Bona Fide Labor Organization” means a labor union that represents or is actively seeking to represent medical marijuana workers in the City of Long Beach.

“Business License Permit” shall mean both the business license issued by the City Manager for Business Tax purposes pursuant to Chapter 3.80 of this Code and the business permit issued by

the City Manager pursuant to Title 5 of this Code, to a Medical Marijuana Business.

"Business Manager" means the individual designated by the owner of the Medical Marijuana Business as the person responsible for operations of the business in the absence of the owner from the business property. Business manager shall include any person with managerial authority in the business.

"Chief of Police" shall mean the Chief of the Long Beach Police Department or his or her designee.

"City Manager" shall mean the City of Long Beach's City Manager, or his or her designee.

The "Cultivation Canopy" shall be the square footage of the aggregate area of vegetative growth of live marijuana plants on the premises.

"Labor peace agreement" shall have the same meaning as in the California Business and Professions Code, Section 19300.5(v).

"Management Employee" shall mean an employee of a Medical Marijuana Business responsible for the establishment, organization, registration, supervision, or oversight of the operation of the business, including but not limited to employees who perform the functions of president, vice president, director, operating officer, financial officer, secretary, treasurer, or manager of the business.

"Marijuana" shall have the same definition provided in Health and Safety Code §11018 (as may be amended). Without limiting the definition, "Marijuana" also means "Cannabis".

"Medical Marijuana Business" means: (1) Any entity or association of four (4) or more individuals that cultivates, produces, manufactures, sells, distributes, possesses, transports, delivers, or makes available medical marijuana to qualified patients and their designated primary caregivers who associate at a particular location or Property within the boundaries of the City of Long Beach to collectively cultivate or distribute medical marijuana in accordance with California Health and Safety Code § 11362.5 *et seq.*, the State MMRSA, or this Chapter. For purposes of this Chapter, the term medical marijuana cooperative, collective, facility, or dispensary shall have the same meaning as Medical Marijuana Business. Medical Marijuana Business includes, but is not limited to, dispensary storefront locations, cultivation facilities, and medical marijuana product manufacturers. (2) Any person that cultivates, produces, sells, distributes, possesses, transports or delivers more than six (6) mature marijuana plants or twelve (12) immature marijuana plants, and eight (8) ounces of a useable form of marijuana for medical use, pursuant to California Health and Safety Code § 11362.5 *et seq.* (3) The term Medical Marijuana Business shall not include the private possession, production, or medical use of no more than six (6) mature marijuana plants or twelve (12) immature marijuana plants, and eight (8) ounces of a useable form of marijuana by a patient or caregiver.

"Medical marijuana-infused product" means a marijuana infused, edible, ingestible, or inhalable product, including but not limited to topical solutions and vaporizers.

"Park" or "Public Park" shall mean publicly owned natural or open areas set aside for active public use for recreational, cultural or community service activities.

"Priority Group 1 Applicant" and "Priority Group 2 Applicant" shall mean the entity that filed the original application under former Chapter 5.87. The Management Employees or owner(s) (as defined herein) represented on the Chapter 5.87 application are not required to participate in any application submitted pursuant to this Chapter.

"Property" shall mean the location or locations within the City of Long Beach at which a Medical Marijuana Business is operated

"Regulatory implementation of the MMRSA" shall mean the date the State first accepts applications for licenses for Medical Marijuana Businesses pursuant to the MMRSA for the

applicable license.

“State license,” or “registration” means a State license issued by the State of California pursuant to the State’s MMRSA for the purpose of engaging in any form of commercial cannabis activity.

#### 5.90.030 MEDICAL MARIJUANA BUSINESS LICENSE PERMIT

Except as otherwise set forth in this Chapter, it shall be unlawful for any person or entity to operate, in or upon any property, a Medical Marijuana Business without first obtaining all required State licenses and a business license or permits issued by the City. Each State license type available in the MMRSA is eligible to apply for a City Business License Permit. Medical Marijuana Business shall be considered a personal service type business in the City of Long Beach (as defined in section 21.15.2020) with respect to issuing a Business License Permit and setting application and license fees. Until the regulatory implementation of the MMRSA, the Medical Marijuana Business license permits shall be issued without regard to the fact the State license has not been issued. Failure to timely obtain required State licenses or permits shall be grounds for suspension or revocation of any permit or license issued by the City. Upon the regulatory implementation of the MMRSA, unless otherwise set forth in this Chapter, no person shall engage in commercial cannabis activity or in the activities of a Medical Marijuana Business without possessing all applicable State licenses and all applicable City permits and licenses. Revocation of a State license shall constitute grounds for the City to suspend or revoke any permit or license issued by the City.

A Medical Marijuana Business that is operating in compliance with this Chapter and other State and local laws on or before January 1, 2018, may continue its operations until its application for State licensure is approved or denied by the licensing authority.

A Medical Marijuana Business must at all times maintain liability insurance having aggregate policy limits in an amount not less than \$1,000,000.

The City may impose an annual business license fee no greater than one hundred fifty (150) percent of the average business license fee the city charges for non-cannabis related personal service business. Failure to timely pay the annual business license fee shall be grounds for suspension or revocation of the business license. Applicants that previously paid an application fee pursuant to former Chapter 5.87 may, at the applicant’s discretion, have any un-refunded fee applied as credit against any fees applicable under this section. All Medical Marijuana Businesses shall be subject to an annual regulatory inspection by the City to insure compliance with all of the applicable provisions of this Chapter and to confirm compliance with the business license permit issued by the City.

It shall be unlawful for the owner of a building to allow the use of any portion of a building by a Medical Marijuana Business unless the tenant has a valid business license permit, or has applied for and not been denied, a business license permit. Each owner of a building whose tenant is a Medical Marijuana Business License Permit applicant shall execute an acknowledgement that the Applicant has the owner’s permission and consent to operate a Medical Marijuana Business at the subject property.

Each Medical Marijuana Business shall designate a Community Relations Liaison (hereinafter, the “Liaison”), who shall be at least twenty-one (21) years of age; and shall provide the Liaison’s name to the City Manager. The Liaison shall receive all complaints received by the City Manager regarding the Medical Marijuana Dispensary, and make good faith attempts to promptly resolve all complaints. To address community complaints and concerns, the name and telephone

number for the Liaison shall be made publicly available. Each Medical Marijuana Business Liaison is required to respond by phone or email within three (3) business days of contact by a city official concerning the Medical Marijuana Business. The name and contact information for Liaison of the medical marijuana business shall be conspicuously posted on the main entry doors to the business.

No pesticides or insecticides prohibited by federal, State, or local law for fertilization or production of edible produce may be used on any marijuana cultivated, produced or distributed by a Medical Marijuana Business. A Medical Marijuana Business shall comply with all applicable federal, State, and local laws regarding use and disposal of pesticides and fertilizers.

No Medical Marijuana Business may be operated in an area zoned exclusively for residential use, or be located within a one-thousand (1,000) foot radius of a public or private school (as defined in Health and Safety Code § 11362.768(h)) or public beach, or within a six hundred (600) foot radius of a public park or public library. The distances specified in this subdivision shall be determined by the horizontal distance measured in a straight line from the property line of the school, park or library to the closest property line of the lot on which the Medical Marijuana Business is located, without regard to intervening structures.

All Medical Marijuana and Medical Marijuana Product intended for disposal shall be made unusable and unrecognizable prior to removal from the business, in compliance with all applicable laws. No Medical Marijuana Business may have a drive through lane or drive up window and no Medical Marijuana may be dispensed from a drive through lane or drive up window. No marijuana may be smoked, eaten, or otherwise consumed or ingested within the Medical Marijuana Business. All cultivation, production, distribution, possession, storage, display, sales or other distribution of marijuana shall occur only within an enclosed area of a medical marijuana business and shall not be visible from the exterior of the business. Consultations by medical professionals shall not be permitted at a Medical Marijuana Business nor as a permitted accessory use at a medical marijuana business. Each Medical Marijuana Business shall have an odor-absorbing ventilation and exhaust system to ensure that odor generated inside the premises is not detected outside the premises. Windows and roof hatches at the Medical Marijuana Business shall be secured so as to prevent unauthorized entry.

This Chapter shall not interfere with an employer's rights and obligations to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace or affect the ability of employers to have policies prohibiting the use of cannabis by employees and prospective employees, or prevent employers from complying with local, State, or federal law.

#### 5.90.040 SECURITY

Every Medical Marijuana Business shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products. These security measures, as appropriate, shall include, but not be limited to, the following: (a) Preventing individuals from remaining on the premises if they are not engaging in activity expressly related to the operations of the business; (b) Establishing limited access areas accessible only to authorized personnel; (c) Storing all finished medical cannabis and medical cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate sale.

Each Medical Marijuana Business shall install and maintain a fully operational digital video

surveillance and camera recording system that monitors no less than the front and rear of the Property, all points of ingress and egress at the business, all points of sale within the business, all areas within the business where medical marijuana products are displayed for sale, and all limited access areas within the facility. The video and surveillance system shall, at a minimum, meet the following requirements: (a) Capture a full view of the public right-of-ways and any parking lot under the control of the medical marijuana business; (b) Be of adequate quality, color rendition and resolution to allow the ready identification of any individual committing a crime anywhere on or adjacent to the exterior of the property; (c) Record and maintain video for a minimum of thirty (30) days. Video surveillance and recording records shall be held in confidence by all employees and for legitimate law enforcement activity to resolve criminal activity; (d) Licensees are responsible for ensuring that all video or surveillance equipment is properly functioning and maintained, so that playback quality is suitable for viewing and the equipment is capturing the identity of all individuals and activities in the monitored areas; (e) At each point of sale location, camera coverage must enable recording of the customer(s) and employee's facial features with sufficient clarity to determine identity; (f) The system shall be capable of recording all monitored areas in any lighting conditions and must be housed in a designated, locked, and secured room or other enclosure with access limited to authorized employees. Licensees must keep a current list of all authorized employees and service personnel who have access to the surveillance system and/or room on the licensed premises; (g) A sign shall be posted in a conspicuous place near each monitored location on the interior or exterior of the premises which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than one (1) inch in height, stating "All Activities Monitored by Video Camera" or "These Premises are Being Digitally Recorded", or otherwise advising all persons entering the premises that a video surveillance and camera recording system is in operation at the facility and recording all activity as provided in this Section; (h) All exterior camera views must be continuously recorded 24 hours a day and all interior cameras views shall be recorded during all hours that the facility is open for business.

The medical marijuana business shall install and use a safe for storage of any processed marijuana and cash on the property when the business is closed to the public. The safe shall be incorporated into the building structure or securely attached thereto. For medical marijuana infused products that must be kept refrigerated or frozen, the business shall lock the refrigerated container or freezer in place of using a safe so long as the container is affixed to the building structure.

The medical marijuana business shall install and use a fire and burglar alarm system that is monitored by a company that is staffed twenty-four hours (24) a day, seven (7) days a week. The security plan submitted to the City shall identify the company monitoring the alarm, including contact information, and the City shall be updated within seventy-two (72) hours of any change of monitoring company. A medical marijuana business engaged in retail sales shall retain and maintain a security guard or patrol, licensed by the State of California, generally located at an indoor guard station, during all hours of operation.

#### **5.90.050 PERSONS PROHIBITED AS PERMITTEES AND BUSINESS MANAGERS**

It shall be unlawful for any of the following persons to have an ownership interest or a managerial responsibility in a Medical Marijuana Business, and no license or permit may be issued to or held by, and no Medical Marijuana Business shall be managed by: (a) Any person until all required fees have been paid; or (b) Any person who has been convicted within the previous ten (10) years of any violent or serious felony as specified in Sections 667.5 and 1192.7 of the Penal Code or



any felony conviction involving fraud, deceit or embezzlement or who is currently on parole or probation for the sale or distribution of a controlled substance; or (c) Any person who is under twenty-one (21) years of age; or (d) Any person who operates or manages a Medical Marijuana Business contrary to the provisions of this Chapter, or conditions imposed on land use or license approvals, or contrary to the terms of the plans submitted with the permit application, or amended as permitted by this Chapter; or (e) A licensed physician making patient recommendations; or (f) A person licensed and permitted to operate pursuant to this Chapter who, while lawfully operating, or who, at the time of application, has failed to remedy an outstanding delinquency for City taxes or fees owed, or an outstanding delinquent judgment owed to the City; or (g) A sheriff, deputy, police officer, or prosecuting officer, or an officer or employee of the State or City of Long Beach; or (h) Applicants or entities (including management Employees) that have a previous record of violating federal or state laws relating to workplace safety, wages and compensation, employee discrimination, or union activity.

#### 5.90.060 MEDICAL MARIJUANA DISPENSARY OPERATING CONDITIONS AND RESTRICTIONS

Every person and entity operating as a Medical Marijuana Dispensary in the City shall comply with the following operating conditions and restrictions. No Medical Marijuana Dispensary may operate within the City of Long Beach without meeting the following conditions:

A Medical Marijuana Dispensary shall not be located within a one thousand (1,000) foot radius of any other Medical Marijuana Dispensary.

A sign shall be posted in a conspicuous location inside each Property advising: (a) It is a violation of State Law to engage in the sale of marijuana or the diversion of marijuana for non-medical purposes; (b) The use of marijuana may impair a person's ability to drive a motor vehicle or operate heavy machinery; (c) Loitering at the location of a Medical Marijuana Business for an illegal purpose is prohibited by Penal Code §647(h); (d) This Medical Marijuana Business is licensed in accordance with the laws of the City of Long Beach; (e) Your membership will be terminated if you engage in the illegal sale or diversion of Medical Marijuana.

Representative samples of Medical Marijuana distributed by the Business shall be analyzed by an independent laboratory to ensure that they are free of harmful pesticides and other contaminants regulated under local, state or federal law.

No person, other than a patient, caregiver, licensee, employee, or a contractor shall be in the medical marijuana dispensary room. No patient shall be allowed entry into the medical marijuana dispensary room without showing a valid State issued picture Driver's License or Identification. A Medical Marijuana Dispensary may distribute, dispense, deliver or transport medical marijuana only in accordance with this Chapter and State law.

The number of licensed and permitted Medical Marijuana Dispensaries shall be limited to not less than one (1) Medical Marijuana Dispensary business for every eighteen thousand (18,000) residents in the City of Long Beach or not more than one (1) Medical Marijuana Dispensary business for every fifteen thousand (15,000) residents in the City of Long Beach. The population of the city shall be based on the official census population estimate as periodically updated by the US Department of Commerce, United States Census Bureau. The City Council may increase the number of licensed and permitted medical marijuana dispensaries pursuant to this Chapter but may not reduce them below the thresholds set forth herein. The City Manager shall issue the maximum number of licenses permitted by this section unless otherwise directed by the City Council.

**5.90.070 PRIORITY OF MEDICAL MARIJUANA DISPENSARIES**

A Medical Marijuana Dispensary Applicant that (1) was successful in the September 2010 permit lottery conducted by the City of Long Beach under former Chapter 5.87, (2) was allowed by the City Council to operate after February 14, 2012 pursuant to section 5.89.055 of this Chapter, and (3) no longer has the right to occupy the same location that it had occupied on February 14, 2012, shall have the priority right to apply for a Medical Marijuana Dispensary Business License Permit. The City Manager shall verify, within two business days of a request, whether the Applicant qualifies for such priority and, if so, shall issue a letter to potential landlords stating that the Applicant has priority for a license to operate a Medical Marijuana Dispensary in the City of Long Beach.

Medical Marijuana Dispensary Applicants that (1) were successful in the September 2010 permit lottery conducted by the City of Long Beach under former Chapter 5.87 and (2) were allowed by the City Council to operate after February 14, 2012 pursuant to former section 5.89.055 of this Chapter and (3) have the right to occupy the same location(s) that it had occupied on February 14, 2012 ("Priority Group 1" applicants), and Applicants issued a landlord letter pursuant to this section ("Priority Group 2" applicants), who timely submit qualifying applications, shall be given priority over all other applicants for License Permit approval.

Applicants entitled to a license permit or to priority under this subsection shall submit an application to the City Manager no later than six months after the City first accepts applications for Medical Marijuana Dispensary Business License Permits, or shall lose the entitlement or priority under this subsection. Priority Group 1 applicants shall be awarded available Dispensary Business License Permits first, upon determination that such application is complete. Priority Group 2 applicants shall be awarded available Dispensary Business License Permits next. All other applicants will next be evaluated for priority based on criteria set forth in a Priority Point System established pursuant to this section.

All applications evaluated under the Priority Point System will be ranked from the most to the least points. Applicants for any available Medical Marijuana Business License Permit shall be awarded License Permits based upon this ranking using the following procedure, with eligibility reassessed after each License Permit is awarded: (1) Remaining eligible Applicants with the most number of points pursuant to this section in descending order from highest points to lowest points until all available License Permits are awarded. (2) If there are two or more eligible applicants with the same number of points those applicants shall be grouped together and, if there are more eligible applicants in this group than the remaining number of available License Permits, the City of Long Beach shall utilize a public lottery to determine which applicant(s) is/are awarded a License Permit. (3) If there are more available license permits than eligible applicants for this group, but two or more applicants are within one-thousand (1,000) feet of each other, the City of Long Beach shall utilize a public lottery to determine which applicant is awarded a License Permit. (4) If, after this public lottery the number of eligible applicants exceeds the number of available License Permits to be awarded, the process shall be repeated until all available License Permits are awarded

The criteria for Point System shall be as follows:

Suitability of the proposed property: (i) Applicant demonstrates proposed location exceeds all buffer zones established in this Chapter by at least five hundred (500) feet (1 point); (ii) Proposed property possesses air scrubbers or a filtration system capable of eliminating odors from escaping the building or commitment to do so before operating (1 point); (iii) Proposed property is located within one thousand (1000) feet of a public transportation hub, stop, or station (1 point).

Suitability of security plan: (i) The Applicant's security plan includes the presence of security personnel on premises or patrolling the premises twenty-four (24) hours per day (1 point); (ii) The Applicant's security plan demonstrates a method to track and monitor inventory so as to prevent theft or diversion of marijuana (1 point); (iii) The Applicant's security plan describes the enclosed, locked facility that will be used to secure or store marijuana when the location is both open and closed for business, and the steps taken to ensure marijuana is not visible to the public (1 point); (iv) The Applicant's security plan includes measures to prevent the diversion of marijuana to persons under the age of eighteen (18) (1 point); (v) Applicant demonstrates security measures exceeding the requirements of this Chapter, including but not limited to brick or concrete construction or additional fire and/or security alarms (1 point);

Suitability of business plan and financial record keeping: (i) The Applicant describes a staffing plan that will provide and ensure safe dispensing, adequate security, theft prevention, and the maintenance of confidential information (1 point); (ii) Applicant provides an operations manual that demonstrates compliance with this Chapter (1 point);

Criminal history: (i) No Management Employee of an applicant has any felony convictions (1 point); (ii) Applicants without any pending criminal complaint(s) (1 point); (iii) The applicant certifies, as a condition of maintaining the business license permit, that it will not employ any person with any type of violent or serious felony conviction(s) as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony conviction involving fraud, deceit or embezzlement (1 point); (iv) Applicants certify as a condition of maintaining the business license permit that they will not employ as managers or employees any person with any narcotic drug related misdemeanor conviction (1 point);

Regulatory compliance history: (i) Applicants have not had a permit or license revoked by the City of Long Beach (1 point); (ii) Applicants have not had administrative penalties assessed against their business (1 point); Applicants who had administrative penalties assessed against their business while Chapter 5.87 was effective (-1 point); Community service: Applicants demonstrate involvement in the community, other non-profit association, or neighborhood association (1 point);

Labor Relations: (i) Applicant is party to a labor peace agreement or collective bargaining agreement with a bona fide labor organization (1 point); (ii) Applicant pays a living wage (at least 200% of the Federal Poverty Level for a family of two) (1 point); (iii) Applicant provides employer-paid health insurance benefits for its employees (1 point); (iv) Applicant provides equipment, standards and procedures for the safe operation of its facilities and engages employees on best practices (1 point); (v) Applicant provides training and educational opportunities for employee development (1 point); (vi) Applicant or entity has no previous record of violating federal or state laws relating to workplace safety, wages and compensation, discrimination, or union activity (1 point).

#### 5.90.080 VACANT DISPENSARY ALLOCATION

The City Manager shall determine, at the end of the fourth (4th) calendar quarter following implementation of this Chapter, and each year thereafter, whether additional Medical Marijuana Dispensaries shall be licensed and permitted within the City based on the total number of Medical Marijuana Dispensaries authorized pursuant to this Chapter. Additional business license permit applications above those Medical Marijuana Businesses already licensed and permitted shall be

accepted only to the extent the Director of Development Services determines that initiation of the business license permit application process will not lead to the total number of licensed and permitted Medical Marijuana Dispensaries, as a group, to exceed the restrictions established pursuant to this Chapter.

Should the City Manager determine the City shall accommodate additional Medical Marijuana Dispensaries within the restrictions set forth in this Chapter, the City Manager shall cause to be posted on the City's website a public notice of availability and the potential number of Medical Marijuana Dispensary Business license permits available. The notice will appear on the City's website for ten (10) consecutive days, immediately prior to the opening of the application period. The application process will then proceed in accordance with this Chapter.

In the event an existing Medical Marijuana Dispensary License Permit is surrendered or revoked, the City Manager shall, within 10 business days after the surrender or the exhaustion of the final appeal of the revocation, proceed with the posting and notice requirements of 5.90.0220.

#### 5.90.090 MEDICAL MARIJUANA CULTIVATION OPERATING CONDITIONS AND RESTRICTIONS

Except as otherwise provided for in this Chapter, it shall be unlawful to operate a Medical Marijuana Business or to grow medical marijuana outside of an enclosed building. All Medical Marijuana Cultivation Business License Permits shall be issued for a specific fixed location within an enclosed building. This Section does not apply to a qualified patient cultivating marijuana pursuant to Health and Safety Code § 11362.5 or a primary caregiver cultivating marijuana pursuant to § 11362.5 if he or she cultivates marijuana exclusively for the personal medical use of no more than five (5) specified qualified patients for whom he or she is the primary caregiver within the meaning of Health and Safety Code § 11362.7 and does not receive remuneration for these activities, except for compensation provided in full compliance with subdivision (c) of Health and Safety Code § 11362.765.

Only cultivation locations intending to be compliant with MMRSA Type 1A, 2A, 3A and 4 State Cultivation licenses shall be licensed and permitted. Each applicant for a Medical Marijuana Cultivation Business License Permit shall specifically identify which State Cultivation License will be applicable to that application. The maximum cultivation canopy shall be limited by the license type specified in the MMRSA.

A Medical Marijuana Dispensary may operate a Medical Marijuana Cultivation Facility either on its premises or offsite, but must obtain a separate business license permit for each Medical Marijuana Cultivation Facility it operates in the City. No Medical Marijuana Dispensary may operate more Medical Marijuana Cultivation Facilities than are permitted by the MMRSA.

Upon regulatory implementation of the MMRSA, The Medical Marijuana Cultivation licensee shall send all medical cannabis and medical cannabis products cultivated to a MMRSA Type 11 qualified licensee for quality assurance and inspection and for a batch testing to a MMRSA Type 8 licensee prior to distribution in a manner consistent with the MMRSA requirements. Until regulatory implementation of the MMRSA, the Medical Marijuana Cultivation licensee shall send medical cannabis and medical cannabis products cultivated for batch testing to a testing laboratory which operates in compliance with section 5.90.0120.

Each Medical Marijuana Cultivation Facility shall maintain and operate an electronic point of sale plant tracking system compliant with the minimum requirements of the MMRSA at all times. Each Medical Marijuana Cultivator shall package or seal all medical cannabis in tamper-evident packaging and use a unique identifier, such as a batch and lot number or bar code, to identify and

track the medical cannabis. All Medical Marijuana shall be labeled as required by Health and Safety Code § 19346. All packaging and sealing shall be completed prior to delivery or transportation.

#### 5.90.0100 MEDICAL MARIJUANA MANUFACTURING OPERATING CONDITIONS AND RESTRICTIONS

Medical Marijuana Manufacturing Facilities must designate whether they will apply for or have obtained either a MMRSA Type 6 "Manufacturing level 1" State License (nonvolatile solvents) or a MMRSA Type 7 "Manufacturing level 2" State License (volatile solvents) when submitting a Business License application. Medical Marijuana Manufacturing Facilities must comply with sanitation standards equivalent to the California Retail Food Code (Part 7 (commencing with Section 113700) of Division 104 of the Health and Safety Code) for food preparation, storage, handling and sale of edible medical cannabis products. For purposes of this chapter edible medical cannabis products are deemed to be unadulterated food products.

Medical Marijuana Manufacturing Facilities shall only produce, distribute, provide, donate or sell non-potentially hazardous food, as established by the state department of Public Health pursuant to § 114365.35 of the Health and Safety Code. All edible medical marijuana products shall be packaged at the Medical Marijuana Facility prior to distribution or transportation from the Facility. Medical Marijuana products shall be labeled and packaged in a tamper-evident package and have a unique identifier, such as a batch and lot number or bar code, to identify and track the Medical Marijuana. Labels and packages of Medical Marijuana products shall be compliant with the packaging and labeling requirements set forth in by Health and Safety Code § 19346.

The production of any medical marijuana-infused product shall meet all requirements of a retail food establishment as set forth in Chapter 8.45 of this Code. Except, as it relates only to enforcement of Chapter 8.45 of this Code, the fact the facility is engaged in the production of Marijuana related product shall not be deemed a violation of any Federal Food statutes, orders, ordinances, quarantines, rules, regulations, or directives relating to the public health.

#### 5.90.0110 MEDICAL MARIJUANA DISTRIBUTOR OPERATING CONDITIONS AND RESTRICTIONS

Upon regulatory implementation of the MMRSA, all licensees holding medical marijuana cultivation or medical marijuana manufacturing licenses and permits shall send all medical cannabis and medical cannabis products cultivated or manufactured to a distributor, for quality assurance and inspection by the Medical Marijuana Distributor and for a batch testing by a Medical Marijuana Testing Laboratory prior to distribution to a dispensary. Those licensees holding a State issued Type 10A Dispensary license in addition to a medical marijuana cultivation license or a medical marijuana manufacturing license shall, upon State regulatory implementation of the MMRSA, send all medical cannabis and medical cannabis products to a Medical Marijuana Distributor for presale inspection and for a batch testing by a Medical Marijuana Testing Laboratory prior to dispensing any product.

Upon receipt of medical cannabis or medical cannabis products by a holder of a medical marijuana cultivation or medical marijuana manufacturing license, the Medical Marijuana Distributor shall process, test and distribute Medical Marijuana and Medical Marijuana products consistent with minimum requirements of the MMRSA.

#### 5.90.0120 LABORATORY TESTING AND TESTING LABORATORIES

For the purposes of testing medical cannabis or medical cannabis products, licensees shall use a testing laboratory that has adopted a standard operating procedure using methods consistent

with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17020 and ISO/IEC 17025, or any other standard set forth by the State, to test medical cannabis and medical cannabis products that are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.

Until such time as the State is issuing MMRSA Type 8 Testing Laboratory licenses, the laboratory testing set forth in this Chapter may be conducted by a testing laboratory that is otherwise compliant with the requirements set forth herein. A Testing Laboratory may apply for a business license permit application for the specific purpose of testing medical marijuana pursuant to the requirements of this Chapter and shall not be denied a business license permit on the basis it has not been issued a MMRSA Type 8 Testing Laboratory license, however the licensee shall apply for a State issued MMRSA Type 8 Testing Laboratory license within 6 months from notice that the State is issuing such license. Denial of a MMRSA Type 8 license shall result in the revocation of the Medical Marijuana Testing Laboratory License Permit.

Medical marijuana shall be tested for concentration, pesticides, mold and other contaminants. Medical marijuana extracts shall be tested for concentration and purity of product. All testing shall be compliant with the MMRSA standards.

Except as provided in this chapter, a licensed testing laboratory shall not acquire or receive medical cannabis or medical cannabis products except from a licensed facility in accordance with this chapter, and shall not distribute, sell, deliver, transfer, transport, or dispense medical cannabis or medical cannabis products, from which the medical cannabis or medical cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol. A licensed testing laboratory may receive and test samples of medical cannabis or medical cannabis products from a qualified patient or primary caregiver only if he or she presents his or her valid recommendation for cannabis for medical purposes from a physician. A licensed testing laboratory shall not certify samples from a qualified patient or caregiver for resale or transfer to another party or licensee. All tests performed by a licensed testing laboratory for a qualified patient or caregiver shall be recorded with the name of the qualified patient or caregiver and the amount of medical cannabis or medical cannabis product received.

#### 5.90.0130 REPORTING REQUIREMENTS

A Medical Marijuana Business holding a Business License Permit shall report to the City Manager or his or her designee each of the following within the time specified; provided that if no time is specified, such a report shall be provided within fifteen (15) days of the triggering event: (1) The transfer or change of ownership interest, business manager, or in the permit application at least thirty days before the transfer or change; (2) Sales and taxable transactions and file sales and use tax reports to the City quarterly; (3) A conviction of any disqualifying crime by any applicant of a Medical Marijuana Business.

#### 5.90.0140 TRANSPORTATION AND DELIVERY

It shall be unlawful for any person to transport medical marijuana, except as specifically allowed by this Chapter and State law. Transport or delivery activities shall comply with all of the following:

All medical marijuana-infused products are hand packaged, sealed and labeled, and the products stored in closed containers that are labeled as provided in this Section. All medical ma-

rijuana in a usable form for medicinal use is packaged and stored in closed containers that are labeled as provided in this Section. Each container used to transport or deliver medical marijuana is labeled with the amount of medical marijuana or medical marijuana-infused products, or the number and size of the plants, in the container. The label shall include the name and address of the medical marijuana business that the medical marijuana is being transported or delivered from and the name and address of the medical marijuana business or individual that the medical marijuana is being transported to. The label shall be shown to any law enforcement officer who requests to see the label.

An individual transporting medical marijuana items must have a valid California Driver's License and shall use a vehicle for transport that is insured at or above the legal requirement in California; capable of securing (locking) the medical marijuana during transportation; and capable of being temperature controlled if perishable medical marijuana is being transported. A permitted medical marijuana dispensary may deliver medical marijuana only to a residence of a qualified patient or caregiver. For purposes of this rule, "residence" means a dwelling such as a house or apartment but does not include a dormitory, hotel, motel, bed and breakfast or similar commercial business.

The medical marijuana dispensary must specify home delivery services in its application for a business license and the approval for the business license shall set forth conditions related to the home delivery service. The Dispensary shall at all times maintain an electronic point of sale inventory tracking and sales software system that provides for the creation of the transportation manifests required by the MMRSA and the real time location tracking of the employee providing the delivery. A bona fide order must be received by a permitted dispensary from the individual requesting delivery, before 8:00 p.m. on the day the delivery is requested. The bona fide order must contain: (a) The individual requestor's name, date of birth, the date delivery is requested and the address of the residence where the individual would like the items delivered; (b) A document that describes the marijuana proposed for delivery and the amounts; and (c) A written statement that the marijuana is for medical use only and not for the purpose of resale.

Deliveries must be made before 9:00 p.m. local time and may not be made between the hours of 9:00 p.m. and 8:00 a.m. local time. At the time of delivery, the individual performing delivery must check the identification of the individual to whom delivery is being made in order to determine that it is the same individual who submitted the bona fide order, that the individual is eighteen (18) years of age or older, and must require the individual to sign a document indicating the medical marijuana products were received. A medical marijuana dispensary may not deliver medical marijuana to an individual who is visibly intoxicated at the time of delivery, or who cannot provide a valid medical marijuana recommendation from a licensed medical doctor authorized by State law to issue recommendations, or to an individual who fails to provide a valid government issued identification verifying that the person is eighteen (18) years of age or older. Deliveries may not be made more than once per day to the same physical address or to the same individual. Marijuana items delivered to an individual's residence must: (a) Comply with all packaging and labeling regulations established by this Chapter or the State of California; (b) Be placed in a larger delivery receptacle that has a label that reads: "Contains marijuana: Signature of person 18 years of age or older required for delivery." All marijuana items must be kept in a lock-box securely affixed inside the delivery vehicle. A manifest must be created for each delivery or series of deliveries and the individual doing the delivery may not make any unnecessary stops between deliveries or deviate substantially from the manifest route.

**Documentation Requirements.** A medical marijuana dispensary must document the fol-

lowing regarding deliveries: The bona fide order and the date and time it was received by the retailer; The date and time the medical marijuana items were delivered; A description of the medical marijuana that was delivered, including the weight or volume and price paid by the consumer; Who delivered the medical marijuana items; and the name of the individual to whom the delivery was made and the delivery address; A dispensary is required to maintain the name of an individual to whom a delivery was made for eighteen (18) months from the date of delivery.

Home delivery or transportation services originating from within the City of Long Beach city limits, but not from a person having a valid medical Marijuana Business License are strictly prohibited. Home delivery or transportation services from outside the City of Long Beach city limits, or from a person or entity who does not have a valid Medical Marijuana Business License issued by the City of Long Beach are strictly prohibited.

#### **5.90.0150 LICENSE TRANSFERABLE AND REQUIRED CONDUCT.**

A Business License Permit issued pursuant to this Chapter shall become null and void if the Medical Marijuana Business holding that Business License closes or dissolves, however a change in the Business name or form of corporate identity (e.g., conversion from a non-profit to a for profit status) shall not be deemed a dissolution nor a transfer pursuant to this Chapter. A Medical Marijuana Business License Permit is transferable but will require prior approval of the City. Any change in the ownership greater than 10 percent of the licensee shall require notice to the City at least thirty days prior to the change and a new business license permit application. The licensee shall be permitted to conduct business under the prior business license permit while the City reviews the new application submitted pursuant to this section. Denial of the new business license application shall not result in the revocation of the existing business license permit.

#### **5.90.0160 MAINTENANCE OF RECORDS**

A Medical Marijuana Business shall maintain the following records on the Property: The full name, address, and telephone number(s) of the owner, landlord and/or lessee of the Property; The full name, address and telephone number(s) and a fully legible copy of a government issued form of identification of each Medical Marijuana Business employee engaged in the management of the Medical Marijuana Dispensary and a description of the nature of the participation in the management of the Medical Marijuana Business; The full name, date of birth, residential address, and telephone number(s) of each Medical Marijuana Business employee and Management Employee; the date each employee and management Employee joined the Business; and the exact nature of each employee's and management Employee's participation in the Medical Marijuana Business.

Each Medical Marijuana Business shall utilize point of sale software to track inventory and sales. The point of sale software shall be, upon regulatory implementation of the MMRSA, compliant with the State Unique Identifier and Track and Trace Program (Business and Professions Code 19335 (a)). Each Medical Marijuana Business shall keep a complete set of books of account, invoices, copies of orders and sales, shipping instructions, bills of lading, weigh bills, bank statements including cancelled checks and deposit slips and all other records necessary to show fully the business transactions of such licensee. Receipts shall be maintained via a computer program or by pre-numbered receipts and used for each sale. The records of the business shall clearly track medical marijuana product inventory purchased and/or grown and sales and disposal thereof to clearly track revenue from sales of any medical marijuana from other paraphernalia or services offered by the Medical Marijuana Business. An inventory record documenting the dates and amounts of Medical Marijuana cultivated, processed or sold at the Property, and the daily amounts of Medical Marijuana



stored on the Property. The records shall clearly show the source, amount, price and dates of all marijuana received or purchased, and the amount, price, dates and business, patient or caregiver for all medical marijuana sold. Proof of a valid Business License Permit issued by the City of Long Beach, in accordance with this Chapter. All records kept and maintained by the licensee shall at all times protect the confidential information of the patient or caregiver. All records must be identified as confidential and any disclosure shall be limited in a manner that maintains the confidentiality of the information contained therein.

Any and all records described in this section shall be maintained by the Medical Marijuana Business for a period of Seven (7) years.

Each Medical Marijuana Business operating in the City shall submit to the City Manager (or his or her designee) an annual financial report (hereinafter, the "Annual Report") prepared by the Business, using the following criteria: Each Annual Report shall be filed and submitted every calendar year no later than April 30 for each preceding calendar year (for example a Business's 2015 Annual Report shall be submitted to the City Manager no later than April 30, 2016). The Annual Report shall be a summary of the quarterly reports that were filed with the State Board of Equalization in the previous year. The Annual Report shall document the number of Medical Marijuana transactions that took place during the reporting year to a Qualified Patient, employee or Management Employee for cash, credit, or in-kind contributions. Appended to the Annual Report shall be a copy of any and all documents, records or forms submitted to the State Board of Equalization for the reporting year, including but not limited to Board of Equalization Form 401 (or its electronic equivalent) which in any manner documents transaction activities relating to the operation of the Medical Marijuana Business. Appended to the Annual Report shall be an accounting of the number of Plants or clones cultivated by the Medical Marijuana Business, if any, during the reporting year. Any and all records or documents that serve as the basis for preparing the annual report shall be maintained by the Medical Marijuana Business for a period of seven (7) years.

#### 5.90.0170 INSPECTION AUTHORITY

City representatives (Health, Fire and Building inspectors) may enter and inspect the Property of each Medical Marijuana Business between the hours of nine (9) am and eight (8) pm or during normal business hours. The Long Beach Police Department may be allowed to enter the Property if invited by the business manager or owner of the Business or in case of an emergency. Otherwise access shall only be available to the Police Department through a properly executed search warrant, subpoena, or court order. It shall be unlawful for any Property owner, landlord, and lessee, Medical Marijuana Business employee or Manager or any other person having any responsibility over the operation of the Medical Marijuana Business to refuse to allow, impede, obstruct or interfere with an inspection.

#### 5.90.0180 TERM AND RENEWAL OF BUSINESS LICENSE PERMIT

Each Business License Permit issued pursuant to this Chapter shall be effective for five (5) years after issuance, and shall be renewed upon timely payment of all required licensing fees by the Medical Marijuana Business. The Licensee shall apply for renewal of the Business License Permit at least forty-five (45) days before the expiration of the license. The licensee shall apply for renewal using forms provided by the City Manager. If the Applicant fails to apply for renewal at least forty-five days before the expiration of the License but does apply for renewal prior to expiration of the Business License Permit, the City Manager may process the renewal application if the Applicant submits a late filing fee of Five Hundred Dollars (\$500) at the time of submittal of the renewal

application. The renewal license fee shall be equal to the annual license fee. The renewal fee, and late fee if applicable, shall accompany the renewal application. Such fee is nonrefundable.

In the event a Medical Marijuana Business that has been open and operating, and submitting required business license tax returns and taxes to the City, ceases providing business license returns and taxes to the City for two consecutive reporting periods, the City Manager shall send notice to the Medical Marijuana Business demanding such reporting and payment and if no such reporting and payment is received within 15 days of the notice, the business license permit shall be deemed to have expired and the licensee shall cease doing business at the location.

#### 5.90.1900 EXISTING MEDICAL MARIJUANA DISPENSARIES

Any operating Medical Marijuana Dispensary, collective, delivery service, operator, establishment, or provider that has not obtained a Business License Permit pursuant to this Chapter shall immediately cease operation until it fully complies with the requirements of this Chapter.

#### 5.90.0200 PROHIBITED ACTIVITY

It shall be unlawful for any person to cause, permit or engage in the cultivation, possession, distribution, exchange or giving away of Marijuana for medical or non-medical purposes except as provided in this Chapter. It shall be unlawful for any person to cause, permit or engage in any activity related to Medical Marijuana except as provided in this Chapter and pursuant to all other applicable local and state law. It shall be unlawful for any person to knowingly make any false, misleading or inaccurate statement or representation in any form, record, filing or documentation required to be maintained, filed or provided to the City of Long Beach under this Chapter. No Medical Marijuana Dispensary shall be open to or provide Medical Marijuana to qualified patients or employees between the hours of eight (8) pm and nine (9) am. The City Council may increase these hours of operation but may not decrease them. No person under the age of eighteen (18) shall be allowed on the Property, unless that minor is a Qualified Patient and is accompanied by his or her licensed Attending Physician, parent(s) or documented legal guardian. No Medical Marijuana Dispensary, Management Employee or employee shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on the Property or in the parking area of the property. No dried Medical Marijuana shall be stored at the property in structures that are not completely enclosed, in an unlocked vault or safe, in any other unsecured storage structure, or in a safe or vault that is not bolted to the floor of the property. Medical Marijuana may not be inhaled, smoked, eaten, ingested, or otherwise consumed on the Property, or in the parking areas of the Property or in those areas restricted under the provisions of Health and Safety Code §11362.79.

#### 5.90.0210 VIOLATIONS AND ENFORCEMENT

Any person willfully misrepresenting any material fact in procuring the license herein provided for, shall be deemed guilty of a misdemeanor punishable by a fine of not more than one thousand dollars (\$1,000.00) or by imprisonment for not more than twelve (12) months, or both such fine and imprisonment.

Any person who engages in any Medical Marijuana Business operations without a Business License Permit, except as otherwise provided in this Chapter, shall be guilty of a misdemeanor punishable by a fine of not more than one thousand dollars (\$1,000.00) or by imprisonment for not more than twelve (12) months, or both such fine and imprisonment. The City may also pursue any and all remedies and actions available and applicable under local and State law for any violations related to the operation of a non-licensed medical marijuana business. Any operation of a Medical

Marijuana Business without a Business License Permit shall be deemed unlawful and a public nuisance. It shall be unlawful and a violation of this Chapter for any person to permit a public nuisance to exist upon real property in which such person has an ownership or possessory interest. As a nuisance per se, such violation shall be subject to injunctive relief, revocation of the certificate of occupancy for the property, costs of abatement and any other relief or remedy at law or equity.

Any violation of the terms and conditions of the Business License Permit, of this Chapter, or of applicable local or state regulations and laws shall be grounds for suspending or revoking its license, pursuant to 5.90.0240.

Any person violating any provision of this Chapter may be issued an administrative citation in accordance with Chapter 9.65 of this code. Each day of operation in violation of this chapter shall constitute a separate violation for purposes of application of the financial fine(s) of this section. These fines and penalties are in addition to or in the alternative to any other penalties for violation of this Chapter. For the first five (5) days that a violation exists, a person shall be subject to a fine of one hundred dollars (\$100) per day. Should a violation continue beyond five (5) days, the violator shall be subject to a fine of five hundred dollars (\$500) per day from the sixth (6<sup>th</sup>) day through the tenth (10<sup>th</sup>) days of a violation. Should a violation persist beyond ten (10) days, the fine shall be one thousand dollars (\$1,000) per day. The due process provisions of Chapter 9.65 of this code and the Suspension, Penalty, Revocation, and Appeals Process of Section 5.90.0240 of this Chapter shall apply to all administrative citations issued pursuant to this section. A continuing violation of this section that is of more than one consecutive day in duration shall be deemed a single violation for purposes of Section 5.90.0240 application.

#### 5.90.0220 ACCEPTANCE AND PROCEDURE OF BUSINESS LICENSE PERMIT APPLICATIONS

The City Manager shall issue Business License Permit application forms and all required supplemental documents required from applicants within ten (10) days after this Chapter has taken effect. Any Medical Marijuana Business desiring a Business License Permit required by this Chapter shall, prior to initiating operations, complete and file an application on a form supplied by the City, and shall submit the completed application to the City Manager with payment of a nonrefundable processing and notification fee not to exceed the annual Business License Fee set for in this Chapter. After the City Manager has complied with this Section, the City Manager shall cause to be conspicuously posted on the City's website a public notice of availability. For Medical Marijuana Dispensary License Permit applications, the notice will appear on the City's website for ten (10) consecutive days, immediately prior to the opening of the application period. The notice shall specify that City Manager will receive applications for further processing and consideration for thirty (30) days after the ten (10) day notice period expires (the "Medical Marijuana Dispensary Business License Permit application period"). The notice shall also specify the specific terms and procedures for conducting the public lottery set forth in section 5.90.070. For all other Medical Marijuana Businesses, the notice shall remain posted with no expiration deadline.

The City Manager shall review each application upon submission and ensure that the application is complete. Incomplete applications will be promptly rejected and the applicant shall be notified that business day of the deficiencies. The applicant shall be given an opportunity to cure any incomplete or deficient application prior to the conclusion of the application processing term, if such time period is applicable. Any notices required by this Chapter shall be deemed issued upon the date they are either deposited in the United States mail or the date upon which personal service of such notice is provided. In addition to notice by mail and personal service, the City Manager shall

contemporaneously give notice by electronic mail to the e-mail address listed on the application. At the conclusion of the Medical Marijuana Dispensary Business License Permit application period, the City Manager shall have forty-five days (45) to complete a review of the applications (the "application processing term") and shall assign points to each Applicant in accordance with Section 5.90.070. Five days from the date the conclusion of the application period term, the City Manager will post the point priority rankings on the its website and mail and e-mail written notification to each Applicant indicating the total points assigned, and the Applicant's rank.

Once the City Manager deems an application complete, the City Manager shall determine the availability of business license permits for the applied for use and, if such availability is not limited or restricted by this chapter, or the City Manager can approve the application without exceeding the limited or restricted number of available license permits subject to the priority rights set forth in this Chapter, shall approve the application and issue the license permit within one business day. If necessary, within fourteen (14) Calendar days after the date of notice of point priority is posted on its website, the City Manager shall conduct the public lottery as set forth in section 5.90.070 in accordance with previously published lottery procedures. All other Medical Marijuana Business licenses permits shall be processed in the normal course of business, but in no event shall the City Manager unreasonably delay the approval process. Medical Marijuana Business License Permits may be approved contingent upon issuance of approved building plans.

#### 5.90.0230 MEDICAL MARIJUANA BUSINESS LICENSE PERMIT APPLICATION

In addition to the general business license permit application requirements of Chapter 5.04, an application for a business license permit to operate a medical marijuana business shall include completed forms provided by the City for that purpose. Any application for a Medical Marijuana Business license shall be accompanied by the business license application fee, and criminal background check ("Live Scan") fee. The Applicant shall use the application to demonstrate its compliance with this Chapter and any other applicable law, rule, or regulation, or has made reasonable provision for the satisfaction of these requirements. The application shall include the following information: Name, address, e-mail address social security number and contact phone number of the owner or owners of the medical marijuana business in whose name the permit is proposed to be issued. If an owner is a corporation, the name, address, e-mail address and contact phone number of all officers or directors of the corporation and all shareholders who individually own more than ten (10) percent of the issued and outstanding stock of the corporation and the EIN for the corporation. If an owner is a partnership, association, or limited liability company, the EIN for the entity and the name, address, e-mail address and contact phone number of any person holding a voting interest therein and/or the managing member(s). If a managing member is an entity rather than an individual, the same disclosure shall be required for each entity with an ownership interest until a managing member that is a natural person is identified. If an owner is not a natural person, the organizational documents for all entities identified in the application, identification of the natural person that is authorized to speak for the entity and the address, e-mail address and contact phone number information for that person. Reasonable proof the entity is registered, if such registration is required, and in good standing with all applicable State Agency's.

Name, address, e-mail address and contact phone number of any business managers of the medical marijuana business, if the business manager is proposed to be someone other than the owner; and all agents of the medical marijuana business who act with managerial authority. A statement indicating whether any of the named owners, members, business managers, or persons named on the application have been: Denied an application for a Business License Permit pursuant to this Chapter,

or any similar state or local licensing or permitting law, rule, or regulation, or had such a license or permit suspended or revoked; Convicted of violating any violent or serious felony(s) as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony involving fraud, deceit or embezzlement. Proof of ownership or legal possession of the Property at which the medical marijuana business will be located. If the medical marijuana business is not the owner of the property of the business, the Applicant shall provide written authorization to the City from the property owner to enter the property for inspection of the property on a form approved by the City as well as an acknowledgement from the owner that the Applicant has the owner's permission and consent to operate a medical marijuana business at the subject property. A certificate for proof of insurance signed by a qualified agent of an insurance company evidencing the existence of valid and effective policies of workers' compensation and public liability insurance at least to the limits required by Section 5.90.030 of this Chapter, the limits of each policy, the policy number(s), the name of the insurer, the effective date, and expiration date of each policy. An identification of the specific State License as set forth in the MMRSA the proposed Medical Marijuana Business intends to apply for and obtain upon issuance of the city business license. An operating plan for the proposed medical marijuana business, including the following information: A description of the products and services to be provided by the medical marijuana business; A schedule depicting the hours of operation; A description of the procedures for cash handling and audits; A dimensioned floor plan, clearly labeled, showing: The layout of the facility and the floor plan in which the medical marijuana business is to be located; The principal uses of the floor area depicted on the floor plan, including but not limited to the areas where non-patients will be permitted, private consulting areas, storage areas, retail areas, areas for cash handling and storage, and restricted areas where medical marijuana will be located; and Electrical, mechanical, plumbing, disabled access compliance pursuant to Title 24 of the State of California Code of Regulations and the federally mandated Americans with Disabilities Act; and The separation of the areas that are open to persons who are not patients from those areas open to patients. For cultivation facilities, and medical marijuana businesses that produce medical marijuana-infused products, a plan that specifies: The methods to be used to prevent the growth of harmful mold and compliance with limitations on discharge into the wastewater system of the City as set forth in Long Beach Municipal Code Chapter 15.16, "Industrial Waste and Wastewater"; A minimum of a one-hour fire separation wall between a cultivation facility and any adjacent business. All ventilation systems used to control the environment for the plants that describes how such systems operate with the systems preventing any odor leaving the property. Such plan shall also include all ventilation systems used to mitigate noxious gases or other fumes used or created as part of the production process. A State seller's permit issued to the Applicant pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code if such permit is required by law for the applicant's intended business operation.

Additional requirements: A fully legible copy of one valid government issued form of photo identification, such as a State Driver's License or Identification Card and Livescan finger-printing completed at the Long Beach Police Department. This requirement shall apply to all owners, business managers, and employees employed by the medical marijuana business. A plan for disposal of any medical marijuana or medical marijuana-infused product that is not sold to a patient or primary caregiver in a manner that protects any portion thereof from being possessed or ingested by any person or animal. A plan for ventilation of the medical marijuana business that describes the ventilation systems that will be used to prevent any odor of medical marijuana off the property of the business. A description of all toxic, flammable, or other materials regulated by a federal, State, or local government that would have authority over the business if it was not a marijuana business,

that will be used or kept at the medical marijuana business, the location of such materials, and how such materials will be stored. A statement of the amount of the projected daily average and peak electric load anticipated to be used by the business and certification from the landlord and utility provider that the property is equipped to provide the required electric load, or necessary upgrades that will be performed prior to final inspection of the property. A description of the point of sale software the medical marijuana business will utilize to track inventory and sales of medical marijuana. For any medical marijuana business with two or more employees (as defined in the California Business and Professions Code, Section 19322(6)), a statement that the business will enter into, or demonstrate that it has already entered into, and will abide by the terms of a labor peace agreement. A statement signed under penalty of perjury by each owner or business manager that they have read, understand, and shall ensure compliance with the terms of this Chapter.

Should an applicant be awarded a license, any commitments in the application shall become conditions of the license. If a violation of a condition occurs, the city, pursuant to section 5.90.0240, may assess a penalty or seek suspension or revocation of the license.

#### 5.90.0240 SUSPENSION, PENALTY, REVOCATION, AND APPEALS PROCESS

The City Manager shall provide a dated, written notice to the Liaison if it believes that his or her Medical Marijuana Business has violated any provision of this Chapter and any steps available to cure such violation. Within thirty (30) business days of receiving that notice, the Licensee shall have the right to file a written response with the City Manager. After receiving and reviewing the substantive content of any such response, the City Manager shall prepare a written report and forward all evidence along with the report to the Marijuana Task Force which shall then determine whether or not the Licensee has violated any provision of this Chapter, whether the violation has been or is curable or not; and shall provide a dated, written notice to the Licensee of its factual findings and legal determination. If the City Manager determines that a Licensee has failed to comply with or cure any violation of any provision of this Chapter on at least five (5) separate, non-continuing occasions within 24 months, or that a Licensee has been convicted for noncompliance with any Medical Marijuana State law, the City Manager shall revoke or suspend the Business License Permit. A Task Force finding of no violation or that a violation has been cured shall not be considered as a violation by the City Manager. The City Manager shall notify a Medical Marijuana Business's Liaison of its recommendation that its Business License be suspended or revoked by means of a dated, written notice, which shall advise the Licensee of its right to appeal the decision to the Long Beach City Council. The request for appeal shall be in writing, shall set forth the specific ground(s) on which it is based, and shall be filed with the City Manager within forty-five (45) calendar days from the date the notice was mailed along with an appeal deposit, in an amount determined by the Long Beach City Council. If a timely appeal is filed, a Business License Permit may not be suspended or revoked before that appeal has been fully adjudicated. The Long Beach City Council shall conduct a hearing (hereinafter, the "City Council Hearing") on the appeal or refer the matter to a hearing officer pursuant to Chapter 2.93 of this Code, within forty-five (45) calendar days from the date the completed request for appeal was received by the City Manager, except where good cause exists to extend this period. The appellant shall be given at least fifteen (15) calendar days' written notice of the City Council Hearing. The City Council Hearing shall be conducted pursuant to Chapter 2.93 of the Long Beach Municipal Code. The determination of the Long Beach City Council on the appeal shall be final, unless the licensee chooses to file a court action within forty-five (45) calendar days of that determination. If a Medical Marijuana Business's License Permit has been revoked or suspended, no other Business License Permit application shall be considered for that Business for a

period of one (1) year from either (a) the date on which the notice of the revocation or suspension was mailed, or (b) the date of the final decision of the Long Beach City Council, whichever is later.

**5.90.0250 COMPLIANCE AND CHANGES TO APPLICABLE LAW**

If any State law applicable to this Chapter changes or is amended, this Chapter shall be construed in a manner that ensures that Qualified Patients continue to have safe, affordable access to Medical Marijuana. Except as may be provided otherwise in this Chapter, any law or regulation adopted by the State governing the cultivation, production, possession or distribution of marijuana for medical or recreational use shall also apply to Medical Marijuana Businesses in the City. If there is a conflict between State law and this Chapter, State law shall be applied. A conviction for noncompliance with any applicable State law or regulation shall be grounds for revocation or suspension of any license or permit issued under this Chapter. No Medical Marijuana Business shall continue operations in violation of an additional State law or regulation applicable within the City after the effective date of the State law or regulation. If the State prohibits the cultivation, production, possession or other distribution of marijuana through Medical Marijuana Businesses, or if a court of last resort with competent jurisdiction determines that the federal government's prohibition of the cultivation, production, possession or other distribution of marijuana through Medical Marijuana Businesses supersedes State law, any business license permit issued pursuant to this Chapter shall be deemed to be immediately revoked by operation of law.

**5.90.0260 ESTABLISHMENT OF A MEDICAL MARIJUANA TASK FORCE.**

The Long Beach Medical Marijuana Task Force ("Task Force") shall be established. The Task Force shall consist of nine (9) members. Appointments to the Task Force shall be made and vacancies on the Task Force shall be filled by the Mayor and City Council in accordance with the provisions in Chapter 2.18.050 of this Code. Services of the members of the Task Force shall be voluntary and members will serve without compensation. All members of the Task Force shall be residents of the City. The Task Force shall be comprised of the following members: Three (3) Task Force members shall be representatives from three separate Medical Marijuana Businesses operating in the City; Four (4) Task Force members shall be representatives of recognized neighborhood organizations which have at least one (1) Medical Marijuana Business operating within its boundaries and at least two (2) of whom are Qualified Patients or Care Givers; One (1) Task Force member shall be a representative of a local patient advocacy organization with a background in working to protect the interests of medical marijuana patients; and One (1) Task Force member shall be a representative of a local labor organization representing Medical Marijuana employees employed at licensed Medical Marijuana Businesses in the City.

The Medical Marijuana Task Force shall have the power and duty to: Recommend to the City operational and safety standards for Medical Marijuana Businesses operating in the City; Develop and make recommendations for a mediation process to be used by operators of medical dispensaries, patients, and neighbors of dispensaries to address community concerns and nuisance issues and resolve conflicts and disputes; Render decisions with respect to a Medical Marijuana Business' compliance as set forth in Section 5.90.240 of this chapter.

**5.90.0270 CITY MANAGER AUTHORIZED TO ISSUE RULES**

The City Manager or his designee may adopt reasonable rules and regulations that the City Manager determines are necessary to implement the requirements and administration of this Chapter.

**5.90.0280 SEVERABILITY**

If any provision of this Chapter, or the application thereof to any person or circumstance, is held invalid, that invalidity shall not affect any other provision or application of this Chapter that can be given effect without the invalid provision or application; and to this end, the provisions or applications of this Chapter are severable. Chapter 5.89 of the Long Beach Municipal Code is repealed effective on the first (1st) day after this Chapter becomes effective by operation of law.



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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH PROVIDING FOR THE FILING OF PRIMARY AND REBUTTAL ARGUMENTS AND SETTING RULES FOR THE FILING OF WRITTEN ARGUMENTS REGARDING A VOTER-PETITION INITIATIVE MEASURE TO BE SUBMITTED AT THE NOVEMBER 8, 2016 SPECIAL MUNICIPAL ELECTION

WHEREAS, a Special Municipal Election is to be held in the City of Long Beach, California on November 8, 2016, at which there will be submitted to the voters the following measure:

|  |     |
|--|-----|
| "REGULATION OF MEDICAL MARIJUANA BUSINESSES  | Yes |
| Shall an ordinance be adopted repealing the City's ban on marijuana businesses, reducing the City's tax on recreational and medical marijuana, and adopting regulations permitting approximately 32 retail medical marijuana businesses located in areas not zoned exclusively for residential use with minimum distance restrictions from sensitive uses, and providing for the establishment of an unspecified number of marijuana cultivation, distribution, manufacturing and testing businesses?" | No  |

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. Primary Arguments. That the City Council authorizes (i) the City Council or any member(s) of the City Council, (ii) any individual voter eligible to vote on the above measure, (iii) a bona fide association of such citizens or (iv) any combination of voters and associations, to file a written argument in favor of or against the City measure, accompanied by the printed name(s) and signature(s) of the author(s)

1 submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of  
2 the State of California, and to change the argument until and including the date fixed  
3 below by the City Clerk, after which no arguments for or against the City measure may be  
4 submitted to the City Clerk.

5 Section 2. Pursuant to Long Beach Municipal Code Section 1.24.020,  
6 the Mayor, with the approval of the City Council, may designate a person, or association  
7 of persons, to write arguments either for or against or both for and against the adoption of  
8 any measure or proposition placed on the ballot.

9 Section 3. The deadline to submit arguments for or against the City  
10 Measure pursuant to this Resolution is declared by the City Clerk to be Friday, August  
11 19, 2016, at 5:00 p.m. Each argument shall not exceed three hundred (300) words and  
12 shall be filed with the City Clerk, signed, and include the printed name(s) and signature(s)  
13 of the author(s) submitting it, or if submitted on behalf of an organization, the name of the  
14 organization, and the printed name and signature of at least one of its principal officers  
15 who is the author of the argument.

16 Section 4. Rebuttal Arguments. Pursuant to Section 9285 of the  
17 Elections Code of the State of California, when the City Clerk has selected the primary  
18 arguments for and against the City Measure which will be printed and distributed to the  
19 voters, the Clerk shall send copies of the primary argument in favor of the Measure to the  
20 authors of the primary argument against, and copies of the primary argument against to  
21 the authors of the primary argument in favor. The authors or persons designated by  
22 them may prepare and submit rebuttal arguments not exceeding two hundred fifty (250)  
23 words. The rebuttal arguments shall be filed with the City Clerk not later than Monday,  
24 August 29, 2016 at 5:00 p.m. Rebuttal arguments shall be printed in the same manner  
25 as the primary arguments. Each rebuttal argument shall immediately follow the primary  
26 argument which it seeks to rebut.

27 Section 5. Prior Resolutions. That all previous resolutions providing for  
28 the filing of primary and rebuttal arguments related to City measures are repealed.



OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lona Beach, CA 90802-4664

1 RESOLUTION NO. RES-16-

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH, CALLING FOR THE PLACEMENT  
5 OF A GENERAL TAX MEASURE ON THE BALLOT FOR  
6 THE NOVEMBER 8, 2016 SPECIAL ELECTION TO AMEND  
7 AND UPDATE THE CITY'S EXISTING MARIJUANA  
8 BUSINESS LICENSE TAX

9 WHEREAS, pursuant to the California Elections Code, a petition has been  
10 filed with the City Council of the City of Long Beach ("City") proposing an ordinance which  
11 would (i) repeal the City's current ban on medical marijuana businesses under Long  
12 Beach Municipal Code (L.B.M.C.) Chapter 5.89, (ii) adopt a new L.B.M.C. Chapter 5.90  
13 to permit and regulate medical marijuana businesses within the City, (iii) repeal the  
14 recreational marijuana business license taxes currently set forth in L.B.M.C. Section  
15 3.80.260, and (iv) reduce the maximum rate and methodology of marijuana business  
16 license taxes currently set forth in L.B.M.C. Section 3.80.261 (the "Kelton Measure"); and

17 WHEREAS, the City Clerk's Office has examined the records of voter  
18 registration and ascertained that the petition was signed by the requisite number of  
19 voters, and has so certified; and

20 WHEREAS, the City Council has not voted in favor of adoption of the Kelton  
21 Measure and therefore, pursuant to the California Elections Code, adopted Resolution  
22 No. 16-0059 to place the Kelton Measure before the City's voters on the November 8,  
23 2016 special election ballot; and

24 WHEREAS, the City's recreational marijuana business license taxes under  
25 L.B.M.C. Section 3.80.260 were approved by a majority of the City's voters at the  
26 November 2, 2010 election (Measure "B"); and

27 WHEREAS, the City's existing marijuana business license taxes under  
28 L.B.M.C. Section 3.80.261 were approved by a majority of the City's voters at the April 8,

1 2014 election (Measure "A"); and

2 WHEREAS, a Statewide initiative measure has qualified for the November  
3 8, 2016 ballot known as the "Control, Regulate and Tax Adult Use of Marijuana Initiative"  
4 (Proposition 64). If passed by California voters, Proposition 64 would legalize the  
5 personal use of cannabis/marijuana for recreational purposes, and would allow local  
6 agencies to reasonably regulate and tax activities tied to cannabis/marijuana.

7 WHEREAS, the City Council desires to place a competing tax measure on  
8 the November 8, 2016 special election ballot that would repeal the recreational marijuana  
9 business license taxes currently set forth in L.B.M.C. Section 3.80.260 (Measure "B"),  
10 and would amend and update the City's existing marijuana business license taxes under  
11 L.B.M.C. Section 3.80.261 (Measure "A"), which rates are different than those provided in  
12 the Kelton Measure; and

13 WHEREAS, the City's existing marijuana business license taxes under  
14 L.B.M.C. Section 3.80.261 are declared to be general taxes, the revenue of which will be  
15 placed in the City's general fund and may be used to pay for regulation and enforcement,  
16 public health and safety functions and emergency response services associated with  
17 marijuana businesses, and other general City services; and

18 WHEREAS, pursuant to Proposition 218 (California Constitution, Article  
19 XIIC, Section 2(b)) any measure proposing to impose a new general tax, or increase or  
20 extend an existing general tax must be consolidated with a regularly scheduled election  
21 for members of the City Council, unless the City Council makes certain fiscal emergency  
22 findings by unanimous vote to place the measure on a special election at another date;  
23 and

24 WHEREAS, the next regularly scheduled election at which City Council  
25 members are to be elected is not until April, 2018; and

26 WHEREAS, for the following reasons, the health, safety and general  
27 welfare of the citizens of the City would be endangered if the City were unable to place  
28 this Measure before its voters until April, 2018; and

1                   WHEREAS, the Kelton Measure has been placed on the ballot for the  
2 November 8, 2016 election which authorizes medical marijuana businesses to operate in  
3 Long Beach under a specified set of regulations; and

4                   WHEREAS, the Kelton Measure prohibits regulatory fees to be assessed  
5 on medical marijuana businesses, and;

6                   WHEREAS, the Kelton Measure provides for taxes and associated tax  
7 revenues from medical marijuana businesses that could be used to pay for regulatory,  
8 enforcement and other City service costs associated with those businesses; and

9                   WHEREAS, a comprehensive operational and financial analysis has been  
10 conducted of the various operational costs and tax revenue scenarios which may occur  
11 with the passage of the Kelton Measure; and

12                   WHEREAS, the analysis shows that for a number of reasonably likely  
13 conditions under which medical marijuana will be cultivated, manufactured, and sold in  
14 Long Beach, the cost of regulating, enforcing the regulations, and managing the City's  
15 service costs associated with medical marijuana may be significantly more than the  
16 revenues provided from the medical marijuana tax revenue that is likely to be forthcoming  
17 if the Kelton Measure passes; and

18                   WHEREAS, because the cost of regulating, enforcing and providing related  
19 services associated with medical marijuana is likely to exceed the revenue generated,  
20 authorization of medical marijuana businesses by the Kelton Measure will likely result in a  
21 significant budgetary shortfall, which is likely to result in reductions in other services  
22 and/or increases in public safety response times to residents; and

23                   WHEREAS, the Kelton Measure significantly reduces or eliminates the  
24 existing voter approved tax rate for recreational marijuana dispensaries, which, if the  
25 State ballot measure on marijuana is approved (Proposition 64), could substantially  
26 reduce marijuana tax revenues and create substantially more severe service reductions  
27 and/or increases in public safety response times to residents; and

28                   WHEREAS, the Kelton Measure will likely create a several million dollar

1 “start-up” cost shortfall, which can only be recovered through future tax revenues, that  
2 only higher tax rates may provide; and

3 WHEREAS, a change in the marijuana business tax rates, including the  
4 option of City Council to adjust the tax rates to match costs and needs, would potentially  
5 allow revenue from marijuana businesses to fund the associated costs and to assist with  
6 public safety and other general municipal services; and

7 WHEREAS, all of the circumstances described above create a fiscal  
8 emergency situation warranting the placement of this Measure on the next available  
9 special election ballot to permit the City’s voters to decide pursuant to Proposition 218.

10 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
11 follows:

12 Section 1. Incorporation of Recitals. The foregoing recitals are true and  
13 correct and are hereby incorporated and made an operative part of this Resolution.

14 Section 2. Findings. Pursuant to California Constitution, Article XIII C,  
15 Section 2(b), the City Council, by a unanimous vote, hereby declares the existence of an  
16 emergency in that there are imminent financial risks and dangers, as described above, to  
17 the public welfare and the City’s financial ability to provide necessary municipal services  
18 without disruption, so that a special election is necessary to address such risks and  
19 dangers.

20 Section 3. Submission of Measure. Pursuant to the California Elections  
21 Code and any other applicable requirements of the laws of the State of California relating  
22 to charter cities, the City Council, by a unanimous vote, hereby calls and orders to be  
23 held in the City of Long Beach on Tuesday, November 8, 2016, a Special Municipal  
24 Election for the purpose of submitting the ballot measure ordinance attached hereto as  
25 Exhibit “A” and incorporated herein by this reference to the qualified electors of the City  
26 (the “Marijuana Business License Tax Measure”).

27 Section 4. Ballot Language. The City Council, pursuant to Elections  
28 Code Section 9222, hereby orders that the following question be submitted to the

1 qualified electors of the City of Long Beach at the election to be held on November 8,  
2 2016:

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|--|---|
| 3<br>4 "LONG BEACH MARIJUANA TAXATION MEASURE<br>5 To fund public health and safety services, marijuana regulation,<br>6 enforcement, and general City services, shall Long Beach<br>7 update gross receipts tax rates between 6-8% for medical<br>8 marijuana dispensaries, 8-12% for nonmedical marijuana<br>9 dispensaries, 6-8% for processing, distributing, transporting or<br>10 testing marijuana/related products and a square foot tax<br>11 between \$12-15 for marijuana cultivation, raising approximately<br>12 \$13 million annually, requiring annual expenditure reports, until<br>13 ended by voters?" | 14 YES<br>15<br>16<br>17<br>18<br>19 NO |
|--|---|

12 Section 5. Impartial Analysis. Pursuant to the Long Beach Municipal  
13 Code and the California Elections Code Section 9280, the City Council hereby directs the  
14 City Clerk to transmit a copy of the Marijuana Business License Tax Measure to the City  
15 Attorney. The City Attorney shall prepare an impartial analysis of the Measure, not to  
16 exceed 500 words in length, showing the effect of the Measure on the existing law and  
17 the operation of the Measure, and transmit such impartial analysis to the City Clerk not  
18 later than the deadline for submittal of primary arguments for or against the Measure.

19 The impartial analysis shall include a statement indicating whether the  
20 Measure was placed on the ballot by a petition signed by the requisite number of voters  
21 or by the City Council. In the event the entire text of the Measure is not printed on the  
22 ballot, nor in the voter information portion of the sample ballot, there shall be printed  
23 immediately below the impartial analysis, in no less than 10-point bold type, the following:

24 **"The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. If**  
25 **you desire a copy of the ordinance or measure, please call the Office of the City**  
26 **Clerk at (562) 570-6101 and a copy will be mailed at no cost to you."**

27 Section 6. Conduct of Election. In all particulars not recited in this  
28 resolution, the election shall be held and conducted as provided by law for holding



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CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lond Beach, CA 90802-4664

1 municipal elections.

2           Section 7.   Notice; City Clerk Authorization. Notice of the election is  
3 hereby given. Additionally, the City Clerk is authorized, instructed and directed to  
4 procure and furnish any and all official ballots, notices, printed matter and all supplies,  
5 equipment and paraphernalia that may be necessary in order to properly and lawfully  
6 conduct the election.

7           Section 8.   Election Costs. The City Treasurer is hereby authorized and  
8 directed to appropriate the necessary funds to pay for the City's cost of placing the  
9 Measures on the election ballot.

10          Section 9.   CEQA. The City Council finds that this Resolution is not  
11 subject to the California Environmental Quality Act (CEQA) pursuant to Sections  
12 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect  
13 physical change in the environment), and 15060(c)(3) (the activity is not a project as  
14 defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title  
15 14, Chapter 3, because it has no potential for resulting in physical change to the  
16 environment, directly or indirectly.

17          Section 10. Severability. The provisions of this Resolution are severable  
18 and if any provision of this Resolution is held invalid, that provision shall be severed from  
19 the Resolution and the remainder of this Resolution shall continue in full force and effect,  
20 and not be affected by such invalidity.

21          Section 11. Effective Date; Certification. This resolution shall take effect  
22 immediately upon its adoption by the City Council, and the City Clerk shall certify the vote  
23 adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City  
Council of the City of Long Beach at its meeting of \_\_\_\_\_, 20\_\_\_\_, by the  
following vote:

Ayes: Councilmembers:

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Noes: Councilmembers:

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Absent: Councilmembers:

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City Clerk

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CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lona Beach, CA 90802-4664

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Exhibit "A"  
Marijuana Business License Tax Ordinance

[attached behind this page]

ORDINANCE NO. ORD-16-

MEASURE "      "

AN ORDINANCE OF THE CITY OF LONG BEACH REPEALING SECTION 3.80.260 AND AMENDING SECTION 3.80.261 OF THE LONG BEACH MUNICIPAL CODE TO UPDATE A BUSINESS LICENSE TAX ON MARIJUANA BUSINESSES OPERATING WITHIN THE CITY OF LONG BEACH.

The City Council of the City of Long Beach ordains as follows:

SECTION 1. Section 3.80.260 of the Long Beach Municipal Code is hereby repealed in its entirety.

SECTION 2. Section 3.80.261 of the Long Beach Municipal Code is hereby amended to read as follows:

"Section 3.80.261 – Marijuana Businesses.

A. Definitions.

For purposes of this Section, the following terms shall be defined as follows:

1. "Gross Receipts" shall mean any transfer of title or possession, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property for a consideration including any monetary consideration for marijuana whatsoever, including, but not limited to, membership dues, reimbursements or the total amount of cash or in-kind contributions, including all operating costs related to the growth, cultivation, processing, storage, delivery or provision of marijuana or any transaction related thereto. The term "Gross Receipts" shall also include the total amount of the sale price of all sales, the total amount charged or received for the performance of any act, service or employment of whatever nature it may be, whether or not such service, act or employment is done as a part of or in connection with the sale of goods, wares, merchandise, for which a charge is made or credit allowed, including all refunds, cash credits and properties of any amount or nature, any amount for which credit is allowed by the seller to the purchaser without any deduction therefrom, on account of the cost of the property sold, the cost of materials used, the labor or service cost, interest paid or payable, losses, or any other expense whatsoever; provided that cash discounts allowed or payment on sales shall not be included. "Gross Receipts" shall not include the amount of any federal tax imposed on or with respect to retail sales whether imposed upon the retailer or the consumer and regardless of whether or not the amount of federal tax is stated to customers as a separate charge, or any California state, city or city and county sales or use tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, or such part of the sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowances given or taken as

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333 West Ocean Boulevard, 11th Floor  
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1 part payment on any property so accepted for resale. "Gross Receipts" shall be  
2 calculated without any deduction on account of any of the following:

- 3 a. The cost of tangible property sold or bartered;
- 4 b. The cost of materials or products used, labor or service cost, interest  
5 paid, losses, or other expense; or
- 6 c. The cost of transportation of the marijuana, or other property or  
7 product.
- 8 2. "Income Tax Exempt Non-Profit Organization" shall mean any association,  
9 corporation or other entity that is exempt from taxation measured by income or gross  
10 receipts under Article XIII, Section 26 of the California Constitution.
- 11 3. "Marijuana" shall mean all parts of the plant *Cannabis sativa Linnaeus*, *Cannabis*  
12 *indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin;  
13 whether crude or purified, extracted from any part of the plant; and every compound,  
14 manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin.  
15 "Marijuana" also means the separated resin, whether crude or purified, obtained from  
16 marijuana. "Marijuana" also means the term as defined in California Health and  
17 Safety Code Section 11018 and is not limited to medical marijuana.
- 18 4. "Marijuana Business" shall mean any business, whether operating for profit or not  
19 for profit, which performs any of the following activities: marijuana cultivation,  
20 delivering, distribution, processing, transporting, dispensing, selling at retail or  
21 wholesale, manufacturing, compounding, converting, preparing, storing, packaging,  
22 or testing. "Marijuana Business" includes both a Medical Marijuana Business and  
23 Non-Medical Marijuana Business. "Marijuana Business" does not include personal  
24 medical marijuana cultivation that is specifically permitted by state law or the Long  
25 Beach Municipal Code.
- 26 5. "Marijuana Cultivation" shall mean the seeding, planting, watering, warming,  
27 cooling, growing, cultivating, harvesting, drying, curing, grading or trimming of  
28 marijuana.
- 29 6. "Marijuana Delivery" shall mean the commercial transfer of marijuana or marijuana  
30 products from a marijuana business to a retail or wholesale customer.
- 31 7. "Marijuana Distribution" or "Marijuana Transport" shall mean any activity involving  
32 the commercial procurement, sale, transfer and/or transport of marijuana and  
33 marijuana products from one Marijuana Business to another Marijuana Business for  
34 purposes authorized pursuant to state law or the Long Beach Municipal Code.
- 35 8. "Marijuana Processing" shall mean any activity involving the manufacturing,  
36 production, preparation, propagation, processing, converting, or compounding of  
37 raw marijuana or marijuana products either directly or indirectly or by extraction  
38 methods, or independently by means of chemical synthesis at a fixed location that

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packages or repackages marijuana or marijuana products or labels, packages or relabels its container.

9. "Marijuana Product" shall mean marijuana that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product. "Marijuana Product" also means marijuana products as defined by California Health and Safety Code Section 11018.1 and is not limited to medical marijuana products.

10. "Marijuana Retail Sale" shall mean any activity involving the retail sale to customers of marijuana, marijuana products, or devices for the use of marijuana or marijuana products, either individually or in any combination, including marijuana delivery as part of a retail sale.

11. "Marijuana Testing" means any activity involving the testing of marijuana or marijuana products by a facility that is both of the following:

- a. Accredited by an accrediting body that is independent from all other persons involved in the marijuana industry in the state; and
- b. Registered with the California State Department of Public Health.

12. "Medical Marijuana Business" shall mean any Marijuana Business which performs marijuana cultivation, delivering, distribution, processing, transporting, dispensing, selling at retail or wholesale, manufacturing, compounding, converting, preparing, storing, packaging, or testing, for the ultimate consumption or use of marijuana by qualified patients in accordance with California Health and Safety Code Sections 11362.5 et. seq., the California Medical Marijuana Regulation and Safety Act ("MMRSA"), and any other State law authorizing activities related to the medical use of marijuana.

13. "Non-Medical Marijuana Business" shall mean any business which performs marijuana cultivation, delivering, distribution, processing, transporting, dispensing, selling at retail or wholesale, manufacturing, compounding, converting, preparing, storing, packaging, or testing, for any other purpose than as a Medical Marijuana Business.

14. "Personal Medical Marijuana Cultivation" means cultivation by a qualified patient who cultivates one hundred (100) square feet total canopy area or less of marijuana exclusively for his or her personal medical use but who does not provide, donate, sell, or distribute marijuana to any other person. "Personal Medical Marijuana Cultivation" also includes cultivation by a primary caregiver who cultivates one hundred (100) square feet total canopy area or less of marijuana exclusively for the personal medical purposes of no more than five (5) specified qualified patients for whom he or she is the primary caregiver, but who does not receive remuneration for these activities except for compensation in full compliance with California Health and Safety Code Section 11362.765(c), as it may be amended.

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15. "Square Foot under Cultivation" or "Square Footage under Cultivation" shall mean the actual amount of canopy (measured by the aggregate area of vegetative growth of live marijuana plants on the premises including the area occupied by vertically and horizontally stacked canopies) that is limited by the maximum amount a marijuana business is authorized to cultivate by either a City permit or license, or by a state license in the absence of a City permit or license, not deducting for unutilized square footage.

B. Business License Tax.

1. Every Marijuana Business whether organized as not-for-profit or for-profit, shall pay a business license tax in accordance with Chapter 3.80 of this Code and this Section.
2. For the purposes of this Section, a Marijuana Business is considered to be a business as that term is defined in Long Beach Municipal Code Section 3.80.133.
3. For the purposes of this Section, a Marijuana Business is not considered to be a religious or charitable organization as defined in Long Beach Municipal Code Section 3.80.320 (Exemption - Religious and charitable organizations).
4. The business tax set forth in this section is a general tax, the revenues from which shall be deposited into the City's general fund and may be expended for any valid public purpose of the City.

C. Business License Tax Rates.

1. Every medical marijuana business engaged in marijuana retail sale or delivery within the City shall pay a business tax at a rate of up to eight percent (8%) of gross receipts. The tax shall be initially set at a rate of six percent (6%). The tax under this paragraph shall not be increased on medical marijuana businesses unless and until the City Council by ordinance takes action, and the tax rate shall not exceed eight percent (8%) of gross receipts.
2. Every non-medical marijuana business engaged in marijuana retail sale or delivery within the City shall pay a business tax at a rate of up to twelve percent (12%) of gross receipts. The tax shall be initially set at a rate of eight percent (8%). The tax under this paragraph shall not be increased on non-medical marijuana businesses unless and until the City Council by ordinance takes action, and the tax rate shall not exceed twelve percent (12%) of gross receipts.
3. If a marijuana business is engaged in retail sales or delivery of both medical marijuana and a non-medical marijuana, it shall pay the business tax set forth in paragraph C.2., unless the marijuana business identifies to the City, by reasonable and verifiable standards, the portions of its retail sales activities that are tied to medical marijuana and those that are tied to non-medical marijuana, through the marijuana business' books and records kept in the regular course of business, and in accordance with generally accepted accounting principles, and not specifically

1 created and maintained for tax purposes. The marijuana business has the burden of  
2 proving the proper apportionment of taxes under this paragraph C.3.

- 3 4. Every marijuana business, whether medical or non-medical, that is engaged in  
4 marijuana distribution, transport, processing, or testing within the City, shall pay  
5 business tax at a rate of up to eight percent (8%) of gross receipts. The tax shall be  
6 initially set at a rate of six percent (6%). The tax under this section shall not be  
7 increased on marijuana businesses unless and until the City Council by ordinance  
8 takes action, and the tax rate shall not exceed eight percent (8%) of gross receipts. If  
9 a marijuana business that is engaged in marijuana distribution, transport, processing,  
10 or testing, is also engaged in marijuana retail sale or delivery of the same marijuana  
11 and marijuana products, then it shall pay the business taxes set forth in paragraphs  
12 C.1. or C.2., as applicable, for retail sale or delivery of any marijuana or marijuana  
13 products and is not required to pay the business taxes set forth in this paragraph for  
14 marijuana distribution, transport, processing, or testing for the same marijuana and  
15 marijuana products. The marijuana business has the burden of proving that the  
16 marijuana or marijuana products involved in distribution, transport, processing, or  
17 testing are the same.
- 18 5. In addition to the taxes set forth in paragraphs C.1., C.2., and C.4., every marijuana  
19 business, whether medical or non-medical, engaged in marijuana cultivation shall  
20 pay a tax of up to fifteen dollars (\$15.00) per square foot under cultivation. The tax  
21 shall initially be set at a rate of twelve dollars (\$12.00) per square foot under  
22 cultivation. The City Council may by ordinance increase any such tax rate from  
23 time to time, not to exceed the maximum tax rate of fifteen dollars (\$15.00) per  
24 square foot under cultivation.
- 25 6. Notwithstanding the maximum tax rates imposed in paragraphs C.1., C.2., C.4. and  
26 C.5., the City Council may in its discretion at any time by ordinance implement a  
27 lower tax rate, as defined in such ordinance, subject to the maximum rates set forth  
28 in C.1., C.2., C.4. and C.5. City Council may subsequently in its discretion at any  
time by ordinance implement a higher tax rate, subject to the maximum rates set forth  
in C.1., C.2., C.4. and C.5., and such increase does not constitute a tax increase for  
which voter approval is required Article XIII C of the California Constitution.
7. All marijuana businesses shall pay a minimum tax of one thousand dollars  
(\$1,000.00) annually.

D. Modification, Repeal or Amendment.

The City Council may repeal the ordinance codified in this Section, or amend it in a manner  
which does not result in an increase in the tax or taxes imposed herein, without further voter  
approval. If the City Council repeals said ordinance or any provision of this Section, it may  
subsequently reenact it without voter approval, as long as the reenacted ordinance or Section does  
not result in an increase in the tax or taxes beyond the maximum rate or methodology imposed  
herein.



1 E. Annual Adjustment.

2 The taxes imposed by paragraph C.5 shall be adjusted annually by the Director of Financial  
3 Management. Beginning on October 1, 2018, and on October 1 of each succeeding year thereafter,  
4 the amount of each tax imposed by paragraph C.5 shall be adjusted equivalent to the most recent  
5 change in the annual average of the Consumer Price Index ("CPI") for all urban consumers in the  
6 Los Angeles-Riverside-Orange County areas as published by the United States Government Bureau  
7 of Labor Statistics; however no adjustment shall decrease any tax imposed by paragraph C.5. For  
8 the purposes of calculating the annual adjustment factor under paragraph C.5, the base year shall be  
9 that year ending with December 31, 2016. Rates shall next be adjusted on October 1, 2018, and  
10 annually thereafter, based on the annually calculated change from the base year. The October 1,  
11 2018, adjustment shall be the change in the average CPI for the year ending December 31, 2017,  
12 compared to the base year ending December 31, 2016.

8 F. Administration.

9 The City Manager, or designee, and/or the City Council by ordinance, may promulgate  
10 regulations to implement and administer this Section including, but not limited to regulations  
11 allowing Marijuana Businesses to report and or remit taxes more or less frequently than monthly.  
12 The City Manager shall provide no less than annually a report to the City Council detailing annual  
13 expenditures.

12 G. Reporting and Remittance.

13 In order to aid in the City's collection of taxes due under this Section and to ensure that all  
14 Marijuana Businesses are taxed consistently to the best of the City's ability, beginning as set forth  
15 in Section K, below, and monthly thereafter, each Marijuana Business shall report to the City any  
16 Gross Receipts received during the reporting period and shall likewise remit to the City the taxes  
17 due and owing during said period. For purposes of this Section, taxes shall begin to accrue on the  
18 date that a person or entity first receives a business license or other permit to operate as a Marijuana  
19 Business or Cultivation Site. Square Footage payments shall be made annually at the beginning of  
20 the calendar year and should be based on the square footage that the marijuana business is authorized  
21 to cultivate by either a City permit or license, or by a state license in the absence of a City permit or  
22 license, not deducting for unutilized square footage, pro-rated based on the number of months of  
23 operation.

20 H. Delinquent date-Penalties.

21 Any individual or entity who fails to pay the taxes required by this Section within thirty (30)  
22 days after the due date shall pay in addition to the taxes a penalty for nonpayment in a sum equal to  
23 twenty-five percent (25%) of the total amount due. Additional penalties will be assessed in the  
24 following manner: ten percent (10%) shall be added on the first day of each calendar month  
25 following the month of the imposition of the twenty-five percent (25%) penalty if the tax remains  
26 unpaid; up to a maximum of one hundred percent (100%) of the tax payable on the due date. Receipt  
27 of the tax payment in the office shall govern the determination of whether the tax is delinquent.  
28 Postmarks will not be accepted as adequate proof of a timely payment.

25 I. Records Inspection.

26 Whenever it is necessary to examine any books or records, including tax returns, of any  
27 Marijuana Business or Cultivation Site in the City to ascertain the amount of any tax due pursuant  
28 to this Section, the City shall have the power and authority to examine such necessary books and

1 records at any reasonable time including, but not limited to, during normal business hours. Records  
2 must be maintained for no less than seven (7) years.

3 J. Suspension, Revocation and Appeal.

4 The provisions of Sections 3.80.429.1 (Suspension or Revocation) and 3.80.429.5 (Appeal  
5 of License Revocation) shall apply in the case of Marijuana Businesses or Cultivation Sites  
6 governed by this Section.

7 K. Application of Provisions.

8 No business license permit issued under the provisions of this Code, or the payment of any tax  
9 required under the provisions of this Code shall be construed as authorizing the conduct or  
10 continuance of any illegal business or of a legal business in an illegal manner. Nothing in this Section  
11 implies or authorizes that any activity connected with the distribution or possession of cannabis is  
12 legal unless otherwise authorized and allowed by California and federal law. Nothing in this Section  
13 shall be applied or construed as authorizing the sale of marijuana.

14 L. Operative Date.

15 This ordinance establishing a marijuana business tax shall only become operative 1) if Chapter  
16 5.89 of the Long Beach Municipal Code (banning marijuana businesses in the City of Long Beach)  
17 is repealed and 2) if a regulatory scheme to permit marijuana businesses within the City is adopted.  
18 The tax shall become effective on the effective date of the regulatory ordinance as provided by law

19 SECTION 3. Approval by the Voters/Competing Measure.

20 A. Pursuant to California Elections Code Section 9217, this Ordinance must be  
21 approved by at least a majority of the eligible voters of the City of Long Beach voting at the Special  
22 Election of November 8, 2016.

23 B. Further, pursuant to California Elections Code 9221, this Ordinance is expressly  
24 declared by the voters to conflict with Section 2 of Long Beach Measure “ ” (the “Kelton Measure”  
25 establishing a different rate and methodology of marijuana business license taxation). Therefore, if  
26 both this Ordinance and Section 2 of the Kelton Measure are approved by a majority of eligible  
27 Long Beach voters, the provision receiving the highest number of affirmative votes shall become  
28 effective and the other shall be of no force and effect.

29 C. Either this Ordinance or Section 2 of the Kelton Measure, whichever receives the  
30 highest number of affirmative votes pursuant to California Elections Code Section 9221, shall be  
31 deemed adopted and take effect ten (10) days after the City Council has certified the results of that  
32 election by resolution.

33 SECTION 4. Severability. If any provision of this Ordinance or the application thereof to  
34 any person or circumstance is held invalid, the remainder of the Ordinance and the application of  
35 such provision to other persons or circumstances shall not be affected thereby.

36 SECTION 5. Certification/Summary. Following the City Clerk’s certification that the  
37 citizens of Long Beach have approved this Ordinance, the Mayor shall sign this Ordinance and the  
38 City Clerk shall cause the same to be entered in the book of original ordinances of said City; and  
39 shall cause the same, or a summary thereof, to be published as required by law.

1 RESOLUTION NO.

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH PROVIDING FOR THE FILING OF  
5 PRIMARY AND REBUTTAL ARGUMENTS AND SETTING  
6 RULES FOR THE FILING OF WRITTEN ARGUMENTS  
7 REGARDING A CITY MEASURE TO BE SUBMITTED AT  
8 THE NOVEMBER 8, 2016 SPECIAL MUNICIPAL  
9 ELECTION

10  
11 WHEREAS, a Special Municipal Election is to be held in the City of Long  
12 Beach, California on November 8, 2016, at which there will be submitted to the voters the  
13 following measure:

|   |            |
|---|------------|
| <p>14</p> <p>15 "LONG BEACH MARIJUANA TAXATION MEASURE</p> <p>16 To fund public health and safety services, marijuana regulation,<br/>17 enforcement, and general City services, shall Long Beach<br/>18 update gross receipts tax rates between 6-8% for medical<br/>19 marijuana dispensaries, 8-12% for nonmedical marijuana<br/>20 dispensaries, 6-8% for processing, distributing, transporting or<br/>21 testing marijuana/related products and a square foot tax<br/>between \$12-15 for marijuana cultivation, raising approximately<br/>\$13 million annually, requiring annual expenditure reports, until<br/>ended by voters?"</p> | <p>YES</p> |
|   | <p>NO</p>  |

22  
23 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
24 follows:

25 Section 1. Primary Arguments. That the City Council authorizes (i) the  
26 City Council or any member(s) of the City Council, (ii) any individual voter eligible to vote  
27 on the above measure, (iii) a bona fide association of such citizens or (iv) any  
28 combination of voters and associations, to file a written argument in favor of or against

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CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1 the City measure, accompanied by the printed name(s) and signature(s) of the author(s)  
2 submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of  
3 the State of California, and to change the argument until and including the date fixed  
4 below by the City Clerk, after which no arguments for or against the City measure may be  
5 submitted to the City Clerk.

6 Section 2. Pursuant to Long Beach Municipal Code Section 1.24.020,  
7 the Mayor, with the approval of the City Council, may designate a person, or association  
8 of persons, to write arguments either for or against or both for and against the adoption of  
9 any measure or proposition placed on the ballot.

10 Section 3. The deadline to submit arguments for or against the City  
11 Measure pursuant to this Resolution is declared by the City Clerk to be Friday, August  
12 19, 2016, at 5:00 p.m. Each argument shall not exceed three hundred (300) words and  
13 shall be filed with the City Clerk, signed, and include the printed name(s) and signature(s)  
14 of the author(s) submitting it, or if submitted on behalf of an organization, the name of the  
15 organization, and the printed name and signature of at least one of its principal officers  
16 who is the author of the argument.

17 Section 4. Rebuttal Arguments. Pursuant to Section 9285 of the  
18 Elections Code of the State of California, when the City Clerk has selected the primary  
19 arguments for and against the City Measure which will be printed and distributed to the  
20 voters, the Clerk shall send copies of the primary argument in favor of the Measure to the  
21 authors of the primary argument against, and copies of the primary argument against to  
22 the authors of the primary argument in favor. The authors or persons designated by  
23 them may prepare and submit rebuttal arguments not exceeding two hundred fifty (250)  
24 words. The rebuttal arguments shall be filed with the City Clerk not later than Monday,  
25 August 29, 2016 at 5:00 p.m. Rebuttal arguments shall be printed in the same manner  
26 as the primary arguments. Each rebuttal argument shall immediately follow the primary  
27 argument which it seeks to rebut.

28 Section 5. Prior Resolutions. That all previous resolutions providing for



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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO AUTHORIZE AND ORDER THE CONSOLIDATION OF A CITYWIDE SPECIAL MUNICIPAL ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 8, 2016, AND DETERMINING AND DECLARING THAT THE CITY WILL PAY TO THE COUNTY REASONABLE AND ACTUAL EXPENSES INCURRED BY THE COUNTY ON ACCOUNT OF THE CONSOLIDATION OF THIS ELECTION

WHEREAS, the City Council of the City of Long Beach has called a Special Municipal Election pursuant to Elections Code 9215(b) to be held on November 8, 2016; and

WHEREAS, it is desirable that this Special Municipal Election be consolidated with the statewide General Election to be held on the same date and that the precincts, polling places and election officers for all the elections be the same within the City and that the Board of Supervisors canvass the returns of this Special Municipal Election and that the statewide General Election and the Special Municipal Election be held in all respects as if there were only one election;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. On August 2, 2016, the City Council of the City of Long Beach ordered to be held a Special Election on November 8, 2016, for the purpose of submitting to a vote of qualified electors the following propositions:



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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2016 by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
City Clerk

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664



1 RESOLUTION NO.  
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH, CALIFORNIA, REQUESTING THE  
5 BOARD OF SUPERVISORS OF THE COUNTY OF LOS  
6 ANGELES TO RENDER SPECIFIED SERVICES TO THE  
7 CITY RELATING TO THE CONDUCT OF A SPECIAL  
8 MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 8,  
9 2016  
10

11 WHEREAS, a Special Municipal Election is to be held in the City of Long  
12 Beach, California on November 8, 2016; and

13 WHEREAS, in the course of conduct of these elections, it will be necessary  
14 to mail sample ballots and polling place information to the registered voters of the City,  
15 and it will facilitate such mailing if the Registrar-Recorder/County Clerk of the County of  
16 Los Angeles will make available to the City the computer record of the names and  
17 addresses of all eligible registered voters in order that labels may be printed for attaching  
18 to self-mailer sample ballot pamphlets; and

19 WHEREAS, all necessary expenses in performing this service shall be paid  
20 by the City of Long Beach;

21 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
22 follows:

23 Section 1. That pursuant to the provisions of Section 10002 of the  
24 Elections Code of the State of California, the City Council requests the Board of  
25 Supervisors of the County to permit the Registrar-Recorder/County Clerk to provide all  
26 services necessary for the lawful and effective conduct of the special election to be held  
27 on November 8, 2016, and make available to the City additional assistance according to  
28 state law.

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lana Beach, CA 90802-4664

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Section 2. That the City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill.

Section 3. That the City Clerk is hereby directed to forward without delay to the Board of Supervisors and to the Registrar-Recorder/County Clerk, each a certified copy of this resolution.

Section 4. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2016 by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
City Clerk