

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, CALLING AND GIVING NOTICE FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 8, 2016, FOR THE SUBMISSION TO THE VOTERS OF A PROPOSED ORDINANCE**

THE CITY COUNCIL OF THE CITY OF COSTA MESA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, pursuant to authority provided by statute a petition has been filed with the legislative body of the City of Costa Mesa, California, signed by more than fifteen percent (15%) of the number of registered voters of the city to submit a proposed ordinance entitled: Allow Operation Of Up To Four Licensed Medical Marijuana Businesses In City of Costa Mesa; and

WHEREAS, the City Clerk has caused to be examined, through the office of the Orange County Registrar, the records of registration and is in receipt of that certain "Certificate as to Verification of Signatures on Petition," from the Orange County Registrar, has examined such certificate and has accepted as true and correct the findings contained therein and, thereby, ascertained that the petition is signed by the requisite number of voters; and

WHEREAS, the City Council has not voted in favor of the adoption of the ordinance; and

WHEREAS, the City Council is authorized and directed by statute to submit the proposed ordinance to the voters;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true, correct, and adopted by the City Council as if set forth in full.

SECTION 2. That pursuant to the requirements of the laws of the State of California relating to general law cities there is called and ordered to be held in the City of Costa Mesa, California on November 8, 2016 a General Municipal Election for the purpose of submitting the following proposed ordinance:

<b>Measure __: Allow Operation of up to Four Licensed Medical Marijuana Businesses in the City of Costa Mesa</b>	<b>Response</b>	<b>Vote</b>
Shall the ordinance, to allow operation of up to four medical marijuana businesses with: six percent tax on medical marijuana (estimated annual tax revenues \$24,000 to \$456,000); required industry specific licenses; required operator permits; regulations subject to change by City Council including increasing businesses; precedence to prior businesses; and locations limited to commercial and industrial areas, be adopted?	Yes	
	No	

SECTION 3. That the proposed complete text of the ordinance submitted to the voters is attached as Exhibit A.

SECTION 4. That the vote requirement for the measure to pass is a majority (50% +1) of the votes cast.

SECTION 5. That the ballots to be used at the election shall be in the form and content as required by law.

SECTION 6. That the City Clerk is authorized, instructed, and directed to coordinate with the County of Orange Registrar of Voters to procure and furnish any and all official ballots, notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

SECTION 7. That the polls for the election shall be open at 7 a.m. of the day of the election and shall remain open continuously from that time until 8 p.m. of the same day when said polls shall be closed, pursuant to Election Code Section 10242, except as provided in Section 14401 of the Elections Code of the State of California.

SECTION 8. That the Orange County Registrar of Voters is authorized to canvass the returns of the General Municipal Election.

SECTION 9. That in all particulars not recited in this resolution, said election shall be held and conducted in accordance with the provisions of law regulating the statewide election.

SECTION 10. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed, and directed to give such further or additional notice of the election, in the time, form, and manner required by law.

SECTION 11. The Costa Mesa City Council hereby requests that the Orange County Registrar of Voters conduct all necessary services related to the Costa Mesa General Municipal Election. Pursuant to Elections Code Section 10002, the Finance Director, or his/her designee, is hereby authorized to reimburse the County for the actual cost incurred in conducting the election upon receipt of a bill stating the amount due as determined by the elections official.

SECTION 12. That the City Clerk shall certify to the passage and adoption of this resolution.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Costa Mesa on this 7<sup>th</sup> day of June, 2016.

\_\_\_\_\_  
Stephen M. Mensinger, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda Green, City Clerk

\_\_\_\_\_  
Thomas Duarte, City Attorney

STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) ss  
CITY OF COSTA MESA )

I, BRENDA GREEN, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that foregoing Resolution No. 16-30 was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 7<sup>th</sup> day of June, 2016, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 8<sup>th</sup> day of June, 2016.

\_\_\_\_\_  
BRENDA GREEN, CITY CLERK

Attachment: Exhibit A – Proposed Ordinance

## **Exhibit A**

### **INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS**

#### **AN ORDINANCE OF THE PEOPLE OF THE CITY OF COSTA MESA AMENDING THE THE COSTA MESA ZONING CODE AND MUNICIPAL CODE**

Committee of proponents, who are registered voters of the City of Costa Mesa, sponsoring the petition:

Taylor Webster

Michael Levesque

#### **TEXT OF PROPOSED MEASURE:**

##### **“AN INITIATIVE TO PROVIDE REVENUE TO COSTA MESA CITIZENS”**

WHEREAS, the Costa Mesa Police Department (“CMPD”) has reported that, as the number of marijuana dispensaries and commercial growing operations proliferated without sufficient legal oversight, the City and its neighborhoods have experienced negative secondary effects, including an increase in crime at certain locations associated with unregulated marijuana dispensaries;

WHEREAS, The League of California Cities and California Chief of Polices Association have authored statewide legislation, presented by veteran State Senator Lou Correa to provide a clear road map for reasonable statewide implementation of Proposition 215 and the Medical Marijuana Program Act of 2004 in California;

WHEREAS, legislation regulating the medical marijuana industry is supported by the Association for Los Angeles Deputy Sheriffs; Association of Orange County Deputy Sheriffs; California Fraternal Order of Police; International Faith Based Coalition; Long Beach Police Officers Association; Los Angeles County Professional Peace Officers Association; Los Angeles Police Protective League; Riverside Sheriffs Association and Santa Ana Police Officers Association;

WHEREAS, it is in the interest of the citizens of Costa Mesa to have medical cooperatives operate with reasonable regulation that mirror those put forward by The League of California Cities and California Chief of Polices Association in order to regulate the distribution of medical marijuana, which if unregulated threatens the interests of local neighborhoods and dispensaries, as well as negatively impacting those seriously ill residents of the City;

WHEREAS, the City has a substantial and clear interest in ensuring that medical marijuana is distributed in an orderly manner, in protecting the public health, safety and welfare of its residents, its dispensaries, the neighborhoods in which Medical Cooperative operate, while ensuring compassionate access by seriously ill residents to medical marijuana in accordance with the CUA and the MMPA;

WHEREAS, the City seeks to create a gross receipts tax on medical cooperative at a rate of \$60 per \$1,000 of gross receipts, which will help to fund necessary general municipal services, which may include but is not limited to, code enforcement, building inspections, police protection and crime suppression services, fire prevention and suppression services, which will facilitate the purposes of this law and which will fund necessary services as determined by the City Council;

NOW, THEREFORE,

THE PEOPLE OF THE CITY OF COSTA MESA HEREBY ORDAIN AS FOLLOWS:

**Section 1. Code Amendment.** Section 16-14, of Chapter II in Title 16 of the Costa Mesa Municipal code is hereby amended in its entirety to read as follows:

- (a) The rate of sales tax and use tax imposed by this chapter shall be one per cent on all businesses except for medical cooperative.
- (b) Every person engaged in operating or otherwise conducting a business where marijuana is cultivated, distributed or transferred pursuant to Title 9, Chapter VI shall pay a tax proportionate to gross receipts earned within the taxing jurisdiction at a rate of six (6) per cent.
- (c) The City Council may impose the tax authorized by this section at a lower rate and may establish exemptions, incentives, or other reductions as otherwise allowed by California law. No action by the Council under this paragraph shall prevent it from later increasing the tax, up to six per cent, or removing any exemption, incentive, or reduction and restoring the maximum tax specified in this section.

**Section 2. Code Amendment.** Row 31a of the Costa Mesa Land Use Matrix Table in section 13-30 of Chapter IV, Title 13, is hereby amended to read as follows:

**Section 13-30, Table 13-30, Row 31a**

	Zones																				
LAND USES	R 1	R 2 M D	R 2 H D	R 3	A P	C L	C 1	C 2	C 1 S	T C	M G	M P	P D R L D	P D R M D	P D R H D	P D R N C M	P D C	P D I	I & R	I & R S	P
31a. Medical cooperative (Subject to the requirements to TITLE 9, CHAPTER VI, Medical cooperative)	.	.	.	.	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	.	.	.	.	<u>P</u>	<u>P</u>	.	.	.

**Section 3. Code Amendment.** TITLE 9 is hereby amended to include TITLE 9, Chapter VI, henceforth entitled "Medical Cooperative Regulations" and is hereby amended in its entirety to read as follows:

Sec. 9-481. Purpose.

The people of the city of Costa Mesa hereby declares that the purpose of the regulations in this chapter is to provide a uniform and enforceable set of rules for the operation of medical cooperative, in compliance with state law and future state-wide regulation, to prevent the proliferation of medical cooperatives, to tax the distribution of medical marijuana as well as to protect the public health, safety and welfare of residents.

Sec. 9-482. Definitions.

The following terms and phrases, whenever used in this section, shall be construed as defined in this section:

- (a) "Medical cooperative" or "Cooperative" shall be defined in section 13-6 of Title 13 of the Costa Mesa Municipal Code.
- (b) "Building" means any structure having a roof supported by columns or walls, for the housing, shelter or enclosure of persons, animals, chattels, or property of any kind.
- (c) "Live Scan" means a system for inkless electronic fingerprinting and the automated background check developed by the California Department of Justice (DOJ) which involves digitizing fingerprints and electronically transmitting the fingerprint image data along with personal descriptor information to computers at the DOJ for completion of a criminal record check; or such other comparable inkless electronic fingerprinting and automated background check process as determined by the City Council.
- (d) "Live Scan application" means a form developed by the City Clerk to request Live Scan services and to contain information relevant to the Live Scan process.
- (e) "Location" means any parcel of land, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area.
- (f) "Establishment." Includes any of the following:
  - a. The opening or commencement of any such business as a new business;
  - b. The conversion of an existing business, whether or not a medical cooperative, to any of the medical cooperative defined herein;
  - c. The addition of any of the medical cooperative defined herein to any other existing medical marijuana business; or
  - d. The relocation of any such medical cooperative.
- (g) "Marijuana" shall be construed as defined in California Health and Safety Code Section 11018 and further shall specifically include any product that contains marijuana or a derivative of marijuana.

- (h) "Operator" means any person with responsibility for the establishment, organization, registration, supervision, or oversight of a medical cooperative, including but not limited to any person who performs the functions of president, vice president, board member, director, owner, operating officer, financial officer, secretary, or treasurer of the medical cooperative.
- (i) "Applicant." A person who is required to file an application for a license under this chapter, including an individual owner, managing partner, officer of a corporation, or any other operator, manager, employee, or agent of a medical cooperative or an operator of a medical cooperative.
- (j) "Licensee." The person or entity to which a medical cooperative license or medical cooperative operator's license is issued.
- (k) "Chief of Police." The Chief of Police of the City of Costa Mesa or the authorized representatives thereof.
- (l) "Premises" means the space in any buildings of a medical cooperative together with the spaces within any structures, yards, open spaces, lot width, and lot area at a location that is occupied or used in the operation of the medical cooperative.
- (m) "Person" means any Cooperative, individual, partnership, co-partnership, firm, association, joint stock company, corporation, limited.
- (n) "Structure" means anything constructed or erected which is supported directly or indirectly on the ground, but not including any vehicle.
- (o) "Vehicle" means a device by which any person or property may be propelled, moved, or drawn upon a street, including but not limited to a device moved exclusively by human power.
- (p) The following words or phrases when used in this Section shall be construed as defined in California Health and Safety Code Sections 1746, 11362.5, 11362.7 and 11834.02
  - a. "Alcoholism or drug abuse recovery or treatment facility";
  - b. "Hospice";
  - c. "Identification card";
  - d. "Person with an identification card"
  - e. "Primary Caregiver"; and
  - f. "Qualified Patient";

Sec. 9-483. Exceptions.

This chapter shall not apply to:

- (a) A health care facility licensed pursuant to Chapter 2 (commencing with Section 1250),
- (b) A residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01),
- (c) a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569),
- (d) a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725), all of Division 2 of the California Health and Safety Code where:

- i. a qualified patient or person with an identification card receives medical care or support services, or both, from the clinic facility, hospice, or home health agency, and
  - ii. the owner or operator, or one of not more than three employees designated by the owner or operator, of the clinic, facility, hospice, or home health agency has been designated as a primary caregiver pursuant to California Health and Safety Code Section 11362.7(d) by that qualified patient or person with an identification card, or
- (e) Any vehicle during only that time reasonably required for its use by:
- i. A qualified patient or person with an identification card to transport marijuana for his or her personal medical use, or
  - ii. A primary caregiver to transport, distribute, deliver, or give away marijuana to a qualified patient or person with an identification card who has designated the individual as a primary caregiver, of the personal medical use of the qualified patient or person with an identification card, in accordance with California Health and Safety Code Section 11362.76

Sec. 9-484. Zoning Requirements.

In addition to the requirements of this chapter, all medical cooperative shall comply with the requirements set forth in Article 1, Chapter IX, of Title 13 of the City of Costa Mesa Municipal Code.

Sec. 9-485. License required for each location; display of license.

A separate medical cooperative license is required for each location within the boundaries of the City of Costa Mesa at which a regulated medical cooperative is to be established. The requirements of this chapter for a medical cooperative license are separate and in addition to a business license, or business tax registration certificate, required under Chapter I of this code. Every regulated cooperative shall display its license prominently in an area open to the public at each location, at all times when the location is open for business.

Sec. 9-486. Term of medical cooperative license.

An approved medical cooperative license shall be valid until revoked.

Sec. 9-487. Application for medical cooperative license.

- (a) An applicant requesting issuance or renewal of a medical cooperative license shall file a written, signed and verified application or renewal application in a form provided by the Chief of Police. Each application shall be accompanied by a non-refundable fee for filing or renewal in an amount determined by resolution of the city council, which fees will be used to defray the costs of investigation, inspection and processing of such application. Such fee shall not exceed the reasonable cost of investigation, inspection and processing

of such application. License fees required under this chapter shall be in addition to any license, permit or fee required under any other chapter or title of the City of Costa Mesa Municipal Code.

- (b) An application for a medical cooperative license shall contain the following information:
1. The applicant shall be either a non-profit mutual benefit corporation or a statutory agricultural or consumer cooperative incorporated in the state of California.
  2. The applicant's complete name, the date of its incorporation, evidence that the corporation is in good standing under the laws of California, the names and capacity of all officers and directors, the name of the registered corporate agent and the address of the registered office for service of process.
  3. If the applicant intends to operate the medical cooperative under a name other than that of the applicant, the applicant shall file the fictitious name of the medical cooperative and show proof of registration of the fictitious name at the time it submits its application.
  4. A description of the type of medical cooperative for which the license is requested and the proposed address where the medical cooperative will operate, plus the names and addresses of the owners and lessors of the medical cooperative site.
  5. The address to which notice of action on the application is to be mailed.
  6. The names of all operators who will manage the distribution of marijuana at the medical cooperative or cultivate marijuana on behalf of the medical cooperative, who are required by section 9-490 to obtain a medical cooperative operator permit.
    - i. The medical marijuana collective shall make available to the Chief of Police the names of each person who manages the dispensing of marijuana at the medical cooperative together with a successful Live Scan background check of each such person.
      1. A unsuccessful or failed Live Scan is any Live Scan that shows a felony conviction having occurred within the past 10 years and/or shows that the manager is currently on parole or probation for the sale or distribution of a controlled substance;
  7. A certificate and straight-line drawing prepared within thirty (30) days prior to application depicting the building and the portion thereof to be occupied by the medical cooperative, and: (1) the property line of any other medical cooperative within one thousand (1,000) feet of the primary entrance of the medical cooperative and any private or public school; and (2) the property lines of any public park, within one six hundred (600) feet of the primary entrance of the medical cooperative; and the property lines of any residential zone which is abutting or across the street from a lot which the medical cooperative for which the license is requested.
- (c) If the Chief of Police determines that the applicant has completed the application improperly, the Chief of Police shall promptly notify the applicant of such fact and, on request of the applicant, grant the applicant an extension of time of ten (10) days or less to complete the application properly. In addition, the applicant may request an extension, not to exceed ten (10) days, of the time for the Chief of Police to act on the application. The time period for granting or denying a license shall be stayed during the period in which the applicant is granted an extension of time.

- (d) The fact that an applicant possesses other types of state or city permits or licenses does not exempt the applicant from the requirement of obtaining a medical cooperative license.

Sec. 9-488. Investigation and action on medical cooperative license application.

- (a) Upon receipt of a completed application and payment of the application and license fees, the Chief of Police shall immediately stamp the application as received and promptly investigate the information contained in the application to determine whether the applicant shall be issued a medical cooperative license.
- (b) Within thirty (30) days of receipt of the completed application, the Chief of Police shall complete the investigation, grant or deny the application in accordance with the provisions of this section, and so notify the applicant as follows:
  - 1. The Chief of Police shall write or stamp "Granted" or "Denied" on the application and date and sign such notation.
  - 2. If the application is denied, the Chief of Police shall attach to the application a statement of the reasons for denial.
  - 3. If the application is granted, the Chief of Police shall attach to the application a medical cooperative license.
  - 4. The application as granted or denied and the license, if any, shall be placed in the United States mail, first class postage prepaid, addressed to the applicant at the address stated in the application.
  - 5. The Chief of Police shall grant the application and issue the medical cooperative license upon findings that the proposed business meets the locational criteria of section 13-132 of Title 13; and that the applicant has met all of the development and performance standards and requirements of section 9-494(g) of this chapter, unless the application is denied for one (1) or more of the reasons set forth in section 9-489.
- (c) If the Chief of Police neither grants the application within thirty (30) days after it is stamped as received, the application shall be deemed granted and the Chief of Police shall issue a medical cooperative license.
  - 1. The Chief of Police shall issue no more than four (4) medical cooperative licenses, subject to subsection Sec. 9-488(c)1(i). If the number of licensed medical cooperative fall below four (4), then the City shall issue additional business licenses pursuant to the terms of this Chapter.
    - i. The City Council shall have the discretion to increase, but not decrease, the number of licenses issued by the city Finance Director pursuant to the terms of this Chapter.
- (d) Medical cooperative priority review
  - 1. Beginning on the date that is thirty (30) days after the effective date of this ordinance, until the date that is forty-five (45) days after the effective date of this ordinance, an applicant who meets the following requirements may submit an application for priority review. The applicant requirements for priority review are as follows:

- i. applicant is an active California non-profit mutual benefit corporation or non-profit agricultural cooperative or non-profit consumer cooperative, that was incorporated prior to May 22, 2014;
- ii. the applicant has listed with the secretary of state a principal place of business in the City of Costa Mesa;
- iii. the applicant has been issued or has applied for a City of Costa Mesa business license, issued in the name of the entity, for the purpose of providing *home care or therapeutic services*, and the submissions of the application or issuance of license occurred prior to May 22, 2014;
- iv. the applicant, or an officer or director of the applicant, maintains a lease or rental agreement in the City of Costa Mesa with a possession or start date prior to May 22, 2014; and
- v. the non-profit mutual benefit corporation or non-profit agricultural cooperative or non-profit consumer cooperative maintains a California re-sellers permit issued in the name of the entity at its principal place of business in the City of Costa Mesa, prior to May 22, 2014.

Sec. 9-489. Denial of application for medical cooperative license.

- (a) The Police department shall deny the application for any of the following reasons:
  1. That the building, structure, equipment and location used by the business for which a license is required herein do not comply with the requirements and standards set for in section 9-494.
  2. That the applicant, his or her employee, agent, partner, director, officer, stockholder or manager has knowingly made any false, misleading or fraudulent statement of material fact in the application for a license or in any report or record required to be filed with the police department or other department of the city.
  3. That the applicant has had any type of medical cooperative license revoked by any public entity within two (2) years of the date of the application.
  4. Within ten (10) years immediately preceding the date of the filing of the application for a license under this chapter, the director or officer of applicant has been convicted of a felony.
  5. That on the date that the business for which a license is required herein commences, and thereafter, there will be no responsible adult on the premises to act as manager at all times during which the business is open.
  6. The required application fees have not been paid.
- (b) In the case of the Chief of Police not acting within the time period under section 9-487(d), the Chief of Police shall grant the application and issue the license.

Sec. 9-490. Medical cooperative operator permit.

- (a) No person shall engage in or participate as an operator of a medical cooperative, without a valid medical cooperative operator permit issued by the city. All persons who have been issued a medical cooperative operator shall promptly supplement the information provided as part of the application for the license required by section 9-488, with the names of all operators required to obtain a medical cooperative operator permit, within

thirty (30) days of any change in the information originally submitted. Failure to submit such changes shall be grounds for suspension of the medical cooperative license.

- (b) The Chief of Police shall grant, deny and renew medical cooperative operator permits.
- (c) The application for a license shall be made on a form provided by the Chief of Police. An original and two (2) copies of the completed and sworn license application shall be filed with the Chief of Police.
- (d) The completed application shall contain the following information and be accompanied by the following documents:
  - 1. The applicant's legal name and any other names (including aliases) used by the applicant;
  - 2. Age, date and place of birth;
  - 3. Height, weight, hair and eye color;
  - 4. Present residence address and telephone number;
  - 5. Whether the applicant has ever been convicted of felony within ten years of the application date;
  - 6. Proof of a Live Scan background check for all felony convictions within ten (10) years of the application;
  - 7. State driver's license or identification number;
  - 8. Satisfactory written proof that the applicant is at least eighteen (18) years of age;
  - 9. The applicant's fingerprints on a form provided by the police department, and a color photograph clearly showing the applicant's face. Any fees for the photographs and fingerprints shall be paid by the applicant;
  - 10. If the application is made for the purpose of renewing a license, the applicant shall attach a copy of the license to be renewed.
  - 11. The completed application shall be accompanied by a non-refundable application fee. The amount of the fee shall be set by resolution of the city council.
  - 12. Upon receipt of an application and payment of the application fees, the Chief of Police shall immediately stamp the application as received and promptly investigate the application.
  - 13. If the Chief of Police determines that the applicant has completed the application improperly, the Chief of Police shall promptly notify the applicant of such fact and grant the applicant an extension of time of not more than ten (10) days to complete the application properly. In addition, the applicant may request an extension, not to exceed ten (10) days, of the time for the city manager to act on the application. The time period for granting or denying a license shall be stayed during the period in which the applicant is granted an extension of time.

Sec. 9-491. Investigation and action on application for medical cooperative operator permit.

- (a) Within fifteen (15) days after receipt of the properly completed application, the Chief of Police shall grant or deny the application and so notify the applicant as follows:
  - a. The Chief of Police shall write or stamp "Granted" or "Denied" on the application and date and sign such notation.
  - b. If the application is denied, the Chief of Police shall attach to the application a statement of the reasons for denial.

- c. If the application is granted, the Chief of Police shall attach to the application a medical cooperative operator permit.
- d. The application as granted or denied and the license, if any, shall be placed in the United States mail, first class postage prepaid, addressed to the applicant at the residence address stated in the application.
- e. The Chief of Police shall grant the application and issue the license unless the application is denied for one (1) or more of the reasons set forth in subsection 9-491(f) of this section.
  - i. If the Chief of Police neither grants nor denies the application within fifteen (15) days after it is stamped as received, the application shall be forwarded to the city finance department for issuance of a operator license.
- f. The Chief of Police shall deny the application for any of the following reasons:
  - i. The applicant has knowingly made any false, misleading, or fraudulent statement of a material fact in the application for a license or in any report or document required to be filed with the application;
  - ii. The applicant is under twenty-one (21) years of age;
  - iii. The applicant has been convicted of any felony within the last ten (10) years. A license may be issued to any person convicted of a felony if the conviction occurred more than ten (10) years prior to the date of the application.
- g. Each medical cooperative operator permit shall expire one (1) year from the date of issuance and may be renewed only by filing with the Chief of Police a written request for renewal, accompanied by the application fee and a copy of the license to be renewed. The request for renewal shall be made at least thirty (30) days before the expiration date of the license. When made less than thirty (30) days before the expiration date, the expiration of the license will not be stayed. Applications for renewal shall be acted on as provided herein for applications for licenses.
- h. Should the Chief of Police not act within the time period provided under this section, the city finance director shall then grant the application no less than five (days) following the expiration of time required section 9-491(e)i.

Sec. 9-492. Employment of Operators without operator licenses unlawful.

- (a) It shall be unlawful for any medical cooperative to not have at least one licensed operator on premises during the hours of operation.
- (b) It shall be unlawful for any operator to allow any person to operate a medical cooperative who is not in possession of a valid operator license.

Sec. 9-493. Suspension or revocation of medical cooperative licenses and medical cooperative operator permits.

A medical cooperative license or medical cooperative operator permit may be suspended or revoked in accordance with the procedures and standards of this section.

- (a) On determining that grounds for license revocation exist, the Chief of Police shall furnish written notice of the proposed suspension or revocation to the licensee. Such notice shall set forth the time and place of a hearing, and the ground or grounds upon which the hearing is based, the pertinent Code sections, and a brief statement of the factual matters in support thereof. The notice shall be mailed; postage prepaid, addressed to the last known address of the licensee, or shall be delivered to the licensee personally, at least ten (10) days prior to the hearing date. Hearings shall be conducted in accordance with procedures established by the Chief of Police, but at a minimum shall include the following:
- (b) All parties involved shall have a right to offer testimonial, documentary, and tangible evidence bearing on the issues; may be represented by counsel; and shall have the right to confront and cross-examine witnesses. Any relevant evidence may be admitted that is the sort of evidence upon which reasonable persons are accustomed to rely in the conduct of serious affairs. Any hearing under this section may be continued for a reasonable time for the convenience of a party or a witness. The Chief of Police's decision may be appealed in accordance with section 2-300 et seq. of the Costa Mesa Municipal Code.
- (c) A licensee may be subject to suspension or revocation of his/her license, or be subject to other appropriate disciplinary action, for any of the following causes arising from the acts or omissions of the licensee, or an employee, agent, partner, director, stockholder, or manager of a medical cooperative :
  - 1. The licensee has knowingly made any false, misleading or fraudulent statement of material facts in the application for a license, or in any report or record required to be filed with the City.
  - 2. The licensee, employee, agent, partner, director, stockholder, or manager of a medical cooperative has knowingly allowed or permitted, and has failed to make a reasonable effort to prevent the occurrence of any of the following on the premises of the medical cooperative, or in the case of a medical cooperative operator, the licensee has engaged in one (1) of the activities described below while on the premises of a medical cooperative :
    - i. Any act of unlawful distribution of marijuana;
    - ii. Any conduct prohibited by this chapter.
    - iii. Failure to abide by any disciplinary action previously imposed by an appropriate city official.
- (d) After holding the hearing in accordance with the provisions of this section, if the Chief of Police finds and determines that there are grounds for disciplinary action, based upon the severity of the violation, the Chief of Police shall impose one (1) of the following:
  - 1. A warning;
  - 2. Suspension of the license for a specified period not to exceed six (6) months; or
  - 3. Revocation of the license.
    - i. Revocation of the license shall issue only after two prior determinations of violation.

Sec. 9-494. Appeal of denial, suspension or revocation.

After denial of an application for a medical cooperative license or a medical cooperative operator permit, or after denial of renewal of a license, or suspension or revocation of a license, the

applicant or person to whom the license was granted may seek review of such administrative action by the city council in accordance with the provisions of section 2-300 et seq. of the City of Costa Mesa Municipal Code. Any proceeding to appeal such decision to the city council shall be filed within seven (7) days of such decision. If the denial, suspension or revocation is affirmed on review, the applicant, licensee may seek prompt judicial review of such administrative action pursuant to California Code of Civil Procedure section 1094.5. The city shall make all reasonable efforts to expedite judicial review, if sought by the licensee.

#### Sec. 9-495. Medical cooperative operational requirements.

The following development and performance standards shall be satisfied by a medical cooperative and included in any approved medical cooperative license:

- (a) No medical cooperative shall be operated in any manner that permits the observation of any marijuana from outside the location.
- (b) Parking lot lighting shall be provided to illuminate all off-street parking areas serving such use for the purpose of increasing the personal safety of patrons and employees and reducing the incidents of vandalism and theft. The lighting shall provide a level of illumination not less than one (1) foot-candle, measured at the surface of the pavement, at all areas of the parking lot. The lighting shall be shown on the required plot plans and shall be reviewed and approved by the development services department.
- (c) A medical cooperative shall be open or operating for business only between the hours of 8:00 a.m. and 10:00 p.m. on any particular day.
- (d) No person under the age of eighteen (18) years shall be permitted within the premises at any time.
- (e) The medical cooperative shall possess a valid and current State Board of Equalization seller's permit;
- (f) The medical cooperative shall not be located within:
  1. 1000 foot radius of a "school" as defined under Health and Safety Code 11362.768 (h);
  2. 600 foot radius of a public park, public library or licensed child care facility;
  3. 1000 foot radius of another registered medical cooperative;
- (g) Medical cooperative shall not allow alcohol to be purchased or consumed at the premises or in any area of the location used for parking any vehicle;
- (h) Medical cooperative shall only be located in a commercial zoned property or industrial zoned property as allowed pursuant to section 13-30 of Chapter IV, Title 13.
- (i) Medical Marijuana Business shall not be located on property lot abutting or across the street from a lot which is zoned for residential use. The above notwithstanding, this subsection shall not prohibit a medical cooperative from locating across a street from any land zoned residential if the medical cooperative and residential zone is separated by a public thoroughfare with a minimum roadway width of 80 feet.

#### Sec. 9-496. Violations/penalties.

With the exception of any violation of this chapter, any person, whether as principal, employee, agent, partner, director, officer, stockholder, or trustee or otherwise, violating or causing the

violation of any of the provisions of this chapter shall be guilty of a misdemeanor, and any conviction thereof shall be punishable by a fine of not more than one thousand dollars (\$1,000.00) or by imprisonment for not more than six (6) months, or by both such fine and imprisonment. Notwithstanding any violation of the nudity limitation under this chapter, any violation of the provisions of this chapter shall constitute a separate offense for each and every day during which such violation is committed or continued.

Sec. 9-496.1. Public nuisance.

In addition to the penalties set forth above, any medical cooperative which is operating in violation of this chapter or any provision thereof is hereby declared to constitute a public nuisance and, as such, may be abated or enjoined from further operation. All costs to abate such public nuisance, including attorneys' fees and court costs, shall be paid by the licensee of the medical cooperative pursuant to section 13-17.

Sec. 9-497 Statewide Regulation.

This ordinance, and the provisions herein, shall be read consistent with any statewide regulation of medical marijuana that is promulgated by the legislature or by voter approval in the future. In the event Statewide Regulation is passed pursuant to the decriminalization or legalization of marijuana for recreational use, this ordinance shall govern the conduct of those business allowed to distribute marijuana under such provisions.

**Section 4. Amendment and Repeal.**

The provisions of the Costa Mesa Municipal Code added by, amended by, or contained in this initiative measure may be amended to further its purposes by ordinance passed by a majority vote of the Council and approved by the Mayor. The provisions of the Costa Mesa Municipal Code added by, amended by, or contained in this initiative measure shall not be repealed, except by an ordinance adopted either by petition or by the Council at its own instance and adopted by a vote of the electors.

**Section 5. Severability.**

If any section, subsection, subdivision, sentence, clause, phrase, word, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The People of the City of Costa Mesa hereby declare that they would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, word, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, words or portions thereof be declared invalid or unconstitutional.

**Section 6. Effective Date.**

The City Clerk shall certify as to the passage and adoption of this Ordinance. This Ordinance shall take effect ten (10) days following the date on which the City Council of the City of Costa Mesa declares that this Ordinance was adopted by a majority of the voters voting on the measure at the municipal election on November.

**Section 7. Majority Approval; Effective Date.** This ordinance shall be effective only if approved by a majority of voters at the next special or general election and shall go into effect on more than ninety days after the election.

**Section 8. Competing Measure.**

Competing Measures. In the event that this measure and another measure or measures relating to the taxation and regulation of medical marijuana shall appear on the same ballot, the provisions of the other measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other relating to the taxation and regulation of medical marijuana shall be null and void.

**Section 9. Special or General election.**

This initiative Measure shall be set for a special or general election at the earliest time allowed by law.